
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**

File No. 853

1936 March 18

Message to Congress Unemployment

Under the National Recovery Administration the nation learned the value of shorter hours in their application to a whole industry. In almost every case the shorter hours were approved by the great majority of individual operators within the industry. To the Federal Government now left the task of punishing against the minority who came to be known as "cheaters". It was clear that "this selling" by a few would undermine and eventually destroy the large honest majority. (The Supreme Court said in effect that the Federal Government could not do this defining because each process of production and sale was an intra-state function.) Nevertheless, the provisions etc.

D.
Many private employers believe that
~~that~~ if left to themselves they can
accomplish the objectives we all seek.

E.

The Federal Government stands ready to make
available the first amount of data recently
collected and to give every assistance
~~in today among possible~~.

In my budget message ~~dated~~ January 3, 1936, and submitted to
~~the Congress on January 6,~~ I reserved making a recommendation for an
appropriation for the relief of unemployment, stating that an estimate
and recommendation could be made ~~better~~ at a later
date. I am now prepared to submit such a recommendation, and this message
should be regarded as supplemental to the Budget Message.

In asking the Congress for an appropriation to meet the needs
of the destitute unemployed during the coming fiscal year, certain facts
should be clearly set forth.

(1) Since the spring of 1933, there has been a gain in
reemployment in each successive year. Five million more people were at
work in December 1935 than in March 1933. ~~Factory employment has~~
~~increased 44 per cent in these three years, and factory payrolls have~~
~~almost doubled.~~ *Inset 1*

(2) In spite of these great gains, there are at present
approximately 5,300,000 families and unattached persons who are ~~in need~~
~~some form of~~ *Every thinking person knows that* ~~of public assistance.~~ *This is the most difficult problem before the country.* ~~It is the only major problem facing the country in these~~
~~three years ago.~~ ~~recent years that has not materially improved.~~ *of course*

(3) These figures, large as they are, do not include all ~~those who~~
~~are unemployed~~ *in the United States.* *[Estimates of total unemployment are of*
uncertain accuracy, but we do know that there are many needy unemployed
who are not on the relief rolls.] These include large numbers of young
people who have grown up during the depression, young men and women who
under normal conditions would be making a self-respecting living for

themselves, but who are now obliged, just as when they were children, to go on sharing the meager livelihood gained by the family breadwinner.

(4) State and local governments, almost wholly without Federal aid, now provide relief for 1,500,000 unemployable families or unattached persons. A few of these families or individuals have begun to receive a comparatively small amount of Federal aid under the provisions of the Social Security Act.

These figures indicate the problem before us. It is a problem to be faced not merely by the Congress and the ~~executive arm of the government~~, not merely by the representatives of government in the States and localities, but by all of the American people. It is not exclusively the problem of the poor and the unfortunate themselves. It is more particularly the problem of those who have been more fortunate under our system of government and our economy. It will not do to say that these needy unemployed must shift for themselves. It will not be good for any of us to take that attitude. Neither will it do to say that it is a problem for the States and the localities. If we concede that it is primarily the duty of each locality to care for its destitute unemployed and that if its resources are inadequate it must then turn to the State for help, we must still face the fact that the credit and the resources of localities and States have been freely drawn upon in the last few years and they have not been sufficient.

It has been said by persons ignorant or careless of the truth that Federal relief measures have encouraged States, counties and municipalities to shirk their duty and shift their financial responsibilities

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to the Federal government. The fact is, that during 1935, State and local governments spent \$466,000,000 for emergency relief, which was 13 per cent more than these governmental bodies spent in 1934; 49 per cent more than they spent in 1933; and 58 per cent more than they spent in 1932. Let it be also noted that the great majority of State and local governments are today taking care not only of the 1,500,000 unemployables, but are also contributing large amounts to the Federal Works program.

To expect that States and municipalities should at the present time bear a vastly increased proportion of the cost of relief is to ignore the fact that there are State constitutional limitations, and the fact that most of our counties and municipalities are only now emerging from tax delinquency difficulties. Let us further remember that by far the largest part of local taxes is levied on real estate. To increase this form of tax burden on the small property owners of the nation would be unjustified. (and unfortunate.) It is true that some States, fortunately few, have taken ~~an undue~~ advantage of Federal appropriations, but most States have cooperated wholeheartedly in raising relief funds, even to the extent of amending State constitutions. ~~It is~~ ^{is} ~~desirous~~ ^{desirous} in the next fiscal year to ~~try~~ ^{try} ~~to~~ ^{to} ~~make~~ ^{make} ~~any~~ ^{any} ~~change~~ ^{change} ~~in~~ ⁱⁿ ~~the~~ ^{the} ~~1937~~ ¹⁹³⁷ ~~Budget~~ ^{Budget} ~~estimates~~ ^{estimates} of net expenditures.

The Federal government, then, faces the responsibility of continuing to provide ~~work~~ for the needy unemployed who cannot be taken care of by State and local funds. ~~the 3,200,000 people who have been given employment under the Federal Works program.~~

During the current fiscal year the cost of ~~relief~~ and relief actually paid out of the Treasury will amount to approximately \$3,500,000,000. ~~For the next fiscal year, 1937, the 1937 Budget contains estimates of net expenditures.~~

~~from appropriations made in prior fiscal years of more than \$1,000,000,000.~~
~~will be spent out of the Treasury from prior year appropriations.~~

Practically all of these expenditures will be from allocations made to
large projects which could not possibly be completed ~~in~~ ^{within} this fiscal year.

In addition to this amount the Budget contains estimated expenditures
aggregating about \$600,000,000 from appropriations recommended for the
Civilian Conservation Corps and various public works.

If to this total of \$1,600,000,000, there were added \$2,000,000,000
to be expended for ~~recovery~~ relief in the fiscal year 1937, the total
for this purpose would just ^{about} equal the amount that is ~~being now~~ expended
in the fiscal year 1936. An appropriation in this amount would be within the
limits set by the Budget Message, ^{And would in effect provide for the third consecutive year} ~~which contemplated a reduction of the~~
~~deficit, in 1937, over that of 1936.~~

~~This statement as~~
~~Concerning~~ to the budget program of course depends upon the
action of the Congress with respect to the substitute taxes, the reimbursement
taxes and the new taxes which I have recommended to replace the lost revenues
and to supply the new revenue made necessary by the decision of the Supreme
Court invalidating the Agricultural Adjustment act and by the action of the
Congress in appropriating for the immediate payment at the 1945 value of the
Veterans' Adjusted Service Certificates. This latter action, as you will
recall, requires additional revenue in the amount of \$120,000,000 annually
for nine years. The agricultural program requires annual substitute taxes of
\$500,000,000 and there must be raised within the next three years \$517,000,000
of revenue to reimburse the Treasury for processing taxes lost in this fiscal
year by reason of the Supreme Court's decision.

I am, however, not asking this Congress to appropriate
\$2,000,000,000. ^{#44} I am ~~only~~ asking for an appropriation of \$1,500,000,000 for

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This can will however be insufficient unless private employers work relief. ~~hire many of those now on relief rolls.~~

~~As I said before,~~ ^{we ask} The trend of reemployment is upward. This trend, however, at its present rate of progress is insufficient. I propose, therefore, that the Federal government ~~and~~ encourage private business to extend its operations so as to absorb an increasing number of the unemployed.

Frankly, there is little evidence that individual and uncoordinated action of large and small employers could absorb large numbers, ~~of the~~ ^{a vigorous} unemployed effort on a national scale is necessary by voluntary concerted action of private industry.

~~insert C~~ ^{insert C} the provisions of the anti-trust laws intended to prohibit restraint of trade must be fully and vigorously enforced, there is no ~~mention~~ in these or any other laws which would prohibit managers of private business from working together to ~~increase production and~~ employment. Such efforts would be the direct opposite of a conspiracy in restraint of trade. ^{insert D}

We have learned the difficulties of attempting to reduce hours of work in all trades and industries to a common level or to increase all wage payments at a uniform rate. But in any single industry we have found that it is possible by united action to shorten hours, increase employment and at the same time maintain weekly, monthly or yearly earnings of the individual. ^{With the help of a common effort} It is my belief that if the leaders in each industry ~~come together~~ to increase employment within that industry, employment will increase substantially.

~~if~~ Insofar as their efforts are successful the cost to the Federal government for caring for the destitute unemployed will be lessened, and if the employment

gains are substantial enough, no additional appropriation by the next Congress for the fiscal year 1937 will be necessary.

The ultimate cost of the Federal Works program will thus be determined by private enterprise. ~~Federal assistance which now~~ arising as a result of industrial disemployment, ~~Federal assistance~~ can be terminated when industry itself removes the underlying condition. Should industry cooperatively achieve the goal of reemployment, the appropriation of \$1,500,000,000 together with the unexpended balances of previous appropriations will suffice to carry the Federal Works program through the fiscal year 1937. Only if industry fails to reduce substantially the number of those now out of work will another appropriation and further plans be necessary. It is ~~the task of~~ industry to make further efforts toward increased output and employment; and I urge industry to accept this responsibility. *Incentive*

My appeal is to the thinking men who are assured of their daily bread. However we may divide along the lines of economic or political faith, all right-minded Americans have a common stake in extending production, in increasing employment and in getting away from the burdens of ~~may be compelled to assume greater responsibilities~~ relief. Those who believe that government ~~must-of-necessity plan the~~ in the operation of our industrial system can make no valid objection to a renewed effort on the part of private enterprise to insure the livelihood of all willing workers. Those, on the other hand, who believe ~~wisely~~ in ~~private control without any government participation~~ ^{In complete} reliance upon the profit incentive and freedom of opportunity should earnestly undertake to ~~insure~~ ^{promote} the effective functioning of the system ~~of private enterprise~~ by insuring employment.

Before asking the Congress for an appropriation to meet the needs of the destitute unemployed during the coming fiscal year, certain facts should be clearly set forth.

1. Since the spring of 1933 re-employment has actually gained in each succeeding year, not counting net gains among wage earners, it is safe to say that at least five million more people were at work in December, 1935 than in March, 1933.

2. In spite of this great gain there are at present approximately 3,800,000 families and unattached persons in need of public assistance who are being given employment either wholly from Federal funds or from Federal funds matched in part by state, county or municipal funds.

3. An additional 1,500,000 unemployable families or unattached persons are being cared for almost wholly from state or local funds without Federal aid. A few of these families or individuals have begun to receive a comparatively small amount of Federal aid under the provisions

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of the Social Security Act but the
number is as yet very small.

4. In none of these figures are included the many unemployed who are not on relief but who are experiencing great difficulties in maintaining independent support. Neither are there included many others not on the relief rolls who are content with occasional employment; nor some who are so constituted that they do not desire to work. Because of the impossibility of an exact definition of what constitutes unemployment, ~~total~~ figures which purport to estimate the total unemployed in the Nation ~~can~~ ^{are} ~~not~~ be ^{approximately} ~~used~~ accurately. ^{With} ~~the~~ ^{total} ~~figures~~ ^{of} ~~the~~ ^{employed} ~~unemployed~~ ⁱⁿ ~~the~~ ^{United} ~~States~~ ^{America} ^{is} ~~not~~ ^{possible} ^{to} ~~get~~ ^{an} ~~exact~~ ^{figure} ^{on} ~~the~~ ^{number} ~~of~~ ^{unemployed} ~~people~~.

Every thinking person would like to see work available for every man or woman who wants to work. Nevertheless, the Federal Government must by force of financial circumstances confine its assistance to those who are in dire circumstances. I have said on many occasions that it is primarily the duty of the local community to take care of the needy unemployed; that if local resources fail the next obligation is upon the State; and that if State resources are used to a reasonable maximum and then prove insufficient, it is the duty of the Federal

Pamela Lee Pritchard
Jan 26, 1937

Government to serve additional needs.

It has been said by persons ignorant or careless of the truth that Federal relief funds have encouraged states and municipalities to shirk their duty and to shift responsibility and costs on Federal funds. That is true in some states and in some municipalities but the fact should be widely known that during the year 1935 states and local governments spent on relief of the needy \$ or per cent more than the same agencies spent in 1934. (1933 - 1932) Let it be further recorded that the great majority of state and local governments are today taking care not only of one and a half million unemployed but are also largely contributing to the Federal Works program.

To make the general statement at this state of the unemployment problem that states and municipalities should bear a far larger proportion of the cost of relief is to ignore the fact of many state and county constitutional limitations, and the fact that a great number of municipalities are only now

emerging from debt limitation and tax delinquencies which had seriously impaired their credit. Let us remember further that the greater part of local taxes is levied on real estate; to increase this form of taxation burden on the small property holders of the Nation is unjustified and unsound. Most States have cooperated whole-heartedly in raising additional funds, issuing bonds and even amending State constitutions. Some States, fortunately few, have obviously taken advantage of Federal relief, thereby throwing the whole burden on the local real estate and county taxes.

The immediate task of the Congress is, therefore, to appropriate for the needy unemployed who cannot be taken care of by state and local effort.

During the current fiscal year the cost of such relief actually paid out of the Treasury will amount to approximately three and a half billion dollars (\$3,500,000,000).

During the fiscal year 1937 it is estimated that the one billion dollars (\$1,000,000,000) will be spent from

the Federal Treasury out of appropriations made in former fiscal years -- in other words, in almost all cases from allocations made to large projects which could not be completed this fiscal year. In addition to this sum, I have already recommended to the Congress appropriations for CCC and various Public Works to the amount of approximately \$650,000,000.

New appropriations are made for this amount and the carry-over of one billion dollars (\$1,000,000,000) is added thereto and a new appropriation of slightly less than two billion dollars would give a total of approximately \$3,600,000,000 for extending in the fiscal year 1937.

Furthermore, a new appropriation of \$1,960,000,000 for work relief will bring the estimated budget figures into line with those presented in my Budget Message to the Congress last January. On the assumption that the Congress will provide the sums recommended to be raised by new or substitute taxes, and on the assumption that the financing of the Veterans Adjusted Certificates will be considered as a nine year continuing project,

the estimated deficit of the Federal Treasury for the fiscal year ending June 30, 1937 will, for the third successive year, show a decrease.

In other words, an appropriation of two billion dollars (\$2,000,000,000) for work relief, to be spent in the next fiscal year, would carry out the broad fiscal policy heretofore laid down.

I am, however, not asking this Congress to appropriate two billion dollars; I am asking only for an appropriation for work relief of \$1,500,000,000.

The trend of re-employment is upward. This trend, however, at its present rate of progress is insufficient. I propose, therefore, that the Federal Government do all within its power to encourage private business to extend its operations and to absorb a greatly increasing number of the unemployed in producing and exchanging the goods and services of private enterprise.

Frankly, there is little evidence that the individual unrelated action of large and small employers can bring

about sufficient absorption of the unemployed in the near future.

For this purpose earnest effort on a national scale is necessary.

Large scale re-employment can, I hope, be brought about by concerted action through the voluntary action of private industry.

The National Recovery Administration pointed the way and its broad objectives were of permanent use even though its methods may be changed. Through the previous work of Trade Associations in cooperation with NRA there are now available in almost all industries records of invaluable experience and trained personnel upon which private industry can plan for the immediate future.

While every provision of the anti-trust laws intended to prohibit restraint of trade must be fully and vigorously enforced, there is no prohibition in these or in other laws which prohibits the managers of private business from working together to decrease unemployment. There is no prohibition to prevent them from seeking to expand the total volume of goods and services which can be produced and distributed. Such efforts would, in fact,

be the direct opposite of a conspiracy in restraint of trade.

We have learned the difficulties of attempting to reduce hours of work in all trades and industries to a common level, or to increase all wage payments to a uniform percentage. But in any single industry we have found that it is possible, by united action, to shorten hours and to increase employment while at the same time the average weekly or monthly or yearly earnings of the individual are maintained.

It is my belief that if industry by industry their leaders came together with the avowed purpose and objective of increasing employment substantially, employment will increase substantially. If this result is substantial enough to relieve the Federal Government of a large part of its present responsibility for the destitute unemployed, no additional appropriation will be necessary.

My appeal is to the thinking men who are assured of their daily bread. However, we may divide along the lines of economic or political faith or special interest, all right-minded

Americans have a common stake in extending production, in increasing employment and in getting away from the burdens of relief. Those who believe that Government agencies must of necessity more actively plan the operation of our industrial system can make no valid objection to a renewed effort on the part of private enterprise to insure the livelihood of all willing workers. Those who believe earnestly in sole reliance on the incentive of private gain, of private self support of all citizens, should welcome this opportunity to seek the effective functioning of the system of private enterprise.

Copy of draft without deletions

In my budget message of January 3, 1936, I reserved making a recommendation for an appropriation for the relief of unemployment, stating that an estimate and recommendation could be better made at a later date. I am now prepared to submit such a recommendation, and this message should be regarded as supplemental to the Budget Message.

In asking the Congress for an appropriation to meet the needs of the destitute unemployed during the coming fiscal year, certain facts should be clearly set forth.

(1) Since the Spring of 1933, there has been a gain in re-employment in each successive year. Five million more people were at work in December, 1935, than in March, 1933.

(2) In spite of these great gains, there are at present approximately 5,300,000 families and unattached persons who are in need of some form of public assistance — 3,800,000 families and unattached persons on the works program and 1,500,000 on local and State relief rolls. Every thinking person knows that this problem is the most difficult one before the country.

(3) These figures, large as they are, do not of course include all those who seek work in the United States. ^{In} _{are} Some of these figures included the many unemployed who are not on relief but who are experiencing great difficulties in maintaining independent support. Neither are there included many others not on the relief rolls who are content with occasional employment; nor some who are so constituted that they do not desire to work; nor many young people who cannot get work and are obliged to share the livelihood earned by their parents. Because of the impossibility of an exact

definition of what constitutes unemployment, no figures which purport to estimate the total unemployed in the nation can be even approximately accurate.

(4) In considering the 1,500,000 unemployable families or unattached persons who are being cared for almost wholly from State or local funds, it should be mentioned that a few of these families or individuals have begun to receive a comparatively small amount of Federal aid under the provisions of the Social Security Act, but this number is as yet very small.

The foregoing figures indicate the problem before us. It is a problem to be faced not merely by the Congress and the Executive, not merely by the representatives of Government in the States and localities, but by all of the American people. It is not exclusively the problem of the poor and the unfortunate themselves. It is more particularly the problem of those who have been more fortunate under our system of Government and our economy.

It will not do to say that these needy unemployed must shift for themselves. It will not be good for any of us to take that attitude. Neither will it do to say that it is a problem for the States and the localities. If we concede that it is primarily the duty of each locality to care for its destitute unemployed, and that if its resources are inadequate, it must then turn to the State for help, we must still face

the fact that the credit and the resources of local governments and States have been freely drawn upon in the last few years and they have not been sufficient.

It has been said by persons ignorant or careless of the truth that Federal relief measures have encouraged States, counties and municipalities to shirk their duty and shift their financial responsibilities to the Federal Government. The fact is that during 1935 State and local governments spent \$466,000,000 for emergency relief, which was 13% more than these governmental bodies spent in 1934; 49% more than they spent in 1933; and 58% more than they spent in 1932. Let it also be noted that the great majority of State and local governments are today taking care not only of the 1,500,000 unemployables, but are also contributing large amounts to the Federal works program.

To expect that States and municipalities should at the present time bear a vastly increased proportion of the cost of relief is to ignore the fact that there are State constitutional limitations, and the fact that most of our counties and municipalities are only now emerging from tax delinquency difficulties. Let us further remember that by far the largest part of local taxes is levied on real estate. To increase this form of tax burden on the small property owners of the nation would be unjustified. It is true that some States, fortunately few, have taken an undue advantage of Federal appropriations, but most States have co-operated wholeheartedly in raising relief funds, even to the extent of

amending State constitutions. It is not desired in the next fiscal year to encourage any States to continue to shirk. The Federal Government cannot maintain relief for unemployables in any State.

The Federal Government, then, faces the responsibility of continuing to provide work for the needy unemployed who cannot be taken care of by State and local funds.

During the current fiscal year, the cost of relief actually paid out of the Treasury will amount to approximately \$3,500,000,000.

During the next fiscal year, 1937, more than \$1,000,000,000 will be spent out of the Treasury from prior year appropriations. Practically all of these expenditures will be from allocations made to large projects which could not possibly be completed within this fiscal year. In addition to this amount, the budget contains estimated expenditures aggregating \$600,000,000 from appropriations recommended for the Civilian Conservation Corps and various public works.

If to this total of \$1,600,000,000 there were added \$2,000,000,000 to be expended for relief in the fiscal year 1937, the total for this purpose would just about equal the amount that is being now expended in fiscal year 1936. An appropriation in this amount would be within the limits set by the Budget Message, and would in effect provide for the third successive year a reduction in the deficit.

This statement as to the budget program of course depends upon the action of the Congress with respect to the substitute taxes, the reimbursement taxes and the new taxes which I have recommended to replace the

lost revenues and to supply the new revenues made necessary by the decision of the Supreme Court invalidating the Agricultural Adjustment Act and by the action of the Congress in appropriating for the immediate payment at the 1945 value of the Veterans' Adjusted Service Certificates. This latter action, as you will recall, requires additional revenue in the amount of \$120,000,000 annually for nine years. The agricultural program requires annual substitute taxes of \$500,000,000 and there must be raised within the next three years \$517,000,000 of revenue to reimburse the Treasury for processing taxes lost in this fiscal year by reason of the Supreme Court's decision.

I am, however, not asking this Congress to appropriate \$2,000,000,000. I am asking only for an appropriation of \$1,500,000,000 to the Works Progress Administration. It will be their responsibility to provide work for the destitute unemployed. This request together with those previously submitted to the Congress to provide for the Civilian Conservation Corps and certain public works will, if acted upon favorably by the Congress, give security during the next fiscal year to those most in need. This sum, however, will be insufficient unless private employers hire many of those now on relief rolls.

The trend of reemployment is upward. But this trend, at its present rate of progress, is inadequate. I propose, therefore, that we ask private business to extend its operations so as to absorb an increasing number of the unemployed.

Frankly, there is little evidence that large and small employers

by individual and uncoordinated action can absorb large numbers of new employees. A vigorous effort on a national scale is necessary by voluntary, concerted action of private industry.

Under the National Recovery Administration, the nation learned the value of shorter hours in their application to a whole industry. In almost every case, the shorter hours were approved by the great majority of individual operators within the industry. To the Federal Government was given the task of policing against the minority who came to be known as "chiselers". It was clear that "chiseling" by a few would undermine and eventually destroy the large, honest majority. But the public authority to require fair competition has been seriously curtailed by limitations upon Federal as well as State powers which have been recently imposed by the Supreme Court.

Nevertheless, while the provisions of the Antitrust Laws, intended to prohibit restraint of trade, must be fully and vigorously enforced, there is nothing in these or any other laws which would prohibit managers of private business from working together to increase production and employment. Such efforts would be the direct opposite of a conspiracy in restraint of trade. Many private employers believe that if left to themselves (unhampered by legal restraints) they can accomplish the objectives we all seek.

We have learned the difficulties of attempting to reduce hours of work in all trades and industries to a common level or to increase all

wage payments at a uniform rate. But in any single industry we have found that it is possible by united action to shorten hours, increase employment, and, at the same time, maintain weekly, monthly or yearly earnings of the individual. It is my belief that if the leaders in each industry will organize a common effort to increase employment within that industry, employment will increase substantially.

Insofar as their efforts are successful, the cost to the Federal Government of caring for the destitute unemployed will be lessened, and if the employment gains are substantial enough, no additional appropriation by the next Congress for the fiscal year 1937 will be necessary.

P The ultimate cost of the Federal works program will thus be determined which by private enterprise. Federal assistance/arose as a result of industrial disemployment can be terminated if industry itself removes the underlying condition. Should industry cooperatively achieve the goal of reemployment, the appropriation of ~~an~~ \$1,500,000,000, together with the unexpended balances of previous appropriations, will suffice to carry the Federal works program through the fiscal year 1937. Only if industry fails to reduce substantially the number of those now out of work will another appropriation and further planning be necessary. It is the task of industry to make further efforts toward increased output and employment; and I urge industry to accept this responsibility. I propose to present this problem and this opportunity definitely to the managers of private business; and to offer in aid of its solution the cooperation of all the appropriate departments and agencies of the Federal Government.

My appeal is to the thinking men who are assured of their daily bread. However we may divide along the lines of economic or political faith, all right-minded Americans have a common stake in extending production, in increasing employment, and in getting away from the burdens of relief. Those who believe that Government may be compelled to assume greater responsibilities in the operation of our industrial system can make no valid objection to a renewed effort on the part of private enterprise to insure the livelihood of all willing workers. Those, on the other hand, who believe in complete freedom of private control without any Government participation should earnestly undertake to demonstrate their effective functioning by increasing employment.

WORKS PROGRESS ADMINISTRATION

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WASHINGTON, D. C.

HARRY L. HOPKINS
ADMINISTRATOR

file

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March 17, 1936

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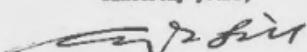
Miss Marguerite A. LeHand
Secretary to the President
The White House
Washington, D. C.

Dear Miss LeHand:

Last evening the President asked
us to submit a paragraph to be inserted
on page four of the original message.
Such a paragraph is attached.

I will be grateful if you will see
that this is brought to the attention of
the President.

Sincerely yours,


Corliss G. Gill
Assistant Administrator

Attachment

To be inserted on Page 4:

I am, however, not asking this Congress to appropriate \$2,000,000,000. I am asking only for an appropriation of \$1,500,000,000 to the Works Progress Administration. It will be their responsibility to provide work for the destitute unemployed. This request together with those previously submitted to the Congress to provide for the Civilian Conservation Corps and certain public works will, if acted upon favorably by the Congress, give security during the next fiscal year to those most in need.

The relief of destitution remains as one of the major problems confronting the Federal Government at the present time. Despite a substantial recovery in business activity and a large volume of re-employment during the last three years, unemployment continues at distressingly high levels. It is this high level of unemployment that constitutes the immediate cause of the relief problem. Recognizing its responsibility to those threatened with destitution, this Government has followed and will continue to follow the policy of mitigating, insofar as resources permit, the worst hardships of unemployment. The time has come again when the Congress must appropriate funds for the discharge of this national responsibility.

The extent of unemployment is not known with any great measure of certainty, but the number of families and total persons in dire circumstances is known. These are the people who have applied for and received relief in recent years and lately, Works Program employment. There are at present approximately 5,500,000 families and unattached persons who are desperately in need of public assistance. Undoubtedly many of the unemployed not on relief are experiencing the greatest difficulties in maintaining independent support, and many unquestionably are being supported by their hard pressed friends and relatives, sharing poverty with them. Public assistance, however, by force of financial circumstance must be limited to those who are in greatest need. Accordingly some 5,500,000 families and unattached persons are now in receipt of emergency public

assistance, either in the form of earnings derived from public employment or in the form of relief benefits.

Of this total of 5,800,000 some 1,500,000 are unemployable families or unattached persons. Under the relief and works program policy adopted early in 1935 these unemployables are being cared for by the States and localities, aided in many instances by the final Federal relief grants and by the grants-in-aid provided under the authority of the Social Security Act of 1935. The other group, the employables, numbering approximately 3,800,000, have been given employment under the Works Program financed by the Emergency Relief Act of 1935 and undertaken by the Works Progress Administration, the Civilian Conservation Corps, the Public Works Administration, the Bureau of Public Roads, and other cooperating agencies.

This is the situation as it stands at the present time: 5,800,000 families and unattached persons who are completely, or almost completely, dependent upon the public treasury for their livelihood, their security. Admittedly this problem is as serious as it was three years ago. It is the only major problem facing the country in these recent years that has not materially improved. Financial and business conditions in recent months have been better than for any time in the last five years; and indications point to more substantial advances during this year. Business profits have increased sharply since the low point of the depression early in 1935. Industrial output, as measured by the index of the Board of Governors of the Federal Reserve System reached a peak of 104 this December, 4 points above the 1925-25 average. For January it was 99. At

the low point in March 1933 it was 59. Since that time it has advanced 76 percent to the recent high level of December. Notable also has been the gain in factory employment. In March 1933 the Bureau of Labor Statistics index dropped to 59 percent of the 1925-25 average; this December it was 85 percent of that average and in January 83 percent. Thus employment has advanced 44 percent in the last three years. Factory payrolls during this period have almost doubled, from an index of 37 to the present level of 72.

Total employment from March 1933 through December 1935 increased by more than 5,000,000. Some 2,000,000 of this increase was reported in manufacturing with the largest gains being made in the heavy goods industries. Construction, agriculture, mining, trade and service account for the rest of the increase. This total decreased seasonally in January but was considerably more than 4,000,000 above the March 1933 total.

But these gains in employment have not been sufficient. Industry has not taken back most of the men it desperately threw out of work from 1930 to 1933. A large part of the responsibility that traditionally rested with industry has, of necessity, been assumed by government. Emergency public relief and public employment had to be instituted in order that no one should starve. And the cost of that emergency relief and employment must be borne by the productive resources of the country; industry in the broadest sense of the word. The fact that some 5,800,000 workers are now employed on the Works Program is a partial measure of the failure of industry to absorb the people it deprived of jobs in the early years of depression.

This is the problem that must be faced. Employment must be

provided to the destitute unemployed. If industry cannot provide work for these men and women the Federal Government must and shall provide this work. At the present time 3,800,000 men and women are being given work. The funds for this purpose are now approaching depletion. Approximately 3,000,000 persons are employed on projects of the Works Progress Administration; 800,000 others are employed by the CCC, the Bureau of Public Roads, the Public Works Administration and other agencies. Funds are available for the continuation of the Works Progress Administration for only a few more months. The other agencies employing the 800,000 have or will have sufficient balances to maintain their present level of employment well into the next fiscal year.

The immediate problem is to provide work for needy persons for another year. The maintenance of this program for another year with an average of 3,000,000 persons employed will cost the Federal Government \$2,500,000,000 or about \$750 per person per year. Contributions from States and localities will insure additional funds for materials and equipment.

The Congress will not be asked, however, to appropriate this entire sum. At the present time the Congress will be asked to appropriate \$1,500,000,000 for the Works Progress Administration to carry its program to March 1937. Whether at that time the Congress will be asked to provide the remaining \$500,000,000 to carry the WPA to

July 1937 will depend on industry. If industry is able to increase substantially its volume of employment so as to relieve the Federal Government of a large part of its present responsibility for the destitute unemployed, the additional appropriation will not be requested.

To achieve this end, the Federal Government will appeal to all employers to engage upon a gigantic cooperative plan for re-employment. This plan, to be worked out in detail by industry itself, need not, in my opinion, be in conflict with the existing anti-trust laws. To effectuate this re-employment goal it is suggested that industry generally shorten the working day or working week, making certain that earnings are not reduced. Or industry may prefer to increase output and employment, decrease prices, and assure a greater volume of goods produced. Whatever be the means adopted by industry, the goal must be of such proportion as to substantially decrease the relief load.

It is very probable that this re-employment will be attended with additional costs, particularly if the working day or week is shortened. But it must be borne in mind by industry that if this added cost of re-employment is not assumed voluntarily and directly, it must be paid indirectly through taxes to support a Federal works program. This Government is committed to the proposition that work must be provided to the needy unemployed men and women of the United States: if industry fails in this duty the Federal Government cannot.

The ultimate cost of the Works program will thus be determined by industry. Arising of necessity as a result of industrial disemployment,

the works program can be terminated only when industry itself removes the underlying conditions. Should industry cooperatively achieve the goal set forth here, the present appropriation will suffice to carry the program on a reduced scale throughout the fiscal year. If, however, re-employment continues to lag, the next Congress will of a necessity be asked to appropriate the balance of the funds required. Furthermore, it must be clear to all of you that in addition to the mere giving of relief there must at that time be an adequate exploration by the Congress and the executive branch of the Government of the steps that should then be taken, looking toward a more definitive solution to the fundamental problem of unemployment.

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I propose to present this problem
and this opportunity ^{definitely} to the managers
of private business and to offer in
aid of its solution the cooperation of all the
appropriate departments and agencies of
the federal government.

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- 3,800,000 families and individuals
receive in the works program and
1,500,000 in local and state
relief rolls.

~~To went C~~

But the public authority to require
fair competition has been seriously
curtailed by limitations upon federal
as well as state powers which have
been recently imposed by the Supreme Court.

To the Congress of the United States:

In my budget message of January 3, 1936, I reserved making a recommendation for an appropriation for the relief of unemployment, stating that an estimate and recommendation could be better made at a later date. I am now prepared to submit such a recommendation, and this message should be regarded as supplemental to the Budget Message.

In asking the Congress for an appropriation to meet the needs of the destitute unemployed during the coming fiscal year, certain facts should be clearly set forth.

(1) Since the Spring of 1933, there has been a gain in re-employment in each successive year. At least five million more people were at work in December, 1935, than in March, 1933.

(2) In spite of these great gains, there are at present approximately 5,300,000 families and unattached persons who are in need of some form of public assistance — 3,800,000 families and unattached persons on the works program and 1,500,000 on local and State relief rolls. Every thinking person knows that this problem ^{of unemployment} is the most difficult one before the country.

(3) These figures, large as they are, do not of course include all those who seek work in the United States. In none of these figures included are the many unemployed who are not on relief but who are experiencing great difficulties in maintaining independent support. Neither are there included many others not on the relief rolls who are content with occasional employment; nor some who are so constituted that they do not desire to work; nor many young people who cannot get work and are obliged to share the livelihood earned by their parents. Because of the impossibility of an exact

definition of what constitutes unemployment, no figures which purport to estimate the total unemployed in the nation can be even approximately accurate.

Nearly all ~~the~~ ^{unemployable} (4) In considering the 1,500,000 unemployed families or un- attached persons ~~are~~ are being cared for almost wholly from State or local funds, ~~it should be mentioned~~ ^{A very small number} ~~of~~ [^] of these families or individuals have begun to receive a comparatively small amount of Federal aid under the provisions of the Social Security Act, ~~but this number~~ ⁽³⁾ ~~is as yet very small~~.

The foregoing figures indicate the problem before us. It is a problem to be faced not merely by the Congress and the Executive, not merely by the representatives of Government in the States and localities, but by all of the American people. It is not exclusively the problem of the poor and the unfortunate themselves. It is more particularly the problem of those who have been more fortunate under our system of Government and our economy.

It will not do to say that these needy unemployed must shift for themselves. It will not be good for any of us to take that attitude. Neither will it do to say that it is a problem for the States and the localities. If we concede that it is primarily the duty of each locality to care for its destitute unemployed, and that if its resources are inadequate, it must then turn to the State for help, we must still face

the fact that the credit and the resources of local governments and States have been freely drawn upon in the last few years and they have not been sufficient.

It has been said by persons ignorant or careless of the truth that Federal relief measures have encouraged States, counties and municipalities to shirk their duty and shift their financial responsibilities to the Federal Government. The fact is that during 1935 State and local governments spent \$466,000,000 for emergency relief, which was 13% more than these governmental bodies spent in 1934; 49% more than they spent in 1933; and 58% more than they spent in 1932. Let it also be noted that the great majority of State and local governments are today taking care not only of the 1,500,000 unemployables, but are also contributing large amounts to the Federal works program.

To expect that States and municipalities should at the present time bear a vastly increased proportion of the cost of relief is to ignore the fact that there are State constitutional limitations, and the fact that most of our counties and municipalities are only now emerging from tax delinquency difficulties. Let us further remember that by far the largest part of local taxes is levied on real estate. To increase this form of tax burden on the small property owners of the nation would be unjustified. It is true that some States, fortunately few, have taken an undue advantage of Federal appropriations, but most States have cooperated wholeheartedly in raising relief funds, even to the extent of

amending State constitutions. It is not desired in the next fiscal year to encourage any States to continue to shirk. The Federal Government cannot maintain relief for unemployables in any State.

The Federal Government, then, faces the responsibility of continuing to provide work for the needy unemployed who cannot be taken care of by State and local funds.

During the current fiscal year, the cost of relief actually paid out of the Treasury will amount to approximately \$3,500,000,000.

During the next fiscal year, 1937, more than \$1,000,000,000 will be spent out of the Treasury from prior year appropriations.

Practically all of these expenditures will be from allocations made to large projects which could not possibly be completed within this fiscal year. In addition to this amount, the budget contains estimated expenditures aggregating \$600,000,000 from appropriations recommended for the Civilian Conservation Corps and various public works.

If to this total of \$1,600,000,000 there were added \$2,000,000,000 to be expended for relief in the fiscal year 1937, the total for this purpose would just about equal the amount that is being now expended ^{in the} fiscal year 1936. An appropriation in this amount would be within the limits set by the Budget Message, and would in effect provide for the third successive year a reduction in the deficit.

This statement as to the budget program of course depends upon the action of the Congress with respect to the substitute taxes, the reimbursement taxes and the new taxes which I have recommended to replace the

lost revenues and to supply the new revenue made necessary by the decision of the Supreme Court invalidating the Agricultural Adjustment Act and by the action of the Congress in appropriating for the immediate payment at the 1945 value of the Veterans' Adjusted Service Certificates. This latter action, as you will recall, requires additional revenue in the amount of \$120,000,000 annually for nine years. The agricultural program requires annual substitute taxes of \$500,000,000 and there must be raised within the next three years \$517,000,000 of revenue to reimburse the Treasury for processing taxes lost in this fiscal year by reason of the Supreme Court's decision.

I am, however, not asking this Congress to appropriate \$2,000,000,000. I am asking only for an appropriation of \$1,500,000,000 to the Works Progress Administration. It will be their responsibility to provide work for the destitute unemployed. This request together with those previously submitted to the Congress to provide for the Civilian Conservation Corps and certain public works will, if acted upon favorably by the Congress, give security during the next fiscal year to those most in need. ~~by credit, however, will be insufficient unless~~ private employers hire many of those now on relief rolls.

The trend of reemployment is upward. But this trend, at its present rate of progress, is inadequate. I propose, therefore, that we ask private business to extend its operations so as to absorb an increasing number of the unemployed.

Frankly, there is little evidence that large and small employers

by individual and uncoordinated action can absorb large numbers of new employees. A vigorous effort on a national scale is necessary by voluntary, concerted action of private industry.

Under the National Recovery Administration, the nation learned the value of shorter hours in their application to a whole industry. In almost every case, the shorter hours were approved by the great majority of individual operators within the industry. To the Federal Government was given the task of policing against the minority who came to be known as "chiselers". It was clear that "chiseling" by a few would undermine and eventually destroy the large, honest majority. But the public authority to require ~~the shorter hours agreed upon~~ has been seriously curtailed by limitations upon Federal as well as State powers, ~~which have~~ been recently imposed by the Supreme Court.

Nevertheless, while the provisions of the Antitrust Laws, intended to prohibit restraint of trade, must ^{be still} be fully and vigorously enforced, there is nothing in these or any other laws which would prohibit managers of private business from working together to increase production and employment. Such efforts would ^{indeed} be the direct opposite of a conspiracy in restraint of trade. Many private employers believe that if left to themselves (unhampered by legal restraints) they can accomplish the objectives we all seek.

We have learned the difficulties of attempting to reduce hours of work in all trades and industries to a common level or to increase all

wage payments at a uniform rate. But in any single industry we have found that it is possible by united action to shorten hours, increase employment, and, at the same time, maintain weekly, monthly or yearly earnings of the individual. It is my belief that if the leaders in each industry will organize a common effort to increase employment within that industry, employment will increase substantially.

Insofar as their efforts are successful, the cost to the Federal Government of caring for the destitute unemployed will be lessened, and, if the employment gains are substantial enough, no additional appropriation by the next Congress for the fiscal year 1937 will be necessary.

The ultimate cost of the Federal works program will thus be determined by private enterprise. Federal assistance arose as a result of industrial unemployment can be terminated if industry itself removes the underlying conditions. Should industry ^{cooperatively} achieve the goal of reemployment, the appropriation of ~~\$1,500,000,000~~¹⁴, together with the unexpended balances of previous appropriations, will suffice to carry the Federal works program through the fiscal year 1937. Only if industry fails to reduce substantially the number of those now out of work will another appropriation and further planning be necessary. It is the task of industry to make further efforts toward increased output and employment; and I urge industry to accept this responsibility. I propose to present this problem and this opportunity definitely to the managers of private business; and to offer in aid of its solution the cooperation of all the appropriate departments and agencies of the Federal Government.

My appeal is to the thinking men who are assured of their daily bread. However we may divide along the lines of economic or political faith, all right-minded Americans have a common stake in extending production, in increasing employment, and in getting away from the burdens of relief. Those who believe that Government may be compelled to assume greater responsibilities in the operation of our industrial system can make no valid objection to a renewed effort on the part of private enterprise to insure ~~the~~ ^a livelihood ~~of~~ ^{to} all willing workers. Those, on the other hand, who believe in complete freedom of private control without any Government participation should earnestly undertake to demonstrate their ~~effective functioning~~ ^{effectiveness} by increasing employment.

Before asking the Congress for an appropriation to meet the needs of the destitute unemployed during the coming fiscal year, certain facts should be clearly set forth.

1. Since the spring of 1933 re-employment has actually gained in each succeeding year, not counting net gains among wage earners, it is safe to say that at least five million more people were at work in December, 1935 than in March, 1933.

2. In spite of this great gain there are at present approximately 3,800,000 families and unattached persons in need of public assistance who are being given employment either wholly from Federal funds or from Federal funds matched in part by state, county or municipal funds.

3. An additional 1,500,000 unemployable families or unattached persons are being cared for almost wholly from state or local funds without Federal aid. A few of these families or individuals have begun to receive a comparatively small amount of Federal aid under the provisions

of the Social Security Act.

4. In none of these figures are included the many unemployed who are not on relief but who are experiencing great difficulties in maintaining independent support. Neither are there included many others not on the relief rolls who are content with occasional employment, nor some who are so constituted that they do not desire to work. Because of the impossibility of an exact definition of what constitutes unemployment, total figures which purport to estimate the total unemployed in the Nation are of dubious accuracy.

Every thinking person would like to see work available for every man or woman who wants to work. Nevertheless, the Federal Government must by force of financial circumstances confine its assistance to those who are in dire circumstances. I have said on many occasions that it is ~~the~~ primarily the duty of the local community to take care of the needy unemployed; that if local resources fail the next obligation is upon the State; and that if State resources are used to a reasonable maximum and then prove insufficient, it is the duty of the Federal

Government to serve additional needs.

It has been said by persons ignorant or careless of the truth that Federal relief funds have encouraged states and municipalities to shirk their duty and to shift responsibility and costs on Federal funds. That is true in some states and in some municipalities but the fact should be widely known that during the year 1935 states and local governments spent on relief of the needy \$ or per cent more than the same agencies spent in 1934. (1933 - 1932) Let it be further recorded that the great majority of state and local governments are today taking care not only of one and a half million unemployed but are also largely contributing to the Federal Works program.

To make the general statement at this state of the unemployment problem that states and municipalities should bear a far larger proportion of the cost of relief is to ignore the fact of many state and county constitutional limitations, and the fact that a great number of municipalities are only now

emerging from debt limitation and tax delinquencies which had seriously impaired their credit. Let us remember further that the greater part of local taxes is levied on real estate; to increase this form of taxation burden on the small property holders of the Nation is unjustified and unsound. Most States have cooperated whole-heartedly in raising additional funds, issuing bonds and even amending State constitutions. Some States, fortunately few, have obviously taken advantage of Federal relief, thereby throwing the whole burden on the local real estate and county taxes.

The immediate task of the Congress is, therefore, to appropriate for the needy unemployed who cannot be taken care of by state and local effort.

During the current fiscal year the cost of such relief actually paid out of the Treasury will amount to approximately three and a half billion dollars (\$3,500,000,000).

During the fiscal year 1937 it is estimated that the one billion dollars (\$1,000,000,000) will be spent from

the Federal Treasury out of appropriations made in former fiscal years -- in other words, in almost all cases from allocations made to large projects which could not be completed this fiscal year. In addition to this sum, I have already recommended to the Congress appropriations for CCC and various Public Works to the amount of approximately \$650,000,000.

New appropriations are made for this amount and the carry-over of one billion dollars (\$1,000,000,000) is added thereto and a new appropriation of slightly less than two billion dollars would give a total of approximately \$3,600,000,000 for extending in the fiscal year 1937.

Furthermore, a new appropriation of \$1,980,000,000 for work relief will bring the estimated budget figures into line with those presented in my Budget Message to the Congress last January. On the assumption that the Congress will provide the sums recommended to be raised by new or substitute taxes, and on the assumption that the financing of the Veterans Adjusted Certificates will be considered as a nine year continuing project,

the estimated deficit of the Federal Treasury for the fiscal year ending June 30, 1937 will, for the third successive year, show a decrease.

In other words, an appropriation of two billion dollars (\$2,000,000,000) for work relief, to be spent in the next fiscal year, would carry out the broad fiscal policy heretofore laid down.

I am, however, not asking this Congress to appropriate two billion dollars; I am asking only for an appropriation for work relief of \$1,500,000,000.

The trend of re-employment is upward. This trend, however, at its present rate of progress is insufficient. I propose, therefore, that the Federal Government do all within its power to encourage private business to extend its operations and to absorb a greatly increasing number of the unemployed in producing and exchanging the goods and services of private enterprise.

Frankly, there is little evidence that the individual unrelated action of large and small employers can bring

about sufficient absorption of the unemployed in the near future.

For this purpose earnest effort on a national scale is necessary.

Large scale re-employment can, I hope, be brought about by concerted action through the voluntary action of private industry.

The National Recovery Administration pointed the way and its broad objectives were of permanent use even though its methods may be changed. Through the previous work of Trade Associations in cooperation with NRA there are now available in almost all industries records of invaluable experience and trained personnel upon which private industry can plan for the immediate future.

While every provision of the anti-trust laws intended to prohibit restraint of trade must be fully and vigorously enforced, there is no prohibition in these or in other laws which prohibits the managers of private business from working together to decrease unemployment. There is no prohibition to prevent them from seeking to expand the total volume of goods and service which can be produced and distributed. Such efforts would, in fact,

be the direct opposite of a conspiracy in restraint of trade.

We have learned the difficulties of attempting to reduce hours of work in all trades and industries to a common level, or to increase all wage payments to a uniform percentage. But in any single industry we have found that it is possible, by united action, to shorten hours and to increase employment while at the same time the average weekly or monthly or yearly earnings of the individual are maintained.

It is my belief that if industry by industry their leaders came together with the avowed purpose and objective of increasing employment substantially, employment will increase substantially. If this result is substantial enough to relieve the Federal Government of a large part of its present responsibility for the destitute unemployed, no additional appropriation will be necessary.

My appeal is to the thinking men who are assured of their daily bread. However, we may divide along the lines of economic or political faith or special interest, all right-minded

Americans have a common stake in extending production, in increasing employment and in getting away from the burdens of relief. Those who believe that Government agencies must of necessity more actively plan the operation of our industrial system can make no valid objection to a renewed effort on the part of private enterprise to insure the livelihood of all willing workers. Those who believe earnestly in sole reliance on the incentive of private gain, of private self support of all citizens, should welcome this opportunity to seek the effective functioning of the system of private enterprise.