May I digress for a moment to point out that democracy has disappeared in several other great nations. This was not because the people of those nations disliked democracy; it was because they had grown tired of unemployment and insecurity, of seeing their children hungry while they sat helpless in the face of national confusion and national weakness. Finally, in desperation, they chose to sacrifice liberty in the hope of getting something to eat. We in America are still confident that our own
RADIO SPEECH

Five months have gone by since I last spoke to the people of the Nation about the state of the Nation. Five years ago we faced a very serious problem of economic and social recovery. For four and a half years that recovery proceeded apace. It is only in the past months that it has received a setback.

This recession has not returned us to the disasters and suffering of the Spring of 1933, but it is serious enough for me to talk with you about it tonight in the same spirit and with the same purpose which I employed in talks from the White House in the earlier years.

Therefore today I sent a Message of far-reaching importance to the Congress. I want to read to you tonight certain passages from that Message, and to add certain observations by way of simplification and clarification.

Each of you is conscious of some aspect of the present recession; it has affected some groups and some localities seriously; it has been scarcely felt in others. And let us agree at the outset that this recession is not to be compared in fundamental seriousness with the great depression of 1929 to 1933.
And it is only within the past two months, as we have waited patiently to see whether other forces would counteract it, that it has become apparent that government can no longer safely fail to take aggressive government steps to counteract it.
Your money in the bank is safe; farmers are no longer in distress and have purchasing power; dangers of security speculation have been minimized; national income is almost 50% higher than in 1932; and government has an established and accepted responsibility for relief. But I know that many of you have lost your jobs or have seen your friends or members of your families lose their jobs, and I do not propose that the government shall pretend not to see these things. I know that the effect of our present difficulties has been uneven; that they have affected some groups and some localities seriously but that they have been scarcely felt in others. But I conceive the first duty of government is to protect the economic welfare of all the people in all sections and in all groups. I said in my Message opening the last session of Congress that if private enterprise did not provide jobs this Spring, government would take up the slack -- that I would not let the people down. We have all learned the lesson that government cannot afford to wait until it has lost the power to act.

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

I then said this to the Congress:

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

"There were many reasons for this over-production. One was fear -- fear of war abroad, fear of inflation, fear of nation-wide strikes. None of these fears have been borne out. There were other causes of overproduction, and these causes differed in each industry."
In my Message to the Congress at noon today I said:

"The prosperity of the United States is of necessity a primary concern of Government. Current events, if allowed to run undisturbed, will continue to threaten the security of our people and the stability of our economic life. The National Administration has promised never to stand idly by and watch its people, its business system and its national life disintegrate. It is because the course of our economics has run adversely for half a year that we owe it to ourselves to turn it in the other direction before the situation becomes more definitely serious."

I then proceeded in my Message to analyze the causes of the collapse of 1929 -- "over-speculation in and overproduction of practically every article or instrument used by man .... millions of people had been put to work, but the products of their hands had exceeded the purchasing power of their pocketbooks ...... Under the inexorable law of supply and demand, supplies so overran demand that production was compelled to stop. Unemployment and closed factories resulted. Hence the tragic years from 1929 to 1933."
"The net result of these causes and ill-advised practices was a repetition, on a small scale, of what had happened in 1927, 1928 and 1929 on a much larger scale. In production in many important lines of goods out-ran the ability of the public to purchase them. For example, through the winter and spring of 1937 cotton factories in hundreds of cases were running on a three-shift basis, piling up cotton goods in the factory and in the hands of middle men and retailers. For example, also, automobile manufacturers not only turned out a normal increase of finished cars, but encouraged the normal increase to run into abnormal figures, using every known method to push their sales. This meant, of course, that the steel mills of the Nation ran on a twenty-four hour basis, and the tire companies and cotton factories speeded up to meet the same type of abnormally stimulated demand. The buying power of the Nation lagged behind.

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

"During the same period the prices of many vital products had risen faster than was
warranted. For example, copper -- which undoubtedly can be produced at a profit in this country for from ten to twelve cents a pound -- was pushed up and up to nineteen cents a pound. The price of steel products of many kinds was increased far more than was justified by the increased wages of steel workers. In the case of many commodities the price to the consumer was raised well above the inflationary boom prices of 1929. In many lines of goods and materials, prices got so high that buyers and builders ceased to buy or to build.

"Once more, as in 1929, the economic process of getting out the raw materials, putting them through the manufacturing and finishing processes, selling them to the retailers, selling them to the consumer, and finally using them, got completely out of balance. The Government of the United States fearing just such an event had issued warnings in April, 1937, against these practices of overproduction and high prices. The Federal Reserve System curtailed banking credit, and the Treasury commenced to 'sterilize' gold as a further brake on what it was feared might turn into a run-away inflation. The simple fact is that the laying off of workers came upon us last Autumn and has been continuing at
such a pace ever since that all of us, Government and banking
and business and workers, and those faced with destitution,
recognize the need for action.

"It should be noted in fairness that since January
1, 1937, the President has recommended to the Congress only
four measures of major importance to the business of the country:

1. Legislation to stabilize agriculture. A comprehensive law was approved by me two months ago.

2. Legislation to end serious loopholes in our personal income tax laws. This was enacted last summer.

3. Legislation to put a floor under wages and a ceiling over hours of labor in industry, and

4. Tax legislation to remove inequities from the undistributed profit tax, especially as they affect the smaller type of business. Both of this measure and the third are still under consideration by the Congress.

"The record speaks for itself. No other measures affecting business have been proposed."

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

I went on to point out to the Senate and the House of Representatives that all the energies of government and business must be directed to increasing the national income to putting more people into private work, to giving security and a feeling of security to all people in all walks of life. I have not ceased to think of the unemployed -- of
their problems of food and clothing and homes and education and health. And I repeat it to the Congress that neither it nor the Chief Executive can afford "to weaken or destroy great reforms which, during the past five years, have been effected on behalf of the American people. In our rehabilitation and agriculture of the banking structure, in our provisions for adequate and cheaper credit for all types of business, in our acceptance of national responsibility for unemployment relief, in our strengthening of the credit of state and local government, in our encouragement of housing, slum clearance and home ownership, in our supervision of stock exchanges and public utility holding companies and the issuance of new securities, in our provision for social security, the electorate of America wants no backward steps taken.

"We have recognized the right of labor to free organization, to collective bargaining; and machinery for the handling of labor relations is now in existence. The principles are established even though we can all admit that through the evolution of time administration and practices can be improved. Such improvement can come about most quickly and most peacefully through sincere efforts to understand and assist on the part of labor leaders and employers alike."
democratic institutions can be preserved and made to work. But in order to preserve them we need to act together, to meet the problems of the Nation boldly, and to prove that the powers of democratic government are equal to the task of protecting the security of the people.

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

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

Today the Government is still called on to help business and relieve depression but the circumstances are very different. Today the banks and insurance companies are loaded with idle money; we have several million workers looking for jobs; we have a large amount of unused industrial capacity -- and, on the other hand, the Government no longer has vast tracts of rich land to give away.
Therefore, we have come to the time in our history when we must carefully conserve our national resources, both material and human. We can properly employ idle money and idle men to increase the public wealth of the Nation and to build up the health and strength of the people. We can save and improve our eroded fields and our disappearing forests.

Nor only our future economic soundness but the very soundness of our democratic institutions depends on the determination of our Government to give employment to idle men. The people of America are in agreement in defending their liberties at any cost, and the first line of that defense lies in the protection of economic security. Your Government, seeking to protect democracy, must prove that Government is stronger than the forces of business depression.

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

The immediate duty of our Government, in my opinion, is to use its power to build up the strength and security of the people by providing jobs and promoting business activity.

Before I speak of where the money is coming from to carry out this program, I want to ask you to think over another question. If we do not overcome this recession, how are you going to pay for the losses of business recession and unemployment? Lost working time is lost money. Every day that a workman is unemployed, or a machine is unused, or a business organization is marking time, is a loss to the Nation. Because of idle men and idle machines this Nation lost one hundred billion dollars between 1929 and the Spring of 1933. This year you, the people of this country, are making about twelve billion dollars less than last year.

It is going to cost something to get out of this recession but the profit of getting out of it will pay for the cost several times over.
If you think back to the experiences of the early years of the New Deal you will remember the doubts and fears expressed about the rising expenses of Government. But to the surprise of the doubters, as we proceeded to carry on Public Works and Work Relief, the country grew richer instead of poorer.

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

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

In pursuance of that thought I said to the Congress today: "I want to make it clear that we do not believe that we can get an adequate rise in national income merely by investing, lending or spending public funds. It is essential in our economy that private funds be put to work and all of us recognize that such funds are entitled to a fair profit. As \( X \) rises, let us not forget that government expenditures will go down and government tax receipts will go up."
The government contribution of land that we once made to business was the land of all the people. And the Government contribution of money which we now make to business ultimately comes out of the labor of all the people. It is therefore only sound morality, as well as a sound distribution of power, that the benefits of the prosperity accruing from this use of the money of all the people should be distributed among all the people -- at the bottom as well as at the top. Consequently, I am again expressing my hope that the Congress will enact at this session a wage and hour bill putting a floor under wages and a limit on working hours -- to ensure a better distribution of our prosperity, a better distribution of available work, and a sounder distribution of power.
"The never-ceasing evolution of human society will doubtless bring forth new problems which will require new adjustments. Our immediate task is to consolidate and maintain the gains achieved.

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

I came to the conclusion that the present-day problem calls for action both by the Government and by the people, that we suffer from a failure of consumer demand because of lack of purchasing power, and that it is on us to create an economic upturn.
How and where can and should the Government help to start an upward spiral?

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

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

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

Secondly, I told the Congress that the Administration proposes immediately to make additional bank reserves available for the credit needs of the country. This can be done by derisking about one billion four hundred million dollars of Treasury gold. In effect, this means that this sum of gold in the Treasury will be used to pay the additional expenses and will thus become available to the banks for increasing their line of available credit to their customers in an amount several times the actual amount of the gold. This will be accompanied by action on the part of the Federal Reserve Board.
These two steps taking care of relief needs and are adding to bank credits insufficient by themselves to start the Nation on an upward movement.

Therefore I came to the third category of government action which I consider to be vital. I said to the Congress:

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

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

First, by enabling the United States Housing Authority to undertake the immediate construction of about three hundred million dollars of additional slum clearance projects.
Second, to renew a public works program by starting as quickly as possible about one billion dollars worth of needed permanent public improvements in states, counties and cities.

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

Fourth, an appropriation of thirty-seven million dollars over and above the estimate of sixty-three million dollars for flood control and reclamation works which I made in January.

Fifth, the appropriation of twenty-five million dollars additional for federal buildings in various parts of the country.
In recommending this program I am thinking not only of the immediate economic needs of the people of the nation, but also of their personal liberties -- the precious possession of all Americans. I am thinking of our democracy and of the recent trend in the world away from the democratic ideal. Democracy has disappeared in several other great nations.
fiscal year beginning July first next. This estimate of expenditures was many million dollars below the expenditures of the current year. My new recommendations to the Congress increase those estimates of January by a large sum.

The net effect on the debt of the government will, however, be this. It means that between now and July 1, 1939 -- fifteen months away -- the Treasury will have to raise less than a billion and a half dollars of new money. Such an increase in the net debt of the United States need not give concern to any citizen, for it will return to the people of the United States many times over increased power and eventually in much greater government tax receipts because of the increase in the citizen income.
What I said to the Congress in the close of my message I repeat to you.

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

"I have set my hope, my aim on stabilized recovery
through a steady mounting of our citizens' income and our
chance of wealth. And in that process, which I believe is
ready to start, let us avoid the pitfalls of the past. the
over-production, the over-speculation and indeed all the
extremes which we did not succeed in avoiding in 1929. In
all of this, government cannot and should not act alone.
Business must help. I am sure business will help.

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

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

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

"The responsibility for making this national will effective rests on every individual whether in the government or in industry, or in finance, or in labor, or in the professional fields. Every man and woman in the United States has the great privilege of making this will productive. And the beneficiary will be the whole of the American people."
"Certain positive requirements seem to me to accompany the will -- if we have that will.

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

"Use of power by any group, however situated, to force its interest or to use its strategic position in order to receive more from the common fund than its contribution to the common fund justifies, is an attack against and not an aid to our national life.

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

"Amid the voices which now seek to divide group from group, occupation from occupation, section from section, thinking Americans must insist on common effort in a common endeavor and a common faith in each other. Let every business man set out to use his strength of mind and heart and his confidence in his fellow man and his country. Let every labor leader find not how work can be stopped but how it can be made to proceed smoothly, continuously and fairly. Let every public official consider that his task is to use his authority so that the service he renders is adapted to curbing abuses and helping honest effort.

Let every one of us work together to move the life of the Nation forward.
finally I should like to say a personal word to those of you who are listening.

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

I try always to remember that their deepest problems are human like my own. I talk with those who come to tell me their points of view -- with those who have in charge the great industries and financial institutions of the country -- with those who represent the farmer and labor -- and more often with your own public officials or your neighbor -- who come to this house. And constantly I try to see beyond the doors of this White House into the hopes and fears of men and women living in their homes. I have travelled the country over many times. My wife brings to me reports of what you are thinking and hoping. For I do not wish to lose touch with those whom I do not meet personally. For I want to be sure that neither the trappings nor the battles and the burdens of office shall ever blind me to an intimate knowledge of the way the American people want to live and the simple purposes for which they put me here.
Finally I should like to say a personal word to those of you who are listening.

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

I try always to remember that their deepest problems are human like my own. I constantly talk with those who come to tell me their own points of view -- with those who manage the great industries and financial institutions of the country -- with those who represent the farmer and the worker -- average citizens without high polish and more often with your own public officials or your neighbor -- who come to this house. And constantly I try to see beyond the officialdom of the National Capital, the doors of the White House, into the hopes and fears of men and women in their homes. I have travelled the country over many times. My friends, my enemies, my daily mail, bring to me reports of what you are thinking and hoping. I want to be sure that neither the trappings nor the battles nor the burdens of office shall ever blind me to an intimate knowledge of the way the American people want to live and the simple purposes for which they put me here.

In these great problems of government I try not to forget that what really counts at the bottom of it all, is that the
And finally, I would like to take this occasion to say a special word to those who are listening.

I try never to forget that I live in a house owned by the American people and that I have been given their trust as it has been given to few men. I try to remember that their problems are human like my own.

I listen to the point of view of those who can afford to come to me to tell me their point of view -- those who have in charge the great industries and financial institutions of the country, but I try constantly to hear the small people and open neighbors who come through other members of my household and my staff -- through my wife as much travelling as I can do consonant with my duties -- not to lose touch with those who cannot afford to come to me but whose day-to-day problems and ways of living are the heart of American life.

In these great bookkeeping problems of government, I try not to forget that at the bottom what really counts is that the man and woman willing to work can have a dignified job to take care of themselves and their homes and their children, and the manufacturer that the storekeeper, the gasoline pump operator, the merchant -- big and small -- the banker who takes pride in the help he gives to the building of his community, can be sure of a reasonable profit -- not today nor tomorrow alone but in reasonable prospect for next month, next year and the next twenty years.
men and women willing to work can have a job to take care of themselves and their homes and their children; that the factory worker, the farmer, the storekeeper, the gas station man, the manufacturer, the merchant — big and small — the banker who takes pride in the help he gives to the building of this community — that all these can be sure of a reasonable profit and safety for the savings they earn — not today nor tomorrow alone, but in the present, for next month, next year and as far ahead as they can see.

I can hear your unspoken wonder as to where we are headed in this troubled world. I cannot expect all of the people in this country to sympathize completely with each other's problems; but it is my job to try to understand the problems, and to suggest the best reconciliation possible in the light of the general welfare.

I always try to remember that reconciliation cannot satisfy everyone completely; I know that consequent disagreement and misunderstanding are in the normal course of things. Because I do not expect too much, I am not disappointed. But I know that I must never give up simply because of disagreement and misunderstanding — that I must never let the greater interest of all the people down, merely because that might be for the moment the
easiest personal way out.

I believe we have been right in the course we have charted, even though sometimes we have had to sail against the wind. To ease off our course of building a greater, a more stable and a more tolerant America because of the criticism, and perhaps to miss the tide of great events. I propose to sail ahead. I feel sure that your hopes are with me.

For to reach a port we must sail—sometimes with the wind and sometimes against it, but we must sail and not drift, nor lie at anchor.
It is impossible to expect all of the many kinds of people in this country to understand completely each other's problems. But it is the duty of government to try to understand all the problems and to make the best reconciliation possible in the light of the general welfare differences. Because any reconciliation cannot satisfy everyone completely, government has to expect a temporary resistance and misunderstanding, first from one group and then from another. But it must never give up simply because of resistance -- it must never let the greater interest of all the people down because that is the easiest thing for the moment to do. And to ease off our course of building a greater, a safer, stabler, a more understanding and tolerant America because of the criticism of a few, would be to let the people down. We must be sure we are right, as Lincoln said, but after being sure we must go ahead. (I have been thinking a great deal in the last few months. I believe I am sure that we have been right in the course we have been pursuing, even though sometimes we have to sail against the wind. I propose to go ahead. I feel sure you are with me.)
In these great problems of government I try not to forget that what really counts at the bottom of it all is that the men and women willing to work can have a dignified job to take care of themselves and their homes and their children; that the farmer, the storekeeper, the gasoline station man, the manufacturer, the merchant -- big and small -- the banker who takes pride in the help he gives to the building of his community -- that all these can be sure of a reasonable profit and safety for the savings they earn -- not today nor tomorrow alone, but in reasonable prospect, for next month, next year and as far ahead as they can see. And I can hear your unspoken wonder where we are headed in this troubled world. I cannot expect all of the many kinds of people in this country to sympathize completely with each other's problems; but it is my job to try to understand all the problems and to suggest the best reconciliation possible in the light of the general welfare.
I always try to remember that reconciliation cannot satisfy everyone completely, and therefore because I know they must come I am not disappointed by them. But I know I must never give up simply to avoid them.

Consequent I know that disagreement and misunderstanding are in the normal course of things, and because I do not expect too much, I am not disappointed. But I know that I must never give up simply because disagreement and misunderstanding -- that I must never let the greater interest of all the people down, merely because for the moment the easiest personal way out.

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Miss the tide of great events.
Five months have gone by since I last spoke to the people of the Nation about the state of the Nation.

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

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

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

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

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

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

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

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

"There were many reasons for this over-production. One was fear -- fear of war abroad, fear of inflation, fear of nationwide strikes. None of these fears have been borne out. There were other causes of over-production, and these causes differed in each industry. Production in many important lines of goods outran the ability of the public to purchase them. For example, through the winter and spring of 1937 cotton factories in hundreds of cases were running on a three-shift basis, piling up cotton goods in the factory and in the hands of middle men and retailers. For example, also, automobile manufacturers not only turned out a normal increase of finished cars, but encouraged the normal increase to run into abnormal figures, using every known method to push their sales. This meant, of course, that the steel mills of the Nation ran on a twenty-four hour basis, and the tire companies and cotton factories
speeded up to meet the same type of abnormally stimulated demand. The buying power of the Nation lagged behind.

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

"During the same period the prices of many vital products had risen faster than was warranted. For example, copper -- which undoubtedly can be produced at a profit in this country for from ten to twelve cents a pound -- was pushed up and up to seventeen cents a pound. The price of steel products of many kinds was increased far more than was justified by the increased wages of steel workers. In the case of many commodities the price to the consumer was raised well above the inflationary boom prices of 1929. In many lines of goods and materials, prices got so high that buyers and builders ceased to buy or to build.

... the economic process of getting out the raw materials, putting them through the manufacturing and finishing processes, selling them to the retailers, selling them to the consumer, and finally using them, got completely out of balance.
"... The laying off of workers came upon us last Autumn and has been continuing at such a pace ever since that all of us, Government and banking and business and workers, and those faced with destitution, recognize the need for action.

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

I went on to point out to the Senate and the House of Representatives that all the energies of government and business must be directed to increasing the national income to putting more people into private jobs, to giving security and a feeling of security to all people in all walks of life. I am constantly thinking of all our people - unemployed and employed alike -- of their human problems of food and clothing and homes and education and health and old age.

You and I agree that security is our greatest need -- the chance to work, the opportunity of making a reasonable profit in our business - whether it be a very small business or a larger one - the possibility of selling our farm products for enough money for our families to live on decently. I know these are the things that decide the well-being of all
our people. Therefore, I am determined to do all in my power to help you attain that security and because I know that the people themselves have a deep conviction that secure prosperity of that kind cannot be a lasting one except on a basis of business fair dealing and a basis where all from top to bottom share in prosperity, I repeated to the Congress today that neither it nor the Chief Executive can afford to weaken or destroy great reforms which, during the past five years, have been effected on behalf of the American people. In our rehabilitation of the banking structure and of agriculture in our provisions for adequate and cheaper credit for all types of business, in our acceptance of national responsibility for unemployment relief, in our strengthening of the credit of state and local government, in our encouragement of housing, slum clearance and home ownership, in our supervision of stock exchanges and public utility holding companies and the issuance of new securities, in our provision for social security, the electorate of America wants no backward steps taken.

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

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

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

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

How and where can and should the Government help to start an upward spiral?"
I went on to propose three groups of measures and I will summarize the recommendations.

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

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

Secondly, I told the Congress that the Administration proposes to make additional bank reserves available for the credit needs of the country. About one billion four hundred million dollars of gold now in the Treasury will be used to pay these additional expenses of the Government, and three-quarters of a billion dollars of additional credit will be made available to the banks by reducing the reserves now required by the Federal Reserve Board.
These two steps taking care of relief needs and adding to bank credits are in our judgment insufficient by themselves to start the Nation on a sustained upward movement.

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

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

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

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

Second, to renew a public works program by starting as quickly as possible about one billion dollars worth of needed permanent public improvements in states, counties and cities.
Third, to add one hundred million dollars to the estimate for federal aid highways in excess of the amount I recommended in January.

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

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

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

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

Nor only our future economic soundness but the very soundness of our democratic institutions depends on the determination of our Government to give employment to idle men. The people of America are in agreement in defending their liberties at any cost, and the first line of that defense lies in the protection of economic security. Your Government, seeking to protect democracy, must prove that Government is stronger than the forces of business depression.

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

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

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

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

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

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

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

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

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

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

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

You may get all kinds of impressions in regard to the total cost of this new program, or in regard to the amount that will be added to the net national debt.
It is a big program. Last autumn in a sincere effort to bring Government expenditures and Government income into closer balance, the Budget I worked out called for sharper decreases in Government spending.

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

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

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

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

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

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

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

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

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

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

Five months have gone by since I last spoke to the people of the Nation about the state of the Nation. Five years ago we faced a very serious problem of economic and social recovery. For four and a half years that recovery proceeded slowly. It is only in the past six months that it has received a setback.

This recession has not returned us to the disasters and suffering of the beginning of 1933, but it is serious enough for me to talk with you about it tonight in the same spirit and with the same purpose which I employed in talks from the White House in the earlier years.

Today I sent a Message of far-reaching importance to the Congress. I want to read to you tonight certain passages from that Message, and to add certain observations by way of simplification and clarification.

Each of you is conscious of some aspect of the present recession; it has affected some groups and some localities seriously; it has been scarcely felt in others. And let us agree at the outset that this recession is not to be compared in fundamental seriousness with the great depression of 1929 to 1933.
In my Message to the Congress at noon today I said:

"The prosperity of the United States is of necessity a primary concern of Government. Current events, if allowed to run undisturbed, will continue to threaten the security of our people and the stability of our economic life. The National Administration has promised never to stand idly by and watch its people, its business system and its national life disintegrate. It is because the course of our economics has run adversely for half a year that we owe it to ourselves to turn it in the other direction before the situation becomes more definitely serious."

I then proceeded to analyse the causes of the collapse of 1929 -- "over-speculation in and overproduction of practically every article or instrument used by man ......millions of people had been put to work, but the products of their hands had exceeded the purchasing power of their pockets......Under the inexorable law of supply and demand, supplies so overran demand that production was compelled to stop. Unemployment and closed factories resulted. Hence the tragic years from 1929 to 1933."
I pointed out to the Congress that the national income -- not the government's income but the total of the income of all the individual citizens and families of the United States -- every farmer, every worker, every banker, every professional man and every citizen who lived on income derived from investments -- amounted, in the year 1932, to eighty billion dollars. By 1938 this had fallen to thirty-eight billion dollars. Gradually, and up to a few months ago, it had risen to a total of sixty-eight billion dollars."--a pretty good come-back from the low point.

I then said this to the Congress:

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

"There were many reasons for this over-production. One was fear -- fear of war abroad, fear of inflation, fear of nation-wide strikes. None of these fears have been borne out. There were other causes of overproduction, and these causes differed in each industry."
"The net result of these causes and ill-advised practices was a repetition, on a small scale, of what had happened in 1927, 1928, and 1929 on a much larger scale. In other words, production in many important lines of goods out-ran the ability of the public to purchase them. For example, through the winter and spring of 1937 cotton factories in hundreds of cases were running on a three-shift basis, piling up cotton goods in the factory and in the hands of middle men and retailers. For example, also, automobile manufacturers not only turned out a normal increase of finished cars, but encouraged the normal increase to run into abnormal figures, using every known method to push their sales. This meant, of course, that the steel mills of the Nation ran on a twenty-four hour basis, and the tire companies and cotton factories speeded up to meet the same type of abnormally stimulated demand. The buying power of the Nation lagged behind.

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

"During the same period prior to last Autumn, the prices of many vital products had risen faster than was
warranted. For example, copper -- which undoubtedly can be produced at a profit in this country for from ten to twelve cents a pound -- was pushed up and up to nineteen cents a pound. The price of steel products of many kinds was increased far more than was justified by the increased wages of steel workers. In the case of many commodities the price to the consumer was raised well above the inflationary boom prices of 1929. In many lines of goods and materials, prices got so high that buyers and builders ceased to buy or to build.

"Once more, as in 1929, the economic process of getting out the raw materials, putting them through the manufacturing and finishing processes, selling them to the retailers, selling them to the consumer, and finally using them, got completely out of balance. The Government of the United States fearing just such an event had issued warnings in April, 1937, against these practices of overproduction and high prices. The Federal Reserve System curtailed banking credit, and the Treasury commenced to 'sterilize' gold as a further brake on what it was feared might turn into a run-away inflation.

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

"It should be noted in fairness that since January 1, 1937, the President has recommended to the Congress only four measures of major importance to the business of the country:

1. Legislation to stabilize agriculture. A comprehensive law was approved by me two months ago.

2. Legislation to end serious loopholes in our personal income tax laws. This was enacted last summer.

3. Legislation to put a floor under wages and a ceiling over hours of labor in industry, and

4. Tax legislation to remove inequities from the undistributed profits tax, especially as they affect the smaller type of business. Both of this measure and the third are still under consideration by the Congress.

"The record speaks for itself. No other measures affecting business have been proposed."

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

I went on to point out to the Senate and the House of Representatives that all the energies of government and business must be directed to increasing the national income to putting more people into private work jobs, to giving security and a feeling of security to all people in all walks of life. I have not ceased to think of the unemployed...
their problems of food and clothing and homes and education and health. And I repeat, to the Congress that neither it nor the Chief Executive can afford "to weaken or destroy great reforms which, during the past five years, have been effected on behalf of the American people. In our rehabilitation and of agriculture, and of agriculture, in our provisions for adequate and cheaper credit for all types of business, in our acceptance of national responsibility for unemployment relief, in our strengthening of the credit of state and local government, in our encouragement of housing, slum clearance and home ownership, in our supervision of stock exchanges and public utility holding companies and the issuance of new securities, in our provision for social security, the electorate of America wants no backward steps taken.

"We have recognized the right of labor to free organization, to collective bargaining; and machinery for the handling of labor relations is now in existence. The principles are established even though we can all admit that through the evolution of time administration and practices can be improved. Such improvement can come about most quickly and most peacefully through sincere efforts to understand and assist on the part of labor leaders and employers alike.
"The never-ceasing evolution of human society will doubtless bring forth new problems which will require new adjustments. Our immediate task is to consolidate and maintain the gains achieved.

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

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

"May I digress for a moment to point out that democracy has disappeared in several other great nations."

This was not because the people of those nations disliked democracy; it was because they had grown tired of unemployment and insecurity, of seeing their children hungry while they sat helpless in the face of national confusion and government leadership in government weakness. Finally, in desperation, they chose to sacrifice liberty in the hope of getting something to eat. We in America are still confident that our own
democratic institutions can be preserved and made to work. But in order to preserve them we need to act together, to meet the problems of the Nation boldly, and to prove that the powers of democratic government are equal to the task of protecting the security of the people.

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

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

Today the government is still called on to help business and relieve depression but the circumstances are very different. Today the banks and insurance companies are loaded with idle money; we have several million workers looking for jobs; we have a large amount of unused industrial capacity -- and, on the other hand, the government no longer has vast tracts of rich land to give away.
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Therefore, we have come to the time in our history when we must carefully conserve our national resources, both material and human. We can properly employ idle money and idle men to increase the public wealth of the Nation and to build up the health and strength of the people. We can save and improve our eroded fields and our disappearing forests.

Nor only our future economic soundness but the very soundness of our democratic institutions depends on the determination of our Government to give employment to idle men. The people of America are in agreement in defending their liberties at any cost, and the first line of that defense lies in the protection of economic security. Your Government, seeking to protect democracy, must prove that Government is stronger than the forces of business depression.

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

The immediate duty of our Government, in my opinion, is to use its power to build up the strength and security of the people by providing jobs and promoting business activity.

Before I speak of where the money is coming from to carry out this program, I want you to think over another question. If we do not overcome this recession, how are you and I going to pay for the losses of business recession and unemployment? Lost working time is lost money. Every day that a workman is unemployed, or a machine is unused, or a business organization is marking time, is a loss to the Nation. Because of idle men and idle machines this Nation lost one hundred billion dollars between 1929 and the Spring of 1933. This year you, the people of this country, are making about twelve billion dollars less than last year.

It is going to cost something to get out of this recession, but the profit of getting out of it will pay for the cost several times over.

\[Handwritten notes and corrections on the page\]
If you think back to the experiences of the early
years of the New Deal you will remember the doubts and fears
expressed about the rising expenses of Government. But to the
surprise of the doubters, as we proceeded to carry on with
Public Works and Work Relief, the country grew richer instead
of poorer.

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

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

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

As it rises, let us not forget that government expenditures will go down and government tax receipts will go up.

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

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

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

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

_Secondly, I told the Congress that the Administration proposes immediately to make additional bank reserves available for the credit needs of the country. [This can be done by desterilizing] about one billion four hundred million dollars of Treasury gold. In effect, this means that this sum of gold in the Treasury will be used to pay the additional expenses and will thus become available to the banks for increasing their line of available credit to their customers in an amount several times the actual amount of the gold. This will be accompanied by action on the part of the Federal Reserve Board_
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to reduce reserve requirements by about three-quarters of a billion dollars.

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

Therefore I came to the third category of government action which I consider to be vital. I said to the Congress:

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

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

First, by enabling the United States Housing Authority to undertake the immediate construction of about three hundred million dollars of additional slum clearance projects.
Second, to renew a public works program by starting as quickly as possible about one billion dollars worth of needed permanent public improvements in states, counties and cities.

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

Fourth, an appropriation of thirty-seven million dollars over and above the estimate of sixty-three million dollars for flood control and reclamation works which I made in January.

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

You will probably read all kinds of fantastic figures in the headlines relating to the total amount of this whole program. It can be figured out and stated in a good many ways — most of them misleading. The simplest and most honest way I can put it to you is this. As you know I sent an estimate to the Congress on January third, last, covering the proposed expenditures of the Federal Government during the
fiscal year beginning July first next. This estimate of expenditures was many million dollars below the expenditures of the current year. By new recommendations to the Congress increase those estimates of January by a large sum.

The net effect on the debt of the government will, however, be this. It means that between now and July 1, 1939 -- fifteen months away -- the Treasury will have to raise less than a billion and a half dollars of new money. Such a true addition to the net debt of the United States need not give concern to any citizen, for it will return to the people of the United States many times over increased purchasing power and eventually in much greater government tax receipts because of the increase in the citizen income.

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

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

We must start again on a long steady upward incline in national income.

"I have set my hope, my aim on stabilized recovery through a steady mounting of our citizens' income and our citizens' wealth. And in that process, which I believe is ready to start, let us avoid the pitfalls of the past. -- the over-production, the over-speculation and indeed all the extremes which we did not succeed in avoiding in 1929. In all of this, government cannot and should not act alone. Business must help. I am sure business will help.

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

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

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

"The responsibility for making this national will effective rests on every individual whether in the government or in industry, or in finance, or in labor, or in the professional fields. Every man and woman in the United States has the great privilege of making this will productive. And the beneficiary will be the whole of the American people."
"Certain positive requirements seem to me to accompany the will -- if we have that will.

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

"Use of power by any group, however situated, to force its interest or to use its strategic position in order to receive more from the common fund than its contribution to the common fund justifies, is an attack against and not an aid to our national life.

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

"Amid the voices which now seek to divide group from group, occupation from occupation, section from section, thinking Americans must insist on common effort in a common endeavor and a common faith in each other. Let every business man set out to use his strength of mind and heart and his confidence in his fellow man and his country. Let every labor leader find not how work can be stopped but how it can be made to proceed smoothly, continuously and fairly. Let every public official consider that his task is to use his authority so that the service he renders is adapted to curbing abuses and helping honest efforts. Let every one of us work together to move the life of the Nation forward.

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"We, a successful democracy, face a troubled world. Elsewhere schools of thought contend that democracy is doomed to failure. They tell us that free speech and the free exchange of views will destroy democracies. My conviction on the contrary is that the United States retaining free speech and a free exchange of views can furnish a dynamic example of successful government, provided the Nation can unite in practical measures
when the times call for united action. The driving force of a Nation lies in its spiritual purpose, made effective by free, tolerant but unremitting national will.

"In the Western Hemisphere the good neighbor policy has so strengthened the American Republics that a spiritual unity in our relations now prevails. Can that good neighbor message be accepted and practised in our national life?

"If we accept that high and splendid road this free democracy will give successful answer to the fears and questionings which today trouble the minds and souls of men and women the world over."
"Use of power by any group, however situated, to force its interest or to use its strategic position in order to receive more from the common fund than its contribution to the common fund justifies, is an attack against and not an aid to our national life.

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

"Amid the voices which now seek to divide group from group, occupation from occupation, section from section, thinking Americans must insist on common effort in a common endeavor and a common faith in each other.

Finally I should like to say a personal word to those of you who are listening.

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

I try always to remember that their deepest problems are human like my own. I constantly talk with those who
come to tell me their own points of view -- with those who manage the great industries and financial institutions of the country -- with those who represent the farmer and the worker -- and often with average citizens without high position who come to this house. And constantly I seek to look beyond the doors of the White House, beyond the official door of the National Capital, into the hopes and fears of men and women in their homes. I have travelled the country over many times. My family, my friends, my enemies, my daily mail bring to me reports of what you are thinking and hoping. I want to be sure that neither battles nor burdens of office shall ever blind me to an intimate knowledge of the way the American people want to live and the simple purposes for which they put me here.

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

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

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

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