Fireside Chat Outlining the New Deal

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Author: President Franklin D. Roosevelt
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Summary Overview

Fireside chats were a series of informal radio broadcasts delivered by President Franklin D. Roosevelt (FDR) between 1933 and 1944. These broadcasts were designed to directly communicate with the American people, explaining his policies, programs, and the current state of the nation in a clear and reassuring manner. The name "fireside chat" conveyed a sense of personal, intimate conversation, making complex issues more accessible and fostering public confidence during challenging times such as the Great Depression and World War II. Through these chats, Roosevelt sought to build trust, encourage public support, and reduce anxiety about the economic and political uncertainties facing the country.

When Roosevelt took office in March 1933, the United States was in the midst of the worst financial crisis the country had ever experienced. During Roosevelt's first one hundred days in office, he worked with the Congress to create social and economic programs, collectively known as the New Deal, which were designed to stabilize the economy and provide work for the unemployed. The New Deal also included efforts to guarantee bank deposits and prevent future bank runs, to slow the rate of farm foreclosures by providing farmers with lower interest rates on their mortgages, and to provide employment to millions of Americans. In this radio address, Roosevelt outlined the main provisions of the New Deal to the American people and explained the causes of the economic crisis. He called for cooperation between individuals, private companies, government bodies, and global leaders to reverse the crisis and rebuild the economy.

President Franklin D. Roosevelt broadcasting his First Fireside Chat in 1933, from the White House, Washington, D.C. Photo via Wikimedia Commons. [Public domain.]

Defining Moment

The United States economy boomed throughout most of the 1920s, in part due to the country's strong position relative to European countries still recovering from the financial and infrastructural damage of World War I. Abundant raw materials and technological advances in manufacturing gave U.S. bankers investment funds, which they used to help finance some of Europe's postwar recovery efforts.

However, many European economies remained weak for years after the war, and most of Europe's financial progress during the 1920s came from trade and investments outside the continent. Furthermore, U.S. stock values were much higher relative to the actual health of the economy. As the U.S. economy softened toward the end of the 1920s, its investments in Europe slowed, further weakening the European economies and jeopardizing their ability to repay their loans to U.S. creditors. On October 29, 1929, following a slight drop in stock values, investors rapidly lost confidence and the U.S. stock market crashed. The value of publicly-traded U.S. companies fell by $30 billion in less than one month, marking the onset of the Great Depression.

Additionally, overproduction in the agricultural and manufacturing sectors had led to a surplus of goods on the domestic U.S. market. With supply exceeding demand, the cost of goods declined significantly, leaving farmers and manufacturers unable to recover costs or make a profit. Farmers faced foreclosure of their property, and factories laid off industrial workers in droves.

By the time Franklin Delano Roosevelt began his presidential campaign in 1932, nearly one-quarter of Americans were out of work, and many were losing their homes and even starving. The stock market had declined to about 20 percent of its 1929 value, and more than one-third of U.S. banks had collapsed, evaporating the savings of millions of Americans. Farmers and industrial workers were frustrated by the federal government's actions under President Herbert Hoover, believing that his efforts focused too strongly on using public funds to subsidize large companies, rather than helping the people directly. As a result of the public's discontent, Roosevelt won the election by a large margin, and he immediately set out to reverse the downward economic spiral.

Within his first one hundred days in office, Roosevelt declared a multiday bank holiday, which kept the nation's banks closed (and thus in business), while he worked with the legislature to develop a plan to maintain their solvency and prevent bank runs. Once the immediate crisis passed, he worked again with Congress to establish a series of government programs designed to provide immediate relief and federally-funded jobs that would put people back to work on public-works initiatives. These programs became collectively known as the New Deal and formed the cornerstone of Roosevelt's domestic policy during his years in office.

Author Biography

Franklin Delano Roosevelt was born on January 30, 1882, in Hyde Park, New York. He was a distant cousin of President Theodore Roosevelt. He attended the prestigious Groton School in Massachusetts and received his bachelor's degree in history from Harvard University in 1903. He studied law at Columbia Law School in New York but left the school without completing his degree after he passed the state bar examination in 1907. He practiced law in New York City before being elected to the New York State Senate in 1910.

President Woodrow Wilson appointed Roosevelt assistant secretary of the Navy in 1913, a position he held until 1920. Following an unsuccessful campaign for U.S. vice president under Democratic candidate James M. Cox in 1920, Roosevelt briefly withdrew from politics. After making a partial recovery from polio, which he contracted in 1921, Roosevelt was elected governor of New York in 1928. In 1932, Roosevelt was elected president of the United States. He was inaugurated during the nadir of the Great Depression and saw the country through World War II. Roosevelt died in office on April 12, 1945.

Historical Document

Fireside Chat Outlining the New Deal

On a Sunday night a week after my Inauguration I used the radio to tell you about the banking crisis and the measures we were taking to meet it. I think that in that way I made clear to the country various facts that might otherwise have been misunderstood and in general provided a means of understanding which did much to restore confidence.

Tonight, eight weeks later, I come for the second time to give you my report —in the same spirit and by the same means to tell you about what we have been doing and what we are planning to do.

Two months ago we were facing serious problems. The country was dying by inches. It was dying because trade and commerce had declined to dangerously low levels; prices for basic commodities were such as to destroy the value of the assets of national institutions such as banks, savings banks, insurance companies, and others. These institutions, because of their great needs, were foreclosing mortgages, calling loans, refusing credit. Thus there was actually in process of destruction the property of millions of people who had borrowed money on that property in terms of dollars which had had an entirely different value from the level of March, 1933. That situation in that crisis did not call for any complicated consideration of economic panaceas or fancy plans. We were faced by a condition and not a theory.

There were just two alternatives: The first was to allow the foreclosures to continue, credit to be withheld and money to go into hiding, and thus forcing liquidation and bankruptcy of banks, railroads and insurance companies and a re-capitalizing of all business and all property on a lower level. This alternative meant a continuation of what is loosely called "deflation", the net result of which would have been extraordinary hardship on all property owners and, incidentally, extraordinary hardships on all persons working for wages through an increase in unemployment and a further reduction of the wage scale.

It is easy to see that the result of this course would have not only economic effects of a very serious nature but social results that might bring incalculable harm. Even before I was inaugurated I came to the conclusion that such a policy was too much to ask the American people to bear. It involved not only a further loss of homes, farms, savings and wages but also a loss of spiritual values—the loss of that sense of security for the present and the future so necessary to the peace and contentment of the individual and of his family. When you destroy these things you will find it difficult to establish confidence of any sort in the future. It was clear that mere appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop this downward course. A prompt program applied as quickly as possible seemed to me not only justified but imperative to our national security. The Congress, and when I say Congress I mean the members of both political parties, fully understood this and gave me generous and intelligent support. The members of Congress realized that the methods of normal times had to be replaced in the emergency by measures which were suited to the serious and pressing requirements of the moment. There was no actual surrender of power, Congress still retained its constitutional authority and no one has the slightest desire to change the balance of these powers. The function of Congress is to decide what has to be done and to select the appropriate agency to carry out its will. This policy it has strictly adhered to. The only thing that has been happening has been to designate the President as the agency to carry out certain of the purposes of the Congress. This was constitutional and in keeping with the past American tradition.

The legislation which has been passed or in the process of enactment can properly be considered as part of a well-grounded plan.

First, we are giving opportunity of employment to one-quarter of a million of the unemployed, especially the young men who have dependents, to go into the forestry and flood prevention work. This is a big task because it means feeding, clothing and caring for nearly twice as many men as we have in the regular army itself. In creating this civilian conservation corps we are killing two birds with one stone. We are clearly enhancing the value of our natural resources and second, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their work on a purely voluntary basis, no military training is involved and we are conserving not only our natural resources but our human resources. One of the great values to this work is the fact that it is direct and requires the intervention of very little machinery.

Second, I have requested the Congress and have secured action upon a proposal to put the great properties owned by our Government at Muscle Shoals to work after long years of wasteful inaction, and with this a broad plan for the improvement of a vast area in the Tennessee Valley. It will add to the comfort and happiness of hundreds of thousands of people and the incident benefits will reach the entire nation.

Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the home owners of the nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

Our next step in seeking immediate relief is a grant of half a billion dollars to help the states, counties and municipalities in their duty to care for those who need direct and Immediate relief.

In addition to all this, the Congress also passed legislation authorizing the sale of beer in such states as desired. This has already resulted in considerable reemployment and, incidentally, has provided much needed tax revenue.

Now as to the future.

We are planning to ask the Congress for legislation to enable the Government to undertake public works, thus stimulating directly and indirectly the employment of many others in well-considered projects.

Further legislation has been taken up which goes much more fundamentally into our economic problems. The Farm Relief Bill seeks by the use of several methods, alone or together, to bring about an increased return to farmers for their major farm products, seeking at the same time to prevent in the days to come disastrous over-production which so often in the past has kept farm commodity prices far below a reasonable return. This measure provides wide powers for emergencies. The extent of its use will depend entirely upon what the future has in store.

Well-considered and conservative measures will likewise be proposed which will attempt to give to the industrial workers of the country a more fair wage return, prevent cut-throat competition and unduly long hours for labor, and at the same time to encourage each industry to prevent over-production.

One of our bills falls into the same class, the Railroad Bill. It seeks to provide and make certain definite planning by the railroads themselves, with the assistance of the Government, to eliminate the duplication and waste that is now results in railroad receiverships and in continuing operating deficits.

I feel very certain that the people of this country understand and approve the broad purposes behind these new governmental policies relating to agriculture and industry and transportation. We found ourselves faced with more agricultural products than we could possibly consume ourselves and surpluses which other nations did not have the cash to buy from us except at prices ruinously low. We found our factories able to turn out more goods than we could possibly consume, and at the same time we have been faced with a falling export demand. We have found ourselves with more facilities to transport goods and crops than there were goods and crops to be transported. All of this has been caused in large part by a complete failure to understand the danger signals that have been flying ever since the close of the World War. The people of this country have been erroneously encouraged to believe that they could keep on increasing the output of farm and factory indefinitely and that some magician would find ways and means for that increased output to be consumed with reasonable profit to the producer.

But today we have reason to believe that things are a little better than they were two months ago. Industry has picked up, railroads are carrying more freight, farm prices are better, but I am not going to indulge in issuing proclamations of over-enthusiastic assurance. We cannot ballyhoo ourselves back to prosperity. I am going to be honest at all times with the people of the country. I do not want the people of this country to take the foolish course of letting this improvement come back on another speculative wave. I do not want the people to believe that because of unjustified optimism we can resume the ruinous practice of increasing our crop output and our factory output in the hope that a kind providence will find buyers at high prices. Such a course may bring us immediate and false prosperity but it will be the kind of prosperity that will lead us into another tailspin.

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

Let me illustrate with an example. Take the cotton goods industry. It is probably true that ninety per cent of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other ten per cent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills and turn out burdensome surpluses? The unfair ten per cent could produce goods so cheaply that the fair ninety per cent would be compelled to meet the unfair conditions. Here is where government comes in. Government ought to have the right and will have the right, after surveying and planning for an industry to prevent, with the assistance of the overwhelming majority of that industry, unfair practice and to enforce this agreement by the authority of government. The so-called anti-trust laws were intended to prevent the creation of monopolies and to forbid unreasonable profits to those monopolies. That purpose of the anti-trust laws must be continued, but these laws were never intended to encourage the kind of unfair competition that results in long hours, starvation wages and overproduction.

And my friends, the same principle that is illustrated by that example applies to farm products and to transportation and every other field of organized private industry.

We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day. Our policies are wholly within purposes for which our American Constitutional Government was established 150 years ago.

I know that the people of this country will understand this and will also understand the spirit in which we are undertaking this policy. I do not deny that we may make mistakes of procedure as we carry out the policy. I have no expectation of making a hit every time I come to bat. What I seek is the highest possible batting average, not only for myself but for the team. Theodore Roosevelt once said to me: “If I can be right 75 per cent of the time I shall come up to the fullest measure of my hopes.”

Much has been said of late about Federal finances and inflation, the gold standard, etc. Let me make the facts very simple and my policy very clear. In the first place, government credit and government currency are really one and the same thing. Behind government bonds there is only a promise to pay. Behind government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver. In this connection it is worth while remembering that in the past the government has agreed to redeem nearly thirty billions of its debts and its currency in gold, and private corporations in this country have agreed to redeem another sixty or seventy billions of securities and mortgages in gold. The government and private corporations were making these agreements when they knew full well that all of the gold in the United States amounted to only between three and four billion and that all of the gold in all of the world amounted to only about eleven billion.

If the holders of these promises to pay started in to demand gold the first comers would get gold for a few days and they would amount to about one twenty-fifth of the holders of the securities and the currency. The other twenty-four people out of twenty-five, who did not happen to be at the top of the line, would be told politely that there was no more gold left. We have decided to treat all twenty-five in the same way in the interest of justice and the exercise of the constitutional powers of this government. We have placed every one on the same basis in order that the general good may be preserved.

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

A series of conditions arose three weeks ago which very readily might have meant, first, a drain on our gold by foreign countries, and secondly, as a result of that, a flight of American capital, in the form of gold, out of our country. It is not exaggerating the possibility to tell you that such an occurrence might well have taken from us the major part of our gold reserve and resulted in such a further weakening of our government and private credit as to bring on actual panic conditions and the complete stoppage of the wheels of industry.

The Administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed. We do not seek to let them get such a cheap dollar that they will be able to pay bock a great deal less than they borrowed. In other words, we seek to correct a wrong and not to create another wrong in the opposite direction. That is why powers are being given to the Administration to provide, if necessary, for an enlargement of credit, in order to correct the existing wrong. These powers will be used when, as, and if it may be necessary to accomplish the purpose.

Hand in hand with the domestic situation which, of course, is our first concern, is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other nations of the world. In other words, we can get, in all probability, a fair measure of prosperity return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

In the conferences which we have held and are holding with the leaders of other nations, we are seeking four great objectives. First, a general reduction of armaments and through this the removal of the fear of invasion and armed attack, and, at the same time, a reduction in armament costs, in order to help in the balancing of government budgets and the reduction of taxation. Secondly, a cutting down of the trade barriers, in order to re-start the flow of exchange of crops and goods between nations. Third, the setting up of a stabilization of currencies, in order that trade can make contracts ahead. Fourth, the reestablishment of friendly relations and greater confidence between all nations.

Our foreign visitors these past three weeks have responded to these purposes in a very helpful way. All of the Nations have suffered alike in this great depression. They have all reached the conclusion that each can best be helped by the common action of all. It is in this spirit that our visitors have met with us and discussed our common problems. The international conference that lies before us must succeed. The future of the world demands it and we have each of us pledged ourselves to the best Joint efforts to that end.

To you, the people of this country, all of us, the Members of the Congress and the members of this Administration owe a profound debt of gratitude. Throughout the depression you have been patient. You have granted us wide powers, you have encouraged us with a wide-spread approval of our purposes. Every ounce of strength and every resource at our command we have devoted to the end of justifying your confidence. We are encouraged to believe that a wise and sensible beginning has been made. In the present spirit of mutual confidence and mutual encouragement we go forward.

And in conclusion, my friends, may I express to the National Broadcasting Company and to the Columbia Broadcasting System my thanks for the facilities which they have made available to me tonight.

Document Analysis

Roosevelt begins his radio address by reminding the audience of the message he delivered eight weeks prior about the ongoing economic crisis. He observes that overproduction in both the agricultural and manufacturing sectors had led to greatly diminished prices for basic commodities, and as a result, businesses were unable to turn a profit and financial institutions began foreclosing on mortgages, recalling loans, and restricting credit access. Roosevelt notes that the federal government has only two possible courses of action under the circumstances: to allow the foreclosures and credit freezes to continue, thus causing the value of property, raw materials, manufactured goods, and commodities to continue to deflate, or to intervene with a plan to support these institutions while the private sector rights itself.

Roosevelt emphasizes that the social consequences of allowing deflation to continue unchecked could bring "incalculable harm" to American society, arguing that such a course of action would permanently damage people's confidence in the U.S. economy and further hamper economic recovery. He argues that it is better for the federal government to intervene on the people's behalf and emphasizes that the plan he is about to outline received bipartisan support in the legislature.

The remainder of Roosevelt's address gives a rough outline of the social and economic programs to be established and funded by the federal government, which collectively became known as the New Deal. These initiatives include establishing the Civilian Conservation Corps to employ young men in public environmental projects, funding additional development in the Tennessee Valley region, providing federal subsidies to small banks to ease the burden of mortgage debt on farmers and homeowners, offering funds to states and counties to spend on immediate relief for their residents in need, and authorizing the sale of beer in the midst of Prohibition in order to create jobs and generate revenue through the sale and taxation of alcohol.

For the longer-term future, Roosevelt notes that it is necessary to improve farmers' returns on crops and to control the problem of overproduction in both farming and industrial manufacturing. He believes that a significant cause of the current economic crisis is that overproduction eroded the value of goods, and he criticizes the false notion that there will be an infinite demand for the increasing amount of food and manufactured goods produced in the United States. He addresses concerns that the government is seizing control over farming and business and says the New Deal and its programs are meant to be a partnership designed to ensure fair competition and promote a quick economic recovery. He asserts that it is well within the U.S. government's rightful authority to prevent unfair businesses practices when the government has the support and assistance of the majority of that industry.

On the global front, Roosevelt says that he is working with other nations' leaders on four objectives: to reduce military armaments, remove trade barriers, stabilize currency, and reestablish friendly relations between nations. He is hopeful that these other nations recognize the interconnectedness of their economies and that they will be able to work together to bring an end to their collective economic difficulties as swiftly as possible.

Essential Themes

A significant theme throughout Roosevelt's campaign and presidency was his attention to the plight of everyday Americans. His bottom-up approach to economic recovery is considered to be a major factor in his sweeping victory over Herbert Hoover in the 1932 election. Contrary to Hoover's less interventionist approach at the onset of the Great Depression, Roosevelt believed that restoring financial security to farmers and workers first would increase spending and ultimately strengthen corporate financial positions. To this end, he proposed significant government spending on programs that put people back to work, and many Americans took government-sponsored jobs working on environmental conservation and other projects to improve public infrastructure. But Roosevelt acknowledged that government intervention alone could not provide lasting improvement to the economy; he believed that permanent change required the participation and cooperation of private companies as well, and he hoped that the New Deal programs would provide the push needed to jump-start that process.

Additionally, as a result of weakening economies across the globe, many countries tried to protect domestic production by raising tariffs on imported goods. This had the unintended effect of reducing the total value of world trade by more than half by 1932, and the increased restrictions only led to a deepening of the economic crisis. Without viable external markets, the overproduction of farm products and manufactured goods in the United States created domestic surpluses that dramatically drove down prices, harming profits and leading to reductions in the workforce and wages. Roosevelt sought to work with foreign governments to reopen international trade, hoping this would raise overseas demand for U.S. products and ultimately put people back to work.

Roosevelt's New Deal programs brought many changes to American society and seemed to ease the burdens of the Great Depression. However, despite the new programs and financial investment from the federal government, the economic recovery was slow. The employment rate and the stock market steadily improved from 1933 through 1937. But an economic recession hit in 1937, resulting in rising unemployment, and the U.S. economy did not fully recover from the Great Depression until the country entered World War II in December 1941.

—Tracey M. DiLascio, JD, MS

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