

THE FIRESIDE CHATS OF FRANKLIN DELANO ROOSEVELT

FRANKLIN DELANO ROOSEVELT*

Radio addresses to the American people
broadcast between 1933 and 1944.

March 12, 1933.

I want to talk for a few minutes with the people of the United States about banking—with the comparatively few who understand the mechanics of banking but more particularly with the overwhelming majority who use banks for the making of deposits and the drawing of checks. I want to tell you what has been done in the last few days, why it was done, and what the next steps are going to be. I recognize that the many proclamations from state capitols and from Washington, the legislation, the treasury regulations, etc., couched for the most part in banking and legal terms should be explained for the benefit of the average citizen. I owe this in particular because of the fortitude and good temper with which everybody has accepted the inconvenience and hardships of the banking holiday. I know that when you understand what we in Washington have been about I shall continue to have your cooperation as fully as I have had your sympathy and help during the past week.

First of all let me state the simple fact that when you deposit money in a bank the bank does not put the money into a safe deposit vault. It invests your money in many different forms of credit—bonds, commercial paper, mortgages and many other kinds of loans. In other words, the bank puts your money to work to keep the wheels of industry and of agriculture turning around. A comparatively small part of the money you put into the bank is kept in currency—an amount which in normal times is wholly sufficient to cover the cash needs of the average citizen. In other words, the total amount of all the currency in the country is only a small fraction of the total deposits in all of the banks.

What, then, happened during the last few days of February and the first few days of March? Because of undermined confidence on the part of the public, there was a general rush by a large portion of

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our population to turn bank deposits into currency or gold—a rush so great that the soundest banks could not get enough currency to meet the demand. The reason for this was that on the spur of the moment it was, of course, impossible to sell perfectly sound assets of a bank and convert them into cash except at panic prices far below their real value.

By the afternoon of March 3d scarcely a bank in the country was open to do business. Proclamations temporarily closing them in whole or in part had been issued by the governors in almost all the states.

It was then that I issued the proclamation providing for the nation-wide bank holiday, and this was the first step in the government's reconstruction of our financial and economic fabric. The second step was the legislation promptly and patriotically passed by the Congress confirming my proclamation and broadening my powers so that it became possible in view of the requirement of

time to extend the holiday and lift the ban of that holiday gradually. This law also gave authority to develop a program of rehabilitation of our banking facilities. I want to tell our citizens in every part of the nation that the national Congress—Republicans and Democrats alike—showed by this action a devotion to public welfare and a realization of the emergency and the necessity for speed that it is difficult to match in our history.

The third stage has been the series of regulations permitting the banks to continue their functions to take care of the distribution of food and household necessities and the payment of payrolls. This bank holiday, while resulting in many cases in great inconvenience, is affording us the opportunity to supply the currency necessary to meet the situation. No sound bank is a dollar worse off than it was when it closed its doors last Monday. Neither is any bank which may turn out not to be in a position for immediate opening. The new law allows the twelve Federal Reserve Banks to issue additional currency on good assets and thus the banks which reopen will be able to meet every legitimate call. The new currency is being sent out by the Bureau of Engraving and Printing in large volume to every part of the country. It is sound currency because it is backed by actual, good assets.

A question you will ask is this: why are all the banks not to be reopened at the same time? The answer is simple. Your government does not intend that the history of the past few years shall be repeated. We do not want and will not have another epidemic of bank failures.

As a result, we start tomorrow, Monday, with the opening of banks

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in the twelve Federal Reserve Bank cities—those banks which on first examination by the treasury have already been found to be all right. This will be followed on Tuesday by the resumption of all their functions by banks already found to be sound in cities where there are recognized clearing houses. That means about 250 cities of the United States.

On Wednesday and succeeding days banks in smaller places all through the country will resume business, subject, of course, to the government's physical ability to complete its survey. It is necessary that the reopening of banks be extended over a period in order to permit the banks to make applications for necessary loans, to obtain currency needed to meet their requirements and to enable the government to make common sense checkups.

Let me make it clear to you that if your bank does not open the first day you are by no means justified in believing that it will not open. A bank that opens on one of the subsequent days is in exactly the same status as the bank that opens tomorrow.

I know that many people are worrying about state banks not members of the Federal Reserve System. These banks can and will receive assistance from members banks and from the Reconstruction Finance Corporation. These state banks are following the same course as the national banks except that they get their licenses to resume business from the state authorities, and these authorities have been asked by the Secretary of the Treasury to permit their good banks to open up on the same schedule as the national banks. I am confident that the state banking departments will be as careful as the national government in the policy relating to the opening of banks and will follow the same broad policy.

It is possible that when the banks resume a very few people who have not recovered from their fear may again begin withdrawals. Let me make it clear that the banks will take care of all needs—and it is my belief that hoarding during the past week has become an exceedingly unfashionable pastime. It needs no prophet to tell you that when the people find that they can get their money—that they can get it when they want it for all legitimate purposes—the phantom of fear will soon be laid. People will again be glad to have their money where it will be safely taken care of and where they can use it conveniently at any time. I can assure you that it is safer to keep your money in a reopened bank than under the mattress.

The success of our whole great national program depends, of course, upon the cooperation of the public—on its intelligent support and use of a reliable system.

Remember that the essential accomplishment of the new legislation

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is that it makes it possible for banks more readily to convert their assets into cash than was the case before. More liberal provision has been made for banks to borrow on these assets at the Reserve Banks and more liberal provision has also been made for issuing currency on the security of those good assets. This currency is not fiat currency. It is issued only on adequate security—and every good bank has an abundance of such security. One more point before I close. There will be, of course, some banks unable to reopen without being reorganized. The new law allows the government to assist in making these reorganizations quickly and effectively and even allows the government to subscribe to at least a part of new capital which may be required.

I hope you can see from this elemental recital of what your government is doing that there is nothing complex, or radical, in the process.

We had a bad banking situation. Some of our bankers had shown themselves either incompetent or dishonest in their handling of the people's funds. They had used the money entrusted to them in speculations and unwise loans. This was, of course, not true in the vast majority of our banks, but it was true in enough of them to shock the people for a time into a sense of insecurity and to put them into a frame of mind where they did not differentiate, but seemed to assume that the acts of a comparative few had tainted them all. It was the government's job to straighten out this situation and do it as quickly as possible—and the job is being performed.

I do not promise you that every bank will be reopened or that individual losses will not be suffered, but there will be no losses that possibly could be avoided; and there would have been more and greater losses had we continued to drift. I can even promise you salvation for some at least of the sorely pressed banks. We shall be engaged not merely in reopening sound banks but in the creation of sound banks through reorganization.

It has been wonderful to me to catch the note of confidence from all over the country. I can never be sufficiently grateful to the people for the loyal support they have given me in their acceptance of the judgment that has dictated our course, even though all our processes may not have seemed clear to them.

After all, there is an element in the readjustment of our financial

system more important than currency, more important than gold, and that is the confidence of the people. Confidence and courage are the essentials of success in carrying out our plan. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite in banishing fear. We have provided the machinery to restore

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our financial system; it is up to you to support and make it work. It is your problem no less than it is mine. Together we cannot fail.

May 7, 1933.

On a Sunday night a week after my inauguration I used the radio to tell you about the banking crisis and the measures we were taking to meet it. I think that in that way I made clear to the country various facts that might otherwise have been misunderstood and in general provided a means of understanding which did much to restore confidence.

Tonight, eight weeks later, I come for the second time to give you my report; in the same spirit and by the same means to tell you about what we have been doing and what we are planning to do. Two months ago we were facing serious problems. The country was dying by inches. It was dying because trade and commerce had declined to dangerously low levels; prices for basic commodities were such as to destroy the value of the assets of national institutions such as banks, savings banks, insurance companies, and others. These institutions, because of their great needs, were foreclosing mortgages, calling loans, refusing credit. Thus there was actually in process of destruction the property of millions of people who had borrowed money on that property in terms of dollars which had had an entirely different value from the level of March, 1933. That situation in that crisis did not call for any complicated consideration of economic panaceas or fancy plans. We were faced by a condition and not a theory.

There were just two alternatives: The first was to allow the foreclosures to continue, credit to be withheld and money to go into hiding, and thus forcing liquidation and bankruptcy of banks, railroads and insurance companies and a recapitalizing of all business and all property on a lower level. This alternative meant a continuation of what is loosely called "deflation", the net result of which would have been extraordinary hardships on all property owners and, incidentally, extraordinary hardships on all persons working for wages through an increase in unemployment and a further reduction of the wage scale.

It is easy to see that the result of this course would have not only economic effects of a very serious nature but social results that might bring incalculable harm. Even before I was inaugurated I came to the conclusion that such a policy was too much to ask the American people to bear. It involved not only a further loss of homes, farms, savings and wages but also a loss of spiritual values—the loss of that sense of security for the present and the

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future so necessary to the peace and contentment of the individual and of his family. When you destroy these things you will find it difficult to establish confidence of any sort in the future. It was clear that mere appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop this downward course. A prompt program applied as quickly as possible

seemed to me not only justified but imperative to our national security. The Congress, and when I say Congress I mean the members of both political parties, fully understood this and gave me generous and intelligent support. The members of Congress realized that the methods of normal times had to be replaced in the emergency by measures which were suited to the serious and pressing requirements of the moment. There was no actual surrender of power, Congress still retained its constitutional authority, and no one has the slightest desire to change the balance of these powers. The function of Congress is to decide what has to be done and to select the appropriate agency to carry out its will. To this policy it has strictly adhered. The only thing that has been happening has been to designate the President as the agency to carry out certain of the purposes of the Congress. This was constitutional and in keeping with the past American tradition. The legislation which has been passed or is in the process of enactment can properly be considered as part of a well-grounded plan.

First, we are giving opportunity of employment to one-quarter of a million of the unemployed, especially the young men who have dependents, to go into the forestry and flood prevention work. This is a big task because it means feeding, clothing and caring for nearly twice as many men as we have in the regular army itself. In creating this civilian conservation corps we are killing two birds with one stone. We are clearly enhancing the value of our natural resources and we are relieving an appreciable amount of actual distress. This great group of men has entered upon its work on a purely voluntary basis; no military training is involved and we are conserving not only our natural resources, but our human resources. One of the great values to this work is the fact that it is direct and requires the intervention of very little machinery.

Second, I have requested the Congress and have secured action upon a proposal to put the great properties owned by our government at Muscle Shoals to work after long years of wasteful inaction, and with this a broad plan for the improvement of a vast area in the Tennessee Valley. It will add to the comfort and happiness of hundreds of thousands of people and the incident benefits will reach the entire nation.

Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the home owners of

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the nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

Our next step in seeking immediate relief is a grant of half a billion dollars to help the states, counties and municipalities in their duty to care for those who need direct and immediate relief.

The Congress also passed legislation authorizing the sale of beer in such states as desired it. This has already resulted in considerable reemployment and incidentally has provided much needed tax revenue.

We are planning to ask the Congress for legislation to enable the government to undertake public works, thus stimulating directly and indirectly the employment of many others in well-considered projects.

Further legislation has been taken up which goes much more fundamentally into our economic problems. The Farm Relief Bill

seeks by the use of several methods, alone or together, to bring about an increased return to farmers for their major farm products, seeking at the same time to prevent in the days to come disastrous overproduction which so often in the past has kept farm commodity prices far below a reasonable return. This measure provides wide powers for emergencies. The extent of its use will depend entirely upon what the future has in store.

Well-considered and conservative measures will likewise be proposed which will attempt to give to the industrial workers of the country a more fair wage return, prevent cut-throat competition and unduly long hours for labor, and at the same time encourage each industry to prevent overproduction.

Our Railroad Bill falls into the same class because it seeks to provide and make certain definite planning by the railroads themselves, with the assistance of the government, to eliminate the duplication and waste that is now resulting in railroad receiverships and continuing operating deficits.

I am certain that the people of this country understand and approve the broad purposes behind these new governmental policies relating to agriculture and industry and transportation. We found ourselves faced with more agricultural products than we could possibly consume ourselves and surpluses which other nations did not have the cash to buy from us except at prices ruinously low. We found our factories able to turn out more goods than we could possibly consume, and at the same time we were faced with a falling export demand. We found ourselves with more facilities to transport goods and crops than there were goods and crops to be transported. All of this has been caused in large part by a complete lack of planning

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and a complete failure to understand the danger signals that have been flying ever since the close of the World War. The people of this country have been erroneously encouraged to believe that they could keep on increasing the output of farm and factory indefinitely and that some magician would find ways and means for that increased output to be consumed with reasonable profit to the producer.

Today we have reason to believe that things are a little better than they were two months ago. Industry has picked up, railroads are carrying more freight, farm prices are better, but I am not going to indulge in issuing proclamations of overenthusiastic assurance. We cannot ballyhoo ourselves back to prosperity. I am going to be honest at all times with the people of the country. I do not want the people of this country to take the foolish course of letting this improvement come back on another speculative wave. I do not want the people to believe that because of unjustified optimism we can resume the ruinous practice of increasing our crop output and our factory output in the hope that a kind Providence will find buyers at high prices. Such a course may bring us immediate and false prosperity but it will be the kind of prosperity that will lead us into another tailspin.

It is wholly wrong to call the measure that we have taken government control of farming, control of industry, and control of transportation. It is rather a partnership between government and farming and industry and transportation, not partnership in profits, for the profits still go to the citizens, but rather a partnership in planning and partnership to see that the plans are

carried out.

Let me illustrate with an example. Take the cotton goods industry. It is probably true that ninety percent of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other ten percent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills and turn out burdensome surpluses? The unfair ten percent could produce goods so cheaply that the fair ninety percent would be compelled to meet the unfair conditions. Here is where government comes in. Government ought to have the right and will have the right, after surveying and planning for an industry to prevent, with the assistance of the overwhelming majority of that industry, unfair practice and to enforce this agreement by the authority of government. The so-called anti-trust laws were intended to prevent the creation of monopolies. That purpose of the anti-trust laws must be continued, but these laws were never intended to encourage the kind of unfair competition that results in long hours, starvation wages and

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overproduction.

The same principle applies to farm products and to transportation and every other field of organized private industry.

We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day. Our policies are wholly within purposes for which our American constitutional government was established 150 years ago.

I know that the people of this country will understand this and will also understand the spirit in which we are undertaking this policy. I do not deny that we may make mistakes of procedure as we carry out the policy. I have no expectation of making a hit every time I come to bat. What I seek is the highest possible batting average, not only for myself but for the team. Theodore Roosevelt once said to me: "If I can be right 75 percent of the time I shall come up to the fullest measure of my hopes."

Much has been said of late about federal finances and inflation, the gold standard, etc. Let me make the facts very simple and my policy very clear. In the first place, government credit and government currency are really one and the same thing. Behind government bonds there is only a promise to pay. Behind government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver. In this connection it is worth while remembering that in the past the government has agreed to redeem nearly thirty billions of its debts and its currency in gold, and private corporations in this country have agreed to redeem another sixty or seventy billions of securities and mortgages in gold. The government and private corporations were making these agreements when they knew full well that all of the gold in the United States amounted to only between three and four billions and that all of the gold in all of the world amounted to only about eleven billions.

If the holders of these promises to pay started in to demand gold the first comers would get gold for a few days and they would

amount to about one twenty-fifth of the holders of the securities and the currency. The other twenty-four people out of twenty-five, who did not happen to be at the top of the line, would be told politely that there was no more gold left. We have decided to treat all twenty-five in the same way in the interest of justice and the exercise of the constitutional powers of this government. We have placed everyone on the same basis in order that the general good may be preserved.

Nevertheless, gold, and to a partial extent silver, are perfectly

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good bases for currency and that is why I decided not to let any of the gold now in the country go out of it.

A series of conditions arose three weeks ago which very readily might have meant, first, a drain on our gold by foreign countries, and second, as a result of that, a flight of American capital, in the form of gold, out of our country. It is not exaggerating the possibility to tell you that such an occurrence might well have taken from us the major part of our gold reserve and resulted in such a further weakening of our government and private credit as to bring on actual panic conditions and the complete stoppage of the wheels of industry.

The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed. We do not seek to let them get such a cheap dollar that they will be able to pay back a great deal less than they borrowed. In other words, we seek to correct a wrong and not to create another wrong in the opposite direction. That is why powers are being given to the administration to provide, if necessary, for an enlargement of credit, in order to correct the existing wrong. These powers will be used when, as, and if it may be necessary to accomplish the purpose.

Hand in hand with the domestic situation which, of course, is our first concern, is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other nations of the world. In other words, we can get, in all probability, a fair measure of prosperity to return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

In the conferences which we have held and are holding with the leaders of other nations, we are seeking four great objectives:

First, a general reduction of armaments and through this the removal of the fear of invasion and armed attack, and, at the same time, a reduction in armament costs, in order to help in the balancing of government budgets and the reduction of taxation; second, a cutting down of the trade barriers, in order to restart the flow of exchange of crops and goods between nations; third, the setting up of a stabilization of currencies, in order that trade can make contracts ahead; fourth, the reestablishment of friendly relations and greater confidence between all nations.

Our foreign visitors these past three weeks have responded to these purposes in a very helpful way. All of the nations have suffered alike in this great depression. They have all reached the conclusion that each can best be helped by the common action of all. It is in this spirit that our visitors have met with us and

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discussed our common problems. The international conference that lies before us must succeed. The future of the world demands it and we have each of us pledged ourselves to the best joint efforts to this end.

To you, the people of this country, all of us, the Members of the Congress and the members of this administration, owe a profound debt of gratitude. Throughout the depression you have been patient. You have granted us wide powers; you have encouraged us with a widespread approval of our purposes. Every ounce of strength and every resource at our command we have devoted to the end of justifying your confidence. We are encouraged to believe that a wise and sensible beginning has been made. In the present spirit of mutual confidence and mutual encouragement we go forward.
July 24, 1933.

After the adjournment of the historical special session of the Congress five weeks ago I purposely refrained from addressing you for two very good reasons.

First, I think that we all wanted the opportunity of a little quiet thought to examine and assimilate in a mental picture the crowding events of the hundred days which had been devoted to the starting of the wheels of the New Deal.

Secondly, I wanted a few weeks in which to set up the new administrative organization and to see the first fruits of our careful planning.

I think it will interest you if I set forth the fundamentals of this planning for national recovery; and this I am very certain will make it abundantly clear to you that all of the proposals and all of the legislation since the fourth day of March have not been just a collection of haphazard schemes but rather the orderly component parts of a connected and logical whole.

Long before inauguration day I became convinced that individual effort and local effort and even disjointed federal effort had failed and of necessity would fail and, therefore, that a rounded leadership by the federal government had become a necessity both of theory and of fact. Such leadership, however, had its beginning in preserving and strengthening the credit of the United States government, because without that no leadership was a possibility. For years the government had not lived within its income. The immediate task was to bring our regular expenses within our revenues. That has been done.

It may seem inconsistent for a government to cut down its regular expenses and at the same time to borrow and to spend billions for

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an emergency. But it is not inconsistent because a large portion of the emergency money has been paid out in the form of sound loans which will be repaid to the treasury over a period of years; and to cover the rest of the emergency money we have imposed taxes to pay the interest and the installments on that part of the debt.

So you will see that we have kept our credit good. We have built a granite foundation in a period of confusion. That foundation of the federal credit stands there broad and sure. It is the base of the whole recovery plan.

Then came the part of the problem that concerned the credit of the individual citizens themselves. You and I know of the banking crisis and of the great danger to the savings of our people. On March sixth every national bank was closed. One month later 90

percent of the deposits in the national banks had been made available to the depositors. Today only about 5 percent of the deposits in national banks are still tied up. The condition relating to state banks, while not quite so good on a percentage basis, is showing a steady reduction in the total of frozen deposits—a result much better than we had expected three months ago.

The problem of the credit of the individual was made more difficult because of another fact. The dollar was a different dollar from the one with which the average debt had been incurred. For this reason large numbers of people were actually losing possession of and title to their farms and homes. All of you know the financial steps which have been taken to correct this inequality. In addition the Home Loan Act, the Farm Loan Act and the Bankruptcy Act were passed.

It was a vital necessity to restore purchasing power by reducing the debt and interest charges upon our people, but while we were helping people to save their credit it was at the same time absolutely essential to do something about the physical needs of hundreds of thousands who were in dire straits at that very moment. Municipal and state aid were being stretched to the limit. We appropriated half a billion dollars to supplement their efforts and in addition, as you know, we have put 300,000 young men into practical and useful work in our forests and to prevent flood and soil erosion. The wages they earn are going in greater part to the support of the nearly one million people who constitute their families.

In this same classification we can properly place the great public works program running to a total of over three billion dollars—to be used for highways and ships and flood prevention and inland navigation and thousands of self-sustaining state and municipal improvements. Two points should be made clear in the allotting and

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administration of these projects—first, we are using the utmost care to choose labor-creating, quick-acting, useful projects, avoiding the smell of the pork barrel; and secondly, we are hoping that at least half of the money will come back to the government from projects which will pay for themselves over a period of years. Thus far I have spoken primarily of the foundation stones—the measures that were necessary to reestablish credit and to head people in the opposite direction by preventing distress and providing as much work as possible through governmental agencies. Now I come to the links which will build us a more lasting prosperity. I have said that we cannot attain that in a nation half boom and half broke. If all of our people have work and fair wages and fair profits, they can buy the products of their neighbors and business is good. But if you take away the wages and the profits of half of them, business is only half as good. It doesn't help much if the fortunate half is very prosperous—the best way is for everybody to be reasonably prosperous.

For many years the two great barriers to a normal prosperity have been low farm prices and the creeping paralysis of unemployment. These factors have cut the purchasing power of the country in half. I promised action. Congress did its part when it passed the Farm and the Industrial Recovery Acts. Today we are putting these two acts to work and they will work if people understand their plain

objectives.

First the Farm Act: It is based on the fact that the purchasing power of nearly half our population depends on adequate prices for farm products. We have been producing more of some crops than we consume or can sell in a depressed world market. The cure is not to produce so much. Without our help the farmers cannot get together and cut production, and the Farm Bill gives them a method of bringing their production down to a reasonable level and of obtaining reasonable prices for their crops. I have clearly stated that this method is in a sense experimental, but so far as we have gone we have reason to believe that it will produce good results. It is obvious that if we can greatly increase the purchasing power of the tens of millions of our people who make a living from farming and the distribution of farm crops, we will greatly increase the consumption of those goods which are turned out by industry.

That brings me to the final step—bringing back industry along sound lines.

Last Autumn, on several occasions, I expressed my faith that we can make possible by democratic self-discipline in industry general increases in wages and shortening of hours sufficient to enable

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industry to pay its own workers enough to let those workers buy and use the things that their labor produces. This can be done only if we permit and encourage cooperative action in industry because it is obvious that without united action a few selfish men in each competitive group will pay starvation wages and insist on long hours of work. Others in that group must either follow suit or close up shop. We have seen the result of action of that kind in the continuing descent into the economic Hell of the past four years.

There is a clear way to reverse that process: If all employers in each competitive group agree to pay their workers the same wages—reasonable wages—and require the same hours—reasonable hours—then higher wages and shorter hours will hurt no employer.

Moreover, such action is better for the employer than unemployment and low wages, because it makes more buyers for his product. That is the simple idea which is the very heart of the Industrial Recovery Act.

On the basis of this simple principle of everybody doing things together, we are starting out on this nationwide attack on unemployment. It will succeed if our people understand it—in the big industries, in the little shops, in the great cities and in the small villages. There is nothing complicated about it and there is nothing particularly new in the principle. It goes back to the basic idea of society and of the nation itself that people acting in a group can accomplish things which no individual acting alone could even hope to bring about.

Here is an example. In the Cotton Textile Code and in other agreements already signed, child labor has been abolished. That makes me personally happier than any other one thing with which I have been connected since I came to Washington. In the textile industry—an industry which came to me spontaneously and with a splendid cooperation as soon as the recovery act was signed—child labor was an old evil. But no employer acting alone was able to wipe it out. If one employer tried it, or if one state tried it,

the costs of operation rose so high that it was impossible to compete with the employers or states which had failed to act. The moment the Recovery Act was passed, this monstrous thing which neither opinion nor law could reach through years of effort went out in a flash. As a British editorial put it, we did more under a Code in one day than they in England had been able to do under the common law in eighty-five years of effort. I use this incident, my friends, not to boast of what has already been done but to point the way to you for even greater cooperative efforts this summer and autumn.

We are not going through another winter like the last. I doubt if ever any people so bravely and cheerfully endured a season half so

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bitter. We cannot ask America to continue to face such needless hardships. It is time for courageous action, and the Recovery Bill gives us the means to conquer unemployment with exactly the same weapon that we have used to strike down child labor.

The proposition is simply this:

If all employers will act together to shorten hours and raise wages we can put people back to work. No employer will suffer, because the relative level of competitive cost will advance by the same amount for all. But if any considerable group should lag or shirk, this great opportunity will pass us by and we will go into another desperate winter. This must not happen.

We have sent out to all employers an agreement which is the result of weeks of consultation. This agreement checks against the voluntary codes of nearly all the large industries which have already been submitted. This blanket agreement carries the unanimous approval of the three boards which I have appointed to advise in this, boards representing the great leaders in labor, in industry and in social service. The agreement has already brought a flood of approval from every state, and from so wide a cross-section of the common calling of industry that I know it is fair for all. It is a plan—deliberate, reasonable and just—intended to put into effect at once the most important of the broad principles which are being established, industry by industry, through codes. Naturally, it takes a good deal of organizing and a great many hearings and many months, to get these codes perfected and signed, and we cannot wait for all of them to go through. The blanket agreements, however, which I am sending to every employer will start the wheels turning now, and not six months from now.

There are, of course, men, a few of them who might thwart this great common purpose by seeking selfish advantage. There are adequate penalties in the law, but I am now asking the cooperation that comes from opinion and from conscience. These are the only instruments we shall use in this great summer offensive against unemployment. But we shall use them to the limit to protect the willing from the laggard and to make the plan succeed.

In war, in the gloom of night attack, soldiers wear a bright badge on their shoulders to be sure that comrades do not fire on comrades. On that principle, those who cooperate in this program must know each other at a glance. That is why we have provided a badge of honor for this purpose, a simple design with a legend. "We do our part," and I ask that all those who join with me shall display that badge prominently. It is essential to our purpose.

Already all the great, basic industries have come forward willingly with proposed codes, and in these codes they accept the principles
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leading to mass reemployment. But, important as is this heartening demonstration, the richest field for results is among the small employers, those whose contribution will give new work for from one to ten people. These smaller employers are indeed a vital part of the backbone of the country, and the success of our plans lies largely in their hands.

Already the telegrams and letters are pouring into the White House—messages from employers who ask that their names be placed on this special Roll of Honor. They represent great corporations and companies, and partnerships and individuals. I ask that even before the dates set in the agreements which we have sent out, the employers of the country who have not already done so—the big fellows and the little fellows—shall at once write or telegraph to me personally at the White House, expressing their intention of going through with the plan. And it is my purpose to keep posted in the post office of every town, a Roll of Honor of all those who join with me.

I want to take this occasion to say to the twenty-four governors who are now in conference in San Francisco, that nothing thus far has helped in strengthening this great movement more than their resolutions adopted at the very outset of their meeting, giving this plan their unanimous and instant approval, and pledging to support it in their states.

To the men and women whose lives have been darkened by the fact or the fear of unemployment, I am justified in saying a word of encouragement because the codes and the agreements already approved, or about to be passed upon, prove that the plan does raise wages, and that it does put people back to work. You can look on every employer who adopts the plan as one who is doing his part, and those employers deserve well of everyone who works for a living. It will be clear to you, as it is to me, that while the shirking employer may undersell his competitor, the saving he thus makes is made at the expense of his country's welfare.

While we are making this great common effort there should be no discord and dispute. This is no time to cavil or to question the standard set by this universal agreement. It is time for patience and understanding and cooperation. The workers of this country have rights under this law which cannot be taken from them, and nobody will be permitted to whittle them away, but, on the other hand, no aggression is now necessary to attain those rights. The whole country will be united to get them for you. The principle that applies to the employers applies to the workers as well, and I ask you workers to cooperate in the same spirit.

When Andrew Jackson, "Old Hickory," died, someone asked, "Will he go to Heaven?" and the answer was, "He will if he wants to." If I
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am asked whether the American people will pull themselves out of this depression, I answer, "They will if they want to." The essence of the plan is a universal limitation of hours of work per week for any individual by common consent, and a universal payment of wages above a minimum, also by common consent. I cannot guarantee the success of this nationwide plan, but the people of this country can guarantee its success. I have no faith in "cure-alls" but I believe

that we can greatly influence economic forces. I have no sympathy with the professional economists who insist that things must run their course and that human agencies can have no influence on economic ills. One reason is that I happen to know that professional economists have changed their definition of economic laws every five or ten years for a very long time, but I do have faith, and retain faith, in the strength of common purpose, and in the strength of unified action taken by the American people.

That is why I am describing to you the simple purposes and the solid foundations upon which our program of recovery is built. That is why I am asking the employers of the nation to sign this common covenant with me—to sign it in the name of patriotism and humanity. That is why I am asking the workers to go along with us in a spirit of understanding and of helpfulness.

October 22, 1933.

It is three months since I have talked with the people of this country about our national problems; but during this period many things have happened, and I am glad to say that the major part of them have greatly helped the well-being of the average citizen. Because, in every step which your government is taking we are thinking in terms of the average of you—in the old words, "the greatest good to the greatest number"—we, as reasonable people, cannot expect to bring definite benefits to every person or to every occupation or business, or industry or agriculture. In the same way, no reasonable person can expect that in this short space of time, during which new machinery had to be not only put to work, but first set up, that every locality in every one of the forty-eight states of the country could share equally and simultaneously in the trend to better times.

The whole picture, however—the average of the whole territory from coast to coast—the average of the whole population of 120,000,000 people—shows to any person willing to look, facts and action of which you and I can be proud.

In the early spring of this year there were actually and proportionately more people out of work in this country than in any other nation in the world. Fair estimates showed twelve or thirteen millions unemployed last March. Among those there were, of course,

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several millions who could be classed as normally unemployed—people who worked occasionally when they felt like it, and others who preferred not to work at all. It seems, therefore, fair to say that there were about 10 millions of our citizens who earnestly, and in many cases hungrily, were seeking work and could not get it. Of these, in the short space of a few months, I am convinced that at least 4 millions have been given employment—or, saying it another way, 40 percent of those seeking work have found it. That does not mean, my friends, that I am satisfied, or that you are satisfied that our work is ended. We have a long way to go but we are on the way.

How are we constructing the edifice of recovery—the temple which, when completed, will no longer be a temple of money-changers or of beggars, but rather a temple dedicated to and maintained for a greater social justice, a greater welfare for America—the habitation of a sound economic life? We are building, stone by stone, the columns which will support that habitation. Those columns are many in number and though, for a moment the progress of

one column may disturb the progress on the pillar next to it, the work on all of them must proceed without let or hindrance.

We all know that immediate relief for the unemployed was the first essential of such a structure and that is why I speak first of the fact that three hundred thousand young men have been given employment and are being given employment all through this winter in the Civilian Conservation Corps Camps in almost every part of the nation.

So, too, we have, as you know, expended greater sums in cooperation with states and localities for work relief and home relief than ever before—sums which during the coming winter cannot be lessened for the very simple reason that though several million people have gone back to work, the necessities of those who have not yet obtained work is more severe than at this time last year.

Then we come to the relief that is being given to those who are in danger of losing their farms or their homes. New machinery had to be set up for farm credit and for home credit in every one of the thirty-one hundred counties of the United States, and every day that passes is saving homes and farms to hundreds of families. I have publicly asked that foreclosures on farms and chattels and on homes be delayed until every mortgagor in the country shall have had full opportunity to take advantage of federal credit. I make the further request which many of you know has already been made through the great federal credit organizations that if there is any family in the United States about to lose its home or about to lose its chattels, that family should telegraph at once either to the Farm Credit Administration or the Home Owners Loan Corporation in

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Washington requesting their help.

Two other great agencies are in full swing. The Reconstruction Finance Corporation continues to lend large sums to industry and finance with the definite objective of making easy the extending of credit to industry, commerce and finance.

The program of public works in three months has advanced to this point: Out of a total appropriated for public works of three billion three hundred million, one billion eight hundred million has already been allocated to federal projects of all kinds and literally in every part of the United States and work on these is starting forward. In addition, three hundred millions have been allocated to public works to be carried out by states, municipalities and private organizations, such as those undertaking slum clearance. The balance of the public works money, nearly all of it intended for state or local projects, waits only on the presentation of proper projects by the states and localities themselves. Washington has the money and is waiting for the proper projects to which to allot it.

Another pillar in the making is the Agricultural Adjustment Administration. I have been amazed by the extraordinary degree of cooperation given to the government by the cotton farmers in the South, the wheat farmers of the West, the tobacco farmers of the Southeast, and I am confident that the corn-hog farmers of the Middle West will come through in the same magnificent fashion. The problem we seek to solve had been steadily getting worse for twenty years, but during the last six months we have made more rapid progress than any nation has ever made in a like period of time. It is true that in July farm commodity prices had been pushed up

higher than they are today, but that push came in part from pure speculation by people who could not tell you the difference between wheat and rye, by people who had never seen cotton growing, by people who did not know that hogs were fed on corn—people who have no real interest in the farmer and his problems.

In spite, however, of the speculative reaction from the speculative advance, it seems to be well established that during the course of the year 1933 the farmers of the United States will receive 33 percent more dollars for what they have produced than they received in the year 1932. Put in another way, they will receive \$400 in 1933, where they received \$300 the year before. That, remember, is for the average of the country, for I have reports that some sections are not any better off than they were a year ago. This applies among the major products, especially to cattle raising and the dairy industry. We are going after those problems as fast as we can.

I do not hesitate to say, in the simplest, clearest language of 19

which I am capable, that although the prices of many products of the farm have gone up and although many farm families are better off than they were last year, I am not satisfied either with the amount or the extent of the rise, and that it is definitely a part of our policy to increase the rise and to extend it to those products which have as yet felt no benefit. If we cannot do this one way we will do it another. Do it, we will.

Standing beside the pillar of the farm—the A.A.A.—is the pillar of industry—the N.R.A. Its object is to put industry and business workers into employment and to increase their purchasing power through increased wages.

It has abolished child labor. It has eliminated the sweat shop. It has ended sixty cents a week paid in some mills and eighty cents a week paid in some mines. The measure of the growth of this pillar lies in the total figures of reemployment which I have already given you and in the fact that reemployment is continuing and not stopping. The secret of N.R.A. is cooperation. That cooperation has been voluntarily given through the signing of the blanket codes and through the signing of specific codes which already include all of the greater industries of the nation.

In the vast majority of cases, in the vast majority of localities—the N.R.A. has been given support in unstinted measure. We know that there are chiselers. At the bottom of every case of criticism and obstruction we have found some selfish interest, some private ax to grind.

Ninety percent of complaints come from misconception. For example, it has been said that N.R.A. has failed to raise the price of wheat and corn and hogs; that N.R.A. has not loaned enough money for local public works. Of course, N.R.A. has nothing whatsoever to do with the price of farm products, nor with public works. It has to do only with industrial organization for economic planning to wipe out unfair practices and to create reemployment. Even in the field of business and industry, N.R.A. does not apply to the rural communities or to towns of under twenty-five hundred population, except in so far as those towns contain factories or chain stores which come under a specific code.

It is also true that among the chiselers to whom I have referred, there are not only the big chiselers but also petty chiselers who

seek to make undue profit on untrue statements.

Let me cite to you the example of the salesman in a store in a large Eastern city who tried to justify the increase in the price of a cotton shirt from one dollar and a half to two dollars and a half by saying to the customer that it was due to the cotton processing tax. Actually in that shirt there was about one pound of

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cotton and the processing tax amounted to four and a quarter cents on that pound of cotton.

At this point it is only fair that I should give credit to the sixty or seventy million people who live in the cities and larger towns of the nation for their understanding and their willingness to go along with the payment of even these small processing taxes, though they know full well that the proportion of the processing taxes on cotton goods and on food products paid for by city dwellers goes 100 percent towards increasing the agricultural income of the farm dwellers of the land.

The last pillar of which I speak is that of the money of the country in the banks of the country. There are two simple facts. First, the federal government is about to spend one billion dollars as an immediate loan on the frozen or non-liquid assets of all banks closed since January 1, 1933, giving a liberal appraisal to those assets. This money will be in the hands of the depositors as quickly as it is humanly possible to get it out.

Second, the Government Bank Deposit Insurance on all accounts up to \$2500 goes into effect on January first. We are now engaged in seeing to it that on or before that date the banking capital structure will be built up by the government to the point that the banks will be in sound condition when the insurance goes into effect.

Finally, I repeat what I have said on many occasions, that ever since last March the definite policy of the government has been to restore commodity price levels. The object has been the attainment of such a level as will enable agriculture and industry once more to give work to the unemployed. It has been to make possible the payment of public and private debts more nearly at the price level at which they were incurred. It has been gradually to restore a balance in the price structure so that farmers may exchange their products for the products of industry on a fairer exchange basis. It has been and is also the purpose to prevent prices from rising beyond the point necessary to attain these ends. The permanent welfare and security of every class of our people ultimately depends on our attainment of these purposes.

Obviously, and because hundreds of different kinds of crops and industrial occupations in the huge territory that makes up this Nation are involved, we cannot reach the goal in only a few months. We may take one year or two years or three years.

No one who considers the plain facts of our situation believes that commodity prices, especially agricultural prices, are high enough yet.

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Some people are putting the cart before the horse. They want a permanent revaluation of the dollar first. It is the government's policy to restore the price level first. I would not know, and no one else could tell, just what the permanent valuation of the dollar will be. To guess at a permanent gold valuation now would

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