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control the customer loses his voice in business. Prices are set at an arbitrary level and quantities produced no longer bear a relation to the demand.

The second road-block in the way of continued prosperity is tax policies which destroy incentive.

Today, the government is draining away the money business needs to build for the future.

It takes away 52 to 82 per cent of a company's profit, while it tries to hold prices down. It does not allow corporations to deduct fair amounts for depreciation in these times of inflation. And it taxes investors so heavily that they lose both the means and the incentive to invest enough to keep industry expanding.

Heavy taxes on corporations encourage some businessmen to be extravagant with other people's money. They figure, "Why worry about spending another few million dollars; if we try to hang onto it, the government will take all but 18 per cent of it anyway." This works against government, investors, customers and employees.

Taxes are essential, Mr. President. The government should collect enough to balance the budget, after cutting out all unnecessary spending. And let's not kid ourselves: all taxes are paid by the customer in the end.

But it makes a big difference how taxes are applied. Heavy taxes on profit work against themselves. They penalize success. They discourage business from serving customers better and providing more and better jobs. They dry up this source of taxes.

The third road-block is the failure of the government to recognize the true role of profit in the path of prosperity.

The government's exaggerated talk about profits has stirred up widespread resentment against business.

Surely you realize, Mr. President, that profit is the incentive which makes our opportunity system work. Some of it is paid in dividends as a reward to those people who put up their savings to build plants and, in that way, make more jobs. The purpose of these dividends is to make them want to invest more, instead of spending all they make. The remainder of profit is put directly back into the business to provide new and better products and equipment.

A company forced by the government to operate on an inadequate profit is living on borrowed time.

The fourth road-block to continued prosperity is the instability of the dollar.

The government's money policies have encouraged inflation. Every time the government fails to balance the budget, it has to create new money through borrowing. The new dollars added to our money supply dilute the value of every dollar.

Inflation gnaws away at the value of people's savings. For example, suppose a man put \$100 in the bank 10 years ago. At two per cent interest, compounded every six months, that \$100 has now grown to \$122. But, because of inflation, that \$122 will now buy only as much as the man could have bought with \$74 ten years ago.

Think what this means, Mr. President, to people who have been saving money to buy a home or to educate their children. Think what it means to people who must live off savings, insurance, or pensions.

Worst of all, inflation makes people lose faith in their business and government leaders. It encourages them to grasp greedily for government hand-outs, because they have been penalized for trying to be self-reliant.

The government can discourage inflation if it will spend no more than it takes in. The best way to do this is to eliminate non-essential spending.

The fifth road-block is the fact that many people can't seem to accept the basic truth that full output from our production equipment would benefit all people.

Our great standard of living in the United States is based on our people's ingenuity in getting machines to do most of their work.

If today we had to do without the machines that have been invented in the last 100 years, it would take four times as many workers as we have to turn out the things Americans will buy this year.

The sad part of it is we could turn out much more with the machines we now have, without employees being over-worked. Everyone would benefit. Everyone could buy more things, because everything would cost less to produce and prices wouldn't have to be so high.

But all too often people are persuaded they can have more by producing less. Some groups can—for a short while; but not for long. And the temporary gains of these wage earners are at the expense of their friends and neighbors who work elsewhere.

The sixth road-block is monopolistic union practices, with the support of the government.

The labor policy of our country should preserve the right of all individuals to work as free men at jobs of their own choosing. It must be fair to the worker, the employer, and the public as a whole.

Just suppose, Mr. President, that all the companies in the rubber industry clubbed together and decided to close all their plants because their employees wouldn't agree to increase production 10%.

The government would crack down fast on the companies, wouldn't it? And rightly so. It would be a crime against rubber workers and a crime against the public for arbitrarily stopping the flow of essential products.

Yet, what happens when a labor union shuts down a whole industry over a disagreement about a pay increase? The government considers this within the union's rights. It will support the union. It will seize the industry, if necessary, to try to force management's hand.

Meanwhile everyone suffers, particularly the employees represented by the union.

Such actions by unions, supported by government, cannot be tolerated by honest men who want to see their fellow men get ahead.

The seventh road-block is wide-spread misunderstanding of our business system.

Opinion surveys have repeatedly shown that large groups of the American people misunderstand the role of profits, competition, capital, incentive, stockholders, management and other vital parts of our opportunity system.

Most men believe in freedom and they believe in America as a land of opportunity. Yet they are easily misled into supporting government planning and policies that work against free enterprise and toward socialism.

And I don't see how we can expect people to understand if the government continues to give lip service to free enterprise, while its actions make business and the general public more and more servants of government.

Mr. President, you say you believe in free enterprise. Do you believe in it enough to guard it in every decision you make?

I realize, it will not be easy to remove these road-blocks to prosperity. The task will take patience and insight and courage.

Let me hasten to admit that we businessmen do not always have the courage to live up to the letter of all we preach. For example, although we believe in private ownership of industry, the temptation to accept government financing is sometimes too strong to resist.

Also, against our better judgment, some of us yield to unreasonable union demands. We sometimes yield even though we know that it will lead to more inflation.

Need Inspired Leadership

We need your help, Mr. President. We need to have you set an example of forthrightness and moral courage—an example of complete fairness, untouched by favoritism. All Americans need your inspired leadership.

Mr. President, when you were a boy, didn't you look up to the President of the United States as the greatest living American? Didn't you believe him to be the most capable, the most esteemed leader? Didn't you trust him completely to see that rightness prevailed in our land?

You haven't forgotten . . . have you? I haven't.

But do you think it is the same with your boy—and mine?

It is up to you to make that boyhood faith burn again.

You can do it. Millions of your fellow men stand ready to help you. But you must take the lead.

Let us make the word "politics" once more a symbol of fine government.

Let us make "profit" and "incentive" and "free enterprise" mean opportunity for all—the only real security man shall ever find.

Let us give our sons a new faith in their leader and in their country and in their strength and courage to make a better world.

Mr. President, may your son—and my son—and all men, across the earth—catch their breath whenever you speak . . . and listen . . . and believe . . . and trust.

H. E. Humphreys Jr.

President, United States Rubber Company