

## VIEWPOINT 7

*"Republican leaders not only have failed in material things, they have failed in national vision. . . . I pledge myself to a new deal for the American people."*

### America Needs a New Deal

Franklin D. Roosevelt (1882-1945)

Franklin Delano Roosevelt was born in 1882, the only child of a wealthy family. His political career began in 1910 with his election to the state senate of New York. In 1913 he was appointed assistant secretary of the navy under Woodrow Wilson and in 1920 he was chosen as the Democratic vice presidential nominee. Stricken with polio in 1921, he was left with only partial use of his legs. Following a brief hiatus from politics, Roosevelt returned in 1928 and was elected governor of New York. As governor, Roosevelt pressed for greater state programs to deal with unemployment and other problems of the Great Depression. Nominated for president by the Democratic party in 1932, Roosevelt broke with tradition by personally addressing the Democratic National Convention. It was in this speech that he introduced the term "New Deal" to the American public.

In his address, Roosevelt describes what he holds as fundamental differences between the Republican and Democratic parties concerning government and the people's welfare; he argues that the causes of the Depression were the neglect of the consumer and the worker by the American business establishment; and he proposes new actions by the federal government to help farmers, the unemployed, and others hurt by the Great Depression.

Franklin D. Roosevelt, from his address to the Democratic National Convention, July 2, 1932.

The great social phenomenon of this depression, unlike others before it, is that it has produced but a few of the disorderly manifestations that too often attend upon such times.

Wild radicalism has made few converts, and the greatest tribute that I can pay to my countrymen is that in these days of crushing want there persists an orderly and hopeful spirit on the part of the millions of our people who have suffered so much. To fail to offer them a new chance is not only to betray their hopes but to misunderstand their patience.

To meet by reaction that danger of radicalism is to invite disaster. Reaction is no barrier to the radical. It is a challenge, a provocation. The way to meet that danger is to offer a workable program of reconstruction, and the party to offer it is the party with clean hands.

This, and this only, is a proper protection against blind reaction on the one hand and an improvised, hit-or-miss, irresponsible opportunism on the other.

#### Two Views of Government

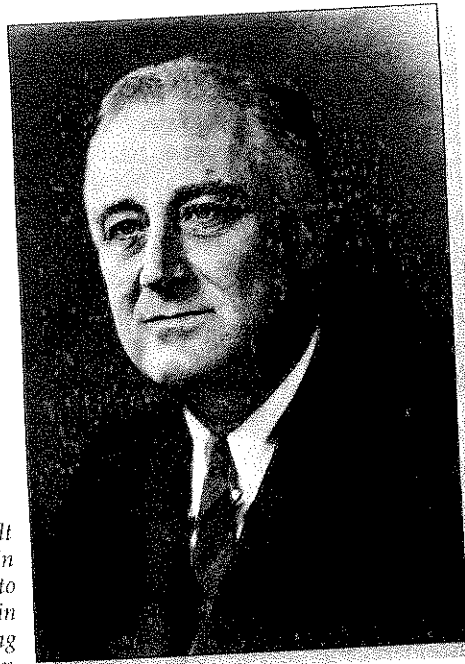
There are two ways of viewing the Government's duty in matters affecting economic and social life. The first sees to it that a favored few are helped and hopes that some of their prosperity will leak through, sift through, to labor, to the farmer, to the small business man. That theory belongs to the party of Toryism, and I had hoped that most of the Tories left this country in 1776.

But it is not and never will be the theory of the Democratic Party. This is no time for fear, for reaction or for timidity. Here and now I invite those nominal Republicans who find that their conscience cannot be squared with the groping and the failure of their party leaders to join hands with us; here and now, in equal measure, I warn those nominal Democrats who squint at the future with their faces turned toward the past, and who feel no responsibility to the demands of the new time, that they are out of step with their Party.

Yes, the people of this country want a genuine choice this year, not a choice between two names for the same reactionary doctrine. Ours must be a party of liberal thought, of planned action, of enlightened international outlook, and of the greatest good to the greatest number of our citizens.

Now it is inevitable—and the choice is that of the times—it is inevitable that the main issue of this campaign should revolve about the clear fact of our economic condition, a depression so deep that it is without precedent in modern history. It will not do merely to state, as do Republican leaders to explain their broken

promises of continued inaction, that the depression is worldwide. That was not their explanation of the apparent prosperity of 1928. The people will not forget the claim made by them then that prosperity was only a domestic product manufactured by a Republican President and a Republican Congress. If they claim paternity for the one they cannot deny paternity for the other.



*Franklin D. Roosevelt  
campaigns for president in  
1932 with sweeping promises to  
enlist the federal government in  
aiding Americans suffering  
from the Depression.*

Library of Congress

I cannot take up all the problems today. I want to touch on a few that are vital. Let us look a little at the recent history and the simple economics, the kind of economics that you and I and the average man and woman talk.

In the years before 1929 we know that this country had completed a vast cycle of building and inflation; for ten years we expanded on the theory of repairing the wastes of the War, but actually expanding far beyond that, and also beyond our natural and normal growth. Now it is worth remembering, and the cold figures of finance prove it, that during that time there was little or no drop in the prices that the consumer had to pay, although those same figures proved that the cost of production fell very greatly; corporate profit resulting from this period was enormous; at the same time little of that profit was devoted to the reduction of prices. The consumer was forgotten. Very little of it went into increased wages; the worker was forgotten, and by no

means an adequate proportion was even paid out in dividends—the stockholder was forgotten.

And, incidentally, very little of it was taken by taxation to the beneficent Government of those years.

What was the result? Enormous corporate surpluses piled up—the most stupendous in history. Where, under the spell of delirious speculation, did those surpluses go? Let us talk economics that the figures prove and that we can understand. Why, they went chiefly in two directions: first, into new and unnecessary plants which now stand stark and idle; and second, into the call-money market of Wall Street, either directly by the corporations, or indirectly through the banks. Those are the facts. Why blink at them?

### The Crash

Then came the crash. You know the story. Surpluses invested in unnecessary plants became idle. Men lost their jobs; purchasing power dried up; banks became frightened and started calling loans. Those who had money were afraid to part with it. Credit contracted. Industry stopped. Commerce declined, and unemployment mounted.

And there we are today.

Translate that into human terms. See how the events of the past three years have come home to specific groups of people: first, the group dependent on industry; second, the group dependent on agriculture; third, and made up in large part of members of the first two groups, the people who are called “small investors and depositors.” In fact, the strongest possible tie between the first two groups, agriculture and industry, is the fact that the savings and to a degree the security of both are tied together in that third group—the credit structure of the Nation.

Never in history have the interests of all the people been so united in a single economic problem. Picture to yourself, for instance, the great groups of property owned by millions of our citizens, represented by credits issued in the form of bonds and mortgages—Government bonds of all kinds, Federal, State, county, municipal; bonds of industrial companies, of utility companies; mortgages on real estate in farms and cities, and finally the vast investments of the Nation in the railroads. What is the measure of the security of each of those groups? We know well that in our complicated, interrelated credit structure if any one of these credit groups collapses they may all collapse. Danger to one is danger to all.

How, I ask, has the present Administration in Washington treated the interrelationship of these credit groups? The answer is clear: It has not recognized that interrelationship existed at all. Why, the Nation asks, has Washington failed to understand that

all of these groups, each and every one, the top of the pyramid and the bottom of the pyramid, must be considered together, that each and every one of them is dependent on every other; each and every one of them affecting the whole financial fabric?

Statesmanship and vision, my friends, require relief to all at the same time.

### Taxes and Spending

Just one word or two on taxes, the taxes that all of us pay toward the cost of Government of all kinds.

I know something of taxes. For three long years I have been going up and down this country preaching that Government—Federal and State and local—costs too much. I shall not stop that preaching. As an immediate program of action we must abolish useless offices. We must eliminate unnecessary functions of Government—functions, in fact, that are not definitely essential to the continuance of Government. We must merge, we must consolidate subdivisions of Government, and, like the private citizen, give up luxuries which we can no longer afford.

#### Hoover's Do-Nothing Approach

*In his 1931 book Washington Merry-Go-Round, co-authored with columnist Drew Pearson, Washington reporter Robert A. Allen wrote his assessment of President Herbert Hoover's response to the Depression.*

In the long and tragic travail of the economic depression, the most tragic thing was the President's fear of admitting that a great disaster had befallen the country. For months, while gloom, unemployment, and deflation settled on the land, he refused to admit their reality or do anything fundamental about the situation. His approach to the problem was wholly that of the boomer, the bull-marker operator, concerned only with his own political interests and willing to resort to any device or misrepresentation to further them.

Facts, statistics, plan, organization—there have been none, and when proposed by others have been rejected and stifled, secretly when possible, openly when that was impossible.

One policy alone has dominated his course: not to do or say anything that would reveal the truth about the great catastrophe. Suppression and inaction have been his unshaken rule.

By our example at Washington itself, we shall have the opportunity of pointing the way of economy to local government, for let us remember well that out of every tax dollar in the average State in this Nation, forty cents enter the treasury in Washington, D.C., ten or twelve cents only go to the State capitals, and forty-

eight cents are consumed by the costs of local government in counties and cities and towns.

I propose to you, my friends, and through you, that Government of all kinds, big and little, be made solvent and that the example be set by the President of the United States and his Cabinet. . . .

### Unemployment

And now one word about unemployment, and incidentally about agriculture. I have favored the use of certain types of public works as a further emergency means of stimulating employment and the issuance of bonds to pay for such public works, but I have pointed out that no economic end is served if we merely build without building for a necessary purpose. Such works, of course, should insofar as possible be self-sustaining if they are to be financed by the issuing of bonds. So as to spread the points of all kinds as widely as possible, we must take definite steps to shorten the working day and the working week.

Let us use common sense and business sense. Just as one example, we know that a very hopeful and immediate means of relief, both for the unemployed and for agriculture, will come from a wide plan of the converting of many millions of acres of marginal and unused land into timberland through reforestation. There are tens of millions of acres east of the Mississippi River alone in abandoned farms, in cut-over land, now growing up in worthless brush. Why, every European Nation has a definite land policy, and has had one for generations. We have none. Having none, we face a future of soil erosion and timber famine. It is clear that economic foresight and immediate employment march hand in hand in the call for the reforestation of these vast areas. In so doing, employment can be given to a million men. That is the kind of public work that is self-sustaining, and therefore capable of being financed by the issuance of bonds which are made secure by the fact that the growth of tremendous crops will provide adequate security for the investment.

Yes, I have a very definite program for providing employment by that means. I have done it, and I am doing it today in the State of New York. I know that the Democratic Party can do it successfully in the Nation. That will put men to work, and that is an example of the action that we are going to have.

Now as a further aid to agriculture, we know perfectly well—but have we come out and said so clearly and distinctly?—we should repeal immediately those provisions of law that compel the Federal Government to go into the market to purchase, to sell, to speculate in farm products in a futile attempt to reduce farm surpluses. And they are the people who are talking of keeping Government out of business. The practical way to help the farmer

is by an arrangement that will, in addition to lightening some of the impoverishing burdens from his back, do something toward the reduction of the surpluses of staple commodities that hang on the market. It should be our aim to add to the world prices of staple products the amount of a reasonable tariff protection, to give agriculture the same protection that industry has today.

And in exchange for this immediately increased return I am sure that the farmers of this Nation would agree ultimately to such planning of their production as would reduce the surpluses and make it unnecessary in later years to depend on dumping those surpluses abroad in order to support domestic prices. That result has been accomplished in other Nations; why not in America, too? . . .

### **Bold, Persistent Experimentation**

*In a May 22, 1932, address to the graduating class of Oglethorpe University in Atlanta, Georgia, Franklin D. Roosevelt called for "drastic means" to fix "the faults in our economic system."*

The country needs and, unless I mistake its temper, the country demands bold, persistent experimentation. It is common sense to take a method and try it: If it fails, admit it frankly and try another. But above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach.

We need enthusiasm, imagination and the ability to face facts, even unpleasant ones, bravely. We need to correct, by drastic means if necessary, the faults in our economic system from which we now suffer. We need the courage of the young.

Rediscounting of farm mortgages under salutary restrictions must be expanded and should, in the future, be conditioned on the reduction of interest rates. Amortization payments, maturities should likewise in this crisis be extended before rediscount is permitted where the mortgagor is sorely pressed. That, my friends, is another example of practical, immediate relief: Action.

I aim to do the same thing, and it can be done, for the small home-owner in our cities and villages. We can lighten his burden and develop his purchasing power. Take away, my friends, that spectre of too high an interest rate. Take away that spectre of the due date just a short time away. Save homes; save homes for thousands of self-respecting families, and drive out that spectre of insecurity from our midst.

Out of all the tons of printed paper, out of all the hours of oratory, the recriminations, the defenses, the happy-thought plans in

Washington and in every State, there emerges one great, simple, crystal-pure fact that during the past ten years a Nation of one hundred twenty million people has been led by the Republican leaders to erect an impregnable barbed wire entanglement around its borders through the instrumentality of tariffs which have isolated us from all the other human beings in all the rest of the round world. I accept that admirable tariff statement in the platform of this convention. It would protect American business and American labor. By our acts of the past we have invited and received the retaliation of other nations. I propose an invitation to them to forget the past, to sit at the table with us, as friends, and to plan with us for the restoration of the trade of the world.

Go into the home of the business man. He knows what the tariff has done for him. Go into the home of the factory worker. He knows why goods do not move. Go into the home of the farmer. He knows how the tariff has helped to ruin him.

At last our eyes are open. At last the American people are ready to acknowledge that Republican leadership was wrong and that the Democracy is right.

### **The Welfare of All**

My program, of which I can only touch on these points, is based upon this simple moral principle: the welfare and the soundness of a nation depend first upon what the great mass of the people wish and need; and second, whether or not they are getting it.

What do the people of America want more than anything else? To my mind, they want two things: work, with all the moral and spiritual values that go with it; and with work, a reasonable measure of security—security for themselves and for their wives and children. Work and security—these are more than words. They are more than facts. They are the spiritual values, the true goal toward which our efforts of reconstruction should lead. These are the values that this program is intended to gain; these are the values we have failed to achieve by the leadership we now have.

Our Republican leaders tell us economic laws—sacred, inviolable, unchangeable—cause panics which no one could prevent. But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings.

Yes, when—not if—when we get the chance, the Federal Government will assume bold leadership in distress relief. For years Washington has alternated between putting its head in the sand and saying there is no large number of destitute people in our midst who need food and clothing, and then saying the State should take care of them, if there are. Instead of planning two and a half years ago to do what they are now trying to do, they