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**Franklin D. Roosevelt — “The Great Communicator”**  
**The Master Speech Files, 1898, 1910-1945**

**Series 2: “ You have nothing to fear but fear itself:”**  
**FDR and the New Deal**

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**File No. 627**

**1933 May 7**

**Fireside Chat #2 –**  
**“Outlining the New Deal Program”**

**P.P.F!** For the Press <sup>and friends</sup>

May 7, 1933

17

Caution: ~~The radio address~~  
of the President ~~must be~~  
~~held for release~~ is released  
for publication in all  
editions of newspapers  
not appearing on the  
streets before 9 45 P.M.,  
~~for~~ Eastern Standard Time,  
tonight.

(2)

Caution must be  
exercised to prevent  
premature publication.

Stephen T. Early  
Assistant Secretary to the President

— — — — —

(Begin Speech

#0627

RADIO SPEECH  
<sup>may</sup>  
SUNDAY - ~~MARCH~~ 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~~ <sup>In</sup> that way I ~~made~~ <sup>tried to make</sup> clear to the country various facts that might otherwise have been misunderstood and in general ~~provided~~ <sup>provided</sup> a means of understanding which did much to restore confidence.

Tonight, ~~seven~~ <sup>eight</sup> 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, money to go into hiding, 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 hardship 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 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. This policy it has strictly adhered to. 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, at the same time, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their 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 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. 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 over-production 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, to encourage each industry to prevent over-production.

Our Railroad Bill falls into the same class because it seeks to provide and make certain <sup>a</sup> 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 have 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 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 out-put of farm and factory indefinitely and that some magician would find ways and means for that increased out-put 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 over enthusiastic assurance. We cannot bally-ho 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 out-put and our factory out-put 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 measures that we have taken Government control of farming, <sup>Gov.</sup> control of industry and <sup>Gov.</sup> control of transportation. It is rather a partnership between Government and farming, and industry and transportation; not partnership in profits, for the profits would 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 per cent 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 over-production that would result in unsalable surpluses. But, what good is such an agreement if the other ten per cent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills and turn out burdensome surpluses? The unfair ten per cent could produce goods so cheaply that the fair ninety per cent 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 and to forbid unreasonable profits to those 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 over-production.

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 purposes cannot be attained in a day. Our policies are wholly within purposes for which our American Constitutional government was established one hundred and fifty 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

<sup>some</sup>  
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 seventy-five per cent 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. <sup>frances, pounds</sup> 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 <sup>individuals</sup> 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 <sup>or a few hours</sup> and they would amount to about one twenty-fifth of the holders of the securities and the currency. The other twenty-four ~~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 <sup>in</sup> 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 good bas<sup>is</sup>es 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, secondly, 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 <sup>in effect</sup> 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



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. Secondly, a cutting down of the trade barriers, in order to re-start 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 re-establishment 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 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 wide spread 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.

And, in conclusion, may I express to the National Broadcasting  
Company and to the Columbia Broadcasting System, my thanks for  
the facilities they have made available to me, ~~and to the company~~  
making it possible for me to speak to you tonight.

~~XXXXXXXXXX~~

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*Original reading copy*  
*Franklin D. Roosevelt*

Part !

(1)

On a Sunday night ~~just~~ a week ~~and one day~~ after  
my Inauguration on ~~March 4th~~, I used the radio to tell  
you about the banking crisis and the measures we were  
*Taking* ~~using~~ to meet it. I ~~feel~~ *think* that in that way I made ~~per-~~  
~~fectly~~ clear to the country various facts that might  
otherwise have been ~~misunderstood~~ and in general provided  
a ~~real~~ means of understanding *which did much to* ~~between you and those of~~  
*restore confidence.* ~~us who have been selected by you to administer your~~  
government.

Tonight, ~~just~~ seven 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 ~~very~~ serious  
problems, ~~indeed~~. The country was dying by inches.

Part 1

(2)

-2-

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, ~~railroads~~ 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 <sup>had</sup> had an entirely different value from the level of March, 1933. <sup>That</sup> ~~Such~~ <sup>in that crisis</sup> situation did not call for any complicated consideration of economic <sup>possibilities</sup> ~~theories~~ or fancy plans. We were faced by a condition and not a theory.

There were just two alternatives: The first

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 purposes cannot be attained in a day. Our policies are wholly within purposes for which our American Constitutional Government was established 150 years ago.

Part 1.

-3-

(3) *credit Mls withheld & money to go into hiding*  
was to allow the foreclosures to continue and thus ~~to~~  
*forcing* ~~force~~ the liquidation *and* ~~through~~ bankruptcy of banks,  
railroads and insurance companies and ~~to~~ *a* recapitalize *ing 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.

4

PART 2.

Page 1.

It is easy to say that the result of this course would have not only economic effects of a very serious nature but social ~~and material~~ 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. ~~Because~~ it involved not only a further loss of homes, farms, savings and wages but also a loss of spiritual values — — *the loss of that* such as the sense of security for the present and the 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 ~~halt~~ *stop* this downward course. A prompt program applied as quickly as possible seem<sup>ed</sup> 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



-2- (5)

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 <sup>to be</sup> ~~has~~ been done and to select the appropriate agency to carry out its will. This policy it has strictly adhered to. The only thing that has been happening has been to ~~provide for the~~ designate the President as the agency to carry out certain of the purposes of Congress. This was constitutional and in keeping with the past American tradition. <sup>the</sup> ~~I~~ The legislation which has been passed or 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 ~~m~~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, <sup>nearly</sup> clothing and caring for ~~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. <sup>we</sup> ~~Now~~ we are <sup>clearly</sup> ~~merely~~ enhancing the value of our ~~native~~ natural resources and second, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their work on a purely

(6)

voluntary basis, no ~~assembling~~ military training is involved, and the objective of providing wholesome and profitable work ~~and~~ <sup>and we</sup> at the same time our natural resources are already under way. ~~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. ~~It employs millions of human beings and thus at a minimum cost to the Government.~~

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, <sup>and with this a broad plan for</sup> ~~this~~ will mean not only the use of a great natural resource ~~but~~ 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. II Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and home owners of the Nation, <sup>the</sup> ~~by way of~~ <sup>by</sup> providing for the easing of the burden of debt now <sup>bearing</sup> ~~on~~ so heavily upon millions of our people. II Our next step in seeking immediate relief is a grant of half <sup>a</sup> billion dollars to help the states, counties and municipalities in their duty to care for those who need direct and immediate relief.

(7)

~~In the next place, I urged upon Congress, <sup>ask the</sup> ~~desiring the enactment of~~ <sup>also passed</sup> legislation authorizing the sale of beer in such states as desired. This legislation has already resulted in considerable reemployment and incidently has provided much needed tax revenue.~~

~~We are planning to submit at a very early date for the consideration of Congress legislation which will enable the Government to undertake public works, thus stimulating directly and indirectly the employment of many <sup>others</sup> ~~thousands~~ in well-considered public ~~works~~ 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 over-production which so often in the past has kept farm commodity prices far below a reasonable return. This measure is based upon the sound principal of limiting production in its actual enforcement and operation. We shall definitely keep in mind the necessities and possibilities that are before us in order that wherever the natural course of business improvement renders it unnecessary to outline the provisions of this act there will be no extensive attempt to engage the Government in the task of administration for which it provides. 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

2. ~~8~~ 8

which will attempt to give to the industrial workers of the country a <sup>more</sup> fair wage return, prevent cut-throat competition and undue long hours for labor, and at the same time to encourage each industry to prevent over-production, ~~and with it industrial chaos.~~

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~~ <sup>the</sup> to eliminate 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 have 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 <sup>ing</sup> 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 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 <sup>magician</sup> ~~wise man~~ would find ways and means for that increased output to be consumed with reasonable

profit to the producer.

(3) 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, ~~the~~ farm prices are better, but I am not going to indulge in issuing proclamations of over enthusiastic assurance. We cannot bally-ho 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 ~~the mis-wave~~ another speculative <sup>wave</sup>. 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 <sup>but</sup> ~~and~~ it will be the kind of prosperity that will lead us into another tailspin. ~~I have asked and have received powers that will go a long way to lift us out of the erroneous conditions of two months ago, but I want to assure the people of this country that I shall use this power to check unsound expansion as firmly as I shall use it to lift the burden of the depression. The powers are at hand and the objective is clearly in sight, and with courage and restraint and forbearance we shall, I believe, enter upon a period of genuine sound and ordered well-being.~~

12/10

It is wholly wrong to call the measures that we have taken Government <sup>control</sup> control of farming, of industry and of transportation. It is rather a partnership between Government and industry <sup>farming and</sup> ~~and~~ and transportation; ~~not~~ <sup>not</sup> partnership ~~but~~ in profits, for the profits would still go to the citizens, but rather a partnership in planning and partnership to see that the plans are carried out.

(13) (11)

Talk

Let me illustrate with an example. ~~Take~~ the cotton goods industry. It is probably true that ninety per cent 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 ~~the~~ <sup>an</sup> overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other ten per cent of cotton manufacturers pay starvation wages, require ~~continually~~ <sup>burdensome</sup> long hours, employ children in their mills and turn out surpluses? The unfair ten per cent could produce goods so cheaply that the fair ninety per cent 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 ~~survey of and a majority of~~ <sup>surveying and planning</sup> 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 and to ~~show~~ <sup>prevent</sup> unreasonable profits to those 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 overproduction.

(12)

I know that the people of this country will understand this and will also understand the spirit in which ~~we are undertaking this policy~~ <sup>we are undertaking this policy</sup>. I do not deny that ~~we may~~ <sup>we may</sup> of ~~make mistakes~~ <sup>be carried out the policy</sup>. 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 per cent 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. ~~First of all, 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. ~~They have started the one out of a hundred~~ <sup>(Suant)</sup> twenty-five the better of his obligation in order to do justice to the twenty-four.

⌞ We have placed every one on the same basis in order that the general good may be



(Insert)

We have decided to treat  
all 23 in the same way,  
in the interest of ~~substantial~~  
justice and the exercise of the  
Constitutional powers of  
this government.

THE WHITE HOUSE  
WASHINGTON

*[Faint, illegible handwritten text, likely bleed-through from the reverse side of the page.]*

~~preserved.~~  
~~survived. This is in keeping with the best standards of justice and fairness.~~

Nevertheless, gold, and to a partial extent silver, are perfectly good basis for currency and that is why I decided not to let any of the gold now in the country go out of it.

~~Because we are not allowing private individuals or corporations to hoard gold we have decided during these times to pay government obligations in currency and not in gold. These obligations were offered to and bought by Americans in the first instance. They were not offered in foreign markets. We are, therefore, applying the same rule to foreigners who have subsequently bought these obligations as we are applying to our own citizens. It would have been a very different thing if the United States Government or any private corporation had deliberately gone to a foreign country and borrowed money on a promise to repay the obligation in gold. In this case, however, we sold our bonds to Americans and the small percentage of these bonds, which subsequently were bought by foreigners must come under the same rule, which for the good of all of us we have applied to our own people.~~

A series of conditions arose three weeks ago which very readily might have meant, first, a drain on our gold by foreign countries, and, secondly, 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.

14

Part 5

Page 1.

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 inevitable 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 return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

15

In the conference 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. Secondly, a cutting down of the trade barriers, in order to re-start 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 re-establishment 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 ~~the~~ our visitors have met with us and 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.

16

To the people of this country <sup>you</sup> all of us, the  
members of <sup>The</sup> Congress and the members of this Administration ~~we~~ owe  
a profound debt of gratitude. Throughout the depression ~~we~~  
<sup>you</sup> have been patient, <sup>you</sup> have granted us wide powers, <sup>you</sup> have  
encouraged us with a wide spread approval of our purposes.  
Every ounce of strength and every resource at our command we  
have devoted to the end of justifying <sup>your</sup> 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. ~~With confidence and~~  
~~with renewed faith in the essential soundness of democracy~~  
~~and in the strength of its well tried institution~~

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0627

RADIO ADDRESS OF THE PRESIDENT

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

This is a transcript made by the White House stenographer from his shorthand notes taken at the time the speech was made. Underlining indicates words extemporaneously added to the previously prepared reading copy text. Words in parentheses are words that were omitted when the speech was delivered, though they appear in the previously prepared reading copy text.

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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 hardship 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 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. This policy it has strictly adhered to. 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 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 second, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their 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 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. 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 over-production 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 to encourage each industry to prevent over-production.

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 have 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 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 over-enthusiastic assurance. We cannot bally-ho 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 would 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 per cent 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 per cent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills and turn out burdensome surpluses? The unfair ten per cent could produce goods so cheaply that the fair ninety per cent 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 and to forbid unreasonable profits to those 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 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 per cent 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 every one on the same basis in order that the general good may be preserved.

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

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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 wide-spread 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.

May 7, 1933.

73

CAUTION: The radio address of the President is released for publication in all editions of newspapers not appearing on the streets before 9:45 P.M., Eastern Standard Time, tonight.

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*Eight*  
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 hardship 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.

*See*  
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 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 been done and to select the appropriate agency to carry out its will. This policy it has strictly adhered to. 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.

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END.

0627

RADIO ADDRESS OF THE PRESIDENT  
DELIVERED FROM THE PRESIDENT'S STUDY  
IN THE WHITE HOUSE

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May 7, 1933

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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 hardship 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 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. This policy it has strictly adhered to. 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 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 second, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their 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.

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The Congress also passed legislation authorizing the sale of beer in such states as desired. 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 over-production 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 to encourage each industry to prevent over-production.

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 per cent of the time I shall come up to the fullest measure of my hopes."

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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 every one on the same basis in order that the general good may be preserved.

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

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 have 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 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 over enthusiastic assurance. We cannot bally-ho 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 measures 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 would still go to the citizens, but rather a partnership in planning and partnership to see that the plans are carried out.

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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 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. Secondly, a cutting down of the trade barriers, in order to re-start 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 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 wide spread 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.

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May 7, 1933.

73

CAUTION: The radio address of the President is released for publication in all editions of newspapers not appearing on the streets before 9:45 P.M., Eastern Standard Time, tonight.

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PART I

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END.