

**“Positive Program for Conservatives.” Summary of comments before The Chicago Club, sponsored by the Citizens Board of the University of Chicago, 29 March 1950.**

*Used with permission of the Special Collections Research Center, University of Chicago Library.*

There are two major functions, “public works” aside, that the price system cannot perform and that must be provided for through governmental action, namely, the provision of money, and the relief of distress. The chief problem in these two areas is to perform these functions in a way that keeps to a minimum interference with the operation of the price system.

Our present performances in these two areas is extremely poor. Our monetary system produces instability rather than stability; and is constructed so as to force government to intervene in lending and investing activities that ought to be free from government control. Our attempts to redistribute income involve almost a maximum of interference with the price system. In consequence, they reduce substantially our productive efficiency and at the same time do not relieve distress satisfactorily or efficiently.

A positive program for performing these functions so as to strengthen rather than weaken political and economic freedom would call for the following steps:

1. On the monetary and fiscal side: (a) the institution of 100 per cent reserve banking combined with the separation of the depository and check-clearances activities of banks from lending activities, (b) elimination of the present discretionary monetary powers of Federal Reserve and Treasury authorities, (c) the substitution of a definite monetary for these discretionary powers, (d) a commitment to a stable tax and expenditure structure.

2. On the redistributive side: (a) the elimination of current interferences with the price system in the name of welfare — for example, tariffs, farm price supports, rent controls, minimum wages, subsidies to silver producers, etc. (b) the substitution of a general commitment to relieve distress by direct money payments to people who need help, their need to be determined by their income and not by whether they are

farmers, business men, or laborers, (c) the maximum possible decentralization of relief and welfare activities to local communities.