

# Corporate Executive

You are an executive with a large and prosperous corporation. In the 1920s your business was booming, but all that changed in 1929 when the stock market crashed. As more and more businesses laid off workers, there were fewer and fewer people out there who could afford your products.

At first you thought it was just a normal downturn in the business cycle. You figured since you owned one of the largest companies in the industry you could wait it out. But by 1932 it became clear that this was no normal crisis. About 2,000 businesses failed every month! You were forced to lay off thousands of workers and even close a few factories.

You and other businessmen began to formulate various plans to stabilize the economy. You think businesses in an industry should get together in trade associations. These associations could then coordinate to ensure that the industry didn't produce more than it could sell and agree on a price for your product that benefited everyone.

Unfortunately, there is one problem: "anti-trust" laws prevent businesses from getting too large. The trade associations that you are proposing are likely in violation of these laws. So you and your fellow executives have been lobbying Congress and the president to suspend anti-trust laws. President Hoover, refused to listen to your proposals—immediately labeling them unconstitutional, or more ridiculous—socialism! So when Hoover ran for re-election, you supported Roosevelt. You donated large sums to his campaign, and you expect him to listen to you because of it.

You also want to protect your business from labor unions. A while back your workers tried to organize a labor union to demand higher wages. Of course you would love to pay your workers more, but you know that if you did that you would have to charge more for your product. You care about your workers, but you also care

about your customers. Luckily, with the help of your management team, you were able to form your own workers' organization—a company union—that helped to educate workers on why a labor union would be bad for everyone.

But now representatives from organized labor want the government to ban company unions. You're not asking anyone to ban anything. You want workers to have the right to choose.

You are also concerned about a bill going through Congress that would mandate a 30-hour workweek and a minimum wage. This "one-size-fits-all" scheme would be an economic disaster. At a time when businesses are struggling to survive, it's ridiculous for the government to tell them what they must pay their workers or how long their workers should work. If you have to set minimum wages and maximum hours, you think that should be done in the trade associations you are proposing. Businesses know what's best for their industry.

Some may say that you are callous towards the plight of workers and the unemployed, but this is simply not true. What they don't understand is that what's good for the economy is not just good for business owners, but for workers to. In fact, you support the government setting aside money for a "public works" program. Building better roads and bridges will not only put people back to work but will allow you to more easily transport goods. Everybody wins. But at the same time, you think it's not the federal government's role to directly hire people. They should give grants to businesses that already have the expertise in working on these kinds of construction projects.

You were encouraged that in his first two weeks in office FDR balanced the federal budget by cutting the salaries of government employees. What this country needs is a president willing to make those tough decisions to help the economy recover.



# Economic Recovery Conference

## Crucial Issues

President Franklin Delano Roosevelt has called a conference in Washington D.C. to discuss ways the government can help the economy recover from the Great Depression. Representatives from different sectors of the economy have been invited to the White House. The president has promised Americans a "New Deal," but it is unclear what exactly that means. You will help advise the president on what should and should not be included in his National Recovery Act—the first major law of the "New Deal." For each issue you *must* have a position. Some issues you will feel strongly about. Put an asterisk (\*) next to each of these. Other issues you will not feel as strongly about. In the "dealing" session, these will be the issues to give and take on.

Here are the issues you must have a position on for the Economic Recovery Conference:

1. Aiding the unemployed. In 1933, the unemployment rate reached 25%. There are now 15 million people unemployed.

a. Should the federal government distribute direct relief (money for food, clothing, shelter) to the unemployed? If not, what is your alternative?

NO, they should go to work on public works programs

b. Should the federal government directly employ people for the purpose of building "public works"—roads, bridges, schools, hospitals, parks, public squares, dams, electrical grids— construction that benefits the communities of the United States? If not, what is your alternative?

IN FAVOR OF PUBLIC WORKS, BUT GIVE GRANTS TO BUSINESSES IN ORDER FOR THEM TO HIRE, ETC.

2. Fixing our food system. The depression has hit farmers and agricultural businesses particularly hard because food and farm prices have been in decline since the Great War (World War I). For over a decade now, farms have been producing more than they can sell. To help raise agricultural prices should the government pay farm owners not to plant on part of their land and to destroy crops and farm animals? If not, what is your alternative?

✱ 3. Fixing the economy. In the few decades before the Great Depression, there were no laws guaranteeing workers a minimum wage or setting maximum hours for a workweek that every business must follow. Congress did however pass several "anti-trust" laws to protect consumers by preventing monopolies (when businesses get so big they control the sales of a product or service). There is widespread agreement that the government did not do enough to prevent the Great Depression, but there is disagreement on what the government should do

- a. Should the government strengthen anti-trust laws and more heavily regulate industry? Or should the government suspend anti-trust laws to allow businesses to regulate themselves by getting together in "trade associations" and writing codes of fair competition?

*SUSPEND ANTI-TRUST LAWS B/C  
BUSINESSES KNOW WHAT'S BEST  
FOR THEIR INDUSTRY*

- b. Should the federal government set a national minimum wage and maximum hours for all workers?

*NO, ALLOW BUSINESSES TO DECIDE  
THAT FOR THEMSELVES*

✱ 4. Workers rights.

- a. Should the government guarantee workers the right to join a labor union and bargain collectively?

*NO*

- b. Should "company unions" (a workers organization that is dominated or influenced by an employer) be banned?

*NO*