

Introduction

MEN WHO write of their life in public office seem united in the way they use the introduction to their narrative. In these first pages they seek to establish an image of themselves as modest fellows undertaking an account of their lives with great reluctance and with a keen sense that their experiences are not very important after all. I have no quarrel with these customary professions, but unfortunately they do not match my own inclinations, which run toward bluntness.

Hence I freely state at the outset that I would not have undertaken the preparation of this volume if I did not feel it had a direct bearing on the life of the reader and of the society to which he belongs. Furthermore, my intimate friends and associates did not have to break down my resistance to any such project by means of flattering reminders that I had witnessed or participated in events that were worth relating. I have wanted for some time to write a volume of this sort, but saw no way in which I could do so until late in 1949.

One day in October of that year I was visited in my office by Sidney Hyman. He was then the director of research of the Franklin D. Roosevelt Foundation and had formerly assisted Robert E. Sherwood in the preparation of *Roosevelt and Hopkins*. At the time of his visit Hyman was scouring Washington for interesting and important materials bearing on the Roosevelt years. He asked for permission to go through my records with the object of extracting from them documents that could be sent to the Roosevelt Library at Hyde Park. At the same time he expressed the view that the treatment of the domestic side of the Roosevelt Administration either tended to accent its hu-

manitarian undertakings or were written by men who had been crossed in political struggles. The purely economic aspects of the Roosevelt years had gone by default to the professional economists, whose writings tended to assume the form of statistical abstracts. They were admirable for use by other professionals, but fatigued the lay reader. What was needed, he said, was a simple account of the basic economic ideas that threaded through public policy in the years 1933-45. He expressed the hope that I might consider writing such an account.

Following a month spent in reading my files, he returned to me with a more pressing argument that I undertake the task he had proposed. I replied—as I've already stated—that the proposal had always been an appealing one, but without the assistance of an able and experienced person I would not want to undertake the job; I had neither the time nor the talent to compress mounds of documents and papers into a single connected account. After several exchanges of this sort Mr. Hyman volunteered to screen the material, extract the most important parts, and then, in collaboration with me, put them into the form of a story. I readily accepted this offer. He thereupon resigned from the Roosevelt Foundation to work for me.

This volume may appear on the surface to be a medley. You might call it an adventure in capitalism or an autobiography in economics. It is in part personal history and in part national history. It is in part narrative and in part analytical. It is in part an account of things past and in part an appraisal of things to come. But the unifying idea behind these different turns in the account is to state by illustration how democratic capitalism can avoid the evils of booms and depressions, which, if unchecked, can destroy the political and economic freedoms we value.

At the outset these pages were to be limited to the Roosevelt years proper, but the logic of the theme required an addition of two sections covering a period prior to 1933, and a further section covering the period from 1945 to the present.

As for the period before 1933, I felt I could best express the ideas that governed American economic thought in the pre-Roosevelt era by presenting a brief account of my father's life from his birth in 1849 to his death in 1912. His years coincided with the heyday of private initiative at work on the frontiers of the world. He was a thoroughgoing "free enterpriser" in his outlook, and his rise from birth in a Glasgow slum to a commanding position in the economy of Western America summarized the maximum capabilities of the system to which he subscribed.

It was his career that governed my own conduct from the time of his death in 1912 to a memorable day in 1930. Throughout those years I managed and multiplied the estate he left to my family without hesitation or doubt that all the ideas and practices that had brought him wealth were applicable without modification to the needs of my generation. But I became disenchanted of this simple faith, and my search for a body of ideas and practices more suited to an economy that had outgrown the frontier set the stage for my entry on the Washington scene in 1933.

With these preliminary sections offered in the form of a prelude, the main portion of the book deals with the years 1933-45, when the new conceptions I had formulated in an hour of distress were put to a test in a variety of governmental policies. The pages devoted to this part of the account are by no means a record of triumphs; they are, with unhappy frequency, a record of failures as well. Being in part a record of failures, they seem in a sense to be a prelude to the final section of this book.

In the last section, covering the years 1945 to the present, I have tried to state the domestic and international dilemma democratic capitalism faces as it seeks to stem the tide of Communism without destroying itself in the process. Apart from an account of how we came to be in our present strait, I have attempted to state what I think is the only course left open to us as we seek a passageway around it. Part of this last material ap-

peared in an article I wrote for the November 1950 issue of *Fortune*.

One final word:

This book could not have been written without constant reference to records dating back in some cases for twenty-five years. Thanks to my secretary, Miss Va Lois Egbert, who has been with me for more than that length of time, complete records were available, kept by her in perfect and discriminating order. We were thus spared untold trouble in drawing together all material that related to any particular point under discussion. I am profoundly grateful to her for this and for the interest she showed in the preparation of these pages despite many exacting demands that were made of her.

I am also indebted to Mr. Chester Morrill, the incomparable Secretary to the Board of Governors of the Federal Reserve System for a period of fourteen years and since 1945 a special adviser to the Board. Morrill gave generously of time drawn from his private affairs to read the whole manuscript and to check its details.

I am also indebted to Mr. Elliott Thurston, Assistant to me for thirteen years and now Assistant to the Board, for checking the manuscript for style and data; and to Mr. Woodlief Thomas, formerly Director of the Division of Research and Statistics and now Economic Adviser to the Board, for furnishing data and checking Parts V and VI for accuracy. The suggestions of all three Assistants were very helpful and found their way into the final version of the text. I absolve them all from any responsibility for the interpretation I have placed on the facts.