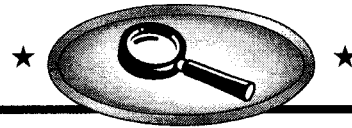


★ **Enrichment Activity 10****Reaction to the New Deal**

Although many business leaders supported President Roosevelt, hostility toward government soon began in the business

community. Much of this conflict centered around the belief that New Deal reforms were harmful to business.

DIRECTIONS: In 1934 W.M. Kiplinger, who is now famous for his Washington newsletter, *The Kiplinger Report*, wrote an article in *Scribner's* magazine that summarized the feelings of American business leaders about the New Deal. Read the excerpts from the article below, and then answer the questions that follow.

In talking about businessmen, let's not fix a type, for there really isn't any type. . . . "Big businessmen" are more prominent, but they aren't numerous. The "average businessman" is small, with few employees, with plenty of troubles.

Most are concrete in their thinking. Many have no understanding of broad economic or social abstractions. Consequently they are apt to think that anything which interferes with their operations, their "freedom," their "liberty," is wrong. . . .

Turning to Washington officially you find no "average type" among them. Most have become public officials only recently. A majority are amateurs at this governing business. A minority are professional public servants or politicians.

The big idea of this new set of amateur officials is to make political power ascendant over business or economic power—perhaps temporarily, perhaps permanently. The assumption is that government acting for all the people, should discipline, direct, supervise, control, and regulate the course of business. . . .

Let me tell you the stories of a few businessmen. . . .

Man A: Small paper manufacturer. Finds the industry code fixes prices. This compels him to raise his price. Finds customers dropping off, going to larger manufacturers who make better known, better-advertised brands, and whose delivery service is prompter. Thus he fears the code and the government.

Man B: Middle-aged merchant with six children. Has a fortune of about \$100,000. Wants to know whether inflation will destroy this fortune and leave his children with nothing. He is frightened over inflation.

Man M: Large employer. I was threatened with a strike. Says the government may not know that it is fomenting strikes, but the thing works out this way.

"The indefiniteness of Washington" is subject of complaint by three out of four businessmen. They say business itself contains enough natural hazards, and on these are now super imposed a whole new set of political hazards. The objection is rather to a hodgepodge of policies which are sometimes conflicting, which are explained in different ways by different sets of officials, and which create in business minds the impression that the government is in a great state of indefiniteness and confusion. . . .

"The troublemakers," from the business viewpoint, are the highly theoretical young reformers suddenly thrust into high positions. They mean well, they are honest, they have zeal, they have imagination, but they don't have experience. They think in terms of blueprints rather than in terms of machines. . . .

From W.M. Kiplinger's "Why Business Men Fear Washington" from *Scribner's*, October 1934.
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CHAPTER 10

★ Enrichment Activity 10 (continued)

Questions to Consider

1. According to this magazine article, what was the chief complaint that business leaders had about the New Deal, and why did they have it?

2. Why was "Man B" frightened that inflation would result from the New Deal?

3. The article accuses New Deal officials of trying "a new set of ideas" on the economy and business community. Explain whether you agree or disagree with this charge.

4. **GO A STEP FURTHER** ► You are writing a speech for Roosevelt to give to a group of business leaders. In the speech, Roosevelt wants to defend himself against criticisms that his programs are indefinite, conflicting, and a "hodgepodge."
