Senator Josiah W. Bailey and the "Conservative Manifesto" of 1937

By JOHN ROBERT MOORE

THE RECESSION THAT BEGAN IN THE LATE SUMMER OF 1937 BROUGHT to a head a growing opposition in Congress to administration policies. Behind the opposition, of course, was a concern over New Deal policies of the past, but the senators who collaborated in the formulation of a "Conservative Manifesto" in December 1937 were more worried about the future. America, they believed, was being led dangerously close to collectivism, and the leader, wittingly or unwittingly, was Franklin D. Roosevelt. The senators who shared this fear belonged to both parties. Conservative in outlook, they had come to think alike and sometimes act together in opposition to domestic measures of the administration. The clash of ideas in the New Deal years had blurred or shifted the lines between conservatives and liberals, yet by 1937 there was discernible in Congress a so-called coalition of Republicans and conservative Democrats. It was this group that formulated the document which the press quickly tagged a "manifesto." The draftsman was a Southern Democrat, Senator Josiah W. Bailey of North Carolina.

Bailey, an influential leader of Southern conservatives in the United States Senate since 1931, had viewed with distaste the trend of many New Deal policies and often differed with a President he twice helped to elect.[1] Essentially conservative and opposed to revolutionary change, yet tempered by a perception of the exigencies of public welfare, he had pursued a course with respect to the New Deal in which his desire to meet the pressing needs of the nation frequently conflicted with his dedication to traditions of individualism, hard work, self-help, sound money, a balanced budget, strong local government, and administrative efficiency. Bailey recognized in Franklin D. Roosevelt a leader

[1] For a detailed account of Bailey's senatorial career, see John Robert Moore, "Josiah W. Bailey of North Carolina and the New Deal, 1931-1941" (unpublished Ph.D. dissertation, Duke University, 1962).

MR. MOORE is assistant professor of history in the University of Southwestern Louisiana.

who sincerely desired to assume a moderate stance as head of all the people rather than of any one group, but at the same time he believed that Roosevelt's conservative inclinations had been diverted by the importunate demands of a distressed people and by the ill-considered counsel of radical advisers. Nevertheless Bailey had applauded Roosevelt's bold efforts to throw the full power and resources of the nation against the economic disaster of the Great Depression. He recognized that meeting and solving the problems of the depression involved risks and required daring approaches. At the same time, however, he believed that Roosevelt was motivated not by principles but by fear that continued depression would bring such panic and hysteria that democracy itself might fall a victim. While Roosevelt's willingness to experiment and his opportunism were actually quite foreign to Bailey's nature, he perceived that Roosevelt feared violent revolution and had sought to avoid it by compromise. But something more was needed; what Bailey wanted was to impose a sense of theoretical direction on the experimentation of Roosevelt's New Deal.

In 1937, because of the recession that had set in, the New Deal measures most at issue were those directed toward the economy and, in particular, toward the role of private enterprise. Bailey did not believe that business should operate free from any regulation. Indeed, he looked with suspicion on big business, and especially on trusts, as well as on "bigness" in labor unions. He argued that if laissez faire capitalism advanced to its logical conclusion, it would permit monopolistic business to crush individual initiative and enterprise, and monopolistic labor to destroy the right to work. He looked to the government to mediate between the extremes implicit in the capitalistic system for the benefit of the general public and for the preservation of individual enterprise. Because of the depression the government had turned to artificial stimulation of the economy. This was a temporary expedient and, in Bailey's view, the transition from artificial stimulation to the normal conditions of private investment would mean a difficult period of readjustment. He maintained, however, that the country would benefit by its experience with the depression, returning to reliance upon private enterprise and individual initiative, but not to greed, unconscionable profits, and speculation. This, as Bailey understood it, was the essence of the New Deal, and in this respect he considered himself at heart a New Dealer.

His convictions, in varying degrees, were shared by a number

of other senators from both parties. While the origin, nature, and even the existence of a formal coalition of conservative Democrats and Republicans during the New Deal have not been established to the general satisfaction of scholars, the increased frequency of Southern Democrats voting with the Republicans and against the majority of their own party on key roll calls after 1937 has often been remarked. Whether formal or informal, the beginnings of a conservative alliance in the United States Senate can probably be traced to the spring and early summer of 1937 when conservatives of both parties formed a tightly knit faction in opposition to White House efforts to "pack" the Supreme Court.[2] The hard core of this alliance, forged in the heat of political conflict, did not dissolve after Roosevelt's plans for judicial reform met defeat. Conservative opposition to the New Deal, however, realized the need to redefine its position and to devise a general program around which conservatives in both parties might unite. Senator Bailey, believing that excesses of the New Deal could be stemmed only through bipartisan conservative action, set himself the task of formulating conservative policies. The rash of sit-down strikes conducted by organized labor in the summer, together with the economic recession, gave direction and purpose to his efforts.

By early May, Bailey had suspected that the President intended to create a new party with the assistance of John L. Lewis and organized labor. Roosevelt, he wrote, "wants a party of his own, molded to his own conceptions and of course he intends to run for a third term."[3] Viewing the President's Court bill, the Wage and Hour bill, the Reorganization of the Government bill, and others, Bailey concluded that they would bring irretrievable centralization of the federal government and an end to representative government in the United States. "With a board here at Washington controlling hours and wages, and therefore industry, and a Court sooner or later compliant," on what, he asked, "can we base our hopes for the preservation of this Re-

[2] In mid-February 1937, Democrats who opposed the court plan gathered at a dinner given by Senator Millard E. Tydings of Maryland to organize themselves into a compact opposition machine. The steering committee consisted of Bailey, Tydings, Harry F. Byrd of Virginia, Edward R. Burke of Nebraska, Walter F. George of Georgia, Bennett Clark of Missouri, Tom Connally of Texas, Frederick Van Nuys of Indiana, David I. Walsh of Massachusetts, Peter G. Gerry of Rhode Island, and Burton K. Wheeler of Montana. See Tom Connally, *My Name Is Tom Connally* (New York, 1954), 189.

[3] Bailey to Julian Miller, editor of the Charlotte *Observer*, May 18, 1937, in Josiah William Bailey Papers (Manuscript Department, Duke University Library, Durham, N. C.).

public or this civilization?" Conservatives throughout the nation should unite in one last effort to block this subversion of representative government. Foreseeing a conservative coalition against Roosevelt in 1940, he confided: "I have felt for many months now that the time would come when I would arise and say what is in my heart without reservation. . . . The element of timeliness has been a serious question in my mind, but has not the time come?"[4]

Early in August, however, Bailey had grown concerned about the split in the Democratic party and sought ways to restore harmony between Roosevelt and Congress. To a North Carolina Republican who suggested that Bailey lead a conservative coalition of Democrats and Republicans, he gently replied: "Great issues create political parties, but the work of creation should come naturally from the people rather than from political leaders. . . . At the present moment the battle line is well drawn on the issues rather than parties. Let us stick to our issues."[5] In his judgment the political tide had turned in the conservative direction, and he hoped that Roosevelt would follow. Manipulating the two wings in the body politic and in the Democratic party had cost the President some influence in the right wing, through his efforts to hold the allegiance of the left, but he could still effect a return to the middle ground. In the future, Bailey thought, the whole political trend would be more liberal than it had been before the New Deal, but it must be liberal without being radical. The word "liberal," as he used it here, had for him a distinctly eighteenth-century flavor which implied personal freedom for the individual under a republican form of government, as distinguished from monarchy or dictatorship. "I am a great liberal when it comes to the fundamental meaning of the word," he asserted, "but I am not a liberal when they interpret liberalism in terms of a return to the old reactionary system of centralized power and control of the individual with a view to limiting his activities."[6]

During the months of September and October it was evident that the nation had entered a recession of uncertain duration.[7] Roosevelt, still bitter over the failure of his programs to receive

[4] Bailey to Newton D. Baker, June 14, 1937, *ibid.*

[5] Bailey to W. E. Ryon, August 2, 1937, *ibid.*

[6] Bailey to O. Max Gardner, August 2, 1937, *ibid.*

[7] See Kenneth D. Roose, *The Economics of Recession and Revival: An Interpretation of 1937-1938* (New Haven, 1954). For an illuminating account of the recession by an intimate of Roosevelt, see John M. Blum, *From the Morgenthau Diaries: Years of Crisis, 1928-1938* (Boston, 1959), 380-451.

congressional approval earlier in the year, viewed the business decline as almost a conspiracy. He declared to his cabinet on October 8, 1937:

> I know that the present situation is the result of a concerted effort by big business and concentrated wealth to drive the market down just to create a situation unfavorable to me . . . . I have been around the country and know conditions are good. . . . I am sure the situation is just temporary. Everything will work out all right if we just sit tight and keep quiet. . . . The whole situation is being manufactured in Wall Street.[8]

Roosevelt's response was to ignore the recession and make a major effort to secure legislation postponed by the court-packing fight. He issued a proclamation on October 12 calling Congress into special session in mid-November. In a fireside chat he told the American people that prosperity must be stabilized through legislation providing adequate pay for laborers and adequate returns for farmers, a balanced budget and a national economy that would regulate itself with as little government subsidy as possible, and a reorganized executive branch to eliminate uneconomical duplication.[9]

Bailey, anticipating the call for a special session, had earlier alerted his conservative colleagues to the necessity of presenting a solid front on proposed legislation. Suspecting that Roosevelt would demand his own way, he described it as a way leading to "dictatorship, re-election, and, I deeply fear, revolution." Conservatives, he urged, should seek to preserve the Democratic party, against the President's efforts to transform it into "the Roosevelt party," by framing and promoting a conservative policy in Congress. "We must ascertain on whom we may rely—get them together and make our battle win or lose. . . . There is reaction, there will be more. It must be guided."[10] He saw little prospect for balancing the budget or for any early increase in the national income, nor did he expect conservatives to fare as well with general legislation as they had in the court fight, but he hoped that they could organize a sound opposition. He thought that a farm bill providing some measure of surplus crop control

[8] James A. Farley, *Jim Farley's Story: The Roosevelt Years* (New York, 1948), 101. See also Harold L. Ickes, *The Secret Diary of Harold L. Ickes* (3 vols., New York, 1953-1954), II, 223-24. Blum, *From the Morgenthau Diaries*, 395.

[9] Franklin D. Roosevelt, *Public Papers and Addresses*, Samuel I. Rosenman, comp. (13 vols., New York, 1938-1950), VI, 428-38.

[10] Bailey to Harry F. Byrd, September 25, 1937, in Bailey Papers.

could be accepted, if the bill also included special provisions for small farmers that would not restrict acreage below five acres for tobacco farmers or deprive cotton farmers of opportunity to produce six to ten bales without penalty. He believed that conservatives could agree to reorganization of the executive branch in order to reduce expenses, but feared the measure might represent a Presidential power-grab.[11]

By late October Bailey's friends reported that the recession appeared grave and that new orders for business had dropped considerably. Senator Peter G. Gerry of Rhode Island, who had acted as the "whip" against the court-packing bill, observed that lack of confidence in the administration's policies was the principal reason for the recession, but that the undistributed profits tax against which conservatives had fought so diligently in 1936, only to see the tax passed under White House pressure in the packed conference committee, had also contributed greatly. Although the administration opposed tax revision, Gerry confided that the conservative Democrats could gain sufficient support from Western senators, influenced by mine operators who opposed the tax, to pass limiting amendments.[12] Bailey promptly offered to co-operate with Gerry on revision and to demand the elimination of the undistributed profits tax as a principal objective. He observed that the depressing collapse of the stock market could not be explained away easily. Men who owned stock saw little hope ahead for business and distrusted not only Roosevelt but the government itself. And so did Bailey: "We do not have a Government at Washington. It is a gift enterprise and the gifts are at the expense of those who work and earn and save. Our President is not actuated by principle, but by fears. He will try to head off anything in order that he may stay at the head. I expect him to run for a third term, and if I am living, I expect to fight a good and last fight."[13] In the meantime Bailey suggested that Gerry join him in New York City, where friends with similar views intended to organize "a well-planned concert of action, in which the objective will be to head off all this folly and restore our country to something like a normal course. . . . We must have a man of sound common sense and real courage for President no matter what party he belongs to."[14]

[11] Bailey to Harry F. Byrd, October 11, 1937, and Byrd to Bailey, October 14, 1937, *ibid.*

[12] Peter G. Gerry to Bailey, October 19, 1937, *ibid.*

[13] Bailey to Gerry, October 25, 1937, *ibid.*

[14] *Ibid.* No further references to Bailey's conference in New York City were

The business decline, dubbed the "Roosevelt Recession," reached such threatening proportions by early November that the President could no longer ignore it in the hope that it would conveniently vanish. At a cabinet meeting on November 5 he appeared greatly disturbed about the economic situation and uncertain about remedial action, although he still argued that big money interests had engaged in an "unconscious conspiracy" to force concessions from his administration.[15] Secretary of the Treasury Henry Morgenthau advised Roosevelt to issue a statement comparing business conditions in 1937 with those in 1933 and reassuring businessmen of his support, since many felt that taxes on capital gains and undistributed profits retarded recovery. Roosevelt, at first rejecting the proposal, declared again that business, particularly the banking interests, had schemed to force abandonment of his policies of restricting the power of wealth and of providing minimum wages, maximum hours, and favorable working conditions for labor.[16] Yet, just ten days later, the dark outlook had so impressed the President that he exerted particular effort to appease business.

In his message to Congress on November 15 Roosevelt urged that the immediate task in halting the recession was to increase investment of private capital in order to create employment and to advance business activity. He warned, however, that if private enterprise did not respond, the government must take up the slack. He admitted the need for legislation that would encourage private investment and lighten tax burdens on the enterprise of small businessmen. He tried to dispel the fears that the nation's economy lacked stability by promising again to balance the federal budget for the coming fiscal year. At the same time, however, he affirmed his determination to continue a broad social program aimed at higher living standards and a just distribution of the national income. To attain the latter goals he called for prompt congressional action on four important proposals. First, he recommended a new and permanent national farm act which would provide for crop control, soil conservation, and stable farm prices; he added, in a concession to conservative fears of

found, although a columnist reported on December 22, 1937, that several New York industrialists were sponsoring ex-budget director Lewis W. Douglas as a coalition candidate for the 1940 Presidential nomination. Charlotte *Observer*, December 23, 1937, p. 5.

[15] Ickes, *Secret Diary*, II, 242-43.

[16] Farley, *Jim Farley's Story*, 103-107; Blum, *From the Morgenthau Diaries*, 391-93.

government regimentation, that the American democratic way should be kept in mind and that the program should be planned and administered, as far as possible, by the farmers themselves. Secondly, he again proposed wage-and-hour legislation intended not only to provide higher standards of living and purchasing power, but also to enable industries to adjust themselves progressively to better labor conditions. In the third place, he urged reorganization of the executive branch along lines of modern business practice in order to increase efficiency and to raise morale. Finally, the President advocated regional planning for the purpose of conservation and development of natural resources by dividing the country into seven administrative areas and by co-ordinating the use of projects after completion.[17]

Roosevelt's message embodied a somewhat equivocal appeal, since he handed responsibility for pulling the nation out of economic recession to business interests, while offering no real promise of governmental assistance. The four proposals which he put before Congress, moreover, did not relate to the immediate problem of handling the recession, but were major New Deal reform measures left over from the abortive session dominated by the court-packing proposal. Placed on the defensive by a recession not attributable to the policies of Herbert Hoover but demonstrating instead the failure of New Deal pump-priming efforts to achieve more than superficial recovery, Roosevelt appeared destitute of new ideas. Secretary of the Treasury Henry Morgenthau thought that the President "wanted to sit tight, as if he were in a poker game, to see who could last longer, the advocates of spending or the advocates of balancing the budget," but he also believed that Roosevelt "did not know where to put his strength to bring about recovery."[18] In view of Roosevelt's conviction that big business had engineered the recession in order to discredit him, his decision to give business the obligation of completing the nation's recovery had profound implications. Embittered by the conservative reaction and the failure of the administration's program in Congress, Roosevelt seemed determined "to let Congress alone to find out whether or not it could run the Government without his help."[19]

The special session clearly demonstrated that Roosevelt, although with a Democratic majority in both Houses of almost four

[17] Roosevelt, *Public Papers and Addresses*, VI, 490-500.
[18] Blum, *From the Morgenthau Diaries*, 393-94.
[19] Ickes, *Secret Diary*, II, 260.

to one, had lost control of Congress. The recession had stiffened the attitude of conservatively disposed congressmen, encouraging them to assert their independence from the President. At the same time, while administration supporters blamed business itself for the recession and urged unabated continuation of New Deal policies, they enjoyed little moral or political support from the President. The division in the congressional membership crystallized into definite liberal and conservative camps that cut across party lines. Roosevelt's waverings between pro-business and anti-business positions and his appeals for economy and a balanced budget as well as for a renewed public works spending program thoroughly confused the situation.

On December 1 Senator Bailey publicly stated his approval of the President's attitude toward the business economy as expressed in the message to Congress, observing:

> He is [*sic*] manifestly undertaken to conduct our country through an inevitable period of transition, having postponed the time for this as far as was prudent. It is clear that he intends to balance the budget if the Congress will co-operate. It is also clear that he intends to give encouragement now to the investment of private capital and the expansion of business.[20]

The nation could no longer employ people or keep money in circulation, Bailey asserted, by the artificial means of the government's borrowing of funds and expending them on nonprofitable enterprise. He recognized that the transition required sacrifices, but contended that failure to remove the government from its unnatural relationship to the business economy would precipitate a disastrous period of inordinate spending and uncontrolled inflation. He concluded, perhaps with tongue in cheek, that "if the President is to undergo criticism in his effort to reduce the public expenditure at any point whatsoever, I shall be happy to share the criticism with him."[21]

Several days later, Senator Harry F. Byrd of Virginia honored Lewis W. Douglas, former Director of the Budget and critic of New Deal finance, with a quail luncheon in one of the private dining rooms in the Capitol. Among the ten Democrats and two Republicans present were Byrd, Bailey, Royal S. Copeland of New York, Gerry of Rhode Island, Edward R. Burke of Nebraska, and Millard E. Tydings of Maryland for the Democrats, and

[20] Charlotte *Observer*, December 2, 1937, p. 1.
[21] *Ibid.* See also Bailey to Julian Miller, December 20, 1937, in Bailey Papers.

Arthur H. Vandenberg of Michigan, an outstanding prospect for the GOP Presidential nomination in 1940, and John H. Townsend, Jr., of Delaware, who provided the quail and who was a prominent fund raiser for the Republican party.[22] After listening to Douglas' informal statement of a conservative financial program,[23] the senators reportedly discussed an economic pro-business and an anti-Roosevelt political alliance. Later the conservative senators gathered informally with other sympathetic colleagues at private dinners sponsored by wealthy Peter Gerry to discuss their fears that continued economic relapse would impel an outburst of spending and radical legislation from Roosevelt, and to discover common grounds for agreement on objectives that would encourage recovery.[24] From these meetings arose a plan to draft a formal declaration of principles upon which all conservative members of Congress might unite in order to give direction and purpose to legislative efforts to bring about business recovery. Nearly all of the inner circle of Democrats who had fought the court-packing proposal as well as several Republicans joined in the preparation of the declaration. The actual writing was apparently done chiefly by Bailey and Vandenberg in Bailey's Senate office, but with suggestions for content and phrasing coming from Warren R. Austin, a Vermont Republican, and from Burke, Byrd, Copeland, Gerry, Tydings, and others, while Bailey himself acted as the "final editor."[25]

The declaration of principles, entitled "An Address to the People of the United States" and designed to appeal to conservatives and traditionalist liberals, expressed an anti-New Deal philosophy, but neither criticized the President nor overtly attacked Roosevelt's past policies. In drafting the declaration, Bailey and Vandenberg quietly encouraged suggestions from their colleagues and eventually submitted copies to them with permission to circulate the statement among other senators in order to receive their criticisms and, if possible, their support. Apparently the

[22] Charlotte *Observer,* December 10, 1937; New York *Times,* December 16, p. 1, and December 19, 1937, sec. 4, p. 3.

[23] Douglas' remarks at the luncheon were not reported, but they probably differed little in content from his speech to the Economic Club of New York on December 7, 1937, attacking New Deal policies and urging co-operation among government, the Republican party, and business. See New York *Times,* December 8, 1937, p. 1.

[24] Charlotte *Observer,* December 10, 1937, p. 2. See also *Newsweek,* December 27, 1937, p. 12.

[25] New York *Times,* December 16, p. 1, and December 18, 1937, p. 1; Charlotte *Observer,* December 17, 1937, p. 1.

document's authors originally planned to secure signatures from at least thirty to forty sympathetic senators before making it public, but this plan quickly encountered such difficulties that signatures were abandoned in favor of simple "assents."[26] Many Democratic senators who may have approved the principles of the declaration refused to sign because the document had the appearance of a "coalition manifesto," while still others hesitated to participate in an open "declaration of congressional independence" which might aid and comfort the Republican party.[27] Republican senators shied away after learning that their Senate minority leader, Charles L. McNary of Oregon, had advised that "Anyone who signs that thing is going to have a Liberty League tag put on him."[28] In addition, many Republicans undoubtedly felt reluctant to sign because the executive committee of the Republican National Committee had just chosen Dr. Glenn Frank, former president of the University of Wisconsin, to lead the Republican party's Committee on Program in drafting a declaration of party principles for 1940.[29] Other external events combined to dissuade moderate senators, who in any event may not have been in accord with every point of the ten-point program, from approving the "Address," particularly the Far Eastern crisis created by Japanese bombing of the American gunboat *Panay* on December 12, 1937, which encouraged senators to rally behind the President's handling of foreign affairs and overshadowed temporary domestic differences.[30]

Confronted with the difficulty of securing sufficient commitments of support for the declaration, Bailey and the other participants had reached a point of indecision regarding their future course when the matter was abruptly taken out of their hands. According to Bailey:

Unfortunately, the statement fell into the hands of a Republican leader who thought that the utterance of it at this time would injure the

[26] Charlotte *Observer*, December 17, 1937, p. 1. See also Arthur Krock on coalition failure, New York *Times*, December 19, 1937, sec. 4, p. 3.

[27] New York *Times*, December 19, 1937, sec. 4, p. 3. The authors of the declaration entitled it "An Address to the People of the United States," but the press labeled it variously a "Coalition Manifesto," a "Conservative Charter," and an "Anti-New Deal Manifesto." The expression "Conservative Manifesto" has been used in this study because it most accurately describes the statement and because it reflects the consistent references in the press to the "manifesto" of the "conservatives."

[28] *Newsweek*, December 27, 1937, p. 12.

[29] New York *Times*, December 17, 1937, p. 1.

[30] *Ibid.*, December 19, 1937, sec. 4, p. 3.

Republican cause. He thought it would steal away a Republican opportunity. His party is preparing a policy and he did not wish any one else to prepare one. The premature publication, therefore, was brought about wholly because this man and some of his associates took a partisan view that the declaration of principles would help the Democratic cause and hurt the Republican cause. We had thought that, in the effort to gain assents to the statement, there might be some premature publication, but we decided to go forward and take the chance on the ground that the idea would survive anything of that sort. We knew, of course, that there would be an effort to tag it and discredit it, but we believed that it was so necessary and so sound that it would overcome such an effort.[31]

The first public report was carried by the syndicated columnists Joseph Alsop and Robert Kintner who had secured a copy of the "Address" and printed extracts in their column in the Washington *Post* on December 15, 1937; on the following day the New York *Times* published the full text.[32] The premature publication immediately brought embarrassment to the authors of the document and denunciation and ridicule from administration leaders in Congress. New Deal leaders, of course, designated the declaration as an untoward act aimed at the President and as a treasonable attempt to form a Senate bloc in opposition to the New Deal program.[33] The plans for securing "assents" had to be dropped completely since the unfavorable publicity frightened away potential recruits. The publicity even caught the originators of the "Address" flat-footed at first, with only Bailey acknowledging his part in the drafting.[34] Nevertheless the newspapers quickly indentified the chief participants as Bailey, Byrd, Burke, Copeland, Walter F. George, Gerry, Carter Glass, William H. King, Ellison D. Smith, Tydings, Frederick Van Nuys, and Vandenberg, although Gerry "vigorously denied reports that he and Republican Senator Vandenberg did the phasemaking," and Vandenberg himself declined to comment on the origin of the document except to say that he was "more than glad once more to indorse the view that like-minded Americans should work together in this emergency, and to subscribe without reservation to the general doctrine tentatively outlined."[35]

[31] Bailey to Julian Miller, December 20, 1937, in Bailey Papers.

[32] New York *Times*, December 19, sec. 4, p. 3, and December 17, 1937, pp. 1, 4; *Newsweek*, December 27, 1937, p. 12.

[33] Charlotte *Observer*, December 17, 1937, p. 1.

[34] New York *Times*, December 16, 1937, p. 1.

[35] *Ibid.*, December 19, 1937, sec. 4, p. 1; Charlotte *Observer*, December 18, 1937, p. 1.

On the day following the Alsop-Kintner scoop, Bailey announced to reporters that he still hoped to obtain the assent of a majority of the Senate and of the President himself, for, he contended:

> It is a statement of views and policies that any one in America may espouse or reject. . . . It was not intended to form a Senate bloc, but to put forward an affirmative policy. . . . I have been working on it since President Roosevelt sent a message to Congress asserting that there was obvious need for investment of private funds in enterprise. It was not circulated to any special group. It is not a manifesto or a coalition plan. There is nothing partisan about it and no bloc involved.[36]

Despite Bailey's remarks, the press continued to speculate as to the authors of the "Address" and referred to it as an obvious attempt to form a coalition of conservative Democratic and Republican senators against Roosevelt and the New Deal. The consensus was that the coalition effort had failed, but that the episode marked a new phase in Roosevelt's dealings with the Congress. Arthur Krock summarized this view in his column in the New York *Times* of December 19:

> Secretly conceived, the dream-child was the unborn victim of premature publicity obstetrics. But no real harm was done, and perhaps some good was accomplished. The fact that coalition could be so formally proposed may impress the President with its future possibilities if the Administration should again make one of those sudden shifts which are responsible for much of the recession. Where signatures could not be obtained votes yet may be. And the Administration must deal with Congress for three more years.[37]

Doubts concerning the authorship of the "Address" were resolved in the Senate on December 20, when Senator Burke requested unanimous consent to insert the "Address" into the *Congressional Record,* but met chiding demands from Senate Majority Leader Alben W. Barkley and such ardent New Deal senators as Sherman Minton, Lewis B. Schwellenbach, and Claude D. Pepper that the authors of the "Address" reveal themselves. While Burke hesitated, Bailey responded that he had drafted the program and "was willing to assume the entire responsibility"; Vandenberg and Austin, both Republicans, rose to claim partial authorship. Taking the floor to defend the document and, incidentally, to read it into the record as part of his remarks,

[36] New York *Times,* December 17, 1937, p. 18.
[37] *Ibid.,* December 19, 1937, sec. 4, p. 3.

Bailey explained that the recovery program outlined in the "Address" had been inspired by President Roosevelt's message to Congress. After conferring with a large number of senators who shared the President's views on encouraging investment of private funds in business enterprise, Bailey acknowledged that he had undertaken to prepare a statement of principles and objectives and had received many suggestions. No effort had been made at secrecy, he asserted, for the statement had been intended for submission eventually to all senators so that everyone could have a fair opportunity to make criticisms and suggestions and to assent to it. In the course of circulation, however, the declaration had been made public and its purpose misconstrued. "I have said this," Bailey explained, "in order to disabuse the minds of Senators and the American people of all thoughts of anything like a political maneuver or anything like a secret matter, or anything like the formation of a bloc, or coalition, or anything like that damnable statement which was attached to the first publication, that it had come or might come from the Liberty League, or that someone might say that the Liberty League had something to do with it."[38]

The ten-point program to encourage business and to restore prosperity called for (1) immediate revision of taxes on capital gains and undistributed profits in order to free investment funds; (2) reduced expenditures to achieve a balanced budget and, thus, to still fears deterring business expansion; (3) an end to coercion and violence in relations between capital and labor; (4) opposition to "unnecessary" government competition with private business; (5) recognition that private investment and enterprise require a reasonable profit; (6) safeguarding the collateral upon which credit rests; (7) reduction of taxes or, if this proved impossible at the moment, firm assurance of no further increases; (8) maintenance of state rights, home rule, and local self-government, except where proved definitely inadequate; (9) economical and nonpolitical relief to the unemployed with maximum local responsibility; and (10) reliance upon the American form of government and the American system of free enterprise.[39]

Stripped to their essentials, the ten points hardly warranted classification as anti-New Deal. Indeed, Roosevelt in his November 15 message had asked for legislation to encourage private

[38] *Congressional Record,* 75 Cong., 2 Sess., 1934-37.
[39] *Ibid.,* 1937-38.

investment and to lighten tax burdens on small businessmen and had promised to balance the budget. Just relations between capital and labor were presumably the purpose of the wage-and-hour bill he had requested. Repeatedly throughout the years the President in his speeches had approved the profit motive and the competitive system. The references to "unnecessary" government competition with business and to maintenance of state and local control except where proven "inadequate" were not anti-New Deal *per se,* although both were subject to interpretation and definition. Moreover, few public officials could publicly oppose economical and nonpolitical distribution of relief funds. Why then had the "Address" been tagged immediately as an anti-New Deal manifesto?

The answer lies to some extent, of course, in the anti-New Deal records of the sponsors of the "Address," even though they had carefully refrained in it from criticizing Roosevelt or his previous policies. Indeed, the introduction to the ten-point program declared specifically: "We are concerned now only with our duty in view of the conditions that confront us, in order that full activity of employment and commerce may be had. To avoid controversy and make for unity, we may dispense with appraisals of policies or arguments. The past is experience and is of value only for its lessons. We propose no criticism, no politics."[40] Undoubtedly the major cause for denunciation of the "Address" sprang from the continuing battle between the advocates of spending and the advocates of balancing the budget—each group hoping to persuade the President to its view. The "Address," written by advocates of balancing the budget, clearly stated their views against renewed spending to end the recession. "Public spending, invoked in the recent emergency, was recognized as a cushion rather than as a substitute for the investment of savings by the people. . . . Without criticism of the public spending policy attendant upon the former emergency, we recognize that a repetition of that policy would not serve again, and, moreover, is out of the question. It ought to be borne in mind that private enterprise, properly fostered, carries the indispensable element of vigor."[41] The debate begun in 1933 between the spenders and the savers still waxed strong.

The ten-point program, despite its anti-New Deal label, revealed that Senate conservatives had accepted many of the eco-

[40] *Ibid.,* 1937.
[41] *Ibid.*

nomic and political objectives of the New Deal. In the area of management-labor relations, for example, the "Address" declared: "Enlightened capital must deal with labor in the light of a new conception of legitimate collective bargaining and the right to organize."[42] On governmental relief for the unemployed, it asserted: "We propose that there shall be no suffering for food, fuel, clothing, and shelter; and that pending the contemplated revival of industry, useful work shall be provided to an extent consistent with the principles of this address." Regarding abuses of power by business, it avowed: "We can and will erect appropriate safeguards under the common-law principles of free men without surrendering in any degree the vital principles and self-reliant spirit on which we must depend."[43] The major burden of the program remained, however, the encouragement of business through adoption of policies that would eliminate the fears that had deterred enterprise and the restraints that hampered investment and expansion.

After reading the declaration to the Senate, Bailey delivered a short speech in which he rejoiced that no man in America had made stronger statements for balancing the budget than the President, and concluded with a rousing exhortation:

> If there is a thing wrong in that statement, strike it out. If there is anything in it that offends you, condemn it. If you have a better paragraph, write it in. But, in God's name, do not do nothing while America drifts down to the inevitable gulf of collectivism. Stand up for the American system of enterprise and the great American principles which have made enterprise what it is. Give enterprise a chance, and I will give you the guaranties of a happy and a prosperous America.[44]

At the beginning of Bailey's speech, his senatorial colleagues had rapidly congregated in the Senate chamber from offices and cloakrooms, for the North Carolinian had long before established a reputation as one of the most gifted orators in the Senate. Vice President John Nance Garner left the rostrum to take a seat near the speaker, while Senator George W. Norris of Nebraska, the elder statesman of Republican liberalism, crossed the aisle for the same purpose.[45] When Bailey had finished, Vandenberg

[42] *Ibid.* The view expressed toward labor might have received more appreciation if it had not been followed immediately by the statement: "Enlightened labor must deal with capital in a due appreciation of mutual responsibilities for the success of enterprise indispensable to both."

[43] *Ibid.*, 1938.

[44] *Ibid.*, 1940.

[45] New York *Times*, December 21, 1937, p. 5.

shook his hand and Senators Joseph C. O'Mahony of Wyoming, Pat McCarran of Nevada, Rush D. Holt of West Virginia, Burton K. Wheeler of Montana, and Gerry of Rhode Island publicly congratulated him.[46]

Pleased with the attentive reception accorded him, Bailey reported to a friend that evening that the response to the "Address" throughout the country had already been tremendous and that *Business Week* was endorsing the statement in full on its editorial page. With respects to President Roosevelt's course, he wrote hopefully:

> I may say to you that there are good evidences here that the President wishes to turn decidedly to the right. Mr. Wallace, the Secretary of Agriculture, said privately during the past week that this is the only thing the President can wisely do now. LaGuardia and John L. Lewis have left him and have openly broken with him. They can always move to the left faster than he can. . . . As for the President, he has repeatedly given utterance to statements indicating that he desires to turn to the right. He would prefer to do this gradually and, of course, he would like to have a great background of popular support in the turn.[47]

Almost at the same time, however, that Bailey was confiding his optimistic views, a call from the White House brought stalwart New Deal Senators George W. Norris, Robert F. Wagner, Robert M. La Follette, Jr., Sherman Minton, Lewis B. Schwellenbach, Theodore F. Green, Fred H. Brown, and Claude Pepper to the President's private study. "The main purpose of the meeting, as reported in informed circles," the New York *Times* wrote, "was to bring about a complete understanding between the President and the eight Senators, ardent supporters, as to purposes and to form the nucleus of a Liberal Senate organization to resist any inroads of the proposed conservative coalition upon the general plans of the New Deal."[48] The President obviously was responding to the challenge of Bailey and his colleagues, although during the next three months he continued to alternate between pro-business and anti-business statements.

Congress adjourned briefly for the Christmas holidays on the day following Bailey's speech, but already the work of the conservative senators had gained support outside of Congress. The

[46] Philadelphia *Inquirer*, December 21, 1937, pp. 1, 6 (clippings, in Bailey Papers).

[47] Bailey to Julian Miller, December 20, 1937, in Bailey Papers.

[48] December 22, 1937, p. 6.

"Address" won endorsements from hundreds of Chambers of Commerce and citizens' organizations throughout the nation, while forty to fifty business and manufacturing associations reprinted it in lots up to 100,000.[49] By late February 1938, Bailey estimated that almost two million copies had been circulated, not counting newspaper printings. Senators and congressmen were reportedly deluged with petitions from every state in the Union to uphold the policies stated in the declaration.[50] The "Conservative Manifesto" apparently reflected not only the anti-spending sentiments of many senators, but also the conservative temper of influential segments of the population, particularly the business community.

The charge that the document was the product of conspiracy was true only in that its authors did not publicly announce their intention to draft the declaration before doing so. The guiding intent of its designers, particularly of Bailey, was to create a broad foundation for conservatives to stand upon in dealing with New Deal proposals for ending the recession and encouraging business recovery. In this respect the "Conservative Manifesto" consolidated opposition to New Deal spending policies by crystallizing opinion among dissident groups and by providing a positive program for critics of the New Deal. This seems clearly to have been its purpose—to rally popular support for conservative financial practices and, thus, to influence the course of Roosevelt and the Congress, rather than to form a "coalition" of conservative Democrats and Republicans in opposition to Roosevelt.

The assumption by the newspaper press that the "Conservative Manifesto" represented an abortive attempt to form an anti-New Deal coalition in the United States Senate overlooked the obvious fact that a formidable conservative voting bloc already existed. Curiously, the most common explanation given by the press for

[49] See, for example, George H. Barrows, Secretary of Chamber of Commerce, Rome, New York, to National Metal Trade Association, Chicago, January 11, 1938, in Bailey Papers. (The Rome chamber published a full-page advertisement in the Rome *Daily Sentinel* containing an outline of the ten points and a copy of a petition to Congress and the President. Similar groups throughout the country followed the same procedure.) Among the organizations and businesses responsible for reprinting and circulating the "Address" were the Committee for American Private Enterprise, New York; the American Rolling Mill Co., Middletown, Ohio; the American Federation of Investors, Inc., Chicago; the Tennessee Manufacturers Association, Nashville; the American Surgical Trade Association, Chicago; the Southern Pine Association, New Orleans; the American Feed Manufacturers' Association, Inc., Chicago; the Adams & Westlake Co., Elkhart, Indiana; and the National Poultry, Butter and Egg Association, Chicago. See Bailey Papers.

[50] Bailey to Merwin K. Hart, February 22, 1938, *ibid.*

the "failure" of the coalition effort was "political ineptitude" on the part of its leaders, yet few of their contemporaries considered Bailey, Vandenberg, Burke, Tydings, or Byrd politically inept, either individually or collectively. As a matter of fact, the bloc composed of Republicans and conservative Democrats had functioned quite efficiently in wrecking Roosevelt's court-packing proposal and had come within a few votes of defeating the Fair Labor Standards bill in the regular session of 1937. During the 1938 session the bipartisan conservative bloc, consisting of about thirty hard-core conservative senators almost equally divided between Republicans and Democrats, maintained an essentially defensive posture, but managed nevertheless to repeal the undistributed profits tax, to reduce the capital gains tax, and to come within three votes of blocking the Executive Reorganization bill. While the "Conservative Manifesto" did not initiate the bipartisan voting bloc, the ideas and principles enunciated in that document did reflect accurately the grounds upon which conservative senators would attempt to restrain and later to dismantle many New Deal programs.