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LAISSEZ-FAIRE TO NATIONAL PLANNING:

The Editorial Policy of the Beaumont Enterprise from the Great

Crash through the Hundred Days1

PAUL E. ISSAC

"The country is sound economically, and, so far as anyone can see, will remain so indefinitely."2 This statement in a Beaumont Enterprise editorial on February 12, 1930, summed up the paper's initial reaction to the economic difficulties set off by the stock market crash of 1929. When the panic first occurred in October, the Enterprise saw in the collapse of stock values merely the logical outcome of wild speculation which was "almost as remote from the steady throb of American industry, the orderly movement of commerce and the normal flow of business as a roulette wheel hidden away in some gilded gambling establishment is remote from the business life of an American city." The ruin of speculators would not affect solid citizens who had invested wisely. "Good stock," the editor proclaimed, "is still good stock." The Enterprise was confident that the measures being taken by President Hoover and business leaders would be "more than sufficient" to deal with the relatively remote possibility of a serious depression.4 At the end of December 1929, the Enterprise had a cheerful word for its readers: The nation's prosperity was not destroyed by the deflation of security values. The fear of financial collapse in 1930 was groundless, because the country's economic system was "sound to the core." "The American people may look forward to the new year with utmost confidence, since there is no factor at present discernible that might cause economic disaster."5 Ludicrous as these editorial comments seem in 1965, they were quite in line with statements made early in 1930 by the President of the United States, prominent industrialists, bankers, professional economists, and other financial experts. Not many people, even after the crash, foresaw the disastrous events of the next few years.

Enterprise editorials first began to manifest some real concern during the latter part of February 1930, particularly over the growing number of people without work.⁶ The paper urged Congress to enact Hoover's public works measures, and even criticized the President for not doing more to help the unemployed. Though insisting that the permanent solution to the unemployment situation lay in the hands of businessmen rather than politicians, the Enterprise by mid-1930 was calling for legislative relief.⁷

It also took the Enterprise some time to recognize the effect of the depression on Beaumont. In mid-February 1930, an editorial predicted a prosperous year for the city—a new court house was going up, port facilities were being improved, a bond issue had been voted for street work, the oil industry was spending millions, the Kansas City Southern Railroad was planning to build a new terminal, and several large buildings were going to be erected. In May, the editor admitted "some depression" had been felt in Beaumont but found the city fortunate in having escaped the

worst effects of the business decline. The situation was less favorable in November, when during the community chest campaign the editor stated: "An emergency need exists in Beaumont. There is not as much suffering here, or as much unemployment, as there is in other cities, but quite enough to warrant the charitable people of Beaumont in straining a point to make their community chest subscriptions as large as possible." Still no panic, but certainly recognition that 1930 had not turned out to be a banner year.

The Enterprise was finally aware of the existence of a serious depression, yet it continued to expect recovery in the near future. As early as January 1930, the editor saw signs of economic revival.¹¹ In September, he said the nation was slowly recovering and thought that slow recovery was sounder than rapid.¹² On January 6, 1932, the Enterprise admitted that previous predictions of recovery had been wrong, found "almost universal agreement" that the decline would be halted that year. "There is a limit to all periods of depression." As late as June 2, 1932, the Enterprise declared: "The 'richest nation on earth' has not been reduced to bankruptcy in three years. The actual wealth it possessed three years ago is still in existence. Confidence, more than any other factor, will restore prosperity." 14

The Enterprise did not devote much space to philosophizing on the causes of the depression. Over the nation, there were those who agreed with President Hoover that economic dislocation in Europe was the fundamental cause of the depression, and others who blamed the collapse on deep rottenness within the American economy. In many of its editorials the Enterprise alluded to the soundness of the American system but in one on May 8, 1931, it seemed to side with those who thought there was something fundamentally wrong. "Even to a person of ordinary intelligence who is not an expert economist, a financier or an industrial leader, it is evident that there is something wrong with the American industrial system, whatever may be said of conditions abroad which injuriously affect that system." It should be noted that this comment was not typical of the Enterprise's attitude toward the economic system, at least until the election campaign of 1932.

In numerous editorials before the emergence of the New Deal the Enterprise praised the free enterprise system while it deplored the growth of the federal bureaucracy, the suppression of the pioneer spirit by paternalism, and the drift toward state socialism under President Hoover.16 In view of subsequent events, it is interesting that these charges against the Hoover administration were frequently made in the Democratic Press all over the nation. The Enterprise blamed industry itself for the increasing domination of business by government. "There was a time in this country when industrial leaders, financiers and businessmen of all kinds had self reliance." But lately businessmen had been running to Washington for The oil companies, for example, were clamoring for legislative action to stop overproduction of petroleum when they ought to curtail output by agreement among themselves. Despite its praise of the free enterprise system, the Enterprise thought the oil companies ought to be allowed to make price and production agreements instead of being threatened "with the club of an antiquated anti-trust law."18 After the establishment of the Reconstruction Finance Corporation the Enterprise favored a strict

loan policy to prevent habitual dependence upon the government for financial assistance. Prosperity would return only when people tried to solve their "problems according to the time-tried formulas" that business had always relied upon. 19 "The sooner the American people regain their old independent spirit, no matter how great the sacrifices they have to make, the better it will be for them and their country."20

The Enterprise also condemned governmental regulation of agriculture, particularly any attempt to limit cotton acreage by law. Several editorials opposed efforts in the state legislature in 1931 to restrict cotton planting. Such measures would interfere with the right of the citizen to do what he pleased with his property. The mere suggestion by the Federal Farm Board that farmers plow up every third row of cotton aroused the editor's ire, as did a plan for federal subsidization of farm exports.21 When Huey P. Long called upon Southern farmers to plant no cotton at all in 1932, the Enterprise thought the proposal would do more harm than good. fate of the cotton industry, it said, rested in the hands of the farmers, not with "lawmakers, ballyhoo artists, candidates for public office and politicians."22 The cotton problem was purely economic; bankers and producers could deal with it, but "the human race has learned by costly experience that the less lawmaking bodies and politicians have to do with a nation's economic questions the better off that nation is."23 In May 1932, the Enterprise expressed doubt that the passage of the McNary-Haugen bill would really solve the agricultural problem. "For years Congress has been tinkering with the farm industry, and that industry is worse off today than it has ever been before." Farmers, like businessmen, could do more by getting together and working out their own solutions than by depending upon Washington.24

Through the summer of 1931, the Enterprise opposed federal aid, especially the dole, for relief of the unemployed.²⁵ The idea that "federal tax-payers contribute to the support of all the rest of the population, the greater part of which pays no federal taxes—is injurious in many ways. It weakens the morale of a people who have always felt heretofore that they could take care of themselves." The government could furnish some help "but in heaven's name let us fight the paternalism that is sapping the energy and destroying the initiative of the American people, dipping our hands into the federal treasury only as a last resort, when all other expedients fail!"²⁶ The United States should try everything else before it adopted the English dole. Ambition died in idle men supported by the government.²⁷

The Enterprise modified its stand on federal relief much earlier than it admitted the need for government aid to business and agriculture. By the fall of 1931, it wanted "assurance that the nation will have a practicable system for co-ordinating federal, state and municipal aid in readiness before the winter arrives." If the dole were to be avoided, many millions were required immediately to finance public works "to keep the wheels of productive industry turning and provide work for all who need work." As the winter of 1931-1932 brought great suffering to the growing number of unemployed, the Enterprise said that if local relief meas-

ures were inadequate the nation must turn to direct federal relief, even the hated dole.29

In 1932, the Enterprise attacked the Hoover Administration for aiding the corporations but neglecting the hungry masses. "The 'dole' has few defenders, in principle, but starvation does not permit of hair-splitting distinctions—that is, it does not permit them to be long continued, for men may become desperate under the lash of hunger." Although the Hoover Administration persisted in its claim that local and private agencies were able to handle the relief problem, the Enterprise declared it had been "demonstrated that every community cannot solve its relief and welfare problems." The federal government must act.²⁰

The unemployment situation, much more than the plight of business and agriculture, brought the Enterprise to the point of questioning some traditional American cliches about government aid and individualism. An editorial on November 23, 1932, said Americans were asking, "What does it profit a man to enjoy the blessings of liberty if he is denied a job?" In a pinch a man could live without political liberty, but he had to have food and shelter. American politicians had long been preoccupied with liberty, while an industrial system arose "that is now unable to provide millions of good American citizens with something even more valuable than liberty." Widespread unemployment which resulted in breakdown, both physical and moral, created the worst social conditions possible. "Every man and woman should have the right to earn his or her own livelihood. The world may not owe every man a living, but it owes him a job." "

In the early days of the depression the Enterprise defended the right of the unemployed to demonstrate peacefully and warned that police attacks on hunger marches would make converts for Bolshevism.³² When a sizeable group from Beaumont left to join the veteran's bonus march on Washington in 1932, the Enterprise declared that these men had the "right of appeal," but added that it would be unfortunate if radicals infiltrated the marchers and caused disorder.³³ The editor did not think the Hoover Administration's use of troops against the veterans was necessary, though he did concede that it was difficult to know exactly what had happened.³⁴ During another bonus march on Washington in 1933, the Enterprise praised the Roosevelt Administration for avoiding a dangerous crisis by giving the veterans a friendly reception—instead of troops, Mrs. Roosevelt was sent to greet them.³⁵

The Enterprise was not harshly critical of the Hoover Administration, except perhaps on the unemployment question, until the election year of 1932. A supporter of Smith in 1928, it had condemned some of Hoover's actions, including the signing of the Hawley-Smoot Tariff, but it had also expressed confidence in his leadership during the early days of the depression.³⁶ At the time of the Republican National Convention in June 1932, the Enterprise had some kind words for the President, but concluded "more in sorrow than anger" that Hoover had "failed to meet the test of a great national emergency."³⁷ Ironically, one of the chief complaints the Enterprise had against the champion of rugged individualism was that during his administration "centralization of authority in Washington" had

gone to "almost unbelievable extremes." "The federal government meddles in private business and engages in private business on a vast scale. Bureaucracy has had a mushroom growth which the feeble efforts of Congress have done little or nothing to stay." The Enterprise did not blame Hoover for the depression but found "that after the emergency arose he did not act with the promptness and decision expected of him, that he seemed unwilling to believe the situation was as bad as it really was and such leadership as he showed was ineffective." It would seem that the Enterprise expected Hoover to end the depression by some miracle which did not involve increasing the government's role in economic life.

The Enterprise did not back Franklin D. Roosevelt for the Democratic nomination in 1932; it thought Garner could "probably win more votes than the somewhat colorless" governor of New York.⁴⁰ Once FDR was rominated, the paper supported him and denounced the "absurdity" of the Republican charge that he was a radical or a "bolshevik."⁴¹ One editorial praised Roosevelt's farm proposals for their conservatism. They would lighten the farmer's tax burdens, refinance his mortgages, and give tariff protection to his products, without making any more "raids on the federal treasury" or "plunging the federal government further into private business."⁴²

It took the Enterprise several weeks to warm up to Roosevelt as a campaigner and to accept some of the implications of his program. On September 20, 1932, the editor wrote rather condescendingly of FDR as "a gentleman with a gracious personality and ability above the ordinary, but not a superlative leader." Despite his imperfect grasp of "some of the essentials of the present political situation," he seemed to understand "the nature of the opportunity before him." Yet, even his most ardent admirers did not claim he was a Wilson or Jefferson.43 One week later the editor had discovered that "Mr. Roosevelt is about as shrewd a politician as may be found in either the Republican or Democratic party. And he is an expert campaigner. . . . So far he has not made a single blunder."44 On October 4, the Enterprise praised Roosevelt's humanitarianism and his willingness to be classed as a radical in the tradition of Theodore Roosevelt and Thomas Jefferson. His conservative critics were not fearful merely of government competition with private enterprise but that the government would guarantee "life, liberty, and the pursuit of happiness" to everyone, instead of just the privileged few. The editor of the Enterprise was convinced that the American governmental system could make this country a better place to live in "without neglecting any of its other necessary functions, without undergoing any drastic or revolutionary changes, and without the substitution of paternalism for democracy."45

The Enterprise's increasing fondness for Roosevelt during the campaign matured into unrestrained admiration when he took office. Commenting upon FDR's inauguration, the editor said: "Here was the leader the nation had been waiting for, a leader who thrust his chin out, became deadly serious and declared in unequivocal terms that he intended to act as becomes a leader." It was reassuring to know that the urbane and charming campaigner could also be a grim and determined warrior. The Enterprise approved the new President's initial acts, including the bank

holiday, and urged rapid passage of the Administration's economic measures by Congress. The free competitive system had broken down. Now, some new way had to be found to match production with demand, assure "employment for the maximum number of workers at a wage that will enable them to consume the maximum output of farms and factories," and, finally, to provide unemployment insurance and old-age pensions for those who could not be continuously employed.⁴⁷

As the New Deal program was presented to Congress the Enterprise gave its endorsement to one measure after another. The federal "blue sky" law giving the Federal Trade Commission authority to make securities sellers publish certain information about stock issues was necessary to prevent the abuses of the past. 48 More stringent federal regulation of all types of banking was essential for adequate protection of depositors.49 The Enterprise expressed hope for the success of the London Monetary Conference, but it favored controlled inflation and supported Roosevelt's refusal to bow to the demands of the gold bloc countries. Domestic prosperity must be restored before the dollar could be stabilized.50 The Administration's transportation bill placing the railroads under a federal coordinator would eliminate wasteful competition, reduce transportation costs, and "lay the foundation for permanent reform of the nation's transportation system."51 Though the Enterprise did not strongly endorse the TVA at the time of its creation, neither did the paper damn it as creeping £ocialism.52

The Enterprise almost completely reversed itself on agricultural policy between 1932 and 1933. Far from condemning the New Deal's farm legislation as undue interference with private enterprise, the Beaumont paper applauded it as a "daring experiment," a "bold remedy" for a desperate situation.⁵³ The reduction of cotton production could be accomplished "naturally" if the law of supply and demand were permitted to run its course, but that would mean the ruin of too many farmers. Long-accepted economic theories would have to be scrapped for a while; the federal government was the only agency which could achieve the miracle of crop reduction. The editor had glowing praise for the government officials, county agents, and private citizens who explained the AAA program to the growers, and for the Texas farmers who agreed to plow up part of their already planted cotton crop. If the Roosevelt Administration did nothing else, the Enterprise declared, it deserved an honored place in history for successfully reducing cotton production.⁵⁴

The Enterprise heartily endorsed the National Industrial Recovery Act and urged business and industry to comply with its provisions quickly. True, the act had been called socialistic and it gave unprecedented power to the President, but it was necessary "to put aside for awhile some of this nation's most cherished traditions of independent action and individual initiative" in order to deal effectively with the depression.³⁵

The oil industry occupied a particularly important place in the editorial columns of the *Enterprise*. In 1931, the paper was critical of the petroleum companies who turned to the government for a solution to the market glut that was pushing prices lower. The *Enterprise* admitted the need

for proration by the Texas Railroad Commission but vigorously opposed a graduated gross production tax on petroleum proposed by Governor Miriam A. Ferguson.⁵⁶ However, by the spring of 1933, when oil was selling for ten cents a barrel in East Texas, the Enterprise was calling for federal control. The industry should have put its own house in order but it had failed—as had the state government—to stop overproduction. Now, declared the editor, the Roosevelt Administration would be remiss in its duty if it did not stabilize the oil industry and prevent further waste.57 "The strong hand of the federal government impowered to prevent interstate shipments of oil illegally produced is needed to prevent violators of proration and conservation laws from profiting at the expense of the state and of oil producers who are trying to obey the law,"58 The Enterprise anproved of an NRA code for the demoralized petroleum industry which seemed eager to submit to federal regulation. If Congress passed socialistic legislation, "the explanation must be sought in industry itself, which was unable to solve its own problems."59 The time had come when the nation was no longer interested in quarrels between the major companies and the independents but in "the conservation of natural resources, an adequate supply of oil, gasoline and other petroleum products at a reasonable price and stability in one of the nation's greatest industries."60

The depression as viewed by the Enterprise in 1933 was a great test of democracy in America. Other countries had turned to totalitarianism and cur own Congress had conferred almost dictatorial powers upon President Roosevelt. Yet, the paper saw the salvation of democracy in the United States in exactly the kind of leadership FDR was giving the nation. He had not illegally seized power, but was acting with the consent of Congress and the people.61 It was no violation of the Constitution for Congress to grant the President authority to deal with an emergency. "It is as if a great fire were raging, Franklin D. Roosevelt is the fire chief: Congress is the fire department."62 The President had broken the frustrating deadlock which was threatening the life of the nation. He had the confidence of the people and was doing "a masterful job" in securing necessary legislation from Congress. 63 At the end of the Hundred Days, the Enterprise declared that this session of Congress was without parallel in peacetime-Roosevelt had obtained practically everything he asked for. To comfort those who feared dictatorship, the Enterprise assured its readers that the President would use his power with restraint. "The American people need have no fear that they will become wards of the federal government, their lives regulated, their private affairs controlled by the federal government and its agents."64

Like democracy, capitalism in America was also on trial in 1933; however, the *Enterprise* was not certain of its fate. The capitalistic system had made the United States rich, but had "prevented an equitable distribution of the wealth created by manipulation of labor and capital." The depression was largely the result of Republican policy which had fostered the concentration of wealth in the hands of an Eastern financial oligarchy and forced the rest of the people into economic bondage. The United States, though "still wedded to capitalism," was "clamoring for a more enlightened form of it" and would no longer "tolerate a system incapable of protecting the many against the selfish greed of a few." The private

enterprise system could survive only if its leaders showed "enough wisdom and courage to face new responsibilities" and develop "a social consciousness, conspicuous by its absence from the pre-depression capitalism of the United States." ⁶⁷

The Enterprise was not afraid to use the term "socialism" in describing the New Deal program. Herbert Hoover, "conservative and reactionary," had plunged the government into business with the RFC and other measures; then Roosevelt had carried the nation further down the road to state socialism than any pre-depression observer could have imagined. this was what the people wanted.68 What if Roosevelt's policies were socialistic? The utter failure of traditional methods to end the economic crisis had forced the President to experiment with new programs. American people were fortunate to "have such a man in the White House now-a man who is not afraid to make use of socialistic theories, and feels that he has no alternative but to utilize the powers of government to do what private initiative is unwilling to do or is incapable of doing." The Enterprise was certain, however, that Roosevelt would abandon any program that did not work and would not push socialism to the point of creating a "soviet America." Thomas Jefferson's eternal rest would not be disturbed by the New Deal.69

At the end of Roosevelt's first Hundred Days, the Beaumont Enterprise was optimistic about the future. It had learned many lessons from the depression and changed its stand on a number of issues, particularly those related to the government's participation in economic life. Indeed, its hope for the future was based upon vigorous federal participation in areas once reserved for private enterprise. The Enterprise warmly endorsed the new society envisioned by New Deal planners. Above all, it wanted no return to the good old ways of the pre-depression era. It was unthinkable, said an editorial in July, 1933, that the "progress recently made toward a better order of living in America, a more equitable distribution of the wealth and future insurance against a repetition of current evils will all be thrown away, that the United States of 1934-35-36 and subsequent years will be like the United States of Harding, Coolidge and Hoover." 70

FOOTNOTES

¹For a general history of the Enterprise (Beaumont, Texas) from its early beginnings to 1960 see Frank Spurgeon Morris, "History of the Beaumont Enterprise" (unpublished Master of Arts thesis, Stephen F. Austin State College, 1961.

²Beaumont Enterprise, February 12, 1930.

31bid., October 26, 31, 1929.

4Ibid., November 28, 1929.

51bid., December 30, 1929.

*Ibid., February 28, 1930.

- 71bid., March 7, June 21, 28, 1930.
- 81bid., February 15, 1930.
- 91bid., May 2, 1930.
- 10 Ibid., November 23, 1930.
- ¹¹Ibid., January 6, 1930.
- 12 Ibid., September 22, 1930.
- 13 Ibid., January 6, 1932.
- 14 Ibid., June 2, 1932.
- 15 Ibid., May 8, 1931.
- ¹⁶Ibid., September 27, 30, 1931; May 22, June 12, December 8, 1932; February 26, 1933.
 - 17 Ibid., October 2, 1931; May 19, 1932.
- ¹⁸Ibid., June 13, 16, 1931. The Enterprise condemned Texas Attorney-General James V. Allred for bringing suit in 1931 against several major oil companies accused of violating state anti-trust laws, December 16, 1931.

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- 19 Ibid., September 10, 1932.
- 20 Ibid., October 5, 1932.
- ²¹Ibid., March 20, 1930; January 29, August 15, 18, 1931. It could have been that the *Enterprise's* support of a drive to increase cotton exports from the port of Beaumont influenced its attitude toward attempts to reduce cotton acreage. The paper was not so critical of a measure in the Texas legislature to limit cotton acreage to thirty percent of the land planted in all crops. September 22, 1931.
 - 22 Ibid., August 23, September 8, 1931.
 - 23 Ibid., September 1, 1931.
 - 24 Ibid., May 28, 1932.
 - ²⁵Ibid., August 3, 1931.
 - ²⁶Ibid., August 15, 1931.
 - ²⁷Ibid., August 17, September 9, 1931.
 - 28 Ibid., August 19, September 9, 1931.
- ²⁹Ibid., December 29, 1931; February 12, 1932. As a Democratic paper, the *Enterprise* took somewhat the same position on relief and public works as the Democratic leadership in Congress took in 1931-1932.
 - 30 Ibid., June 4, September 3, 16, 1932.
 - 31 Ibid., November 23, 1932.
 - 32 Ibid., March 8, 1930.

- 33 Ibid., June 4, 1932.
- 34 Ibid., August 17, 1932.
- 36 Ibid., May 20, 1932.
- 36 Ibid., April 30, June 11, 1930; May 10, 1931.
- 37 Ibid., June 14, 1932.
- 38 Ibid., August 1, 1932.
- 39 Ibid., March 4, 1933.
- 40 Ibid., May 24, 25, 1932.
- 41 Ibid., August 9, 1932.
- 42 Ibid., September 16, 1932.
- 43 Ibid., September 20, 1932.
- 44 Ibid., September 27, 1932.
- 45 Ibid., October 4, 1932.
- 46 Ibid., March 7, 1933.
- 47 Ibid., March 7, 9, 17, 1933.
- 48 Ibid., March 30, 1933.
- 49 Ibid., April 1, May 4, 1933.
- 50 Ibid., April 25, June 13, 24, July 1, 7, 12, 1933.
- ⁵¹Ibid., April 13, 25, May 7, 1933.
- 52 Ibid., May 19, 1933.
- 53 Ibid., April 7, 1933.
- 54 Ibid., June 2, July 16, 20, 26, 1933.
- ⁵⁵Ibid., June 11, 15, July 12, 1933. On the local level the Enterprise supported the efforts of the Saner Competition League which sought to persuade businessmen to agree to price stabilization. *Ibid.*, May 4, July 21, 1933.
 - ⁵⁶Ibid., April 8, 1931; April 7, 20, 23, May 3, 15, 1933.
 - ⁵⁷Ibid., March 30, May 20, 1933.
 - 58 Ibid., May 31, 1933.
 - 59 Ibid., June 19, 1933.
 - 60 Ibid., July 25, 1933.
 - 61 Ibid., March 11, 1933.
 - 62 Ibid., May 1, 1933.

⁶³Ibid., May 1, 9, 115, 22, 1933. In the early part of June the Enterprise doubted that the honeymoon with Congress could last any longer and predicted increasing opposition. The session ended before any serious difficulties materialized.

64 Ibid., June 17, 1933.

65 Ibid., June 27, 1933.

66 Ibid., June 8, 1933.

67 Ibid., June 27, 1933.

68Ibid., April 15, 1933.

69Ibid., June 1, 1933.

70Ibid., July 18, 1933.