

Fireside Chat

given on April 14, 1938

Five months have gone by since I last spoke to the people of the Nation about the state of the Nation. I had hoped to be able to defer this talk until next week because, as we all know, this is Holy Week. But what I want to say to you, the people of the country, is of such immediate need and relates so closely to the lives of human beings and the prevention of human suffering that I have felt that there should be no delay. In this decision I have been strengthened
5 by the thought that by speaking tonight there may be greater peace of mind and the hope of Easter may be more real at firesides everywhere, and that it is not inappropriate to encourage peace when so many of us are thinking of the Prince of Peace.

Five years ago we faced a very serious problem of economic and social recovery. For four and a half years that recovery proceeded apace. It is only in the past seven months that it has received a visible setback.

- 10 And it is only within the past two months, as we have waited patiently to see whether the forces of business itself would counteract it, that it has become apparent that government itself can no longer safely fail to take aggressive government steps to meet it.

- This recession has not returned us to the disasters and suffering of the beginning of 1933. Your money in the bank is safe; farmers are no longer in deep distress and have greater purchasing power; dangers of security speculation have
15 been minimized; national income is almost 50 per cent higher than in 1932; and government has an established and accepted responsibility for relief.

- But I know that many of you have lost your jobs or have seen your friends or members of your families lose their jobs, and I do not propose that the government shall pretend not to see these things. I know that the effect of our present difficulties has been uneven; that they have affected some groups and some localities seriously, but that they have
20 been scarcely felt in others. But I conceive the first duty of government is to protect the economic welfare of all the people in all sections and in all groups. I said in my message opening the last session of Congress that if private enterprise did not provide jobs this spring, government would take up the slack—that I would not let the people down. We have all learned the lesson that government cannot afford to wait until it has lost the power to act.

- Therefore, I have sent a message of far-reaching importance to the Congress. I want to read to you tonight certain
25 passages from that message, and to talk with you about them.

- In that message I analyzed the causes of the collapse of 1929 in these words: "overspeculation in and overproduction of practically every article or instrument used by man . . . millions of people had been put to work, but the products of their hands had exceeded the purchasing power of their pocketbooks. . . . Under the inexorable law of supply and demand, supplies so overran demand which would pay that production was compelled to stop. Unemployment and
30 closed factories resulted. Hence the tragic years from 1929 to 1933."

- I pointed out to the Congress that the national income—not the Government's income, but the total of the income of all the individual citizens and families of the United States—every farmer, every worker, every banker, every professional man and every person who lived on income derived from investments that national income amounted, in the year 1929, to eighty-one billion dollars. By 1932 this had fallen to thirty-eight billion dollars. Gradually, and up to
35 a few months ago, it had risen to a total of sixty-eight billion dollars—a pretty good come-back from the low point.

I then said this to the Congress:

"But the very vigor of the recovery in both durable goods and consumers' goods brought into the picture early in 1937 certain highly undesirable practices, which were in large part responsible for the economic decline which began in the later months of that year. Again production outran the ability to buy.

- 40 "There were many reasons for this overproduction. One was fear—fear of war abroad, fear of inflation, fear of nationwide strikes. None of these fears has been borne out.

". . . Production in many important lines of goods outran the ability of the public to purchase them. For example, through the winter and spring of 1937 cotton factories in hundreds of cases were running on a three-shift basis, piling up cotton goods in the factory and in the hands of middle men and retailers. For example, also, automobile

45 manufacturers not only turned out a normal increase of finished cars, but encouraged the normal increase to run into abnormal figures, using every known method to push their sales. This meant, of course, that the steel mills of the Nation ran on a twenty-four hour basis, and the tire companies and cotton factories speeded up to meet the same type of abnormally stimulated demand. The buying power of the Nation lagged behind.

"Thus by the autumn of 1937 the Nation again had stocks on hand which the consuming public could not buy because 50 the purchasing power of the consuming public had not kept pace with the production.

"During the same period the prices of many vital products had risen faster than was warranted. . . . In the case of many commodities the price to the consumer was raised well above the inflationary boom prices of 1929. In many lines of goods and materials, prices got so high that buyers and builders ceased to buy or to build.

". . . The economic process of getting out the raw materials, putting them through the manufacturing and finishing 55 processes, selling them to the retailers, selling them to the consumer, and finally using them got completely out of balance.

"... The laying off of workers came upon us last autumn and has been continuing at such a pace ever since that all of us, Government and banking and business and workers, and those faced with destitution, recognize the need for action."

60 All of this I said to the Congress today and I repeat it to you, the people of the country tonight.

I went on to point out to the Senate and the House of Representatives that all the energies of government and business must be directed to increasing the national income, to putting more people into private jobs, to giving security and a feeling of security to all people in all walks of life.

I am constantly thinking of all our people—unemployed and employed alike—of their human problems of food and 65 clothing and homes and education and health and old age. You and I agree that security is our greatest need; the chance to work, the opportunity of making a reasonable profit in our business—whether it be a very small business or a larger one—the possibility of selling our farm products for enough money for our families to live on decently. I know these are the things that decide the well-being of all our people.

Therefore, I am determined to do all in my power to help you attain that security, and because I know that the people 70 themselves have a deep conviction that secure prosperity of that kind cannot be a lasting one except on a basis of business fair dealing and a basis where all from top to bottom share in prosperity, I repeated to the Congress today that neither it nor the Chief Executive can afford "to weaken or destroy great reforms which, during the past five years, have been effected on behalf of the American people. In our rehabilitation of the banking structure and of agriculture, in our provisions for adequate and cheaper credit for all types of business, in our acceptance of national responsibility 75 for unemployment relief, in our strengthening of the credit of state and local government, in our encouragement of housing, slum clearance and home ownership, in our supervision of stock exchanges and public utility holding companies and the issuance of new securities, in our provision for social security, the electorate of America wants no backward steps taken.

"We have recognized the right of labor to free organization, to collective bargaining; and machinery for the handling 80 of labor relations is now in existence. The principles are established even though we can all admit that, through the evolution of time, administration and practices can be improved. Such improvement can come about most quickly and most peacefully through sincere efforts to understand and assist on the part of labor leaders and employers alike.

"The never-ceasing evolution of human society will doubtless bring forth new problems which will require new adjustments. Our immediate task is to consolidate and maintain the gains achieved.

85 "In this situation there is no reason and no occasion for any American to allow his fears to be aroused or his energy and enterprise to be paralyzed by doubt or uncertainty."

I came to the conclusion that the present-day problem calls for action both by the Government and by the people, that we suffer primarily from a failure of consumer demand because of lack of buying power. It is up to us to create an economic upturn.

90 "How and where can and should the Government help to start an upward spiral?"

I went on to propose three groups of measures and I will summarize the recommendations.

First, I asked for certain appropriations which are intended to keep the Government expenditures for work relief and similar purposes during the coming fiscal year at the same rate of expenditure as at present. That includes additional money for the Works Progress Administration; additional funds for the Farm Security Administration; additional
95 allotments for the National Youth Administration, and more money for the Civilian Conservation Corps, in order that it can maintain the existing number of camps now in operation.

These appropriations, made necessary by increased unemployment, will cost about a billion and a quarter more than the estimates which I sent to the Congress on the third of January.

Second, I told the Congress that the Administration proposes to make additional bank reserves available for the credit
100 needs of the country. About one billion four hundred million dollars of gold now in the Treasury will be used to pay these additional expenses of the Government, and three-quarters of a billion dollars of additional credit will be made available to the banks by reducing the reserves now required by the Federal Reserve Board.

These two steps, taking care of relief needs and adding to bank credits, are in our judgment insufficient by themselves to start the Nation on a sustained upward movement.

105 Therefore, I came to the third kind of Government action which I consider to be vital. I said to the Congress:

"You and I cannot afford to equip ourselves with two rounds of ammunition where three rounds are necessary. If we stop at relief and credit, we may find ourselves without ammunition before the enemy is routed. If we are fully equipped with the third round of ammunition, we stand to win the battle against adversity."

The third proposal is to make definite additions to the purchasing power of the Nation by providing new work over
110 and above the continuing of the old work.

First, to enable the United States Housing Authority to undertake the immediate construction of about three hundred million dollars of additional slum clearance projects.

Second, to renew a public works program by starting as quickly as possible about one billion dollars worth of needed permanent public improvements in states, counties and cities.

115 Third, to add one hundred million dollars to the estimate for federal aid highways in excess of the amount I recommended in January.

Fourth, to add thirty-seven million dollars over and above the former estimate of sixty-three million dollars for flood control and reclamation.

Fifth, to add twenty-five million dollars additional for federal buildings in various parts of the country.

120 In recommending this program I am thinking not only of the immediate economic needs of the people of the Nation, but also of their personal liberties—the most precious possession of all Americans. I am thinking of our democracy and of the recent trend in other parts of the world away from the democratic ideal.

Democracy has disappeared in several other great nations—not because the people of those nations disliked democracy, but because they had grown tired of unemployment and insecurity, of seeing their children hungry while they sat
125 helpless in the face of government confusion and government weakness through lack of leadership in government. Finally, in desperation, they chose to sacrifice liberty in the hope of getting something to eat. We in America know that our own democratic institutions can be preserved and made to work. But in order to preserve them we need to act together, to meet the problems of the Nation boldly, and to prove that the practical operation of democratic government is equal to the task of protecting the security of the people.

130 Not only our future economic soundness but the very soundness of our democratic institutions depends on the determination of our Government to give employment to idle men. The people of America are in agreement in defending their liberties at any cost, and the first line of that defense lies in the protection of economic security. Your Government, seeking to protect democracy, must prove that Government is stronger than the forces of business depression.

135 History proves that dictatorships do not grow out of strong and successful governments, but out of weak and helpless ones. If by democratic methods people get a government strong enough to protect them from fear and starvation, their democracy succeeds; but if they do not, they grow impatient. Therefore, the only sure bulwark of continuing liberty is a government strong enough to protect the interests of the people, and a people strong enough and well enough informed to maintain its sovereign control over its government.

140 We are a rich Nation; we can afford to pay for security and prosperity without having to sacrifice our liberties in the bargain.

In the first century of our republic we were short of capital, short of workers and short of industrial production; but we were rich in free land, free timber and free mineral wealth. The Federal Government rightly assumed the duty of promoting business and relieving depression by giving subsidies of land and other resources.

145 Thus, from our earliest days we have had a tradition of substantial government help to our system of private enterprise. But today the government no longer has vast tracts of rich land to give away and we have discovered that we must spend large sums to conserve our land from further erosion and our forests from further depletion. The situation is also very different from the old days, because now we have plenty of capital, banks and insurance companies loaded with idle money; plenty of industrial productive capacity and several millions of workers looking
150 for jobs. It is following tradition as well as necessity, if Government strives to put idle money and idle men to work, to increase our public wealth and to build up the health and strength of the people—and to help our system of private enterprise to function.

It is going to cost something to get out of this recession this way, but the profit of getting out of it will pay for the cost several times over. Lost working time is lost money. Every day that a workman is unemployed, or a machine is
155 unused, or a business organization is marking time, is a loss to the Nation. Because of idle men and idle machines this Nation lost one hundred billion dollars between 1929 and the spring of 1933. This year you, the people of this country, are making about twelve billion dollars less than last year.

If you think back to the experiences of the early years of this Administration you will remember the doubts and fears expressed about the rising expenses of Government. But to the surprise of the doubters, as we proceeded to carry on
160 the program which included Public Works and Work Relief, the country grew richer instead of poorer.

It is worthwhile to remember that the annual national people's income was thirty billion dollars more in 1937 than in 1932. It is true that the national debt increased sixteen billion dollars, but remember that in this increase must be included several billion dollars worth of assets which eventually will reduce that debt and that many billion dollars of permanent public improvements—schools, roads, bridges, tunnels, public buildings, parks and a host of other
165 things—meet your eye in every one of the thirty one hundred counties in the United States.

No doubt you will be told that the Government spending program of the past five years did not cause the increase in our national income. They will tell you that business revived because of private spending and investment. That is true in part, for the Government spent only a small part of the total. But Government spending acted as a trigger to set off private activity. That is why the total addition to our national production and national income has been so much
170 greater than the contribution of the Government itself.

In pursuance of that thought I said to the Congress today: "I want to make it clear that we do not believe that we can get an adequate rise in national income merely by investing, lending or spending public funds. It is essential in our economy that private funds be put to work and all of us recognize that such funds are entitled to a fair profit."

As national income rises, "let us not forget that Government expenditures will go down and Government tax receipts
175 will go up."

The Government contribution of land that we once made to business was the land of all the people. And the Government contribution of money which we now make to business ultimately comes out of the labor of all the people. It is, therefore, only sound morality, as well as a sound distribution of buying power, that the benefits of the prosperity coming from this use of the money of all the people should be distributed among all the people— at the
180 bottom as well as at the top. Consequently I am again expressing my hope that the Congress will enact at this session a wage and hour bill putting a floor under industrial wages and a limit on working hours—to ensure a better distribution of our prosperity, a better distribution of available work, and a sounder distribution of buying power.

You may get all kinds of impressions in regard to the total cost of this new program, or in regard to the amount that

will be added to the net national debt.

185 It is a big program. Last autumn in a sincere effort to bring Government expenditures and Government income into closer balance, the Budget I worked out called for sharp decreases in Government spending.

In the light of present conditions those estimates were far too low. This new program adds two billion and sixty-two million dollars to direct Treasury expenditures and another nine hundred and fifty million dollars to Government loans—and the latter sum, because they are loans, will come back to the Treasury in the future.

190 The net effect on the debt of the Government is this: between now and July 1, 1939—fifteen months away—the Treasury will have to raise less than a billion and a half dollars of new money.

Such an addition to the net debt of the United States need not give concern to any citizen, for it will return to the people of the United States many times over in increased buying power and eventually in much greater Government tax receipts because of the increase in the citizen income.

195 What I said to the Congress in the close of my message I repeat to you.

"Let us unanimously recognize the fact that the Federal debt, whether it be twenty-five billions or forty billions, can only be paid if the Nation obtains a vastly increased citizen income. I repeat that if this citizen income can be raised to eighty billion dollars a year the national Government and the overwhelming majority of State and local governments will be 'out of the red.' The higher the national income goes the faster shall we be able to reduce the total of Federal
200 and state and local debts. Viewed from every angle, today's purchasing power—the citizens' income of today—is not sufficient to drive the economic system at higher speed. Responsibility of Government requires us at this time to supplement the normal processes and in so supplementing them to make sure that the addition is adequate. We must start again on a long steady upward incline in national income.

". . . And in that process, which I believe is ready to start, let us avoid the pitfalls of the past—the overproduction, the
205 overspeculation, and indeed all the extremes which we did not succeed in avoiding in 1929. In all of this, Government cannot and should not act alone. Business must help. I am sure business will help.

"We need more than the materials of recovery. We need a united national will.

"We need to recognize nationally that the demands of no group, however just, can be satisfied unless that group is prepared to share in finding a way to produce the income from which it and all other groups can be paid. . . . You, as
210 the Congress, I, as the President, must, by virtue of our offices, seek the national good by preserving the balance between all groups and all sections.

"We have at our disposal the national resources, the money, the skill of hand and head to raise our economic level—our citizens' income. Our capacity is limited only by our ability to work together. What is needed is the will.

"The time has come to bring that will into action with every driving force at our command. And I am determined to do
215 my share.

". . . Certain positive requirements seem to me to accompany the will- if we have that will.

"There is placed on all of us the duty of self-restraint. . . . That is the discipline of a democracy. Every patriotic citizen must say to himself or herself, that immoderate statement, appeals to prejudice, the creation of unkindness, are offenses not against an individual or individuals, but offenses against the whole population of the United States. . . .

220 "Self-restraint implies restraint by articulate public opinion, trained to distinguish fact from falsehood, trained to believe that bitterness is never a useful instrument in public affairs. There can be no dictatorship by an individual or by a group in this Nation, save through division fostered by hate. Such division there must never be.

"Finally I should like to say a personal word to you.

I never forget that I live in a house owned by all the American people and that I have been given their trust.

225 I try always to remember that their deepest problems are human. I constantly talk with those who come to tell me their own points of view; with those who manage the great industries and financial institutions of the country; with those who represent the farmer and the worker; and often with average citizens without high position who come to this

house. And constantly I seek to look beyond the doors of the White House, beyond the officialdom of the National Capital, into the hopes and fears of men and women in their homes. I have traveled the country over many times. My
230 friends, my enemies, my daily mail, bring to me reports of what you are thinking and hoping. I want to be sure that
neither battles nor burdens of office shall ever blind me to an intimate knowledge of the way the American people
want to live and the simple purposes for which they put me here.

In these great problems of government I try not to forget that what really counts at the bottom of it all, is that the men
and Women willing to work can have a decent job to take care of themselves and their homes and their children
235 adequately; that the farmer, the factory worker, the storekeeper, the gas station man, the manufacturer, the
merchant—big and small—the banker who takes pride in the help he gives to the building of his community, that all
these can be sure of a reasonable profit and safety for the savings they earn—not today nor tomorrow alone, but as far
ahead as they can see.

I can hear your unspoken wonder as to where we are headed in this troubled world. I cannot expect all of the people to
240 understand all of the people's problems; but it is my job to try to understand those problems.

I always try to remember that reconciling differences cannot satisfy everyone completely. Because I do not expect too
much, I am not disappointed. But I know that I must never give up—that I must never let the greater interest of all the
people down, merely because that might be for the moment the easiest personal way out.

I believe we have been right in the course we have charted. To abandon our purpose of building a greater, a more
245 stable and a more tolerant America, would be to miss the tide and perhaps to miss the port. I propose to sail ahead. I
feel sure that your hopes and your help are with me. For to reach a port, we must sail—sail, not tie at anchor—sail, not
drift.

(4307 words)

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