

Objective: To examine the formation of the New Deal.



Franklin Delano Roosevelt

- Franklin Delano Roosevelt (FDR) won the 1932 Presidential election.



- In his inauguration speech, FDR stated that, “the only thing we have to fear is fear itself.”



Inauguration of FDR, March 4, 1933

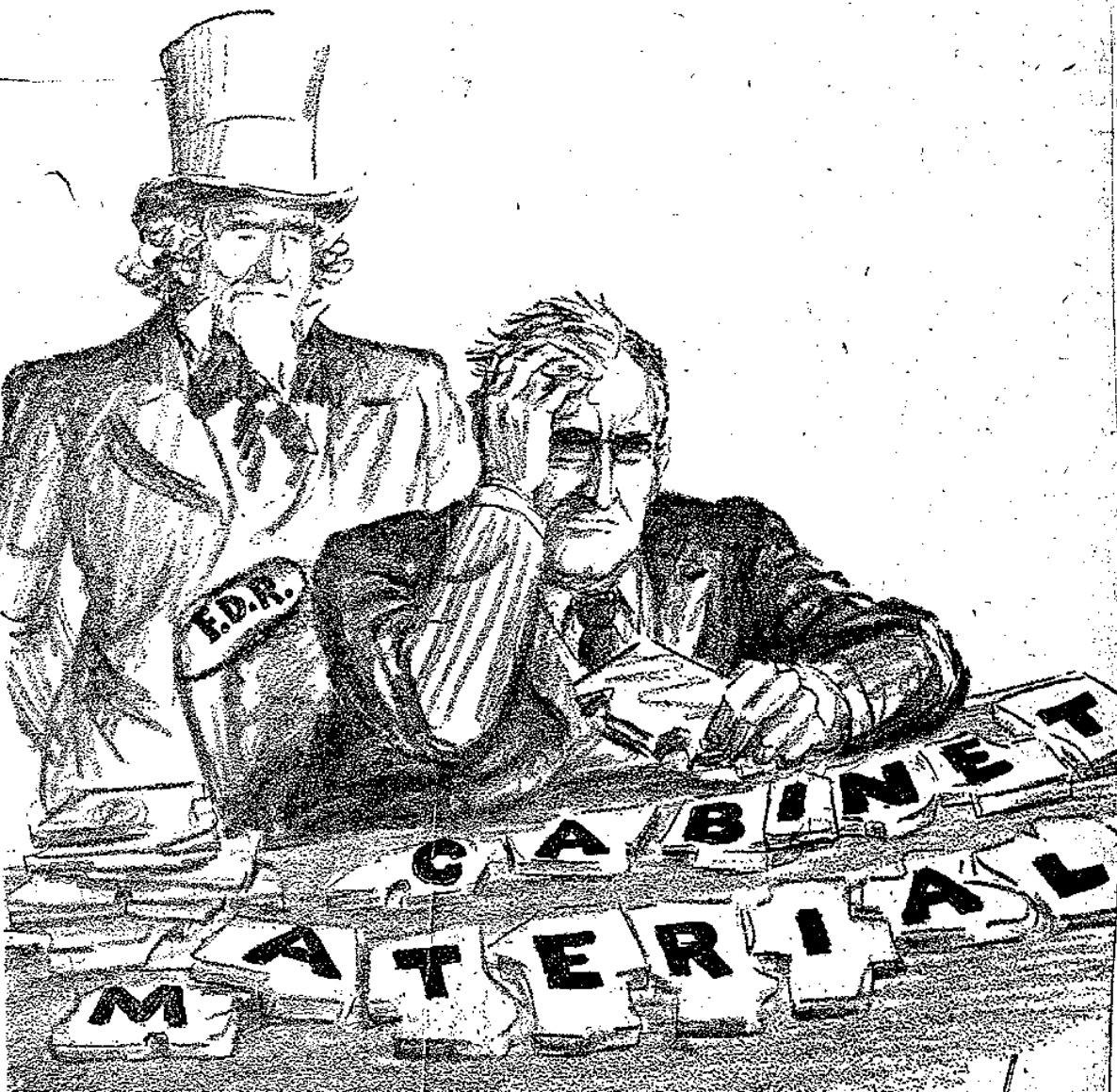
FDR's Inauguration Speech - March 4, 1933

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 people impel. 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 shrunk to fantastic levels; taxes have risen; our ability to pay has fallen; government of all kinds is faced by serious curtailment of income; the means of exchange are frozen in the currents of trade; the withered leaves of industrial enterprise lie on every side; farmers find no markets for their produce; the savings of many years in thousands of families are gone.

More important, a host of unemployed citizens face the grim problem of existence, and an equally great number toil with little return. Only a foolish optimist can deny the dark realities of the moment.

Can He Make It Spell National Confidence?



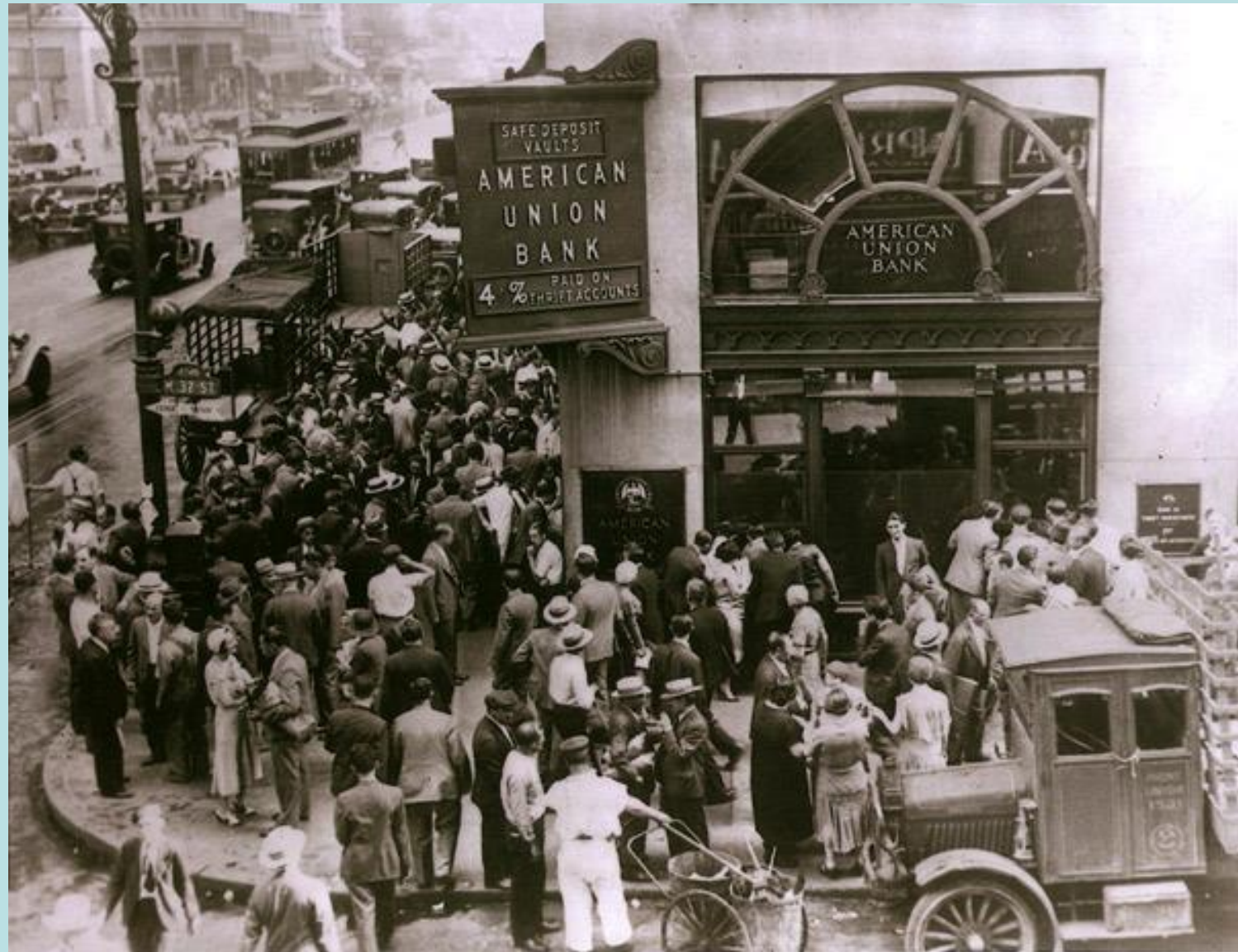
- FDR gathered information from many economic experts, known as the **Brain Trust**, on how to fight the depression.

OUR BRAND-NEW CABINET

13



Saving the Banks



Bank run, New York City, 1931

- Roosevelt declared a “**bank holiday**”, closing every bank in the nation for eight days.

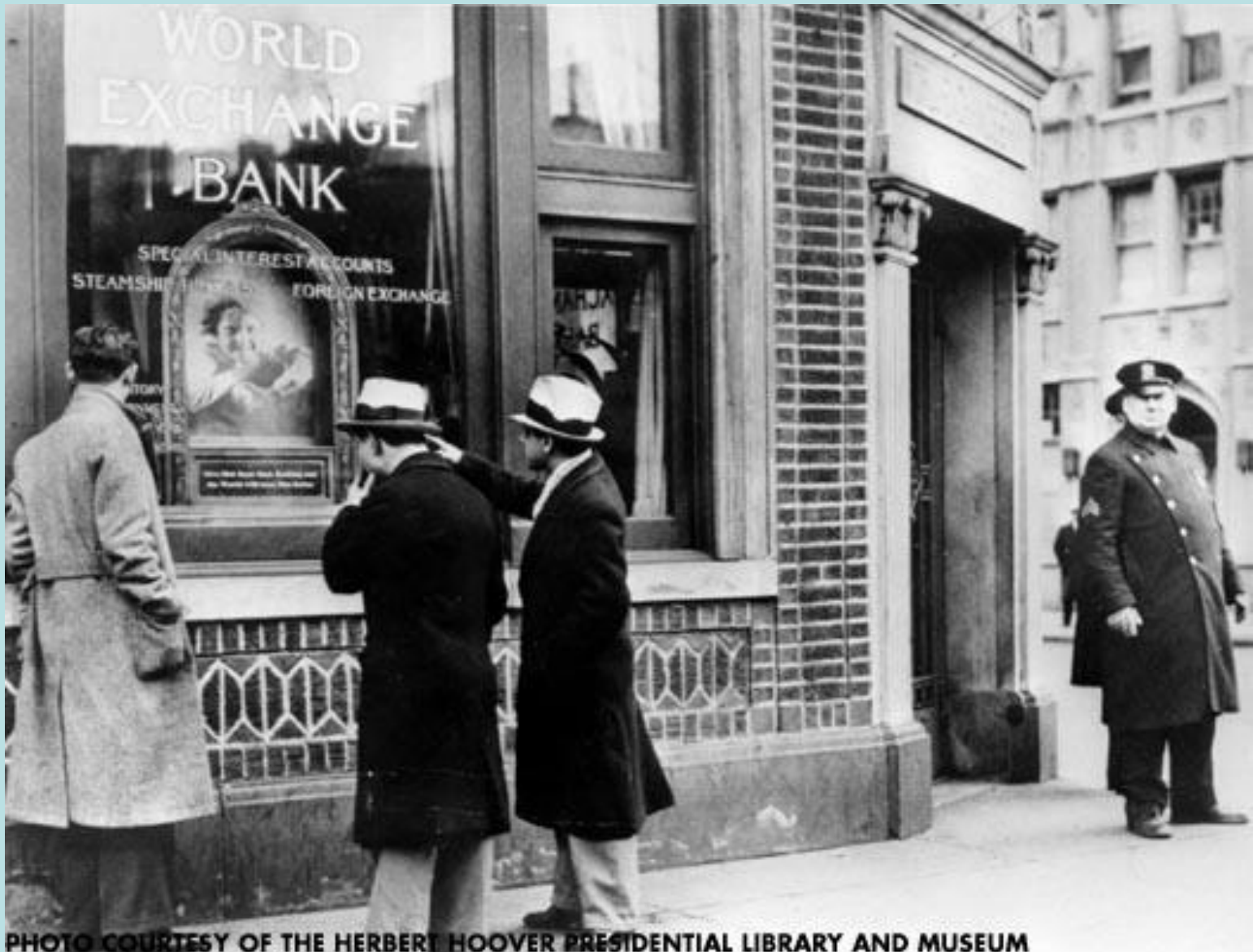


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- Congress then passed the **Emergency Banking Relief Act**, which only allowed banks to open if they had enough funds to pay their depositors.

*FDR signing the
Emergency Banking
Relief Act into law.*

Fireside Chats

- FDR gave 30 radio speeches to the nation, which became known as **fireside chats**.



*FDR's
first
fireside
chat on
the bank
crisis.
(March
12,
1933)*

Fireside Chat On the Bank Crisis - March 12, 1933

I want to talk for a few minutes with the people of the United States about banking -- with the comparatively 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 small fraction of the total deposits in all of the banks.

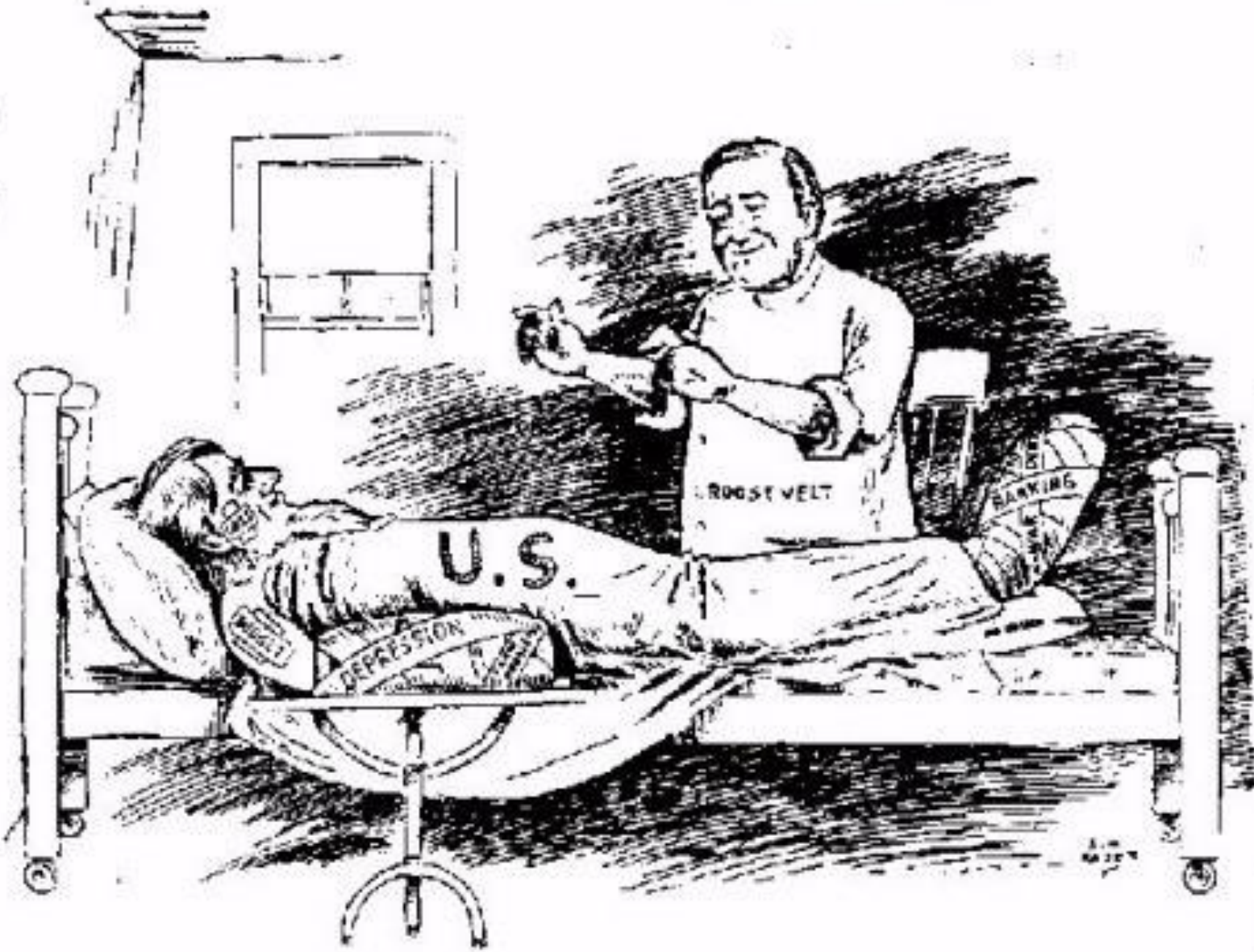
What, then, happened during the last few days of February and the first few days of March? Because of undermined confidence on the part of the public, there was a general rush by a large portion of our population to turn bank deposits into currency or gold. -- A rush so great that the soundest banks 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, 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 3 scarcely a bank in the country was open to do business. Proclamations temporarily 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 nation-wide 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 (sic) the holiday and lift the ban of that holiday gradually...

CONFIDENCE IN YOUR DOCTOR IS HALF THE BATTLE



- FDR's first fireside chat reassured people that banks were safe to use again.



Fireside chat #15 On National Defense, May 26, 1940

STANDING BEHIND THE PRESIDENT



The New Deal

- FDR developed many new bills that created programs to help end the Great Depression.
- These programs were known as the **New Deal**.

I. **R**elief for
the unemployed

II. plans for
economic
Recovery

The New Deal had **three** major goals:

III. **R**eforms to
prevent another
depression

