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POLITICAL ATTITUDES OF SELECTED AMERICAN
BUSINESS PERIODICALS: 1930-1955

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

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* * * * *

The Ohio State University
1961

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CHAPTER I

A STATEMENT OF THE PROBLEM

This paper is a study of how an important functional group, the American business community, responded to the changing political milieu of that dynamic period beginning with the Great Depression. It is not a study of pressure politics nor of political action but of the attitudinal response of business to the challenges of an era.

This is an area of investigation that has been largely neglected because of the emphasis placed on group behavior which limits the knowledge of attitudes to those that are expressed through action. It has been in terms of that action directed toward access to government that the idea and attitudes of the major functional groups have been determined. The underlying assumption of this type of analysis that these groups perceive the techniques available for political purposes, that they believe in political action as a means of gaining or enlarging influence and/or that they do not recognize realistic limitations on the scope and degree of action possible at any given moment. Now while attitudes can be deduced from what men do, it is equally true that how men act does not reveal all of their attitudes unless one postulates a situation where complete freedom of action is always possible. Actions may speak louder than words but only when action can be taken. The result has been that groups are perceived in somewhat
limited terms. This paper proposes to extend our range of know-
lledge of the business groups attitudes beyond that encompassed in
a study of overt political behavior.

To set this study in proper perspective, there are three ob-
vious questions that will require an answer. These are: (1) Why
should we be interested in the attitudes of any group? (2) Why
should we be particularly interested in the attitudes of the busi-
ness community? (3) How can we extend our knowledge of this
area? This last question is reserved for the following chapter
which deals with the methodology employed in this study.

As to the first of these questions, it may be stated that our
interest in group attitudes may be found at several levels. Under-
lying any specific interest, however, is the assumption that
groups are key policy makers in the democratic system and may well
be the root cause of contemporary political activity. The complex
power structure of modern states, a concomitant of their size and
interrelated functions, has made it mandatory that men seeking in-
fluence do so in cooperation with other men if, indeed, the indivi-
dual has ever wielded power alone except in the smallest and most
intimate of relationships. As Karl Mannheim has noted, person-to-
person power relationships have increasingly given way to a social
control that has become impersonal and institutionalized. Such
observations by Mannheim and others have led to postulating a
pluralistic society within which policy decisions in both the pri-
vate and public domains are the result of competing group demands.
If it be true that public policy is the result of group demands and if attitudes are the springboards for action, then the reason for uncovering group attitudes is obvious. Or, we may be interested in group attitudes for the reason cited by Harold Lasswell, namely, that the democratic requirement that attitudes of all groups be taken into account cannot be fulfilled by good will alone.

Moreover, inadequate knowledge concerning the divergence between the aspirations and realizations of major functional groups could result in unfortunate consequences for the society. Groups that are constantly frustrated may (1) seek new and non-democratic forms of political expression; (2) seek new forms of government; (3) deliberately withhold their skills; (4) become demoralized and inefficient; (5) critically re-evaluate their position and accommodate to the new situation. It is only in the event that they do the last that the society is free from the danger of either major or minor upheavals. It is the group's ability or desire to adapt to an environment that it cannot change that may well decide the fate of the group and, perhaps, that of the nation itself.

A reason for a knowledge of attitudes might thus rest on the informational level with such knowledge being used for increasing social and political stabilization within a more democratic framework.

There is another level at which we might concern ourselves however. The observation that our is a complex society has given
rise not only to a group interpretation of politics but also to a concern that a "mass society" will engulf and make impossible a democratic system by destroying group capabilities. The relationship of this concern to an interest in the attitudes of groups is subtle but nonetheless existent. This relationship will become more obvious after a general exposition of the concern is given.

William Kornhauser has summarized the arguments for us in his The Politics of a Mass Society and the following paragraphs are indebted to that source.

Kornhauser notes that the dangers of a mass society have been described as coming from two sources, mass politics and bureaucracy. It is his contention that the mass politics that may arise within a mass society are anti-democratic since mass politics is defined as large numbers of people engaging in political action outside of the generally accepted rules and procedures for such action. Paradoxically, democratic systems are particularly vulnerable to this danger since they invite the whole society to participate in politics. The democratic problem is therefore to identify those factors that increase vulnerability to mass politics as well as those which decrease it.

Kornhauser sees in the literature two divergent arguments being made as reasons for a mass society engaging in mass politics. These viewpoints he terms the aristocratic and the democratic criticisms. The school of aristocratic criticism claims that mass politics is a result of the elite's loss of exclusiveness and the
resultant popular participation in crucial decision-making centers. The school of democratic criticism centers its argument on the vulnerability of the masses to elite domination and manipulation when social alienation makes possible the mobilization of unattached and isolated people. In other words, one school fears a leaderless society while the other fears a society of unresponsive leaders.

The second problem stemming from the mass society is the danger from the bureaucratization that seems to accompany complexity. The danger from bureaucracy is that it may undermine the base for plural group interests and organizations by substituting administrative for political decisions. There are those who believe that basic policy decisions have been largely taken out of the public's hands and placed in those of the bureaucrats. Moreover, it is argued that "super" organizations have not only engulfed the society but also members of the organizations themselves. Leadership is unresponsive and individuality is destroyed. James Burnham and William Whyte have addressed themselves to these problems.5

In summary we see that the concern with mass politics and bureaucracy is that the pluralistic group system will cease to function with the result being a breakdown in the democratic system.

Underlying any idea of pluralism is that there will be a competition among groups which is based on differing interests and policies and hence, attitudes. Kornhauser has noted that some fear that American elites are becoming or have become so hypersensitive to public and competing groups demands that the traditional
authority and leadership extending from such elites has been seriously weakened with consequent evil results for the society. It is here that a study of the attitudes of a major group over an extended period of time might be valuable in determining the validity of this concern. If basic attitudes appear to swing indiscriminately or flow rapidly in one direction this would appear to offer some proof that hypersensitivity had developed in the group. If, on the other hand, attitudes remained stable, it would indicate the group's ability to maintain its integrity by withstanding outside pressures. The final answer to these complex questions cannot come from a study of attitudes alone but they do provide part of the necessary data.

Our interest in the business community rests in large measure on the fact that it is a major group in our community which has recently undergone many challenges to its authority. Moreover, the business group has traditionally been a major influence in American life and changes in its attitudes would most certainly be reflected or a reflection of changes in the basic values of the entire community.

Alexis de Tocqueville in his wide ranging commentary on democracy in America was able to discern the genesis of the commercial spirit that was later to characterize the United States as a business civilization. Later, Charles Beard was to see the founding of the republic itself as a consequence of economic motives.
America has always been a central one and, indeed, it is difficult to think of the United States without them and their prodigious material contributions. It would be too much to claim that they alone have created the giant industrial complex with its high attainments in the fields of mass production and consumption, for other factors of production as well as government have also made their contributions. But, it was the businessman, those who directed the factors of production and, at times government itself, who, depending on your point of view are usually condemned or given credit for the total results and, in fact, those who do condemn businessmen recognize their central position as much as those who praise.

It would also be too arbitrary to ascribe to this group the sum total of social influence that the terminology "business civilization" might imply. Its position has waxed and waned as the functional responsibilities of the economic and governmental institutions have shifted. For example, that era encompassed between the Hoover and Eisenhower administrations was a period of revolutionary political and economic change for the whole society and particularly for the businessmen who were confronted with unique challenges to their political and economic power. At the same time they were undergoing internal structural stresses as the relationship between the ownership and management of the nation's capital resources was shifting. Most of this era was spent by them in a defensive posture in the midst of general social
hostility. According to Miriam Beard, their influence had been jeopardized by a major tactical error of their forebears who had announced that prosperity was the natural condition of man and that if he, the businessman, were given a free rein everyone would know perpetual happiness.\textsuperscript{11}

The businessman was generally taken at his word and the Great Depression revealed the error. However, through a series of circumstances not yet fully understood, he was able, by the time the Republicans returned to national power in 1952, to have regained a large measure of his former status. The social and political environment had changed substantially in the interim and, consequently, interesting questions are raised as to the businessman’s adaptation or accommodation to shifting functional responsibilities of the government and the economic institutions as well as the effect of such changes on his conceptualized role in the political process.

Concentrating on either the pressure techniques of narrow economic interest groups found in the general business community or on the public control of economic enterprise, investigators of social phenomena have neglected such questions as to how this large and important group in the society adapts and adjusts its attitudes to either a hostile or hospitable environment, whether it finds it necessary to adopt new ideas, how and under what conditions it moves in and out of the political process. This is not to imply that investigators of social phenomena have been totally unaware of the impact of changing functional relationships in the society.
and their impact on the businessman's political attitudes.

Howard Bowen in his *Social Responsibility of American Businessmen* is concerned with the degree of acceptance by the business community of the added social responsibilities incurred in the aftermath of the depression. His conclusion is that the business community has largely adopted a position of responsibility in this area and would seem to indicate that this group did respond to the pressures placed upon it from the outside. Robert Lane has studied the effect of government regulation on the businessman's psyche and his conclusions regarding the acceptance of regulation by the businessman would seem to add weight to the thesis that this group does adapt to pressure. An article by Larver Bernstein has uncovered attitudes held by the businessman in the early 1950's that are remarkably similar to those discovered by James Prothro in his study of the political attitudes of the businessmen in the 1920's. This would seem to indicate that basic changes have not taken place in his attitudes.

V. O. Key has asserted that the business community is highly unified as a result of the frequency of interaction necessary for carrying on economic activity as well as by the economic disciplinary measures available to bring recalcitrants into line. This would suggest that attitudinal integrity could be enforced and this is what Whyte does see in the *Organization Man*.

Andrew Hacker has also recently suggested that this enforced conformity is carried over into voting behavior and the political
activity of corporate members.\textsuperscript{17}

The argument as to whether attitudes are infused into the system by an elite within each influential group has been raised by C. Wright Mills and has been answered affirmatively by him with the contention that a few top corporate managers occupy in part the "command posts" in the society wherein all of the basic decisions are made.\textsuperscript{18} These "commanders" are what in Lasswell's terms would be the various skill group leaders, who in Mannheim's terms would be the decision makers in those functional groups that possessed arbitrary power.\textsuperscript{19} His thesis has been, however, attacked by a fellow sociologist on many grounds, one of which is its oversimplification of the policy making process that ignores larger group demands.\textsuperscript{20}

It would thus appear that there is still considerable contention as to where businessman's attitudes are generated and how, when and why they change. The purpose of this paper is to enter the argument by observing if, when, and how far business attitudes changed during the dynamic period when that group was being challenged and thus to add fuel to the already raging fire.
NOTES

CHAPTER I


5 James Burnham, The Managerial Revolution (Bloomington, Indiana, 1960); William Whyte, Jr., The Organization Man (Garden City, New York, 1956).


7 Charles Beard, An Economic Interpretation of the Constitution of the United States (New York, 1913).


11 Miriam Beard, op. cit., p. 735.


16 William Whyte, Jr., *op. cit.*


20 Talcott Parsons, *Structure and Process in Modern Societies* (Glencoe, Illinois, 1960), Ch. VI.
CHAPTER II

THE APPROACH TO THE PROBLEM

The interest in examining attitudes that may not be observed or apparent in overt action and which encompass a wider range than can be observed from behavior raises several methodological problems. An exposition of the analytic method and tools employed in this study is necessary for understanding the scope and limitations of the conclusions that are derived. There are five general areas needing attention in this respect. These are: the nature of the group being observed, the kinds of questions asked, the data source used, the sampling problems encountered and the technique of data collection.

The nature of the group under observation marks the parameters of the data. To begin, it is impossible to conceive of the business group as an organic whole in terms of all of its attitudes and aspirations. There are many cleavages and sources of friction among the members of this group. One important source of conflict is the diverse economic problems of each type of productive unit. For example, some firms require protective tariffs and some do not. The establishment of freight rates, subsidies and similar type decisions create discord within the community.

The discord that stems from diverse economic interests may well be superseded in importance by a network of larger common interests that serve to bind the business community together when

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its security is threatened. As V. O. Key has stated: "Unanimity is rare, but a predominant business sentiment usually crystallizes and makes itself heard on major issues affecting the group." This study accepts that hypothesis and seeks data where the competitive interplay among firms is not emphasized.

In addition to economic cleavages that may appear within the group there is the "plausible and commonplace hypothesis that in some respects the political behavior of the businessman is a function of the size of the firm." John H. Bunzel has examined this hypothesis raised by Dahl and has noted that there is a fundamental dichotomy between the ideologies of big and small business. He concluded that the small businessman see "bigness" as destroying economic freedom and corporate managers as pliant tools subject to the competing pulls of labor, government and other groups. Another point of view is expressed by C. Wright Mills who sees the giant corporation infusing the views of the giant corporate complexes into the ranks of small business.

The degree of any divergence in the views of large as opposed to small business remains largely unknown at this time. One is tempted to give less importance to the political ideas of the small businessman since there is a tendency to equate political with economic power. However, the structure of the political party is such that Representatives, if not Senators, are more likely to be beholden to local influences than they are to foreign corporations. This possible advantage to the small businessman
may well be offset, however, by the necessity of the national
government to recognize the social and economic influence of
giant corporation complexes. The failure of a large number of
small businesses might be tolerated, but the failure of a General
Motors could not.

This study, while recognizing the difficulties of this pro-
blem, cannot solve it and has to accept it as a factor limiting
the conclusions. Generally, the study is oriented toward big
business for the reason that it would appear that business opera-
tions are becoming more concentrated. The corner grocery giving
way to the chain supermarket is only one of the many examples of
this type of change. While there are other factors that divide
the business community, the aforementioned serve to point up
the problem of trying to extend too far conclusions about this
group.

Another and related problem is that of selecting data
sources that sample the range of possible divergencies within the
reasonable limits of efficient productivity.

In addition, since the study is interested in attitudes,
their changes and relative strength at various periods there must
be a referential framework established to order and analyze the
data. Both Mannheim's and Lasswell's conception of functional
(skill) groups provide such a framework. If it be true that the
division of functions carries with it a distribution of influence
and that political conflict may well arise as functions are
redistributed then it follows that the attitudes toward any division of functional responsibility gives certain insights to group political thought. A group undoubtedly would have conceptions of its own functional responsibility and that of others. Consequently, the political attitudes of the business group might be determined by its conception of its role and the role of the government in terms of the legitimate as opposed to the arbitrary action of each.

Thus, this concept of functional groups provides a method by which we may establish the analytic categories for the classification of the data. In addition the concept serves to raise questions the answers to which provide insights as to political attitudes.

What are the questions that such functional divisions suggest? The core questions of the purposes of society, of man and of the various institutions are seldom found answered in the pure sense but they may well be deduced from attitudes concerning functional responsibilities. There is no question that businessmen have attitudes concerning the functional responsibility of government as well as of their own responsibilities. This also suggests the antithesis that may provide clues to the degree of adaptation by this group to a changed social and political milieu. What does the business group see as the functional responsibilities of government and when does government overstep them or fail to meet them? What are the functional responsibilities of the business group? Some of the answers may be found by observing the response of this
group to what government does.

Government does, for example, regulate, provide aid and services while having some unique functions such as taxing. For example, an important government function is that of regulating behavior. Business may believe the regulatory function is being too vigorously or laxly pursued. A first impression might lead one to believe that business would most likely subscribe to the former when their behavior was being regulated. However, it may be that there are areas where the businessman feels helpless in regulating himself even though the areas are economic in nature. More importantly, the social and political results the business group may see as forthcoming from government regulation may reveal the businessman's conception of legitimate authority. Government by its willingness or reluctance to exercise its regulatory power may also shift the power balance among groups. The question may be raised as to whether this is a proper function of government or if it should act only as an umpire while the battle is fought out in the private sphere.

Benefits may be derived or denied not only by power shifts reflected in regulation but also from the financial and service activities of government. Businessmen's attitudes toward these functions in terms of when and what type of benefits should be given to whom, whether an individual, groups or other levels of government, or if they should be restricted or unrestricted gifts, and the possible effect on the morals of society of various types
of aid and benefits would provide further insights to their concept of the government’s responsibility and perhaps of their own.

In addition, government must obtain funds for performing its role no matter how minor. Frictions may occur when decisions are made or about to be made as to who is to be taxed, the kinds of taxes that are to be employed and the general tax burden. Who is being taxed may depend, in part, on who has power. Taxes may also indicate the scope of government’s activities. It would be anticipated that businessmen, in particular, would feel qualified to render judgements on all aspects of government finance since a major part of their function is financial in nature. Those attitudes would find further reflection in response to other aspects of government finance such as the budget and debt management.

Attitudes toward these kinds of general government activities would provide insights at one level of the businessmen’s conception of governmental function; but functions are also distributed within the government where major shifts of function or failure to meet expected assigned responsibilities might bring unfavorable responses from the group and provide insights at a second level. The exposition of the total role assigned to the government by the business community must recognize this factor to be complete.

The President, the Congress, the Supreme Court may push beyond the limits of their function as seen by the businessmen or they may not fill the total role assigned them. In either event, the reflected attitudes would reveal the actions expected of them. In
addition, any question of the role of administrative agencies must not be overlooked. The political parties, while not a formal agency of government, may rightly be considered as an essential part of that institution while playing their vital role in the governing process. As such, they too have been assigned responsibility. The questions of the roles politicians should play, their activities, whether political parties are responsible agents, if one party is more so than another, would reflect to an extent the businessman's attitudes toward his own role in the political process. For example, if parties and politicians are considered evil, this may serve as a real rationalization for his not participating directly in the political process.

The American federal system with its geographical distribution of functional power adds another dimension to the responsibility framework. Some conflict of opinion as to the functional responsibilities each level is bound to exist. Any shifting loyalties observed among businessmen toward the branches of government, between the major political parties and the national and state governments may well serve as another index of political ideas of the business community. For example, men who have controlled property in the United States have traditionally sought out the national government for protection and the obvious shifts of national-state power in the last few decades merit observation as to whether businessmen have shifted loyalties to the same extent.

The businessman's interpretation of the proper governmental
roles is, of course, based in part on his concept of the prerogatives functions and responsibilities of his own group and of himself as a member of that group. A large part of his reaction to the aforementioned questions will be based on his concept of the business community's role in the society. How much autonomy do businessmen believe they should have? In what areas? What is their central purpose? Do they have responsibilities to the society outside of those to their stockholders and employees? Answers to those questions are not only found in their attitudes toward government, but also in their self-image. There is a question of whether that image has changed significantly and, if so, how far and in what directions.

Finally, the attitudes of the businessman toward political activity becomes important in determining his concept of his political responsibility as well as his functional responsibility. Does the business community come to regard political activity as a necessary adjunct for maintaining or fulfilling its functional responsibility? Are businessmen urged to participate in government or in the political process because they are citizens or because they are businessmen who have a responsibility to their group and to their society as members of that group? The reason for this kind of activity may be given as an obligation of citizenship if the group has a high degree of autonomy but as autonomy slips away the obligation may well be directed toward the group rather than society. This remains to be seen.
When the foregoin; factors are considered and placed in relation to each other over a time span, the trends of changing political ideas concerning the functional responsibilities of government and business may be discerned and the questions of attitudinal integrity or change may be answered.

The time period selected for a study of this nature is not the most important consideration to be made. However, a very dynamic period provides the greatest opportunity to observe the most in the shortest time. For the purposes in mind, that period from the beginning of the Great Depression and until the return of the Republicans to power (with what has been characterized as a "businessman's administration") would appear to be fruitful. Consequently the years 1930-1955 have been selected as the span of the study.

Having come to the conclusion of what needs to be known, the problem is that of finding a data source. Since the study is concerned with a fairly long time period it is necessary that records of some type be available. The concern with a wider range of attitudes than may be deduced from action precludes many sources.

Public opinion polls in which the business group constituted the panel and which were directed toward the specific concerns of this study just do not exist in significant numbers. A small number of such polls found in Fortune magazine but they are concentrated in a short time span and their scope is narrow.

One productive source would appear to be the communication
media of the group. As Key has noted, the nature of the business function requires considerable communication and members of the group are in what amounts to a constant convention. Most data of this type are, however, not subject to scrutiny as they are either oral in character or in correspondence files. There are reports made at formal conferences and trade association meetings, and it was the source of data that Prothro used in his study of business attitudes in the 1920's.

There is a source used by Harver Bernstein in his short range study of a similar problem that meets the test of volume and written accessible records. This source is the periodicals aimed at business consumption. The large number of such periodicals offer a wide range of possible choices that leads to further sampling problem. Consequently, the reasons for selection of any specific periodicals need be noted.

One sampling problem that cannot be overcome is a selection on the basis that certain periodicals are more representative of the group's attitudes, for until the attitudes are known it is not known what is representative. The requirement becomes that of using other criteria to come to a conclusion as to what is most likely to be representative.

The following general criteria become the basis for the selection in this study. First, periodicals devoted to narrow economic interests such as banking, steel, transportation, retail trade are to be avoided as the primary concern is to discover more
general orientations common to all or most businessmen rather than
with the more specific orientation based upon economic interest
alone. Second, the periodicals should reflect national rather than
sectional interests. Although these attitudes may be the same, it
is best not to add this assumption. Third, the periodicals should
have a recognized reputation among businessmen. An index of their
reputation would be reflected in their circulation which should be
increasing during the period selected for the study. Fourth, at
least one periodical should represent an organized general business
interest. This last criterion is based on an assumption that such
a periodical will be more subject to external control than those
of an independent publisher. This suggests the problem of whether
any periodical represents anymore than the editor's or the pub­
lisher's values which may or may not be congruent with its rea­
ders. Lazarsfeld has raised these questions and has noted that
there is an assumption, when communication content is being used
as a source, that the nature of the audience is the determinant
of the content, whereas, this may not always be the case for the
content is produced by certain agents and it is their evaluation of
the values and attitudes the group holds or should hold that is
produced in the media. In addition, some consideration needs be
given the possibility that the media is under the control of nar­
row special interests who promote a self-seeking position. The
criterion of a high and expanding circulation mentioned above seeks
to offset this disadvantage as much as is possible. The assumption
is made that any competitive information source (as compared with a one-newspaper town, for example) will most likely prosper only if it reasonably reflects the opinions of its readers. However, there is the chicken and the egg dilemma. Do periodicals reflect or form opinion? This tends to be more of a problem in short term analysis whereas a longer period such as sued in this study tends to weaken this problem. However, it must be borne in mind that data collected in 1935, for example, may be a reflection of an actual 1934 attitude or one that may come in to existence later. Editors and publishers are businessmen and the real problem may be whether they are representative businessmen.

The analysis of the data found in the periodicals rests at two levels. At the first level the data is quantified to determine relative values of interests. At the second level the data is analyzed for the substance of the arguments. At both levels the analytic framework of content analysis as it has been described by Berelson and Lazarsfeld has been helpful. This study cannot properly be termed a content analysis however since it does not rely on statistical significance nor are the analytic categories defined with a high degree of precision. Moreover it is not the intent of the study to psychoanalyze the data while searching for hidden meanings of the editor's. The material has been read for the general and obvious attitudes that appear in it. The result is that one person may cover considerable more ground thus lessening the sampling problem.
Quantification is a secondary interest and the primary interest is in the substance of the arguments and whether that substance changed. Consequently, at one level the study is more closely allied to content analysis than at the other.

The periodicals that were selected for the study are:

**Fortune, Nation's Business and Barron's.** The reasons for this particular selection must be noted.

Each of the three met the test of a large and growing circulation as well as being national in scope and general in economic outlook. Each does, however, appeal to different audiences: **Fortune** to managers, **Barron's** to owners and **Nation's Business** to the general business community. In addition, a test sampling before collecting the data revealed that each contained sufficient material bearing on the subject to be productive data sources.

**Nation's Business**, which is the house organ of the United States Chamber of Commerce, serves the requirement that a media of a business group be used. It most particularly meets this requirement because it is the Chamber of Commerce which claims to speak for the business community or which, at least, is the most aggressive organization projecting an image of this group to the general public.\(^{13}\) For example, V. O. Key claims that a "major function of the Chamber is to speak for American business on issues of public policy."\(^{14}\) Moreover, it can speak forthrightly on the broad issues where at least two-thirds of the members voting at the annual convention concur.\(^{15}\)
agrees and argues the Chamber is interested "in discovering the opinion of its own members on current issues and in making that opinion widely known." But, as Prothro has noted, any claim on its part to speak for the entire business community can be quickly discounted as "no social or economic interest presents a solid front." 17

Barron's, which is a weekly publication devoted primarily to financial news is owned by the Financial Press Company of America which also publishes the Wall Street Journal. It was considered that the use of the Wall Street Journal, which is presumably very influential, would introduce too much of a bias in the study since it is a daily and the other sources were published monthly. Barron's also offered that possibility as it is a weekly. A sampling of the two publications revealed quite similar editorial policies and in an indirect manner Barron's may be speaking for the Journal in this study.

Fortune is a part of the Henry Luce publishing empire and this periodical is generally known for its sophistication and appeal to corporate managers or those who wish to be corporate managers. The selection of this periodical rests on its attention to the new kind of entrepreneur who was to become increasingly important, the corporate executive.

A further problem of sampling was the question of what material was to be selected from the periodicals. Should both editorials and articles be selected or, if not, which?
Each periodical presented a different problem in this respect. 

Barron's, which is primarily a current news media, had few articles that were not concerned with financial techniques but it had an editorial page. Consequently, all of the data collected from Barron's was found in its editorials.

Fortune provided the most difficult problem as at times it had an editorial page and at times it did not. However, the major portion of the articles were written by its own staff members. Consequently, the Fortune data consists of both editorials and articles.

Nation's Business divided its content among three areas: editorials, regular editorial features and articles. A random sampling indicated a close relationship existed between the editorial slant and the gist of the major articles. The decision was made to use both editorials and editorial features but to ignore articles.

Several problems arose because of the relatively long time span of the study. First, as has been indicated, the format of every publication changed from time to time. Barron's, for example, would switch from a single to a multi-editorial policy and then back again. Nation's Business added and dropped editorial features. Fortune, as previously mentioned, sometimes had editorials and sometimes did not. Second, the war with its shortage of newsprint reduced the size of the publications and editorial space was reduced although the editors eventually compensated for this
by reducing the type size. These were problems in that they dulled the accuracy of the quantification but not the substance of the arguments being presented.

The general procedure followed was to read the material first in terms of categorizing it as to the general subject. That is, it was categorized as pertaining to government aid, regulation, taxing, check and balance system, federalism, etc. The next step was to sub-categorize on the basis of the argument presented. The first step served to quantify the data in terms of general interest whereas the second was to elicit the substance of the arguments being used. An original intent to classify the data on the basis of its positivism or negativism and to draw some statistical significance from such a classification was abandoned when it was discovered that positivism was just not a part of these periodicals editorial policy.

There were 1461 references collected in total and 1413 were used. The remainder were eliminated because they were either too general to be categorized or were too unique.

When the references are subdivided in terms of periodical source a bias is noted in the study. Nation's Business supplied 43 percent of the data, Barron's supplied 42 percent and Fortune supplied 15 percent. Both Nation's Business and Barron's supplied about the same percent of data although Barron's is a weekly. The Chamber publication and Fortune both appear monthly but Fortune supplied only about one-third of the data that Nation's Business did.
The count made of the number of references in each category which is subdivided into the number of references in each President's administration. The decision to subdivide in this manner was based on the convenience of the reader and also as a basis for contrasting Republican against Democratic administrations.

The purpose of the counting was to determine amount and shifts of attention over the time span of the study. However, the main emphasis of the study is on the arguments presented rather than any statistical significance that might be derived from the data.

The balance of this study is divided into eight data chapters and a summary. The data chapters are oriented around five areas: (1) a chapter dealing with general concepts held by the businessman toward government; (2) the businessman's conception of the government's functional role -- regulation, financial and service benefits, fiscal activities; (3) his conception of the role of the various political institutions and the political process -- Congress, the President, The Supreme Court, administrative agencies, federal-state relations, the political parties, the politician; (4) the role of the business community -- function of business, profits, social responsibility, what businessmen do, what are their contributions to society, then do government and business act as partners; (5) the role of the businessman in the political society -- as participants in
government as either economic or managerial advisors, as participants in politics as candidates, party supporters, voters, lobbyists and community leaders. These sections are followed by an overview which seeks to correlate and compare the findings of the study.
NOTES

CHAPTER II


4 Ibid.


7 Ibid., pp. 246-79.


9 Key, op. cit., p. 83.


13 Key, op. cit., p. 97.

14 Ibid., p. 98.

15 Ibid., p. 84.


17 Prothro, op. cit., p. xviii.
The answers given by the business editors as to what constitutes the proper role of government *vis a vis* business and the individual were frequently quite explicit and did not have to be deduced from responses to specific events.

Generally, the ideas expressed were these: (1) political freedom only exists when there is economic freedom; (2) economic freedom means a competitive marketplace controlled by natural economic forces and free of government interference; (3) the competitive marketplace is essential for determining the natural leaders in the community; (4) individual and social morality is a product of struggle; (5) individual initiative and, hence, human progress is dependent upon the material rewards that come from risking property.

It is quite obvious that more than a little "Spencerism" is embodied in these attitudes and quite significantly, they underwent little substantive change from 1930 to 1955.

Two editorials appearing fourteen years apart evidence the attitude held throughout the period and the unchanged substance of the arguments.

The first editorial appeared in *Nation's Business* in 1938 and was written by editor Merle Thorpe.

What is the source of a dictator's power? What would you or I want if we desired to be an absolute autocrat? Five controls would make any man the absolute
ruler over his fellow man: First: Control of his earnings and savings. Second: Control of his production. Third: Control of his wages. Fourth: Control of his hours of work. Fifth: Control of the prices he must pay.¹

The theme had changed little by 1952 when Barron's editor's wrote:

Freedom of thought and research is profoundly linked with and dependent upon freedom to own, to do business, to change jobs, to save and invest - all that is guaranteed by the maintenance of a government of limited power and the free market.²

Later in that same year Eisenhower was described as a man who really understood the relationship between the profit motive and the "larger freedoms." Barron's noted that Eisenhower had "taken his stand on the great tradition of liberty in seeing that all our cherished rights of free worship, ownership of property, equality before the law. ... are mutually dependent for their existence."³ He was credited with following in the great Republican tradition of Calvin Coolidge, who in earlier years was often credited by the editors as the source for the oft-used expression: "When the economic freedom of the individual goes, there will go with it his political freedom." And, in fact, one of the few negative references to Mr. Eisenhower, while President, was made when it was feared he was not pursuing this policy vigorously enough.

This general data may well serve as an introduction to the following chapters where emphasis is placed on responses to more specific government activities and action. The data contained in this chapter amount to 17.3% of all that was collected.
Moreover, the attitudes exhibited in this data figure prominently in following chapters as the underlying reasons for particular responses.

The number of references collected in each presidential administration are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-32</td>
<td>28</td>
</tr>
<tr>
<td>1933-36</td>
<td>52</td>
</tr>
<tr>
<td>1937-40</td>
<td>51</td>
</tr>
<tr>
<td>1941-44</td>
<td>28</td>
</tr>
<tr>
<td>1945-48</td>
<td>23</td>
</tr>
<tr>
<td>1949-52</td>
<td>39</td>
</tr>
<tr>
<td>1953-55</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>235</td>
</tr>
</tbody>
</table>

These figures may be somewhat more meaningful when expressed as a percentage of the total number of references collected in each time period. Expressed in this manner they become:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-32</td>
<td>12.6%</td>
</tr>
<tr>
<td>1933-36</td>
<td>17.2%</td>
</tr>
<tr>
<td>1937-40</td>
<td>21.4%</td>
</tr>
<tr>
<td>1941-44</td>
<td>16.0%</td>
</tr>
<tr>
<td>1945-48</td>
<td>13.6%</td>
</tr>
<tr>
<td>1949-52</td>
<td>18.7%</td>
</tr>
<tr>
<td>1953-55</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

It may readily be seen that a significant percentage of the editors' attention was concerned with the subjects treated in this chapter. Because of the general character of the data no significance may be attached to the percentage variation until the data is sub-classified.

Specific statements correlating economic freedom with political freedom accounted for 2.6 percent of all collected data. At times these statements were made without further explanation as to why this relationship was crucial while at
other times a more detailed exposition of the viewpoint was made.

The references counted for each time period and as a percentage of the total numbers of references collected within that period are as follows:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>References</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-32</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>1933-36</td>
<td>10</td>
<td>3.3%</td>
</tr>
<tr>
<td>1937-40</td>
<td>7</td>
<td>2.9%</td>
</tr>
<tr>
<td>1941-44</td>
<td>4</td>
<td>2.3%</td>
</tr>
<tr>
<td>1945-48</td>
<td>5</td>
<td>3.0%</td>
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<td>1949-52</td>
<td>9</td>
<td>4.3%</td>
</tr>
<tr>
<td>1953-55</td>
<td>1</td>
<td>0.9%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td></td>
</tr>
</tbody>
</table>

Within this category it is noted that 3.3 percent of the references occurred in the first Roosevelt administration and with little concern being evidenced in the Republican Hoover and Eisenhower administrations. An additional 4.3 percent of the total was gathered in the second Truman administration. Two Democratic administrations accounted for 7.6 percent of the total whereas the two Republican administrations only accounted for 1.4 percent.

The reason for the large number of references in the first Roosevelt administration is readily understandable. This was an era of bold new experimentation by the government and traditional governmental-economic relationships were being destroyed.

The resurgence of the argument in 1949-52 can be traced to three factors. First, the Korean War had increased the necessity for more Federal government controls at a time when business was hopeful that the public had become willing to relax all controls. The question was then raised among businessmen
as to whether these new controls would become permanent. Second, President Truman's seizure of the steel mills in this period had led the business community to view his administration with considerable alarm and mistrust. Third, there was considerable hope in the latter part of the period that there would soon be a Republican in the White House and, consequently, the editors were led to crystal ball gazing about what changes would be made to restore economic freedom to the marketplace.

It is certainly not coincidental that the two Republican administrations elicited the editors' smallest interest in the economic and political freedom relationship. A later chapter will reveal in greater detail the increased security felt by the businessman when the Republicans were in power. Figures in this category give some substantiating evidence to this contention.

Free Markets and Freedom

To return now to the substance of the businessman's remarks, the editors viewed as a basic position the argument that man's freedom was best expressed when the individual was free to choose among economic alternatives. The individual could engage in social criticism only when he had gained the economic security that came from the free market capitalistic system. Otherwise, he would constantly have to weigh his desire for free expression against his needs for life itself. Government could not give him that security if it could deny him earnings or confiscate his existing savings or his potential ability to save and invest.
The long standing American recognition of the validity of this argument accounted in large measure for the freedoms hold by the society. The free market system was the American "way" and subsequent changes in the American public's attitude that reflected a desire for greater government control of the vagaries of the free marketplace were often assumed to be un-American or non-American in origin. There was more than an implied equation between free markets and Americanism. Advocates of market controls in whatever form were considered to be bordering on subversion.

Even the limited attempts of President Hoover to stave off national disaster with federal action was frowned upon as a flirtation with un-Americanism. Barron's in early 1932 asked how the United States could possibly "make faces" at the Russians when the United States had adopted the Soviet techniques of economic control.5

Regardless of the political party affiliation of the President, it would appear from the data that any of his actions that could be interpreted as leading to greater governmental control of the free market system were opposed on the basis that they denied the fundamental American political freedoms granted by the Founding Fathers and the Constitution. Nor did this fundamental attitude appear to change in substance during the period covered by the study.

Nation's Business, for example, in the post-war era saw America's influence in the world dwindling precisely because it
had copied European ideas of everything from social security to conscription. The problem of restoring vitality to American aims and ideals could not be solved with the European scheme of establishing new agencies or further developing government altruism but only by reasserting the dignity of the individual through the American way of the free marketplace.

The danger to the society from stifling the action of the marketplace was explicitly stated by Barron's in 1954:

> The foundation of the American system is the individual whose political freedoms can only survive as economic arrangements release, rather than inhibit, his initiative and choice. To this end the government must maintain open markets, in which competition acts as the regulator and energizer of the whole complex process of production and distribution.

**Individualism and Paternalism**

Closely allied to and implicit in the free market argument was the concept of "rugged" individualism which was juxtaposed to paternalism. Individualism and its beneficent results had largely given way to "paternalism" in the business editors' opinion as the nation moved through the New Deal era. Paternalism was defined as government action that was directed toward reducing the vagaries of the market or, and more often, as action that helped those who were not capable of maintaining the competitive struggle. It suggested an omniscient government that presumptuously believed it could provide for its citizens better than they could provide for themselves.

The editors argued that the evil results of paternalism would be threefold: (1) individual initiative and, hence,
human progress would be stifled (Progress was defined as material progress); (2) the natural leaders are those who survive the competitive struggle and, hence, reducing the vigors of competition by aiding the weak would not make it obvious who were the best men; (3) the human spirit was tempered in struggle and morality was developed; hence, immorality was the result of less competitive conditions.

A 1931 editorial reads as follows:

Are we as a country to do things by government or to do things by ourselves. Shall we build up a country of mental robots each fitting into his allotted niche in the government, each drawing his wage from the government, doing the least he can for the most he can get from government, or are we to go ahead as in the past, a country where each man has a chance and where constantly that individual striving has raised the level of comfort for all of us.9

The attempt by government to carve out new areas for action while abandoning its traditional role of umpire was viewed as a blow against democracy itself. Paternalism was reactionary in that it refused to admit the possibility common people could help themselves. Such government action verged on enslaving the people in the name of helping them and was, in fact, a reaction against the revolutionary principles of individual freedom.10

The really forgotten people, it was argued, were the industrious who still had the initiative to attempt to forge ahead. They were being penalized in favor of the unworthy and shiftless who had fallen prey to the paternalistic measures.11 The results of such paternalism were worse than those of war itself—although it was difficult for men to see this since war was so obviously
and directly brutal whereas paternalism was a slow, lingering death whose brutality rested with the wasting of resources and, especially, the national resource of individual ambition.\textsuperscript{12} There could be no real objective in living if the power to take care of his own economic earnings and savings was wrested from man by government whereby he would not have to save and invest to educate his children since the government would do it for him.\textsuperscript{13}

The external danger to the country could be matched with the danger from within, namely, that of insolvency, class hatred and the stagnation of personal initiative.\textsuperscript{14} The war intensified the problem as the question became one of whether wartime controls would continue to exist in the post-war era or whether full production would return by freeing the individual of handicaps and restrictions.\textsuperscript{15} For "no better incentive has ever been found to make men produce than profit."\textsuperscript{16}

The enlisted man's "hatred of brass" in World War II was seen as a hopeful sign by the editors that America was a nation of individualists who had not completely succumbed to the temptations of the political sirens. Generally, however, the society had lost this characteristic which had to be recovered if the United States was not to lose its integrity and strength.\textsuperscript{17} A strong nation became doubly imperative in the post-war era as America took over leadership of the free world in an effort to defeat communism.\textsuperscript{18}

Assistance to Europe, which had fallen under the charm of security and where individualism was dying, could be accomplished only if the American people were free to develop their own lives,
be individualists, under the spirit of free private enterprise.\textsuperscript{19}

In 1947 the fear was expressed that experience with the New Deal had not taught the American people that doing things by government rather than individual effort was not only an inferior but impossible method.\textsuperscript{20} The New Deal policies had thwarted the energies of free men throughout the world while acting on the assumption "that men in government were somehow better able to cope with the problem of modern life than men outside government."\textsuperscript{21}

In 1952 editor M. H. Whyte, Jr. wrote in \textit{Fortune} that while the businessmen defended individualism, the "social engineers" were infiltrating their lines with their "groupism" dogma.\textsuperscript{22} This was apparently the inceptive development of the "Organization Man" concept. It is interesting, and should be noted here, that Whyte in his book dealing with this problem is attacking the business community for not holding fast to its traditional value of individualism while those who are anti-business may use the book as an indictment of the dehumanizing effects of the modern corporation. Thus, the "Organization Man" concept may be used as a tool by both those favoring and opposing a capitalistic economy.

\textbf{Individual Initiative}

Individual initiative, it was argued, was largely dependent on a social atmosphere which created a mood of confidence in businessmen. Government had to be very careful indeed lest it upset that fine balance of mood in the country by taking unwise action. A great deal of business confidence in the past had been based on the knowledge that government had accepted a role only as
a protector of life and property. It was the moving away from this role that had created the many economic problems faced by the nation. One reason for the prolonged depressed period of the 1930's was that the government had destroyed the businessman's initiative and incentive. It was argued that only when men had confidence in the government would they risk their capital and that this was the only means of progress.23

As early as 1931 it had appeared to business editors that the concept of government as a means of doing collectively what could not be done alone was giving way to the concept that government had powers to control the economic life of the citizen.24 The regulation of banking activities in 1935 was considered to be a "far cry from the original (1776) concept of government which was the protection of life and property."25

The depression years witnessed repeated pleas by businessmen for government to open the way for individual and business initiative. As proof of their thesis that initiative brought freedom the editors pointed to Germany, Russia and other European countries as evidence that rugged individualism was not a failure.26

There had been too much emphasis placed on legislative fiat as a solution to problems with the result that more problems had been created than solved. Legislation was not a palliative for the economy. In this area of human affairs it was the law of nature, of competition and free markets that was to guide the economic destiny of the nation. In 1933 the attempt to substitute "un-natural expedients for the natural laws which seemed to work
so well as long as we obeyed them was seen as a flirtation with national suicide. Such legislative action denied the omniscient law of nature.

Business initiative had been destroyed with the laws destroying the profit motive, namely, laws making government a social agent that rewarded the unworthy who took no risks. Business had had confidence in the fundamental social philosophy of government. As a result it had prospered and moved ahead but without this confidence it was not to be hoped it would ever move ahead again.

Great risks demanded great rewards and when those rewards are curtailed, initiative was dampened to the same degree was the recurring argument throughout the 1930's.

In 1952 when the government suggested that the wage increase given to the members of the steel union did not have to be followed by increased prices, Barron's retorted that this was an attack on the profit system and it was presumptuous of the government to believe it knew more about what profit should be than the marketplace. Moreover, unless the "hidden hand" of free prices and wages was permitted to govern, the alternative would be the "mailed fist" of dictatorial rule.

Further evidence that arbitrary law was being used to destroy the profit motive and hence initiative was found in all schemes that had the effect of "redistributing the wealth."

Taxation and aid programs are one method that can be employed for this purpose and are the subjects of later chapters. But businessmen also saw programs such as the National Recovery Act
as a scheme to give more to labor while reducing capital's share. 32

A general argument made by all editors at one time or another was that there could be no redistribution of wealth but only a redistribution of poverty. All levels of government in the New Deal era from the federal to the local tax collector were pictured as confiscating the energies and productive life of the citizen and spending them unwisely by scattering community wealth and impoverishing human initiative. The New Deal program of wealth redistribution was seen as being successful when Barron's noted that from 1929 to 1941 salaries had increased by 635 million dollars and relief payments and other labor income by 789 million whereas, dividends and interest had declined by 1421 million and investments of proprietors and partners by 264 million. 34

A final reference to wealth redistribution in 1949 foresaw inflation as a new means of accomplishing the same objective with powerful groups such as farm and labor using their political power to gain the bulk of the benefits.

The rule of arbitrary men was even more damaging to confidence and initiative than was arbitrary law. There was a strong fear of personal government evidenced throughout the 1930's and again in the Truman administration, especially after the seizure of the steel mills. One given complaint registered against "personal" government was that it was difficult for business to plan when it did not know what government was going to do. Rapid, whimsical changes were seen as undermining confidence and retarding recovery.

As Fortune put it in 1935:
What the business grievance came down to in the last analysis is that the government of Mr. Roosevelt is a government of men and not laws. All criticism of experimentation, of uncertainty, of unproductability, of vacillation, implies at bottom a criticism of the government of the country as being a government not by written laws but by the will of men.36

Presumably, the "right" men could overcome some of the difficulties of unwise legislation. There was some question of who was capable of selecting these men and where they were to come from. The direct election of Senators did not seem to improve the quality of that body as far as the businessman was concerned.37

The expanding activities of government meant that more men were needed and "certainly our colleges will need to give thought to the training of men for the administration of government departments."38 And, all of the new legislation of the Thirties was to become important in the final analysis by the men who were to administer it.39 These men could be brought in to government if the Civil Service would be given prestige and adequate reward.

Nation's Business reported in August, 1944 that seven out of ten mothers did not want their children to enter politics. This brought forth the editorial comment that economic and political democracy was doomed unless nature equipped more than three out of ten to be politicians.41

The laws that were to be enforced by these "good" men were only those concerned with the protection of life and property. To go farther was to "invade private business and private life."42

Moreover, the government was so inept in its own given sphere of action, namely, that of dispensing justice through law, that it
could hardly be expected to perform other functions. The editors argued the science of economics was inadequate at best and if the government in all the years of its existence had not learned to do well what it was designed to do then it had best leave economic affairs to the control of the marketplace or to those who best understood them, namely, the businessman.

_Barron's_, however, moved to the position by 1947 that the old system whereby the government's only function was that of policeman could hardly be hoped for in the future. Its editor's noted that a mere recital of the changes that had taken place in the previous thirty years would "show that a complete return to those days would be utterly impossible." Apparently, however, the return of the Republicans to power in 1952 revived some hope of a return to earlier ways.

There was, for example, an editorial appearing in 1953 which stated:

> The most heartening thing about the change of administration in Washington is that public officials are beginning to represent this country for what it is. They are talking our traditional language - that of a Republic dedicated to individual freedom rather than to a vague and sapless collectivism.\(^4^3\)

The Eisenhower Administration was seen as having as its purpose the release of the initiative of the citizen and the leashing of bureaucratic greed.\(^4^5\) In 1955 the least government was still considered the best government. The greatest achievement of the Eisenhower administration was expected to be what it did not rather than what it did.\(^4^6\)
Individualism and Morality

An additional hazard of abandoning the free marketplace, individualism and the profit motive was the inevitable moral attrition that accompanied such a policy.

There was a continued emphasis on the basic tenet that individual morality is a product of struggle and self-sacrifice and that the government is an immoral agent when it seeks to reduce the insecurity of the "natural" world beyond protecting life and property. This emphasis will be revealed in even greater detail in subsequent chapters as it became one of the basic arguments against many types of government activity.

The individualist argument was part of the concept that there could be no morality without struggle. The praise for "collectivism" was seen to spring from an "ignoble desire for slavish security" without the rigors of a struggle. The "reduction" of life to a pattern of "soft security" atrophied the mind and the spirit. Life required responsibility, enthusiasm and tension as its tonic forces. 47 "The struggle for existence is not an evil but a great good," read a 1940 editorial. 48

Nation's Business stated repeatedly in the 1946-1952 period that the morality that came from struggle rather than authoritative rules was the only hope for a democratic government. The real choice as the editors saw it was self-government under God or regimentation under the state. They felt that the decadent moral state of the country in the second Truman administration (which extended to the highest political ranks) was a reflection of how far toward
immorality the country had been led by foolish promises. The people could not escape blame for the "five percenters." A responsible government mirrored both the vices and virtues of its citizens.

Another argument used to justify opposition to government control of the economy. The idea that there could be a mixed economy and freedom was the sheerest nonsense as real freedom rested in the development of moral law that came only from competition. There could be no real compromise between socialism and free enterprise. Paraphrasing the Lincoln argument, the nation could not exist half socialized and half free enterprise. There could be no moral or any other kind of progress if the nation were simultaneously pulled in two directions.

Fortune, in 1949, summed up the attitude in an editorial entitled "How Government Corrupts" wherein the editors argued that one of the major pitfalls of a democracy is that so many of its citizens do not understand that government cannot give them anything and sometimes when the government appears to be doing good to so many it is, in fact, only debauching and corrupting them all. Similar editorials appeared in the other periodicals through 1955.

Free Markets and Natural Leaders

One reason why this false premise had been so widely accepted was that the restrictions placed on the marketplace had forestalled one of its vital functions, namely, the determination of who deserved leadership. The new leaders had not been tried and tempered
in the marketplace which with its logical indifference allowed only
the most able to survive. These men were leaders by natural selec-
tion.

In his study of business attitudes in the 1920's, James Prothro
has suggested that the businessmen's attitude was that they were an
elite who could comprehend the dangers from demagogues and false
ideologies whereas the average man was corrupted by thought and
became a menace to society.\textsuperscript{52} Presumably, the average man was
severely limited in the areas where he could help himself.

This attitude was continued. One group of editorials, in
particular, registered this elitist argument. Ortega y Gasset
became somewhat of a hero to at least two of the editors in this
respect because he seemed to them to focus on one of democracy's
fundamental problems. It appeared to them that Ortega was on
fundamentally sound ground when he indicated that reliance on the
average man was wrong and that liberal democracy must rest on the
willingness of the average man to accept direction from the superior
man. The worst aspect of making men politically equal, they argued,
was the leveling of distinctions with the subsequent demand that
one must share with others what he had. This demand, however,
could be regarded with equanimity if it did not have a corollary
that one must share with others what is theirs. Some reflection,
the editors said, would show what a terrifying prospect this would
be for one who did not wish to be submerged in the mass while
sharing the ideas, tastes, prejudices and fallacies of others.\textsuperscript{53}

There was, it was argued, behind all declarations against
property and the privileged class a hatred of all cultural interests that were not shared by the mob. "If a man likes poetry or symphonic music as any diversion above the level of jitterbug syncopation he is likely to be suspected as an enemy of the people." The results of the "mob" rule could be observed in other countries such as Australia that were in trouble because they were governed by the unwise - the progressive - and the same results could occur in the United States. The editors persistently argued that envy was a major consideration to be taken into account for understanding the thinking of social levelers.

Summary

The foregoing data indicate the focus of the editors' attention to the problems of political freedom, morality and business progress was the economic marketplace. A competitive economic situation was the sine qua non of a healthy, dynamic economy and also of a moral and democratic society. These arguments were explicitly expressed and subsequent chapters will reveal how often they were implicit in responses to government actions.

The relationship of economic freedom to political freedom was that economic freedom was prior in nature. Political freedom and, hence, democracy was possible only when the individual was free to work, save, invest, contract, buy and sell as he desired. If he was not free to take these actions he was prevented from gaining the self security that granted independence from political control.

Government was to be by law rather than men but both had to meet special qualifications. Good laws were necessary and they
were those protecting life and property and under no circumstance interfering with the competition in the marketplace. Good men were those who understood the real value of the marketplace and there was some question in the minds of the business editors whether the "common" man could recognize and select these "best" men.

The government that neglected the fundamental importance of the marketplace created economic stagnation by creating the incon­

The government that neglected the fundamental importance of the marketplace created economic stagnation by creating the inconfi­

The morality of the society could be lowered if the rigors of the struggle for life were markedly reduced. And, the best men in the society could not be readily discerned.

Consequently, the role of government from the data in this chapter was seen as being primarily negative in character. If government became too active all kinds of unfortunate consequences would be the result. In a positive sense the government was limited in its actions to the protection of life and property.

Data in this and later chapters suggest that these ideas were modified but little in the 1930-55 period. The return of the Republicans to national power in 1953 seemed to offer great encouragement to the business community that government would withdraw from many areas where it had been active in the preceding two decades.

Thus, when we compare the posture of business in 1930 and 1955 we find great similarity and perhaps even perfect identity.

Is it possible that these are men who for all of the revolution
of the recent past have learned nothing, forgotten nothing? We shall address ourselves to this question in succeeding chapters.
NOTES

CHAPTER III

1 Nation's Business, July, 1938, p. 7.
4 See Chapter VII.
5 Barron's, February 8, 1932, p. 14.
6 Nation's Business, October, 1947, p. 23.
7 Barron's, February 1, 1954, p. 1.
8 Ibid., November 12, 1934, p. 12.
9 Nation's Business, May 1931, p. 11.
10 Ibid., May, 1939, p. 65.
11 Ibid., June, 1933, p. 12.
12 Barron's, March 16, 1936, p. 12.
13 Ibid., August 3, 1936, 12.
14 Nation's Business, April, 1931, p. 13.
16 Ibid., September, 1944, p. 8.
17 Ibid., March, 1946, p. 23.
18 Ibid., April, 1946, p. 21.
19 Ibid., June, 1947, p. 23.
21 Fortune, May, 1949, p. 73.
23 Nation's Business, January, 1940, p. 12; Barron's, February 26, 1940, p. 10.
27 *Nation's Business*, April, 1933, p. 6.
28 *Fortune*, February, 1938, p. 58.
29 *Nation's Business*, February, 1938, p. 9.
37 *Barron's*, July 7, 1930, p. 16.
38 *Nation's Business*, July, 1933, p. 25.
40 *Fortune*, November, 1934, p. 76.
41 *Nation's Business*, August, 1944, p. 12.

50 Ibid., May, 1951, p. 1.

51 Fortune, December, 1949, p. 96.


54 Nation's Business, December, 1939, p. 9.

55 Barron's, November 17, 1930, p. 16.

56 Nation's Business, September, 1940, p. 9.
CHAPTER IV
BUSINESS EDITORIAL RESPONSE TO GOVERNMENT REGULATION

There can be no disagreement that a government functions as a regulator of behaviour but questions do arise as to the scope of this function. Whether regulation of economic affairs should be ordered by political means has been one such recurring question. Most political philosophers have addressed themselves to this question as have most economic theorists from Socrates to beyond Keynes.

As we saw in the proceeding chapter the businessman took a very dim view indeed of "unnatural" regulation of the marketplace. We now address ourselves to a more detailed analysis of his reasons for such a position.

It is over-generalization to state that the business community adopted the classical economic argument pertaining to the free marketplace and adhered to them tenaciously. It is this tenacity in the face of rapidly changing social and economic conditions in the United States from 1930 onward that intrigues us. We shall see that with each new national crisis the businessman turned to his free market argument as a solution for the then current problem. Thus, during the depression it was argued that production would resume only when the free market was restored; during the war victory would come only if the market was free to supply the goods moreover it would be a hollow victory indeed if the wartime restrictions that were eventually placed on the market were allowed to remain in peacetime. The cold war brought further impassioned
pleas in the same vein. If we were to remain strong enough to meet the ideological threat, a free marketplace was essential.

The regulatory actions of the government were under constant scrutiny and, usually, attack by the business community. One may argue that businessmen accommodate to specific regulatory acts but there does not seem to be any proof in the following data that they accommodate to all regulation, as such, nor that they would not, if they could, free themselves from most regulation. Later chapters will also indicate the measures they advocated for accomplishing just that aim.

Generally speaking the businessmen saw moral, political and economic implications in government's regulatory activity. The argument used for or against any such action varied not only according to the type of regulation but also in response to the total social situation, that is, responses in wartime were more subdued than in peacetime.

Some indication of the degree of attention to this problem is shown in the number of references collected in the course of this investigation both in total numbers for each presidential administration and as a percentage of the total collected within each administration. These figures are as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Number</th>
<th>Percentage</th>
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<tr>
<td>1930-32</td>
<td>23</td>
<td>10.3%</td>
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<tr>
<td>1933-36</td>
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<td>1937-40</td>
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<tr>
<td>1953-55</td>
<td>17</td>
<td>14.3%</td>
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<tr>
<td>Total</td>
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All the data collected and coded to this category accounted for 14.2 percent of all references.

The significance of these figures rests on two levels of analysis. First, what is their significance in terms of the total attention given to this problem of regulation. Second, what is the significance of the variation in attention among the time periods.

The total attention given to the problem indicates it was highly significant for this group both in the overall total and within each period. The significance of the variations will best be understood after the group's ideas toward this problem have been exposed.

Response to Early Depression

The economic instability that mounted steadily in the Hoover Administration was a serious challenge to the ability of the capitalist system to withstand the shock. Business editors were largely undismayed however and as might well be expected responded to the situation with the aplomb that comes from a trusted knowledge. Their serenity was shattered only when other men began to question the validity of the free market assumption in a complex economic order.

In September 1930, Merle Thorpe, editor of Nation's Business foresaw the biggest problem ahead of business as reconciling the new controls on public utilities with the advantages properly associated with private ownership, individual initiative and the profit motive. No phrase, according to Thorpe, was easier to say than
"private ownership under public regulation" but every increase in public regulation inevitably led to reducing those benefits derived from private ownership.

One such disadvantage would be to hinder or stop altogether the progress of economic evolution. As the businessmen's understanding of business and economic forces grew keener, better methods would be found to cure whatever economic ills existed in the system but this understanding would not be forthcoming if businessmen were not free to experiment and to grow outside of the laws of the state.

What was needed in that moment of "depression desperation" was not the deliberative methods of legislation or "the emotionalism of the masses" but a cooperative effort on the part of all of the nation's citizens to overcome the effects of the depression. Such cooperation was possible only when government compulsion was not present.

Why was it, the editors asked, that a nation with 7 percent of the world's population had over 50 percent of its wealth. One merely had to look at the roots of the republic for the answer which was that in America men had been free from government compulsion. After the American revolution the individual was freed from state control and was given certain rights such as economic freedom of action, opportunity to use that freedom and the keystone to the arch was the knowledge that he could have and hold whatever he acquired through his own individual efforts. Any regulation of these economic freedoms carried with it as a necessary corollary the reduction
of political freedom since man could only be free from political coercion when he enjoyed self-made economic security. It was in those terms that all new political proposals for regulation were to be judged.  

Response to New Deal Legislation

Miriam Beard has reported that businessmen by the winter of 1933 were beginning to panic when it appeared that the intensity and duration of the depression was going to pass previous bounds. We shall see evidence in a later chapter supporting that contention. However, this was a temporary deviation from course that was soon corrected when a mood of national confidence began to spread after the inauguration of the new President. The dramatic and fast moving actions of those first "Hundred Days" left little time for critical reflection but shortly thereafter business editors sensing that a complete collapse of the system was not imminent returned to their favored arguments supporting a free market.

In the past Americans had built a wealthy "business nation" because it had held out incentive to daring souls and had had small government expenses. But, this progress had been accomplished before the nation started tampering with free markets by governmental regulation. Business was now losing its stride because of taxes, administrative law and regulation in general. What needed to be done was to rectify these mistakes and prosperity would certainly return.

Even worse, much of the new regulation was based on false
and slanderous premises. For example, businessmen disagreed with the proposition that they had no real concern for the underprivileged and which had already been demonstrated by their deed in providing a wealthy nation. They, the businessmen, were however forced to consider the concrete factors that obstructed the attainment of desirable ends and for this realism they were being persecuted with government regulation.

The real fact was that the American people had made tremendous "social" advances in the form of hospitals, schools and automobiles under a capitalistic system of enterprise. These advances had been made because the individual had been permitted the discretion to use his profits wisely and to invest them in new industry. No thinking man could evade the question, the editors argued, of whether the social, political and economic advancement of the nation could have proceeded as fast under governmental direction or regulation.

Thus, it was a fallacious argument that the American plan had failed and that some form of alien collectivism was necessary for the economic salvation of the nation. Economic salvation rested in social, political and economic voluntarism and ultimately all men would come to that point of view. When men did, and perspective returned, the attempts to regain the stride of progress through bureaucratic compulsion would be recognized for the impossible dream that it was. At that time, free men would voluntarily pool their enterprise and enthusiasm for the sake of national prosperity.
For example, regulation such as the minimum wage—maximum hours laws established a principle of federal intervention in management's rights to fix its own labor costs. The repercussions from such intervention in the labor-management marketplace could lead to depressed business conditions for an indefinite number of years in the future. Both management and labor should be permitted to voluntarily negotiate their differences without governmental interference.

**An Incompetent Government Led By Incompetents**

Government regulation not only negated the American way of life by ignoring the relationships between economic freedom and political freedom, but regulation also denied to the society the means for determining who was the best man. As noted in the preceding chapter, the law of nature, when it was permitted to operate, selected the best men in the community by the unemotional logic of the marketplace and gave these men positions of leadership. Social control by legislative fiat could only lead to control by the less competent. This kind of a situation could prevail in politics for a short period of time but was entirely unworkable in business where only the strongest could survive. Therefore, the naturally weak who were temporarily strong with political power could destroy those to whom unbridled nature would have given power on the basis of natural selection. This, in turn, would result in the total destruction of the capitalistic system and with it the political freedoms of the American citizen.
This idea that incompetents had captured control of the economy by using the illegitimate tool of political power persisted throughout the period. The argument as it was expressed in the latter part of the New Deal period went as follows. There are those today who claim that government regulation and, hence, direction of the citizen's affairs, can assure a higher standard of living for everyone and usher in an age of the "common man"; however, in order to arrive at this conclusion, one must assume that the good of society is bound up in the common man. Philosophers such as Ortega and Spengler did, however, dispute such a contention when they claimed that the "common" or "mass" man can hardly plan for himself let alone for others as he has no real desire for responsibility and, especially, the responsibility of saving from current output to increase future production.

Another consistent and similar argument used against government regulation of the economy was that government had not the experience to control such a complicated mechanism. This was the familiar argument, sometimes disguised and sometimes not, that those who have not had to meet a payroll had no right to direct the actions of those who had. Alexis de Tocqueville was quoted in this respect when the editor of Nation's Business discovered that Tocqueville had described one cause of the French revolution being literary men, who although unfamiliar with the realities of government had tried to govern. A similar indictment could be made of the American "brain trusters" who, in their naivete were planning the
"New World Order." These newest literary men had neglected one important economic fact while engaging in their "swivel chair dreams" which was that work was necessary for a healthy economy. Instead, they had tried to rely on political magic and the unrealistic panaceas of men out of touch with reality of earning a living.  

Similar charges were made by Barron's editors who saw economic regulations drawn by "experts" who were not familiar with the details of business operations as inevitably resulting in mal-administration, hardship, fraud, misrepresentation and confusion.

**Regulation Retards Business Initiative**

Protest against regulation in the 1930's and the 1940's was also based on the destruction of individual and business initiative that such regulation was presumed to encourage. One such argument was that regulation placed psychological barriers in the path of business recovery. The gist of this position was that regulation retarded recovery by inducing fear among businessmen as to what the future held. The "radical" legislation enacted in the past was seen as a forerunner to more "radical" legislation in the future while the government's insistence on retaining the legislation already enacted did nothing to reduce current tension. If the government would repeal certain measures such as the Securities Act of 1933, the Stock Exchange Regulation Act, the National Labor Relations Act and others, while concurrently reducing taxes,
recovery would be certain to follow as businessmen regained confidence in the future.\(^{16}\)

Moreover, in 1934, and before the enactment into law of several of the above acts it was feared, at least by the Barron's editor that it was almost too late and the government had to act immediately before business confidence completely vanished and government ownership of the means of production would be the only alternative.\(^{17}\)

The argument was repeated in 1942 when Barron's stated that the investor must be encouraged if the political system the nation was fighting to preserve was to have a future. "Unless he is given real hope of future gain, the nation's progress in peacetime must slow down and ultimately stop."\(^{18}\)

Fortune also promoted the idea that incentive rather than the compulsion should be used to regulate the affairs of men and the economy. The purpose of regulation, its editors argued, was to keep the behaviour of one individual from harming another. This purpose could be accomplished while making the right behavior attractive. The editors argued for a program of underwriting certain risks, a tax policy that neither destroyed profits nor consumption, and control of monopoly. Such a policy would provide the necessary conditions to make it unnecessary for government to interfere with the marketplace.\(^{19}\) It was, they argued, "the spirit of the Sherman Act" that had helped keep capitalism healthy while retaining for capitalism the allegiance of the American people.\(^{20}\)
Thus not all regulation of business activity was seen as harmful. The criteria for judging government action was whether it helped or hindered the free marketplace. If business tended toward monopoly, then the government had a legitimate basis for action.

**Acceptance of Government Regulation**

Despite their reluctance to accept it business editors exhibited a degree of realism about the continuation of government regulation in the United States. As early as 1938 *Fortune* stated that government was in business to stay and that this was a fact that had to be realized by businessmen. Moreover, it had not been the object of the New Deal to overthrow capitalism but to save it from within while enlightening the unenlightened about the changes that had taken place in the nation as a result of industrial revolution. 

Although there were few editorials in this vein and *Fortune* was far from consistent in its approach to the problem of regulation, it is rather significant that they appeared at all.

Again, in 1944 *Fortune* warned that all those who abhorred government intervention were by their reluctance in accepting the inevitable threatening the loss of the entire capitalistic system. 

*Baron's* likewise noted that while it might be proper to argue the undesirability of government continuing its regulation of business, it was essential to recognize the probability that it would continue to do so. And, while not relinquishing the
idea of non-intervention, the businessman must accept the intervention if he was to operate efficiently and not waste his substance fighting futile rear-guard actions.

Response to Wartime Regulation

A part of the pessimism exhibited in the preceding paragraph might well be accounted for by the disappointment that the war brought to businessmen. A national crisis such as this seemed to them the opportune moment to strike a telling and perhaps fatal blow to the New Deal. They proceeded to equate national survival with free markets.

Editors argued that if the United States was going to be the Arsenal of Democracy while simultaneously producing the goods necessary for its own defense it was imperative that the government remove those controls which prevented a return to the "American plan" where workers and management cooperated freely together. This meant that legislation such as the Wagner Act would have to be considerably modified.

Merle Thorpe argued that there was no utopia in the foreseeable future and it was a mistake to believe that the nature of man could be legislated away by the federal government. It was far better to permit men to solve their problems on the "home grounds" rather than having them coerced from afar. The Wagner Act, for example, had established such a situation and if America was to be strong enough to defend itself that situation had to be changed. Thus, an initial advantage the business community
could see springing from the international crisis was that it could modify the legislative restrictions applying to the negotiation between itself and its workers. The desire of the editors was to equate the national interest, indeed, the national survival with free market management-labor negotiations.

However, pessimism was registered in the *Fortune* management survey reported in November, 1941 which indicated that 75.6 percent of those polled believed the Roosevelt Administration was using the war emergency as pretext for advancing the more radical social and economic aims of the New Deal. This same group also predicted that the government in the post-war era would take over many public services formerly performed by business and that there would be a semi-socialized society with little opportunity for private initiative. A similar question was asked in 1943 in which 63.4 percent saw less freedom for business after the war than before 1939, 23.0 percent forecast that the amount of freedom would be about the same and 13.6 percent were optimistic that business would have more freedom.

However, the eventual entry of the United States into the Second World War intensified the hope that beneficial results for business would come from the war if the business community could only convince the nation that it was a war of production that could only be won if business was relieved of most of the regulations that it had been placed under in the New Deal Era. A second point that business had to make was that no new regulations be added to that
burden it already bore.

The first editorial appearing in Nation's Business after Pearl Harbor sounded the challenge. Merle Thorpe argued that while war as an instrument of national policy was foreign to the American nature, the fact remained that the United States had become involved. This situation required an all-out effort by all groups in the community and such an effort could only be forthcoming if done freely rather than under compulsion and control. The traditional American political theory that government should only interfere with business to a minimum degree, that is, to only that extent necessary to preserve competition and to insure the observance of legal obligations was a principle that provided for individual initiative that created a spontaneous willingness to serve the best interests of all. Such spontaneous cooperation was now a vital need of survival and could only be produced in a free market system.23

It was not to be expected, for example, that the American people would become serious about the war effort until Washington relieved itself of all of the superfluous agencies that had been established in the previous decade.29

Wartime Price Control and Rationing

The hoped-for reduction of regulation was short-lived for, instead, new regulations were applied to production, distribution and prices. Regulation that involved the basic market through regulation of trading activity and prices received considerable
attention by the editors since it struck at the heart of the capitalistic system and therefore the roots of economic and political freedom. References to this particular kind of regulation accounted for 20.5 percent of the data classified as being a response to regulation. It was during the war and post-war period when price control was in effect that there was a concentration of references. In the 1945-48 period references to price control accounted for 5.9 percent of all collected and for 37.0 percent of all interest in regulation. For the 1949-52 period the percentages were 3.6 percent and 47.3 percent respectively. Not one other such specific action by the government drew as heavy a response.

Comments on market control were scattered until the immediate pre-war period when more and more attention naturally began to be directed toward control of the marketplace through direct price controls and rationing. But, it was the post-war era that saw, by far, the greatest number of comments on this problem. Businessmen were willing to temporarily accept these kinds of controls during the war but the idea of continuing them after the war raised serious objections. The basic argument used against these types of controls was the necessity for a free marketplace to guarantee the continued existence of the capitalistic system and, thereby, retain political freedom.

It should be noted that all of the arguments calling for a free market system saw fit to ignore the possibility that the
market might not be "free." A free market might well mean a market dictated to not by some theoretical supply and demand relationship but by business itself. Thus, government entering the marketplace would be transferring decision making power from the business group.

The fear that prices would be controlled was expressed shortly after the outbreak of hostilities in Europe in 1939 when Nation's Business argued that any government attempt to control prices was bound to end in failure for several reasons. In the first place there was the historical truth that there had not been a single instance in recorded history where such a venture had been successful. Second, such a system promoted class warfare between producers and consumers in which the necessary cooperation for exchange would be destroyed and the whole system would break down.

Usually, however, the arguments were more true to form. Fortune in an article on Thurman Arnold and price control noted that he had "struck out again for that system of free pricing which came to flower in the age of individualism and which has faced increasing constriction in an age of Big Business and Big Government." The long-run issue was clear in Arnold's mind: promote competitive pricing or march down the road to socialism. Fortune concluded that Arnold, once believed a radical, was a conservative at least in this instance and "rarely has he been more needed in Washington."
The Barron's editor argued that if there was to be price control that it had to be complete by including wages and farm prices as well as manufactured goods. A 1942 Fortune survey indicated the businessmen polled concurred to a limited extent. When asked what items price ceilings should cover the businessmen answered thus: wages - 90.5 percent; farm products - 83.6 percent; everything - 6.3 percent; nothing - 5.9 percent.

A similar survey taken a year before indicated that businessmen believed that the following prices should have been frozen at their then current levels: wages - 62.6 percent; farm products - 30.7 percent; raw materials - 52.3 percent; wholesale prices - 30.8 percent; retail prices - 28.7 percent; all or none - 14.3 percent; none - 11.0 percent.

Another type of market control was the rationing system of World War II. There were not a large number of references to this type of market control and all were negative.

Rationing was seen as being combined with price and wage controls to establish an entirely new system of domestic distribution. As such, the principle of the totalitarian economy was being extended to another layer of business activity, namely, the consumer goods processing industry and wholesale and retail merchandisers. This system was going to require business to be constantly on the alert lest it find itself being inextricably enmeshed in a network of government orders.

Rationing was also considered a "scare" system that might
well end all of the advances the business community had secured in raising the standard of living. Presumably, rationing would teach the American people that they could do without all of those commodities that business had insisted were necessary. The ultimate result would be to permanently lower the American standard of living which would demonstrate by itself the fallacies of the most advanced theories of collectivist regimentation.

If rationing was a sinister plot to destroy consumption it was also viewed as a sadistic move by Washington planners, who, enjoyed a "keen personal satisfaction in watching millions of robust free men standing in line like Dalmatian peasants while applying for their ration books." Such actions could hardly stimulate the citizens to give their all in the war effort, the author continued. Under the best of circumstances this kind of action would be hard to bear but it was even more difficult when further burdened by an Administration concentrating on economic and social revolution, reform and regimentation.

Some hope was expressed, however, that the "common" man's experience with wartime controls would create a backfire against all government regulation since these controls were personal and, therefore, more noticeable than those that had been forced on business. The control of the prices he paid and the wages he received would certainly awaken the "common" man to the danger the nation faced from a continuation of the practice. It should be noted here that the editors' were pinning their hopes on an
apparent contradiction, that a group had greater rationality than they thought the group deserved. That is, the editors hope rested on a rational "common" man becoming aware of the fact that his greater self-interest rested on a free marketplace while, at the same time, the editors were suggesting that this "common" man was incapable of determining his self-interest.

Business had not been consistently opposed to price control measures. Barron's in early 1946 noted that the Office of Price Administration had prevented inflation and was still needed in the post-war period to create some equilibrium between price and supply. Barron's agreed that the policy had not encouraged production and was totally unrealistic in the long-run but The National Association of Manufacturers was doing more harm than good by urging the immediate abolition of such controls. The reason given by the editor was that the self-interest of the business community was involved. Such a move on the part of business was viewed as bad public relations and destroying the good will business had established during the war with its production successes. The beneficiaries of such a move would be the arch enemy - labor - who, in partnership with government would turn this presumed business selfishness into a propaganda weapon. The public was gradually becoming interested in labor reform but continued last ditch battles over lost causes which made it appear that business was selfish and unenlightened could only lead to disaster. Price control was slated for an early natural
death and business could be hurt more than helped by digging the grave too soon.

_**Fortune** editors did, however, advocate temporary post-war extension of controls on the basis of real need rather than some obvious ulterior motivation._39 There seemed to be some earlier concurrence with this opinion among members of the management poll panel, who, when polled in 1943 responded 46.9 percent in favor of having such controls maintained in the post-war period until adequate civilian stocks were built up. But, this left 51.8 percent who advocated immediate abolition of wartime controls and 1.3 percent who were undecided.

However, the closing of the Office of Price Administration brought sighs of relief from all of the business editors. The resulting new problem was seen as one of readjusting the nation's thinking to cyclical price movements. These fluctuations were, after all, the essence of a free economy in that individual prices should express consumer demand. While there were strong arguments for maintaining a relatively stable price level there was no government policy that could prevent periodic fluctuations._40

**Post-War Extension of Controls**

The strong attachment of the businessman to the free enterprise system had led to his great distress over earlier Washington pronouncements that the wartime domination of business must continue through the post-war era. The long run change in government attitudes toward its role in the economy was clearly reflected for
the businessman by the differences between World War I and World War II regulatory legislation. Most of the World War I legislation had carried provisions for automatic termination of controls at the war's end, whereas, in World War II such provisions were not being incorporated. In addition it was argued there were a large number of post-war plans being made that excluded or at the least, did not give emphasis to the free market system under which the incentives to bring genuine competition are developed and, hence, the development of the best which was the American principle of individual reward for individual achievement. 42

The controls imposed by the needs of defense and war were totalitarian, if only temporary, but whether they were really temporary created much of this concern. Although they had been in World War I, that war had not been preceded by an extended period of power centralization in Washington. Moreover, the war had reversed what had appeared to business as the first discernible signs of a conservative trend. It was for this reason - the distasteful and disruptive controls - that business considered itself as being unalterably opposed to war as no other group in the community. 43

Thus, in the midst of the war business had looked ahead with a great deal of trepidation to the prospect of wartime price and market controls being extended to the post-war era. The idea that production for civilians in peacetime could be controlled or even guided by any government group was considered not only repugnant to the American way of life but was also bound to produce economic
results less desirable than unfettered private enterprise and com-
petition.

The post-war era became the time of the greatest editorial
activity on price control. As the war neared its close the argu-
ment was presented that reconversion would be impossible without
the free market and this argument was repeated time and again.

Those who advocated establishing general wage formulas or
profit formulas in peacetime seemed to the Fortune editors to
reveal a complete lack of understanding of the wage and profit
function in a capitalistic economy. The only alternative to the
free market was for the government to control all of the factors
of production and to decide, in effect, what was to be produced,
how much, when and by whom. There seemed no middle ground on
which government and business could meet. The market was not
subject to compromise and to control a portion of it was to un-
balance natural forces that would lead to the eventual domination
of all factors of production.

Fortune in 1945 and 1946 concentrated upon halting inflation
by supporting the government's adoption of spartan fiscal policies.
Barron's agreed by suggesting a balanced budget as an alternative
to price control. Felix Morley of Nation's Business went to the
extreme position that since man is more important than the state
that there was no price too high to pay for the elimination of
price control. He argued that if the tradition of self-control
should be lost by default in the United States it would be lost
to all mankind. 46

If the competitive market did not keep prices within line there was at least one other action that the government could take besides market controls. High consumption taxes were the answer. Either a general sales or excise taxes would serve the purpose as increased income taxes would destroy incentive and investment unless levied on the less than $5000 per year wage earner, who, along with government deficit spending was creating the inflationary pressures. This was not a new policy that was being advocated as it had been expressed by Fortune's editors early in the war. 47

Business Hope for a "Swing" to the Right

There were hopeful signs in the post-war era that the country and world were moving voluntarily to the right. Barron's had during the war predicted that individual experience with government control would bring home to all men everywhere the realization that there was considerable danger in centralized planning. The country in 1943, according to the editor, was moving to the right faster than the recent Republican victories had indicated. 48

Nation's Business kept insisting after the war that Barron's position was essentially correct not only for the United States but for all other western democracies as well. Fortune eventually joined in this hope in 1948 and decided the public had insisted on destroying the whole structure of government control because the public had decided that in time of peace the free
marketplace and the profit system were without equal.\textsuperscript{50} The British election that brought the Conservative Party back to power was viewed as a hopeful sign for American business as it was a reflection of a continuing world-wide swing to the right.\textsuperscript{51}

Felix Morley claimed the apparent revolt against government control was of supreme significance for it was a reassertion of the fundamental principle that the Welfare State was incompatible with political freedom. The nation had reason to be grateful for the progress made but it had to remember that the abolition of government agencies created a void that had to be filled by more self-government that required greater effort and responsibility on the part of each citizen.\textsuperscript{52}

This same kind of argument prevailed until the end of 1955. The editor's believed they saw a strong sentiment running throughout the country in the post-war era against government regimentation but offsetting this trend was the competition among various selfish groups, particularly labor and agriculture, to impose controls on rival groups. This led to control of serious proportions. A continued interference with the natural forces of supply and demand coming as a result of group action could eventually lead to the loss of American economic and, thus, political freedom. As Nation's Business put it in 1955: "Our economic future is bright, economists say, unless we have war. There is a second hazard. That is government regulation." The editors then went on to claim that such regulation upset the natural balance of economic forces which
Then had to readjust themselves. Such imbalance if it could not readjust itself quickly enough could lead to demands for government action and the absolute control of socialism.  

Korean War

The Korean conflict brought forth the Fortune comment that the nation after five years of peace and prosperity was being "railroaded" once more into a managed economy. This editorial was the first in a series devoted to the same argument.

From that point on the battle was to rid the economy of these controls. Almost every month of 1951 found at least one editor advising abolition of price controls. The indirect measures of high taxes and credit control were seen as better measures for reducing inflationary pressures while increasing production and paving the way to a free market economy.

A further given advantage of such indirect measures was that they prevented those would make a career out of a planned economy in the United States from getting the bureaucratic foothold they needed to accomplish their aims.

A powerful reassertion of the free market principles by the United States might also complement rather than negate the needs of rearming and establishing a world order. The challenge to the United States was whether it could be strong abroad while remaining free at home. The underpinning of free institutions was the competitive marketplace and price system and this was another reason that the Office of Price Stabilization should be abolished.
The stability of the dollar in 1951 was taking on increasing importance to the businessman and the government was condemned because the only alternative it could see to reducing armaments, which was impossible, was the imposition of market controls. The result was that strengthening the country for any future emergency involved going down the totalitarian path without a struggle and the imposition of controls was regarded as "indicative of this hopeless resignation." 58

The year 1952 saw a continuing campaign to drop wage and price controls. The return of the Republicans to power brought hope to the businessman that market controls would be reduced or abolished and preferably the latter. The hope was shortly realized and Barron's was moved to comment that the actions of President Eisenhower had surpassed its fondest hopes. Wage controls were to be dropped as were most price controls and the allocation of raw materials. "The hidden hand of competitive pricing will replace the mailed fist of government dictation in production and distribution. Here is a blow struck not just for economic sense, but for liberty itself." 59

**Summary**

It ended as it began. Government interference in the marketplace was a cardinal sin. The role of the government was to provide the goods and services at the right price, reward the daring and provide the test for the best in the competition of the marketplace, provide the good life and keep sancrosanct those political
freedoms that had no meaning or even existence without economic freedom.

In summary, what has this data revealed about businessmen and government regulation?

There were some concessions made by the businessmen to the fact that government regulation would have to be considered as a normal part of doing business. However, the impression is left that the business editors believed that the scope of regulation had reached its limits. Moreover, as we shall see, they believed that they had found a final answer to the problem by having businessmen invade government.

Some regulation was seen, however, as necessary and this was that regulation aiding the maintenance of a competitive market. In addition, there was some evidence of a belief that control of the market mechanism by the government may, at times, be necessary. Price control measures during the war were not totally opposed although in peacetime, with the exception of the reconversion period, the evidence suggests that there was no accommodation to this type of government regulation. There is an impression that there never would be.

This apparent greater willingness to accept government control of the market during the war period need not be ascribed to patriotic motives nor need it be considered as a change in basic attitudes. The market had after all been considerably disrupted. Large numbers of the labor force had been taken out of the market
and the market was dominated by a single large buyer. That is, the market really did not exist in terms of it being a market that could be free.

The arguments used to oppose government regulation exhibited little change throughout the time selected for the study. Most regulation was seen as affecting the free flow of competition forces. The market was universalized by the businessman to include almost all relationships. This will become somewhat more obvious with additional data in later chapters. Consequently, almost any type of economic regulation could be viewed by this group as leading to the evils it associated with a diminishment of competition.

The overriding political consequence of regulation as seen by this group was that political freedom was destroyed when economic freedom was restricted.

Businessmen also opposed regulation on the basis that they constituted a skill group whose functions were so unique that those not actually engaged in performing those functions could hardly understand them. Consequently, attempts to regulate businessmen's behaviour were irrational in that less rational men ruled the more rational. Moreover, the best men were not selected for positions of leadership under regulated market conditions and the government had fallen into the hands of the less competent, who were using political power to perpetuate this circumstance. But, good men, such as Eisenhower who truly understood the full implications of control came back to power and
would set aright what had gone awry.

There was also an economic consequence of regulation and this was a lower rate of production and economic growth. This argument was implicit in the best man argument but was also explicitly stated in regard to the loss of confidence and initiative businessmen suffered when placed under regulation wherein the profit motive could not work.

In general, the arguments suggested that there was a sphere of government activity and a sphere of economic activity and that the government's functional responsibility stopped short of regulating this economic sphere.
NOTES

CHAPTER IV

1 See Robert Lane, *The Regulation of Businessmen* (New Haven, 1954), as an example of this argument.


7 *Nation's Business*, March, 1938, p. 7.


11 Barron's, October 31, 1938, p. 10.

12 *Nation's Business*, January, 1932, p. 16.


15 Barron's, September 12, 1942, p. 8.


19 Fortune, February, 1944, p. 132.


22 *Ibid.*, January, 1944, p. 188.
23 Barron's, December 6, 1948, p. 1.
25 Ibid., September, 1940, p. 13.
26 Fortune, November, 1941, p. 200.
27 Ibid., October, 1943, p. 18.
28 Nation's Business, January, 1942, p. 11.
29 Ibid., April, 1942, p. 11.
31 Fortune, January, 1941, p. 67.
32 Barron's, August 31, 1942, p. 10.
33 Fortune, September, 1942, p. 8; September, 1941, p. 167.
34 Nation's Business, June, 1942, p. 27.
35 Ibid., p. 87.
36 Ibid., p. 29.
37 Ibid., August, 1942, p. 15.
39 Fortune, September, 1945, p. 114.
40 Ibid., October, 1943, p. 18.
41 Ibid., December, 1946, p. 3.
42 Barron's, March 24, 1941, p. 10.
43 Ibid., October 2, 1939, p. 10.
44 Ibid., December 6, 1943, p. 8.
45 Fortune, December, 1945, p. 125.
46 Nation's Business, August, 1946, p. 23.
47 Fortune, May, 1948, p. 75.
48 I b i d . , July, 1942, p. 60.
49 B a r r o n ' s, February 15, 1943, p. 8.
50 F o r t u n e , February, 1948, p. 2.
51 N a t i o n ' s B u s i n e s s, April, 1951, p. 25.
52 I b i d . , M a y , 1946, p. 23.
53 I b i d . , A u g u s t , 1955, p. 96.
54 F o r t u n e , D e c e m b e r , 1950, p. 81.
55 N a t i o n ' s B u s i n e s s, D e c e m b e r , 1951, p. 82.
56 B a r r o n ' s, January 14, 1952, p. 1.
57 I b i d . , J u n e 9, 1952, p. 1.
58 I b i d . , J a n u a r y 29, 1951, p. 1.
59 I b i d . , F e b r u a r y 9, 1953, p. 1.
CHAPTER V

BUSINESS EDITORIAL RESPONSE TO SOCIAL WELFARE PROPOSALS, PUBLIC WORKS AND FINANCIAL ASSISTANCE TO FOREIGN NATIONS

One of the stated purposes of government is that government is to do collectively what cannot be done by the individual citizen acting by himself. The determination of what is properly the province of collective as opposed to individual action becomes, at times, a most difficult resolution to make.

The economic crisis of the 1930's focused attention on fundamental social and economic problems that had rested dormant beneath the surface of an increasingly complex society. As unemployment increased beyond the point where private charity or local relief could not alleviate what, in many cases amounted to actual suffering, the greater resources of the national government were used to combat the problem.

The nation was not united in its opinion as to whether the national government should perform the functions of giving aid to distressed individuals in the many forms that such aid later took. At the present writing, however, most of the social projects undertaken by the New Deal appear to be accepted by most Americans. Both major political parties, for example, advocate most New Deal measures in their platforms, although the question of extending certain benefits as old-age security or medical insurance still meets with opposition.

This chapter is concerned with those attitudes toward
government relief programs to individuals, government insurance
programs, public works when used for reducing unemployment, finan-
cial assistance to economic and non-economic groups and to foreign
countries. The scope and magnitude of programs of this type in-
creased considerably in the 1930-1955 period and the question
arises as to the response and arguments used for and against such
programs by the business community and whether there were signifi-
cant changes in its attitudes.

Government financial aid shifts burdens within a society and
it might well be expected that questions would arise as to whether
these actions were a proper function of government.

The data collected in this study reveal that the business
community vigorously opposed national aid and, in large measure,
still did in 1955. There is some, but little, evidence that basic
underlying attitudes have changed toward such measures as old-age
insurance, medical insurance plans, unemployment compensation,
public works, public housing, bonuses and subsidies. More ex-
plicitly, one should state that there is no evidence that the at-
titudes about government performing these functions have changed
considerably but that there has been some change in the attitudes
about the necessity for these kinds of programs in a highly complex
industrial order. It will be noted in a later chapter that business
editors believed that these functions should be, if they were neces-
sary, controlled and directed by the business community.

References categorized as applying to government aid accounted
for 12.1 percent of the total collected in the study, with 71 percent being located in the period of 1930-1940 inclusive. The rather abrupt change from traditional government action made by the New Deal was responsible for the concentrated attention in this period. The war and immediate post-war era saw attention directed more to the problems of regulation than aid. The second Truman administration witnessed a revival of fear on the part of the businessman that "socialistic" activity would be expanded in the Fair Deal program. The Eisenhower administration brought hope that there would not only be no extension of such activity but also that certain aid programs would be reduced or abolished altogether.

The number of references collected in the course of this investigation concerning government aid of various types for each presidential administration and as a percentage of the total collected within each administration are as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>References</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-32</td>
<td>49</td>
<td>22.0%</td>
</tr>
<tr>
<td>1933-36</td>
<td>49</td>
<td>16.2%</td>
</tr>
<tr>
<td>1937-40</td>
<td>24</td>
<td>10.1%</td>
</tr>
<tr>
<td>1941-44</td>
<td>7</td>
<td>4.0%</td>
</tr>
<tr>
<td>1945-48</td>
<td>8</td>
<td>4.7%</td>
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<tr>
<td>1949-52</td>
<td>21</td>
<td>10.1%</td>
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<tr>
<td>1953-55</td>
<td>14</td>
<td>11.8%</td>
</tr>
<tr>
<td>Total</td>
<td>172</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Comparing this percentage column with a similar one for government regulation it is noted that aid programs drew twice as much attention in the 1930-32 period as regulation did. And, in fact, attention given to government aid was consistently greater until
the war period. The reduced attention given to this area of
government activity during the war and for a short period there-
after needs no detailed explanation. Full employment during the
war and a relatively painless reconversion period did not require
increased government assistance programs. The resurgence of inter-
est noted in the 1949-55 period did not equal the attention given
to government regulation in the same period. This might suggest
a greater accommodation to aid rather than regulatory activity.
However, it must be kept in mind that the same social need for
assistance did not exist in this period and radical proposals were
not being made, whereas peacetime price control was considered
radical. In addition, business believed that it could act in-
dependently of government to satisfy the nation's economic secu-
rit y desires. Why it believed this to be true will be discussed
in Chapter IX of this study.

As with government regulation, business editors saw moral,
political and economic consequences stemming from government aid.
The primary emphasis was, however, on the moral results of a
functional activity that destroyed individual purpose.

Direct Relief

The direction the government was beginning to take in 1930
was quite disturbing to the business element and nowhere was this
more true than in the area of government aid to distressed indivi-
duals; nor did it matter whether it was the national, state or
the local governments who were contemplating such type of action.
Efforts of the national government in 1930 to establish employment agencies were decried as being impractical since labor was not mobile, taxes would be raised, employees would turn their attention to Washington for help which, in turn, would lead to the dole. Even if labor were mobile there was a question of who would assume the cost of transporting workers to new jobs.

On August 6, 1931, President Silas Straun of the National Chamber of Commerce had met with President Herbert Hoover to discuss projects that organized business was undertaking to help the unemployed. In reporting on this visit, Nation's Business revealed the fear the business community had that Congressional action would be forthcoming unless the administration and the business community had the situation under control by the time the Congress met. There was a fear expressed by the editors that federal funds were going to be used for "promiscuous" relief.

If the unemployment situation did not improve, however, relief was a problem for local government or the private community to undertake. It is interesting that at this time in view of the rather short duration of the depression that Nation's Business should feel that the push for federal action was "constant and persistent." The obvious reason was that any national action was so far removed from tradition that it appeared unusually significant.

The prospects of large scale misery in the winter of 1931-1932 did nothing to endear federal relief schemes to the businessman. While admitting that private charity could no longer do the
job of relief and that it now became an affair of the states and cities, it was not a pleasant prospect to the businessmen that the Congress of the United States might decide that it was also a federal problem and inaugurate a public works program.

In this respect the Hoover Administration received its share of barbed comments from the editors. The 1932 election was not considered as a vote of protest against economic depression but instead against unfulfilled political promise that by their nature were incapable of being fulfilled. The election results indicated the American people were opposed to the field of economics, the expanding bureaucracy of government, the increasing cost of government and the paternalism that sapped individual initiative. Unless the new Democratic administration could find a way to reverse these trends "an enlightened and aroused public" would find its own way to stop "the steady encroachment of politics upon its affairs and activities" and return the American government "to its primary and proper functions."

The question of whether the relief burden should be placed on the national government was considered to be one of the greatest trials American democracy had faced. Opposing relief was a thankless task but one which had to be undertaken. The evil consequences that would flow from federal action in the long run made it necessary for the needy to suffer in the short run. On the needy was to be placed the great burden of saving American democracy.
There was the additional argument that any action depriving the communities and private charities of the relief function would have the unfortunate result of delaying recovery. One reason for this attitude was the cost. There was a basic assumption made by the business community that when government got into welfare service the number of people covered and the payments to them would always exceed the anticipated numbers and the cost forecast at the time of adopting the program. The desire at this time to balance the budget not only of the national government but of all governments was particularly strong since the free market-place could only operate efficiently with a stable currency. Thus, any additional government expenditures that would be inflationary in character were to be particularly avoided.

However, there was some disagreement among the editors. Fortune saw the Emergency Relief Act of 1932 that gave financial aid to the states as a realistic improvement over the "uncorrelated, spasmodic relief attempts based on an outmoded doctrine of private charity." Such action constituted an open acknowledgement of governmental responsibility for the victims of an industrial order. The action, however, was not constructive in nature as unemployment was an industrial phenomena and not a social disease.

Later, Fortune noted that the United States had moved away from the idea that the problems stemming from unemployment would go away if ignored. President Roosevelt could truthfully state
that no one would starve, whereas, President Hoover could not have
made that statement. Business was not to be blamed for the unem-
ployment situation, however, since its goal was to produce goods
in the most efficient manner and jobs only incidentally.  

Fortune in 1937 also noted that those on relief were not
necessarily "bums" but primarily men who had a minimum amount of
education and who did not ask for too much. The national govern-
ment was doing a better job of direct relief to the unemployed
than the local communities had been doing.  

But, when Senator William E. Borah, Democrat of Idaho, pro-
posed that cash to feed empty stomachs was as important as cash
for empty vaults while referring to the Reconstruction Finance
Corporation, Fortune magazine dubbed him "Knight of the Dole." It
was the use of the word "dole" that was most revealing of the
business community's attitude toward relief and this term was used
constantly in arguments opposing most welfare activities of the
national government but, in particular, to direct relief measures.

The dole was either necessitated by laziness or it created
laziness was the recurring argument used against all types of
welfare activities. The following summary of an argument made by
Merle Thorpe, editor of Nation's Business, is typical of the
comments found in all of the publications. Thorpe wondered if the
eight million people who earned less than one thousand dollars a
year were in that position because they were victims of circumstance
or if it was because they were lazy. "Until this question is answered
it is unfair to the industrious to burden them with the cost of unemployment relief, sickness and old age." Burdening the industrious was considered a blow to the private initiative system that had made America great and which was vitally necessary for the country if it was to recover from the depression.

There had been a time when a 1937 argument when an American who wanted the good things of life depended on his own ability and character to obtain them. Such confidence on the part of each individual had given assurance that the nation would move ahead. The new habit of looking to Washington had led to a life ordered by political dispensation and opportunity had changed to opportunism. The American people had elected security in the place of success, glorified political charity as a virtue and in the process had plundered the thrifty on whom the economic salvation of the nation had rested. "Each year brings a new law in the disintegration of the national character" was the warning given. The question was whether government should assume the role of trying to find security for all at the risk of destroying the initiative that would produce progress and enduring prosperity. The "public trough" had led to degeneracy. "The moral consequences not only dismay...but strike alarm as well."

Sinister motives were attributed to those who supported such government aid since the end result of such aid could only be unemployment and unemployed men responded most credulously to revolutionary socialistic doctrine. Two groups were seen as being
the primary advocates of using the national government's resources for relief: self-seeking Congressmen and socialists. In the economic emergency these groups had sought to stampede the nation into unwise measures and it was for this reason that it was best to delay action until the end of the emergency when the relief problem stemming from unemployment could be studied in a calm atmosphere. 15

Moreover, since many men were on relief because of desire rather than necessity, the total situation was not as bad as it appeared from official government statistics. 16 The British experience, for example, indicated that men worked long enough to be eligible for unemployment relief and then went on the dole.

Politics appeared to Nation's Business to be an important contributing factor preventing a realistic accounting of the true number of employables who were unemployed. The Democratic Party had to rely on inflated figures to continue its program of emergency measures. The Republican Party to regain power had to base its argument on the idea that the Democrats had failed to solve the unemployment situation. The result of such political warfare would be the demise of a great free enterprise system.

The demand for government social action was seen as inevitable in a depression but for the government to take such action was to destroy both the warp and woof of American society. That society had guaranteed the individual a membership on different socio-economic levels that was to be gained solely by individual initiative.
The subsidization of idleness would destroy that incentive. In addition, the bureaucratic and paternalistic schemes would destroy individual responsibility "which is the natural offspring of individual opportunity."

The loss of individual responsibility could only lead to a permanent relapse into the arms of widespread government where the incompetents would be in control. The free marketplace, not politics, was the true arbiter of economic and social differences. The judgment of political man was emotional, whereas, the marketplace was the impartial and logical referee of all human endeavor. "In its Court, Worth makes its place by trial and error."

Furthermore, if men are given aid by government they quickly come to look upon it as a right. They might, at first, hesitate to accept charity as a thing to be dreaded or avoided at all costs but, like the degeneration into alcoholism that begins with the first sip, once the first taste of relief is taken, man's conscience grows progressively callous. Formerly responsible people who had gone on relief had succumbed to a "contagious passivity."

In this respect men were often compared to animals, who, having become accustomed to the dole, either forgot or became too lazy to feed themselves. Nation's Business, in particular, liked to dredge up stories about animals, who, for one reason or another had not had to live off the natural terrain for a short period of time and who had been fed by men and thereafter kept returning to the place where the food was obtained without effort on their part.
When, in 1938, the State Relief Director of New Jersey commented that the society had passed through the cycle when people worried about going on relief and that recipients now seemed to regard this largess as a regular function of government as well as a boon that was theirs by right, Nation's Business claimed that no one should be surprised at such an outcome. The editors had predicted that this would be the ultimate result of indiscriminate relief activities and here was proof from an unimpeachable source that the prediction had been borne out.

Business opinion appeared to be evenly divided in 1940 on the relief question, if the Fortune poll of executive opinion is a reliable index of the state of business opinion at that time. In December of that year, 50.7 percent of the businessmen polled believed that the relief problem should be given back to the state and local governments to solve and 45.6 percent believed that the federal government should take care of the problem but only if the relief rolls were examined much more closely so as to be limited only to cases of absolute need. It would appear that these businessmen considered the numbers on relief was much larger than necessary, which implies people were placing themselves on it out of desire rather than necessity.

The atrophy of ambition creeps up fast enough without promoting it from the outside. And, if this and the preceding arguments seem anachronistic to the present reader, witness the 1952 report in Nation's Business. James S. Kemper, Chairman of the
Board of Directors of the Lumberman's Mutual Casualty Company and former president of the National Chamber of Commerce suggested that it would be a "healthy thing" to have the Treasury print two kinds of dollars. One type would be paid to those who "earned" them. The other type would be known as "Shangri-La" dollars and these would be those "doled out by a paternalistic and socialistic government." Presumably, millions of Americans would be ashamed to offer the "Shangri-La" dollars for the goods and services produced by "honest work."

A 1954 editorial commented that America had gone through a period when those who could not or would not "pull their own weight were our chosen people." In 1954, however, "good citizens" (members of the National Chamber of Commerce in its annual convention) who were "able and willing to pull their own weight" were giving their time to the problem of providing greater security for all not through "share the wealth" programs (this included all welfare measures) but in providing enough goods so that every man may have a share.

The prosperity of wartime and that which followed in the re-conversion period, the cold war and the Korean conflict, greatly reduced the need for direct relief and consequently the editor's attention to this problem. However, as we shall see, all government programs that involved spending for like purposes were viewed with continued alarm.

Public Works
Given the similarity of the goals and methods of direct relief and public works, the opposition to government and spending and business' fear of public enterprise competition, it is not surprising that the business editors viewed public works programs with misgivings.

"Priming the pump" with a system of public works was not viewed as any short or longrun answer to the unemployment problem. Such a program had all of the drawbacks of any type of government aid. In the first place, it was not "free" and however desirable it might be to have employment at a time when there was none, such a program merely postponed the real problem of recovery. The increased tax burden would certainly depress business and the depression would be prolonged or begun anew.

Such programs were also subject to graft and led to bureaucratic entrenchment. Once started, they would be exceedingly difficult to end as they would create a permanent class of self-satisfied beneficiaries willing to live off the public long after the emergency had ended.

Moreover, government spending could never be a substitute for capitalistic imagination in promoting economic advancement. Businessmen realized that this kind of governmental activity was only an artificial stimulus attempting to belie actual economic conditions and, consequently, businessmen would not respond by investing. Healthy investment was a result of the individual businessman's determination of actual supply and demand relationship.
The Works Project Administration and similar projects were considered as no more than charity and, as such, the men and women working on them had no employment rights. When some members of the New York WPA went on strike for higher wages in 1939, Barron's noted that since this was a charity organization the wages rates should be lower than for private employment. 27

The Second World War was viewed by the business community as an opportunity to rid the nation of most New Deal measures. One repeated argument in this period was that the increased national defense spending necessitated reducing such frivolities as public works. The businessman hoped that the war might well serve as the final blow to the New Deal and all of its measures but there was still some apprehension about post-war social plans.

_Nation's Business_ thought it sensed a growing demand by the public that the social experimentation cease until the war was won. 28 The public was aroused and was letting its representatives know that Washington must stop "playing politics" and pursuing its social aims. Agencies such as the National Youth Administration and Civilian Conservation Corps had no reason for existence in a time of international peril. 29

It appeared to the businessman that government "make-work" activity in the initial post-war period would lead to harmful consequences. Needed public works should be deferred as long as possible and unnecessary public works should not be considered at all. The problem as businessmen saw it was that competition for
men and materials by both government and business would create the illusion that the false prosperity of wartime could be maintained for an indefinite period. Such an illusion would soon be shattered by the realities of economic law and the public disappointment following such a misadventure would create fertile soil for even more radical theories of economic and political control than had already been witnessed.

The final reference to public works was found in 1954, when, after the recession of that year seemed to be passing, the Eisenhower administration was praised because it had not "jumped in" with government help and had thereby permitted the economy to readjust itself. Few, if any changes occurred in the businessman's attitude toward this kind of governmental activity in the entire period of the study. It is true, of course, that there were many more references to public works programs in the pre-war era which is quite understandable but the basic arguments used to oppose this kind of activity were still apparent in the Eisenhower era.

Somewhat allied to public works, however, were the slum clearance projects. Only several references took note of this activity and they were strongly opposed. The most obvious reason for such opposition was the supposed interference with private property rights. It was for this reason that slum clearance was also not considered to be a function of the government. Fortune, which had long concerned itself with the housing problem of the
American people summed up its attitude and those of the other two publications in 1955 when it stated:

It is, in fact, the general philosophy of the Eisenhower administration to get the government out of business wherever it prudently can. This same philosophy should now be applied to housing. The American people want better and cheaper homes. They will get them as home building is made to conform to the rules of the capitalistic road and as we return to the principle of limited as against unlimited government.32

Herein is seen another facet of business opposition which was that government welfare activities must be limited, if not altogether, to those that did not interfere with or in better terms, compete with those of private industry.33 The possibility that government would enter the community as a builder and perhaps landlord to thousands of citizens was deplored as a new and undesirable way of American life. Nation's Business as early as 1934 considered it startling that there was any thought of housing people in what it called "federal barracks."34 It was not conceivable to the businessman that the national government could build anything that would be pleasant to live in while ignoring the fact that it might not be difficult to create something better than tenements or "Hooverville."

The attacks on public works were directed toward its influence on the marketplace and this argument will be observed in greater detail in the following chapter. As we have seen, any government influence on the marketplace was most often considered detrimental to the spiritual, moral, economic and political
welfare of the community. It is in the area of government sponsored insurance schemes protecting the individual against the hazards of old-age, illness and unemployment that we see more clearly the attitude of the businessman that is a combination of a distaste of government becoming involved in personal welfare schemes and competition with private business.

**Unemployment Insurance**

Government insurance plans for unemployment were met with concerted opposition with negative references to such plans occurring in every presidential administration. In 1942, a *Fortune* poll revealed that 44.5 percent of the businessmen believed that the federal government should not provide unemployment compensation insurance. Unemployment insurance was not, of course, considered insurance but as a dole or relief if taxes were used to make up any deficits. If the government were going to embark on paternalistic schemes it should at least be realistic. It was going to be difficult for it to be so since those who became needy do so through their own folly and no actuarial table could predict foolishness. In addition, such a scheme would provide a permanent sinecure for thousands. These were the arguments presented in the thirties and they changed but little in the post-war era.

Proposals in Congress suggesting that unemployment compensation be paid to released war workers was considered as being as much a racket as veteran's bonuses. Businessmen argued there
would be no incentive to find another job if a man could sit at home receiving a dole from the government.

This argument was also used to question unemployment statistics which were considered unreliable and unrealistic because unemployment insurance had created a situation where people did not want to work and did not have to.36 This was a familiar argument. In 1935, Merle Thorpe had declared that unemployment statistics included both the unemployable and the employable. Some men were unemployed because of economic conditions and other, because of physical and mental handicaps. To classify those who were lazy with these other two groups was not only unrealistic but also contributed to the lowering of the community's morale.

Medical Insurance

Medical insurance plans were met with as little enthusiasm as unemployment insurance. While noting that it was a thankless task to criticize schemes for medical care when it was well known that its costs "fall with crushing effect on the overalled and white collar poor", Merle Thorpe declared in Nation's Business in 1933 that even worse effects could be expected from government action wherein the cure would be worse than the disease. The "descent" into paternalism was considered easy but easier yet was the even shorter step from paternalism to socialism and, especially, when the way was "greased by sentiment" and "sympathy for the suffering." Moreover, the socialism of medicine was but another
step toward the socialization of industry and it was comforting that the "doctors themselves are in revolt." 38

Human suffering, while deplorable, was considered as the lesser of two evils, for if sentiment destroyed reality and the door was opened to any type of interference or control of the marketplace, the individual's freedom, both economic and political, would be forever lost. Suffering was unfortunate but bearable if the greater cause was kept in mind.

Medical insurance plans were not considered to be practical anyway. Germany had tried a medical insurance scheme and its experience indicated that the health of the nation had not been improved since the mortality rate had not gone down and, worse yet, the "treasured relationship" between the physician and the patient had been broken. 39

There was also the problem of cost. Unemployment and social security taxes were absorbing 9 percent of the payroll at that time and another 5 percent for health insurance would eliminate both the need and the opportunity for individual savings accounts. And, of course, there could be no political freedom until the individual could become economically independent by investing his own savings. 40

As in relief, the medical benefits would be taken advantage of by people. Man, after all, had a weak character and the ultimate result would be to develop a nation of hypochondriacs. If the physical health of the nation was not impaired, there could
still be no doubt that its moral and mental health would deteriorate. But, by 1949, pessimism had set in and the adoption of a national health program was viewed as inevitable but not justifiable.41

Social Security

Social Security for the aged was viewed as an unwarranted intervention by the government in private business and private affairs and with what, according to the business community, was the usual ignorance of government about business operations. There had to be an actuarial base to establish premiums and this was obviously not being done with old-age insurance. Edward S. Coudrick in Nation's Business set the tone in 1930 for future arguments. He concluded that: (1) old-age support is expensive regardless of the method employed; (2) state pensions alone would not solve the problem; (3) a universal system would be too burdensome to society; (4) the problem of middle-aged unemployed would not be solved; (5) no system of social legislation could or should relieve the individual of his responsibility to save for his retirement.42

However, there was little hope held by the business community by 1935 that it could effectively stop social security measures as it viewed them as it did all such welfare measures as an inevitable movement of the "human mass."43

A conflict of opinion did exist among the editors and Fortune denied that such activity was interfering with private
business as no insurance company could accomplish the aim. Social Security was merely the coming to grips with the realities of an industrial civilization but it was also a misnomer to term it insurance. Fifteen years later in 1950, however, Fortune argued that business had to build a strong pension plan of its own if it did not want further extension of Washington help in that area.\textsuperscript{45}

Barron's complained in 1949 that the traditional American governmental role of an umpire was changing by assuming the responsibilities of the welfare state with programs of public housing, health, education, social security and public power. The United States had become "the greatest welfare agency the world had ever seen." The effect of such a system was to deprive profits of an economic purpose and substitute a theory that profits became something to divide "according to the wishes of a great mass of voters."\textsuperscript{46}

Business blamed both political parties for the existing situation. The Republicans were criticized for vying with the Democrats to see who could first give away what was left of the country.\textsuperscript{47}

Many nations had failed to recover it was argued not because they did not provide social security but because they provided too much.\textsuperscript{48} New Zealand, for example, had tried all of the social welfare schemes but these schemes had not helped it recover.\textsuperscript{49} The only result had been more debt and more socialism.
The Delano Report in 1943 on cradle to the grave security programs was accused of promoting basic changes in American social and economic structure and there were no short cuts, as the American people had learned from recent experience, to the problem of security. All governmental efforts to provide security only led to destroying initiative and thus the base for building a solid economic program. Or, as Nation's Business was to declare later in 1951: "We have confused security with freedom." 

Business had, in 1942, exhibited a somewhat more liberal attitude than those expressed above. At that time 48.7 percent of the businessmen polled by Fortune believed that government should provide old-age benefits while 90.5 percent believed that it would, which exhibited once again the disparity between what businessmen would have liked to have seen and what they expected.

Several years earlier 77.1 percent had expressed the opinion that it would be necessary to seriously amend all social legislation of the previous eight years if America was to prepare for total war.

In 1950, another poll was taken on a similar problem namely, who, if anyone, should pay for pensions. This poll was subdivided by the number of employees in the respondents firm and indicated some minor differences between the smaller and the larger firms in respect to the number of employees. In overall averages, however, only 7 percent of the respondents believed the question of pensions should be left entirely to the government
and 12 percent believed it was the individual's responsibility to solve his own problem of old-age security. It was in this last category that the most significant difference appeared between firms of differing size. Only 2 percent of those firms employing 2500 and over believed the initiative rested entirely with individual, whereas, 19 percent of the businessmen who had under 100 employees answered this question affirmatively. The answer to this divergence of view probably rests with the probably difference in the economic resources available to each group. What is most significant is the small number in the overall average willing to leave the question entirely to government. In this respect, 63 percent in the overall averages of all firm sizes believed in a company contributory system. It does not appear that those participating in the poll were at that time willing to accept government domination in this area.

In 1950 Nation's Business continued the argument against social security with the claim that any step toward welfare state was a step toward communism. The spiritual faith of the American people had to be bolstered to win the world's ideological struggle and this was going to be a difficult task indeed since the United States had already placed such emphasis on bonuses, subsidies and the like which had the ultimate effect of destroying man's spiritual qualities.

Some fear was expressed that President Eisenhower was going to "sell out" with his program for larger social security
benefits and coverage. It was imperative, Barron's argued, that
the President distinguish between his own sound political prin-
ciples and "the pseudo-liberal frills his advisers (were) trying
to sell him." 57

Fortune also noted in 1952 that despite the alarm being re-
peatedly sounded about the evils of socialism that it continued
to grow and "its boundaries have never been sighted." 58

One must thus conclude that there was little evident change
in the editors' viewpoint toward government sponsored welfare
measures from the Hoover to the Eisenhower era.

Aid to Economic Groups

As might be anticipated, economic aid in the form of sub-
sidies to non-business economic groups would bring forth the
favored argument against interference in the free marketplace.
Such indeed was the case and the farmer was the most obvious
example. Consequently, government aid to farmers received a
considerable amount of attention from businessmen. Starting
with the Federal Farm Board and continuing up to the Eisenhower
administration there was no editorial support of any farm policy
of the Hoover, Roosevelt or Truman administrations. The Farm
Board was termed a political monstrosity and the handmaiden of
the Progressives who were accused of promoting a benevolent
despotism to be established by legislation, of which, the Farm
Board was considered a perfect example. 59

The subsidization of farming operations kept the uneconomic.
producer in operation and destroyed the natural market. Moreover, it was unfair to tax the efficient producers to support the ineffecient, for the law of natural selection was being denied. In 1936, Fortune noted that the rugged individualist farmer was a mythical entity and had been one for a considerable period of time. 10

The arguments had not changed by 1952. The support system was considered to be an open invitation to the government to extend its powers into the economy. Certain features of a farm program were considered good such as soil conservation, education and liberal credit but the "antedeluvian apparatus" of regulation and price props should be abolished. Barron's argued that to ignore this type of control of the price system and not take it seriously was to make the fight against socialism meaningless. 11 The farmer should not be considered as a member of a select class but only another member of the community and, as such, he should have to obey the same rules of the market as those that bound the industrial producer. This philosophy led to the support of the Benson plan as it was argued that agriculture had to be freed from the yoke of government control and returned to the free marketplace. What was needed to accomplish this objective was nothing more than the determination to do so. The Benson plan was one step in this direction.

Aid to Non-Economic Groups

The veterans led all non-economic groups as grist for the
editorial mill throughout the early period of the study, and references to veterans constituted 2.8 percent of all references collected in the period of 1930-1956 inclusive. The reason the early interest in this problem was the debate as to whether the World War I veteran's bonus should be paid early or not at all.

The payment of the bonus before it was due would have meant borrowing money for that purpose which was considered by the business community as a credit to the heart but not to the head. The only result could be the prolongation of the depression since deficit treasury balances upset the equilibrium of the marketplace in normal times but in times of economic distress deficits were doubly dangerous. The borrowing of two or three billion dollars for such a purpose was seen as a deliberate attempt to inflate the economy and "there is no magic in legislation to suspend economic law."

But, the immediate danger was not to be feared as much as the potential results inherent in such an action. The idea of turning to government whenever an emergency, real or fancied, arose could become an ingrained habit for many and eventually a part of the national habit pattern. Moreover, it was particularly disturbing that men should seek payment for performing an obligatory patriotic duty as this indicated an unfortunate state of national temperament. The argument that the bonus could be used as a relief measure was particularly abhorred. The veterans who supported the bonus for whatever reason were accused
of besmirching their own reputation since they were being duped by politicians who were seeking their own ends while using the veterans as a tool. When a number of veterans did speak out in opposition to the bonus they were praised for placing the interests of their country before their own special class or status.

**Economic Aid to Foreign Countries**

Government aid to foreign lands was not viewed with any more enthusiasm than that to the nation's citizens although there were surprisingly few editorial references to this area of government action. Merle Thorpe in 1943 warned that as the United States took up the "white man's burden" in the post-war era that it must remember that those who were to be lifted must have the inclination and capacity to stand by themselves. In the long run the recovery of war torn nations would rest on individual initiative.

The action which seemed most offensive to the businessman's sensibilities was the post-war loan to Great Britain. This support of a Socialist government which was undemocratic by business definition, and which, if it had to rely on its own resources to support its welfare program would surely fall, was deemed to be a betrayal of America's best interests. The continuation of such a giveaway program (although a loan) could easily lead to financial suicide was the argument most often used.

What was certainly one of the most unique analysis of the
effects of foreign aid programs was presented by Felix Morley in an editorial for *Nation's Business*. He argued that the European Recovery Program was empire building and that an empire was incompatible with a federal system. An empire was a system which undertook long range commitments in respect to people who are not represented in the imperial government. Such a government must be strongly centralized and "it must be what political scientists call a unitary state." A federal republic cannot run an empire because federalism means a limited central government. Therefore, the ERP was designed to end the American republic. 56

*Baron's*, however, used the traditional arguments against foreign aid. The United States Government was accused of engaging in "idealistic posturing" while continuing the vice that spending money solved every problem. 57

**Summary**

The total data in this chapter indicate that the overriding concern of the business editors to social welfare was the fear that individualism would be destroyed. The consequence of such a loss was primarily moral as they saw it. Morality was viewed as a product of struggle. Man was pictured as basically weak-willed, as lacking initiative unless prodded by necessity or by the hope of gain, as easily corrupted. Moreover, shifting the burden of supporting the corruptible to the more industrious members of the society was basically unfair. Therefore, government could act in such a manner so as to create an immoral society when it subsidized
the inefficient or the lazy.

The data did indicate, however, that editorial opinion was not unanimous in respect to financial assistance to the unemployed. The Fortune poll of businessmen also indicated a fairly even split among its panel members as to whether relief should be a national or local function. However, Fortune editors eventually moved to an editorial position that opposed government doing too much in the entire social welfare area which was really a function of business. Editorial opinion did seem to be united in areas other than direct relief.

Government subsidies to farmers met with united opposition. The farm programs with a single exception were more obvious attempts to influence the marketplace and, as such, were much less defensible than relief.

Economic consequences were seen springing from government work projects. Such projects only delayed recovery by imposing additional tax burdens on that part of the economy that was still functioning. Moreover, such projects helped to entrench bureaucracy in the government.

The response to insurance programs for medical care and social security indicated that the businessman had the same objection to them as they did to those of relief. In addition, the argument was made that government was not capable when it got involved in areas which required considerable business acumen and experience to survive, namely the insurance business where
precise actuarial data was the guide for conduct. There was some question as to whether unemployment and health insurance projects on such a large scale could be actuarially sound. Thus, they took on the status of relief measures or charity in the opinion of the editors.

The argument that political freedom was being jeopardized by these types of activities was also used. This argument was used in particular against the insurance plans with their payroll deductions. It was presumed that a man could only have political freedom when he could save and invest, hence, money taken out of the paycheck for insurance premiums could reduce the net wage to a level where saving would be impossible. This in turn had an economic consequence in that needed savings for additional capital investments would not be available and capitalism to live had to expand.

In general, government action in any of these areas was not viewed with sympathy and the conclusion seemed to be that such interference could lead to greater immorality in the society, lower production and a diminishment of political freedom. Government was viewed as being incompetent of solving economic problems and was particularly incompetent when it attempted to engage in such business activities as insurance. There was, however, evidence that business accommodated much more quickly and more completely to this type of activity than it did to government regulation. This would indicate that Howard Bowen did have reason to see an
increase in the "social consciousness" of the businessman. However, as we shall see in a later chapter, this accommodation was more apparent than real.

As has been noted, two of the several objections that were made to welfare activities centered on the fiscal problems of the government and on the competition to private industry of public works. The study now turns its attention to a more detailed examination of these arguments.
NOTES

CHAPTER V

1 National's Business, March, 1930, p. 23.
2 Ibid., September, 1931, p. 13.
3 Ibid.
5 National's Business, December, 1932, p. 9.
6 Fortune, September, 1932, p. 19.
7 Ibid., October, 1934, p. 55.
8 Ibid., October, 1937, p. 99.
10 National's Business, September, 1934, p. 11.
11 Ibid., September, 1938, p. 13.
12 Barron's, September 2, 1935, p. 10.
14 Ibid., April, 1940, p. 8.
17 Ibid., January, 1933, p. 3.
18 Ibid., June, 1939, p. 27.
19 Ibid., May, 1935, p. 3.
20 Ibid., November 1938, p. 8.
21 Fortune, December, 1940, p. 149.
26 *Fortune*, September, 1938, p. 63.
27 *Barron's*, July 17, 1939, p. 10.
28 *Nation's Business*, May, 1942, p. 60.
34 *Nation's Business*, January, 1934, p. 29.
35 *Barron's*, May 21, 1934, p. 10.
40 *Barron's*, November 30, 1934, p. 10.
41 *Nation's Business*, June, 1949, p. 27.
42 Edward S. Cowdrich, "Should the State Pension the Aged?" in *Nation's Business*, June, 1930, p. 54.
44 *Fortune*, March, 1925, p. 52.
49 Ibid., April, 1940, p. 7.
50 Ibid., April, 1943, p. 15.
51 Ibid., May 1951, p. 18.
52 Fortune, September, 1942, p. 10.
53 Ibid., December, 1948, p. 169.
54 Ibid., January, 1950, p. 50.
55 Nation's Business, August, 1950, p. 18.
57 Barron's, December 21, 1953, p. 1.
59 Barron's, March 16, 1951, p. 16.
60 Fortune, April, 1936, p. 95.
62 Ibid., January 26, 1931, p. 12.
64 Nation's Business, March, 1933, p. 6.
65 Ibid., February, 1943, p. 15.
That government fiscal policies have a bearing on the economy has long been recognized. As Charles Beard has noted, one reason for the founding of the Republic might well have been the concern of property holders for such policies. In that period of time covered by this study the new role of government in the economy and its use of fiscal powers to fulfill that role led once again to a question of what was proper. There were, in addition, great credit problems created by the necessities of wartime financing.

It is to be expected that when fiscal activities were deemed an interference with the free marketplace, businessmen would object to them. We will see once again that economic, political and moral consequences were seen to flow from government policy. It will be noted more particularly that businessmen saw certain fiscal policies as restraining them from carrying out their own roles.

Taxation does create and shift burdens in a society and it might well be expected that businessmen would be interested in it for that reason alone. But, taxation is also a means by which the government may determine what national investment policy will be. That is, it is possible for the government to take the savings of the society and use these savings for public investment projects or spend them in such a manner so as to channel investment in
specific private projects by creating a particular demand. Moreover any profits taken from business deprives it of just that much investment power.

From the business standpoint the most reprehensible action that could be taken by government would be to invest in projects that competed with business. It was legitimate to invest in army tanks as these were not used by a consuming public but electric power projects, even though the major consumer was business itself, were outside the realm of legitimate action. In this situation the free marketplace was invaded by an unfair competitor and socialism became a fact and not a fear.

Long range business planning also requires a stable currency, for the value of the dollar will change if the government creates money to overcome its deficits. Consequently, the balanced or unbalanced budget and the corresponding changes in the debt will be an economic problem to business.

Thus, it was the effects of "wrong" tax policies, unbalanced budgets and an increasing national debt on the individual, the businessman and on political and economic freedom that provides further insight into what the businessman expected of and from government.

The Consequences of Public Debt

The significance of the national debt and budget to the business editors is revealed by the fact that 4.2 percent of all references fall in this category. By presidential administrations
they were divided in numbers and as a percentage of the references collected within each administration as follows:

<table>
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<td>3.4%</td>
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<tr>
<td>Total</td>
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The 1930-32 period was the period of greatest concern in respect to the amount of attention paid to the problem. The national debt which had been primarily a product of World War I spending had been reduced from $24.3 billion dollars in 1920 to 16.2 billion dollars in 1930. Programs advocating increased government spending especially for relief and public works raised the specter of deficit financing and the business community was deeply opposed to this possibility. Its reasons went beyond those given for opposing federal relief measures.

The member organizations of the National Chamber of Commerce voted 1173 to six in 1932 that the federal budget must be balanced and the vote was 1173 to nine that the first step in this direction should be decreased federal expenditures rather than increased taxation. At a meeting in May of the same year 1800 Chamber of Commerce organizations voted for a balanced national budget.

They are not alone in this respect. Arthur M. Schlesinger Jr. has observed that many important Democrats such as John Garner, Al Smith and Joe Robinson accepted this idea in the lameduck
session of the 72nd Congress as did many influential businessmen such as Bernard Baruch.  

One point to be noted is that this problem for the businessman took precedence over party preference. As is noted in Chapter VIII the periodicals indicated an almost consistently high regard for the Republican Party but Democrats were commended if they managed to balance the budget or even give hope that it might be balanced.

President Roosevelt, for example, received perhaps the only kind words from these periodicals shortly after he entered office and gave the country what appeared to be a balanced budget. In doing so he provided for one of the most ironic predictions found in the course of the study. After he presented his budget, which was "balanced", he then pushed through the Congress an emergency budget. This action upset some businessmen who saw it for what it was but the editor of Nation's Business tried to overcome their objections by arguing that the budget really was not unbalanced. The emergency measure was only temporary and dealing with temporary agencies that would not become an ingrained part of the system.

The editorials evidenced a near unanimous opinion that a deficit of four billion dollars which was anticipated at the end of the 1933 fiscal year would result in national bankruptcy. Therefore, expenses had to be cut. It was argued that very little more could be obtained from the income tax since the government had taken 40 million dollars out of a reported personal income of 12.2 billion dollars in 1931. This amounts to 1.9 percent.
Obviously, it was argued, the rich could be "squeezed no harder" for there were not enough of them.

Politicians were most usually portrayed as believing that a balanced budget required higher taxes, whereas, business editors saw reduced expenditures as the means to be employed for attaining that end until the Korean War when a choice between price control or higher taxes made the latter appear more attractive.

The business editors did not claim that there was an exact parallel between government and business budgeting. It was assumed that the government could operate for a longer period of time with deficits than could business however it was foolish to believe government's debt could remain perpetually unpaid.

Thus, the argument that the American people owed the debt to themselves and that it therefore need not be repaid was not convincing to the businessman. Even if such a proposition were true, there still existed a moral obligation on every generation to pay its debt as it went. Moreover, there was no substitute measure that could provide for personal initiative as could making each man support himself.

A *Fortune* poll taken in 1955 attempted to determine whether businessmen believed there were essential differences between government debt and private debt. Members of the panel were asked to indicate which of two propositions they found most compatible with their beliefs. The first proposition stated that there was no difference between government and private debt and in both
situations the current budget had to be balanced as soon as possible or ruin would be the result. The second proposition stated that it was unnecessary to fear an unbalanced government budget in the same way as an unbalanced private budget provided there was an expanding national income. The published results showed that the respondents favored the first proposition with an overwhelming 85.2 percent vote.

The results of this poll would seem to indicate that at the mid-point of the study that there had been little, if any, shift in sentiment in regards to this problem of whether the government budget should be balanced.

It was argued that one beneficial effect of balancing the budget would be to create new confidence within the business community. Certainty would then replace uncertainty over future tax burdens and the value of dollar. This certainty, in turn, would stimulate investment and production which would remove the cause for deficit financing; and an increasing debt.

Moreover, the same editorial continued, a balanced budget was the most important single measure that could be employed to halt the steady progress toward state socialism. Any assurance that the economy was going to remain capitalistic would also have the effect of stimulating business activity. This argument was really an attack on the welfare activities of government. If the budget was to be balanced by reducing expenditures rather than raising taxes then it follows that the welfare activities which were
Creating the imbalance would have to be eliminated.

An argument substantiating this position was made in 1947 with the claim that "battle of the budget" was involved not only with a fiscal question but with a philosophy as well. The philosophy was that of the New Deal and its beliefs concerning paternalism and "big" government. A final blow could be delivered to that philosophy if the Congress managed to cut taxes and balance the budget.

Another argument used by the editors to oppose government debt was that the debt imposed a burden on only the industrious members of the society. Money and savings to repay the debt had to come from the efforts of private enterprise as it alone produced wealth in the nation. Government could provide neither wealth nor income since its only income source was the taxes paid to it from the enterprise and labor of its citizens.

One of the most discouraging things about the increasing debt to the editors was that it was the result of a senseless proposition that the government could "spend" the country out of the depression. Those who advocated such a scheme were the "have nots" who wanted to take the "haves" security from them.

The war with its enormous demand for government spending and the consequent rapid increase in the amount of the debt brought forth a demand from the editors that only the essential services of government be retained and these, of course, did not include any of the welfare services.
Later, the action in Korea elicited the same plea from the editors. Businessmen found both wars as a convenient excuse for advocating abolition of the New Deal and Fair Deal programs. The problems seen as arising from the national debt was only one of many arguments used and the end was always the same, namely, to get the government out of all activities that interfered with the marketplace or placed added regulations on business activity.

President Truman's budget message to the Congress in 1948 brought forth an enthusiastic response when he advocated a balanced budget. The editor of Nation's Business wrote: "For the first time since 1933 a State of the Union message showed real concern about private enterprise." Fortune wanted more, it called for an immediate reduction of the debt. However, businessmen had lost faith in President Truman by 1949 and accused him of following the path of inflation by coddling the farm and labor interests. This policy, they argued, had resulted in excess government spending which was creating the inflation that would eventually lead to socialism. The attacks on Truman in this vein were carried on throughout the remainder of his administration.

There was considerable faith that when the Republicans controlled the White House with Eisenhower that most of businessmen's problems would disappear. One such problem would be the unbalanced budget. Barron's argued that the country was fortunate indeed to have men in Washington who understood the deeper morality
of the budget and who had the courage to act on their convictions. For, after all, to believe in a small and balanced budget was not to believe in empty superstition but it was the only belief that corresponded to a hope for the maintenance of a free economy and limited as opposed to unlimited government.

**Attitudes Concerning Taxation**

The reason for the business editors particular concern with a balanced budget and their emphasis on reducing expenditures as a means to that end was, in part, a product of their views concerning taxation.

Taxation was in large measure considered to be an unwarranted seizure of private property and there were harmful economic political and moral consequences springing from either the control of or the confiscation of private property.

President Roosevelt, in particular, was accused of using taxation for the purpose of depriving the citizen the control over his own economic destiny. The fruits of individual thrift and foresight were being confiscated so as to make men dependent upon the government. A recurring argument of the editors was that taxation could be and was used to deprive men of their economic and, hence, political freedom.

Some hope was seen, however, that the tax burden imposed on business by the New Deal would help business in other respects. The editor of Barron's, for example, argued that "since government has geared its fiscal program to taxes collected from expanding
business" that the Administration had a vital stake in business activity and would be cautious about adding controls that would disrupt the economy.

Some hope was also held by the editors that the New Deal would not be able to use the government's taxing power for the purpose of regulating business. A proposal by President Roosevelt that the tax power be used to dissolve trusts had not resulted in adverse stock market reaction and this was taken as an indication by the editors that the public had given back to business mastery of its own house.17

However, the general taxing power of the government was considered an awesome thing indeed by the business community.

Government had the inherent power to take from a working and thrifty public, which by businessmen's definition was its better part, all that government wanted. The government then, in fact, recognized no deficit from its operations as it could shift the burden of its operations to the public by a mere stroke of the pen. This kind of action could not be taken by business and was the reason why business had to be efficient when government did not.18

However, the blame for this policy could not be placed on politicians alone for it was, after all, the people who elected them. The greed and avarice of the common man, the "massman" as he was so often referred to by the editors, forced those in
political power to waste the substance of the community and to punish the efficient for the benefit of the indolent. Such a program was seen to be sound politics but poor economics.\(^{19}\)

Another anti-income tax argument was that it did not provide for one of Adam Smith's basic tenets which was that of certainty. In depressed times the revenue decreased and it was for this reason that there were periodic editorials advocating a sales tax which had the additional benefit of not providing an additional burden on already over-burdened business. This argument saw fit to ignore that the certainty of consumption taxes was also related to depressions.

The problem as businessmen saw it was to make people tax conscious by bringing them to the realization that government services were not free and that taxes on business were passed on to the consumer. This argument assumed an inelastic demand curve, whereas, it was probably its elasticity that was concerning the businessman. It is true that taxes have to be paid but not necessarily shifted to the consumer of the industry's product. That is, the owners of industry may receive a smaller share or the labor force or management if all other factors are equal. Overall, of course, there is less money to be spent on consumption goods if it is assumed, as businessmen did, that government spending and the multiplier effect have no bearing on the economy.

Business often took the position of being opposed to taxes not because it had to pay them but because it was interested in
welfare. The argument was made that business was concerned pri-
marily with raising the standards of living and taxes cut into
purchasing power of each individual and reduced his ability to
attain a higher living plane. The role of the government was
therefore to provide only the minimum and necessary services
while keeping the tax rate low so that business could provide the
good life for the community. As Nation's Business put it in the
early part of the study:

"Neither the Chamber nor its magazine Nation's
Business, is 'against government'. They are 'against
government' when Government is wasteful, when it is
unnecessary, when Government engages upon things
which are not in its province. ...The Chamber is not
moved mainly by the desire to save the pocketbook of
business. Taxes are grievous burdens but no one
would hesitate to pay those taxes if he felt: (1)
that those taxes were for the proper functions of
Government. (2) that the money would not be waste-
fully spent."

Providing the good life, however, called, in particular, for
a free economy. Fortune in 1938 noted that business was going
to have to get used to larger tax burden but that the country
must realize that there was a limit beyond which it dare not go.
The inevitable consequences of exceeding that limit was the
socialization of industry since free enterprise could not pay
exorbitant taxes and remain free.

It was surprising, according to Merle Thorpe, that the
contemporary world could not realize this economic fact of life
when the Founding Fathers had realized it so many years before.

The conclusions of the Fortune Round Table presented in the
March 1939 issue are somewhat revealing of the businessman's attitudes toward fiscal management during the greater part of the study. This panel of thirteen men composed primarily of businessmen but with a representative from the farm and labor groups and a university professor (Slichter of Harvard) concluded: (1) that the government should invest its money to increase production opportunity rather than merely spend it to create purchasing power; (2) that the fiscal policy of the Roosevelt administration had failed to restore the confidence of the business community; (3) that the spirit of free enterprise was languishing largely because of the belief that the Administration did not really care about a system of private enterprise; (4) that public spending should be used to counterbalance the business cycle but that this policy should be accomplished within a framework of periodically balanced budgets and a commitment to a dependable debt retirement plan.  

Public Debt, Taxation, Inflation and Economic Regulation

There came a time, however, when the problems of taxation, the debt, deficit financing, inflation and government controls on business merged to form a single problem which led to a different view of taxation by the businessmen. This situation was brought about by the inflationary spiral that had its origin in World War II.

Inflation was a continuing post-war problem and the Korean War increased the inflationary pressure on the economy. It was hoped by businessmen that the conflict would be or could be
financed out of current income. In addition, the business community advocated a drastic cut in non-defense expenditures.

The problems stemming from inflation appeared to the business editors to be of more concern than increased taxes. Since the major portion of the national budget was devoted to defense and the Cold War had no foreseeable end, there was little hope that there were any expenditures that could be reduced in an amount substantial enough to balance the budget.

Inflation was seen as making it impossible for the businessman to plan for the future since he could not know what his costs would be. But, what was probably more important was the problem of peacetime price controls. These controls could be seen as a threat to the free marketplace much more easily than increased taxes. Consequently, the business editors advocated higher taxes so as to balance the budget thereby reducing inflationary pressure and the need for market controls.

The taxes they advocated, however, were increased rates on the lower income groups and/or a sales tax. Thus, businessmen did exhibit a degree of versatility in regard to the government's fiscal policy in respect to the means of having a balanced budget. The idea that the balanced budget was to be sought after never changed.

It should be noted that the criteria for judging whether the government's fiscal policy was to be praised or condemned was always the effect it would have on the free marketplace. War was
seen as the only valid excuse for deficit financing but at any other time such financing was viewed as the foible of the masses, a mistake, and leading to all types of dire consequences such as national bankruptcy and socialization.

**Public Investment**

The business community has argued as we have noted that only it could produce wealth. The basic assumption of this argument is really that only it *should* produce wealth. The factors of production need only be directed to secure the desired result and the directors may be private or public. Public ownership of productive means was, of course, the final blow to the capitalistic system and, therefore, the slightest encroachment in this area brought the response of consternation and outright alarm. This was socialism pure and simple and all of the dire consequences that were believed to stem from controlled markets were trotted out as arguments opposing this kind of government activity.

Using much the same argument that William Whyte Jr. used in his indictment of corporate practices in the *Organization Man*, business editors opposed public ownership because it destroyed individual responsibility. They argued that public ownership leads to a lack of initiative since committees became more important than individuals and responsibility is divided. Stagnation becomes the end product of a committee system for precedent rather than critical appraisal becomes the basis for action.
Individual action and responsibility was one essential ingredient for economic growth and development to which was added the ingredient of competition. Competition between groups was meaningless as it was the individual who must be the center of attention and who must be given his just reward for success or failure.  

For example, college professors, in particular, were singled out as an example of those being in the non-competitive class. This was the reason that they favored public ownership since they were the type who shrank from competing in the active life and would, therefore, project those feelings on the economic life of the nation. The intellectuals were thus seen as plotting against capitalism. Undoubtedly this was a reaction by the business editors to the comparatively large number of educators associated with the New Deal.

However, government attempts to establish standards by which to measure competition were not met with enthusiasm. The "yardstick" principle could not bring efficiency or honesty to an industry, moreover, it was grossly unfair competition. Barron's charged that the accounting system used by public power projects inadequate by represented true costs while non-payment of taxes by these producers placed government business in a more competitive price position. In the public utility field where the government exercised a monopoly it had no competition whatsoever.

Government lending agencies and functions such as postal savings drew the wrath of the business community, but it was the
private versus public power struggle on which most of the attention was focused.

Some 2.8 percent of the total references collected in the study referred to public power. The initial interest in the 1930s was concerned with the Muscle Shoals project. Nation's Business noted in 1931 that business should be thankful that Congress did not override the President's veto of the Muscle Shoals bill which would have put the government in the private power business.\(^29\)

There was considerable concern evidenced about whether Presidential nominee Roosevelt favored public power. It was at first thought or, at least, hoped that he did not. As time passed the truth became apparent. As Barron's put it: "It is apparent that FDR's camp includes a large 'pink' contingent such as Senator Norris and the public power boys."\(^30\) And, later: "Many believe that Governor Roosevelt will be ultimately found among the out and out public ownership devotees and that the campaign will push him more and more to the 'red' end of the spectrum."\(^31\) The Tennessee Valley project, which was viewed as "appalling", answered the question for business all too clearly as to where President Roosevelt stood on the public power issue.\(^32\)

It was not only government ownership of utilities but government control and supervision of utilities as well was considered as going too far since the "half-way house to public ownership is control." The government by building and operating
such a public power project as the T.V.A. had taken the last step. It was believed to be "particularly alarming" that David Lilienthal had said that the need for public power was greater than private interests. Plans for the development of the Columbia River basin, Boulder Dam and the St. Lawrence power projects gave increased reason for alarm over Lilienthal's statement. Such government competition was not only a threat against the utility companies but also threatened "the six million men and women whose savings are invested in utility companies." A Supreme Court decision which upheld the T.V.A. as constitutional meant to one business editor that the government could go into competition against any business at any time. This state of events meant that "communism can come under our present Constitution." There was a substantially long quiescent period of fourteen years when there was little mention of public power. Then, in the Eisenhower administration, there was a resurgence of interest in the problem accounting for 6.7 percent of all references collected in that period. Undoubtedly the question of a T.V.A steam plant being built at Fulton, Tennessee and the Dixon-Yates controversy stemming from it stirred up old animosities anew.

Moreover businessmen were encouraged that the tide had turned when President Eisenhower had expressed himself as being opposed
to increased government activity in the power industry. In a 1953 speech to South Dakota Republicans he stated there had been a "creeping" socialism in the United States in the previous twenty years. Later, when asked what he was specifically referring to, he mentioned a continued federal expansion of the T.V.A.\textsuperscript{37}

Further development of the nation's water power potential was opposed by the editors unless it was done by private interests nor did this position change with time. Thus, editorials appeared in Barron's in 1955 that could have been reprints from the 1930's. More dams on the Colorado river were not considered necessary as they would only add impetus to creeping socialism via the power industry.\textsuperscript{38} Niagara power should be developed by private utilities and the private development of the Snake river was considered a "shining beacon" for all of those people who were interested in reversing the drift toward socialism.\textsuperscript{39}

The Eisenhower administration policies were seen as a reversal of the long term trend of government competition with business in many areas and with the power industry in particular. Fortune noted that there were many jobs that were government's lot in an industrial society but "most emphatically" not to be included were those that private industry was willing to undertake. Eisenhower was praised for "short circuiting" the public power drive thereby demonstrating his belief in a free
Atomic energy which was, of course, foreseen by many as the major source of electrical energy in the future which meant that the government monopoly over its control was not viewed kindly by business. The control of this power source by the government was seen as an additional step in the socialization of industry and, especially, the power utilities.

When the Atomic Energy Commission finally opened up the monopoly to private enterprise development it was viewed as a political milestone by all of the editors. And, it was noted later that the first year of private activity in the field of nuclear power station design had made it obvious that "atomic energy was the business of business." But, government had still not gone far enough and must further open up the field to private development. Only industry could develop the peacetime uses of the atom.

Summary

The data in this chapter reveals once again the use by the businessman of the free marketplace as a criteria for judging what governmental policies should be, where its responsibility ended and where it rested.

The political moral and economic consequences of taxation, for example, were much the same as those of government regulation and aid. It only appears that evils resulting from taxation were of a lower rank than those of regulation. That is, there could be
a greater accommodation by business to increased taxes than to any overt regulation of the marketplace such as price control since taxation was an indirect control whose burdens could often be shifted. Taxes could be shifted to the consumer in the form of higher prices whereas direct market controls could not be modified.

In general, the business journal's concept of the government's responsibility in fiscal matters was to take those actions that gave business the power to control the economy and to provide the environment in which business could provide the "good life" for the nation.

Specifically, this meant low taxes (except in the specific circumstance mentioned) a balanced budget and a reduction in the national debt. Certainly, it did not include government investments in consumer industries.
NOTES
CHAPTER VI

1 Nation's Business, June, 1932, p. 37.
3 Nation's Business, August, 1933, p. 29.
4 Ibid., February, 1933, p. 27.
5 Barron's, October 19, 1940, p. 10.
6 Ibid., November 30, 1942, p. 10.
7 Fortune, October, 1943, p. 34.
8 Barron's, September 9, 1935, p. 10.
9 Nation's Business, April, 1947, p. 31.
10 Barron's, August 27, 1934, p. 10.
12 Nation's Business, March, 1936, p. 31.
14 Barron's, September 12, 1949, p. 7.
16 Ibid., January 11, 1937, p. 10.
18 Ibid., August 12, 1935, p. 10.
19 Ibid., September 27, 1948, p. 1.
20 Ibid., 12, 1932, p. 12.
22 Fortune, January, 1938, p. 46.
24 Fortune, March, 1939, p. 29.
25 William Whyte Jr., The Organization Man (New York, 1956)
26 Nation's Business, April, 1930, p. 208.
27 Barron's, October 6, 1930, p. 16.
28 Ibid., November 24, 1930, p. 16.
29 Nation's Business, May, 1931, p. 16.
30 Barron's, February 15, 1932, p. 16.
33 Ibid., May 29, 1933, p. 10.
34 Nation's Business, October, 1933, p. 29.
36 Barron's, February 6, 1939, p. 10.
38 Barron's, April 25, 1955, p. 1.
41 Ibid., April, 1955, p. 102.
42 Barron's, June 20, 1955, p. 1.
CHAPTER VII

BUSINESS EDITORIAL RESPONSE TO THE DISTRIBUTION OF
POLITICAL POWER

The American distribution of political power among the functional activities of legislation, execution and adjudication, combined with a power division between the national and state governments, does, of course, present constantly recurring opportunities for questions to arise in the society as to who may and should act under differing sets of circumstances.

The business group's response to shifts in power among the branches or between the national and state governments, like the response of many other individuals or groups, is indicative of attitudes toward the system and conceptions of how that system should operate.

References specifically concerned with the President, Congress, Supreme Court, administrative agencies and federal-state relations accounted for 9.2 percent of the total collected. The increasing percentage of references in each presidential administration is indicative of the increasing concern with the aforementioned question. In total numbers for each presidential administration and as a percentage of the total number of references collected in each administration the figures are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>References</th>
<th>Percentage</th>
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<td>13</td>
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<td>1933-35</td>
<td>27</td>
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<tr>
<td>1937-40</td>
<td>21</td>
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<td>1941-44</td>
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The arrival on the national scene of a strong executive in the person of Franklin D. Roosevelt and the dramatic changes made in his first administration, accounts for the large number of references obtained from that period, since it appeared that intra- and inter-government power relationships were being disturbed.

The second Truman administration was marked by hope for a shift in the balance of power to that which existed between the Congress and the President in this pre-Roosevelt era. Some decisive actions by the President, in particular the government's seizure of the steel mills, served to dispel that hope. In addition, this last period brought forth from the editors considerable speculation concerning the possible effects of a Republican administration on Presidential-Congressional and national-state relationships. In the 1953-55 period those results were being discussed in some measure.

The research revealed references to the specific activities of governmental groups and also general references to the benefits and mischiefs of the system itself. These general references to the power distribution system rested to a large extent on the adaptation or transfer of economic ideology into political arguments.

It might well be expected from the data already examined in this study that the contention the competitive marketplace weeds out the inefficient and thereby identifies the best man was a
natural argument for the businessman to apply to a political system where competition had been institutionalized. Such indeed was the case. Intra- and intergovernmental competition was seen as justified by both logic and tradition.

The editor's argued that the Founding Fathers had established a government of checks and balances for two purposes. The first one was to prevent a tyrant from coming to power within the government. The second purpose of the system was to check against tyranny being established by the impulsive actions of the majority. Such a check was deemed absolutely essential for a sound national economy, since majorities behaved irrationally in economic affairs.

The editors argued that majorities could not be rational as they could not discern the national interest or their own self-interest because they were easily blinded by false economic arguments. When the masses attempted to obtain an increased share of the national wealth by political rather than economic action they confiscated the savings which provided the capital investment necessary to obtain the abundant life they were seeking. Thus, they had to be protected against their own folly, and a part of this protection rested in a government so designed that it promoted inaction rather than action. The New Deal was considered to have nullified these traditional safeguards and created a dangerous political monopoly situation by centralizing power in the President's office.

Felix Morley's appraisal of the 80th Congress presents a digest of the basic tenets of these general ideas. He argued that there
could be no disaster from divided political authority as represented by a Republican Congress and a Democratic President for the obvious reason that the American government was designed to function best when executive authority was curtailed by the presence of a Congress that vigorously opposed extension of that authority. The centralization of authority in the Executive that had been promoted under the aegis of the New Deal had threatened individual initiative with its programs. The implied threat was more far reaching as these actions struck at the vitals of political freedom. The election of a Republican Congress could be expected to reverse the centralizing trend and restore individual initiative and its benefits to the country.

This was not to argue, he continued, that under normal circumstances it was better to have the Presidency and the Congress controlled by different political parties but the Roosevelt era which began in an economic crisis and ended in global war was abnormal. Its abnormality had been further emphasized by the argument that Roosevelt was indispensable when the system, in fact, was founded on the principle that no one man was indispensable to its welfare but that the economic and political welfare of all men rested on the principle of divided government authority.

The restoration of this principle required a dissolution of executive authority that could only be provided at that time by an opposition party in control of the Congress. That it had now been provided was credited to a return of the American public's
traditionally clear vision.¹

The Congress

Businessmen at this time had no real hope that a Democratic Congress could or would desire to reassert the legislative authority that had been lost. The Congress of the United States had not always been the hero of the business editors. This fact was especially true in the earlier years of this study when Congress was portrayed as a bungler, meddler and abdicator.

Merle Thorpe complained in 1932, for example, that the government was no longer the simple affair of the past but that superhuman and supernatural powers had been ascribed to it while neglecting the fact that it was only a cross section of the citizenry with all the "ambitions, inhibitions, vices and virtues" of the community. This ascription to government of supernatural powers had led to the situation where it was believed by the American people that the government could repeal natural economic laws. The most guilty party was the congress, which had attempted to short-cut normal and natural forces and in doing so had prolonged the depression. "What matters human nature and economic laws when we have a legislative body!" was Thorpe's rhetorical question.² But, it was also argued, one could render too harsh a judgment on Congressional inability to discern the national interest as this ability took "first rate minds."³

Generally speaking, throughout the period of the study the Congress was denounced when it was believed to be abdicating its
constitutional power position and lauded when it was thought to be reclaiming its rightful place. The accusation that the Congress had abdicated came very quickly after it had been accused of asserting too much power. *Nation's Business* at the end of the "Hundred Day Session" mused as to whether the new powers given to the President by the Congress were the forerunners of a political and economic revolution and, if so, "would America ever be the same again?"4

The answer came all too soon but there was hope that normalcy would return if Congress would only reassert its traditional prerogatives. One such prerogative it had abandoned was the lawmaking functions it had given to the administrative agencies, a particularly disturbing development to business which will be discussed later in this chapter.

The business community's approval of Congress' reassertion of its traditional powers was amplified when the Congress took action that seemed advantageous to business. That is, it was not only the reestablishment of a principle of government that brought forth approval but also specific actions by the Congress that seemed to business to be a substantial reflection of the business position. Quite naturally this meant action that embodied the principles held by the business community but, in particular, those economic principles it believed to be essential to political freedom and that have been mentioned in this study heretofore. This point is borne out by the contrasting opinions held by the editors toward
the 75th and 77th Congresses when each acted differently in respect to welfare appropriations.

For example, the 75th Congress was praised in 1939 for reducing relief appropriations by 150 million dollars, an action which was taken as indicative of growing congressional independence from the President and devotion to the interests of business. This action impressed the editors despite the fact that total appropriations were the largest in peacetime. Even so they believed there was reason for hope. As Merle Thorpe put it: "Thoughtful men see through the gloom of increased expenditures to a rising sun. They see the pendulum pause, preparatory to its backward swing."\(^5\)

However, business editors expressed disapproval of the 77th Congress because it had, in wartime, refused to meet its obligations of reducing non-defense spending. This, business editors argued, the Congress had done for years because it had yielded its convictions and principles to presidential pressure. While the government had asked the people to scrimp and save to pay for the gigantic cost of war, congress had continued business as usual with its appropriations for the Civilian Conservation Corps and the Works Progress Administration.\(^6\)

The additional Republican strength in the 78th Congress was seen as a hopeful sign that the Congress would be strengthened in its dealings with the executive branch. Congress had been relinquishing its authority for too long by passing carte blanche
legislation that put fateful decisions in the hands of the administrative group. This was a repetitive argument that appeared as late as 1952 in Fortune that claimed that Congress had "broken down and only it could put itself back in business."

Subsequently, businessmen saw some justification for their optimism when the 78th Congress repealed the salary ceiling. This action was viewed as a first step toward ending the New Deal and the Congress reasserting its traditional authority.

But it was the Republican 80th Congress that brought the first real hope to the business group that a power balance would be restored. The problems this Congress would have in reestablishing itself as a real part of the government were considered difficult but not impossible to overcome. The New Deal was viewed as a product of the world-wide swing from representative government and free enterprise; so that the task before the 80th Congress was to start the pendulum back toward "hallowed national principles" to insure national survival. The first step in this direction was to "clip the executive power."

Given the editor's inclination of viewing the executive branch with suspicion it should come as no surprise that the loyalty investigations carried out by Congress at this time were deemed praiseworthy.

The investigation of Alger Hiss in this Congress was seen as offering an additional argument for the separation of powers system and the right of the Congress to dominate the Executive branch even
by inquisitorial procedures, if necessary. Later, in the Eisenhower era, Senator Joseph McCarthy was described as going too far in his use of these procedures. However, the editor's objections to McCarthy's tactics was that Eisenhower unlike Truman was fully aware of the inherent danger of Communist subversion and thus needed no prodding to take effective action.

Government investigations of business by either the executive or legislative branch did not, however, fall within the realm of normal government responsibility. For example, the reproof given the Dies Committee by President Roosevelt when that committee had suggested Shirley Temple was a dangerous communist was considered as threatening to business confidence. It appeared to businessmen that the President was applying a double standard since he had remained silent when some of his administrative agencies had used unfair tactics while investigating business.

While the election of the 80th Congress had been seen as a great public reaction against controls, interference and planning it was not certain whether that Congress would have the courage to withstand the pressures put upon it by powerful groups. The use of local pressures to attain goals or of Congress being placed under such pressure was not always considered evil. When President Truman's legislative program was being rejected by the 81st Congress (despite post-election predictions that the President would get anything he wished from the Congress), the businessmen took credit for stopping the President's so called radical program.
The argument made by the business editors was that the Congress was under more direct pressure for government economy than the Chief Executive. Since the "local tycoons" felt very strongly about government economy and taxes, it was believed that it was their influence that had confounded the expert's opinions of Mr. Truman's power and this indicated, at least to Barron's, ample proof of the "power of the local, conservative businessman." 15

The actions of the Democratic 81st Congress in the area of taxation were seen as giving additional weight to the argument for the check and balance system, since business believed that there would have been new taxes when "business could ill afford them" if it had not been for the check placed on the executive by the legislature. 16

In general, President Truman was depicted as frustrated in his centralizing efforts because this Congress resented the centralization of power that had been taking place. This was a Democratic Congress, but in the eyes of business the trend toward economic conservatism was by this time believed to be taking place regardless of party control. The Democrats could slow the trend but not stop it.

The 82nd Congress, also Democratic, was viewed as steering the course, inaugurated by the 30th and carried forward by the 81st, toward the original governmental concepts of the Founding Fathers. 17 However, the Korean crisis brought back the dreaded market controls and the trend toward executive domination of the Congress. Some
apprehension was exhibited by the editors at this time of another government group. This was the military, who were accused of being unable to determine their material demands and thus was creating waste and chaos. However, even if the demands were clarified the opinion of the editors held that the country still had a long hard fight ahead to prevent defense demands from being an excuse for socialization. The danger was not imaginary to them, but real, and only the Congress by reasserting its "ancient and honorable prerogatives" of controlling the Executive could stem the tide. 18

Labor had been viewed as being in the same position and offering the same threat as the military. The government, as such, had given labor so much power that the executive and judicial branches had lost their power to control what business deemed labor's more nefarious activities. Only the legislative branch remained potentially strong enough to stop labor but which it could only do if it removed itself from the political bondage of labor. 19

It was expected that the 84th Congress elected in 1952 with President Eisenhower would be able to regain its traditional power position. However, this expected result was attributed as much to the President as the Congress. Eisenhower was portrayed as having a different philosophy than his predecessors in that he refused to discipline men of his own party who disagreed with him. This trait indicated to the editors the profound understanding Mr. Eisenhower had of the full implications of the check and balance system. The President was credited as following in the tradition of that former
great statesman general, George Washington, who presumably had also been aware of those implications.  

The President

Business editors were aware of the fact that the President and Congress represented different constituencies and that this fact accounted in large measure for the behavior of the two branches of government.

Congressmen were accused of placing sectional interests before the national interest and in the last days of the Hoover Administration the talk of granting emergency power to the president-elect was not frightening to the editors. Whatever powers were given to him the Congress could take away they believed. It was argued that because the President's constituency was national in scope he could take action in the interest of national welfare, whereas the Congress because of its electoral nature found it difficult to do. Business undoubtedly could not believe that even a strong President would, at this time, act in any manner detrimental to business interests as it conceived those best interests.

Miriam Beard has reported that there was general bewilderment among businessmen in the spring of 1933 and that they sought leadership from any source. Such appears to be the case, Barron's even argued that it was time for experimentation as long as it did not "deny basic principles." Leadership was essential for getting on the road to recovery and "good or bad it is desirable we have action."
Thus, President Roosevelt was not always viewed as a villain. The emphasis he placed on the balanced budget in the 1932 campaign won him initial support by the business publications. However, the Democratic Party's promise to balance the budget was not taken at face value but a "wait and see" attitude was adopted. When, in May 1933, it appeared the promise had been kept, *Nation's Business* was almost effusive. It appeared to it that the new administration had accomplished in a "dozen weeks what other administrations (had) spent a dozen years in discussing, promising, and planning."\(^{24}\)

*Baron's* expressed its gratitude to the President for giving the nation leadership, although it thought that it was strange that it came from the political and not the economic order. Besides promising and giving leadership, the President had also been willing to attack the budget and to reduce veteran's allowances and these actions were also cited as reasons for "good cheer."\(^{25}\)

Such opinion was quickly changed, however, and the President was accused of usurping power. The editors charged the New Deal was not operating within the familiar framework of the government and as has been noted, the loss of Congressional power to the Executive came to be viewed with alarm.

The New Deal and President Roosevelt, in particular, were accused of interpreting exigency as a tradition which was opposed to the business philosophy of always plotting its course by tested procedures. Business argued that Government in delineating its total role must follow tested procedures since experimentation
made it difficult for the entire community and, especially for the business community, to plan for the future. This argument indicates a basic difficulty in the overall business position. It argued that security destroyed initiative in one set of circumstances and that security was necessary for initiative if the circumstances were altered.

The "honeymoon" period of the first Roosevelt Administration was not quite over as late as May, 1934 when the Barron's editor suggested that the adjournment of Congress was to be viewed with relief as now the President might be able to get on with the job of aiding recovery.

Outside and natural forces also appeared to the businessman to be acting against his desire that a better balance of power among the branches of government be provided. Fortune claimed the role of the Presidency was to "provide leadership in freedom" but that there was some doubt whether President Roosevelt could or would continue that tradition in view of the world-wide trend toward the all-powerful state. Businessmen were exhorted to provide leadership with a program to counterbalance the New Deal program so that the balance of power could be reestablished.

Friendly attitudes toward a President did not reappear until Mr. Truman assumed office. The climate in the White House after a year of Mr. Truman's administration appeared friendly to business since the President was "still deeply conscious of the fact that he is the servant of all the people." One reason for this hopeful
Attitude held by business was the appointment to the Cabinet of Julius Krug, who, despite some New Deal leanings, was believed to be a sincere admirer of American industry's wartime performance and, was also credited with the early removal of many wartime controls. Anyone who advocated such measures appeared to be the friend of business regardless of his past background or his party affiliation.

Mr. Truman's popularity did not continue throughout his administration as it soon appeared to the business community that his Fair Deal was going to go beyond the New Deal; and the steel company seizure in the closing months of his administration settled the issue of his popularity for businessmen.

It should be no surprise to the reader that the Eisenhower administration was considered friendly in almost every respect so far as the businessman was concerned. Nation's Business warned, however, that the change in administration would not in itself settle all problems. It was true that it was a businessman's administration and therefore more receptive to business ideas than any in the recent past; but it was the duty of the businessman to give that administration the ideas upon which it could act. The election of Eisenhower was viewed by this editor more as a business opportunity than as an accomplishment of business objectives. In David Truman's terms, access had been achieved.

The greater immediate pre-war years, the Second World War and the Korean War had created additional concern among businessmen
about the concentration of power in the President's hands. First, the President was given power to meet foreign emergencies which could be used to control business. Second, Roosevelt, in particular, refused, said business editors, to delegate enough authority to the businessmen in government who were responsible for war production. This was considered by the business community as evidence that the President mistrusted it. Third, the war power had been given away by Congress in the Lend-Lease Act and then by the United Nations' charter. The United Nations' charter, for example, was seen as the rationale used by President Truman for seizing the steel mills and this action was illustrative of how foreign agreements could be used to bring socialization to American industry.  

The Courts  

While the political branches of the government received the greater amount of attention, the activities of the Supreme Court were also scrutinized by the editors. Attitudes held toward the Court were more apt to be favorably inclined.  

There were surprisingly few references to the Supreme Court, even during the time when the "court packing" plan was under general discussion. Generally, the Court was seen as being the final arbiter of conflicting political interests, a bulwark of the American democratic principle of checks and balances, so that any attempts to eliminate or weaken judicial review by constitutional amendment or other means were viewed with both suspicion and alarm.  

The "court packing" plan, for example, brought forth the
comment that the issue before the Congress was whether the country should abandon the Constitutional principle of government by laws rather than by men. This traditional principle had given the American people economic freedom which had enabled entrepreneurs to plan and perform with a high degree of certainty. Any change in this principle would threaten the spiritual and material well-being of the citizens.

An early editorial opinion of the court, published by Fortune in 1932, saw the role of the Court as protecting business enterprise from being unnecessarily restricted by the states through the Court's interpretation of the 14th Amendment. Many of the states, it was argued, had enacted socialistic legislation. The court was also seen as a check against actions of the mob or the majority which were often used as synonymous terms. Barron's in 1934 commented that in a democracy the rulers reflect the discontent of the people and that while theoretically people ask for leadership, they, in fact, seek men who will follow. It was fortunate, therefore, that the American system had a balance wheel in the form of the Supreme Court that mitigated against mob or mass psychology. It was the final arbiter of what was just and its opinion could triumph, as it often had in the past, over the "hysteria of temporary popular opinion."
those expressed in the earlier part of this chapter concerning the merit the business editors saw in the check and balance system as a means preventing irrational men gaining control of the economy.

All Justices of the Court were not viewed with approval however. While businessmen concurred with the Court's decision in the steel seizure case, the minority opinion of the Court was considered especially dangerous. It was assumed that the one-third of the Court that upheld the constitutionality of the Presidential seizure order accurately represented a similar proportion of the nation's population who believed likewise. The principle of executive dictatorship was not really understood, it was argued, if so large a portion of the Court and the public held such an opinion. There was cause for real concern if this truly was the public's attitude and they had to have a much clearer appreciation, if the nation was to remain free, of what always happened when a chief executive seized private property on the basis of political prerogative. The citizen had to be on a constant vigil against such action and if he lacked the discernment to see that liberty is based on such vigilance then neither the Congress nor Courts could secure his individual liberty for him. The probability of this result was enhanced, of course, if there were undiscerning Justices who aided and abetted such false ideas.

The Bureaucracy

A 1930 reference to the Court praised the Court for its decision in reducing the power of the Federal Trade Commission to
control the content of business advertising. This early reference points to another problem cited by the business editors. The administrative board, commissions, agencies, etc. were viewed with particular suspicion by the businessman throughout the period of this study. There was an expressed fear of a bureaucracy being established by these groups; but, the greatest fear of all was of administrative law. The favored argument used against these governmental groups was the uncertainty generated by that rules they would promulgate next. In times past, it was argued, the business community had always been able to look forward with relief to the adjournment of Congress for then it could plan ahead with a degree of certainty until the next session; the adjournment of the legislative body no longer ended the problem. The Congress in passing more and more laws that gave broad administrative rule making power to administrative agencies had, in fact, established many small legislatures in perpetual session. The numerous rules promulgated by these agencies had to be tested and this had led to constant uncertainty in the ranks of business. This situation was viewed as being one of the main obstacles to the resumption of high level of economic activity and also as being a "new and Un-American method of lawmaking." 38

Administrative rule making violated for the businessman the tenet that a government should rule by written laws rather than by men. 39 Administrative law was considered a repudiation of the Founding Fathers which, in and of itself, was considered sufficient
grounds for its condemnation by the business community. The bureau­
cracy was accused of ruining the economic health and wealth of the
country with its rules and its very existence violated the principle
of separation of powers. The centralization of judicial, legisla­
tive, and executive authority within a single body was particularly
obnoxious to the sensibilities of those who saw competition both in
the marketplace and in the political arena as the only sure method
of separating that which was good from that which was evil or
wrong. 40

For example, Barron's was reluctant to approve of the National
Recovery Administration on the basis that it presented problems of
administrative law and bureaucracy. It warned that while the
National Chamber of Commerce and the National Association of
Manufacturers might feel assured in their collective minds that the
administration of the act would be in safe hands, this remained to
be seen and good men would be needed "lest tyranny descend on them
all." 41

Moreover, administrative law led to another abhorrent situ­
tion, namely, one where there was taxation without representation.
This was another one of those principles of the American Revolution
that seemed to be violated by the establishment of what, to the
business community, were deemed irresponsible and unresponsive
groups in the government controlling those who had no voice in the
decisions. 42

The rights associated with the control of private property were
abrogated not only by illegitimate taxation but also by actions of administrative bodies such as the National Labor Relations Board. Kerle Thorpe noted in 1935 that this Board had been given the "great and dangerous" power over working conditions that could lead to "employee domination of industry with a complaisant board." 43

It was also particularly upsetting to business that, whereas, at least in 1937, the government had never built an industry that it believed government could readily supply a commission which could presumably do a better job than industry in managing business affairs. 44

Moreover, businessmen saw or thought they saw avaricious men seeking power through these groups. No one, it was argued, could observe government and government enforcement without realizing that the official always reached out for more power by seeking more things over which to rule. In some mysterious manner bureaucracy feeds on itself without requiring outside nourishment. 45

In addition, it was difficult, if not impossible, to reduce government spending because of the nature of the bureaucratic mind. They refused to quit when the necessity for their functions, if they ever had been necessary, ceased to exist. This problem of Congressional budget control was compounded in the post-war years because of the secrecy surrounding so many of the administrative agencies and this was considered as a real problem by the editors. Secrecy could not only lead to an unbalanced budget but also give the bureaucrats the opportunity to perpetuate all of the vices to
which they were natural heirs. ¹⁶

Congress could provide some protection to business from these groups if it would only write into the law regulations so specific and detailed that its purpose could not be twisted. This was seen as a particularly cogent need in the case of the Office of Price Administration that had issued so many arbitrary interpretations.

As is noted in another chapter, all of those agencies dealing directly with the marketplace, of which the OPA was the most obvious, were of particular concern to the businessman since they were, in fact, threats to the heart of economic and political freedom, the marketplace.

There were many single references made to the various administrative agencies but the editorial concentration was placed on the Office of Price Administration and the Federal Trade Commission. The average business reaction to the FTC, according to Nation's Business, was uncomplimentary for "obvious reasons." ²⁷ This reaction, the editor noted, was typical even though the ostensible purpose of the commission was to protect the very system under which business functions most successfully. Most of the editors agreed that the commission was overzealous in its enforcement. ²⁸

The year 1952 seemed to offer hope of a turning point with the Supreme Court coming to the rescue of business. The decision in the steel seizure case was the given reason and the next term of the court was foreseen as one in which administrative procedure, "The modern businessman's plague," would receive considerable judicial
Federalism

Another problem of power centralization, that of shifting relationships between the national and state governments received surprisingly little attention, as such, in the business press. Statistically, these references accounted for 2.2 percent of the total. In numbers by presidential administration they are as follows:

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<td>3</td>
</tr>
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<td>1953-55</td>
<td>6</td>
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</table>

A partial explanation for the small number of specific references might rest with the traditional desire of big business to negotiate with a single rather than a large number of governmental units. This usually meant the national government. The business desire for a relatively stronger central government hardly embraced, however, anything quite as strong as the New Deal. It was perhaps difficult for the business editors to reorient their thought. Moreover, business would find it inopportune to advocate a strong 'states right' position.

The vast majority of the references to federalism in the period from the beginning of the study until the outbreak of the European war in 1939 were concerned with the techniques being employed by the national government to control the states. That is, there was
evident concern that the states were being destroyed by national action. Such questions as whether the national taxing power could be used to destroy the states, if social security legislation could be used for that purpose and whether federal money would destroy the states' educational system were prominent throughout this period.

After 1939, however, there was a subtle change in the editorials' focus. The attention was shifted to the effects that a centralization of power would have on the individual and the nation. One argument that prevailed throughout the entire period was that democracy comes from the grass roots. The local community was the place where problems could be solved by individual initiative. It was argued, for example, that great national economic organizations could be harassed by the 48 states with differing regulations but this was overridden by the fact that "the 175,000 local governing units are the guarantee of democracy." However, Nation's Business had argued earlier that there were too many local units and suggested that consolidating counties and the functions within each would save precious money. The object in view of such consolidation was to balance governmental budgets at all levels so that the natural marketplace could work unhindered.

There should not be too much interference by the national government with local problems, Nation's Business warned. If the United States was to be strong and prosperous, the local communities must first be made so. That condition could not be brought about
except "on the shirt sleeve level" by the leaders of the local communities, including the business leaders and such groups as the Chambers of Commerce. National lawmakers could hardly be expected to solve the problems of "Main Street." This argument continued into the Eisenhower years where one such editorial expressed approval of the federal principle being embodied in civil defense as "local communities can handle their own problems better than some distant bureaucrat."55

The early war years and the post-war era witnessed the beginnings of a more strident policy by the editors toward the problem of increasing national power at the expense of state power. It was almost a decade after the inauguration of the New Deal that the problem began to crystallize in the minds of the business community. Generally speaking, it was the national government's assumption of wartime direction that brought on the larger number of editorial comments.

Federal direction and control was considered an alien disease that had been imported to the country and to which the nation had fallen victim. Whether the problems that individuals and groups faced were real or imagined, the idea of "Let Washington do it", an idea "hitherto unknown in the American lexicon," had caught on. Federal agencies were viewed as supplanting local agencies and "the consequences would surely be, as the night follows the day, the substitution of compulsion for persuasion and the loss of that priceless ingredient of local responsibility."57
Obviously, the editors argued, the complexities of modern life, especially those connected with depression and war, had forced the government farther and farther away from the individual and the local community. So great had the chasm become that the government had tended to become a thing apart from those who had given it being. History, however, had taught no stern lesson than that whenever people surrender control of their local responsibility they at the same time lose control of their daily lives.58

One of the suspected evils of centralization rested with its effect on the spirit of man. Socialism was deemed to kill the spirit, and the centralization taking place in the United States was defined as being socialistic.

Advocating the Christian belief that it is more blessed to give than receive and that from the act of giving the individual reaps intangible rewards, one business editor promoted the rather curious argument that the national government was "depersonalizing" gifts. At one time, he argued, taxes could be considered as a gift to small local government for the provision of needed services, but that time was long past. The massive weight of the central government was now considered to be bearing down with equal impartiality on the generous and niggardly alike. The result was that the society was losing a part of its essence.59

The election of Eisenhower was regarded as a hopeful sign that the centralizing trend would be reversed. A government commission to study federal-state relations had been established and
it was expected that its work would go on for years. One expected result of the study was seen as the discovery that it was not only "New Deal planners" who were proponents of federal "paternalism" but also the mayors who were vitally interested in federal help since the state legislatures were rural dominated. What is to be noted here is the expression of the paternalism theme which had lain unarticulated beneath the surface of most of these comments on centralization. To be paternal was to relieve from responsibility which, in turn, destroyed individual initiative. The destruction of initiative meant the lack of economic vigor and, thus, the eventual erosion of political freedom.

It was argued that such paternalism was fostered by the grant-in-aid program. *Nation's Business* was moved to ask whether the people of the sovereign states were willing to give up their "identities and their ancient liberties for a mess of security pottage." What could a state or city do, after all, about free speech when the national government resorted to the simple expedient "of closing the federal wallet and pulling back funds already doled out?"

These statements once again reflect the stress placed on the relationship of economic to political liberties. Free speech presumably could only be employed if there was economic security, otherwise some one person or group could deny the individual his sustenance. But, this economic security had to be derived from individual effort and could not come from government. This
argument was extended from the individual to governments who were not secure from other governments unless they practiced saving for their own needs. He who controlled the purse strings called the tune was the dogma.

If the centralisation of government spending power could lead to the loss of political freedom in this manner, what about the centralisation of private wealth? The businessman had to answer the question of how people could have political freedom in an economic system that had a high concentration of wealth. Their answer was that the individual did not have freedom but only the opportunity for freedom. If he used initiative and wisdom, saved his money and had the natural endowment to get ahead he could build economic and, hence, political security for himself. If he did not do these things he was composed of inferior material and was undeserving of political freedoms. This same argument was presumed to apply to the states as well.

Summary

A review and summary of the attitudes expressed about the President, Congress, Supreme Court, administrative agencies and federal-state relations reveals several interesting arguments being used by the businessman as well as shifts in attitudes.

First, the negative and positive responses to Presidential and Congressional actions indicate that the business group kept in mind the dictum that a free marketplace, whether political or economic, was essential to the national welfare. When the group
approved Presidential action it disapproved of Congressional action and so sought to give support to that branch which seemed to offer at any specific time the greatest hope for bringing to fruition the free economic marketplace or enhanced intra-governmental competition.

Business editors greatly feared the development of a monopolistic situation within the government and constantly assailed the Congress when it believed it was abdicating power to either the President or any executive group or if the executive and administrative groups appeared to be usurping power.

The Supreme Court was viewed as the balance wheel in the total governmental operation. The Court helped to insure political competition by being beyond the reach of the pressures of self-seeking groups that importuned the "political" branches of the government.

Intra-governmental competition was viewed as being "good" as was economic competition. That is, both led to good results. There was, however, important differences in the results expected from governmental competition as compared to those expected from competition in the marketplace. Economic competition would lead to initiative, activity and production; whereas, intra-governmental competition would result in inaction. Implicit in their idea of competition between the two political branches of government is a difference in policies. The President and Congress would compete for power for a purpose. Dynamic competitive
conditions would be more conducive to stalemate wherein laissez-
faire would be a result rather than a policy.

If the business group believed that the best government was
the least government, as data contained elsewhere in this study
indicates, then it was logical for this group to respond in this
manner. Also, an institutionalized competitive political power
system does offer certain benefits to groups in that it gives
them the opportunity to shift allegiances while seeking that
governmental group or level of government that is most repre-
sentative of the position it holds. A review of the editorials
reveals that the business community used this tactic.

In general, the responsibility of each branch of the na-
tional government was to stay within a carefully delineated
sphere of operations that maintained the political competitive
system. But, even more important, these governmental groups
were charged with the responsibility of maintaining the free
economic marketplace. If there can be no political freedom with-
out economic freedom then it logically follows that political
institutions must first respect and support those conditions
conducive to free markets.

The prior importance of this last argument is revealed by
the changed attitude when a "friendly" Administration and Congress
came into power in 1953. At that time the arguments by the editors
for the necessity of a competitive intra-governmental situation
was dropped and cooperation was stressed. This period reflected
a higher degree of general contentment with all branches of the government than was exhibited in any preceding period. The government was now controlled by men understanding the full implications of the competitive marketplace.

The conclusion is clear. Business editors shifted their attitudes about how the system should operate in response to what kind of action was anticipated in making the market either more or less free.
NOTES

CHAPTER VII

1 Nation's Business, April, 1947, p. 21.
2 Ibid., August, 1932, p. 12.
3 Barron's, March 9, 1931, p. 16.
4 Nation's Business, July, 1933, p. 12.
5 Ibid., September, 1939, p. 7.
6 Fortune, May, 1942, p. 73.
7 Barron's, October 10, 1942, p. 1.
9 Barron's, March 29, 1943, p. 8.
10 Nation's Business, February, 1947, p. 29.
11 Ibid., October, 1948, p. 23.
12 Ibid., July, 1954, p. 16.
13 Barron's, October 31, 1938, p. 10.
14 Nation's Business, December, 1946, p. 25.
15 Barron's, April 30, 1949, p. 1.
17 Ibid., January, 1951, p. 18.
18 Barron's, November 6, 1950, p. 1.
19 Ibid., September 15, 1946, p. 1.
20 Nation's Business, May, 1933, p. 18.
21 Barron's, February 27, 1933, p. 14.
23 Barron's, March 6, 1933, p. 12.
24 Nation's Business, May, 1933, p. 27.
25 Barron’s, March 13, 1933, p. 12.
26 Nation’s Business, September, 1933, p. 11.
27 Barron’s, May 21, 1934, p. 10.
28 Fortune, June, 1942, p. 37.
29 Nation’s Business, April, 1946, p. 31.
30 Ibid., p. 35.
31 Ibid., May, 1953, p. 98.
32 Ibid., December, 1952, p. 18.
33 Ibid., April, 1937, p. 13.
34 Fortune, June, 1932, p. 53.
35 Barron’s, December 24, 1934, p. 10.
36 Ibid., June 17, 1935, p. 10.
38 Ibid., September, 1939, p. 13.
39 Ibid., May, 1938, p. 7.
40 Ibid., January, 1940, p. 13.
41 Barron’s, June 19, 1935, p. 10.
42 Ibid., June 9, 1934, p. 10.
44 Ibid., December, 1937, p. 9.


53 *Fortune*, February, 1940, p. 90.

54 *Nation's Business*, January, 1931, p. 12.


60 *Nation's Business*, June, 1953, p. 2.


A study of the business editors' response to the operations of the political power structure in the United States would not be complete if restricted to the separation of powers and federal systems alone. The policies advocated by the President and the Congress and the activities undertaken by each or together have a relationship to the party system and the system of group interests. Consequently, this chapter seeks to add to the understanding of the business editors total response to the political power structure by examining the response they made to the political parties and pressure group activity.

The data collected in this category accounted for 15.2 percent of all references. The numbers and the percentage of the total collected in each presidential administration are as follows:

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The percentage variation among the periods is one of the highest in the study. The 1933-36 interest can be attributed to the usual reason, namely, the vigorous Democratic administration. Interest then slackens and the data do not reveal why this is so but there may be two reasons for this. First, the overwhelming
defeat of the Republican in 1936 which led to some speculation as to whether the two party system was dead in the United States. Second, the war years focussed attention on other problems such as regulation.

Almost twice the attention, 30.1 percent as against 15.9 percent was given to parties and interest groups as compared to regulation in the 1945-48 period. The reason for this was the election of the Republicans to Congressional power in 1946, their expected capture of the White House in 1948 and the hope that the 80th Congress would deal effectively with the rival group of labor.

The high percentage of interest exhibited in 1953-55 which was once again the highest percentage of any category was the result of the Republicans return to power.

The following data will indicate: (1) an increasing awareness of the power of political parties and pressure groups; (2) a steady shifting of allegiance to the Republican Party; (3) an appreciation of the competition offered by a two party system; (4) an argument that parties have a moral function and that politicians are usually immoral, especially Democratic politicians; (5) a belief that pressure groups that enlist the aid of government on their behalf are malefactors especially if they are "mass" groups; (6) an attitude that the general public is gullible and unaware of what constitutes its best self-interest.

Editorial Opinion of the Politician

The word "politician", which, in American society is more often
than not used in a derisive sense to describe an unsavory, distaste­ 
ful or dishonest man, had an even more serious connotation or, per­ 
haps, denotation for the American businessman, especially in the 
1930's. While the American people may be willing to view the 
politician's activities and his occasional indiscretions with cyni­ 
cism, such was not the case for the business community, for the 
politician was adjudged guilty of far more serious charges than 
are usually placed against him. Quite typically, however, he was 
described by the generic term rather than being identified as a 
specific person. Presumably, if one looked, one could find a man 
to fit the description. He, as a part of government, had an ideal 
role prescribed for him by the business community that was severely 
limited indeed.

Natural economic law was suspended by the politicians who 
sought answers by political expediency and emotional appeal rather 
than searching for basic principles. Editors argued that the 
politician could and did play on the economic illiteracy of the 
masses while promoting his panaceas and would continue to do so 
until the public became better educated. When such a time arrived 
he would have to return to advocating natural economic laws rather 
than the political panaceas for economic problems that threatened 
the liberties of the nation itself. When the American people re­ 
alized that the business of America was business and that "what 
helps business helps me," they would drive the unscrupulous 
politicians and demagogues from office.
Politicians were also described as opportunists and deceivers because they encouraged men to believe that they could get something for nothing. In so acting they created class consciousness and prejudice that sapped the strength of the society; and this they did for the meanest of motives, their own personal gain.

One editor went so far as to accuse the politicians of outright disloyalty. The taxation problems of the Roosevelt administration were viewed as being the result of action by politicians who had the "temerity, if not disloyalty, to take this nation's whole financial and economic system as a gambling stake in a mad lottery."

However, in 1935 the national economic situation seemed to demand the cooperation of businessmen and politicians. If there was not a "whole-hearted effort toward mutual understanding, a national catastrophe (was) inevitable." The initial requirement for bringing about this cooperation was seen to be convincing the politician that he could not perform the functions of the businessman. Contrariwise, the businessman was not a good politician, it was argued, because he became impatient with the restraints necessary to handle conflicting mass opinion. The businessman's method of operations demanded arbitrary decisions for which he alone was responsible. The politician's role, of necessity, was to conciliate and compromise the conflicting forces in society. Businessmen who characterized all politicians as charlatans failed to understand the politicians' fundamental purpose and until they did there
could be no real cooperation between the two groups. Cooperation was a two-way street and national solvency demanded a halt to the name-calling on both sides if the nation was to survive. This was one of the first references indicating a changing attitude by businessmen to the role of the party professional in American government and a realization that somehow businessmen must take cognisance of his position. Chapter X will indicate that businessmen eventually sought a more active political life for themselves in order to offset the politician.

If the politicians were held responsible for prolonging depressions, they were to be held even more responsible by the editors for starting wars. It was politicians like Adolf Hitler and American Congressmen who mismanaged nations' affairs and created international strife. Any attempts to place the blame on business for creating wars were "red herrings" fooling no one other than the "babbit-baiters." No other group, it was argued, was so firmly opposed to foreign wars.

Attitudes Toward the Two Party System

There was a general agreement throughout the period covered by this study that a strong vigorous two-party system was essential to American democracy. The business community turned to its economic theories of competition to describe the benefits. Such a system would prevent tyranny by usurpation as well as put a block in the path of any radical movement. The two-party system was considered as an essential ingredient of the American check
and balance system.

Also, the two-party system was considered a natural and desirable product of a federal system as one party should be centripetal in its philosophy toward national-state relations and the other should be centrifugal. Divergent solutions to the problems that sprang from federalism had been and would continue to be a basic source of conflict in American political life and it behooved each major party to take an opposite stand so that the people could make real choices.

The Editors' Allegiance to the Republican Party

There was little doubt about which of the two major parties in the United States had the majority, if not the monopoly, of truth and wisdom as far as the business editors were concerned. The Republican Party may attempt to divorce its public image from the business community but that community viewed that party as the party of national salvation. This was entirely in line with the businessman's use of the competitive argument. It would be entirely logical for a group to support a party that presented opposition to a party in power that appeared to be fundamentally opposed to the group's basic beliefs.

The allegiance to the Republican party seemed to grow throughout the period of the study and became particularly noticeable in the post-war era. But the roots of discontent with the Democrats were revealed early.

After the 1932 election but before taking office the Democrats
were suspected of being dominated by Ortega's "massman." If such were the case, there was little hope that the Democrats could be successful in the job before them unless by good fortune rather than good judgment they had selected a strong leader.

Business distrust of the New Deal Democrats reached a point soon after Roosevelt's election that leading businessmen in the Democratic party withdrew their support in protest and many joined an ultra-conservative group known as the American Liberty League. Its existence, it seemed to the editor of Barron's, was convincing proof that the Democratic administration had moved so far away from the people it governed that it had to defend itself against them.

Business reaction to the 1932 election was substantially different from that exhibited toward elections in later years. It could not be foreseen that the course of government relative to the economic life of the nation would be substantially altered regardless of which party came into power.

Herle Thorpe, editor of Nation's Business, had predicted that a victory by either Roosevelt or Hoover would make little difference in the economic future of businessmen. Business, at that time, seemed to be experiencing a "slow, dragging recovery" and if this continued there would be further proof that the "rise and fall of business cycles are not greatly affected by politics - the politics of campaigns, of flag waving and fist shaking."

After the results of the election were known, Thorpe repeated
the prediction. Democracy, he wrote, was bigger than political parties and the American election system was capable of correcting any mistakes that it had made with a period of four years and "the country will not be irrevocably lost in the meantime." 15

Business editors also argued that neither political party could make a claim on prosperity as it was non-partisan in character and sprang from economic rather than political causes. Parties could, however, injure business through unwise measures although they could not be credited for any contributions to the development of an affluent society. The best possible economic policy the parties could pursue was that of laissez-faire thereby permitting economic nature to run its course. 16

Barron's reported in 1934 that chief among the profound truths discovered by the American people during the depression was that the solution to future problems did not rest with any political party or any social, economic or philosophical groups but rested, instead, on a fundamental of the capitalist system, namely, capitalist created initiative. 17

One unenlightened action of which the parties seemed to be particularly guilty was the engendering of class strife. Business saw this technique as being one of the more sinister methods used by both parties to gain power. Both Democrats and Republicans were presumed equally guilty of seeking out scapegoats on which the masses could relieve their frustrations. With the passing of time, however, it was the Democratic party and the New Dealers who
seemed more guilty. When Senator Robert Wagner, Democrat of New York, accused the Republican Party of being heartless and reactionary, the editor of Barron's, for example, was moved to point out that such statements would ultimately produce a national tenor of public opinion where "industrialists, businessmen, bankers and property owners, as such," would be treated as public enemies in whom were concentrated "all of the evils of human nature." Such "nonsense" was foreseen as creating a potentially "dangerous social and political condition."

The New Deal revealed to the businessman that the Democrats were committed to the weakening "palliative of the dole" whereas the Republicans were bound to a faith in the beneficent results of honest work in a "self propelled economy." The Republicans failure to win the 1936 election raised the question of whether the party's influence was ended as a real force in American politics. This question was conceived to be a crucial one for the 16 million Landon voters and the vast majority "of the owners and managers of American business." The problems of the Republican party might be resolved, claimed one editor, by aligning its forces with the "true liberals" in the Democratic Party so as to provide for the American people a "liberalism that would really liberalize, an opposition that would really oppose."

The election of Mr. Roosevelt to a third term was disheartening news to the business community, who saw the election results as a national commitment to socialism, the fourth term could only
mean more trouble to business from organized labor since the Democratic Party owed labor something for its election. Even when Truman assumed power shortly thereafter it was believed by businessmen that he could not act to avoid post-war labor turmoil since his party had such close ties with organized labor. 22

Business editors had been alternately pessimistic and optimistic about whether a groundswell of conservatism had been forthcoming in the world but if it came the logical vehicle for its expression was seen as the Republican Party. 23

The return of the Republicans to Congressional power in 1946 with the election of the 80th Congress, the 1948 presidential campaign during which it appeared the Republicans were going to control the White House, and their actual success in 1952 made this a period of considerable discussion on the effects a Republican victory would have on the country and to business in particular. It is for these reasons that the post-war period is particularly revealing of business allegiance to the Republican Party's cause.

In 1946 Congressional campaign the business editors were cautious about any long-range benefits accruing to them from the Republican victory. It might well be, they argued, that such a victory would only be a temporary respite from the world-wide trend to the left. Fortune's editors considered it to be a distinct possibility that the United States had moved so far in the direction of a planned economy that neither party could support
a program that did not include such things as welfare measures and inflation.

However, they continued the argument with the statement that a fatalistic acceptance of this position was an admission that free competition, free markets and free enterprise were relics of the past. These policies had to be reform as the nation's welfare depended upon them and "it should be obvious that the Republican Party and particularly the business community have the fight of their lives on their hands."²⁵

Business was still cautious and somewhat fearful about what the future held for it after the election of the 80th Congress. Barron's noted that the Republicans had to use their power judiciously, for otherwise it might well have been the "Indian Summer of capitalism."²⁵ However, business was reassured by the same editor it could plan ahead with the knowledge that increasingly sympathetic attention to its real needs would be given by the Congress.

Fortune was somewhat more effusive after the election results were known. It noted that for the first time in sixteen years the party of business enterprise as opposed to the party that paid a minimal regard for the relationship of political freedom to private initiative was in control of the Congress. The Republican victory could only mean a revitalization of capitalism. This, in turn, would release the American creative energies that came not from central planning but from fostering the competitive market.²⁶
As the 80th Congress neared the end of its second session, Fortune was certain that it was the Republicans who really understood the American free enterprise system and who could make it work.

The 1948 campaign gave some hope to the business community that its thesis would be empirically tested. Although business was operating at a high level of activity it was believed that this activity would reach even higher levels after Dewey was elected. The reason for this hope sprang in part from the Republican promises to reduce taxes and regulation (and this party was known for keeping its word).

The business community was not too happy with Dewey's program for welfare legislation but acknowledged that if the Republicans wanted to regain power they must "accept and adopt themselves to the leftward shift in the center of gravity of political power which has taken place in the United States." But if this bitter pill had to be swallowed, it was at least sugar coated by the fact that the "political and moral bankruptcy" of the last two administrations was about to end and that the political climate for business was to be "fair and warmer" with a party in power that had been "friendly in the past."

The high degree of optimism among businessmen that there was going to be a Republican victory and that it would result in better business-government relations was revealed in a poll of businessmen reported in the July, 1948 Fortune. In predicting the outcome of
the election, 96 percent preferred a Republican victory and 98 percent foresaw it. If the Republicans won, 85 percent saw this possibility as being favorable to business as opposed to 2 percent if the Democrats won. However, 52 percent believed it would make no difference to the economy if the Democrats did win but 44 percent believed a Democratic victory would prove unfavorable to business as compared to the 1 percent who foresaw such a result from a Republican victory.

"Nation's Business" was even more optimistic as it forecast the potential Republican victory would lead to the restoration of complete power to business. But, it warned, business and its friends should not be over-jubilant and use the new power "injudiciously by doing things which would be regretted later. The editor suggested further that the powerful business interests "right undertake to see that consumers, farmers, labor and small business are given greater consideration in forthcoming elections."

After the election, "Fortune" saw this same lack of consideration by the "party of capitalism" as the reason for its defeat. The editors suggested that a myth had been created that the masses only revolted against their "traditional aristocracy, the Republican business class" at times of great crisis but the election had shattered the myth. The results of the election were of less immediate concern to the capitalistic system, as such, but were a profound lesson to the capitalistic party. A Republican bias toward business was obviously not a sufficient enough difference
from the Democratic party on which to found a great party, especially in view of the fact the society was now "laboristic." The Republican Party could not return to full power until it interested the farmer and the laborer in the Republican cause. That cause would not be found in any one class' interest but in the interests of all classes in preventing the drifting by default into a state socialism "that nobody wants." The Republicans in order to redirect the nation's course toward democratic capitalism had to go beyond the interests of the businessman and had to consult with other groups. Any supposition that such a cause did not exist or could not be found was to conclude "that there is no future for American democracy, let alone capitalism." 32

Professor Wilfred E. Binkley offered similar advice to the Republicans in early 1949. He, too, believed the Republicans must "outwit" the Democrats by developing a positive program that included all elements of the society. Moreover, since the Republican Party was the party of business, it was the responsibility of businessmen to make the necessary intra-party changes. 33

It would appear that the 1948 election which startled many people was almost a traumatic experience for the businessman. His hope was high that he was returning to power, a hope that had been engendered by the 80th Congress and its enactment of the Taft-Hartley Act. It now appeared obvious to him that the "old days" were gone forever.

The election of Mr. Truman was profoundly disturbing to
Barron's, as it attributed his victory to a demagogic appeal to the pride of labor and agriculture. His victory portended an even greater extension of controls and repression than had been witnessed under the New Deal. It was particularly distressing that price control measures would probably be more all-embracing.

However, all was not conceded to be lost since the Republican Party would eventually "rescue" the country from the Democrats. Some people had derided Republican claims of "creeping socialism" but when a country spent "25 percent of its wealth on government it can go socialist without a shot being fired." Only the Republicans understood this danger and consequently only they could save the country.

Fortune charged in 1952 that it was entirely accurate to label the Democratic Party as the party of centralization. It was committed to planning, subsidies, guarantees and government investments which weakened the private initiative system responsible for building the country. Fortune also directed the Republican Party to announce the economic facts to the people who had to realize that one could not get something for nothing and that government was not the creator of prosperity. The government's role was that of policeman and umpire to guarantee minimum standards and to organize certain insurance schemes.

The editors at first appeared to favor Senator Robert Taft, Republican of Ohio, for the 1952 nomination but agreed that the country would return to national solvency and self-respect regardless
of whether Taft or Eisenhower were elected.\textsuperscript{39}

There had been some question in the minds of the editors in 1951 and 1952 as to whether Mr. Eisenhower was a Republican or Democrat. After he decided that he was a Republican the editors warned of the possibility of his nomination by the Republicans in the summer of 1952. In March of 1952 he was endorsed for the nomination by \textit{Barron's} since he was thought to believe in limited government and was credited with having the knowledge that political freedom could not exist without free enterprise. \textit{Barron's} selected him as being the best available candidate to stop socialism at home while remaining strong abroad since the "task of restoring and enlarging the free market is indissolubly linked with that of providing adequate national security."\textsuperscript{30}

Nor did the business community believe later, after his election that it had any reason to regret its choice. No great and dramatic moves were expected upon Eisenhower's ascension to power since the role of the Republicans, as conservatives, was to weed out the unnecessary. The party's objectives were defined as reestablishing sound money, restoring incentives and "the return of production and distribution to the democracy of the marketplace."\textsuperscript{31} The election was viewed as a reversal of a twenty year trend toward an all-pervasive government. Seven months after his inauguration Eisenhower was portrayed as the man, who, realizing that the " mainspring of our society" is in the "private voluntary action of American citizens", was returning at least a fraction
of the "government's power to the people."\textsuperscript{42}

Businessmen also found hope in President Eisenhower's remarks that the Tennessee Valley Authority was an example of creeping socialism. President Eisenhower had stated that it was unfair to tax all of the people so that some of the people could have cheap power; moreover, such projects led to too much centralization of power in the national government. These statements were further proof to the business community that the general philosophy of the Republicans represented a sharp break with the recent past.\textsuperscript{43}

There was at one time some apprehension among businessmen as to whether the Republicans "were letting the conservatives down." Although believing that Mr. Eisenhower was a conservative by instinct, he was not acting quickly or vigorously enough to formulate an economic policy based on sound money, nor had he exhibited a "fighting faith" in open markets.\textsuperscript{44} Here was a situation where business would apparently have liked a strong, vigorous President who would take the problem in hand and quickly dispose of it. It is indicative of the greater confidence business had in the leadership of the nation when the Republican party was in power.

However, by the end of 1955, Nation's Business had come to the conclusion that the battle for conservatism had been largely won. Its editor predicted that even if Eisenhower could not seek office again because of his health, the next President would still be a moderate for only a moderate could be nominated by either party.\textsuperscript{45}
Businessmen's Sense of Responsibility Toward the Eisenhower Administration

Businessmen had a sense of responsibility for this administration and believed that it behooved them to do their utmost to guarantee its success. An Eisenhower depression was regarded as a possible catastrophe to the free enterprise system and one that might return business to the "doghouse" (a favorite expression) forever.

This attitude was somewhat different from that expressed in the 1948 campaign by the Barron's editor who remarked that a recession early in the new administration would be politically good for Dewey, who could take credit at the next election for the ensuing recovery. Of course this statement was made before the Republicans had the actual responsibility for government and must be evaluated in that light.

What is interesting is the long-run change in editorial position. It will be recalled that in earlier years businessmen saw no connection between political parties and economic fluctuation. As the Democrats consistently advocated policies antithetical to the business community the consequence was the closer identification of the business editors with Republicans. It then became imperative for the business community to put forth its best efforts to maintain a healthy economy while the Republicans were in power.

Some evidence of the changed attitude toward the capabilities of the political party is also evident in a contrast between the
editorial cited above and one that appeared in the same publication in 1930. At that time the editor argued that political parties have little to do with depressions and that hard-headed businessmen would not be seduced by such a myth into believing that a change in party would be a means to better business.

The closer identification of business interests with a political party had its origin in a closer identification in the business mind of political party policies with national policies. As the government moved into areas once believed forbidden to it, the party that was in power at that time, the Democrats, were held responsible and the only recourse available was the Republican Party.

**Attitudes Toward Pressure Groups**

Business editorial attitudes toward pressure group activity including attitudes toward that kind of activity carried on by business itself were generally negative. The group that business feared most was its "natural energy" of organized labor, although there were sporadic anti-agriculture references.

There were several given reasons for this general negative attitude. First, business reasoned that the essential activities of groups were private in character in that they were largely concerned with economic activity. Groups represented commodities of various types, such as labor, and the cost of commodities was fundamentally a problem for the free marketplace. In David Truman's terms, interest groups should not become political interest groups.

The second reason flows from and is, perhaps, a part of the
first. Government’s role was to provide only the minimal necessary supervision to keep the marketplace competitive; it was to serve as an umpire. When it went beyond that function of umpiring it placed unnecessary controls on the marketplace. This, in turn, led to the eventual abrogation of political freedom and the erosion of initiative and spirit. Thus, when groups gained or used political power to restrict the free flow of supply and demand, they forced government to take on responsibilities that did not belong to it and the servant eventually became the master.

Business groups who sought regulation of their competitors were not excused either. It was far better to work for the lifting of all restraints from business than to be a traitor to the greater cause by seeking a false self-interest.

It is obvious to all that business does, in fact, maintain well financed pressure groups. How did it then defend itself in opposing this activity?

The answer is twofold. In the first place, business was forced to take action to defend its own interests. That is, to ensure its competitive position vis-a-vis labor and agriculture, business found it essential to go into political competition with other groups but it did so with great reluctance.

Second, there was a presupposed fundamental difference existing between business and other groups. This difference was based on the fact that the self-interest of business was identical with self-interest of the nation, whereas the self-interest of other
groups was directed inwardly and was destructive of all of those attributes and characteristics that had made the nation the envy of the rest of the world.

A survey of the arguments, especially those concerned with labor, made over the period of the study reveal the basis for the arguments presented above.

As early in the study as August, 1932, business feared that the United States had a labor government since the government appeared to be putting the interests of organized labor before that of business. Section 7(a) of the National Industrial Recovery Act was portrayed as a dangerous step backward from business freedom toward domination by the unions. In 1934 the American Federation of Labor was viewed as an experienced and audacious lobby seeking power without responsibility by threatening opposition to anti-labor Congressmen at the polls.

The enactment of the Wagner Act was considered a step down the road toward totalitarianism. It took government out of its traditional position as an impartial observer and made it a partner of and disputant for labor. If the Act were used to establish labor costs there could be no end to the problems it would create by upsetting the natural balance of economic forces in the marketplace.

Businessmen argued that the direct government intervention in specific labor disputes was based upon two fallacious arguments. First, employers had no real regard for their employees. Second,
a government board could be disinterested and, thus, competent to solve problems of conflict of interest. The latter was applying a political technique to an economic problem and held no hope for lasting industrial peace, whereas, the first was an unwarranted assumption. Group power had become so obvious to businessmen by 1935 that it was considered the dominant political force in the land. The success of any political party was seen as being dependent on reconciling the demands of a sufficient number of competing groups. Thus, since the purpose of political parties was to obtain or retain power the groups were, in fact, the effective government.

The 1935 election results were not good news to the businessman for they meant to him that a larger share of the national income was going to be diverted to labor. The partnership, he claimed, between the government and the Congress of Industrial Organization was obvious and had resulted in prolonging the depression by making business wary of investing.

_Fortune_ noted in 1937 that the businessman had no real objection to organized labor provided it did not impede business's free action as an owner or as a representative of owners to employ and dismiss workmen without external interference.

Business editorial opposition to unions began to stiffen during the war and became significantly more pronounced in the post-war era. The union's growing strength led the editors of all three publications to note that uncontrolled "Big Unionism" was
just as dangerous as uncontrolled "Big Government." Unions appeared to the editors to be exercising far too much power for a private group. When President Truman stated that it was his belief that both management and labor had too much power, Barron's felt obliged to retort that management, in fact, had little power remaining to it.57

Indicative of the growing awareness and fear of big unionism on the part of business is the fact that 72 percent of the references to labor were found after the mid-point of the study, 1953.

It was believed that the Roosevelt Administration had been playing a dangerous game of giving labor just enough to satisfy it but not enough to arouse the public's ire. There eventually had to be a "day of reckoning" when the administration reached a point where it could give no more and that would be a dangerous time indeed because the resulting industrial strife would create economic and, perhaps, political chaos.58

For example, it was believed that one of the greatest dangers to society was class warfare and this was exactly what the laws of the land, especially the Wagner Act, were promoting. Big Unionism was seen as a tool that anti-democrats might one day use against the country. Even if this event did not occur, the problem remained essentially the same for there must inevitably be a slow but irresistible erosion of the political institutions brought about by the gradually increasing power of the unions. Fortune editors thought that it was "crystal clear"
from the increasing strength of the trade union movement that the United States was faced with "a fundamental question of group power that (could) no more be dodged than could the question of the power of big business." 50

The problem was fundamental to the survival of democracy, Barron's argued. Unless some method was devised to curb labor's monopoly power, as that of business had been in 1890, the political system was going to be undermined. 51 Unions were becoming so powerful that government itself was not able to cope successfully with them. 51

The election year of 1940 brought consistent pleas from the business editors that the Congress enact some type of legislation that would restrict labor. The election of the 80th Congress brought with it the hope that the "most insistent" question of the day would be answered. 52

The return of Republicans to power in the 80th Congress brought forth a spate of comment on union monopoly. None of the editors promoted the proposition that unions should be destroyed. It is probable that the business community was not being as generous as might appear from a superficial glance. For one thing, it was fearful lest too radical legislation would have unfortunate repercussions later. It appeared to respect the political power that labor could muster if it came to a decisive battle; the setbacks suffered by the business community over a period of years had not given it much confidence that it could win.
It is also possible that breaking industry-wide bargaining appeared as an opportunity to manage unions without taking on the appearance of being anti-union. Moreover, industry-wide strikes involved the public interest and this brought another formidable rival, namely, the government, into the negotiations. If the government was controlled by labor to the extent business believed that it was, the odds for management to win a strike were considerably reduced. 63

The editors argued that the business community and nation were threatened in another way by the labor monopoly. A dangerous situation had been created by this trend where power and prestige was flowing to union leaders and politicians. The net effect would be the enlistment of the nation's bright young men into these professions and the nation would suffer since "none of these pursuits can possibly match the accomplishments of business enterprise, which is what has made the United States strong." 64

Another danger was the inherent socialization that accompanied unionism, the editors argued. Union emphasis on consumption rather than investment led it down the wrong economic and, hence, political road. Moreover, the seizure of struck industries by the government was getting entirely too close to outright socialization. 65 And an increasing share of the national political power going to labor would inevitably result in the public control of the means of production. 66

The Taft-Hartley Act did not mollify the business community.
Government, it argued, should not be participant in labor disputes. This kind of activity opened the disputes to political pressure where the number of voters rather than the facts decided the issue. So even after the passage of the Taft-Hartley Act there was considerable unrest in the business community over the labor situation, and pleas to the government to apply the Sherman Act to labor were made repeatedly from 1949 to 1955.

Summary

Business editorial attitudes toward interest groups and political parties adds evidence as to the businessman's concept of the proper role of government.

The political party as a vehicle of power was seen as having public policy-making functions, whereas the interest group was viewed as being essentially private in character and with no legitimate claim to a public policy-making function.

The business editor did not differ from most citizens in that his favorable response to policies advocated by the parties depended on their meeting the test of what he conceived to be good.

The two party system was viewed as having intrinsic merit. However, when it appeared that one party -- the Democratic -- was pursuing policies that businessmen believed were not only unjustified but dangerous he, in fact, became a bipartisan advocate in terms of his belief that both parties should pursue policies favoring an open market. That is, both parties should become as one party in this policy area and their disagreements should lie
in other areas. Competition between the parties was considered good but only under certain circumstances.

Before the depression neither party was viewed as villainous by businessmen in the kinds of terms that one, at least, was afterwards. This undoubtedly accounts for the point of view expressed in the 1930's that it mattered little which party won the election as the same economic problems would remain.

While it was agreed that the actions of parties and politicians could have unfortunate moral and economic consequences it was not apparently believed that they would act so as to be a serious threat. The unexpected result may well explain the increasing intensity of allegiance given to the Republicans.

Ideally, in the editors' opinion, a two party system should have been so well balanced in power distribution that little government action other than housekeeping activities would occur. In no event should either party advocate policies that placed government in the economic marketplace.

Ideally, interest groups were to be private in nature, seeking their own self-interest in competition with other groups in the non-public arena rather than seeking government assistance. If government was to act at all it was to be an umpire seeing that no unfair advantage was taken by one group of another.

Business pressure groups which sought regulation of other business groups were seen as really acting against their own self-interest as they brought government more and more into an area
where it had no real concern. But business pressure groups, as such, were defended on the grounds of self-defense. Business, the editors claimed, would really rather not indulge in this kind of thin; as the conflicts between groups should really be settled out of court, so to speak. Business had to be practical and if other groups could not see the dangers of this kind of action business could not stand idly by and permit them to further ruin the country with their policies.

The relatively small amount of voting strength that the businessman could muster undoubtedly influenced the business editors' opinions. They noted several times and, it seemed, rather petulantly that pressure groups acted unfairly when they brought their numbers to bear on a governmental decision. Business editors were rather distrustful of the "masses" anyway. And, in fact, they saw the masses as responsible, in particular, for the Democratic party's total philosophy and for the necessity, however distasteful, of the Republicans advocating some New Deal policies to gain power.

This elision formed a large part of their thinking and explains in great measure their response to much of the data presented heretofore. This study now directs its attention to the self-conceived social, economic and political role of the businessman.
NOTES

CHAPTER VIII

1 Barron's, February 24, 1926, p. 8.
3 Ibid., February, 1938, p. 13.
4 Barron's, February 24, 1936, p. 8.
5 Nation's Business, March, 1932, p. 9.
7 Nation's Business, April, 1935, p. 7.
8 Ibid., April, 1935, p. 7.
9 Ibid., April, 1937, p. 8.
11 Barron's, November 14, 1932, p. 12.
13 Barron's, August 27, 1934, p. 10.
14 Nation's Business, November, 1932, p. 15.
15 Ibid., December, 1932, p. 11.
16 Barron's, December 17, 1934, p. 10.
17 Ibid., June 4, 1934, p. 10.
18 Ibid., October 1, 1934, p. 12.
19 Ibid., November 11, 1935, p. 10.
20 Fortune, February, 1937, p. 67.
21 Barron's, November 10, 1945, p. 1.
22 Ibid., July 9, 1945, p. 1.
24 Fortune, September, 1946, p. 2.
25 Barron's, November 11, 1946, p. 2.
27 Ibid., August, 1948, p. 2.
29 Barron's, September 27, 1948, p. 1.
30 Fortune, October, 1948, p. 78.
31 Ibid., July, 1948, insert.
33 Fortune, December, 1948, p. 84.
35 Barron's, November 8, 1948, p. 1.
37 Fortune, August, 1952, p. 76.
43 Barron's, June 22, 1953, p. 1.
44 Ibid., November 2, 1953, p. 1.
46 Fortune, September, 1953, p. 91.
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<tr>
<td>49</td>
<td>Ibid., August 7, 1933, p. 12.</td>
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<td>50</td>
<td>Nation's Business, October, 1933, p. 27.</td>
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<td>51</td>
<td>Barron's, September 24, 1934, p. 10.</td>
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<td>52</td>
<td>Ibid., September 10, 1934, p. 10.</td>
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<td>55</td>
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<td>58</td>
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<td>63</td>
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<td>64</td>
<td>Ibid., November 21, 1949, p. 5.</td>
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<td>66</td>
<td>Ibid., November 29, 1948, p. 4.</td>
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<td>67</td>
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CHAPTER IX

THE SELF-CONCEIVED ECONOMIC AND SOCIAL ROLE OF THE BUSINESSMAN

The data presented thus far in this study has already given
glimmerings of the role the businessman envisaged for himself in
the society. However, the business editors were not reticent about
explicitly defining these roles.

Specific references to the social and economic role of the
businessman accounted for 12.4 percent of all references. The
total per period and as a percentage of the total within each
period is as follows:

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<tr>
<td>1953-55</td>
<td>9</td>
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<td><strong>Total</strong></td>
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While all time periods indicate a substantial measure of in-
terest by the business editors in the economic and social role of
businessmen, there are three periods where this interest is more
pronounced.

The 1930-32 period was a time of serious questioning as to
what kind of leadership the country needed and to what degree of
responsibility the businessmen were to be held for economic condi-
tions. There was, in addition, the question of who was responsible
for alleviating the effects of economic depression on the individual.

This was a period of confusion and it is reflected by the fact
that more questions were raised than answers were given. The answers that were given did not reveal any imaginative approach by the editors but relied on the traditional 
\textit{laissez faire} philosophy.

The first Roosevelt administration witnessed the radical changes mentioned heretofore and the obvious centralization of leadership in Washington. Editorial response was pessimistic and fearful. Optimism began to revive in the 1937-40 period when it appeared that the worst was over and business had some hope it could regain its former status. In addition, this was a time when the attention of the government began to be directed more toward international affairs. The war years of 1941-44 were the very optimistic years for the business editors. It appeared to them that the war would end the New Deal while at the same time the contributions of business to the war effort in terms of production would recreate a favorable public opinion. This was also the time when business began to speak in terms of its social responsibilities and of its duty and ability to "plan" the economy in order to modify the extremes of the business cycle. The data will indicate that the business community's acceptance of certain new responsibilities was not wholly altruistic.

The social, economic and leadership roles and responsibilities the businessman envisioned for himself in the study period are not, of course, separate and distinct from one another but blend, as his attitudes toward government roles blended, to form an overall pattern of response to those pressures applied to him over a period of
The question is what, if any, alternatives the businessman saw to government action in the economy. What was certainly central to the businessman's economic role was the production of goods and services; but did his liability extend beyond that function and if so, how far beyond and in what directions?

The Businessman's Role as Civilizer

A part of the businessman's concept of his role in society rested on his definition of "civilization." It was obvious to the business editors in the 1930-32 period that despite the depression, which they saw as only a temporary and natural relapse of short duration, that the United States was better clothed, better housed and better fed than any other country in the world. The sum total of all the material resources of the land meant that the United States was more civilized than those nations enjoying less. The American citizen owed this bounty, it was argued, to the competitive zeal of their business servitors.

Businessmen saw themselves as the agents responsible for developing the "American civilization" and they were, it was held, the only civilizing force since civilization was identified with material prosperity. Other aspects of civilization such as the arts were a product of a high plane of living. The editor of Barron's put it bluntly when stating: "An advanced civilization and out social fabric rest upon successful business enterprise which makes possible great advances in the arts and sciences and in the standard of living." ¹ Science was to be practical and the arts were
limited in concept.

The influence of industrial design, for example, was seen as saving the United States from an impending descent into barbarism. The influence of the mass mind on government would eventually create a nation of "look alikes." Government had never created art in the form of money, buildings or soldier's medals, but business was doing so and thereby adding to the aesthetic aspect of civilization. A similar idea was put forward by the Fortune editors a few years later when they stated that the United States lacked the kind of artistic expression that did justice to its skyscrapers, technological skills and way of life.

However, civilization was primarily a result of business acumen. And, the civilizing function of the businessman could be carried on only under certain conditions. A "civilizer" was an adventurer holding off and overcoming the forces that attempted to prevent man from conquering nature. The risk in this endeavor was equal to that found in opening virgin lands and the rewards had to equal the risk.

**Businessman's Function as a Risk Taker**

The gamble in being an adventurer of this sort was the potential loss of property rather than life. The reward would be an increase of property. All men were motivated to action by an incentive of this type and would take the necessary risks for such returns. The product of the adventure was in the final analysis an enriched society.
The sole business of businessmen was to make money. If they could not make money they would not take the necessary risks to advance civilization nor have the wherewithal to take further risks. If they did not make money it was evidence that they had failed or that the society in its ignorance of the true reason for profits had confiscated their rewards.

A business that was not showing a profit was not much of a business and a business that was not planning to make a profit was considered no business at all. It was only by making profits that the businessman could serve the community. If this were so, then the profit motive became morally justifiable and needed no further defense.

However, the attacks on the profit system from various sources had their apparent effects on the businessman. *Fortune* noted in 1940 that whereas the capitalistic system was based on profit, the nation's business managers seemed as ashamed of it as an adolescent was of sex. If prosperity was to return, the editorial continued, it would be necessary for the businessman to rid himself of this adolescent sense of shame. Moreover, the New Deal Administration had also to recognize that if it desired the friendship and confidence of the people who had property to risk in new undertakings that it had to give them some hope of reward. For it was the reward of profits that encouraged business visionaries to do the hard grueling work necessary to bring conveniences to people. It was an incentive that had worked very well in the past and could
again in the future. While not totally ignoring the possibility that there might be incentives other than profit that could motivate man to do great things, it was profit alone that would motivate man to disseminate his discoveries and thereby advance civilization.

Consequently, the government had to be very careful indeed lest it discourage this type of activity.

Moreover, the progress that was based on the risk taking could only come from the actions of private investors and never from government. Only capitalists had the ideas and the vision that led to increased production. The businessman saw himself as courageously pushing ahead despite the handicaps placed on them by regulation and psychological barriers. Men continued to save and invest, undertake new enterprises and fight the machinations of the new economic order for it was believed that sanity would eventually return, but in 1936 how much more exploitation would have to be endured was unknown.

The business editors, "exploited", was the proper word to describe the situation of the businessman. While it was all very well for reformists and officialdom to speak of depressed classes, it was the investors who were the most depressed class in the nation. These were the energetic men who were being held back from the vital task of pushing the nation ahead. While the sick and incompetent were being favored with largesse, the well, youthful and competent were not being permitted to make the money which was the
sine qua non of national advancement.

The taxes that were used for social welfare were, in fact, destroying the social good. When taxes became confiscatory they destroyed the basis of the economy by removing the sources of risk capital and capitalism in order to live had to expand. 7

One of the solutions to the problem was seen as leading the public to the realization that "what helps business, helps you." When this fact was realized by the public the tax burden, unwise legislation and the demagogues would have had their day and frightened and cautious businessmen would once again willingly take the risks that were a part of business expansion. 8

William B. Benton, a trustee of the Committee for Economic Development, in a 1944 Fortune article concurred in most of the foregoing. He claimed that a true system of free enterprise encouraged venture and risk taking whether by the individuals or the group. Its most characteristic features, as he saw them were dependence upon competition and the free marketplace to determine who should produce what; dependence upon profit as an incentive rather than dependence upon prestige or compulsion; and an emphasis on free personal choice among economic opportunities. Opportunity and security were not viewed as conflicting drives for it was opportunity that was an indispensable part of real security. 9 That is, political and economic independence rested on the foundation of the accumulation of property that came from individual enterprise.
Merle Thorpe concurred and noted that the future possibilities were limitless if enterprise were free so that men would be encouraged to take risks and if those who succeeded were applauded for their efforts instead of being castigated. "Only if we are willing to pay this price can the future give up its treasures to the common man..." ¹⁰

Entrepreneurs were acting in the true tradition of the land, for had not George Washington, a wealthy man, accepted new ideas and principles that threatened all he owned but upon which principles had been built the mightiest nation ever? ¹¹

The Skill Function

The business group considered itself as a "skill" group. As such, it resented interference by those who were not members of the group. Businessmen considered themselves as a unique class having special talents that could not be duplicated. The war had brought home to the society, they hoped, a realization that the most precious commodity was not tin or rubber but able men. In a war where production was paramount these men were the business executives who could guide the nation's productive forces. The Administration's call for their services was, to them, recognition from an unusual source that there was no substitute for executive brains and experience. European nations were at war, the businessmen responded, because they had failed to solve the economic problem with government controls. The United States had listened to the same "political sirens" who presumably offered an easy out instead of making the
necessary sacrifices. Now that war had come to Europe, America needed the strength it could have only when the fetters were removed and business was no longer at the mercy of the well-intentioned but ignorant and inexperienced in the ways of economic life. Moreover, this great resource must be utilized after the war if the nation was to continue making progress. There was no other way, and this fact had to be recognized by encouraging and developing these unique talents. The destiny of the United States and the world hinged upon "not crippling the arms of those who supplied practical progress."

In 1955 the Barron's editors began to argue that the contribution of businessmen to the society included ideas as well as deeds. The good corporate executive, it was argued, was a man who believed in efficient management, free markets and individual enterprise. These were the ideas that were primarily responsible for the country's flourishing condition at that time and, as such, must be the doctrines to be carefully preserved for the future. Attempts to drive the businessman out of the Eisenhower Administration went deeper than party politics since such action was striking at the heart of America's economic greatness.

The Developer of Cooperation

The businessman was also described as the agent who had developed the cooperative spirit in the United States. It was argued that the United States had achieved its status only because of the almost indestructable spirit of its entrepreneurs
who sought the more abundant life, sped obsolescence and destroyed stagnation by ushering in an age of organization and cooperation. This cooperative spirit was found not only in industry but also in religion and education where the businessman had been a major influence in promoting collective efforts for solving common problems and in seeking out more efficient methods.  

Businessmen tried to present themselves as always seeking cooperation with government, but government never seemed to accept the invitation. Business and government were pictured as working for the public welfare together and they could not be in competition, especially in times of crisis like the depression, or both would surely perish.

The National Industrial Recovery Act was originally viewed as a logical step for the cooperation of the two groups but this cooperation as businessmen understood it required that government stand back and let industry regulate itself. The Chamber of Commerce believed that if the managers of business were allowed to arrive at rules and regulations openly with government acting as a representative of the public or as an umpire of conflicts arising among the industrial groups that the "downward spiral of demoralization will be checked and trade resumed." Business was ready to enter the new partnership under these conditions and to do its best to make the idea work.

Incidentally, there was some question in businessmen's minds as to whether the N.I.R.A. established socialism. Fortune assured
them that on the face of the act it did, but that it was being administered by businessmen and that there were members of the Cabinet who were "solid Americans" and had a stake in the capitalistic system. The scheme could not be socialistic when there were so many businessmen connected with it.

Disillusionment set in quickly. In December 1933, Nation's Business was beginning to wonder if the nation had not gone farther in theory than it should have in practice. The hoped for "partnership" between businessmen and government which had begun with the idea of consolidation and cooperation appeared to be taking on the aspects of compulsion. The practice of making every citizen an informer was regarded as particularly revolting to the businessman and not adding to the assurance and confidence of businessmen required for a business revival.

Another view considered such a cooperative venture as dangerous for the state and those who advocated it did so without realizing its full implications. Such a partnership would enchain government for its duty was to act as an arbiter among conflicting forces and if government should become a partner of business it would relinquish its dignity and, hence authority by accepting the hazards and responsibilities of participation.

While recognizing that the social structure had become so complicated that a certain amount of cooperation was necessary, the business community felt that government had not recognized the fact. Businessmen had tried to cooperate but government had been reluctant
they argued. Clayton R. Burts, President of Niles-Pond Company claimed that "this lack of understanding of industry's problems has made us all reluctant partners in some unusual experiments." 21

By 1939 the idea of cooperation had grown quite beyond question. While once again business desired it, it was impossible under the circumstances. Editors asked how would it be possible for a group who had committed itself to the extermination of the free enterprise system to make any of the necessary compromises? To do so would be to admit that it had failed to convert the nation to the "acceptance of the new order." Any expectation that those in political power would expose themselves in this manner was believed to be quite beyond reason. 22

Businessmen saw themselves throughout the depression period as willing to cooperate, but what this meant to them was promoting their economic interests without interference by the government. If cooperation was necessary or desirable it was the politicians who were to blame if it was not forthcoming. President Roosevelt was seen as willing to cooperate with business only if business accepted all of the New Deal programs from its purchasing power theory to its market regulations. Business could not be expected to accept this promise, at least at that time, for to do so would be the ultimate compromise, that of its own well established position being capitulated. 23

The Businessman as the "Natural" Leader of the Society

The rather one-sided idea of cooperation held by the businessman
was partially based on a view of their own leadership qualifications. That is, he who believed he has a legitimate claim to power finds it difficult to compromise.

An editorial by Felix Horley summarizes the "elitist" argument. A democratic government, he argued, was as good or bad as people wanted to make it, and since its authority rests on people it is possible for it to become degenerate. When people were led to believe that they own the government nothing but it owes them everything, the way is paved for government by interest groups placing self-interest over national interest. One of the advantages of aristocracy was that it developed a class who made patriotic sacrifices that were not expected of others. There was a time when it appeared that American businessmen would constitute an aristocracy which was revealed by that traditional test of legislation: what helps business is good for the nation.

Horley continued that a strong argument could still be made that the businessmen were the natural leaders in American life. When it was considered that the American standard of living was the highest in the world and that this had been made possible through the efforts of businessmen, it would seem reasonable that a class which has demonstrated such ability should also be entrusted with the direction of the affairs of state.24

Quite optimistically in 1930 an editor for Nation's Business commented that the center of power had been shifting from politicians to "business statesmen."25 After it became obvious that
optimistic prediction was wrong, the editors efforts were turned to arguing that if it was not true it should be true.

One given reason for their leadership potential was that businessmen comprised that group in the community who provided the businessmen's zeal to see trade active. He was providing a noble social service, for once this pressure was removed the living conditions of the average man would deteriorate. The probability of recovery was thereby sustained as the businessman forced the naturally inactive to activity.

The probability of recovery was based, at least in part, on the American people forgetting the prejudice they had developed toward businessmen while admitting that some men were born to manage, to be successful and to serve people by producing. And, since their function was production, the businessmen were as eager, it was argued, as any social reformer to see that each received a share, but it was to be an unequally divided share based upon the ability of the individual. Businessmen believed themselves to be realists in this respect in that there was no political panacea for insuring prosperity that could substitute for hard work and ability.

But, mostly, businessmen were leaders because either Nature or God had bestowed favor upon them but not in the sense that they were undeserving or had been given special privileges. The suggestion of Professor John Dewey that Senator George Norris should head a new party of social reform brought forth the comment that established the line that was followed. *Barron's* editor argued that
this action if successful (and it well might be because of the political masses) could only lead to placing the affairs of the nation in the hands of those who were less competent, who had not proved themselves in the competitive struggle.27

Businessmen's leadership ability was a "God-given ability to animate, initiate, develop, assign tasks, inspire, interpret policies, develop team play, appraise, and to nourish hidden values." The danger from politics was that it might destroy this spirit and ability which alone would give the American people the continuous and creative employment of all their resources. Thus, management must be recognized by all, and particularly by government, as a unique ability that must be respected, encouraged and protected as a national asset.28

The New Deal was accused of liquidating this asset as surely as Russian counterrevolutionaries had met the same fate. It had made the businessman feel that he had no rights, was of dubious character, and had substituted the law of men for written law while at the same time destroying the incentive of the individual.29

The process by which individuals attained leadership status was considered as the "soul of democracy." Anyone could attain the status if he had it in him to do so. But once attaining it, the status was maintained only by constant work for the consumers of the land were constantly voting new managers in or out with their purchasing power. Any attempt to supplant this natural talent with politics or labor would be committing national suicide.
If winning the war, for example, required this sacrifice the war would actually be lost as a way of life would be destroyed which had made it possible for those with managerial talent to function in the best interest of the entire country.

The problem of who was to provide leadership to the nation was a profound question in the early 1930's. Business editors were not reluctant to express their opinion. Herle Thorpe, who was articulate on every issue, stated the opinion that the greater amount of intellect, courage, will and enterprise of the nation was being spent in business enterprise than in any other aspect of the national life. The power and importance of business in American life, nevertheless, was inadequately represented in the government, which would function infinitely better if it were adjusted or attuned more accurately to the business force. A part of the reason why it was not so attuned was that while reformers, demagogues and politicians (sometimes they did not separate the three) concerned themselves with making statements and plans, the businessman remained inarticulate. One given reason why he was inarticulate, of course, was that the businessman was so busy providing the wherewithal for the nation.

However, it was certain that political leaders could not provide any answers to basic economic problems either. The politician was pictured as having to be a superman before he could concentrate his attention on the emergency rather than a forthcoming election. It would take a political superman, ran the argument, to propose
measures he adjudged right rather than expedient, nor could a business man really do the job. Leadership found its origins in the grass roots, in the daily activities of the individual. No single great leader, business or political had ever been necessary to pull the United States out of former slumps nor was one deemed necessary in the third year of the Great Depression.

Silas Strawn, President of United States Chamber of Commerce, claimed in 1932 that it was business's responsibility and not governments to return the country to normalcy. This was a task for each individual businessman working by himself and in cooperation with other businessmen through trade associations, chambers of commerce, etc. and was a group action.

Business in 1931 had not, however, been devoid of leadership actions. When President Hoover needed men to coordinate relief activities he had turned to businessmen. Nation's Business commented that as long as business could provide this kind of leadership to take the United States out of a depression for which business was only particularly responsible, its critics would be confounded by its "largeness of patriotism" and the "services of its citizenship."

In a deeper sense businessmen could provide the leadership the nation sought. They were the men of courage, imagination, resourcefulness and hard work which gave the nation its spirit of enterprise. The encouragement of that spirit and the intelligent questioning of every proposal that would dampen it would be the
intelligent course of action for every citizen to take. Businessmen were after all, the most skillful hands in advancing the material comforts of even the lowliest citizen whereas the orator, the politician and the writer only promised fulfillment but it was those who built the factories and managed them, who deliver the goods.  

A similar argument was made in 1955 when, after the New England floods of that year, business gave itself considerable credit for playing a significant role in reestablishing communication and commerce. Nation's Business was moved to comment that neither charity nor government could bring back the essential things of jobs, incomes and orderly lives - only business could do that and united business best of all.  

By 1935, when it appeared the immediate dangers of an absolute collapse of the economy had passed, businessmen began to suspect that it was regaining the public respect it thought it deserved and it believed as that respect increased business would regain its "legitimate place as dominating factor in all policies, federal, state, or municipal, since the business of the United States is the business of every man who lives within its quarters." Moreover, when businessmen asserted in practice the leadership they claimed in theory, the major economic problems of the nation would disappear. The American people would repudiate paternalism and the dole and ask for a chance to "climb to the stars" under businessmen's leadership.  

Not all editors agreed at all times about the leadership.
function of the businessman. *Fortune* in a 1933 article claimed that leadership in the country was a political and not a business function. The corporate manager was seen as having power only in his own domain and his social responsibility was limited to providing good products at fair prices.\(^{39}\)

The reason for this position taken by *Fortune* was that if the businessman could not exert leadership, he could not abuse power which he did not possess and could therefore not be blamed for the failings of the economic system.

But, business also felt that it had not done all that it might to reclaim its leadership. There should be a growing awareness, said *Barron's* of responsibility for the welfare of the nation among the leaders of the masses. One such group of leaders were the businessmen who were conceived to be the natural leaders of the upper class. The responsibility of the upper economic class was an inescapable and inherent part of their position and if they did not voluntarily contribute more than their share they would be destroyed. It behooved them for their own protection to accept the responsibility of bringing together ideas for the employment of people who would otherwise remain jobless.\(^{40}\)

This editorial opened an area that was later to supplant the leadership argument in interest and this question of whether business had a social responsibility extending beyond that of producing goods and services at a fair price.

*Barron's* in a 1936 editorial reported on a meeting of the
Congress of American Industry where E. T. Heir, chairman of the National Steel Corporation, and Lewis H. Brown, president of Johns-Manville Corporation, stated that industry must accept responsibility for developing a more effective distribution system that would give more people more security at all stages of their life. The purpose of business was given as service and not as profits which only reflected the measure of service given.

Nation's Business in 1937 quoted Edward R. Stettinius Jr., then Finance Committee Chairman of United States Steel Corporation, as stating that business was thoroughly in accord with the concept that the instruments of production should not be used for profit alone but for the material, social and spiritual advancement of all groups. While it was admitted that industry had done well for the nation there were new problems to be faced when an entire community could be plunged into despair with the closing of a single industry. It was evident that business had reached the stage where it had far-reaching social implications. It was incumbent upon industrial leaders to match these implications with an equal sense of social responsibility. Mr. Stettinius went on to say that it was no exaggeration to claim that one of the most important business functions could now be considered its social function. Moreover, by having helped in the creation of modern society, the businessman could not be excused from the duty of coping with its problems.

This was a beginning of a social awareness that was to grow
and occupy the editors' attention. Fortune by 1940 saw a new brand of business statesman developing: those who considered social problems as important. Profit still had to be given primary consideration if business was to survive and its survival was linked with social good but the problem of social responsibility could no longer be neglected.

It should be noted, however, that the Fortune editors were using this assumed social awareness of business statesmen as a reason why government should stop its attacks on businessmen. "We should thank the New Deal for making businessmen conscious of their social role. This has now been done and the attacks on the businessman should stop" was their conclusion.

In 1943 Barron's warned that what the business community had to consider was the alternative of an active future in which it constantly led in reform or complete regimentation by the government. That soon becomes apparent in this argument is that businessmen, while claiming that they had a social responsibility brought on by an increasingly complicated social situation, saw most clearly the motive of saving capitalism, the free marketplace, individual initiative and all that this group associated with these concepts.

Fortune decided to poll its management panel on the question in 1946. Its statement for the panel's consideration was: A few years ago it was frequently said that businessmen should acquire a social consciousness which usually meant that they were to be
responsible for the consequences of their actions in a sphere somewhat larger than that covered by the profit system. The question was: "Do you think businessmen should recognize such responsibilities and do their best to fulfill them?" Businessmen answered 93.5 percent in the affirmative, 1.6 percent negative, and 4.7 percent said it depended on other circumstances and factors. Interestingly enough, however, when they were asked about what proportion of the businessmen they knew who could be rated as having such consciousness 0.5 percent answered none, 11.3 percent answered less than 10 percent 22.2 percent answered about a quarter, 29.1 percent said half of their colleagues were in that category, 26.7 percent said three-fourths and 3.0 percent believed all of their business acquaintances and associates had acquired social consciousness. Of course, the Fortune editors' definition of social consciousness was rather vague and it is not quite obvious as to what these businessmen may have meant by these responses.

Further questions did reveal that of 21.5 percent who believed that it was the businessman's responsibility to provide employee benefits for sickness and old age in excess of those provided by government, 45.3 percent of those believed it to be a part of their "social responsibility" while 40.0 percent believed it was in their "self-interest" to do so.

Four years later, in 1950, 95 percent of those polled believed they were responsible for fair wages and hours, 35 percent for working conditions and plant safety, 83 percent for
stable employment, 12 percent for employee health, 5 percent for old age security, 13 percent for employee welfare and happiness, 22 percent for employee recreation and 14 percent for employee housing. Once again one cannot be positive of what businessmen had in mind when answering the specific questions, but it is interesting that such a large percentage of the respondents would be interested in "employee welfare and happiness", "recreation", and "housing", whatever these terms might mean.

Eric Johnston had earlier warned American businessmen that Europe's capitalists had brought socialism on themselves. The American capitalists could avoid that fate by becoming "social minded" and heeding the demands of the worker, consumer and stockholder. Russell Davenport, editor of Fortune, argued that there existed in the American tradition of competition a real alternative to the welfare state, and business could provide it if it would only recognize its social obligation. These obligations included providing security through insurance schemes for full employment, medical care and old age while also providing for participation incentives. Indeed, it was mandatory that the United States employers must take lead in developing pension plans advantageous to both labor and business in order to strengthen rather than weaken the free enterprise system.

Barron's eventually accepted this point of view and the General Motors labor agreement in 1950 was praised as indicative that there was a school which believed that industry must bear
the entire burden of pensions to prevent government from doing the same. 50

The data concerning the businessman's newly developed social consciousness would seem to indicate that he saw his responsibility less as a moral duty than as a competitive tool. Each individual business has to compete for talent and this is one method of recruiting and attracting employees. More importantly, it was a competitive device that could be used against further government action in the welfare area, action that the businessmen feared.

This suggests the possibility that groups will accept new functions, though hesitantly, when it appears to them that government will act to change what is believed to be a private concern to a public policy.

Business Responsibility for "Planning" the Economy

The businessman also believed he bore the responsibility for "planning" the economy. His views of the detrimental consequences of government planning and regulation coupled with his beliefs that he was the "natural" leader of the society and that he was a member of a skill group whose knowledge was closed to outsiders led him to this position.

This represented a change of view from the idea that the economy was "planned" by natural forces. However, he did not entirely abandon his traditional view any more than he had ever completely accepted it. That is, he had long realized the potentialities existing in monopolistic markets.
Businessmen argued that since production and distribution was a primary function of businessmen it naturally followed that it was their task and duty to plan the economy. One problem placed in the way of rational planning was the government's refusal to permit businessmen to cooperate with businessmen, and the result had been economic depression. If the anti-trust laws unduly restricted activities of the trade association and chambers of commerce, then Congress should revise the law, so went the 1930-31 argument.

As early as September, 1931, Nation's Business warned that after the depression businessmen must find means to plan the economy so it would be stable or government would surely step in to do it for them. The National Recovery Act was originally seen as such an opportunity but businessmen soon felt that it had substituted compulsion for cooperation. In later years, however, the N.R.A. was seen as having provided businessmen some voice in determining the nature of government controls and the direction the economy was going to move which was in contrast with the later situation where business had a small voice or none at all.

Post-war economic planning was viewed as a fundamental problem that businessmen had to solve. They believed that they must take the lead in making the plans for the economic problems that would arise after defense spending ceased. The battle was for a return to private capitalism which made the stakes very high indeed. They contended that such planning would prevent a post-war depression and under those circumstances there would be little
for government to do; and the rationale for centralized controls would be gone. It was mandatory that every businessman seek the means to overcome the disaster of unemployment, the greatest danger from which would be increased socialism. Self-protection became the rallying cry for action.

The Committee for Economic Development was praised for its work in this area since it was a private organization and because it sought to solve economic and political problems at the local level. The Committee was described as seeking an economic democracy based on full employment that led to self-security. The path to be followed was that which had led to political democracy, namely, that of local action and self-government. The American Management Association was engaged in a similar project with the objective of stabilizing annual wages and unemployment in an attempt to smooth the business cycle.

The winter recession of 1950 brought forth similar comments when business leadership was urged to take immediate steps to prevent a chronic unemployment situation which would lead to more government action. Immediate concerted efforts were urged to provide employment opportunities for those willing to work.

Such planning, as has been noted, the businessmen believed to be hampered by government restriction on business cooperation. While arguing for a free marketplace they were placed in the paradoxical position of defending businessmen's planning which might not, of course, mean control of price and markets as such.
but had that aura around them. As Nation's Business noted, there was a difference between merger and monopoly and to believe there was not was perverted thinking. It was feared that undue hampering of such mergers might restrict the free enterprise economy.\(^5^8\)

The advocacy of relaxing anti-trust laws so that business could regulate itself through its trade association was hailed as a step toward providing the leadership for which the country had been clamoring.\(^5^9\)

Some concern as to where the responsibility rested for unemployment was expressed in 1941 when Barron's pointed out that unless private industry took it upon itself to do something about the problem, capitalism would continue to retreat before government intervention. The fact that the Publics Work Reserve was planning to spend 50 billion dollars in the post-war era served to remind industry that future planning was necessary.\(^6^0\)

Some fear was felt, however, that the burden and consequently the results might be placed too decisively on business. Fortune noted that management could not by itself ensure high level income and employment in the post-war era.\(^6^1\) The Council of Economic Advisors allegedly claimed that business was solely responsible and this argument met the rejoinder from Barron's that a government that spent one-fifth of the wealth must also take some of the responsibility and blame if things went wrong.\(^6^2\)

There was an inherent danger in attempting to take too much of the credit or responsibility for full employment for if a
recession or depression ensued, business would be blamed. This is also indicative of a lack of faith in the capitalistic economy as it was then known. But it must not be assumed that it was a lack of faith in the capitalist system as business would have it. That system had been modified, there were huge government expenses, unbalanced budgets, controls, etc., and business did not think it could share the full blame for any future depression but at the same time believed that prosperity was accomplished by business despite rather than because of governmental policies.

It was not, of course, a new idea that business if left to its own devices could settle the nation's economic problems, but in the period covered by the research it was not until 195 that it believed it had been given the opportunity to do so. At that time Barron's noted that the ability of business to pull itself out of a recession without a New Deal or Fair Deal had just been demonstrated. The Eisenhower Administration was lauded for its courageous and sensible actions in permitting businessmen the chance to prove their theory.

Businessmen thought the depression, the war, and the post-war period had seen as a necessary corollary of planning its own self-regulation. This self-regulation was seen as pertaining to many areas. Industrially created welfarism brought adverse reactions and it was suggested that since man does not live by bread alone, such welfarism was not good business. The impact of this editorial policy might not have been lost in the long run on
Businessmen managers as may be witnessed by the post-war trend of building more attractive industrial plants.

The self-regulation was seen as being possible if the Golden Rule was applied to businessmen's operations. And, although it was difficult to do as much so as in private life, the result of adherence to this dictum was seen as inevitably leading to a larger measure of self-regulation.55

Business editors were not willing to accept any argument that business alone was irresponsible in its economic action. Herle Thorpe had argued in 1937 that if the tax bucket was to be applied to businessmen because it had not engaged in the necessary self-regulation to prevent the depression it could also easily be applied to others. In reality all of the people were involved as they engaged in an orgy of profiteering; and if industry's leaders were extravagant so were the statesmen who had supported and boosted the new era, while the church had failed to set an example of moderation.

Summary

The data in this chapter would seem to indicate a modification of the businessman's concept of his social, economic and leadership roles and responsibilities. There may be some question, however, as to whether these modifications indicate any basic changes in his underlying philosophy of political-economic relations.

His basic economic role remained the same, namely, to provide goods and services for the community. It was, however,
modified to include "planning," the economy. This viewpoint is in contrast with that expressed in the earlier part of the study period when it was generally argued that natural economic laws determined the course of economic events.

When it became apparent that government was not going to accept such a deterministic viewpoint then business argued that if there were to be attempts to control natural forces that it should be done by those who were best acquainted with these forces. However, some reluctance was noted to accept the full responsibility for planning as long as the government continued many of its programs. Although the data does not give proof, it might be surmised that there was a willingness to accept total responsibility under changed conditions.

It appeared that businessmen were much more willing to accept the responsibility for the social problems arising out of a complex industrial order. This willingness seemed to be generated by the desire to regain a measure of control of the economy. Two factors entered into the adoption of this policy. First, privately sponsored welfare programs permitted greater control over costs. Second and probably more important, such programs reduced the public demand for government action and the businessmen were always deeply interested in this objective. One may surmise that there was a deliberate attempt to transfer public loyalty.

It was in the areas of economic planning and private welfare programs that the businessman attempted to enhance his
leadership position in the community. Little change was noted throughout the period of the study in regard to his confident belief that he was the natural leader of society. It was necessary for him to change certain of his ideas in response to a changed public attitude about government's role in the economic process which was reflected in a changed attitude by the businessman toward his political role and is the subject of the following chapter.
NOTES

CHAPTER IX

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2 Nation's Business, June, 1939, p. 11.
3 Fortune, September, 1954, p. 27.
4 Ibid., February, 1940, p. 58.
5 Barron's, January 27, 1936, p. 10.
7 Fortune, May, 1938, p. 58.
8 Nation's Business, December, 1938, p. 8.
9 William Benton, "The Economics of a Free Society" in Fortune, October, 1944, p. 163.
10 Nation's Business, October, 1942, p. 15.
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16 Ibid., January, 1930, p. 9.
17 Ibid., June, 1933, p. 11.
18 Fortune, September, 1933, p. 44.
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21 Nation's Business, December, 1937, p. 45.
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27 Barron's, January 5, 1931, p. 16.
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30 Ibid., February, 1942, p. 15.
31 Ibid., July, 1932, p. 9.
32 Ibid., June, 1932, p. 6.
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34 Ibid., November, 1931, p. 11.
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38 Ibid., January 18, 1938, p. 12.
39 Fortune, June, 1933, p. 47.
40 Barron's, September 8, 1941, p. 10.
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42 Nation's Business, August, 1937, p. 1/1.
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44 Barron's, March 1, 1943, p. 8.
45 Fortune, March 1946, p. 197.
46 Ibid., January, 1950, p. 50.
47 Ibid., April, 1949, p. 70.
48 Ibid., October, 1949, p. 65.
49 Ibid., November, 1949, p. 81.
52 Ibid., July, 1937, p. 15.
53 Barron's, November 24, 1941, p. 10.
54 Ibid., April 27, 1942, p. 10.
55 Ibid., January 4, 1943, p. 10.
56 Nation's Business, December, 1945, p. 8.
57 Ibid., May, 1950, p. 7.
58 Ibid., November, 1955, p. 112.
59 Ibid., June, 1933, p. 4.
60 Barron's, September 1, 1941, p. 10.
61 Fortune, September, 1944, p. 132.
64 Ibid., September 1, 1930, p. 14.
65 Ibid., June, 1931, p. 4.
66 Ibid., May, 1933, p. 11.
CHAPTER X
THE POLITICAL ROLE OF THE BUSINESSMAN

The participation of businessmen in politics, the political process and government received increasing attention from the editors beginning with the war and continuing through the post-war era.

As an overall total, references in this category amounted to 4.5 percent of the total. The total per presidential administration and as a percentage of the total references within each period are as follows:

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<td>1933-35</td>
<td>7</td>
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<td>11</td>
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<tr>
<td>1941-44</td>
<td>12</td>
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<td>1945-48</td>
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<td>1949-52</td>
<td>17</td>
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Within the total number of references collected in this category there were four overlapping themes: (1) an appeal to public opinion based on the technique of "selling" capitalism; (2) a limited interest in a direct approach to Congressmen; (3) a limited interest in partisan participation in elections that was becoming more pronounced at the end of the study period; (4) an increasing interest in businessmen taking an active part in government administrative activities.

The variations among the time periods indicates a generally increasing interest in this category. The obviously reduced interest in the 1945-48 period is probably due to the increased
interest exhibited in political parties at this time. Combining the two categories of interest in parties and in political participation, the total percentage of references in the first Truman administration accounted for 33.7 percent of all data.

The high point of interest in 1949-52 was a result of the anticipated Republican victory in 1952 and also what appeared to be the development of a genuine awareness by this group of the necessity for political action.

As might well be expected, the businessmen saw as a part of their social role the defense of political freedom. They considered themselves to be the last line of defense against opportuning politicians who would destroy economic freedom, a process that inevitably led to the loss of political freedom. Moreover, it was only businessmen and could make good the socialist's promises, since capitalism was the most powerful instrument ever created by man for the purpose of creating wealth within the political and moral framework of liberty under law. Liberty precluded government ownership of the means of production whereby no man could be free.

The businessmen's larger political role was viewed as promoting the free enterprise system. This was to mean in its extreme, at least to one editor, that endowment bequests to colleges be preceded by a careful scrutiny of the curriculum and the faculty. If either were slanted toward the socialistic life the businessmen would violate his trust if he helped perpetuate such teachings by
subsidization. It was believed that a certain pressure in behalf of the free enterprise system was being exerted and could be increased in the future as colleges became more desperate for funds.

Nor were the public schools forgotten. Operating on the principle that as the twig is bent, the tree is inclined, business spent the equivalent of the school budgets of six states on teaching aids in 1949. Schoolteachers, it was thought, were being brought around to management's way of thinking by the devices of plant visits, printed information about operating costs and gifts of helpful teaching aids.

These were the extreme positions, however, and the remainder of the data deals with more moderate approaches to the problem.

The Strategy of "Selling" Capitalism

It might be anticipated that a group that has an interest which the public shares has a built-in mechanism in the political system for attaining goals. It does not under these circumstances, according to Harold Lasswell, have to devote many of its resources to the political battles. Such was the situation, in large measure, of the business community prior to the great economic depression of the 1930's. The public did identify the United States as a business civilization and as President Coolidge put it so succinctly: "The business of America is business." This is not to suggest that business ignored politics. Quite the contrary. However, there was no need for any great concern on the part of the businessman that the government would act in such a manner
that would change basic economic-political relationships; nor did he have reason for much concern that the public would demand such changes.

The Great Depression altered that set of circumstances and left the business community slightly bewildered as to what measures it could or should take to regain its former status. What had once been taken for granted, a favorable climate of public opinion, became a specific cause for concern.

An interesting question that is raised by this situation is how a group reacts to such a change of circumstance and what alternative courses of action it adopts.

Lasswell argues that an elite with highly developed functional skills will occupy varying positions of power dependent on the social need for such a skill. Businessmen were never placed in a position where the society did not have need of the product of their skills, although there was a question of whether they would be permitted to use their skills in the manner to which they were accustomed. Lasswell has also suggested that a group may have to develop auxiliary skills to maintain its position, and this argument appears to have gained some validity from the action taken by businessmen in this period.

Businessmen, by the nature of their function, have become increasingly acquainted with the use of auxiliary skills. One of their functions has been to coordinate increasingly specialized skill groups into a productive working organization. Lacking the
numbers to be effective in the political arena but having a strong financial base and being acquainted with the technique of hiring specialists for new problems, it was probably a natural reaction for this group to turn to this technique first.

The group to which they turned was one that was already familiar to businessmen. This was the advertising man who had taken on the role of "public relations expert."

The period of 1935-1938 appears to be the time when the business community developed an awareness of the necessity for political action. However, this action was originally viewed in terms of reorienting public opinion by publicly challenging the assumptions of the political leaders. It was the idea of "selling" capitalism or, at least, of putting an end to the public's acceptance of what was to the business community the false premises that had led to government intervention in the economy. Modern business came to the conclusion that it had to cajol public opinion, satisfy it or lead it. This concern with molding public opinion accounted for 50 percent of all references concerned with the political activity of businessmen.

The continued attacks on business and businessmen throughout the depression had made it increasingly apparent to the business community that a program of some type was needed, but the prospect of "selling" capitalism was not considered as the ideal solution to the problem and was not willingly accepted. When the President of a Detroit steel company lamented that it was deplorable that
business had to pay out large sums to sell the free enterprise system instead of steel, he was seconded by the editors. Nére Thorpe commented that the nation could hardly profit if its producers had to take time to enter the "sterile arena" of public speaking and debate. This was considered the task of the politician and it was he, rather than the businessman, who was failing the country in not "seeking out, pointing out and blasting the demagogues."¹⁰

The interest in developing a public relations program was enhanced, however, by a feeling within the business community that in the 1935-1938 period they had gained a psychological advantage over the government. It appeared to the businessman that ever more frequently the voters were demanding proof from Congress that the New Deal would work, since it had not given the promised prosperity.¹¹

There was an additional reason pushing the businessman in this direction, the knowledge that business had had its greatest independence when the public identified its interest with the business interest. This may well serve as the underlying explanation of why the business community at first believed its problems would be solved if it could "sell" itself to the American public. Perhaps, this was a realistic solution but was subject to the difficulty of what means to employ and, as will be noted later, did lead to some difference of opinion within the business community.

Promoters of a public relations program argued that big business and financial institutions had had ample warning in the 1932 period that they must justify their existence if they were to
survive. They had to sell not only their services but themselves. Moreover, this program had to be a continuing effort rather than just an election year activity as businessmen had been forced into day-to-day politics by the New Deal. The point was, according to Barron's, that "with politics in business as deeply as it was business had to be in politics at least to the extent of doing everything it could to avoid misunderstanding of its actions and motives."13

One additional reason why businessmen came to the conclusion that their leaders needed to learn political methods was that labor leaders admitted that they could not hope to win without public support and had, therefore, learned how to present their case to the public. Employers, it was argued, had not had the time to study public psychology and were losing out to those who were using it.14

The economic illiteracy of the voters and those that led them - the teachers, preachers and politicians - was viewed as deplorable. It was therefore considered essential that business leaders devote a part of their time and driving enthusiasm to this task of economic enlightenment.15 This conviction rested partly on the premise that economic recovery ultimately depended on businessmen even if the planning was directed by the government. Business was conceived as sustaining society and government in that it provided the wherewithal for public expenditure. The burden of relief, it was believed, must eventually fall on the shoulders of business in the
form of taxation. Short of scrapping the entire economy system this had to be true, but business could recover faster on its own. This was the idea that had to be sold.16

The public enlightenment that would come from business presenting the "facts" was considered essential not only for the welfare of business community but for the welfare of all individuals. Individual welfare under any other type of economic system would be lessened in two significant ways. The individual would have his standard of living lowered and would lose his political freedom if he lost his economic freedom.17

There was some apparent disagreement within the business community as to how much, if any, action of this type should be taken. Herle Thorpe complained that there was a minority of conservatives who believed that cooperation with the Administration was the best policy to pursue. Such an attitude was described as being "the blindest folly."18 The class struggle had descended on America and that situation provided no place for neutralists. Business had to either fight or be exterminated and if it stood firm and united on a platform to preserve the rights of man it would surely follow that millions would join it.

The task was not going to be easy since the new era had filled the government with men whose minds were permeated with the new philosophy because few of them had had direct contact with business operations since there had been little opportunity for them to do so under normal circumstances since 1930. These men
were honestly attempting to discharge their duties but were ignorant. The only substitute for actual business experience was the fair
minded guidance that the businessmen could supply, but businessmen
had been apathetic.

This apathy was attributed to two factors: first, business
had relied upon outworn unworkable political methods; second, bit-
terness toward recent events had created a "do-nothing" attitude.
It was a mistake to take for granted that legislators and the pub-
lic could not be enlightened. The businessmen had to awaken to a
new era while realizing that there were new rules regulating the
society he was living in. If he was to survive he had to partici-
pate.

Every compromise with collectivism was to be viewed as a
costly defeat. A lesson could be taken from Adolf Hitler in how
to use the tactic of public opinion suasion to gain the desired
ends.

The techniques of how American business was to be sold to the
public were, however, subject to further debate. They had decided
on ends but differed on the means. The National Industrial
Conference Board conducted a poll which indicated that one group
was for an "all out" effort while another group had a decided pre-
ference for demonstrated action at the community level. By 1952,
Nation's Business reported, more and more large companies with
national markets and branch operations had learned that participa-
tion in community affairs had beneficial results.
A part of this campaign was, incidentally, the use of 25,000 billboards with an estimated daily viewing population of 72 million people promoting the campaign "What is good for business is good for America." 

Fortune argued in 1938 that business had to develop a new concept of public relations. It should, for example, exhibit more candor in describing how profit is made and, more important, realize its own importance. "Business is not just a phenomenon of American life. It is American life." 

The war brought the particular problem of offsetting rumors and charges of profiteering. Businessmen were urged to unite in a collective effort to convince the American people that the Second World War was a profitless war for business. 

Fortune emphatically restated in 1949 that business after sixteen years had as yet to recapture the authority and respect it should have if the nation was to be rescued from socialism. The reason was that the public opinion programs had failed. What was needed in place of propaganda was performance that the public could see and appreciate. Profits had to be shown as a socially desirable result of business, and business had to become more aggressive in volunteering benefits for labor and the community rather than merely reacting to the demands of others. It had to take the leadership away from others by taking positive action. 

In 1950 Fortune published a series of articles written by one of its editors, William S. Whyte Jr., that were later published as
a book entitled *Is Anybody Listening*, which concluded that the efforts to "sell" the free enterprise system had been unsuccessful.27 Whyte charged that cliches were being used too abundantly, whereas, actions to prove the good intentions and results of capitalism were lacking.

*Fortune* was not alone. *Barron's* took businessmen and in particular the National Association of Manufacturers to task in 1946 for promoting immediate abolition of price control. *Barron's*, while opposed to these controls, believed they were dying a natural death and if prices rose businessmen would be blamed.29 Again, in 1949 *Barron's* believed that steel management had not been politically astute since steel's management had denounced the strike fact finding board as having no business in the strike settlement. While this might have been true, *Barron's* argued, there was no good to come out of fighting a battle that had been lost.30

By 1952 it had become necessary according to editorial writers for *Nation's Business* that the businessmen have an organized method of presenting their views.31 Such an organization was presumably the National Chamber of Commerce.

As late as 1951 there was a repetition of the mid-1930's arguments concerning the reluctance of the businessman to engage in political argumentation. It was argued businessmen were handicapped in the political struggle because they found it both difficult to explain the merits of the free enterprise system and because they were ill at ease on soap boxes while the "wearers of economic
falsies" put up "their best front" when they were before an au-
dience.32

The data reveal that businessmen, while recognizing the im-
portance of having public opinion on their side, never felt "com-
fortable" in this role. There seemed to be a reluctance to shed
familiar duties and assume a role that was unfamiliar. Public re-
lations was not, however, the only solution they saw for their
problems.

**Business as Government Administrators**

When it appeared that the technique of selling capitalism was
not going to accomplish all that was hoped from it, the business-
man started to turn from his economic function and develop politi-
cal skills on his own.

Obtaining government administrative posts was the next move
and initial reluctance gave way to increased interest when the ad-
vantages of wielding direct political administrative power became
apparent. There was, however, some hesitation about going too far
in this direction for fear that they would be held accountable for
any new depression, whereas, if they remained outside of government
and a depression developed, the politicians would have to bear the
full measure of responsibility.

The businessmen were aided in their desire to gain political
power through administration by events quite beyond their power to
control. The Second World War, the "cold" war that followed, dollar
diplomacy and the Korean War all contributed to a situation where
the nation's productive capacity had to be mobilized for use as an instrument of national policy. It was assumed by government that business administrative skill was needed to carry out this policy and that this skill could be utilized in government administrative offices.

The participation of businessmen in government administration was viewed as being a more acceptable and desirable form of political action on his part. If they believed that business and government were similar in their operations, that good men were needed in government, that businessmen were the best men, that good men believed in private enterprise and, thus, political freedom, it naturally follows that this type of political activity would be attractive.

References to the businessman's participation in government administration were concentrated in four periods: the NRA, Second World War, Korean War, and Eisenhower administration. World War II provided the greatest concentration of attention.

The decision that businessmen should participate in government administration did not come early nor easily.

Fortune once claimed that there was a place for business leadership, but that it was not in government. The businessman had no more place there than any other citizen except as an expert in his own area. The real place for businessmen to show leadership was in his own business and unless he did so the government would probably supply leadership for him. The continued existence of a
democratic government depended on businessmen defining and solving their own problems which could only be done if the businessmen tended to his primary function.33

However, the phrase "in his own area" was to become increasingly significant as the government came more and more to depend on productive facilities for carrying out national policy.

The businessman's answer to the call from government to formulate new rules of economic relations in the N.R.A. program was seen as a hearty, patriotic response that was made despite the animosities that had already developed between business and government. Whatever the outcome of the plans, the business record was clear - it had answered the nation's call.34

This was a typical response. The business editors repeatedly saw the businessman's affirmative response to government's request for his services as a noble action that gave proof of his patriotism. This reaction probably had its roots in the persecution complex the businessman had developed in this period.

The N.R.A. was so short lived and so immediately disappointing to the businessmen that they did not have enough time to become entrenched in government operations or to see how valuable such service might be to them. It was the Second World War that gave them the first really large scale opportunity to utilize their administrative skills in government. Lasswell's argument that vital skills bring power was particularly validated in the case of the businessman.35
The business-government feud that had been going on was seen as placing a barrier in the path of rapid rearmament. Fortune complained that some of the best industrial talent could not be used in government because they had been on the wrong side of the political fence and their appointment to the higher ranks of the defense effort would only intensify disunity.

The Fortune editors found that their management poll reflected the same opinion. The panel was asked whether it believed that a large percentage of businessmen in government were unsatisfactory of ill-chosen and, if so, what was the principal reason for that condition. Unwillingness on the government's part to call the ablest man was seen as one reason by 93.1 percent as opposed to 6.9 percent who did not. Another reason cited by 84.1 percent as opposed to 15.9 percent was the ignorance on the part of the administration as to what constituted management ability. Unwillingness of the ablest men to serve was given as reason by 17.4 percent compared to the 32.6 percent who did not see it as such.

This latter figure is particularly interesting if truly valid of overall opinion. It might be assumed that the businessmen had become so alienated as a result of the political struggle that he refused to serve the administration even in a time of national peril. This is perhaps put too strongly. It might well be that this opinion of their fellow businessmen in government was based on personal jealousy or some other factor. It might also be a
wrong opinion.

*Barron's* did not see the phenomenon of businessmen coming into government as a solution to all problems. The New Deal, it was argued, was getting some idea of business problems as a result of the defense program, but that did not mean a discontinuation of its efforts to centralize power could be expected.38

Entry to government service was viewed as a courageous act by businessmen. It appeared to businessmen that Congress placed a thick skin ahead of a strong mind. The willingness to take punishment was the principal qualification for men who "willingly" gave up their civilian jobs to aid their country. The end result, however, was that the industrialist had been let out of the "dog-house" because of his magnificent response when his special talents were needed.39

The return of power to the "know-hows" like William S. Knudsen and Edward Stettinius was seen, however, as politically significant. The success or failure of businessmen to do the job would, in the long run, determine the type of government that the United States would have.40

The war honeymoon of business and government was short lived. President Truman was condemned for his refusal to seek the advice of recognized business leaders in the immediate post-war era. Business had, after all, performed miracles during the war and could do so again if given the opportunity.

The Marshall Plan was seen as the first post-war opportunity
for businessmen to reassert their power in government. This was the second time in seven years they had been summoned to Washington because the government required their services to cope with the international situation. This was seen as remarkable in a sense but yet as realistic. Even President Roosevelt had had to appeal to businessmen after he had constantly attacked them with a class conscious policy. While President Truman had followed a less provocative course, he had still been relatively unfriendly to business; but to carry out the strategy of American economic pressure in the world conflict he needed the help of businessmen.

Fortune noted that there was a real famine of "top-flight" executives in Washington during the initial cold war crisis. It attributed that state of affairs to the reluctance of the "top-flight" men to serve under weak leadership while at the same time facing the problems of red tape, Congressional hostility and the general antagonism of government to business.

A later article in the same vein raised the question of whether a businessman going to Washington could really do a real job for his country when there was political persecution and the danger of newspaper columnists scandalizing his name.

Nation's Business had long thought that businessmen could be attracted to government service if given the right economic incentive. A program for business and one for government was advanced. The government could arrange for tax-free salaries apart from other income, whereas business could help by lowering the retirement age
of the executives by five to ten years so that they would be available for important government positions. This latter suggestion was made by William L. Bott, President of SKF Industries, Inc.\(^4\)

The crisis of Korea again brought businessmen to Washington in what appeared to the Chamber of Commerce publication as a real power thrust by the business community. What seemed to be happening, it reasoned, was that a new "super-government" was being composed in Washington of men like General Electric's Charles Wilson. This "super-government" was composed of non-politicians and had been born of necessity. It had been an overnight operation, almost a coup d'état that had deposed the Truman cabinet of their power and prestige. Such a rapid change was viewed as a tribute to the American governmental system that permitted such flexibility without conflict.\(^5\)

The ability of the nation to convert quickly from a peacetime to wartime basis at the onset of the Korean operation was seen as a result of businessmen working in government. These men knew that American businessmen were allergic to regimentation and had thus held restraints on the economy to the minimum in order to provide the necessary flexibility for rapid industrial mobilization. This was also a reason why business should release good men for government service. The auspicious beginning needed to be followed by a continuing high level of efficiency that the less able could not provide. Business alone could supply the needed good men.\(^6\)
The arrival on the political scene of a friendly administration before the end of the Korean conflict brought mixed reactions. It was assumed that American businessmen had reason to be optimistic about the future since the Eisenhower Administration had pretty obviously taken business into its councils. The problem was, however, that if the economy became depressed or overinflated business would be blamed.

An interesting study of businessmen in government by John McDonald mentioned previously noted the extent of business invasion of the Eisenhower as compared to the Truman Administration. In the Departments of State, Treasury, Defense, Post Office, Interior, Agriculture, Commerce and Labor, 36 of 168 posts, or 21 percent were filled by businessmen during the Truman Administration. The Eisenhower Administration had 83 of 202 posts, or 41 percent, filled by businessmen.

When businessmen did go into government service they had to be spokesman for the profit and loss system in this task they had, as yet, not been too successful. The necessity of selling capitalism was a post-1929 problem, as before that time the advantages of capitalism had been taken for granted but now there was a futile attempt to find a middle ground between capitalism and statism. Since no such position existed, as capitalism was based on private property, free markets, and sound money, it behooved the businessmen to take this opportunity to stand on these principles.
It was conceivable that the presence of so many businessmen could give the Democrat political ammunition, but it was believed that if they did they would find public opinion aligned against them. President Eisenhower had brought the businessman into government because the people had demanded efficiency and economy. Further proof of the public mood was seen in candidate Adlai Stevenson's remark that the business-government feud should be terminated. In addition, General Motor's Charles Wilson had told the Senate that there had been a change in the country and the people were no longer afraid of men like himself. Mr. Wilson's appointment as Secretary of Defense, incidentally, was viewed as a great opportunity for him to restore government's faith in capitalistic principles.

Fortune also noted that at no previous time in American history had there been the number of businessmen in the executive branch who were so determined to effect reforms in the budget process, spending policies and fiscal management. The end of the first year of Eisenhower's Administration brought forth another Fortune comment that the repute of the businessman both in and out of Washington would depend on how well he succeeded in keeping the economy prosperous and growing. As of that moment, they were held in high regard for the remarkable job they were doing in production and distribution.

Miscellaneous Political Techniques

There were widely scattered editorials throughout the study
in insignificant numbers urging businessmen to use their right of petition to Congress but this did not appear to them as a very effective political method. One reason for this attitude was perhaps the real fear that Congress was fundamentally opposed to business interests, as has been described in another part of this study.  

Some advice was given as to how to approach Congressmen and be of help to him in providing the legislation that the businessman wanted. This advice was: write, act as eyes, be prepared by knowing what the bill is about before going on record, be fair by not asking Congress to do something you would not do under similar circumstances, be sure you and your trade organization are in agreement, ask no favors, and do not hesitate to act for fear you would be called a lobbyist.

References to other type of activity were sparse. For example, Fortune noted that traffic problems could be solved by pressure methods.

In 1952, businessmen were told how they could go about getting their program in the party platforms. While they would be represented at the hearings by the National Chamber of Commerce they could also apply pressure to the delegates themselves. This was considered as a method of "getting in on the ground floor."

The 1952 election and its results seemed to have a particularly profound impact on business attitudes toward politics. The Chamber of Commerce, for example, engaged "fully and aggressively"
in a crusade to get out the vote. While presumably non-partisan in character, it was described as a nationwide movement "to arouse the interest and sense of responsibility of business and professional men and women in their government" and to alert them to the fact that government "belongs to those who take the most interest." Of the political orientation of this group there was not much doubt, so this was, in reality, a "get out the Republican vote" campaign.

Fortune complained in 1954, after the Congress had gone Democratic, that businessmen had failed to follow through by not pushing Republicans in the "mid-year" elections. Such lack of action reflected a lack of comprehension of what modern politics was all about, namely, a basic struggle for economic freedom in which businessmen were deeply involved. If the Democrats won in 1956, it was argued, this would be a hard way to relearn that politics was not a game.

This thought coincided with an earlier view that was expressed in 1952 by the editor of Nation's Business. It was considered unfortunate indeed that the non-voter was most frequently the citizen best qualified to lead and direct public issues. Such men were those who carried the tax burden and were property owners and to whom the argument of something for nothing had the least appeal. While he may be busy and cynical of politics, the fact remained that his own best interest dictated a far greater interest in politics than he usually took.
There was no reason for him to feel inept in this area of national life, the argument continued, since running the country did not differ substantially from running a business. He judged the performance of his employees, and he should and could do the same with political candidates. People who had less to lose than he had been using the technique for years to their own advantage and toward the eventual socialization by default of the nation. Only votes could reverse the trend and no sooner moment could be the 1952 election. 58

Not only individuals but corporations as well were urged to participate. John K. Jessep, chief editorial writer for Life, wrote in Fortune that corporations could, and probably should, play an active political role since they were the only source of power that was equal to offsetting federal power. In addition, the corporation was dedicated to certain virtues such as efficiency, thrift and honesty; and it was rapidly assuming social responsibilities. 59

Businessmen in Politics

The physical danger to the country from the localized European war in 1940 was seen as the reason for public rediscovery of the businessman. A part of this rediscovery was seen in Wendell Willkie's being selected for the Republican candidate, since he had been fighting government controls for years. Politicians had not been able to accomplish economic recovery and it was difficult to understand how people had been so misled for so long; but they had
regained their senses and business was considered to be held in a higher repute than at any time of the previous decade. 60

The editors gave little attention to businessmen participating directly in politics as candidates. This was, after all, not considered his primary function. References to this kind of activity were noted in the Willkie campaign as he represented that area of business - the public utilities - that all editors believed was under the most direct attack. The only reference outside of this period was to Albert W. Hawkes who had been President of United States Chamber of Commerce and who had entered the 1942 senatorial primary in New Jersey and had won. His successful campaign represented to the editors the proof that businessmen standing on the fundamental beliefs of business could amass support.

Summary

Generally it might be said that the business community had a difficult time readjusting itself to a changed political status position. It attempted to add auxiliary skills, such as public relations programs, but it did not appear to be wholly satisfied with the results of this technique nor did it ever decide how the technique was to be used. The war really interrupted the development of this program and probably did more in a shorter time to enhance the businessman's position in the community than a public relations program could have done.

The war gave the businessman the opportunity to use his skills
in government and undoubtedly opened his thoughts to the possibility of retaining administrative control. If it was impossible to get the government out of the economy the next best move was to capture control of that part of government exercising economic control.

This leads to a conclusion that it was the skill of the group coupled with an international situation that placed the business community in power and enhanced its prestige in the public eye. Consequently, it is difficult to project the actions of this group to another area where the same set of circumstances might not exist. In addition, one is led to wonder what the eventual outcome might have been had it been for this intercession.
NOTES

CHAPTER X

1 See Chapter VIII.


5 Ibid., June, 1949, p. 11.

6 Ibid., January, 1952, p. 11.


8 Ibid., p. 112.

9 Ibid., p. 103.


11 Barron's, April 15, 1935, p. 10.

12 Ibid., December 30, 1935, p. 10.


14 Nation's Business, April, 1937, p. 7.

15 Ibid., August, 1935, p. 5.


18 Ibid., November, 1938, p. 9.

19 Ibid., December, 1937, p. 15.

20 Ibid., p. 15.

21 Ibid., July, 1939, p. 5.

23   Ibid., December, 1952, p. 92.
25   Fortune, October, 1938, p. 49.
26   Ibid., May, 1949, p. 7.
27   Ibid., September, 1950, p. 77.
29   Barron's, July 1, 1941, p. 1.
30   Ibid., August 22, 1949, p. 5.
31   Nation's Business, April, 1952, p. 104.
32   Ibid., September, 1951, p. 85.
33   Fortune, December, 1940, p. 55.
34   Nation's Business, December, 1933, p. 27.
35   Lasswell, loc. cit.
36   Fortune, October, 1941, p. 58.
37   Ibid., November, 1941, p. 200.
38   Barron's, March 31, 1941, p. 10.
39   Ibid., June 8, 1942, p. 10.
40   Ibid., June 17, 1940, p. 10.
41   Fortune, October, 1950, p. 73.
43   Nation's Business, August, 1941, p. 7.
44   Ibid., February, 1951, p. 25.
46   Fortune, July, 1954, p. 73.
47 Barron's, December 29, 1951, p. 1.
48 Nation's Business, March, 1953, p. 22.
50 Fortune, March, 1953, p. 90.
51 Ibid., January, 1954, p. 76.
52 See Chapter VII.
53 Nation's Business, January, 1947, p. 44.
54 Ibid., November, 1953, p. 114.
55 Ibid., May, 1952, p. 100.
56 Ibid., October, 1952, p. 104.
57 Fortune, October, 1954, p. 102.
59 Fortune, August, 1952, p. 112.
60 Nation's Business, August, 1940, p. 55.
61 Ibid., October, 1952, p. 7.
CHAPTER XI
SUMMARY AND CONCLUSIONS

The conclusions that are drawn from this study must stand as tentative hypotheses. It may well be that the data are nothing more than the attitudinal positions of the National Chamber of Commerce and the publishers of Fortune and Barron's. How far these attitudes are reflective of a wider or total group opinion is difficult, if not impossible, to assess with the techniques now available to the social science researcher. This is especially true of those attitudes that did not result in discernible overt action.

With this warning in mind our purpose is now to summarize the data. In this respect there are three questions that merit investigation, namely: (1) What attitudes toward the functional responsibilities of business and government remained unchanged? (2) What attitudes changed? (3) What can (1) and (2) tell us about the rigidity or flexibility of attitudes within this group?

Any answer to the first question suggests that there was a core of ideas that by definition become basic and may well account for the generation of specific attitudes toward specific measures. These ideas may, in addition, serve as the unifying force in the business group.

It must first be noted that this study has no concern with whether this group's attitudes reflected self-seeking motives. It is assumed that this group as do most others think and act in
terms of a self interest that may or may not be identical with the
national interest. It is to be expected that the group would equate
the two interests as being identical. Such an equation by the group
does, of course, indicate what the group may expect from the so-
ciety. Statements concerning how enlightened its interest may be
presupposes a value judgement beyond the scope of this study. The
concern is rather with its interpretation of its interest and the
national interest.

It might be well to begin with a survey of the statistical
data that was collected. Wherein rested the greater interest of
the business editors and when?

In general and overall terms the data ranked as follows: (1)
the role of the competitive market in promoting economic progress,
individual initiative and morality - 17.3 percent of all data col-
lected; (2) political parties - 15.2 percent; (3) taxes, budget
and national debt - 14.8 percent; (4) government regulation -
14.2 percent; (5) economic and social function of businessmen -
12.4 percent; (6) government aid - 12.1 percent; (7) check and
balance and federal system - 9.5 percent; (8) businessmen as
political and governmental participants - 4.5 percent.

There was, however, no presidential administration in which
this exact ranking prevailed. All categories except that concerned
with businessmen in politics exhibited considerable fluctuation.
(See Table IV)

This last named category occupied the bottom rank in six of
the eight presidential administrations covered by the study and was in seventh position in the third Roosevelt and second Truman administration. It outranked only taxes in the Truman administration and government aid in the Roosevelt administration as a source of interest.

The low point of interest for this category was in the Hoover administration, where it accounted for a mere 1.4 percent of the data. This figure can be compared to the 1949-52 period when it accounted for 8.2 percent of the data and the Eisenhower administration where it claimed 5.9 percent.

Two conclusions become clear about this category. It was of increasing interest to the business editors but it never was of paramount interest.

This would seem to indicate that the businessman in the period covered by this study was never fully convinced that his function should include that of political participation although he was more aware of that possibility in the latter part of the study. As was mentioned in Chapter X it was the skill of the businessman coupled with an external situation over which he had little control that placed him in high administrative positions. His success in war production efforts also undoubtedly aided his general public prestige. Consequently, it would be expected that he would see his productive function as obtaining deference for him. There might be no real need for a great deal of overt political activity if the social situation was of this type.
The other two categories that achieved eighth rank status, government aid and taxes and the budget, had at other times ranked fairly high. There just does not seem to be any ready explanation as to why taxes and the budget ranked last in the second Truman administration except for the argument made in Chapter VI that a fear of price control was greater than that of higher taxes. The reason for government aid occupying the low position in the 1941–44 period is undoubtedly connected with this not being a problem in this war era.

Turning the attention from the low to the high interest area it is discovered that three categories occupied the first rank for two administrations each and one category for one administration.

This last category was government regulation which only attained top status in the wartime administration of Roosevelt but did, however, occupy second position in the first and second Truman and the Eisenhower administrations. It should be noted that it missed first ranking in the second Truman administration by two references, losing out to the role of the competitive market in promoting economic progress, individual initiative and morality. This could be the result of an error in the analysis.

The regulation category does have an interesting and significant history. It ranked fifth in the Hoover and first Roosevelt administrations. Taxes and the budget, government aid, economic and social functions and the competitive marketplace argument
outranked it in the Hoover administration. In the first Roosevelt administration the economic and social function was replaced by political parties.

This would appear to give some weight to the argument made by Miriam Beard and others that the businessman in this crucial period was either stunned or was willing to accept government regulation if it only saved the capitalistic system. And, as was mentioned in Chapter III, it might also indicate, and this would be especially true of the Hoover administration, that the businessman just could not conceive of any drastic regulation being long-term in nature.

What might be even more surprising is that regulation occupied the sixth rank along with the check and balance and federalism category in the second Roosevelt administration. The only reasonable explanation for this would seem to be the continued demoralization of the group. This argument is given some weight with what happened in the third Roosevelt administration where the problem of regulation jumped to the first rank. Other data in the study indicate that the business group saw the war as an opportunity to get rid of the New Deal and all that it stood for while at the same time enhancing the businessman's prestige by "winning the war." There was, in addition, the added wartime regulation that made it appear to the businessman that the government was going too far down the socialistic path. However, there is some reason to suspect that the demand for his skills placed the businessman in
a position where he knew that he could be more demanding.

From the war period onward, the interest in regulation never dropped below second rank. This was also a period when businessmen's skills were most needed to carry out national policy. They might have had a real reason to have believed that the time was opportune to cast off the shackles.

This is an area where the author has some quarrel with the interpretation of Robert Lane. Lane used a content analysis of selected New England trade journals as a part of his data in a quest for business reaction to regulation. He noted that negative references to specific legislative actions dropped off shortly after they were put in effect. This, he implied, was indicative of the accommodation to regulation by the businessman. It ignores the total response to regulation. There is also some question about interest span. It is difficult to keep any group at fever pitch over a single issue for a long period of time. Moreover, it ignores the possibility that a more opportune time action will be taken and the possibility that other means such as capturing control of the regulating agency may solve the group's problem.

Another category with an interesting history that attained first rank status twice was that of political parties. This category occupied sixth position in the Hoover administration, being followed only by business participation in politics and the check and balance and federalism categories. Business editors at this time did not claim to see any basic differences between the parties
and, consequently for business, it presumably mattered little which party was in power; although it might be suspected there was a preference for Republicans. However, the Democrats did not appear to them at this time to be so vitally opposed to business interests as they did later. It must be remembered that the Democrats campaigned on a platform in 1932 that largely met with business approval.

This category occupied fourth position in the first two Roosevelt administrations and fifth in his third. It jumped to first position in the first Truman administration, to third position in his second and back to first in the Eisenhower administration. There had been an increasing identification with the Republicans that was absolute by the start of the war, the only exception being when Truman balanced the budget. There is little question that business editors had little faith in the Democrats.

A function of the political party as business would have it was to promote only those policies providing for the maximum interplay of economic forces. When the Democrats could rightly be accused of bringing on controls, the effect on the business group was twofold: a closer identification with Republicans; an increased awareness of the political party as a governing agent. This difference in attitude is symbolized by the fact that the party category was in sixth rank in the Republican Hoover administration and in first rank in the Republican Eisenhower administration.
The only category attaining first and eighth rank was that of taxes and the budget. Its eighth rank has been explained heretofore. At most other times interest in this category was generally high. It was in the first rank in the Hoover and first Roosevelt administrations, second rank in the second Roosevelt and third rank in the Eisenhower administration. These rankings could probably have been anticipated as there is an impression, at least, that businessmen are always complaining vociferously about taxes.

There is a question, however, not only as to why it occupied the bottom rank in one time period but sixth rank in the third Roosevelt and first Truman administrations. The reason for the ranking in the war period is probably explained by two factors. First, the business editors had long used the argument that the only real excuse for high taxes, and unbalanced budget and an increasing national debt came when the government was performing its legitimate function of defending the country. Second, there is no reason to believe that the business group was not as willing as the rest of the population to make any necessary sacrifices to win the war.

A comparison of this category with that of government regulations shows that after 1940 regulation was always of greater interest. This would suggest a higher degree of adaptation by the group to high taxes and a large debt. In a prosperous period this might well be since taxes can be shifted more readily and a large debt does not seem so ominous. The country was in grave danger
throughout this period and the preceding argument of business attitudes in this kind of a situation also serves as an explanation.

This last argument is partially buttressed by events after the Korean truce when interest in taxes and the budget jumped three ranks to third position. While the cold war still prevailed, a hot was is more dramatic. Another factor to be considered is that the Republicans had returned to power, indicating to the business group that a great many "needless" government functions would be abolished or modified, and leading to a hope for both lower taxes and a balanced budget with perhaps even a reduction in the national debt.

Another category that achieved first rank status was that of the function of the competitive marketplace. It ranked first in interest in both the second Roosevelt and Truman administrations. This category never dropped below fifth rank and was the only one not to do so. This is indicative of the central place the arguments found in this category were to businessmen's attitudes.

It is interesting to note that this category only ranked below third place in the Republican administrations (where it was fourth in Hoover's and fifth in Eisenhower's.) This indication of less interest in these attitudes under Republican administrations most likely comes from two reasons. In the Hoover administration a pattern of government controls had not as yet been established, whereas in the Eisenhower administration the controls established in the interim were expected to be modified. There
was a general attitude of greater security on the part of the businessmen in the Eisenhower administration than any of those that preceded it.

The categories of government aid and economic and social functions of the businessman did not attain first rank status but both reached the second rank.

The interest in government aid as compared to other categories was at its peak at the beginning of the study when it was outranked only by taxes and the budget as a source of interest. The reason for this is fairly obvious since it was the period of the great debate as to who should be responsible for caring for the needy. The interest in government aid followed almost a bell shaped inverted curve with the low point being in the wartime administration of Roosevelt when it ranked eighth.

This was an area in which the business editors did not have much confidence in the ability of the Republicans to hold the line. This accounts for the renewed interest in the post-war era reaching its peak in the Eisenhower administration. While it was hoped that the Republicans would not give into "mass" pressures, the editors had noted that the Republicans had had to include New Deal welfare measures as a means to victory. It was not, however, a campaign promise the businessmen were eager to see carried out. Most editorials in this category at that time were exhorting the President not to "sell out" to the mass interest groups.

While businessmen were always quick to oppose social welfare
measures as a function of government, it is interesting that this category ranked sixth in the overall totals and never attained first rank status. This would lead to the conclusion that this kind of activity was never quite the problem to business as is generally supposed. One possible explanation is that the businessmen saw a means to stop the trend and this was the rapid incorporation of private pension and insurance schemes as a part of wage costs. These costs could largely be passed on to the consumer in the prosperous post-war period. The desire to offset government action in this area with this method may also account in part for the very strong interest in doing all that was possible to abolish price controls. The carrying out of this policy would depend on private control of prices. It should be remembered that even higher taxes were more acceptable than market controls and were also a cost that could be passed on to the consumer.

The businessman's conception of his economic and social function was a category that exhibited considerable fluctuation. Interest in this category reached its peak in the third Roosevelt administration when it ranked second, following only government regulation. This was the period when businessmen were convinced that the national emergency with its consequent demand for their skills was going to bring back their former prestige.

Interest in this category fell to seventh place in the Eisenhower administration when businessmen were hopeful that they
would be able to play their full economic role unmolested.

The category of checks and balances and federalism reached the fourth rank in the 1941-44, 1945-52 periods. Increased concern with the centralization of power in the Presidency had elevated this category from the seventh position it held in both the Hoover and first Roosevelt administrations. There was a constantly increasing percentage of attention from 5.9 percent in the Hoover administration to 11.7 percent in Eisenhower's. It was hoped that Eisenhower would redress the balance and this accounted for the larger number of references in his administration.

The statistical data, while indicating ranking and shifts of interest and thus giving clues as to overall attitudinal response does not provide sufficient answers. There must be added to this data the shifts or lack of them that occurred within each category as well as the basic arguments underlying and cutting across the specific categories.

These basic arguments are largely found in Chapter III dealing with the role of the competitive marketplace and in Chapter IX dealing with the economic and social role of the businessman. From these attitudes many (although not all) of those toward the functional responsibilities of government may be predicted, although not all.

The businessman's concept of the role of the free marketplace appeared to dominate most of his attitudes from the beginning of the study to its end. The determination of what was "free"
became crucial.

In general terms, the results flowing from the free operation of the marketplace were manifold and always beneficial to the society. Moreover, the marketplace was universalized to include most human relationships. Freedom was the freedom to compete but most of all in the economic marketplace.

Individual freedom was largely a matter of individual initiative. Each man had to have the equal opportunity to build a secure financial base for himself which he could only do when he could sell his services in the open market, save the profits or in the case of the wage earner spend less than he earned, invest these savings on profits in productive enterprise and secure an independent income. Only then could he truly be free. The upshot is that each man has to earn his own freedom. The only real freedom that is supplied by government is when it limits its functions to those of defense from external aggression and providing the order and stability in the community necessary to insure competitive conditions.

The real freedom was to be able to become President not of the United States but of General Motors. Thus, there were men who had varying degrees of freedom in each free society. This created no problem for the business editors since each man was free to have more freedom as long as the basic freedom to compete was operative. If he chose to be lazy or a spendthrift this was a free choice on his part. However, the best men were those who
used initiative in a competitive situation to enhance their position. In doing so they also performed a valuable service for the community by increasing its productivity and advancing civilization by just that much.

The best state recognized this argument by giving these men power over the general direction of society and providing the laws that enhanced stability. The danger from a democracy that stressed political participation by all regardless of their willingness or ability to participate in the competitive market was that it permitted the less rational to make decisions. Those who did not understand the true freedom and the real basis of progress and material prosperity were inclined to use their political power in such a manner as to destroy the means to the end they sought. The real problem was that of education and enlightenment. And, it will be recalled, this was one of the first kind of programs advocated by the business editors when it appeared their worst fears of mass political participation were being realized.

It was the businessman, of course, who was most actively engaged in competition. Consequently, business and the businessman were the most important elements in the society. There could have been no civilization without them nor could further advances be expected if they were restricted in their activities.

The businessman's social and economic functions largely conjoined. In addition to the overall social benefits derived from the businessman's activity there were certain others. The business
editors viewed most men as lazy and thus immoral. Agreeing that the
devil breeds work for idle hands, business editors argued that busi-
nessmen forced men into activity by creating an active society.
But the higher morality still rested in those who had voluntarily
tempered themselves in the crucible of struggle.

Businessmen were the national leaders of the community because
they had successfully overcome great odds leading to their higher
morality, had been able to discern the underlying truths that
should govern society and were the only men who could advance ci-
vilization while, at the same time, giving to the society what it
really wanted, namely, a high standard of material comfort and,
hence, real happiness for all. Consequently, depriving him of
this function by word or deed or discouraging him could only
lead to a less noble, poorer and unhappier society. His interest
was the national interest and what was truly good for business
was truly good for the United States.

In addition, his services provided the only real source of
government support as only he produced wealth. This was an
argument with an implication that government was beholden to him
and him alone. Moreover, only he could really defend the country
in the age of modern technology as wars were really battles of
productive ability.

The economic system, as such, was largely considered beyond
the direction of man. Moreover, he should not attempt to control
it even if it should be possible. This was a viewpoint that was
modified during the course of the study.

Business editors had argued in the early part of the study that natural economic forces created the business cycle and served the real function of eliminating the non-economic producers who were largely unknown in a boom period. This catharsis theory by implication removed the blame for depression periods from the businessmen who survived and it served, as well, as an argument against intervention.

The opportunity for business to plan the economy in the N.R. A. met with mixed reactions and eventual hostility but indicates that businessmen were willing to change their ideas about this thesis. In fact when it became apparent that someone was going to be given this function, businessmen argued it should be theirs. It will also be remembered that during the war there were arguments put forth that business should take the initiative in making post-war employment plans so that government would have no reason to intervene. The basic position was never completely overturned as this was to be no overall direction of the economy but only many individual producers making individual plans. It should also be noted that businessmen were warned in the reconversion period about becoming too much of a part of the government as a new depression would be credited to them since the government was controlling the economy.

On the opposite side of the coin, however, business editors saw only businessmen as the creators of prosperity. Their
individual plans and investments provided economic progress and this was the rationalization for profits as well as the necessity for a psychological atmosphere that induced men to risk their property.

These were the general attitudes that accounted for most of the business editors' responses to specific actions and from which may be anticipated most of the attitudes toward what functions of government were legitimate and what were arbitrary. The interesting and important thing about them is their unchanging nature throughout the study. Moreover, these same attitudes were discovered by Professor James Prothro in his study of the business community attitudes in the 1920's. One also finds a high degree of correlation with the study made by Marver Bernstein of a much wider range of business periodicals for the five month period of September 1951 to February, 1952. The significance of these correlations and of the fact that there were no significant shifts will be taken up later in this chapter.

When one looks at the specific categories the essential firmness of opinion by this group is further revealed.

The attitudes toward government regulation, for example, showed little evidence of change throughout the period. The basic argument was repeated again and again that only evil consequences could flow from regulating the market, that initiative would be dampened, economic progress would be retarded or stopped, the best men would be unidentified, basic liberties would be forever lost
were arguments used in the 1950's, especially in regard to price controls, as well as in the 1930's to oppose control of the securities market.

It should be stated more explicitly that these were the arguments used against the regulation of business. Regulation of other groups and especially labor did not meet with such harsh criticism. The business editors did not have to push their basic ideas too far to accommodate this attitude. Labor did not and could not act in the national interest and when it got strong enough to make demands on business it threatened the free marketplace. It was a legitimate function of government to keep the marketplace open and hence regulation of those groups who sought to gain unnatural advantages was legitimate also.

There did appear to be an accommodation to regulation as something that had to be lived with but not enjoyed. That is, there was a willingness to surrender power to the state on the basis that it was good citizenship if not good economic sense. However, there rested beneath the surface of those editorials that stated businessmen must learn to live with regulation an attitude that the situation was still largely temporary in nature.

It was seen that attitudes toward other functions of government did change if the editors believed it would eliminate some regulation. It will be recalled that higher taxes were preferable to an increasing debt that devalued the dollar and brought the threat of the most dreaded control of all, namely, control
of prices. Taxes had until this time been consistently opposed largely on the basis that they destroyed investing power by destroying initiative and that they were used for unproductive enterprise, namely, government welfare activity. The functions of government as business would have them were largely housekeeping in nature and taxes were an index of whether government was going beyond the functions business expected of it.

When taxes were used for public investment and productive facilities however, they were also being misused. There was certainly no greater consistency appearing in any of the data than in the arguments used against government operating an industry competitive with private business. This was socialism, if not communism, in action and no greater tragedy could befall a nation. In this as in other government activities there was always the assumption that the acceptance of limited government action would eventually lead to absolute government domination.

Opposition to taxation throughout the study was also based on the assumption that if taxes were lowered needless services would have to be abandoned. Chief and foremost among these services were the various welfare activities of the government.

The unfavorable ramifications of these activities on the workings of the free marketplace served as the favored argument against them. The ramifications were severalfold: men would lose their initiative; the industrious (the best) members of the society would be punished rather than rewarded; political freedom
would be lost; subsidies interfered with the operations of the free marketplace.

Indicative of the unchanged attitude toward government performing these various services is that the hero President of the business community, Eisenhower, came under sharp attack by the editors when he proposed extending some of the benefits.

Attitudes toward this kind of activity did appear to change in that there was a change of the function that the businessman envisioned for himself. He recognized that pensions and various insurance programs had been accepted and demanded by the public. Consequently, he was willing to take on this added function and, indeed, argued that it should be his. His motives may have been altruistic or springing from what some might term a higher morality, but another explanation that does not require an assumption is that he was acting in a traditional manner in that he had never believed welfare was a function of either the national or state governments but was private in character. Consequently there was no basic change on the businessman's part when he became "socially conscious", only the surface manifestation of a change. The change is indicative however of the kind of ideas that may be changed in this group as a result of social and governmental pressure. The group was willing to assimilate this function rather than have government perform it. It must also be remembered that local business had a history of providing for local welfare. As the local tycoon gave way to corporate
managers a vacuum was created in this area and business eventually responded by trying to displace government that had filled it. It is unlikely that business could have taken on the task in the depression era.

When attention was directed to the functions of the branches of government no higher degree of flexibility was seen in attitudes. The function of the check and balance structure was to insure competition. When it appeared to be malfunctioning, alarm was felt. The stability of this attitude might have been anticipated since it appears to be a part of the general public attitude. It would appear, however, that the public was more willing to concentrate more power in the executive branch than was the business group unless one postulates that the concentration that has taken place was despite rather than because of public will.

It could easily be noticed that business editors had greater faith in Republican Congresses and Presidents. While the businessman has long been primarily identified with the Republican party the closer identification with that party was quite evident as the study progressed. There was evidence that the business editors became much more aware of the nature of party struggle and of the use to which parties could be put.

The functions of the party were largely visualized in the same terms as those of government. Parties were to promote the free enterprise system and were considered as captured by the masses and demagogues when advocating measures opposed by the
business group. While it was conceded that a vigorous competitive two party system required opposing policies, such opposition stopped short of certain areas, where, for the national interest, the parties had to be in substantial agreement. It was when the Democrats failed to meet the test that the greater interest in party activity, as such, and a closer identification with the Republicans occurred.

Pressure groups were also put to the same test. Generally the pressure groups of labor, agriculture and the veterans were opposed because they were "mass" groups that attempted to use their numbers to bypass the marketplace and gain economic benefits with political power. Business editors viewed business pressure groups that sought economic advantage for its industry on much the same terms. Those business groups that encompassed a wider range of interest such as the Chamber of Commerce and Committee for Economic Development were generally viewed as good.

In light of what is known about pressure group activity by business it must be assumed that businessmen rather than editors would have viewed this position as ideal, perhaps, but not practical. Herein lies a difficulty when one attempts to talk about the overall views of this group. Each businessman as a decision maker is most likely to think of the competitive position of his individual company and what is advantageous to it rather than to business as business. The overall business group because it is competitive within itself may find it difficult to act as a unit.
Herein lies the potential strength of an organization such as the Chamber of Commerce which can act not only as a spokesman but as a coordinator and mobilizer if the pressures on business would become too strong.

It might be, however, that businessmen do have a "business consciousness" that serves as basis for a great many of the specific decisions that they do make about their own industry. The very persistence of the viewpoints uncovered by the data in this study would lend weight to that argument.

An attitude toward the use of political power that did undergo some change was that of the participation of the businessman in politics and particularly in government administration. It was a slow rather painful change that was only beginning to exhibit itself in any great strength toward the end of the study. There had been an argument as to whether business could promote its best interests by doing better what it was supposed to do or by attempting to get political power directly rather than indirectly through a favorable public opinion. As it happened circumstances beyond its control gave it both simultaneously. Herein was seen some real evidence of Lasswell's thesis that skill leads to political deference.

In addition to those changed or unchanging attitudes that have been discussed there must be some mention of the effects of the Republican return to power in 1952 on attitudes. It has been established that the business community felt much more secure at
this time, but did this lead to a greater sense of responsibility on its part to the party and the government? That is, did it believe that it had to act more responsibly since it conceived itself to be back in power? Would it push as hard for reforms?

There is some evidence that the editors did urge a greater sense of responsibility on the part of the businessmen. It was explicitly stated more than once that businessmen had a vested interest in the success or failure of the Eisenhower administration. The question is what did they forsee as responsible actions by the business community?

They were, for one thing, cautious about moving too far too fast. While the editors still argued that many reforms were needed, particularly in redressing the balance between labor and business, they were well aware that any attempt to be vengeful would only lead to ultimate disaster. In the same manner caution had to be exercised in removing too quickly controls on business itself. It was believed that any recession would backfire on business at once and if controls had been lifted the blame would be placed thereon whether deserving or not. It was not clear whether business itself was not convinced whether the controls were necessary or if a rapid elimination of them would lead to too many severe readjustments in a short period.

The business editors were less reticent about criticizing the extension of any of the welfare activities of the government. It was perhaps, an area that could not be seen as working to their
immediate disadvantage in the event of a recession and businessmen were playing a larger role in that area themselves.

What then are the final conclusions that come from the data we have presented? First, there does not seem to be any evidence that basic attitudes were modified in this period. Relief from price control was met with joy and other modifications of control as well. There was, moreover, a constant hope expressed that further controls would be abolished or, at least modified so as to be more cognizant of business interests. Businessmen's increased participation in government and a party in power believed to be sympathetic to business interests served to increase that hope. One cannot say, however, that a return to *laissez faire* was expected.

In general, one has to come to the conclusion from this data that all of the revolutionary social, economic and political changes that took place in that era encompassed in the study had little impact on the basic ideas of the business group. This would suggest certain hypotheses.

First, there is operating within this group a communications system, more or less organized, that passes along basic attitudes from one business generation to the next. From this flows the observation that the group, as Whyte and Key have suggested, have means to enforce these attitudes on newcomers.

Second, a group largely wants to be left alone while pursuing its functions as it sees them and, consequently, the functions
of government would always be considered primarily negative except when advancing that particular group's fortunes. That is, one might anticipate too much by anticipating changes in basis attitudes toward the function of government. It should be noted in this respect that the business group's attitudes about its own function were somewhat more flexible than those toward government's functions.

Third, there is some evidence to support a contention that a group responds to pressures put on it by modifying or adding to its previous responsibilities. A group may battle against change when basic social attitudes manifest themselves that call for institutional action but once the decision has been made, and it appears irrevocable, the battle may well be to assimilate the new function as a part of the group's responsibility. A battle for the loyalty not only of members of the group but the public as well may be a part of group maneuvering. This would suggest that a group's impact on another might extend beyond that period of time when the government was performing the activity. That is, group A may have enough power at time X to establish a public policy opposed by group B but B may assimilate the function in preference to its being permanently performed by government.

Another possibility suggesting itself is that groups maintain basic attitudes until the propitious moment when it may regain power and overturn prior policy decisions. This would suggest in turn that there is a conservative nature to the society
when all major groups are fully developed. What would appear to be change would only be substitutions of a previous policy for a current policy. Real changes in the society would be a result of a crisis or a new group coming into ascendancy. Any change that was not totally different from the previous policy but contained a mixture of the old and new would make possible an admixture to develop that would offer few alternatives among groups. It may be argued that such a thesis largely, if not totally, ignores the changing problems of society brought about by changed technology or the like. Witness however the multiple changes in American society and its problems from 1930-1955 with little evidence of any change in the basic attitudes of the business group.

Returning now to one of the more specific questions raised in the introduction, it may be stated that it would appear that the attitudinal integrity of the business group was high. This conclusion gives no weight to the thesis of those who hold that groups are becoming or have become hypersensitive to mass demands, but it also adds nothing to the contention that policy making has fallen into the hands of unresponsive agents. There is evidence that this group did assimilate new functions while adjusting to the loss of old one while at the same time retaining the framework of a consistent attitudinal pattern. The evidence used in the study was not of such a nature that it can be determined where attitudes or action are generated within each group so there can be no final conclusion drawn as to whether writers such as Mills
are correct with their elite theories. It might be suspected that little attitudinal change would be indicative of elite manipulation however.

The final conclusion of the study would appear to indicate that the demand of the pluralists has been met in part. There is one major group which has offered a set of attitudes and programs that differ in large measure from those adopted by the society thereby offering to the society policy and leadership alternatives. Kornhauser suggests that intergroup tensions are essential for a democratic system. It would appear that the business community has played its role well in his terms. Many questions are unanswered, however, about this group and others. Those who are concerned that either a leaderless mob or an unresponsive elite will emerge from our mass society cannot as yet put their fears aside.
NOTES

CHAPTER XI


2 Robert Lane, The Regulation of Businessmen (New Haven, 1954).


Table I

Number of References from Each Periodical by Presidential Administration

<table>
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<tr>
<th>Year</th>
<th>Nation's Business</th>
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Table III
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* Rounding shortage
Table IV
Interest Rank of Categories per Presidential Administration and in Overall Totals

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x shared rank
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Books


Articles


Cowdrick, Edward S. "Should the State Pension the Aged?", Nation's Business, 18:54 (June, 1930).


Paraphlet

I, Robert Carlton Gibson, was born in Celina, Ohio, September 1, 1924. I received my secondary school education in the public schools of Columbus, Ohio, and my undergraduate training at Ohio State University, which granted me the Bachelor of Science degree in 1948. I received the Master of Arts degree from Ohio State University in 1957. While in residence there, I was a Graduate Assistant in the Department of Political Science. In October, 1957, I was appointed an Assistant at Ohio State University. I held this position for three years while completing the requirements for the degree Doctor of Philosophy.