

## Lesson Description

In this lesson, students are given excerpts from Franklin Delano Roosevelt's "fireside chats" and categorize the excerpts according to economic problems. After identifying economic problems and FDR's comments on the problems, students simulate a fireside chat by making a recording for the class. After listening to the recordings, students complete a simple consumer confidence survey concerning their reactions to the recording. To conclude the lesson, students identify and evaluate a current economic problem and apply the strategy of FDR to promote and build confidence in a proposed solution.

## Concepts

Balanced budget  
Consumer confidence  
Money supply (stock)  
Personal income  
Real Gross Domestic Product  
Unemployment  
Unemployment rate

## Objectives

Students will:

- Explain why improved confidence was important to the U.S. recovery from the Great Depression.
- Analyze the effect of direct communication with U.S. citizens in restoring confidence in the economy during the Great Depression.
- Explain the significance of a consumer confidence survey.

## Content Standards

### National Standards for History

Era 8, Grades 9-12

- **Standard 2:** The New Deal addressed the Great Depression.

### National Standards in Economics

- **Standard 10:** Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

## Lesson 5 | Turn Your Radio On

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- Benchmark 1, Grade 8: Banks and other financial institutions channel funds from savers to borrowers and investors.
- **Standard 19:** Unemployment imposes costs on individuals and nations.
  - Benchmark 2, Grade 8: The labor force consists of people ages 16 and over who are employed or actively seeking work.
  - Benchmark 1, Grade 12: The unemployment rate is the percentage of the labor force that is willing to work, does not currently have a job and is actively looking for employment.
- **Standard 20:** Federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output and prices.
  - Benchmark 1, Grade 12: Fiscal policies are decisions by the federal government to change spending and tax levels. These decisions are adopted to influence national levels of output, employment and prices.
  - Benchmark 2, Grade 12: In the short run, increasing federal spending and/or reducing taxes can promote more employment and output, but these policies also put upward pressure on the price level and interest rates. Decreased federal spending and/or increased taxes tend to lower price levels and interest rates over the long term, but they reduce employment and output levels in the short run.

### National Council for the Social Studies Strands

- Time, continuity and change
- Power, authority and governance
- Production, distribution and consumption
- Science, technology and society
- Civics, ideals and practices

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## Time Required

120 minutes

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## Materials

- Visual 5.1
- A copy of Handout 5.1, cut apart to make 21 half-sheets and three labels
- A copy of Handouts 5.2 and 5.4 for each student
- A copy of Handout 5.3 for each group
- Three tape recorders and three blank tapes, one for each group
- Masking tape to tape labels from Handout 5.1 on the classroom wall
- A copy of Handout 5.5 for each pair of students

## Procedures

1. Begin the lesson by asking students about television programs and movies they have watched recently and about songs they have listened to on their MP3 players. After a few minutes, ask the class to imagine that they lived in a time before the invention of the television, MP3 players and computers. Allow time for responses to questions:
  - How would your life be different? (*Answers will vary.*)
  - What would be a likely substitute for entertainment, such as MP3 players and television? (*radio, books and newspapers*)
  - What would be a likely substitute for receiving news and information? (*radio and newspapers*)
2. Explain that the radio was invented in the late 1800s, and radio broadcasting began on a large scale in the 1920s. The broadcast of the 1920 presidential election results is generally considered the beginning of professional broadcasting. The golden age of broadcasting began around 1925 and, in 1926, the National Broadcasting Company (NBC) made plans for radios to be in 26 million American homes. Families gathered in the evening to listen to music, comedies and dramas. The radio not only supplied the major source of entertainment, but also connected people with the world through newscasts.
3. Explain that Franklin Delano Roosevelt (FDR) became the president of the United States in 1933 at the most severe point of the Great Depression. The nation was in financial despair. Banks were failing, at least one-fourth of the labor force was unemployed, families were losing their homes and many were going hungry.
4. Explain that Roosevelt promised a “New Deal” to the American people. The goal of the New Deal was to restore confidence in the U.S. economy. In his inaugural address, his words of hope and assurance rang out to the nation: “Let me assert my firm belief that the only thing we have to fear is fear itself . . . this Nation asks for action, and action now. We must act and act quickly.” During his first hundred days, FDR made changes in federal government spending and rushed an unprecedented number of measures through Congress, including an aggressive fiscal expansion focusing on three areas: relief, recovery and reform.
6. FDR’s greatest challenge was to restore confidence in the economy, and the technology to deliver his message was available—the radio was his tool to restore confidence and hope by direct communication with the American people. FDR began a series of evening radio talks immediately after his inauguration. In these “fireside chats,” he appealed to the people with words of encouragement and explanation. Referring to listeners as “my friends,” he explained his strategies and New Deal programs and attempted to make the average citizen part of his team. He became “the man of the hour.”
7. Display Visual 5.1: *Man of the Hour* and ask students to draw conclusions from the political cartoon. (*For example, the American flag behind a strong face could represent strong leadership for America.*)

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8. Tape each label from *Handout 5.1: Group Work* —“Unemployment,” “Banking Crisis” and “Federal Spending”—to a different area or wall of the room. Randomly distribute from Handout 5.1 the 21 half-sheets to individual students (or pairs of students if more than 21 students are in the class). Explain that there are three problems addressed in the handouts. Students should read their half-sheets and go to the area of the classroom where a posted label identifies the topic that their information indicates. Students will form one group per label, and each complete group should include one problem label (posted on the wall), one data chart and a number of excerpts from the fireside chats that address the identified problem. (*Half-sheet numbers 1-7 should be grouped with Unemployment, numbers 9-17 should be grouped with Banking Crisis and numbers 19-23 should be grouped with Federal Spending.*)
9. After the three groups are formed, each student should discuss and explain the information on his or her handout to the group by identifying the information as a data table or an excerpt from a fireside chat, by reading the excerpt aloud, or by summarizing the data and by explaining how the information relates to the problem.
10. Distribute a copy of *Handout 5.2: Key Words and Concepts* to each student. Tell students to discuss ways in which any of the concepts on Handout 5.2 are relevant to their groups’ problems, data and fireside chat excerpts. (*For the Federal Spending group, relevant concepts are balanced budget, fiscal policy and national debt; for the Unemployment group, relevant concepts are depression, income, money supply, unemployment, unemployment rate and Gross Domestic Product; and for the Banking Crisis group, the relevant concept is money supply.*) Clarify the terms on the handout with the following discussion. Encourage students to take notes on the handout for use later.
  - **Balanced budget** means that the federal government’s expenditures on programs equal the amount of tax revenue collected. President Roosevelt often addressed the fact that the government was spending more than the revenue it was collecting. When the government is spending more than the revenue it collects, it is operating in a “deficit.” The government borrows money to pay the deficit and this adds to the government’s debt, known as the “national debt.”
  - The Great Depression was the worst in U.S. history. The economy was experiencing high unemployment, with 25 percent of the work force unemployed. Real Gross Domestic Product was declining, which means that the output of goods and services was declining. These economic problems were occurring across the United States and across all sectors of the economy—manufacturing, banking and financial services, agriculture, and so on.
  - Roosevelt tempered his concern about the national debt by pointing to increased national income and by pointing to the long-term benefits the economy would experience from the government’s investment in infrastructure (roads, bridges, dams) and education (schools).
  - **Personal income** refers to income received by people from all sources. It includes wages and salaries, rental income, profit, transfer payments, and interest income.
  - **Real Gross Domestic Product (GDP)** is the market value of all final goods and services produced in an economy in a given year adjusted for inflation. Real GDP and national income—which are essentially equal—were falling.
  - The **money supply (stock)** is the quantity of money available in an economy. The basic money supply in the United States consists of currency, coins and checking account deposits. The banking crisis forced banks to suspend operations, and many banks failed. This reduced the money supply and the availability of credit.

- **Unemployment** refers to the number of people 16 years of age and older who are without jobs and are actively seeking work.
  - The **unemployment rate** is the percentage of the labor force that is willing and able to work, does not have a job and is actively seeking work.
11. Provide each group with one copy of *Handout 5.3: Turn Your Radio On—Questions*, cut apart to make five question strips. Allow each group to distribute the questions in Handout 5.3 based on the number of students in the group. Have each group share its responses with the class.
- What are the relevant economic concept(s)? (*For the Federal Spending group, relevant concepts are balanced budget, fiscal policy and national debt; for the Unemployment group, relevant concepts are depression, income, money supply, unemployment, unemployment rate and Gross Domestic Product; and for the Banking Crisis group, the relevant concept is money supply.*) Define and explain. Refer to Handout 5.2.
  - What is the economic problem, according to information provided in the chart? (*Unemployment group: rising unemployment rate and declining per capita personal income; Banking Crisis group: increased number of bank suspensions; Federal Spending group: declining GDP and increased government spending*) Define and explain. Refer to Handout 5.2.
  - How did FDR explain the problem, proposed solution and his plan of action to the listeners? (*Answers will vary.*)
  - How did FDR’s words offer encouragement and build confidence in the economy? (*Answers will vary.*)
  - How would you have felt if you had been a listener to this radio broadcast? (*Answers will vary.*)
12. Tell the students that each group is responsible for creating its own “fireside chat” based on these questions. Students in each group will make audio tapes of their messages, which should last from two to three minutes. The recorded messages will be played to the class to simulate radio broadcasts. The fireside chat should identify an economic concept or problem that existed during the Great Depression, define or explain that problem/concept to the public, and then propose a solution in a manner that encourages citizens to support that plan and builds confidence in the economy. Group members should consider how hearing the fireside chats would have affected them as listeners.
13. Ask the students what they think **consumer confidence** means. (*Answers will vary.*) Explain that consumer confidence is related to how consumers feel about the economy and is an indication of their spending and saving decisions.
14. Explain that the extent to which consumers feel confident about the health of the economy—and the future of the economy—may influence their behavior today.
- If people feel the economy is weak and their jobs are not secure, they are likely to spend less now in order to have savings for a future layoff or job loss.

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- The Conference Board, an independent economic research firm, issues a monthly survey that is based on a representative sample of 5,000 U.S. households. This *Consumer Confidence Index (CCI)* gives a measure of consumer optimism about current economic conditions through consumers' spending behavior. Another well-established index that measures consumer confidence is the University of Michigan's Consumer Sentiment Index.
  - In considering consumer confidence, economists are seeking to understand and to project how people's attitudes about the health of the economy will influence their spending, saving and borrowing behaviors.
15. Provide each of the three groups with a tape recorder, a blank tape and a separate area away from the rest of the class to prepare its broadcast. Tell each group to use the tape player to make a two- to three-minute recording of its fireside chat.
  16. Bring the class together and explain that the class will "turn the radio on" by allowing each group to play its recorded fireside chat. Caution the class to listen carefully to the recordings and to assume the role of a U.S. citizen during the time of the Great Depression.
  17. After all recordings have been heard, remind the students that consumer confidence in the economy is an important consideration.
  18. Provide each student with *Handout 5.4: Consumer Confidence Survey* and explain that this modified and simplified survey can measure the effectiveness of the fireside-chat recordings based on the limited information provided by the groups. Instruct each student to complete the survey by assuming the role of a U.S. citizen during the Great Depression—considering the problems of the Great Depression—and by registering his/her reaction to the three tapes (combined).
  19. Instruct each student to tabulate the results of his/her survey by following the instructions at the bottom of the survey sheet. Discuss with the class the level of consumer confidence based on the survey results. Post the following scores on the board for your discussion:
    - **35-40** = very confident
    - **30-35** = somewhat confident
    - **26-30** = neutral (Tapes did not affect the attitude of the listener.)
    - **20-25** = lack of confidence

## Closure

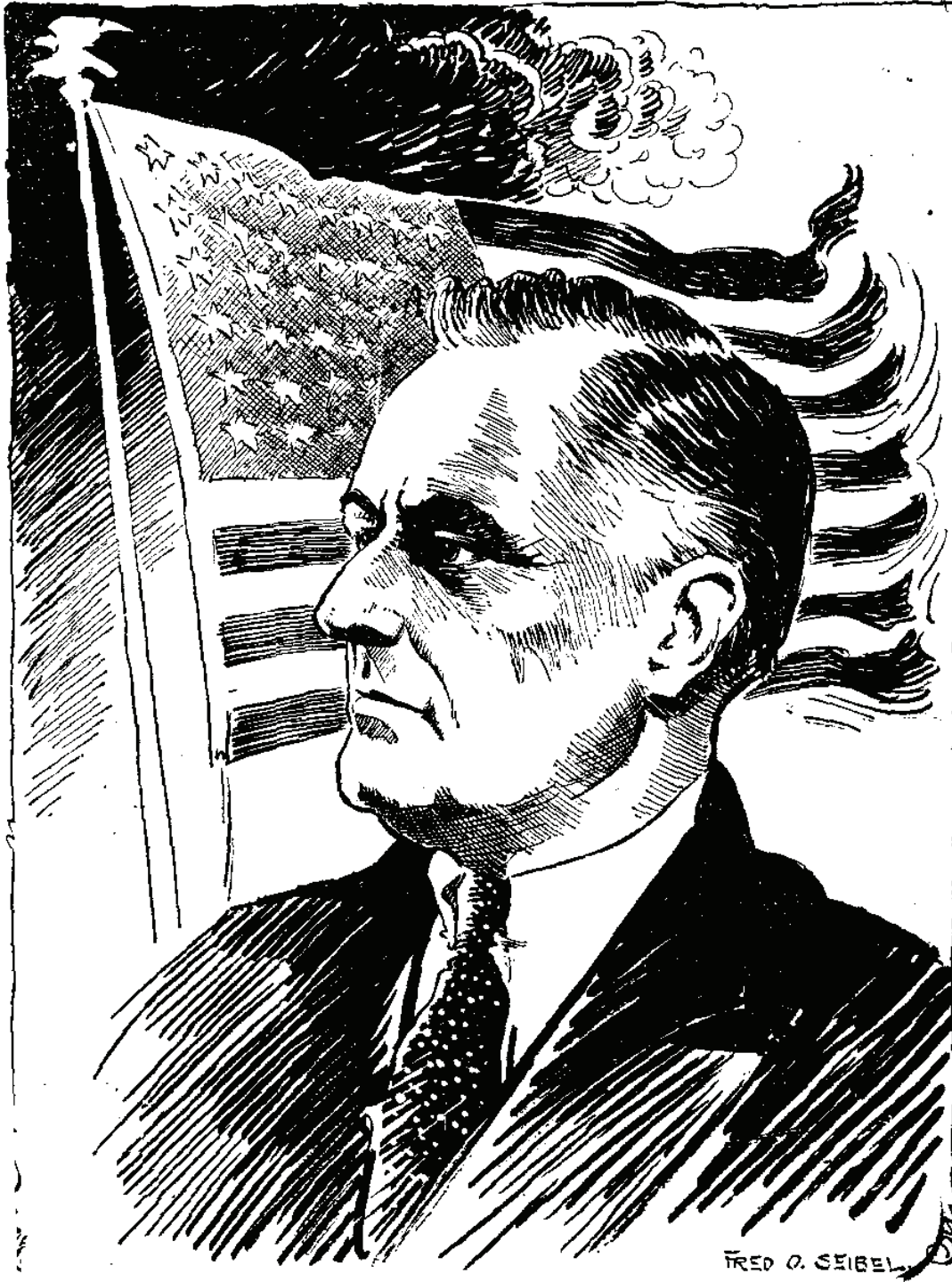
20. Review the important content of the lesson with the following discussion:
- How did President Roosevelt's fireside chats contribute to U.S. recovery from the Great Depression? *(by increasing citizens' confidence in the economy)*
  - Why was it important to restore citizens' confidence in the economy? *(It was important to get people back into the banking system—they had to feel confident that their money was safe.)*
  - How would citizens putting their money back in banks affect the money supply? *(The money supply and the amount of credit available would increase, which would stimulate the economy. If people felt confident about their ability to get and keep a job, they were more likely to spend some of their income, which would stimulate the economy.)*
  - How did technology enhance Roosevelt's ability to communicate and improve consumer confidence? *(The development of radio and people's access to radio gave him direct access to citizens.)*
  - What is the significance of a consumer confidence survey? *(A consumer confidence survey provides information about what consumers think the health of the economy is/will be. How healthy consumers think the economy is will influence their spending, saving and borrowing behaviors.)*

## Assessment

21. Ask students to identify some effective ways a politician today might communicate. *(Answers will vary but may include an internet blog, a webcast or a television advertisement.)*
22. Distribute *Handout 5.5: Assessment* to each student. Review the directions with the students.

Visual 5.1: Man of the Hour

*The Man of the Hour*



Seibel in the *Richmond Times-Dispatch*, March 14, 1933  
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## Handout 5.1: Group Work

- 1 *“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. These great groups 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.”*

— Excerpt from FDR’s fireside chat  
May 7, 1933

- 2 *“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.”*

— Excerpt from FDR’s fireside chat  
May 7, 1933

- 3 *“In spite of the fact that unemployment remains a serious problem here as in every other nation, we have come to recognize the possibility and the necessity of certain helpful remedial measures. These measures are of two kinds. The first is to make provisions intended to relieve, to minimize and to prevent future unemployment; the second is to establish the practical means to help those who are unemployed in this present emergency.”*

— *Excerpt from FDR’s fireside chat*  
*April 28, 1935*

- 4 *“Therefore, let us keep our minds on two or three simple, essential facts in connection with this problem of unemployment. It is true that, while business and industry are definitely better, our relief rolls are still too large. However, for the first time in five years the relief rolls have declined instead of increased during the winter months. They are still declining. The simple fact is that many million more people have private work today than two years ago today or one year ago today, and every day that passes offers more chances to work for those who want to work.”*

— *Excerpt from FDR’s fireside chat*  
*April 28, 1935*

- 5 *“In these great problems of government, I try not to forget that what really counts at the bottom of it all is that the men and women willing to work can have a decent job—a decent job to take care of themselves and their homes and their children adequately; that the farmer, the factory worker, the storekeeper, the gas station man, the manufacturer, the merchant—big and small—the banker who takes pride in the help that he can give to the building of his community, that all of these can be sure of a reasonable profit and safety for the earnings that they make, not for today nor tomorrow alone, but as far ahead as they can see. I can hear your unspoken wonder as to where we are headed in this troubled world. I cannot expect all of the people to understand all of the people’s problems, but it is my job to try to understand all of the problems.”*

— Excerpt from FDR’s fireside chat  
April 14, 1938

- 6 *“The program for social security now pending before the Congress is a necessary part of the future unemployment policy of the government. While our present and projected expenditures for work relief are wholly within the reasonable limits of our national credit resources, it is obvious that we cannot continue to create governmental deficits for that purpose year after year. We must begin now to make provision for the future. That is why our social security program is an important part of the complete picture. It proposes, by means of old-age pensions, to help those who have reached the age of retirement to give up their jobs, and thus give to the younger generation greater opportunities for work, and to give to all a feeling of security as they look toward old age.”*

— Excerpt from FDR’s fireside chat  
April 28, 1935

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Year	Unemployment Rate	Per Capita Personal Income
1929	3.2%	\$698
1930	8.9%	\$619
1931	16.3%	\$526
1932	24.1%	\$399
1933	25.2%	\$372

SOURCES:

Unemployment data from Gordon, Robert J. "Table A-1, Time Series Data for the U.S. Economy: 1875-1999." *Macroeconomics*, 8th ed., Addison-Wesley, 2000.

Per capita personal income from [www.bea.gov/bea/regional/spi/](http://www.bea.gov/bea/regional/spi/).

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# UNEMPLOYMENT

9 *“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.”*

— Excerpt from FDR’s fireside chat  
March 12, 1933

10 *“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 the holiday and lift the ban of that holiday gradually. This law also gave authority to develop a program of rehabilitation of our banking facilities. I want to tell our citizens in every part of the nation that the national Congress—Republicans and Democrats alike—showed by this action a devotion to public welfare and a realization of the emergency and the necessity for speed that is difficult to match in our history.”*

— Excerpt from FDR’s fireside chat  
March 12, 1933

11 *“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.”*

— Excerpt from FDR’s fireside chat  
March 12, 1933

12 *“The third stage has been the series of regulations permitting the banks to continue their functions to take care of the distribution of food and household necessities and the payment of payrolls. This bank holiday, while resulting in many cases in great inconvenience, is affording us the opportunity to supply the currency necessary to meet the situation. No sound bank is a dollar worse off than it was when it closed its doors last Monday. Neither is any bank which may turn out not to be in a position for immediate opening. The new law allows the 12 Federal Reserve banks to issue additional currency on good assets, and thus the banks which reopen will be able to meet every legitimate call. The new currency is being sent out by the Bureau of Engraving and Printing in large volume to every part of the country. . . . As a result, we start tomorrow, Monday, with the opening of banks in the 12 Federal Reserve bank cities—those banks which on first examination by the Treasury have already been found to be all right. This will be followed on Tuesday by the resumption of all their functions by banks already found to be sound in cities where there are recognized clearing houses—that means about 250 cities of the United States.”*

— Excerpt from FDR’s fireside chat  
March 12, 1933

13 *“On Wednesday and succeeding days, banks in smaller places all through the country will resume business—subject, of course, to the government’s physical ability to complete its survey. It is necessary that the reopening of banks be extended over a period in order to permit the banks to make applications for necessary loans, to obtain currency needed to meet their requirements and to enable the government to make common-sense checkups. Let me make it clear to you that if your bank does not open the first day, you are by no means justified in believing that it will not open. A bank that opens on one of the subsequent days is in exactly the same status as the bank that opens tomorrow.”*

— Excerpt from FDR’s fireside chat  
March 12, 1933

14 *“It is possible that when the banks resume, a very few people who have not recovered from their fear may again begin withdrawals. Let me make it clear that the banks will take care of all needs—and it is my belief that hoarding during the past week has become an exceedingly unfashionable pastime. It needs no prophet to tell you that when the people find that they can get their money—that they can get it when they want it for all legitimate purposes—the phantom of fear will soon be laid. People will again be glad to have their money where it will be safely taken care of and where they can use it conveniently at any time. I can assure you that it is safer to keep your money in a reopened bank than under the mattress.*

*“The success of our whole great national program depends, of course, upon the cooperation of the public—on its intelligent support and use of a reliable system.”*

— Excerpt from FDR’s fireside chat  
March 12, 1933

15 *“I do not promise you that every bank will be reopened or that individual losses will not be suffered, but there will be no losses that possibly could be avoided, and there would have been more and greater losses had we continued to drift. I can even promise you salvation for some at least of the sorely pressed banks. We shall be engaged not merely in reopening sound banks but in the creation of sound banks through reorganization. It has been wonderful to me to catch the note of confidence from all over the country. I can never be sufficiently grateful to the people for the loyal support they have given me in their acceptance of the judgment that has dictated our course, even though all of our processes may not have seemed clear to them.*

*“After all, there is an element in the readjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people. Confidence and courage are the essentials of success in carrying out our plan. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite in banishing fear. We have provided the machinery to restore our financial system; it is up to you to support and make it work.*

*It is your problem no less than it is mine. Together, we cannot fail.”*

*— Excerpt from FDR’s fireside chat  
March 12, 1933*

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Year	Number of Bank Suspensions
1929	659
1930	1352
1931	2294
1932	1456
1933	4004

SOURCE: Bank suspensions are from U.S. Bureau of the Census, *Historical Statistics of the United States*, U.S. Government Printing Office, Washington, D.C., 1960



17 *“The Government Bank Deposit Insurance on all accounts up to \$2,500 goes into effect on Jan. 1. We are now engaged in seeing to it that on or before that date the banking capital structure will be built up by the government, to the point that the banks will be in sound condition when the insurance goes into effect.”*

— *Excerpt from FDR’s fireside chat  
October 22, 1933*

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## BANKING CRISIS

19

Year	Total GDP (in billions of dollars)	Federal Spending (in billions of dollars)
1929	\$103.6	\$3.13
1930	\$91.2	\$3.32
1931	\$76.5	\$3.58
1932	\$58.7	\$4.66
1933	\$56.4	\$4.60
1934	\$66.0	\$6.54
1935	\$73.3	\$6.41
1936	\$83.8	\$8.20
1937	\$91.9	\$7.58
1938	\$86.1	\$6.54

SOURCES: Federal Spending from Gordon, Robert J. "Table A-1, Time Series Data for the U.S. Economy: 1875-1999." *Macroeconomics*, 8th ed., Addison-Wesley, 2000.  
GDP from U.S. Department of Commerce, Bureau of Economic Analysis.

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# FEDERAL SPENDING

21 *“If you think back to the experiences of the early years of this administration, you will remember the doubts and fears expressed about the rising expenses of government. But to the surprise of the doubters, as we proceeded to carry on the program which included public works and work relief, the country grew richer instead of poorer. It is worthwhile to remember that the annual national people’s income was \$30 billion more last year, in 1937, than it was in 1932. It is true that the national debt increased \$16 billion, but remember that in that increase must be included several billion dollars worth of assets which eventually will reduce that debt, and that many billion dollars of permanent public improvements—schools, roads, bridges, tunnels, public buildings, parks and a host of other things—meet your eye in every one of the 3,100 counties in the United States.”*

— Excerpt from FDR’s fireside chat  
April 14, 1938

22 *“No doubt you will be told that the government spending program of the past five years did not cause the increase in our national income. They will tell you that business revived because of private spending and investment. That is true in part, for the government spent only a small part of the total. But that government spending acted as a trigger, a trigger to set off private activity. That is why the total addition to our national production and national income has been so much greater than the contribution of the government itself.*

*“In pursuance of that thought, I said to the Congress today: ‘I want to make it clear that we do not believe that we can get an adequate rise in national income merely by investing, and lending or spending public funds. It is essential in our economy that private funds must be put to work, and all of us recognize that such funds are entitled to a fair profit.’*

*“As national income rises, let us not forget that government expenditures will go down, and government tax receipts will go up.”*

— Excerpt from FDR’s fireside chat  
April 14, 1938

23 *“You may get all kinds of impressions in regard to the total cost of this new program, or in regard to the amount that will be added to the net national debt. It is a big program. Last autumn, in a sincere effort to bring government expenditures and government income into closer balance, the budget I worked out called for sharp decreases in government spending during the coming year. But in the light of present conditions, conditions of today, those estimates turned out to have been far too low. This new program adds \$2,062,000,000 to direct Treasury expenditures and another \$950 million to government loans—the latter sum, because they are loans, will come back to the Treasury in the future.*

*“The net effect on the debt of the government is this: Between now and July 1, 1939—15 months away—the Treasury will have to raise less than a billion and a half dollars of new money. Such an addition to the net debt of the United States need not give concern to any citizen, for it will return to the people of the United States many times over in increased buying power and, eventually, in much greater government tax receipts because of the increase in the citizen income.”*

— Excerpt from FDR’s fireside chat  
April 14, 1938

24 *“What I said to the Congress today in the close of my message I repeat to you now. Let us unanimously recognize the fact that the federal debt, whether it be \$25 billion or \$40 billion, can only be paid if the nation obtains a vastly increased citizen income. I repeat that if this citizen income can be raised to \$80 billion a year, the national government and the overwhelming majority of state and local governments will be definitely ‘out of the red.’ The higher the national income goes, the faster will we be able to reduce the total of federal and state and local debts. Viewed from every angle, today’s purchasing power—the citizens’ income of today—is not at this time sufficient to drive the economic system of America at higher speed. Responsibility of government requires us at this time to supplement the normal processes and in so supplementing them to make sure that the addition is adequate. We must start again on a long, steady, upward incline in national income.”*

— Excerpt from FDR’s fireside chat  
April 14, 1938

## Handout 5.2: Key Words and Concepts

A **balanced budget** occurs when government revenues equal expenditures.

**Depression** is a very severe recession; a period of severely declining economic activity spread across the economy (not limited to particular sectors or regions) normally visible in a decline in real GDP, real income, employment, industrial production, wholesale-retail credit and the loss of the overall confidence in the economy.

**Fiscal policy** refers to spending and taxing policies used by the federal government to influence the economy.

**Real Gross Domestic Product (GDP)** is a way to measure the total output of an economy and refers to the total market value, expressed in dollars, of all final goods and services produced in an economy in a given year adjusted for inflation.

**National debt** refers to the total amount of outstanding government securities held by the public; it encompasses the financial obligations of a national government resulting from deficit spending, also called "public debt."

**Personal income** refers to income received by people from all sources. It includes wages and salaries, rental income, profit, transfer payments, and interest income.

**Money supply** is the quantity of money available in an economy; the basic money supply in the United States consists of currency, coins and checking account deposits.

**Unemployment rate** is the percentage of the labor force that is willing and able to work, does not currently have a job and is actively looking for employment.

### Handout 5.3: Turn Your Radio On—Questions

Directions: Cut this page apart on the dotted lines to make five question strips. Distribute questions to members of your group. Use information from your group's cards and from *Handout 5.2: Key Words and Concepts* to answer your question.

**What is the economic concept? Define and explain.**

**What is the economic problem, according to information provided in the chart? Define and explain.**

**How did FDR explain the problem, proposed solution and his plan of action to the listeners?**

**How did FDR's words offer encouragement and build confidence in the economy?**

**How would you have felt if you had been a listener to this radio broadcast?**

## Handout 5.4: Consumer Confidence Survey

Directions: Assume the role of an American citizen during the Great Depression. Answer the survey questions based on the *fireside chats* developed by student groups.

**1. Financially, how do you think you and your family will be in a year from now?**

- much better       somewhat better       same       worse

**2. At the present time, how are business conditions compared with a year ago?**

- much better       somewhat better       same       worse

**3. A year from now, what economic expectations do you have for the country as a whole?**

- much better       somewhat better       same       worse

**4. During the next year, what expectations do you have for unemployment?**

- clearly improve       improve somewhat       same       go down

**5. During the next year or two, what expectations do you have for your family income?**

- clearly improve       improve somewhat       same       go down

**6. During the next year, what expectations do you have for your family income compared with the past year?**

- clearly improve       improve somewhat       same       go down

**7. How would you rate the job that the government is doing in fighting unemployment?**

- good job       fair job       same       poor job

**8. During the last few months, have you heard of any favorable changes in the economy?**

- yes, definitely       same       few       absolutely not

**9. During the next year, what expectations do you have for the number of bank reopenings?**

- many       few       same       go down

**10. How do you feel about the decisions that have resulted in increased government spending?**

- strongly agree       agree       same       disagree

Tabulate the results of your survey by assigning four points for each question for which you checked the first choice, three points for the second choice, two points for the third choice and one point for the fourth choice. Write your total score for all 10 questions in the blank below.

**Total:** \_\_\_\_\_

## Handout 5.5: Assessment

With the intention of building citizens' confidence, write in the space provided below a one-paragraph blog describing an economic problem or concern that exists today and suggest a response (solution) to this problem. Exchange papers with another student in class and ask him/her to answer the three questions below and sign his/her name at the bottom of the page.

Author: \_\_\_\_\_

Blog:

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**Read the blog above and answer these questions.**

1. What is the dominant economic problem or concern that your blog addressed? Define and explain.
  
  
  
  
  
  
  
  
  
  
2. What strategy did this blog use to offer encouragement and build confidence in the economy?
  
  
  
  
  
  
  
  
  
  
3. How do you as the reader feel about the economy after reading this blog?
  - More confident?
  - Neutral?
  - Less confident?

Signed \_\_\_\_\_