

# Pursuit of the General Welfare: How FDR Reversed the Banking Crisis

by Pamela Lowry

**Editor's note:** *As the United States today struggles to deal with its bankrupt financial system, and Wall Street tries to foist off its toxic waste on the taxpayers, it is instructive to compare what President Franklin D. Roosevelt did in 1933. As Lyndon LaRouche has long insisted, FDR's successful approach is the one that must be used today—not Secretary of the Treasury Hank Paulson's rotten bailout package.*

*We reprint here excerpts from articles by Pamela Lowry that appeared in EIR, EIR Online, and New Federalist newspaper from 2005 to 2007.*

During the bleak Winter months leading up to Franklin Roosevelt's inauguration as President of the United States in March 1933, the nation was sinking into despair, buoyed only by the hope that the new President would take decisive action. The most pressing problem was the accelerating collapse of the banking system, a system which had been rotted by insane speculation, but was vitally necessary to the nation's economic health. It was actually a question whether Roosevelt would be inaugurated before all the banks were dead and gone.

As Roosevelt and his staff developed their plans to reorganize the banks, and thus preserve a mechanism for funneling Federal credit to bold new projects, President Hoover and his monetarist advisors were making the situation worse. They even insisted that Roosevelt share in their delusions and endorse their damaging policies. Their attempts to ensnare Roosevelt in joint declarations and premature commitments bedeviled him right up until the time he went to bed on the eve of his inauguration.

On Feb. 21, 1933, President-elect Roosevelt chose William H. Woodin to be his Secretary of the Treasury. Roosevelt made sure that Woodin received daily briefings from the Treasury Department, and personally conferred with him several times a day until they

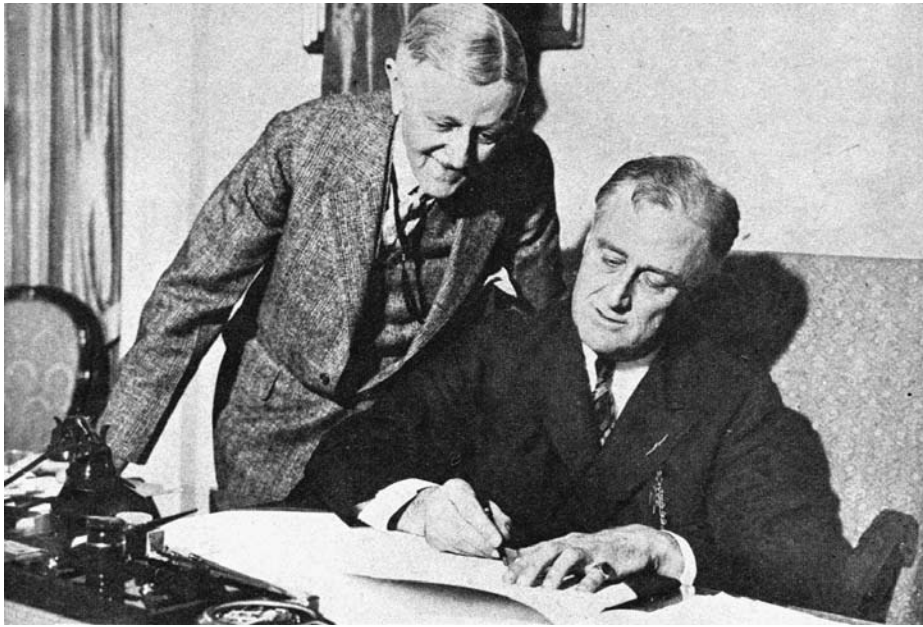
both arrived in Washington, D.C. on March 2.

Roosevelt wrote of these conferences with Woodin that "we both concluded that the banking situation throughout the Nation was becoming so acute that only immediate and drastic measures could save the banks from having to close their own doors. Increasing lines of depositors were withdrawing their funds in gold or gold certificates. A proposal was made to give authority to the Treasury to deposit Government funds directly in any bank—but the Treasury did not have sufficient funds to deposit.

"On my arrival in Washington on the evening of March 2nd, Mr. Woodin told me of a suggestion that the President [Herbert Hoover] and I should join in a statement reiterating confidence in the fundamental soundness of American banks, and appealing to depositors to stop withdrawing funds. Many similar appeals and statements—all to the effect that nothing was wrong with the country—had been made during preceding years. Again, I felt that strong, positive, definite action should take the place of appeals."...

Roosevelt later wrote about that day before his inauguration: "Messages had been coming in all day, reporting that some banks had closed their doors, that some Governors were declaring moratoria, and that more gold was being withdrawn. Later in the evening, by telephone, I told the President that while I was wholly agreeable to his closing all the banks by Proclamation, I could not, as a private citizen, join him in such a Proclamation."

"I told the President, however," continued Roosevelt, "that I believed that he had such authority under the Trading with the Enemy Act. I understood it to be the belief of the President that while some of his advisers had told him that he could do this, others had told him that it would not be legal. I had already asked Senator Thomas J. Walsh, who was to have become my Attorney General, to give me a report on such



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*President Roosevelt, in his first important act as Chief Executive, signs the banking reform act. With him is Treasury Secretary William Woodin. The contrast to today's bailout legislation could not be more stark.*

But his proclamation for a bank holiday, although issued on March 6, had actually been the first proclamation drafted.

The bank holiday was to continue until March 9, when the extraordinary session of Congress would be held. On that day, Congress passed the Emergency Banking Act, which extended the bank holiday in order to give the government time to reorganize the banking system. The Act provided for massive influxes of credit into the system by authorizing banks to issue and sell their preferred stock to the Reconstruction Finance Corp. This permitted them to obtain funds without creating claims superior to the claims of their depositors. The legislation also made it possible

Presidential authority. As Senator Walsh had died suddenly, however, on March 2d, I had asked Mr. Homer S. Cummings to become Attorney General and had requested him for an opinion. On the evening of March 4th, I received the verbal opinion of the new Attorney General on which I based the Presidential Proclamation signed during the night of March 5th-6th, closing all banks."

During the exponentially collapsing conditions of January, February, and the first few days of March, Roosevelt could only develop, not implement, his plans for saving the banking system, since he was only a private citizen. He had ceased being Governor of New York on Jan. 2....

### **Banking Holiday Proclaimed**

"By Inauguration Day," wrote Roosevelt, "practically every bank in the country had either been closed or placed under restrictions by State Proclamations. Federal Reserve banks observed the State holidays, and were also closed on March 4th. All the leading exchanges ceased operations. It can be said that financial and banking business in the United States had stopped." Roosevelt's first Presidential Proclamation, issued the day after his inauguration, called Congress into an extraordinary session which would be held on March 9.

for any member bank to meet all demands for currency, so long as it had sound assets, because it could borrow against these assets from the Federal Reserve banks.

"Between March 6th and March 9th," wrote Roosevelt, "we were busy drafting this legislation in conference with the Congressional leaders, and also devoting ourselves to devising arrangements to permit the banks to meet certain essential payments during the banking holiday.

"The Secretary of the Treasury issued a series of regulations, and distributed them through the Federal Reserve banks, permitting specific types of banking transactions." Banks were also permitted to perform certain functions required to provide the community with food, medicine, and other necessities of life, to relieve distress, and to pay usual salaries and wages; and banks were authorized to accept special trust deposits withdrawable on demand—but all of these regulations prohibited any bank from paying out gold or gold certificates or permitting any withdrawals of currency for hoarding purposes."

### **Restoration of Confidence**

At the end of the bank holiday, the banks in the 12 Federal Reserve cities were opened, and on the following day, the sound banks in some 250 cities opened

their doors. In succeeding days, sound banks in smaller cities and towns opened. Roosevelt wrote that, "By this time, there had been such restoration of confidence, that as soon as the banks were reopened, a large volume of currency was re-deposited. . . . There was also a rapid return of gold and gold certificates to the Reserve banks and to the Treasury. By the middle of April, deposits in the reporting member banks had increased by \$1 billion, and before the end of June, by more than \$2 billion."

A reorganized banking system with increased deposits and the ability to call upon Federal credit was an essential precondition for America's ability to assert her national sovereignty, in order to provide for the general welfare. As President Roosevelt wrote, "The New Deal was fundamentally intended as a modern expression of ideals set forth one hundred and fifty years ago in the Preamble of the Constitution of the United States—'a more perfect union, justice, domestic tranquility, the common defense, the general welfare and the blessings of liberty to ourselves and our posterity.' But we were not to be content with merely hoping for these ideals. We were to use the instrumentalities and powers of Government actively to fight for them."

## 100 Days of Legislation To Save the Nation

On March 6, the President addressed the Governors' Conference at the White House, and that same day, issued a proclamation declaring a bank holiday until March 9. This was the beginning of the legislative "Hundred Days" which would establish policies and programs to rescue America from an ever-deepening Depression and from the looming threat of fascism.

Looking back, in 1937, on what had been accomplished during that emergency Congressional session, President Roosevelt wrote an account of his thinking on the crisis which then faced the nation, and the philosophy which shaped the programs which were translated into legislation. He began his account by citing not only the material crisis in banking, industry, and farming, but also the crisis in the spirit and morale of the American people. This crisis carried within it a grave danger, for "their confidence and morale were so shaken that many of them would have been willing to accept any

form of specious glittering guarantee of a chance to earn a livelihood.

"This attitude of hopelessness was aggravated by the recognized failure of the Federal Government to assume any practical leadership, to hold out any prospect of immediate help for the present or any hope for a more secure future.

"In the face of this crisis in national morale, no remedy which stopped short of correcting the immediate material illness of the moment could be a safe or permanent cure. A temporary revival of a sense of physical security would be insufficient. Action was necessary to remove the sore spots which had crept into our economic system, if we were to keep the system of private property for the future.

"That simple truth was not recognized by some people. In fact, a great many who were thinking of future national welfare in terms of immediate dollars began to protest within only a few weeks after the banking crisis of March 4, 1933, against our efforts to couple reform with recovery. In their selfish shortsightedness they were deluded into the belief that material recovery for the moment was all the Nation needed for the long pull.

"These few did not realize how childish and unrealistic it was to speak of recovery first and reconstruction afterward. The process of recovery by its very nature required us to remove the destructive influences of the past. To attain the goal of the greater good for the greater number with any degree of permanence, the old abuses had to be uprooted so that they could not readily grow again.

"From the first day of my Administration, permanent security was just as much in the front of our minds as the temporary bolstering of banks, the furnishing of immediate jobs, and the increase of direct purchasing power. Even in the spring of 1932, I had come definitely to that conclusion. It was the result of trying to think things through during many years; it was the result of observations of what the country had gone through during the days of false prosperity after the World War and the days of darkness after the panic of 1929; and it was the result especially of my experience as Governor during four difficult years."

### The New Deal

"On the occasion of the all-night session of the Democratic National Convention in Chicago, in 1932, I was at the Executive Mansion in Albany with my

family and a few friends. While I had not yet been nominated, my name was still in the lead among the various candidates. Because I intended, if nominated, to make an immediate speech of acceptance at the Convention itself in order to get the campaign quickly under way, we discussed what I should say in such a speech. From that discussion and our desire to epitomize the immediate needs of the Nation came the phrase a 'New Deal,' which was used first in that acceptance speech and which has very aptly become the popular expression to describe the major objectives of the Administration.

"The word 'Deal' implied that the Government itself was going to use affirmative action to bring about its avowed objectives rather than stand by and hope that general economic laws alone would attain them. The word 'New' implied that a new order of things designed to benefit the great mass of our farmers, workers and business men would replace the old order of special privilege in a Nation which was completely and thoroughly disgusted with the existing dispensation. . . .

"All through the spring and summer of 1933, when the many measures adopted by the Special Session of the seventy-third Congress were just beginning to be effective, a vocal minority had already begun to cry out that reform should be placed on a shelf and not taken down until after recovery had progressed. This same vocal minority, four years later, when recovery is well under way, still obstructs with all its power reforms now too long delayed, refusing still to realize that recovery and reform must be permanent partners in permanent well-being.

"It irked some people in 1933 that at the Special Session of the Congress—the famous Hundred Days—so many activities were begun at the same time. They would have been more content if Government had restricted itself at that time to saving the banks which were closing, to saving the large financial and industrial organizations, many of which were faltering, and to bailing out the railroads and other huge corporations which needed money to save them from bankruptcy. For in spite of the lessons of 1931 and 1932, they still were willing to believe that this kind of help by Government to those at the top of the financial and business structure of the country would trickle down and ultimately save all.

"Here again, examination and reexamination of all the aspects of the national problem led inevitably to the

conclusion that a mere rescue of organizations of wealth at the top would be no solution. Obviously the remedies had to cover a far wider field; they had to include every phase of economic life throughout the Nation—at the bottom of the structure, in the middle, and at the top. . . .

"For underlying all of the immediately effective provisions of these laws and all the activities of the agencies under them, was the ever-directing purpose of permanence of objectives. Briefly, the objectives were, have always been, and still are:

"A chance for men and women to work in industry at decent wages and reasonable hours; or to engage in farming at a decent return.

"A chance to keep savings in banks safe from the speculative use of other peoples money; and to make investments without danger of deception or fraud by greedy promoters and speculators.

"A chance for adequate recreation, better housing and sounder health.

"A chance to make reasonable profit in business protected against monopolies and unfair competition, but organized so as to provide fair prices for the consuming public.

"Planning and use of natural resources for the benefit of the average men and women.

"Security against the hardships of old age.

"Security against unexpected or seasonal unemployment.

"Security against new as well as old types of criminals.

"Security against war.

"The task of reconstruction which we undertook in 1933 did not call for the creation of strange values. It was rather finding the way again to old, but somewhat forgotten, ideals and values. Though the methods and means and details may have been in some instances new, the objectives were as permanent and as old as human nature itself.

"That so many of our purposes could be put in process of fulfillment in the year 1933 is a tribute to the ability of democracy to recognize a crisis and to act with sufficient speed to meet it. A Nation of citizens, as well as the Congress and the Executive branch of the Government, quickly understood the problems and the answer. We did not have to revert to the autocracy of a century ago, as did less hopeful countries where the ways of democracy were not so old and tried."



## Second Fireside Chat: Past Actions, Future Plans

A plan to halt the crisis had been developed in the weeks leading up to Roosevelt's inauguration, and when it was about to be implemented, Roosevelt delivered his first "Fireside Chat" over the radio on March 12 to inform the American public about what he and the Congress were doing to reverse the situation.

Once the banking situation was stabilized, Roosevelt moved on to deal with other serious problems such as unemployment, and to send legislation to Congress which would establish the Civilian Conservation Corps and the Tennessee Valley Authority.

Again, the President reported to the American people, this time in his second Fireside Chat on May 7.

Roosevelt began by reminding his audience of the purpose of his fireside chats: "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 with-

held, and money to go into hiding, thus forcing liquidation and bankruptcy of banks, railroads, and insurance companies, and a recapitalizing 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 hardships 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 [emphasis added—ed.]. 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. To this policy it has strictly adhered. 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 is 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 we are relieving an appreciable amount of actual distress.

“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 incidental 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 homeowners 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.

“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 overproduction which so often in the past has kept farm commodity prices far below a reasonable return.

“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 cutthroat competition and unduly long hours for labor, and at the same time courage each industry to prevent overproduction.”

### **The Proper Role of Government**

“It is wholly wrong to call the measures that we have taken government control of farming, industry, and transportation. It is rather a partnership between

government and farming and industry and transportation, not partnership in profits, for the profits still go to the citizens, but rather a partnership in planning, and a 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 90% 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 10% of cotton manufacturers pay starvation wages, require long hours, employ children in their mills, and turn out burdensome surpluses? The unfair 10% could produce goods so cheaply that the fair 90% 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 practices and to enforce this agreement by the authority of government.

“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.

“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 to return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

“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 widespread approval of our purpose. 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.”

# How FDR Dealt with The Foreclosure Crisis

It is sometimes difficult to comprehend how much Franklin D. Roosevelt did to create the structure of modern American life. Many things that we take for granted did not exist before his Presidency, or were hopelessly inadequate. One of the programs which reflects his philosophical outlook and its implementation in economic practice is his effort to stop the escalating home foreclosures and evictions during the Great Depression....

Any citizen of average means who tried to buy a home before 1933 faced interest rates between 6-8%, but could only obtain a mortgage for a term of three to five years. Often the first mortgage could not cover the purchase, and so a second mortgage had to be obtained, and this at rates up to 10%, and for a shorter term than the first.

Complete payment of any mortgage was almost an impossibility, because there was no plan of amortization and therefore a large lump sum became due after just a few years. When the mortgage matured, the "home-owner" had little choice between being foreclosed on, or refinancing by paying exorbitant extra charges and continuing payments which rarely decreased any of the principal because they were always paying off the interest. (Ironically, this is an option that many have chosen today in the name of "reducing" mortgage payments—so-called interest only mortgages.)...

The Great Depression got under way in the late Fall of 1929, and foreclosures escalated at a cruel rate. President Roosevelt wrote, in 1938, "One of the major disasters of the continued depression was the loss of hundreds of thousands of homes each year by foreclosure. The annual average loss of urban homes by foreclosure in the United States in normal times was 78,000. By 1932 this had increased over three and a half times, to 273,000. By the middle of 1933, foreclosures had advanced to a total of more than 1,000 per day. Not only did this cause the obvious hardship of loss of homes, but it froze and endangered the assets of the various mortgagees—insurance companies, mortgage banks, savings banks, savings and loan associations, and other financial institutions, which held the savings of over 30,000,000 of our people."

## Taking Action

With conditions constantly worsening, President Roosevelt sent a message to Congress on April 13, 1933, asking for legislation to "protect small home owners from foreclosure and to relieve them of a portion of the burden of excessive interest and principal payments incurred during the period of higher values and higher earning power.

"Implicit in the legislation which I am suggesting to you is a declaration of national policy," FDR wrote in his message to Congress. "This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability, and that to protect home owners from inequitable enforced liquidation, in a time of general distress, is a proper concern of the Government."

By June 13, Roosevelt was signing the Home Owners Loan Corporation (HOLC) Act, which created many of the safeguards and standards which survive to the present day. The Corporation was capitalized with a \$200 million subscription by the U.S. Treasury to its stock, and was authorized to issue bonds to the total amount of \$2 billion, in exchange for first mortgages on urban homes. Further increases in the amount of dollar authorizations provided funds for the repair and reconditioning of homes. To stabilize the institutions which granted the mortgages, a provision of the act stated that \$300 million could be invested in those institutions or in the bonds, debentures, or notes of Federal Home Loan Banks.

As President Roosevelt wrote: "What the Corporation did to accomplish its emergency task was to buy the mortgages of distressed home owners from those institutions and individuals who held them and were unwilling or unable to grant further extensions and concessions to the mortgagor.

"A large proportion of these mortgages were written on a short-term basis for one, two, or five years; and when the Corporation assumed them, many were subject to steadily accumulating delinquencies.... Interest rates on both short-term and long-term loans were high, and great numbers of them were weighted with premiums, commissions, service charges, and extra fees of various kinds which added to the load borne by the borrower.

"The Corporation rewrote all of the loans at a 5% interest rate and allowed a period of 15 years for repayment. All of the initial charges such as appraisal, title



ational Archives/John Vachon

*Evicted sharecroppers in Arkansas during the Great Depression. FDR's measures to deal with the housing foreclosure crisis are a lesson for today.*

fees, etc., and all delinquent taxes and assessments were paid by HOLC, and consolidated with the principal of the loan. . . .

“In cooperation with the Reconstruction Finance Corporation, HOLC was able to place nearly half a billion dollars in circulation to the benefit of small depositors by exchanging its bonds for that amount of frozen mortgage assets in closed banks of the country. The Corporation not only kept the home owners in their homes, but protected the depositors in these closed institutions and stabilized the collapsing home financing structure of the Nation. Funds amounting to hundreds of millions of dollars were released for further investment in new mortgages for building or purchasing of homes, or to meet the demands of investors who sought to withdraw their funds immediately. . . .

“Almost one-quarter of a billion dollars in delinquent taxes were paid to State and municipal governments by HOLC on behalf of its borrowers. The taxes paid had an important influence in reviving the market and restoring the prices for municipal bonds. Through these disbursements many communities have been helped to maintain intact over a desperate period their schools and other essential public services, have been able to operate with less borrowed money, and, in some cases, have been saved from defaulting on their own maturing bond issues.”

### **‘Humanity Comes First’**

Of course, President Roosevelt was attacked for creating a debt which would supposedly drag down

future generations. At Forbes Field in Pittsburgh on Oct. 1, 1936 during that year’s Presidential campaign, President Roosevelt gave a ringing answer to those critics. He said that when his new administration came to Washington in 1933, “We saw the millions out of work, the business concerns running in the red, the banks closing. Our national income had declined over 50%—and, what was worse, it showed no prospect of recuperating by itself. . . .

“Something had to be done. A national choice had to be made. We could do one of two things. Some people—who sat across my desk in those days—urged me to let nature take its course and continue a policy of doing nothing. . . .

To have accepted this advice would have meant a continued wiping out of people of small means, the continued loss of their homes and farms and small businesses into the hands of people who still had enough capital left to pick up those homes and farms and businesses at bankruptcy prices.

“It would have meant, in a very short time, the loss of all the resources of a multitude of individuals and families and small corporations. You would have seen a concentration of property ownership in the hands of 1 or 2% of the population, a concentration unequaled in any great nation since the days of the late Roman Empire. . . .

“To balance our budget in 1933 or 1934 or 1935 would have been a crime against the American people. To do so we would either have had to make a capital levy that would have been confiscatory, or we would have had to set our face against human suffering with callous indifference. When Americans suffered, we refused to pass by on the other side. Humanity came first. . . .

“And now a word as to this foolish fear about the crushing load the debt will impose upon your children and mine. This debt is not going to be paid by oppressive taxation on future generations. It is not going to be paid by taking away the hard-won savings of the present generation. It is going to be paid out of an increased national income and increased individual income produced by increasing national prosperity.”

And it was.