

SPEECH OF THE PRESIDENT
FORBES FIELD, PITTSBURGH
OCTOBER 1, 1939.

A baseball park is a good place to talk about box scores. Tonight I am going to talk to you about the box score of the government of the United States. I am going to tell you the story of our fight to beat down the depression and win recovery. ^{And} From where I stand it looks as though the game is pretty well in the bag.

I am convinced that when government finance or any other finance is honest — and when all the cards are on the table — there ~~are~~ ^{is} no higher mathematics about it. It is just plain, scoreboard arithmetic.

When the present management of your team took charge, the national scoreboard looked pretty bad. In fact, it looked so much like a shut-out that ^{you} you voted a change of management in order to give the country a chance to win the game. And today we are winning it.

When the new management came to Washington, we began to make our plans -- plans to meet the immediate crisis - and plans that would carry the people of the country back to decent prosperity.

We saw the millions out of work, the business concerns running in the red, the banks closing. Our national income had declined over fifty per cent - and, what was worse, it showed no prospect of recuperating by itself. By national income I mean the total of all income of all the 125,000,000 people in this country - the total of all the pay envelopes, all the farm sales, all the profits of all the businesses, of all the individuals and corporations in America.

During the four lean years before this Administration took office, that national income had declined from eighty-one billions a year to thirty-eight billions a year -- in short, you and I -- all of us together -- were making forty-three billion dollars less in 1932 than we made in 1929.

Now, the rise and fall of national income — since it tells the story of how much you and I and everybody else are making — ~~is~~ ^{is} an index of the rise and fall of national prosperity. It is also an index of the prosperity of the government. The money to run the government comes from taxes; and the tax revenue in turn depends for its size on the size of the national income. When incomes and values and transactions are on the down-grade, then tax receipts go on the down-grade, too. If the national income continues to decline then the government cannot run without going into the red. The only way to keep a government out of the red is to keep the people out of the red. We had to balance the budget of the American people before we could balance the budget of the national government.

That makes common sense, doesn't it?

The box score when the Democratic Administration came to bat in 1933 showed a net deficit in our national accounts of about \$3,000,000,000, accumulated in the three previous years.

National income was in a downward spiral. Federal Government revenues were in a downward spiral. To pile on vast new taxes would get us nowhere because values were going down.

On top of having to meet the ordinary expenses of government, I recognized the obligation of the Federal Government to feed and take care of the growing army of homeless and destitute unemployed.

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. I rejected that advice. Nature was in an angry mood.

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 one or two per cent of the population, a concentration unequalled in any great nation since the days of the Inter Roman Empire.

→ 10 min.

And so the program of this Administration has protected the small business, the small corporation, the small shop from the wave of deflation which threatened them. We realized then, as we do now, that the vast array of small business men, factory owners and shop owners form the backbone - together with our farmers and workers - of the industrial life of America. In our long range plan we recognized that the prosperity of America depended upon, and would continue to depend upon, the prosperity of them all.

I rejected ~~the~~ ^{the} ^{to do nothing} advice for an additional reason. I had promised, and my Administration was determined, to keep the people of the United States from starvation.

I refused to leave human needs solely in the hands of local communities - local communities which themselves were almost bankrupt.

To have accepted that advice would have been to offer bread lines again to the American people, knowing this time that in many places the lines would last far longer than the bread. In those dark days, between us and a balanced budget, stood millions of needy Americans, denied the promise of an American life.

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.

No one lightly lays a burden on the income of a nation. But this vicious tightening circle of our declining national income simply had to be broken. The bankers and the industrialists of the Nation cried aloud that private business was powerless to break it. They turned, as they had a right to turn, to the Government. We accepted the final responsibility of government, after all else had failed, to spend money when no one else had money left to spend.

I adopted, therefore, the other alternative. I must
reside a do-nothing or a wait-and-see policy.

As a first step in our program we had to stop the quick
spiral of deflation, and decline in the national income. Having
stopped them, we went on to restore purchasing power, to raise
values, and to start the national income upward.

In 1933 we reversed the policy of the previous
Administration. For the first time since the depression you had
a Congress and an Administration in Washington which had the
courage to provide the necessary resources which private interests
no longer had or no longer dared to risk.

This cost money. We knew in March, 1933, that it
would cost money. We knew that it would cost money for several
years to come.

The people themselves understood that in 1933. They
understood it in 1934 when they gave the Administration a full
endorsement of its policy. They knew in 1935, and they know in
1936, that the plan is working.

Now let us look at the rest. Since we could not get the money by taxes we borrowed it, and increased the public debt.

President Hoover's Administration increased the national debt in the net amount of over three billion dollars in three depression years and there was little to show for it. My Administration has increased the national debt in the net amount of about eight billion dollars and there is much to show for it.

Put that figure of eight billions out here on the scoreboard and let us tell you where the dollars went.

Over a billion and a half went for the payment of the World War Veterans' Bonus this year instead of in 1945. That payment is now out of the way, and is no longer a future obligation of the Government.

As for the other six and a half billions of the deficit, we didn't just spend money — we spent it for something. America got something for what we spent — conservation of human resources through CCC camps and work relief; conservation of natural resources of water, soil and forest; billions for security and a better life.

While many who criticize today were selling America short, we were investing in the future of America.

Contrast these expenditures and what we got for them with certain other expenditures of the American people in the years between 1920 and 1930. During that period not merely eight billions but many more billions came out of American pockets and were sent abroad -- to foreign countries where the money was used for increasing foreign armaments, for building foreign factories to compete with us, for building foreign model dwellings, swimming pools and slaughter houses, for giving employment to the foreign unemployed -- foreign boondoggling, if you will.

Those dollars were just as good American money -- just as hard-earned -- just as much the reward of our thrift -- as the dollars we have spent at home giving work to the unemployed. Most of those dollars sent abroad are gone for good. Those billions, lost to us under previous Administrations, do not include the other billions loaned by the United States to foreign governments during and immediately after the War.

I ask you the simple question: Hasn't it been a sounder investment for us during these past three years to spend eight billions for American industry, American farms, American homes and the care of American citizens?

I have used the figure of eight billion dollars as representing the net increase in our national debt. Immediately people will rush into print or run to the microphones to tell you that my arithmetic is all wrong. They will tell you that the increase in the national debt is thirteen billions instead of eight. That is technically and morally just as correct as if someone were to try to scare you about the condition of your bank by telling you of its liabilities and not telling you of its assets.

That is technically and morally just as correct as telling you good people here in Pennsylvania that none of your bank deposits or insurance policies are sound.

When you are told that the United States Treasury has thirteen billions more of liabilities than it had in 1933, you should also be told that it has six billion dollars of increased assets to set off against these liabilities.

In three years our net national debt has increased eight billion dollars. But in two years of the late war it increased as much as twenty-five billion dollars. National defense and the future of America were involved in 1917. National defense and the future of America were involved in 1933. Don't you believe that the saving of America has been cheap at that price? It was more than defense - it was more than rescue. It was an investment in the future of America.

And, incidentally, tonight is an anniversary in the affairs of our Government which I wish to celebrate with you and the American people. It is October first, and it marks the end of a whole year in which there has been not a single national bank failure in the United States. It has been fifty-five years since that kind of a record has been established. You and I can take this occasion to rejoice in that record. It is proof that the program has worked.

Compare the score board which you have in Pittsburgh now with the score board which you had when I stood here at second base in this field four years ago. At that time, as I drove through

these great valleys, I could see mile after mile of this greatest mill and factory area in the world, a dead panorama of silent black structures and smokeless stacks. I saw idleness and hunger instead of the whirl of machinery. Today as I came north from West Virginia, I saw mines operating, I found bustle and life, the hiss of steam, the ring of steel on steel - the roaring song of industry.

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.

The deficit of the national government has been steadily declining for three years running, although technically, this year it did not decline, because we paid the Bonus this year instead of in 1945. Without the Bonus the deficit would have declined this year.

The truth is that we are doing better than we anticipated in 1933. The national income has gone up faster than we dared then to hope. Deficits have been less than we expected. Treasury receipts are increasing.

The national income was thirty-eight billions in 1932. In 1935 it was fifty-three billions and this year it will be well over sixty billions. If it keeps on rising at the present rate, as I am confident that it will - the receipts of the Government, without imposing any additional taxes will, within a year or two, be sufficient to care for all ordinary and relief expenses of the Government - in other words, to balance the annual budget.

The Government of this great Nation, solvent, sound in credit, is coming through a crisis as grave as war without having sacrificed American democracy or the ideals of American life.
