

public and private ownership, because public operations would be carried through with integrity and economy. If this spirit should obtain in both public and private life, the management of business, whether it be public or private, would be decided not on abstract theory but by experience and by the convenience and suitability of the particular case. Then, as in our state universities and our endowed universities, public and private effort would exist side by side.

Here is a great truth — the sum of many truths: enlightened selfishness is not an adequate guide to living. Life is too complicated. There is no enlightenment that is so keen it can see through to the end. Consider the last ten years. Some worldly-wise individuals were going to be independent of the welfare of the country as a whole. They were going to take theirs and let the rest of the people find out

afterward. But they failed, and, had it not been for a large body of solid good citizenship, civilization would have failed with them.

As a small boy, I heard a story about how the East Indians catch monkeys. According to the story, they take a coconut and cut a hole in it barely big enough for the monkey's empty hand to pass through. In it they place some lumps of sugar and then fasten the coconut to a tree. The monkey squeezes his hand inside the coconut and grasps the sugar and then tries to draw out his fist. But the hole is not large enough for his closed fist to go through, and greed is his undoing, for he will never give up the prize.

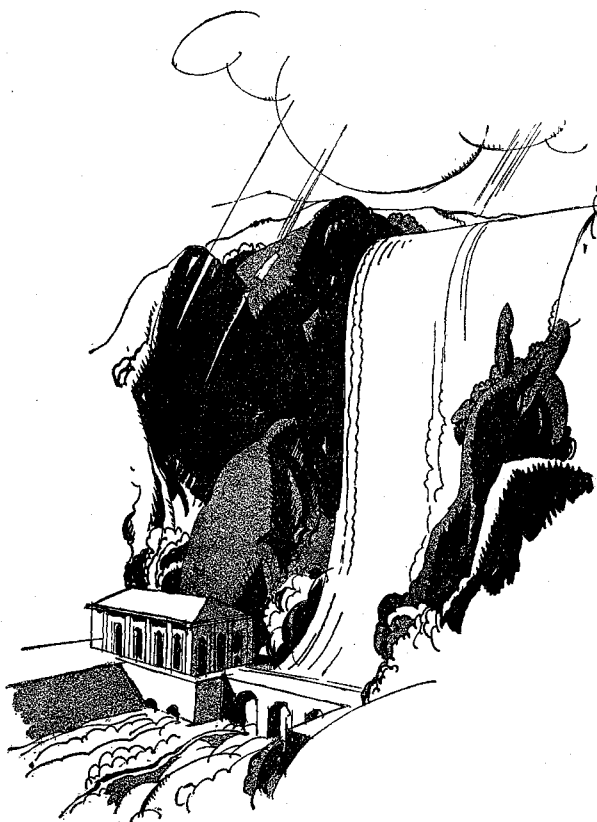
American business to some degree is in the same situation. It is not yet willing to give up the sugar. Only so far as it becomes willing to relinquish this grasp can the New Deal survive and be a reality.

Keep Government Out of Business

BY MR. HOOKER

TWENTY YEARS ago, when I would walk through Wall Street, certain important conservatives would not speak to me; I was considered too much of a radical. With the first Roosevelt I fought for reform — real reform — and my ideas on that subject are much the same today as they were then. But now I am looked upon as a conservative, a member of the Old Guard. Worse — I am a specimen of that truly Forgotten Man who does not and who never did believe in the "New" Deal. There is nothing new about it. More precisely, I have never believed that the security and happiness of the individual man is to be found in yielding his sovereignty to the state. And that — if I may flatly disagree with Dr. Morgan — is the essence of the New Deal. That idea has come from the Eastern World since the day of Genghis Khan, and Western men have found in it a challenge to their belief that the state should be their servant and not their master.

John Maynard Keynes, the British econo-



mist, has repeatedly urged his philosophy of "government spending until it hurts" upon England, but she has rejected this native-born policy. England is old and wise. She has "saved and taxed until it hurts" and now is smiling on the road to recovery. Keynes was listened to

by forty leaders of American industry, finance, and economics last year. He won no converts but unhappily he sold his ideas to inexperienced and adventurous Washington. We are carrying them out and artfully postponing the taxes. The national debt is nearing the staggering total of thirty-four billions of dollars, and the end is not in sight. A new and ambitious public-works program is contemplated. Yet it is becoming increasingly apparent that these enormous expenditures of public funds to induce recovery have not brought the desired results. How useful if some Gutzon Borglum could carve in imperishable stone on some majestic cliff near our political citadel a few economic Thou Shalt Nots — futilities which the ages and many lands have proven — as he has graven the heads of great Americans on our mountaintops.

Thirteen national associations of economists, just met in Chicago, warned of the danger of public-works expenditures giving the spoils system a new impetus. That political cleverness can postpone the day of reckoning until the administration perpetrating it is out of office does not excuse the scandalous purchase of political power that is going on in this country nor the supineness of a citizenship and newspaper editorship that allows it to proceed.

I quote from the public statement in 1932 of one who is now a controlling official in the present administration in Washington: "I propose to you that government of all kinds, big and little, be made solvent and that the example be set by the President of the United States and his cabinet. I shall use this position to discuss up and down the country at all times the duty of reducing taxes. This I pledge you, and nothing transcends in importance this covenant with the taxpayers of this country. Let us have the courage to stop borrowing to meet continued deficits — and stop the deficits. It is my pledge and promise that rigid governmental economy shall be forced by a stern and unremitting policy of living within our income. I have warned the country against unwise governmental interference with business." I believe that if we had followed *that* road we would be further along the road to

recovery than we are to-day. It is certain that we would not be bogged down in a debt that will remain to burden our children and our children's children.

II

AS AN HYDRAULIC engineer and a businessman I am not and I never have been an investor in public utilities. I hold no brief for the exploitation of the public in utilities or anywhere else — even in politics. But as a large consumer of power, no one ought to be more enthusiastic about the development of cheaper power. I want to see cheap power and I want to see my country thrive and prosper and move ahead. In my opinion, it will not be necessary to make any more costly experiments to determine whether or not power can be developed more

cheaply under government ownership than under private operation. Common sense and experience tell us that no project for the generation, distribution, and sale of power, operated by the government, can possibly be as efficient as the same project under private operation. This is simply axiomatic to anyone who is willing to view the American political system realistically. Dr. Morgan seems to be conscious of the defects of that system. But when he leaves the subject of politics and turns to the TVA project he indulges in that wishful thinking that is so characteristic of Administration officials these days. Why ignore plain facts? Why deceive ourselves by thinking that by *willing* impossible things we can make them so?

Now as it happens I know something of the great basin of the Tennessee River and Muscle Shoals. For a couple of years my whole attention was given to a constructive plan to turn this government waste into an asset.

The government built the fifty-one-million-dollar Wilson Dam which, when it was finished, was worth just seventeen million dollars. There were only seventeen million dollars of it justified from the beginning, and everybody in the hydraulic field knew it. Private enterprise would not build it because it was not worth building. The government came along and

Mr. Hooker is, like Dr. Morgan, an engineer. After a public-works career at the turn of the century under Governors Roosevelt I and Odell, of New York State, he went west to engage in timber, mining, and railroad enterprises. He organized and headed the Hooker Electrochemical Company. He was associated with the Progressive Party in 1912, under Theodore Roosevelt. He is a notable example of the liberal "captain of industry."

built it during the War because it would generate 100,000 horsepower.

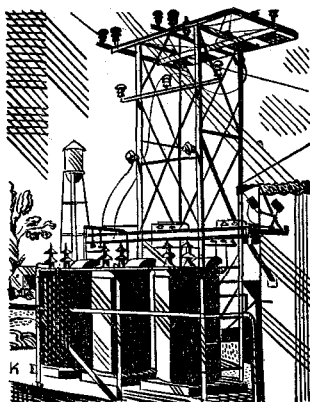
I want to cite this example of the quality of thought which goes into many of these government enterprises. A hundred thousand horsepower was needed to utilize the new plan for obtaining nitrogen from the air for government use. Washington appointed a competent board of American engineers and chemists to decide where it ought to be located. They studied various places, among them Muscle Shoals, very carefully and decided that it was not the place at all. Nevertheless the authorities at Washington went ahead and built the Wilson Dam, ostensibly to generate 100,000 horsepower to run the nitrogen plants, which were to be finished in six months. They placed these plants at Muscle Shoals and forthwith employed a well-known engineering firm to build a 100,000-horsepower steam unit to be finished within six months, to run the nitrogen plants, since the dam would not be finished for ten years. Now the dam was not finished for ten years, and it cost fifty-one million dollars and of course it had no relation whatever to the nitrogen project, which was given as the reason for building it. That is plain history.

The expenditure going on under the Tennessee Valley Authority is, so far as I can find out, nearly all wasted money, except for the Cove Creek Dam, now named the Norris Dam. There is a dam I do believe in. When I was there it was supposed to cost twenty million dollars. I now see it is going to cost thirty-four million dollars. That is another comment on government work. At any rate, the justification for building that dam is its location in a narrow gorge where a relatively limited block of concrete will give a high head, plenty of storage, and power to warrant its own building. In addition it will store enough water in the upper Tennessee Valley to reclaim, as it flows down the river, seventeen millions of the thirty-four millions of dollars wasted in the Wilson Dam. If it does not pay for itself in one place, it should pay for itself in the other, and, in my judgment, it would have paid for itself in both places had the cost not already been increased

fourteen million dollars beyond the original estimate.

III

THE OBJECTIVE of the TVA and of all the federal plants related to it seems to be rural and domestic electrification, and it is claimed to be justified by present-day emergency-employment needs. Now the fatal defect in all these government plans, as far as emergency relief is concerned, is that it will take five years to complete the projects and five years more for the purchase of transformer lines and the appliances to use them. We cannot wait ten years for relief, or there will be no one to relieve. Furthermore there is hardly anything in the gamut of expenditure that the President could choose which would employ a



smaller number of men per thousand dollars of expenditure than building dams. It is the least effective thing he could do. Building battle-ships to take out to sea and sink would be much better and would do no harm to business afterwards.

If the Administration is so anxious to operate and develop power as a public enterprise, why couldn't it have taken some of these millions of dollars and bought up efficient public utilities at what it thinks they are worth, perhaps half of what they cost, or what the simple and forgotten men and women-clerks, stenographers, street car conductors — who bought the bonds paid for them? Let these people get at least fifty cents on their dollar and let the government run the plants as a play-thing.

Projects already adopted or definitely being considered by the Federal government in the utilities field will ultimately involve a total capital investment by the government of approximately three billion dollars, in territory now served by private companies. Why build plants to ruin each other? New York City is playing with this danger. The present broad-side against utilities has discouraged their buying of heavy machinery to such an extent as to have a notable effect on the present depression — an effect which can hardly be al-

leviated by purchasing electrical equipment for farmers five or ten years from now.

I can find no fault with what Dr. Morgan has to say about the evils of political patronage; I wholly agree with him. And as the inevitable concomitant of the New Deal these evils are present on a scale hitherto undreamed of. A political machine is being created in the United States the like of which the world has never seen. It fattens upon continued government handouts and will continue to fatten — as long as there is anything to hand out. There is no use of merely decrying the situation; we should prepare to deal with it. The way to deal with it is to take the federal government out of business — out of the power business, out of the construction business, out of the banking business — out of every kind of business except one — the business of government.

What is the use of ignoring realities? The world is not perfect and no amount of *wishing* will make it so. We still have to reckon with frailties of human nature, and human nature will still be frail when the New Deal is only a memory. Perhaps it is unfortunate — but it is true that there is no ready and effective substitute for enlightened self-interest — the much-maligned “profit motive.”

The profit motive has had something to do with creating a standard of living in the United States higher than that enjoyed by any other country in the world to-day. Before we scrap our American system we must first be sure that we have something better to substitute for it.

By indirection, Dr. Morgan challenges the probity, ability, and public spirit of the American businessman and the continuance of his leadership in an industrial democracy based on individual initiative. In the field of banking and in the utility field there have been isolated, outstanding lapses. America does not believe that they are typical, and it is growing a little tiresome to hear high Administration officials suggest that they are.

IV

TURNING to the larger field of manufacturing industry, I want vigorously to deny the whole spirit of the allegation. From increasing contact over thirty years with typical leaders of American industrial life and some personal knowledge of similar men in England, France,

and Germany, I want to bear tribute to their generosity, fairness, and public spirit. Modern, enlightened business has graduated from paternalism to a mutual understanding between employer and employee based on right and reason, with generous impulse on both sides. There has never been a time in any land when these relations have been so close and understanding and when labor has met so much cordial co-operation, with or without labor unions, as has been the common case here in our time. This still continues, in spite of harmful attacks upon this relationship. Labor knows too well who its real friends are, and they are not demagogues.

Some of us believe that the essence of America's problem is to level the extreme heights and depressions of inevitably recurring industrial cycles, that American industry provided with this implement would move safely forward and serve outstandingly in the interest of the common man. It was proposed to President Roosevelt that he should ask President Hoover, immediately upon his retirement from office, to head a group of outstanding Americans of any political faith to report and recommend to the President within four years a sound instrument for this purpose. We have done everything *but* that, and the need is as insistent as it ever was.

There has been no demonstrated proof that the advent of the machine and new discoveries eventually destroy rather than increase the opportunity for labor. Our depressions come and go, and temporary measures of relief are needed. With a relatively young soil and a youthful people we do not look upon permanent unemployment as a problem likely to come upon us for a thousand years. If there are eight millions of unemployed, one and one half million of these are aged or defectives and totally unfit for work. Another million and a half are the lazy, the riffraff, and the bums who never have worked and who never will except under military compulsion. The remaining five millions of two-fisted, upstanding American citizens anxious to work are the ones with whom our industry is concerned. They will certainly find their way back to work through government co-operation with industry, but slowly, if ever, through direct government employment.

NATIONAL SECURITY AND BIRTH CONTROL

BY MARGARET SANGER

MEN AND WOMEN often congratulate me upon having won my long battle for birth control. Their attention has been arrested, perhaps, by those skilfully composed advertisements for commercial contraceptives which are now accepted by great metropolitan dailies and highly respectable monthlies. Therefore these good folk erroneously assume that all legal obstacles to the dissemination of birth-control information have been wiped off our statutes. Time after time I am called on to explain, with such patience as I can summon to this tiresome task, that this assumption is far from the truth. In this enlightened year of the New Deal, 1935, the Penal Code of the United States still classifies the science of contraception with filthy French photographs and its advocates and practitioners as lewd, lacivious, and obscene criminals, threatening punishment by heavy fines and long sentences in federal penitentiaries.

Permit me to summarize the actual status of our present federal laws involving the delicate question of contraception.

Section 211 of the United States Penal Code prohibits the sending or receiving by and from the United States mails information and supplies pertaining to the prevention of conception. *There are no exemptions.*

Section 245 of this same code prohibits the sending or receiving by an express company or common carrier of information or supplies relating to the prevention of conception. *There are no exemptions.*

Sections 311 and 312 pertain to the Territories and Districts under federal control and are even more rigid in their prohibitions, declaring that even the *possession* of any article intended for the prevention of conception constitutes a crime. *No exemptions!*

Convictions under these statutes are punishable by the imposition of fines ranging from

\$2,000 to \$5,000 or imprisonment for five years or both.

Twenty-one years ago, when I began to challenge the ethical validity of these laws, the tragic effects of passive and unthinking submission to them were obvious to anyone with eyes to observe. This national tragedy was reflected in a high infant-mortality rate, an even more disastrous maternity-mortality rate, the evils of child labor, and the prevalence of that most desperate remedy, abortion. Scientific research in the technique of contraception was nonexistent. Hospitals, clinics, medical societies, and schools could not jeopardize their very existence by any overt defiance of the laws of the land, even if they recognized the importance of the problem. The same restrictive and blighting effect exists to-day. Not only are these federal statutes in conflict with state laws, but they are endlessly confusing to scientists and physicians legitimately concerned in genetic research and racial health. In those states which permit, even with certain restrictions, the dissemination of contraceptive advice, physicians are compelled to bootleg the interstate transportation of supplies and reports, since the United States mails and even the common carriers must not be sullied by such information! While certain courageous physicians may indeed ignore the existence of these statutes in their private practice, the policies of hospitals, clinics and medical schools cannot admit transactions specifically condemned as against the statutes of the Penal Code.

Our first task was to tear aside the heavy veils of silence which shrouded the whole subject; next, to inaugurate the interminable task of enlightening public opinion, a job which brought with it ridicule and stinging denunciation, not to mention police raids, indictments, and jails. However, we succeeded