

## How FDR saved capitalism in eight days.

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President Bush's vacillating response to the financial crisis has occasioned fond memories of the last president to face a banking catastrophe, Franklin Delano Roosevelt. The comparisons are bound to be invidious. FDR's response to the panic of 1933 represented his finest hour—one of them, at any rate—while Bush's moves exhibit all the surefootedness of a dying animal. Yet FDR's early years should be revisited, not as an exercise in nostalgia or an excuse to bash Bush but as a chance to understand how FDR earned the reputation for sterling leadership that he retains today.

Though Roosevelt's charisma went a long way, his success in solving the banking crisis of his day can't be attributed only to his "first-class temperament." Unlike Bush, he had political winds at his back. Bush has been unable to win favor with anything close to a majority of Americans for more than three years, and he is now the lamest of lame ducks. Even self-described conservatives struggle to explain how he no longer represents their movement to the point where his party's presidential nominee shuns him. Contrast that with Roosevelt, who entered office in a historic landslide. The vanquished incumbent, Herbert Hoover, even received a telegram urging him to "vote for Roosevelt, and make it unanimous." New presidents usually anticipate a honeymoon of sorts. Roosevelt—whose Democratic party gained 11 Senate and 97 House seats in the 1932 elections—enjoyed the equivalent of an extended holiday in the Greek Isles.

But another key to Roosevelt's success lay in his mastery of a relatively new medium—radio—for speaking to the public. A few of his predecessors, notably [Calvin Coolidge](#), had deployed the airwaves for political benefit. But where Coolidge skillfully delivered his inaugural and nomination acceptance addresses over the networks, FDR had his speeches drafted purposefully for broadcast—keeping them brief, simple, colloquial, and confidently comforting. (Listen for yourself [here](#).)

Taking office when roughly 62 percent of all households owned radios, FDR decided at the start of his administration to avail himself of the medium, making special use of what soon became known as his "Fireside Chats"—an ingenious name (coined by a CBS executive) for an ingenious form of communication. The marvel of the hearthside box remained novel enough in the early 1930s that some listeners still confessed to asking the machine to repeat a sentence or to believing that little people lived inside it. And while most listeners didn't believe the radio to be magical, they did think it transformed their relationship to the man in the White House, as the late, great cultural historian Lawrence Levine and his wife Cornelia noted in their wonderful 2002 book [The People and the President: America's Conversation With FDR](#).

Americans, the Levines noted, responded to Roosevelt's chats with an unprecedented stream of mail. "Listening to you, I could feel the presence of your honest sincerity in the room. I found myself answering you, nodding to you, chatting to you, and agreeing with you," wrote one citizen. "With only the lighted dial of our radio for illumination," wrote another, "a feeling of deep gratitude came over me. With no lites to disclose my surroundings, I might imagine myself in the same room—at the same fireside as our great President Roosevelt, listening to his stirring words."

These and other heartfelt letters disclose not only a reserve of love for the new president that Bush can only envy but a palpable sense that FDR's ethereal words would somehow deliver them from what yet another citizen correspondent called her "long nightmare." While Bush's perfunctorily delivered midday broadcasts have failed to pierce through the cacophony of endlessly breaking bad news, Roosevelt's well-chosen words—spoken slowly and with a friendly laugh, usually at prime time in the East, when anyone could tune in—would bid the country to sit rapt and hold on tight.

Roosevelt also chose his words very carefully. Though he used speechwriters, like all modern presidents, he edited the drafts himself. Sam Rosenman, one of the president's hired pens, insisted that "[t]he speeches were always Roosevelt's. He had gone over every point, every word ... studied, reviewed, and read aloud each draft, and had changed it again and again." This personal investment showed. Whereas Bush's remarks feel as if they went straight from a White House word factory into the teleprompter, Roosevelt's came across as inspired—and thus inspiring.

FDR had cynical reasons for embracing radio. With most newspaper editorialists opposed to him, he wanted a direct pipeline to a supportive citizenry. But his recourse to public speeches also rested on a view of government in which executive activism took its license and drew its strength from public opinion. "I can't go any faster than the people will let me," he said, and so he took care to educate the people about his goals in order to bring them along.

Nowhere was this method more in evidence than in his response to the banking crisis. Inaugurated in March, he wasted no time in addressing a catastrophe that had come to a head just before he took office. Two days into his presidency, he declared a "bank holiday"—a coy euphemism for temporarily shuttering the nation's chief lending institutions. A few days later, Congress—acting "promptly and patriotically," FDR said—gave him the authority to oversee the banks. Finally, and most critically as far as the public was concerned, Roosevelt [went on the air](#) the next week with his first Fireside Chat, opening with the simple words: "My friends, I want to talk for a few minutes with the people of the United States about banking ..."

The speech that followed picked up on FDR's confident assertion, made in his inaugural, that "the only thing we have to fear is fear itself." Like a friendly teacher, he spelled out with clarity how banks work. ("When you deposit money in a bank, the bank ... invests your money in many different forms of credit. ...") He went on to explain the crisis and his decision to intervene, stressing that most banks hadn't engaged in "incompetent or

unwise" behavior but that the actions of a few had triggered widespread insecurity, which, in turn, had sparked the run on the banks.

Roosevelt laid out his plan to right the system, with special attention to the concerns of the average depositor—a person he literally imagined, recalling in his mind the builders, farmers, and clerks he knew from New York's Dutchess County. He even anticipated their questions. ("Another question you will ask is this: Why are all the banks not to be reopened at the same time?") He exuded none of the condescension that has long been Bush's trademark—that unearned confidence of the small-time operator who doesn't realize that in the big leagues, not everyone will be charmed by his patter. Instead of salesmanship, Roosevelt confidently insisted that his plan deserved the public's trust. "Please 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," he patiently explained. "A bank that opens on one of the subsequent days is in exactly the same status as the bank that opens tomorrow. I know that many people are worrying about State banks that are not members of the Federal Reserve System. There is no occasion for that worry."

The reviews were gushing. "Our president took such a dry subject as banking," said Will Rogers, "and made everybody understand it, even the bankers." Years later Raymond Moley, a member of Roosevelt's "Brains Trust," concluded: "Capitalism was saved in eight days." And when the first of the banks reopened, people indeed kept their deposits in—and began putting their mattress money back in as well. The bank holiday was over, but Roosevelt's honeymoon was just beginning. By April 12, 13,000 once-destitute banks were operating again.

Of course, FDR did more than talk. Without policies to back up his rhetoric, the New Deal would have failed. (Despite a current of thought that insists that Roosevelt's economic policies did nothing, they in fact [helped the economy](#) and improved the lives of millions of needy Americans in both the short and long terms.) Similarly, without prudent management of the banking crisis, he might never have turned his 100 days into a whirlwind of legislation—legislation that included the creation of the Federal Deposit Insurance Corporation, which itself further helped persuade citizens not to hide their money anymore.

FDR believed his rhetoric about fearing fear. He grasped the psychological dynamics of the panic and treated them as legitimate. And so he directed his speechmaking at the goal of fortifying the public's morale. In so doing, he managed to replace a downward vortex of panic with an upward spiral of hope.

*David Greenberg, a professor of history and media studies at Rutgers, has two new books out: [Presidential Doodles](#) and [Calvin Coolidge](#).*