FRANKLIN D. ROOSEVELT PRESIDENTIAL LIBRARY AND MUSEUM

America, 1933

The dark months before FDR's inauguration were the bleakest of the Great Depression.

One in four workers was jobless. One in five Americans survived on meager relief payments. The stock market was down 75 percent from 1929. Exports were at their lowest level since 1904. In just four years, the suicide rate had tripled.

In rural areas—where almost half of Americans lived—sharply falling crop prices brought disaster. Farmers defaulted on bank loans and lost their land. Tenant farmers and sharecroppers faced eviction. Farm laborers' wages were slashed. Nature added to the misery. A devastating drought struck the nation's heartland in the early 1930s. It triggered enormous dust storms that carried off topsoil and destroyed farmland.

As the nation suffered, its government seemed paralyzed. President Hoover had tried to combat the Depression, but he believed in limited government and relief through private charity. Though he eventually approved credit assistance for businesses and some public construction spending, Hoover was reluctant to fund massive public works projects, provide federal relief money to the unemployed, or increase government regulation of the economy. By 1933, he was reviled and exhausted.

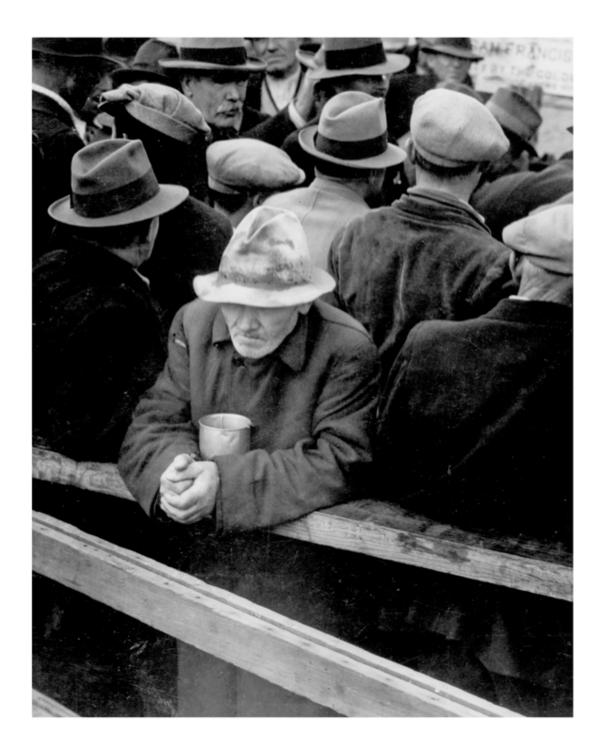
On November 8, 1932, Americans elected Franklin Roosevelt president by a margin of over seven million votes. Roosevelt carried 42 states and voters sent huge Democratic majorities to Congress. For FDR, the election was a personal triumph and a resounding mandate for change.

Washington was cold and overcast on Inauguration Day, March 4, 1933.

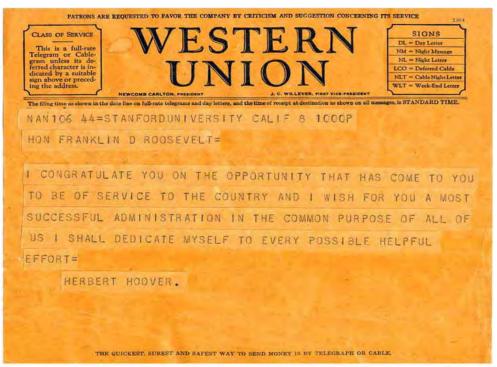
At the Capitol, FDR braced himself on his son James's arm as he approached the rostrum to take the oath of office. Breaking precedent, he recited the entire oath, instead of simply repeating "I do." Then, as the crowd grew quiet, he opened his inaugural address.

Roosevelt offered Americans reassurance: "This great nation will endure as it has endured, will revive, and will prosper." Then, in bold words that reverberate in public memory, he proclaimed, ". . . the only thing we have to fear is fear itself."

This now-famous line got little reaction. The greatest applause came when Roosevelt declared that if Congress didn't act, he would ask for "broad Executive power to wage a war against the emergency. . . ." Americans were ready to grant FDR sweeping power. As he proclaimed, "This nation asks for action, and action now."

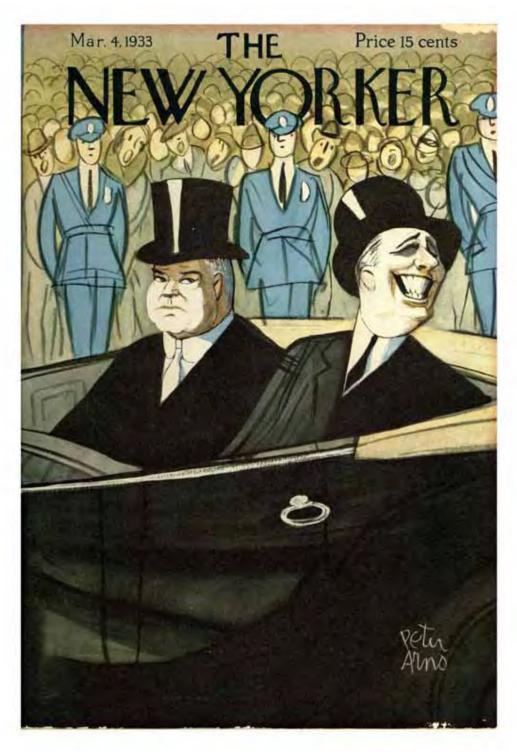


<u>Photograph, soup kitchen line</u>. Photographer Dorothea Lange took this photograph of jobless men waiting outside a San Francisco soup kitchen in 1933. From the *National Archives, College Park*.

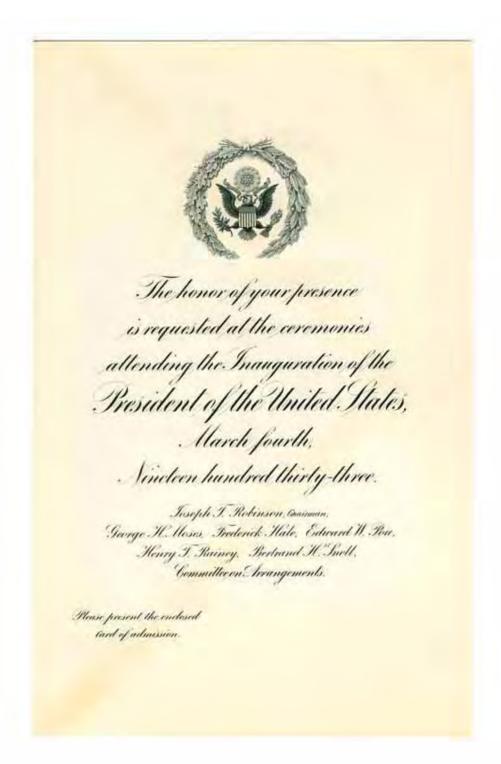


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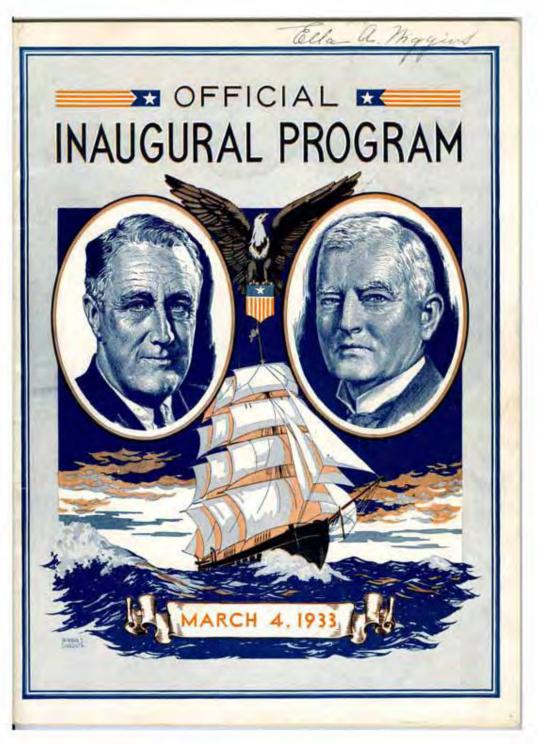
<u>Herbert Hoover to FDR, November 8, 1932</u>. Hoover's telegram congratulating FDR on his election victory. Roosevelt composed a cordial response on the back. These polite exchanges mask the tensions that already existed between the two rivals. *From the President's Secretary's Files*.



<u>The New Yorker magazine cover proof, February 1933.</u> The New Yorker magazine planned this cover for its March 4, 1933 Inauguration Day issue. But when a would-be assassin made an attempt on FDR's life on February 15, the editors decided the Peter Arno illustration was too lighthearted. Ironically, the artist had predicted the actual scene inside the presidential limousine as Hoover and Roosevelt traveled to Capitol Hill on Inauguration Day. *Museum Object 52.457*.



<u>Engraved invitation to inaugural ceremony, 1933.</u> Louis Howe's invitation to the inaugural ceremony. Louis Howe was FDR's closest and longest-serving political adviser. He began working for Roosevelt during FDR's years in the New York State Senate. Howe continued advising FDR until his death in 1936. *From the Louis McHenry Howe Personal Papers*.



Official Inaugural Program, 1933. On March 4, 1933, FDR was inaugurated as the 32nd President of the United States. *From the FDR Library Inaugural Materials Collection*.

IMAUGURAL ADDRESS OF PRESIDENT FRANKLIN D. HOOSEVELT MARCH 4, 1933.

This is day of tonsceration.

I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our nation impels. This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great nation will endure as it has endured, will revive and will prosper. So first of all let me assert my firm belief that the only thing we have to fear is fear itself, - nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

In such a spirit on my part and on yours we face our common difficulties.

They concern, thank God, only material things. Values have shrunken to
fantastic levels; taxes have risen; our ability to pay has fallen;
government of all kinds is faced by serious curtailment of income; the

Page 1, Reading Copy, First Inaugural Address, March 4, 1933. This is the first page of the reading copy of the Inaugural Address. FDR read from this copy when he delivered the speech on March 4, 1933. It includes a handwritten change. Roosevelt penciled in a new opening sentence while waiting inside the Senate building for the inaugural ceremonies to begin. Throughout his Presidency, Roosevelt was known for adding last-minute changes like this to his speeches. *From the President's Master Speech File*.

March 5, 1933.

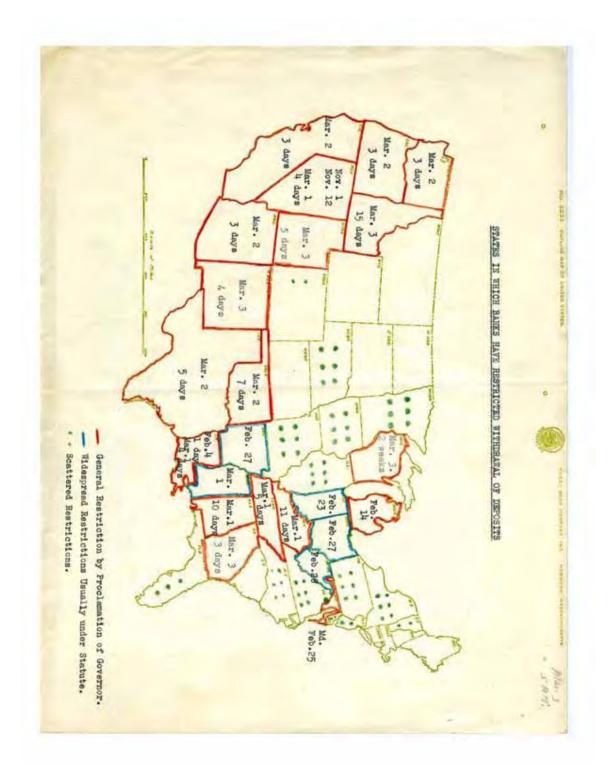
Attended St. Thomas' Church with entire family, returning in time for luncheon with family and friends.

Secretary of the Treasury in conference with Bankers and Officials all morning. Two-thirty P.M. meeting in Oval Room with all members of Cabinet, Vice-President and Speaker Rainey, outlining banking situation. Unanimous approval for Special Session of Congress Thursday, March ninth. Proclamation for this prepared and sent. This was followed by conferences with Senator Glass, Hiram Johnson, Joe Robinson and Congressmen Steagall and Byrns and Minority Leader Snell — all in accord. Secretary Woodin reported bankers' representatives much at sea as to what to do.

Concluded that forty-eight different methods of handling banking situation impossible. Attorney General Cummings reported favorably on power to act under 1917 law, giving President power to license, regulate, etc., export, hoarding, ear-marking of gold or currency.

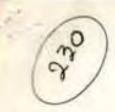
Based on this opinion and on emergency, decided on Proclamation declaring banking holiday from tonight through Thursday, March ninth. Secretary of Treasury to regulate partial reserves of banking facilities based on liquidity clearing house certificates and trusteeing of new deposits. Attorney General, Secretary of the Treasury, Moley and Counsel Wyatt of Federal Reserve Board at work on Proclamation until 11 P.M. Hurried supper before Franklin, Jr. and John returned to school. Talked with Professor Warren in evening. Talked with representatives of four Press Associations explaining bank holiday Proclamation. Five minute radio address for American Legion at 11.30 P.M. Visit from Secretary of State.

FDR, diary entry, March 5, 1933. At several points in his life, FDR attempted to keep a diary. These efforts never continued more than a few days. One attempt began when Roosevelt became President. Though it only lasted from March 5-6, 1933, FDR's diary entries provide a vivid sense of the drama and activity of his first days in office. The entry for March 5—Roosevelt's first full day as president—deals almost entirely with the banking crisis. From the President's Secretary's Files.



<u>Summary of Restrictions on Deposit Withdrawals, March 3, 1933.</u> This stark memo with its accompanying map illustrates the grim state of America's banking system when FDR took office. The memo was issued on March 3, the day before FDR's inauguration. On March 6, Roosevelt closed all the banks in the United States while his administration drafted emergency banking reform legislation. *From the President's Official File.*





BY THE PRESIDENT OF THE UNITED STATES OF A EXICA A PROCLAMATION

SHERRAL there have been heavy and unvarianted withdrawals of gold and currency from our banking institutions for the purpose of hourding; and

THERMAS continuous and increasingly extensive speculative setty ty shroad in foreign exchange has resulted in severe drains on the Nation's stocks of gold; and

THEREAS these conditions have areated a national emergency;

that a period of respite be provided with a view to preventing further hearding of coin, bullion or currency or speculation in foreign exchange and permitting the application of appropriate measures to protect the interests of our people; and

tigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or other ise, any transactions in foreign exchange and the export, hourding, melting, or entwarkings of fold or silver some or tullion or currency ****;

whereas it is provided in Section 16 of the said Act "that shower shill willfully violate any of the provisions of this Act or of any license, rule, or regulation issued thereunder, and whoever shill millfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act, shall, upon conviction, be fixed not more than \$10,000, or, if a natural person, imprisoned for not love than ten years, or both; *****;

MOY, THEREFORE, I. FRANCLIN D. MOOSEVELT, President of the United States of America, in view of such national emergency and by virtue of the authority vested in me by said Act and in order to prevent the export, hearding, or earmarking of gold or ailver coin or billion or surrency, do hereby proclaim, order, direct and declare that from Monday, the sixth day of March, to Thursday, the minth day of March, Mineteen Bundred and Thirty Three, both dates inclusive, there shall be mintained and observed by all banking institutions and all branches thereof located in the Unites States of America, including the territories and insular possessions, a bank holiday, and that during said period all banking transactions shall be suspended. During such holiday, excepting as hereinafter provided, no such banking institution or branch shall pay out, export, sarmarit, or permit the withdrawnl or transfer in any manner or by any device whatspewer, of any gold or silver sois or bullion or currency or take any other action which might facilitate the hearding thereof; nor shall any such banking institution or branch pay out deposits, make loans or discounts, deal in foreign aschange, transfer credits from the United States to any place abroad, or transact any other banking business whatsoever.

During such holiday, the Secretary of the Treasury, with the approval of the Fresident and under such regulations as he may prescribe, is sutherized and empowered (a) to permit any or all of such banking institutions to perform any or all of the usual banking functions, (b) to direct, require or permit the Issuance of clearing house certificates or other evidences of claims against assets of banking institutions, and (c) to authorize and direct the creation in such banking institutions of special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept negarately in cash or on deposit in Federal Beserve Banks or invested in obligations of the United States.

As used in this order the term "banking institutions" shall include all Federal Beautye banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or purseus, engaged in the business of receiving deposits, making leans, discounting business paper, or transacting any other form of banking business.

IN CITIESS MISSEDF, I have hereunto set my hand and caused the seal of the United States to be affired.

Fene in the City of Washington this 6th day of March - 1 A.M.
in the year of our Lord One Thousand Nine
Hundred and Thirty-three, and of the Independence of the United States the One
Hundred and Fifty-seventh.

FRANKLIN D. HOGSEVELY

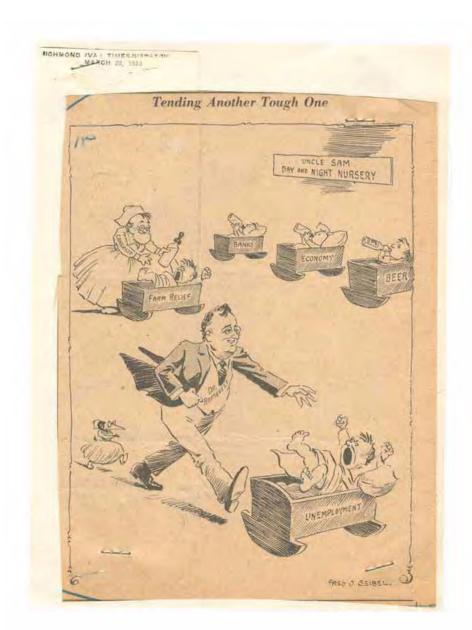
By the President:

Secretary of State

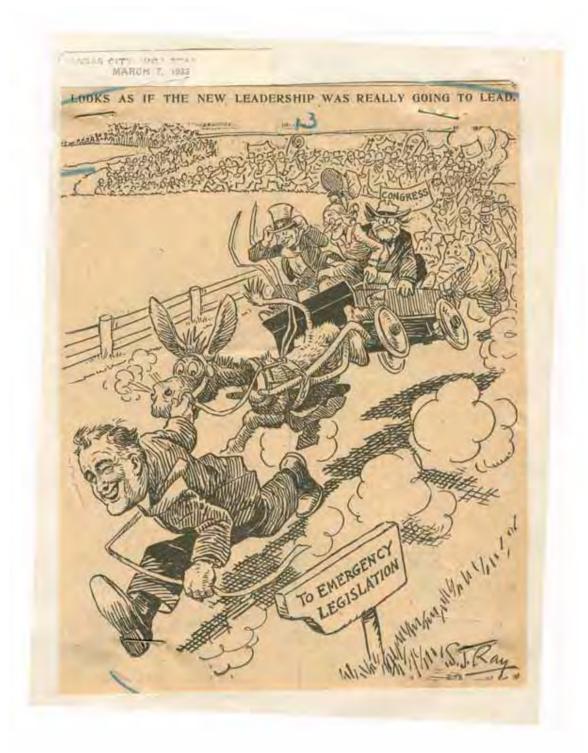
Presidential Proclamation Closing the Nation's Banks, March 6, 1933. On March 6, 1933, Roosevelt issued this dramatic presidential proclamation closing all of the nation's banks until banking reform legislation could be enacted. Though it used the term "bank holiday," this unprecedented proclamation required the banks to close their doors. The proclamation closed the banks until March 9, 1933. That date was later extended to March 13 to give the government time to examine the finances of the banks and determine which ones were fit to reopen. From the President's Official File.



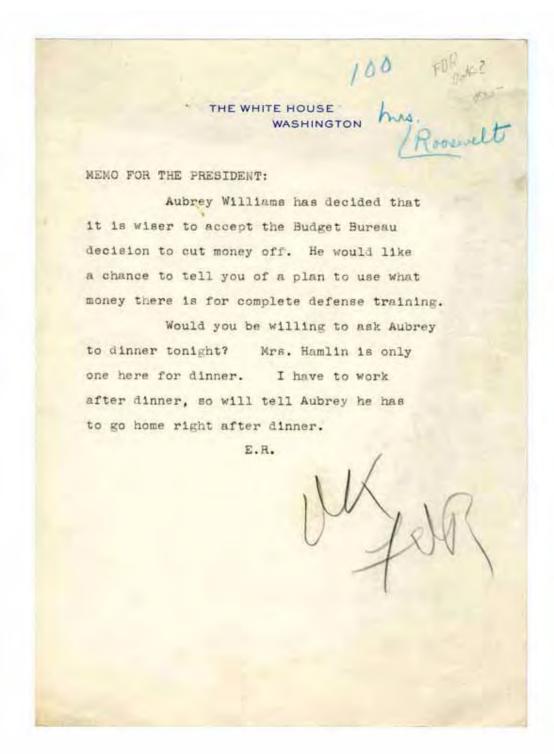
<u>Roosevelt Garner campaign license plate, 1932.</u> Prohibition repeal was a major plank in the Democratic Party's 1932 platform. It was promoted in presidential campaign buttons and paraphernalia. *Museum object 47.93.190*.



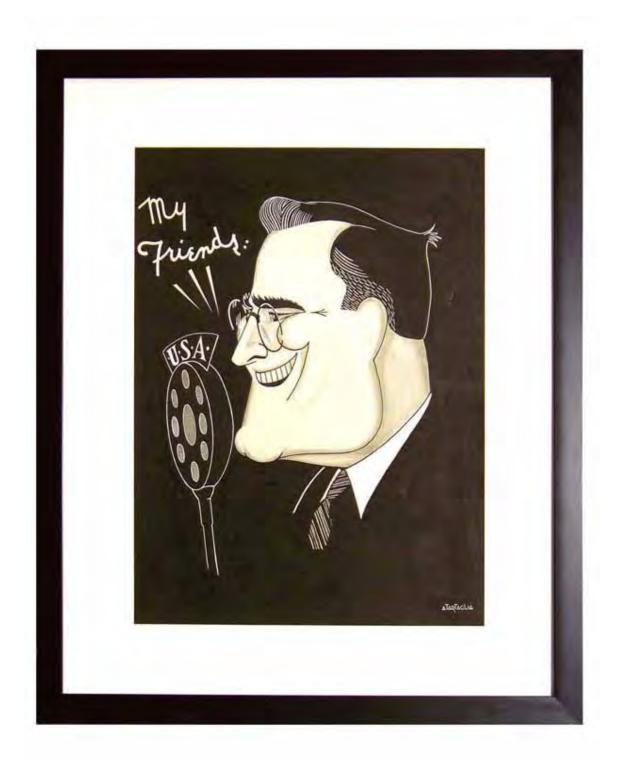
"Tending Another Tough One," Fred Seibel, *Richmond Times-Dispatch*, March 23, 1933. FDR's confidence and vitality made a powerful impression on the public. These cartoons illustrate the perception of him as an exceptionally strong and active leader. This image became firmly fixed at the very start of his presidency. FDR's superhuman image contrasts sharply with the reality of his physical disability. In 1921, Roosevelt contracted infantile paralysis (polio). It left him paralyzed below the waist. During the 1920s, he waged a heroic battle to strengthen his body, developing the capacity to stand and appear to "walk" in public. Americans knew the President once had polio, but the degree of his paralysis was less understood. The press operated under a tacit understanding that FDR should not be photographed in a wheelchair, being carried, or in other vulnerable situations. People focused, instead, on Roosevelt's presidential leadership qualities. *From the Franklin D. Roosevelt Library and Museum*.



"Looks As If The New Leadership Was Really Going To Lead," S.J. Ray, Kansas City Star, March 7, 1933. From the Franklin D. Roosevelt Library and Museum.



Memorandum, Eleanor Roosevelt to FDR, 1935. Eleanor Roosevelt frequently offered advice and recommendations to her husband. Over time, the Roosevelts developed a system to ensure that her causes and concerns received the President's attention during the course of his crowded days. A basket was placed by FDR's bedside. Mrs. Roosevelt placed short memoranda in the basket, which were then reviewed by the President. *From the Eleanor Roosevelt Papers*.



A. Tartaglia, "My Friends," gouache caricature. This caricature depicts FDR making one of his Fireside Chats. Roosevelt often used the expression "My friends" to open his radio speeches. This caricature, possibly an original drawing for a newspaper cartoon, was presented to FDR by J. J. Friske of Newark, New Jersey. *Museum object 52.413*.

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

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

What, then, happened during the last few days of February and the first few days of March? Because of undermined confidence on the part of the public, there was a general rush by a large portion of our population to turn bank deposits into currency or gold. — A rush so great that the soundest banks could not get enough currency to meet the demand. The reason for this was that on the spur of the moment it was, of course,

continued...

impossible to sell perfectly sound assets of a bank and convert them into cash except at panic prices far below their real value.

By the afternoon of March 5 scarcely a bank in the country was open to do business. Proclamations closing them in whole or in part had been issued by the Governors in almost all the states.

It was then that I issued the proclamation providing for the nationwide bank holiday, and this was the first step in the Government's reconstruction of our financial and economic fabric.

The second step was the legislation promptly and patriotically passed by the Congress confirming my proclamation and broadening my powers so that it became possible in view of the requirement of time to extend the holiday and lift the ban of that holiday gradually. This law also gave authority to develop a program of rehabilitation of our banking facilities. I want to tell our citizens in every part of the Nation that the national Congress—Republicans and Democrats slike—showed by this action a devotion to public welfare and a realization of the emergency and the necessity for speed that it is difficult to match in our history.

The third stage has been the series of regulations permitting the banks to continue their functions to take care of the distribution of food and household necessities and the payment of payrolls.

This bank holiday while resulting in many cases in great inconvenience is affording us the opportunity to supply the currency necessary to meet the situation. No sound bank is a dollar worse off than it was when it closed its doors last Monday. Neither is any bank which may turn out not to be in a position for inmediate opening. The new law allows

the twelve Federal Reserve banks to issue additional currency on good assets and thus the banks which reopen will be able to meet every legitimate call. The new currency is being sent out by the Bureau of Printing and Engraving in large volume to every part of the country. It is sound currency because it is backed by actual, good assets.

Another question you will ask is this—why are all the banks
not to be reopened at the same time? The answer is simple.

Your Government does not intend that the history of the past few
years shall be repeated. We do not want and will not have snother
spidemic of bank failures.

As a result we start tomorrow, Monday, with the opening of banks in the twelve Federal Beserve bank cities—those banks which on first examination by the Treasury have already been found to be all right.

This will be followed on Tuesday by the resumption of all other their functions by banks already found to be sound in cities where there are recognized clearing houses. That means about 250 cities of the United States.

On Wednerday and succeeding days banks in smaller places all through the country will resume business, subject, of course, to the Government's physical ability to complete its survey. It is necessary that the reopening of banks be extended over a period in order to permit the banks to make applications for necessary loans, to obtain currency needed to most their requirements and to enable the Government to make common sense check ups. Let me make it clear to you that if your bank does not open the first day you are by no means justified in believing that it will not open. A bank that opens on one of the subsequent days is in exactly the same status as the bank that opens tomorrow.

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

It is possible that when the banks resume a very few people who have been not recovered from their fear may again begin withdrawals. Let me make it clear that the banks will take care of all needs except, of course, the hysterical decands of hourders—and it is my belief that hoarding during the past week has become an exceedingly unfashionable pastime. It needs no prophet to tell you that when the people find that they can get their money—that they can get it when they want it for all legitimate purposes—the phantom of fear People will soon be laid. Firemer will again be glad to have their money



where it will be safely taken care of and where they can use it conveniently at any time. I can assure you that it is mx safer to keep your money in a reopened bank than under the mattress.

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

Remember that the essential accomplishment of the new legislation is that it makes it possible for banks more readily to convert their assets into cash than was the case before. More liberal provision has been made for banks to borrow on these assets at the Reserve Banks and more liberal provision has also been made for issuing currency on the security of these good assets. This currency is not fist currency. It is issued only on adequate security—and every good bank has an abundance of such security.

One more point before I close. There will be, of course, some banks unable to reopen without being reorganized. The new law allows the Government to assist in making these reorganizations quickly and effectively and even allows the Government to subscribe to at least a part of new capital which may be required.

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

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

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

It has been wonderful to me to catch the note of confidence from all over the country.

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

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

It is your problem no less than it is mine.
Together we cannot fail.

Lound for Al warmele

Reading Copy, First Fireside Chat, March 12, 1933. This is the reading copy of FDR's March 12, 1933 Fireside Chat on the banking crisis. Roosevelt read from this copy of the speech during his live nation-wide radio broadcast. It bears his last-minute editorial changes, including two slash marks (meant to indicate a deliberate pause). The President usually signed the final page of the reading copies of his speeches. *From the President's Master Speech File*.

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PRESIDENT FRANKLIN D ROOSEVELT= WASHDC=

MINUTES IN TRANSIT

933 MAR 13 PM 12 46

AS THE SMALL TOWN HARD SHELLED REPUBLICANS OF THE MIDDLE WEST WHO WORKED AGAINST AND VOTED AGAINST ALL DEMOCRATS ! WANT TO ANNOUNCE THAT I JOIN WITH MILLIONS OF OTHER COMMON FOLKS OUT THIS WAY WHO HAVE BEEN WON OVER TO COMPLETE CONFIDENCE IN OUR NEW PRESIDENT AND HIS METHOD OF GETTING THINGS DONE THAT SPEECH LAST NIGHT WAS A SOUL THRILLER= FRANK H SPARKS. . .

continued...

Minneapolis, Minnesota
March 12, 1933

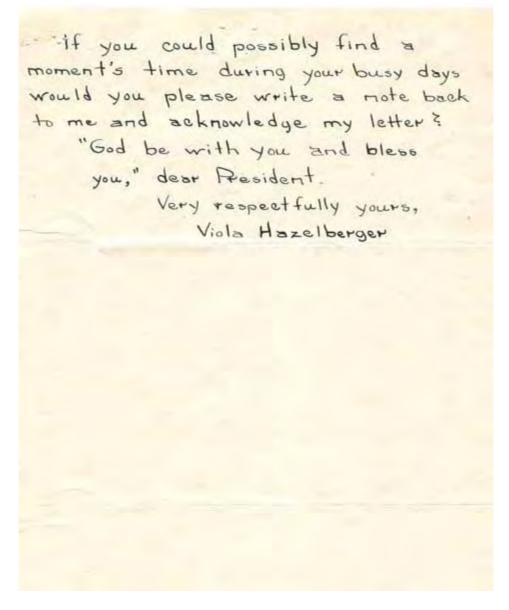
Dear President;

I would like to tell you that I enjoyed the speech which you have just finished giving. I have regained faith in the banks due to your earnest beliefs. I had decided that, as soon as the banks in Minneapolis reopened, I would withdraw my money. When you said that people's money would be safer in the banks than under their mattresses I decided I'd leave my money just where it is.

Although I'm only a high school student I take a great interest in the country's problems. I firmly believe that the country is on the upward grade and I believe that if people will remain calm and composed that the government will pull the United States out of this terrible depression.

I should like you to know that the Monday following your insuguration, our entire French class sent up prayer's to God for your safety and protection.

continued...



Telegram, Frank H. Sparks to FDR, March 13, 1933; Letter, Viola Hazelberger to FDR, March 12, 1933. Reaction to FDR's first "Fireside Chat" was overwhelming. Sixty million Americans listened to the speech. The next day, newspapers around the country reported long lines of people waiting to put their money back into the banks. The immediate crisis had passed. FDR forged a powerful bond with the public. They trusted him when he said the reopened banks were safe. And they liked the direct, familiar way he spoke to them. Thousands responded by writing to him. Mail flooded the White House. Before 1933, relatively few people wrote to the President. Herbert Hoover's mail averaged 5,000 letters a week. Under FDR that exploded to 50,000. Roosevelt revolutionized the public's relationship with the presidency. Americans now felt comfortable communicating directly with their President. From the President's Personal Files.

THE WHITE HOUSE

10/12

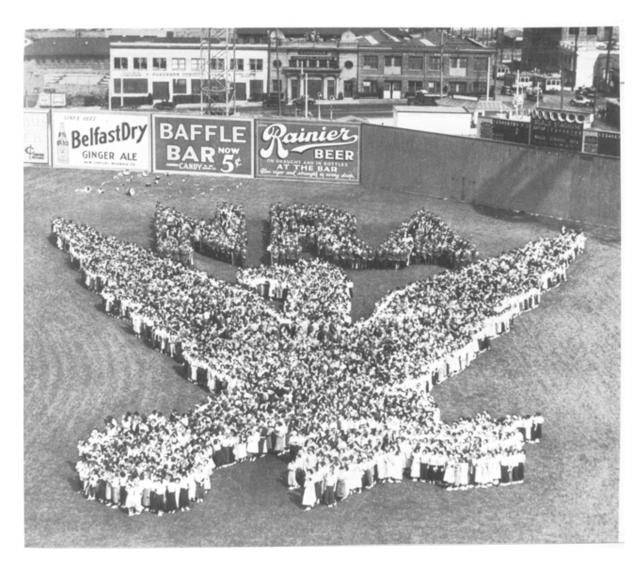
MEMO FOR THE PRESIDENT:

Dr. Morgan wants to know if you have an order for the Term. Val. Auth. to go ahead with construction of Dam No. 3. He is informed that you have taken the matter up with Sec. Ickes and that you want the Authority to go ahead with it.

As he is leaving tonight, he would like very much to have the order at once if you have decided to issue it.

Dr. A E Morgan Un INR Votenn Val Av. 14 in Knox ville Tenn.

Memorandum, A.E. Morgan to FDR, October 19, 1933. FDR had a strong interest in the mission of the TVA. This memo from A.E. Morgan, one of the directors of the TVA, illustrates the President's personal involvement in the agency's development. FDR's note at the bottom committed the government to build one of the massive dams on the Tennessee River. *From the President's Official File*.



<u>Photograph, NRA Eagle.</u> Many communities sponsored public events to generate support for the National Recovery Administration (NRA). A rally at Brooklyn's Ebbets Field featured a giant depiction of the NRA eagle formed by hundreds of people. *From the Franklin D. Roosevelt Library and Museum.*



<u>"Franklin D. Satisfies Me" poster, 1934.</u> In 1934, publisher D. Du Cille printed this J.J. Wills poster picturing a jaunty FDR at the wheel of the S.S. *New Deal*. FDR's cap sports the NRA eagle. Du Cille inscribed and sent this copy to Roosevelt. *Museum object MO* 2006.64.