

How Calvin Coolidge Could Guide Us Now

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I'm deeply honored to offer these closing remarks at this 50th Anniversary Symposium honoring Calvin Coolidge. Earlier today, you heard from experts on his life and times, discussing his strategic vision, his political philosophy, his values, his political instincts, and even more. It would be presumptuous of me to tread again the ground trod by these experts, so let me take this opportunity to discuss some of what I see as Coolidge's wisdom, and how he might guide us were he living in this perilous era for our nation—an era nonetheless fraught with opportunity—in which we find ourselves as we gather this evening.

I've never thought of myself as a businessman, nor as an entrepreneur, but rather as one who's done his best to serve investors, and to force others who lead our giant investment institutions to do the same. In my modest sphere, I emulate—that is, to be clear, to *strive* to equal—the traits of character which we all associate with “Silent Cal” (although no one has *ever* called me “Silent Jack.” To the contrary!). As your 2010 Memorial Foundation brochure describes these traits, President Coolidge was determined “to preserve the old moral and economic precepts” that led to America's prosperity, focused on the fundamental virtues of high character, integrity, hard work, honesty, idealism, self-discipline, and, above all, determination and persistence.

Note: The opinions expressed in this speech do not necessarily represent the views of Vanguard's present management

It is in this last context, paradoxically, that some seventy years ago I first learned about Calvin Coolidge. I was in my early teens, and sailing aboard an old lobster boat on Long Island Sound with my uncle, Clifton Armstrong Hipkins, long-time commodore of Connecticut's Riverside Yacht Club. On a small bronze plaque on the bridge of his boat, I read Coolidge's words, so familiar to many of you:

Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan "Press On" has solved, and always will solve, the problems of the human race.¹

On the transom of my uncle's boat was its name: *Press On Regardless*. I'm not sure when or where or why "regardless" was added to the Coolidge quotation, but that phrase would become a sort a motto for our family. Whatever its derivation, the addition of "regardless" tells us of something that, deep down, we all know to be the reality of life.

For "Press On Regardless" is a profound reminder that we must press on, not only through our trials and tribulations, but under *all* circumstances. It means we should press on not only through bad times, but through good times as well; press on through stormy seas and calm seas alike; press on when we experience failure of course, but also when we achieve success; and press on when we meet both triumph and disaster (even as we honor Kipling's mandate to "treat those two imposters just the same").

Our Economy, Then and Now

While I'm certain that the timeless virtues that Calvin Coolidge exemplified should remain our guiding stars today, I'm doubtful, alas, that his views of the role of our

¹ This classic Coolidge quotation continues to find its way into my life, sometimes in surprising forms. For example, I recently learned that Ray Kroc, founder of McDonald's, had the "press on" quotation posted on the wall of the office of the manager of every McDonald's restaurant. However, it was not signed "Calvin Coolidge." It was signed "Ray Kroc."

federal government in today's national affairs can offer much guidance that will help us through the financial mess in which our nation finds itself, so unlike the role of government in the era of remarkable prosperity over which President Coolidge presided.

Under Coolidge, our economy flourished, growing by 22 percent (in real terms) from 1923 to 1929. There was, literally, zero inflation; federal government expenditures held flat (really!); the U.S. debt was slashed; the top marginal income tax rate was cut from 43% to 24%; unemployment fell to 3.2 percent. In short, in the president's words, our citizens "reached a state of contentment seldom before seen." Given that level of growth and prosperity, it is hardly surprising that Coolidge believed that government should try to get out of the way and leave it to the private sector—to rely on our citizens—to keep the momentum going. "I want the people of America to be able to work less for the government and more for themselves," Coolidge said. "I want them to have the rewards of their own industry. This is the chief meaning of freedom."

But in this recent winter of our discontent, it is only to state the obvious that America's growth has been hobbled and our prosperity limited. Our national product is no higher than it was three years ago, and unemployment, at 9.5 percent, is running at the highest levels of the past quarter century. Median family income is now actually lower than it was a decade ago, despite the enormous increase in incomes earned by the top 1/100th of 1 percent of the population. Our nation's wealthiest 15,000 families report an average annual income of \$27 million, in contrast to the \$31,000 average income of the lower 90 percent of our families, 135,000,000 in all, including nearly 9 million living below the poverty line of about \$18,000 per year. Today's "state of contentment," then, likely applies to only a small fraction of our population.

Coolidge, I'm confident, would have worried about this growing disparity. Help for the disadvantaged was an important part of his political philosophy. "Government is not, must not be, a cold impersonal machine," he said, "but a more human agency, satisfying the heart, full of mercy, assisting the good, resisting the wrong, delivering the weak from any impositions of the powerful."

How would Coolidge deal with this obvious tension between fiscal probity and a compassionate state? Today we describe this tension in hyperbolic terms—“left wing” vs. “right wing,” a caricature bereft of subtlety. More accurately, America’s political parties are philosophically divided between a so-called liberal tradition favoring the use of the national government to foster equality and social justice, and a so-called conservative tradition favoring limited national government in the name of protecting liberty, freedom, and personal responsibility. But even that difference paints too extreme a picture. In this vastly different American economy of the present day, which way would Coolidge lean? We will never know. But it might help us to understand Coolidge’s philosophy through the two great Americans who stand tallest in his pantheon, Alexander Hamilton and Theodore Roosevelt.

Alexander Hamilton

Alexander Hamilton didn’t care much for these sharp distinctions. Here’s how *New York Times* columnist David Brooks expresses Hamilton’s philosophy: “Through much of American history there has always been a third tradition, now dormant, which believed in limited but energetic government in the name of social mobility and national union. This third tradition was founded by Alexander Hamilton, embraced by Henry Clay, taken up by Abraham Lincoln and brought into the 20th century by Theodore Roosevelt. . . . Hamilton came from nothing and spent his political career trying to create a world in which as many people as possible could replicate his amazing success. [He] saw a country destined to become the greatest empire of the earth, and sought to liberate and stir Americans to exploit the full range of their capacities. Hamilton believed in using government to enhance market dynamism by fostering more equitable competition. He believed government could usefully promote social revolutions . . . It was always the cause America represents—universal freedom—that was uppermost in Hamilton’s mind, spurring individual initiative, but also gathering the fruits of that energy in the cause of national greatness.”

Coolidge was basically a Hamilton Republican. He freely expressed his admiration, indeed his reverence, for the ideas of Alexander Hamilton:

The great man is he who can express the unuttered opinions of his time, direct energy along profitable channels, divine the spirit of the people, and unify action under just and stable institutions of government. Such a man was Alexander Hamilton . . . Hamilton lived in the age which not only established the independence of our country, one of the most remarkable of achievements, but also saw the adoption of the federal Constitution and provided an economic system. These gave this nation liberty, order, and prosperity. His fame rests on the deep influence which he had in producing these results. When America ceases to remember his greatness, America will be no longer great. ²

Theodore Roosevelt

Even more interesting, I think, was Coolidge's admiration for Theodore Roosevelt, perhaps surprising since in some sense, Theodore Roosevelt was Coolidge's antithesis. Roosevelt pressed for a graduated income tax³ and a steeply graduated inheritance tax. With the passage of the sixteenth amendment to the Constitution, he got both. He broke the all-powerful business trusts that dominated America in the late 19th century. His activist, interventionist leadership of our nation also included negotiating the settlement of the Russo-Japanese war (for which he won the Nobel Peace Prize) and protecting our nation's natural resources by placing some 230 million acres under federal jurisdiction.

Despite their differing philosophies of government, Coolidge also held Roosevelt in near-reverence: "One of the great men of American history—ambassadors of Providence . . . great captains, commanders of men; statesmen, ministering to the well-being of their country, inspirers of noble action, translating high ideals into the practical affairs of life . . . In all the criticisms that his zeal for the right, whatever the consequences, brought (Roosevelt), no one ever questioned his patriotism . . . In a

² These quotations come from a speech Coolidge delivered in Chicago, honoring Hamilton, There were some 4,000 words in his speech, so likely nearly an hour in delivery and belying the "Silent Cal" caricature.

³ Roosevelt's ideas echoed earlier comments by Andrew Carnegie who favored a progressive inheritance tax "designed to confiscate most of a decedent's estate, leaving only a modest inheritance to one's heirs."

distinctly commercial age marked by a consuming desire for financial success . . . (men) sought to increase the means for the production of wealth by great combinations which in some instances partook of monopoly. The man who finally brought the businessmen of the nation to see that their course was economically unsound, and therefore to be abandoned, and who roused the American people to the assertion again of their right to control their government for the public welfare, was Theodore Roosevelt. No man had done so much to destroy an unsound economic theory and to restore its true form of representative government since the days of Abraham Lincoln. (Roosevelt) reestablished a representative government of all the people, reopened the closing doors of opportunity, reawakened the soul of his country, and reinforced the moral fiber of America.”

One other piece of guidance—one largely unobserved, I think—Coolidge might help us with today is the necessity of our nation’s elected officials to bring people with brains and integrity and determination to positions of leadership. This audience is well aware of the contributions made by Andrew Mellon and Dwight Morrow during Coolidge’s presidency, and perhaps many of you recall that it was Calvin Coolidge who appointed legendary Judge Learned Hand to the U.S. Court of Appeals for the Second Circuit, where he served with distinction for 27 years. Harlan Fiske Stone may top even that distinguished list. In 1924, in the wake of Harding’s “Teapot Dome” scandal, Coolidge named Stone, his friend and classmate at Amherst, as attorney general. A year later, Coolidge named Stone to the U.S. Supreme Court, his only appointment during two terms as president. Stone’s judicial record was so compelling that in 1941 Franklin D. Roosevelt named him as chief justice of the United States—a rare if not unique event in which a justice named by a Republican was named chief by a Democrat (or *vice versa*), a stirring tribute to Coolidge’s selection of Stone based on his personal character and professional competence.

Our Nation’s Financial System

This reference to Justice Stone gives me an opportunity to digress for a moment, and turn to the over-reaching of our financial sector in the recent era. Stone’s masterful understanding of our financial system is reflected in an essay in the Harvard Law

Review, written in 1934 in the aftermath of the Great Depression. See if you don't agree that it was eerily prescient in describing a major force in creating the economic problems we are facing today.

. . . When the history of the financial era which has just drawn to a close comes to be written, most of its mistakes and its major faults will be ascribed to the failure to observe the fiduciary principle, the precept as old as holy writ, that 'a man cannot serve two masters,' . . . The separation of ownership from management, the development of the corporate structure so as to vest in small groups control over the resources of great numbers of small and uninformed investors, make imperative a fresh and active devotion to that principle . . . Yet those who serve nominally as trustees, but relieved, by clever legal devices, from the obligation to protect those whose interests they purport to represent, corporate officers and directors who award to themselves huge bonuses from corporate funds without the assent or even the knowledge of their stockholders . . . financial institutions which, in the infinite variety of their operations, consider only last, if at all, the interests of those whose funds they command, suggest how far we have ignored the necessary implications of that principle. The loss and suffering inflicted on individuals, the harm done to a social order founded upon business and dependent upon its integrity, are incalculable.

One of Coolidge's comments on our banking system affirms that he would have agreed with Justice Stone's harsh indictment. "A bank is not a private institution responsible to itself alone, or to a few," Coolidge said, "It is a public institution under a moral obligation to be administered for the public welfare." Our new-era banking system, a major contributor to the crisis America is now fighting her way through, hardly meets that standard of how a bank ought to operate.

How Would Coolidge Guide Us Today?

Were Coolidge and Hamilton and Roosevelt alive today, I believe that they would agree that we need to restore the integrity of our system of capitalism, and to rethink the

nation's investment process. In their spirit, I continue to press on in that battle. In today's wrongheaded version of capitalism, corporate managers—agents of the shareholders—hold awesome power in their own hands and for their own purposes. These managers are in charge of our business wealth, virtually unchecked by traditional gatekeepers—directors, auditors, regulators, even their own shareholders. It doesn't help that our institutional money managers—who control corporate America through their holdings of some 70 percent of all shares of stock—are too heavily focused on the folly of short-term speculation on stock prices and too lightly focused on the wisdom of long-term investment—growing intrinsic corporate value—to concern themselves with challenging the domain of our corporate managers.

So here we are tonight, in an economic and political environment which is light-years away from the environment to which President Coolidge pointed with pride and pleasure, an environment in which his belief in small government, budget surpluses, and low taxes helped the private sector of our economy to flourish. What guidance would he offer? Cut taxes and slash social welfare? Raise taxes on all? On the wealthy? Fix Social Security? Undo the recent healthcare reform? Add to the so-called “stimulus,” or stop it in its tracks? How would he balance the power of the Federal government with the needs of so many in our society? Or would he do nothing, and leave the solution to our private enterprise system? Even as many will predict with an air of complacent certainty how Coolidge would guide us on these matters today, the fact is that what he would do is utterly unpredictable. *We just don't know.*

Character Counts

But that hardly means that this remarkable President has no guidance for us. That his presidency was distinguished for character more than for heroic achievement is not a criticism, but a tribute. Indeed his guidance may well be eternal: Revere the Constitution and the Founding Fathers. Listen carefully to Hamilton (for “when America ceases to remember his greatness, America will cease to be good”). Demand persons of high integrity and high intelligence, without preconceived political agendas, to serve in the executive branch, in the legislative branch, and in the judicial branch of our government.

Even more important, never forget Calvin Coolidge's reminder that character counts. As the president told the National Council of Boy Scouts in 1926, "Character is what a person is; it represents the aggregate of distinctive mental and moral qualities belonging to an individual . . . good character means a mental and moral fiber of a high order, one which may be woven into the fabric of the community and state, going to make a great nation."

What's more, especially in these days in which pessimism abounds, he'd likely advise us to hold on to our idealism. President Coolidge said, "We make no concealment of the fact that we want wealth, but there are many other things we want very much more. We want peace and honor, and that charity which is so strong an element of all civilization. The chief ideal of the American people is idealism. I cannot repeat too often that America is a nation of idealists." (One of his predecessors, Woodrow Wilson, said, "Of course I'm an idealist. I am an American, and America is the most idealistic nation on earth." Some ideas transcend politics!)

We must also pay homage to our great American past, and resolve to honor more fully our nation's founding principles. The Declaration of Independence assures us "that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness." I share those values, and indeed wrote about them in my recent book, *Enough. True Measures of Money, Business, and Life*.

While we all may be created equal, however, we are born into a society where inequality—of family, of education, and, yes, even of opportunity—begins as soon as birth takes place. But our Constitution demands more. "We the People" are enjoined "to form a more perfect Union, establish Justice, insure domestic Tranquility . . . promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity." These are not mere words; they represent the challenge of our age.

These thoughts were echoed by Coolidge: “When people begin to cherish plans for everything save *the common welfare*, the decay of that country has begun.”

It’s been a special delight for me to see so many parallels between my own humble work and the solid, traditional and conservative values of President Calvin Coolidge. Here’s how he summed them up,

Material resources do not, and cannot, stand alone. They are the product of spiritual resources. It is because America, as a nation, has held fast to the higher things of life, because it has had a faith in mankind which it has dared to put to the test of self-government, because it has believed greatly in honor and truth and righteousness, that a great material prosperity has been added unto it.

I too have spent most of my recent decades focused on character and values, the homespun elements that come down to moral conduct, integrity, and honor. Tonight, let’s pledge never to forget them. And, yes, let’s hold our persistence and determination high, more than ever in the challenging global environment which demands the active participation of our entire citizenry. In President Coolidge’s timeless words with which I opened these remarks: “The slogan ‘Press On’ has solved and always will solve the problems of the human race.”

Thank you for your attention, ladies and gentlemen. And press on—Press On, Regardless.