

Fireside Chats: Communication and Consumers' Expectations in the Great Depression

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Abstract

This paper studies how managing expectations can have a role as a policy tool. I use regional variation in radio exposure in 1930 to analyze the impact of President Franklin D. Roosevelt's 1935 speech, in which he showcased the introduction of important social policies, establishing a new cycle of the New Deal. I document that cities with higher exposure to the announcement exhibited a significant increase in spending on durable goods. I transcribed weekly data on banks debits and show that cities one standard deviation more exposed to the speech increased their bank debits by 3.6 percent following the speech. I provide evidence that suggests that this result is not driven by wealth or other potentially confounding variables. The effect found goes in line with the announcements of the speech and might be the result of changes in expectations toward the policies announced.

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1 Introduction

Monetary and fiscal authorities increasingly appreciate the significance of communicating their policies to the public. Indeed, in the current environment where central banks are greatly constrained in using conventional policy tools, management of expectations about future policies can help to stabilize the economy. While these unconventional, communication-based policies can have a large effect on the economy in theory, little evidence supports the uses of such strategies in practice. This is not surprising given the numerous challenges related to identifying an exogenous communication treatment as well as measuring how the provided information is received by economic agents and how they act upon this information. This paper attempts to overcome those challenges using an important historical event with a clean identification strategy that allows measuring the causal effect of a relevant policy announcement on macroeconomic outcomes in a depressed economy.

Specifically, this paper advances the understanding of the matter by measuring how changes in the information set of consumers can affect economic outcomes. I show how communication from economic authorities can change consumers' behavior and have an expansionary effect in the context of a recession. To do this, I use the uneven introduction of the radio in the United States in the 1930s and President Franklin D. Roosevelt's Fireside Chat of April 28, 1935, as a natural experiment. The speech marks the beginning of the a new expansionary face of the New Deal. In the radio speech, FDR introduced and explained the benefits of important not yet implemented social policies, such as the Works Progress Administration (WPA) and the Social Security Act (SSA).¹

I find that exposure to that speech significantly impacted consumer choices. Using weekly data on bank debits at the city level, which are highly correlated with expenditure on durable goods, I find an immediate expansionary effect of the speech. A one standard deviation increase on the exposure to the speech increased bank debits by 3.6 percent within two weeks after the speech, compared with two weeks before the speech. Using more aggregated data, I find that spending on cars increased, and savings (measured by total deposits) decreased in more exposed states. I also find that the effect is not driven by other characteristics that are correlated with the use of radio, such as wealth, age or access to newspapers. I present various other robustness checks, such as a placebo test and instrumental variable estimations, which

¹The introduction of the SSA was accompanied by the introduction of a payroll tax to finance it

confirm the main results. These findings suggest that effective communication, can amplify the effects of fiscal policies.

Next, I explore how the policies announced can increase spending on durable goods as found. I explain that the effect should come from a reaction about the content of the speech.² The evidence suggests that people reacted in line with the announcement of the SSA and the mechanism to finance it. The empirical evidence goes in that line. The result does not seem to come from a pure “animal spirit” reaction (as in [Barsky and Sims \(2012\)](#)). I show that other previous speeches that did not include announcements about similar future policies, did not have a similar big and lasting effect as the speech of April 1935. This confirms that the content of the policies announced are key to understand the effect found. This result could be associated with a change of policy regime, moving toward more government spending in line with [Eggertsson \(2008\)](#) and consistent with changes in narratives as discussed in [Shiller \(2017\)](#). In fact, this speech initiated what is called “The Second New Deal”, that contained expansionary and relatively permanent fiscal instruments.

This speech is part of a series of Fireside Chats, that were radio addresses that President Roosevelt (FDR) used to communicate directly with the public. Aimed at the common American, the chats deliberately used informal language. FDR designed the chats to be very important events, announced several weeks in advance, and aired in prime time (usually after a popular show). I focus on the speech of 1935 for several reasons. First, the announcement is associated with important fiscal policies and focuses on economic confidence. Second, it was an isolated event. (No other Fireside Chat happened that year.) Third, because President Roosevelt had proven to be willing to increase government spending with the New Deal, the announcement was credible. Moreover, the bills for the WPA and SSA were already introduced in a Congress where FDR has a majority after the midterm elections of 1934.

This paper contributes with the literature that tries to see how announcing policies, in particular fiscal instruments, can have an expansionary effect. The results found go in line with what is called “unconventional fiscal policy” as in [D’Acunto, Hoang, and Weber \(2016\)](#). It also contributes to a growing debate on how monetary authorities and governments should communicate their present and future policies to the public. The literature has taken some steps to examine the ways in which the U.S. Federal Reserve communicates for example, and

²In appendix [A.5](#), I present a simple general equilibrium model where I show that announcing a policy with those characteristics increases the spending on durable goods in more exposed regions

whether a target audience should primarily be households or financial markets. For example, [Hernández-Murillo and Shell \(2014\)](#) show that the communication of the Federal Reserve has become more complex over the years, such that only very sophisticated individuals can understand the documents they release. [Coibion, Gorodnichenko, Kumar, and Pedemonte \(2018\)](#) discuss the importance of communicating effectively to the general public as a way to help increasing the effect of policies that involve changing expectations. [D'Acunto, Hoang, and Weber \(2018\)](#) discuss how announcing fiscal reforms, that are better understood by consumers, could have a stronger effect than monetary communication-based policies.

A few recent papers study the role policy announcements may play in changing consumers' expectations. [D'Acunto, Hoang, and Weber \(2016\)](#) find that an announcement of an increase in the value-added tax in Germany had a strong effect on consumers' inflation expectations and their spending decisions. Similarly, [Kueng \(2014\)](#) finds that spending of high-income households in the United States increased strongly in response to announcements that raised their expected after-tax lifetime permanent income. [Coibion, Gorodnichenko, and Kumar \(2018\)](#) also find that changes in the inflation expectations of the firms managers affect their economic decisions at the firm level.

This paper contributes to this debate by showing the effect of the communication of policies, exploiting the differential access to the announcement of a policy that affected equally the treated and control groups. To the best of my knowledge, this paper is the first to use this identification strategy to study the effect of communication outcomes in a macroeconomic context³. Previous work in other fields has used a similar strategy to study the effect of communication on other outcomes, showing that media exposure has a substantial impact on people's behavior in term of political participation and choice.⁴ These results are not surprising; many politicians in the United States and other countries use the mass media and new social media to communicate policies. Roosevelt is well-known for his radio talks, others have also used similar

³A related work in the field of political economy is [Strömberg \(2004\)](#), who uses radio exposure in the same period studied in this paper. He finds that resources of the Federal Emergency Relief Program (FERA) were allocated to areas where a larger share of the population had radios between 1933 and 1935. In this paper I look at the differential effect after the event; by contrast he looks at the cross-sectional allocation of FERA. In any case, any systematic differences in government expenditure will be captured by zone fixed effects, as explained in the empirical section.

⁴a similar identification strategy to estimate the effect on political outcomes has been used by [Enikolopov, Petrova, and Zhuravskaya \(2011\)](#) [DellaVigna and Kaplan \(2007\)](#), [González and Prem \(2018\)](#), [DellaVigna, Enikolopov, Mironova, Petrova, and Zhuravskaya \(2014\)](#), and [Yanagizawa-Drott \(2014\)](#), among others. In general, they find high effects.

tools. President Ronald Reagan, for instance, used the television to explain his tax plans, and, Presidents Barack Obama and Donald Trump used Facebook and Twitter to communicate.

Other works have also studied the role of expectations and communication in the Great Depression. [Romer \(1990\)](#) shows how the Great Crash of 1929 produced uncertainty about future income. According to that work, that uncertainty generated a reduction in consumers' spending on durable goods. This could be associated with the start of the Great Depression. [Eggertsson \(2008\)](#) discusses how the election of FDR shifted expectations about the fiscal policy that was being implemented. Using a general equilibrium model, he shows that a change in expectations about fiscal policies can produce an economic expansion as the one that started in 1933. There is a discussion about how expansionary was the first part of the New Deal⁵, but this announcement talks about the policies after 1935, that focus on fiscal instrument, giving less importance to the regulatory policies.

The remainder of this paper is organized as follows: Section 2 discusses the historical context of the paper. Section 3 presents the data used in the empirical part. Section 4 presents the main empirical strategy results and robustness exercises. Section 5 discusses possible mechanisms. Section 6 concludes.

2 Context

In 1932, Franklin Delano Roosevelt was elected president of the United States. At the time of his Inauguration, in March 1933, the country was reaching the deepest point of the Great Depression. On the morning of Inauguration Day, both the New York Stock Exchange and the Chicago Board of Trade suspended trading. The Roosevelt administration started with a banking holiday that lasted a full week. In this context, Roosevelt passed a series of policies that aimed to reactivate the economy. First, he cut \$500 million from the federal government spending budget because he considered that was "on the road to bankruptcy." Then, he signed the Economy Act and the Beer-Wine Revenue Act, which anticipated the end of Prohibition. These bills gave the government new sources of revenue.

With the objective of stabilizing the economy, Roosevelt sent several bills to Congress with policies that came to be known as the New Deal, which were rapidly implemented a period known as the "Hundred Days." Policies included the creation of unemployment relief and the

⁵[Cole and Ohanian \(2004\)](#) focus on the contractionary part of the New Deal, related with the regulations. [Eggertsson \(2012\)](#) shows that those policies can actually be expansionary in the context of the Great Depression

Civilian Conservation Corps, which sought to employ a quarter of a million young people to develop the National Park System, among other projects. He also created the Federal Emergency Relief Administration (FERA) to coordinate unemployment assistance and established the Tennessee Valley Authority (TVA). The government also launched the National Industrial Recovery Act (NIRA), which included labor regulation such as minimum wages and maximum hours. The Public Works Administration (PWA) oversaw public construction programs. Finally, the NIRA created the National Recovery Administration (NRA) to regulate competition and workers' bargaining power.

All these new agencies and bills are the core of the First New Deal and sought to increase production in a context in which the country mired in the depths of the Great Depression amid a turbulent world. Roosevelt was able to do this thanks to the Democratic party majority in Congress. However, as [Kennedy \(1999\)](#) and [Chester \(1969\)](#) point out, Roosevelt faced a communication problem. As conservatives owned many of the newspapers, Roosevelt's message was not able to reach the audience in the way that he wanted. This fact was particularly relevant considering the upcoming midterm elections in 1934 and Presidential elections in 1936.

To resolve this issue, Roosevelt used the radio, a relatively new technology at the time, to communicate with the public. In contrast to newspapers, radio gave Roosevelt the opportunity to speak directly to the American people. Even though the invention of the radio had happened decades before, and its presence in the United States dated back to the beginning of the 20th century, broadcasting was mainly an amateur that lacked widespread outreach. The first-ever scheduled, pre-advertised radio program in the United States occurred in Pittsburgh in November 1920, with the announcement of the results of the Presidential Election.

According to the 1930 Census of Population, only 36 percent of households had at least one radio. This relatively small number did not prevent politicians from using this new communication instrument. In 1924, the Democratic National Convention was broadcast; in 1928, both presidential candidates, Herbert Hoover and Al Smith, used the radio for campaigning. By 1932, many local candidates used the radio. Roosevelt himself communicated through the radio as governor of New York. Many historians (e.g., [Chester \(1969\)](#)) highlight that President Roosevelt had great oratory skills; after the speech of April 28th, 1935 The New York Times said that "He (the President) confirmed that no politician of his time equals him in the adroit use of this means of approach to his fellow-citizens all over the land." During his presidency, he used

the radio extensively. Just days after his inauguration, he launched the first of a series radio talks. This was a way of communicating directly with the audience, bypassing the editors of newspapers that opposed his presidency.

According to [Lenthall \(2008\)](#), prior to Roosevelt, President Hoover also used the radio to deliver speeches and communicate. Though his speaking skills were considered subpar, Hoover used the radio many times and this “overexposure” seems to have affected Hoover’s popularity negatively. Armed with this knowledge, Roosevelt pursued a different strategy: he limited his exposure to a few, well-announced appearances that commemorated important occasions. [Lenthall \(2008\)](#) describes how Roosevelt’s press secretary Stephen Early worked to establish the Fireside Chats as major events. They were announced several weeks in advance and were scheduled after popular evening shows to ensure a high audience.

Roosevelt’s communication style differed from the speeches of other politicians at the time. He used less formal language, and aimed his rhetoric squarely at the common man. With this unique approach, he used this platform to answer critiques of his policies, and to explain how his government was working to solve issues, particularly through the New Deal. He used the radio as an educational news agency and shaped his style to explain and inform about his policies, in a context where the other sources of information, notably newspapers, were mostly in opposition. Consequently, Roosevelt became a radio celebrity. After these speeches, he received as many letters and telegrams as president Wilson during World War I. According to [Lenthall \(2008\)](#), many people reported that by listening to the president speech, they felt better about their “Depressions troubles,” indicating how he shaped expectations about the economy. In a 1933 letter to the White House, for example, a citizen who had listened to a fireside chat wrote:

“[...] I feel that he walked into my home, sat down and in plain and forceful language explained to me how he was tackling the job I and my fellow citizens gave him.”

Roosevelt delivered a total of 28 “Fireside Chats” on the radio. In the first one, Roosevelt addressed the end of the banking holiday of 1933. That same year he used the radio on three more occasions. These speeches were, in general, between the hours of 8 p.m. and 10 p.m. Eastern Time, in order to reach the whole country. After that, he gave two more speeches in

1934, and one in April 1935.

In April 28th, 1935, President Roosevelt gave a speech on the radio in which he discussed the general motivations of the policies that were being debated in Congress. He emphasized on the Works Progress Administration (WPA) and the Social Security Act (SSA). The speech also explained that those policies were part of a coherent plan, launching the beginning of a new era of social policies in the U.S. Even if these policies were discussed in Roosevelt's circles before, the summer of 1935 was characterized by the final implementation of those policies (Leuchtenburg (1963)), and the speech marks publicly the starting of that process. In the speech, FDR focused on confidence and its importance for the recovery:⁶

*“Never since my Inauguration in March, 1933, have I felt so unmistakably the atmosphere of **recovery**. But it is more than the **recovery** of the material basis of our individual lives. It is the **recovery of confidence** in our democratic processes and institutions. We have survived all of the arduous burdens and the threatening dangers of a great economic calamity. We have in the darkest moments of our national trials retained our faith in our own ability to master our destiny. Fear is vanishing and confidence is growing on every side, **faith is being renewed** in the vast possibilities of human beings to improve their material and spiritual status through the instrumentality of the democratic form of government. That faith is receiving its just reward. For that we can be thankful to the God who watches over America.”*

In the speech he explained the objective of policies that gave security about the future. The main message was that provisions of the SSA (Unemployment Insurance and aid for retirement) and the WPA (jobs through public work programs), would give households more certainty about the future. Among the letters that President Roosevelt received, Thos. J. Vernia said that the speech “created a further feeling of confidence.” In his speech, FDR said that the objective of the legislative agenda was to create “wise provisions for the protection of the weak.”

The press reacted to the speech in the following days, focusing on the legislative program that the President emphasized. The press also noticed that this speech was different in nature. While other Fireside Chats had focused on answering critiques in this speech the President

⁶The transcript of the full speech can be found in Appendix A.6

“ignored the critics,” as the *Washington Post* put it on April 29, 1935. He used particular chat to explain future projects and how they would bring progress as a whole. On April 30, 1935, *The New York Times* reported that the speech contained “nothing new to any fairly close reader of the metropolitan press.” However, the same newspaper later observed “The Metropolitan press is numerically small in proportion to the citizenship of the country. Many readers do not remember the news of the previous day, and he (Roosevelt) thought it both wise and necessary to tie everything together.” The paper’s analysis concluded that Roosevelt had employed a different strategy: to use the radio to explain the objectives of his agenda at a time when Congress seemed poised to delay its progress. In that sense, the speech can be understood as increasing the probability that those policies will occur, emphasizing in the general objectives that his administration will pursue in the future. The bills were in Congress and probably many had an idea of them. The fact that Roosevelt emphasized on the approval of those policies, given the majority that Democrats had in Congress after the midterm election of 1934, increase the likelihood that those policies will actually be approved soon.

Congress had already approved the WPA earlier in early April. The objective of the WPA was to create government jobs for 3.5 million Americans. Newspapers of the time said that President Roosevelt had \$4 billion available to spend. The program eventually employed more than 8.5 million workers on 1.4 million public projects. Roosevelt himself had provided more in detail about the WPA in January 4th, 1935, in the State of the Union Address. He also had described details of the Social Security Program in a message to the Congress that was read by some radios. Nevertheless, his main audience on these previous occasions was not the general public, but the members of Congress. Furthermore, the State of the Union Address took place on a Friday at 12:15 p.m. and the message to Congress was read at that same time on a Thursday – times that precluded many working people from listening to these speeches.

The WPA was signed into law on May 6, 1935, and the SSA bill was signed into law on August 15, 1935. The SSA introduced unemployment insurance and old-age pensions. It also included help for indigent elderly as well as child and health services. In the Fireside Chat of April 28th, 1935, Roosevelt recognized that, even if reducing unemployment was important, the government “cannot continue to create government deficits for that purpose year after year.” To finance the unemployment plan, the act relied on a 1 percent on employers’ contributions (firms with eight or more workers), which increased to 2 percent in 1937. The pension

plan was financed by a 1 percent employee contribution. Finally, payroll taxes were instituted in a range from 4 percent for lower incomes to 79 percent for incomes larger than \$5 millions (a tax that was specifically used to target Rockefeller's own fortune). Because of the minimum taxable income, less than 5 percent of Americans paid this tax.

The SSA also provided an important source of income for retirees. Many of them stayed in the labor force, as they didn't have any other source of income for retiring. According to [Costa \(1998\)](#), even if some states had a pension system, retirees depended on their own savings and family support. [Haber and Gratton \(1993\)](#) estimate that by the 1920s, the median household had saved between \$2,500 and \$5,000 by the retirement age. This means that 40 to 50 percent of households could finance a ten-year annuity of \$616 in 1917 dollars. These numbers indicate that people close to retirement had significant savings that could be spent if the SSA gave them some income in the future. Additionally, as a part of that population could retired with this policy (they would not need to work if given an SSA income), the SSA could have opened new opportunities to younger workers in the labor force. In Roosevelt's words, the SSA could "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."

The speech, in a way, launched the beginning of the second wave of the New Deal. This period is characterize by more permanent social policy. The first wave was in part characterize by regulation that could be consider contractionary, as explained in [Cole and Ohanian \(2004\)](#). In the second wave, policies included the SSA, the WPA, but also the National Labor Relations Act, that promoted unions and progressive tax reforms, among others. Those policies were approved in the summer of 1935.

[Amenta, Dunleavy, and Bernstein \(1994\)](#) discuss the reasons why Roosevelt pushed this more progressive agenda. According to them, Roosevelt feared the rise of the popular southern politician Huey Long. Because of that, FDR moved toward a more progressive agenda. In that paper, they reveal that a secret poll was developed by the Democratic Party to see how popular Long was. That poll was developed two days after the Fireside Chat of 1935. This suggests that the speech wanted to test how this new era of policies were perceived by the public and if they were enough to obtain an electoral win in 1936.

The benefits of these federal programs targeted a considerable proportion of the country's

population. In particular, social insurance could have improved consumers' confidence and reduced the amount of precautionary saving, increasing expenditure. However, the communication effort did not necessarily reach the whole country evenly. In the next sections, I use the geographical heterogeneity of the introduction of the radio to evaluate the impact of Roosevelt's communication. This heterogeneity can help to understand the effect of changes in expectations, given that this particular policy that affects the saving-consumption decisions of consumers. The next section explains the data used to estimate this effect.

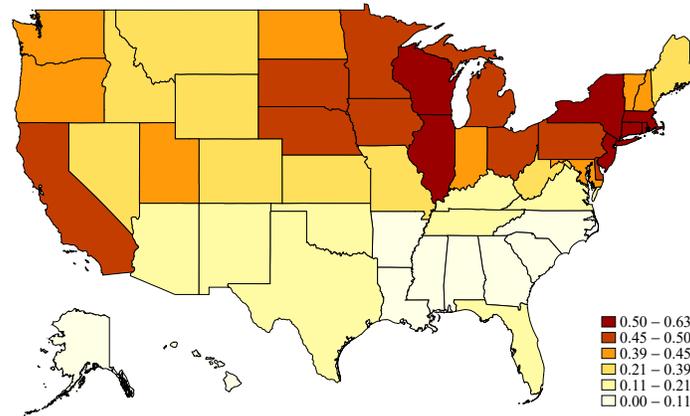
3 Data

This paper tries to estimate the effect of a communication treatment on economic behavior. In order to estimate that effect a measure of how many people listened to the speech is needed. One of the challenges is that there is no exact measure of how many people listened to the speech available nor the geographical distribution of listeners. In addition, listening to the speech is not exogenous. That is why, I use the share of households in a given area that had a radio at before the event as a proxy for having listened to the speech.

I use the 1930 Census of Population data to determine the average number of houses with radio in each region. Throughout this paper I will use different level of aggregation. The share of households in a given area with radio is used as exposure to the speech⁷. The radio usage data are from 1930, two years before Roosevelt's election, and five years before the speech analyzed. Therefore, the measure of radio usage is not related with the actual event that I will analyze. Table A.1 shows the high degree of heterogeneity in radio adoption, ranging from 5.3 percent of households with radio in Mississippi to 62.5 percent in New Jersey. In general, southern states had fewer radios compared with northern states. This measure is gathered half a decade before the event, so it is not influenced by the event itself. Figure 1 shows the geographical heterogeneity by state:

⁷I obtain the percentage of households that have a radio, using the 5 percent representative sample available online. I use households' expansion factors

Figure 1: Share of Households with radio by state in 1930



Note: The graph shows the share of households with at least one radio in 1930 at the state level, according to the 1930 Census of Population. This graphs uses the same numbers used in table [A.1](#)

The differences in distribution of radios might correlate with other economic variables, such as income. To prevent contamination from systematic differences at the state or city level, I control by those fixed effects. Through the paper, I use different sources of information and data. I estimate the effect of communication on spending on durable goods and savings. Table [A.2](#) shows the different sources of data, frequency and aggregation. The frequency of the data and aggregation depend on the availability. I use data from 1930 to 1939 at a state level. Hawaii and Alaska don't have data, as they became state in 1959. Because of this, I will use yearly data for 48 states plus the District of Columbia. Table [A.3](#) shows some summary statistics for the state-level data. The main estimation of the paper is produced with city-level data. For this level of aggregation, I obtain the radio usage variable from the 1930 Census of population as with the state level data. I obtain weekly data on bank debits from the report G.6., weekly published by the Federal Reserve Board. The radio share is obtained for the county where the city is located. I also obtain data on building permits from [Hausman \(2016\)](#) and CPI data from the BLS, but at the yearly basis. Data on Federal aid and local sales come from [Fishback, Horraine, and Kantor \(2005\)](#), also at the yearly basis. Table [1](#) gives some descriptive statistics of those variables:

Table 1: City-level Variables

| Full sample | Obs | Mean | Std. Dev. | Min | Max |
|-----------------------------|-------|--------|-----------|---------|--------|
| Radio Share | 261 | 39.16% | 15.52% | 4.19% | 71.91% |
| Bank Debits (logs) | 6,749 | 9.055 | 1.462 | 5.723 | 15.97 |
| Inflation | 154 | -1.56% | 4.93% | -13.42% | 7.14% |
| Public help per capita | 1,130 | 33.38 | 26.27 | 0.00 | 125.90 |
| Building permits per capita | 979 | 4.29 | 5.68 | 0.00 | 51.23 |
| Variable t=event | Obs | Mean | Std. Dev. | Min | Max |
| Bank Debits (logs) | 270 | 9.062 | 1.482 | 5.927 | 15.969 |
| Inflation | 14 | 2.86% | 1.79% | -0.80% | 6.25% |
| Public help per capita | 113 | 41.02 | 18.36 | 6.08 | 85.09 |
| Building permits per capita | 100 | 2.39 | 2.75 | 0.00 | 15.21 |

Note: The Table displays summary statistics for city level variables. The first part of the table shows the statistics for each variable for the whole sample that it is available. In the case of the Radio Share, the data is only available for 1930. In the case of Bank Debits for all 1935. Inflation, public help and building permits are available from 1930 to 1940 at a yearly basis. The second part shows the statistics at the moment of the speech. For the yearly variables is in 1935 and for the bank debits is the week ending on April 24th, 1935.

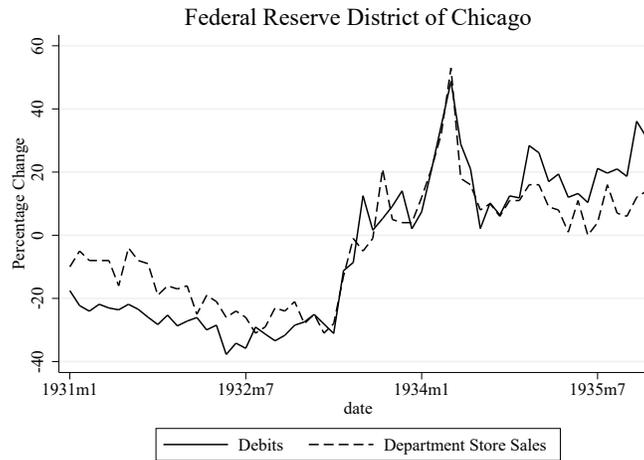
The table shows that the average percentage of households with radio is higher in cities than in states. This can be explained by the fact that radio infrastructure was developed to target more populated areas, which were concentrated in counties with the cities listed in the reports. This might have created an incentive to obtain radios in those cities, where signals were more reliable.

The table also shows a high heterogeneity in inflation over time. On average inflation is negative, which is characteristic with this period, when the U.S. economy was hit by the Great Depression. On average, inflation was higher in 1935, which indicates the recovery underway at that time, even as some cities still exhibited negative inflation rates. The table also indicates that the level of federal fiscal aid was higher in 1935, with high levels of heterogeneity. There is also heterogeneity on building permits and on retail sales per capita.

The main results look at the effect of the communication event on bank debits. Bank debits represent the amount of money that exits the bank, so an increase in this variable is related to a decrease in deposits. Note that bank debits only represent one side of the equation, as I do not have the flow of income entering to the bank or the stock of deposits. Nonetheless, this variable is highly correlated with other variables that represent economic activity. For instance, the U.S. Federal Reserve, Report G.7.2 presents monthly percentage changes in department store sales at the Federal Reserve district level. Department store sales represent mostly expenditure on

durable and semi-durable goods (Romer (1990)). I compare these data with bank debits aggregated monthly and at the Federal Reserve district level. Figure 2 shows the correlation for the Federal Reserve district of Chicago:

Figure 2: Yearly Percentage Change in Bank Debits and Department Store Sales in the Federal Reserve District of Chicago



Note: The solid line represents monthly debits in the Federal Reserve district of Chicago between 1931 and 1935. The dashed line shows the monthly department store sales in the Federal Reserve district of Chicago. Department store sales comes from the Federal Reserve Report G.7.2 and Debits from the Federal Reserve Report G.6.

The figure displays a high correlation not only in levels but also in changes. In particular, the variables coincide in periods of big changes. This feature is present in all the Federal Reserve districts. To undertake a more systematic analysis, I run a regression with different fixed effects and lags. The results are presented in Table A.4 in Appendix A.1. Current and past values of the changes in debits correlate with the changes in department store sales. These results are robust to including many lags of debits. These results are robust to the inclusion of time and zone fixed effects⁸. Thus, bank debits provides a good proxy for department store spending, (i.e. the spending on durable goods).

I use data from city-level bank debits, which were collected weekly by the Federal Reserve for 270 cities⁹. I then examine whether a reaction surfaces in this measure right after the speech. I aggregate these data bi-weekly to address cyclically noisy data for some cities.¹⁰ The speech

⁸Also, I find similar results if I include lags of the retail sale variable

⁹The number varies over time. Clean data are available for 270 cities. Dropping cities with incomplete data and considering the state fixed effects reduces the total number of cities to 263.

¹⁰This could be because some individuals were paid every two weeks. Results hold with weekly data

took place on a Sunday; the Federal Reserve reports weekly data from Thursday to Wednesday, meaning that incorporating a full week of time before the speech requires aggregation of two weeks of data. Therefore, in all the estimations, the first point estimate considers data collected from the Thursday before the speech to Wednesday a week after the speech (10 business days).

The high frequency of the data is particularly helpful because I can identify the effect the week after the speech, using a high-frequency identification argument. Bank debits are a good proxy for spending on durable goods. Nevertheless, I also show the effect of the speech at the state level using yearly data with more direct variables of consumption.

4 Estimation and City-level Results

4.1 Empirical Strategy and Main Results

To estimate the effect of being exposed to the speech on economic variables, I run a difference-in-difference regression. This specification includes a post-treatment dummy interacted with the regional ownership of radio in 1930. The dependent variable is the log of bank debits at the city level. In section 3 I show that this variable is strongly correlated with the spending in durable and semi-durable goods. The use of this variable is relevant, as this type of good should react strongly after changes in expectations. In appendix A.5, I show that policy announcements similar to the one analyzed in this paper should produce a strong cross-section reaction in durable spending. In the model, the effect is small in term of non-durable goods, and probably will be hard to see empirically with small samples. This point is also raised in [Mertens and Ravn \(2012\)](#). Then, having a measure of durable goods should improve the measure of the effect. I run the following regression:

$$y_{ct} = \beta I(1 \text{ if } week > t_0) * RadioShare_{c,1930} + \gamma_c + \kappa(c)_{s,t} + \kappa(c)_{f,t} + \varepsilon_{ct} \quad (1)$$

Where c is the city, s the state, f the Federal Reserve district, and t the time that corresponds to two weeks. $y_{ct} = \log(BankDebits)_{c,t}$ is the log of bank debits in a given city and time. As explained in the previous section, this is the sum of two weeks of bank debits. With the city fixed effect, I control for any systematic demographic and economic characteristics that might affect the results. State-time and Federal Reserve district-time fixed effects are important

because the WPA and Social Security Act targeted some demographic characteristics (the unemployed, children, pensioners, veterans), and as a result, those demographics characteristic could explain part of the results. These results are robust to controls for some characteristics of the population affected by the policy (see Section 4.2). Because the effect could interact with the expectation of the policy reaction from any economic authority at the state or Federal Reserve district levels, incorporating time-variant fixed effects is important to incorporate variation at that level. As a result, findings should be interpreted as the within state (state-Fed in case a state is spited by a Federal Reserve district) difference in expenditure. The convergence of the data is also at that level.

I take the share of households that own a radio for the county where the city is located.¹¹ These data also come from the Census of Population of 1930. I run regressions, including state-time fixed effect, Federal Reserve district-time fixed effect and city fixed-effect. I also control for the share of urban population specific trends, share of black population and the share of population with a population aged 55 or older. I have a total of 266 cities. After excluding cities that present changes in logs bigger than 1 or -1 at one point of the period in some specifications, 257 cities remain. The average debit by city is \$58,415 with a standard deviation of \$444,784. Big financial cities such as New York influence this number. Results are presented in Table 2.

Table 2: Difference-in-difference Results at the City Level

| | (1) | (2) | (3) | (4) | (5) |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Radio Share ($t > t_0$) | 0.181*** (0.042) | 0.182*** (0.063) | 0.209*** (0.063) | 0.218*** (0.073) | 0.229*** (0.079) |
| City FE | Yes | Yes | Yes | Yes | Yes |
| State-Time FE | No | Yes | Yes | Yes | Yes |
| FRD-Time FE | No | No | Yes | Yes | Yes |
| Outliers | Yes | Yes | Yes | No | No |
| Controls | No | No | No | No | Yes |
| Observations | 1,052 | 1,024 | 1,024 | 916 | 916 |

Note: The table shows the results for running specification 1. Column (1) shows the results for the specification without controls. Column (2) add state week fixed effect. Column (3) is (2) plus Federal Reserve District Fixed effects. Columns (4) is (3) and drops outliers. Outliers are cities with weekly changes greater than $|1|$ in logs and drops 5% of the bigger and smaller cities. Column (5) is (4) plus controls. Controls are trends interacted with the share of urban population, African American population and share of population older than 55 years old. Standard errors are clustered at the city level.

¹¹I use county, because the rural population would use the city bank. In case there is more than one city by county I use the city level radio share. I do the same in the case of cities that do not depend on counties

There is a positive and significant effect in more exposed cities. The month after the speech, more exposed cities increased their bank debits by between 18.1 percent and 22.9 percent. These results are significant at the 1 percent for all the specifications. Taking into consideration the relevant variation on the radio share, one standard variation in the measure of exposure is about 15.52%. This means that the effect is between 2.80% and 3.55% on one standard deviation on the exposure. Taking into consideration the correlation between the change in debits and the change in department store sales, this means a increase in expenditure close to 2% depending on the specification.

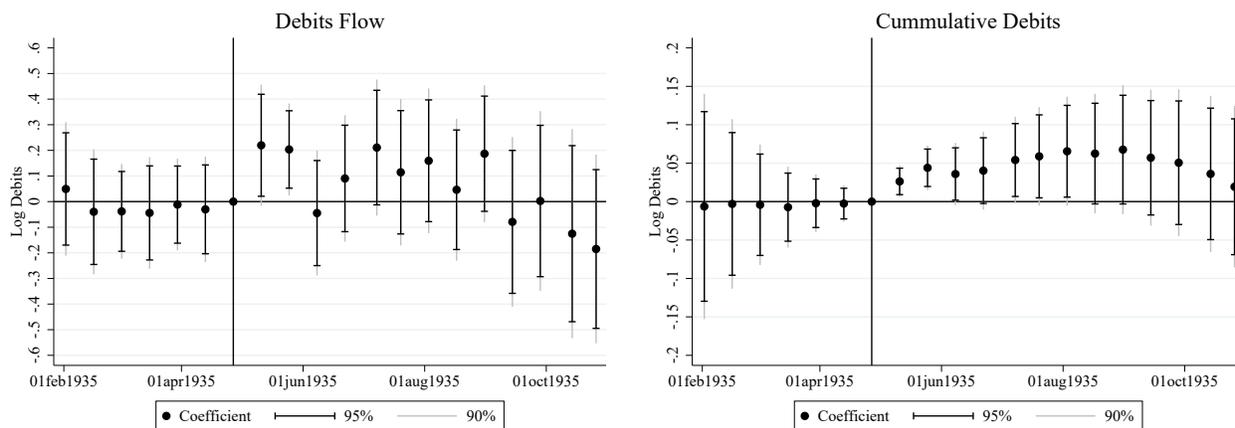
The identification assumption relies on the fact that nothing relevant happened related with the radio usage in the periods previous to the speech. In this sense, the previous results could be taking some previous higher growth of bank debits in cities with more radios. Then, I have to test whether the point estimates of the bank debits are similar to the baseline period before the speech. This means to show whether the coefficients of the pre-treatment are not statistically different from the period before the speech. To evaluate this, I run the following specification:

$$y_{st} = \sum_{t \neq t_0} \beta_y I(1 \text{ if } week = t) * RadioShare_{c,1930} + \gamma_c + \kappa(c)_{s,t} + \kappa(c)_{f,t} + \varepsilon_{ct} \quad (2)$$

Tables A.5 and A.6 in Appendix A.1 shows the results for this and other specifications for the flows and cumulative bank debits respectively.¹² The left panel of Figure 3 presents the results for column (6) in Table A.5, that includes controls and excludes outliers in changes and levels. The right panel presents the results for column (6) in table A.6. Standard errors are clustered at the city level. In addition to that result, the right panel shows the results for the cumulative city debit over the year 1935:

¹²Results are consistent when controls are excluded. I also show results excluding big financial centers (defined as cities with a regional Federal Reserve) and excluding cities that are between the 5% with more and less debits on average during the period. I also present results excluding New York City.

Figure 3: Biweekly Debits



Note: Left panel of the figure represents results of column (6) in table A.5. The dependent variable of the regression is biweekly sum of debits in logs and the dots represents the point estimate of a bi-week dummy interacted by the county share of radio. In the right panel there is the same specification, but with the sum over 1935 of the city’s biweekly debits. Figure shows the results of column (6) in table A.6. The vertical dark lines represent confidence intervals at a 90 percent. The vertical gray lines represent confidence intervals at 95 percent. Standard errors are clustered at the county level.

The vertical line represents the week of FDR’s speech¹³. We can see an increase in bank debits after the first two weeks. This effect is positive and statistically significant at the 95 percent level. After that period, we still see a positive impact, but not statistically significant at a 95 percent level. Overall, there is a positive effect.

The estimated effect is large: The coefficient reports an increase of 23 percent in bank debits if the city has full exposure compared with a region with no exposure to the speech the two-weeks after the speech. This means that a city with one standard deviation more radio usage increased their bank debits by 3.6 percent. There is no evidence of a pre-trend. Three months before the event, the effect is approximately zero and not significantly different to the baseline period. This result can be interpreted as an increase in the flow of spending of durable, that is significantly higher in more exposed cities a month after the speech. This doesn’t mean that there is convergence after two weeks. After a month, less exposed cities will have a lower stock of durable goods.

In order to evaluate when convergence occurs, the right panel shows the results for the annual sum of bank debits, in order to have a measure of the stock of spending in durable goods.

¹³The speech was given a Sunday, so the vertical line indicates the week right before the speech, if we consider Sunday the first day of the week.

We can see that the effect lasts for many more periods. After the initial post-speech increase, the stock of debits remains positive for 26 weeks, or six month. The effect is also statistically different from zero at a 90 percent for 14 weeks. Then it slowly converges to zero. This convergence is at the state level, as the regression includes state-time fixed effects. As Figure 3 shows, there are no pre-trends in this specification.

4.2 Robustness

The results presented above show an effect of the communication treatment on consumers' behavior that produced an increase in spending. The variable used to estimate the exposure is the share of households with radio in 1930. Even after controlling for local fixed effects and other variables, other omitted variables could bias the measure of exposure to the speech and affect the interpretation of the results. Different group of people could have reacted to the announcement and the regional importance of a group could be correlated with the share of radio ownership. The objective of this section is to clarify whether the mechanism is listening to the speech through the radio and not a particular group reacting, independently of the share of radio.

4.2.1 Controls

The radio was not the only way to obtain information about the content of the speech. As in any communication treatment, individuals can get information by other sources as newspapers or talking with informed people. The information treatment in this case is the use of an homogeneous speech using a new technology. This mean that individuals exposed to the radio speech got the same information in a more efficient way. In that case, newspapers is also a relatively efficient way of getting information.

In the sample, I have the 263 relatively big cities. In those cities, access to newspapers was relatively high. But, there might be some heterogeneity in the access. In order to see if newspapers played a role, I use a measure of newspaper circulation and control by it. Newspaper circulation can also be problematic. For instance, if I can access to the newspaper circulation the next day, that measure can be contaminated by the treatment. Some people that listened to the speech might decide to read the debate the day after. This problem does not happen with the radio, once the speech is delivered, there is no other opportunity to listened to it. Because of that an ex-post measure of newspaper circulation will measure interest on the speech, in particular in cities with high homogeneity in the access. In order to address that concern I will

use a measure of newspaper circulation previous the event.

I obtain data from [Gentzkow, Shapiro, and Sinkinson \(2011\)](#), where they have information on newspaper circulation for elections in the US. I obtain the data from 1934. With this, I run specification 1, but controlling by a time dummy interacted by that level of newspaper circulation at the city level. Table 4.2.1 present the results:

Table 3: Difference-in-difference with Newspapers

| | (1) | (2) | (3) | (4) |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| Radio Share ($t > t_0$) | 0.164*** (0.044) | 0.175*** (0.063) | 0.195*** (0.066) | 0.208*** (0.075) |
| City FE | Yes | Yes | Yes | Yes |
| State-Time FE | No | Yes | Yes | Yes |
| FRD-Time FE | No | No | Yes | Yes |
| Outliers | Yes | Yes | Yes | No |
| Observations | 1,004 | 972 | 972 | 872 |

Note: The table shows the results for running specification 1. Column (1) shows the results for the specification without controls. Column (2) add state week fixed effect. Column (3) is (2) plus Federal Reserve District Fixed effects. Columns (4) is (3) and drops outliers. Outliers are cities with weekly changes greater than $|1|$ in logs and drops 5% of the bigger and smaller cities. Standard errors are clustered at the city level.

The results show similar effects, but smaller. The point estimates are between 1.4% to 0.7% the results found in the main results, with similar standard errors. This means that most of the variation found is not coming from newspapers and even controlling by that variable the results survive. This shows that the radio share did differentially affected people behavior.

Another concern is that there is a potential correlation between wealth and radio ownership. Wealthy consumers could have a differential effect on outcomes after the policy announcement. Even if I control by zone characteristics with the city fixed effect, richer groups could react more strongly to the announcement. The fact that richer groups possibly react more is not a threat to my identification strategy per se because they nonetheless react to the announcement. What could be problematic is if only rich people reacted that day; in that case, my measure of exposure would capture the reaction of wealthy, rather than the reaction to the wide range of people listening to the announcement. I address this potential issue by using another variable in the census that is related to wealth, but that is not related to the exposure to the speech. This measure is the share of households that owned a house in 1930 in a given county. As we can see in the first column of Table 4, this variable is highly correlated with the use of radio.

Table 4: Correlation with Radio Share

| | House Owners | Unemployed | Older | African Am |
|--------------|---------------------|--------------------|---------------------|----------------------|
| Radio | 0.763*** (0.080) | 0.826** (0.326) | 2.285*** (0.252) | -0.711*** (0.036) |
| Observations | 263 | 263 | 263 | 263 |
| R-squared | 0.290 | 0.029 | 0.246 | 0.485 |

Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Column (1) shows the correlation between radio share by county, and the share of houses owned by households in 1930. Column (2) shows the correlation with the unemployment rate in 1930. Column(3) shows correlation with the share of the population 55 and older and column (4) shows the correlation with the share of the African-American population. All variables are from the Census of Population of 1930. Robust standard errors are shown in parentheses.

In addition to this correlation, the policies announced in the speech benefited certain groups of people more. Thus, these groups could be reacting to the announcement. For example, the WPA offered benefits to counties with higher shares of unemployed people. Therefore, I also run robustness with the share of unemployed workers according to the Census of 1930. The SSA disproportionately benefited older population. I use the share of population in the county aged 55 and older. African American were disproportionately excluded of the SSA. Then, I use the share of African American population in the county.

The strong correlation that emerges suggests that the share of radio ownership is potentially correlated with wealth and with the populations that most benefited from the policies. To see if the effect is driven by one of these measures (and not from the exposure to listening to the speech), I run specification 1, but instead of using the radio ownership share, I use each of these variables interacted by the dummy of post treatment. The results are presented in the first row of Table 5.

Table 5: Other Variables as Placebo and Control

| | (1) | (2) | (3) | (4) |
|---------|---------------------|---------------------|---------------------|---------------------|
| | House Owners | Unemployment | Older | African Am |
| Placebo | 0.138 (0.105) | -0.187 (0.208) | -0.254 (0.281) | 0.208 (0.130) |
| Radio | 0.205*** (0.073) | 0.213*** (0.073) | 0.229*** (0.073) | 0.225*** (0.072) |

Note: The table shows the results for running specification 1 in the version of column (4) in Table 2. In the row placebo, I run specification 1, but instead of using the radio share, I use the variable that is in the top of the column. In the row Radio, I run specification 1, but controlling by the variable of the top of the column interacted by the treatment dummy. Standard errors are clustered at the city level.

The table shows that none of these variables have a significant effect after the communication treatment. Looking at the first row, the results indicate that the groups of people who were more likely to benefit from the policies have point estimate in the opposite direction than the expected sign. In the case of house ownership, the reaction goes in a similar direction, but is smaller and non-significant. This means that these groups of population did not react after the speech of April 28th, 1935 differently, independent of the share of radio. Next, I estimate if these variables have an influence on the coefficient found in the previous section. In the second row of table 5, I run specification 1, but controlling by the variables indicated at the top of the column, interacted by the treatment dummy variable.

The table shows that the results are not affected by those variables, even if they are highly correlated with the share of radio ownership. The point estimates are similar, moving from 0.205 to 0.229. Standard errors are similar, so the precision of the estimation doesn't change much. In all these cases the results are significant at the 99 percent confidence level. These results confirm that the effect is coming from the share of radio ownership, (i.e. from exposure to the speech). Even when controlling with variables that are correlated with the share of radio and of population affected by the policy, the results do not change.

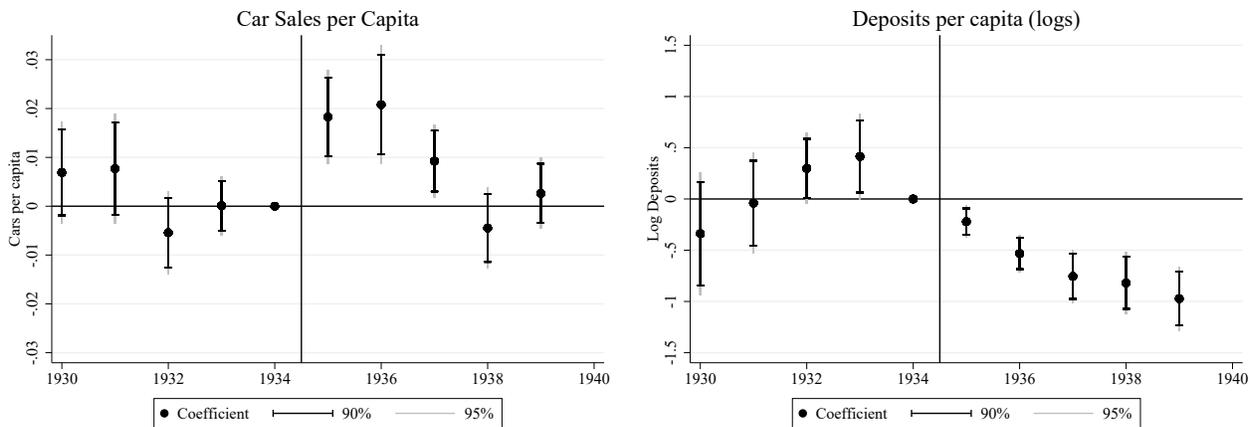
4.2.2 Other Aggregates

Previous results show a significant effect at the city level the week after the speech was made. The variable used correlated with expenditure on durable goods, which means that it can be

a good proxy. In this section I run a similar specification, but with more direct measures in order to see if these results are consistent. One of the problems is that the aggregation will be higher in the number of individuals and periods. This section looks for consistency, as the identification is weaker.

I run specification 2 for two variables. The first is the expenditure on car per capita and the second is the log of deposits per capita. Instead of using state-time fixed effects, because of the variation that I have, I use geographical zone where the state is located. I use the eight Census zones: North East, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, Mountain, and Pacific.¹⁴ I use income per capita growth and the income per capita in $t - 1$, and their interaction with trends as controls. All regressions have state fixed effect and standard errors clustered at the state level. The set of results are presented in Appendix A.1 in Table A.7 for cars per capita and Table A.8 for deposits in logs. The left panel of Figure 4 displays graphically the results of column (6) in Table A.7.

Figure 4: Results for Cars Sales per capita and Deposits (log)



Note: The left panel of this figure shows the results of column (6) in Table A.7. The dependent variable of the regression is the sales of cars per capita, and the dots represents the point estimate of a year dummy interacted by the state share of radio ownership. The right panel of this figure shows the results of column (6) in Table A.8. The dependent variable of the log of deposits and the dots represent the point estimate of a year dummy interacted by the state share of radio ownership. The vertical black lines and gray lines represent confidence intervals at a 90 percent and 95 percent respectively in both panels. Standard errors are clustered at the state level.

For all the specifications reported in Appendix A.1, there is a positive and significant effect at the 99 percent level in 1935 compared with 1934, the year before the policy and the speeches.

¹⁴Results hold with a North-East, South, West and Midwest zoning

In particular shifting from no exposure (no households with radios) to full exposure, increases the number of cars sales per capita by approximately in two standard deviations (0.018 versus a standard deviation for cars of 0.009). However, considering the actual variation of radio ownership, one standard deviation increase in radio usage, increases per capita spending on cars by 0.37 standard deviations. This result is also persistent: the estimated impacts in 1936 are similar; impacts in 1937 are smaller, but significant.

In the following exercise, I run specification 2, but with y as log of deposits per capita. Data for deposits was obtained using Flood (1998) and considers all the deposits of the state, including commercial banks and national banks. I run the regression in logs to see the percentage change in the stock. I use the same controls than in the specification for cars. Table A.8 and the right panel of Figure 4 presents the results.

I find that deposits per capita fall in exposed states for all the periods after the speech. This effect is small during the year of the event, (28.7 percent of a standard deviation in 1935), but grows over time. By 1938 the coefficient is higher than one standard deviation. This result is consistent with the expected impact of the policy. If individuals expect social protection against a negative state of the economy, saving for precautionary reasons should decrease. For these results there is some evidence of pre-trends: I fail to reject the null hypothesis that the coefficients before the treatment are zero in some specifications. This finding changes depending on the controls added. The coefficients after the speech are big compared with the effects found before the event, and they are consistently significant.

These results suggest an effect of communication on consumers' economic behavior. Regions that were more exposed to the speeches had higher levels of spending and reduced their deposits after the speech in states with a higher level share of households with radios. In addition to the state level results, I include more yearly evidence at a city level. I use information about new house building permits from Hausman (2016). This variable is related to spending of durable goods, and it is an indicator of economic activity. In that sense, this variable is related with results related to the purchase of cars. In this part, I use data 106 cities in 36 states.

I use specification 2. One of the problems of using city-level data is that there are not many controls available related to economic activity. Furthermore, I am controlling more precisely for specific regional shocks in a given year. As a result, I use state-time fixed effects to control more precisely for local policies and local shocks. I also add controls, including the one-year-lagged

retail sales¹⁵ and Federal financial aid, which are related to the level of economic activity and targeted federal policies. I also include city fixed effects, that control for systematic characteristics of the city. Table A.9 in Appendix A.1 show the results of the regressions with and without the controls.

There is also a positive effect of the speech in cities more exposed to it. There is a positive and significant effect at 90 percent confidence level in 1936. The fact that these are slow and big investments could explain why a significant effect surfaces only a year after the speech and policy. Moving from no radio to full exposure increases the building's permits per capita by more than one standard deviation two years after the speech. These results confirm the state level results, but at a lower level of aggregation and with more controls.

One concern that might influence the result is that Roosevelt may have targeted public expenditure to cities with more radios. Strömberg (2004) shows that cities with more radios received more federal funds during the 1930s. The results presented above do not contradict his findings as I am estimating the differential effect after 1935. So, if there is a systematic targeting to the regions with more radios, that should be captured by the city fixed effect. To see if the results are influenced by government expenditure, I run specification 2, but with federal aid as the independent variable. Table A.10 in Appendix A.1 presents the results. The results show that cities more exposed to the radio received lower federal aid after the event. This finding could be due to countercyclical expenditure from the federal government. These results do not say that regions with more radio shares received less help, but that, after the speech they received relatively less compared to cities with higher radio share.

Another margin to analyze is the presidential popularity. If President Roosevelt convinced people to consume more, effect should also emerge in the subsequent election result. Of course, Roosevelt went on to win reelection in 1936. I can then show how the change in votes for Roosevelt between the 1932 and 1936 elections correlate with the exposure to the speech. Even though the election happened a year after the announcement and many politicians had access to the radio, this treatment should have affected other variables as well. The following specification shows the regression estimated in this section:

$$\Delta DemShare_{z,1936-1932} = \alpha + \beta RadioShare_{z,1930} + \gamma_s + \delta X'_{s,1935} + \varepsilon_z \quad (3)$$

¹⁵This variable is measured every two or three years. As a result, I do not use it as a dependent variable. Nevertheless, it helps to control for changes in economic activity in the city.

where z is state or county (or city if there is more than a city in a county), depending on the regression run. $\Delta DemogratsShare_{z,1936-1932}$ is the percentage change in the presidential election votes of the Democratic Party. $RadioShare_{z,1930}$ is the radio share according to the 1930 Population Census. γ_s are state-level fixed effects used in the city-level regressions, and $X'_{s,1935}$ is the income growth in 1935, the year before the election. I cluster standard errors at the county level in the case of the city level regressions. Table 6 shows the results for specification 3 at state and city level.

Table 6: 1936 Election Results and Radio Share

| | State | | City | |
|--------------------------------|--------------------|---------------------|---------------------|--------------------|
| Radio share | 0.153** (0.063) | 0.214*** (0.060) | 0.250*** (0.048) | 0.218** (0.102) |
| State income per capita growth | | 0.636*** (0.120) | | |
| Constant | -0.013 (0.017) | 0.019 (0.015) | .000 (0.016) | |
| Observations | 48 | 48 | 269 | 263 |
| State Fixed Effect | | | No | Yes |
| R-squared | 0.079 | 0.315 | 0.074 | 0.439 |

Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. This table shows results for regressions, where the independent is the regional share of radio ownership. The dependent variable is the change in the percentage of the vote won by Roosevelt between the 1932 election and the 1936. State income per capita in 1935 growth comes from the BLS. City-level data include state fixed effect in the last specification. Standard errors are clustered at the state level for the first two columns and at the city level in columns 3 and 4.

The results at the state and city level are similar. Having full exposure to the speech increased the percentage of the vote won by Roosevelt in 1936 by more than 20 percent compared to the share of vote won in state or cities with no exposure. This evidence suggest that the use of the radio speeches by President Roosevelt could have influenced voters.

In Appendix A.4 I show the results for other macroeconomics variables: growth, employment and inflation. They are in line with the results shown above. There in an increase in economic activity, non-manufacturing employment and inflation, consistent with an aggregate demand shock.

4.3 Instrumental Variables

One of the concerns on the results presented above is the potential correlation of the measure of exposure - the share of radio ownership - with some specific economic characteristic that makes individuals of those states or counties spend more after the announcement of the reform. Because of this, I try to find a variable that is correlated with the usage of radio, but not with the variable of interest. I use as an instrument for radio usage the state percentage of woodland in 1930 as in [Strömberg \(2004\)](#). The reason for this choice is that transmission through the air is affected by physical obstacles. So, households in a states or counties with many obstacles (such as forests) should have fewer incentives or opportunities to use radio because the signal, if available, will be distorted or of the poor quality.

The data that I use to construct the woodland area and the total area for each state and county come from the Agricultural Census of 1930. To divide the total woodland area of the state or county by the total area. County variables are used in the city level results, I obtain the share of woodland in the county, where the city is located. For cities that are independent from a county (some in Virginia, for example), I only consider the city data. This measure is not perfect because, the forests can be in places where there is no human population. However, it serves as a good approximation. Economic activity can affect the share of woodlands in a state or city, but part of the heterogeneity in woodlands area and some patterns should not be affected by the economic characteristics of the state or city. In particular, there are more woods in the east compared with the west, as this area has dryer weather. In addition, northern states and counties have more woods. States and counties along the Mississippi River also have in general a higher share of woodland.

I will run the change of the dependent variable in a cross-section regression, as in specification 1. I use two years changes in the case of the annual cars sales and deposits per capita (1936 versus 1934) and the sum four weeks after the speech, compared with the previous four months in the case of bank debits. The results for the first stage, OLS and IV regressions are presented in the following table. Standard errors are clustered at the city level.

Table 7: IV Regressions

| | State-Year | | | | City-Bi week | | |
|--------------|----------------------|---------------------|---------------------|----------------------|--------------------|----------------------|-------------------|
| | First Stage | Cars | | Deposits | | Bank Debits | |
| Woodland | -0.832*** (0.228) | | | | | -0.597*** (0.273) | |
| Radio | | 0.030*** (0.006) | 0.048*** (0.025) | -0.277*** (0.005) | -0.368* (0.199) | 0.356*** (0.087) | 0.523* (0.273) |
| F-Test | 13.171 | | | | | 27.290 | |
| | | OLS | IV | OLS | IV | OLS | IV |
| Observations | 49 | 49 | 49 | 49 | 49 | 266 | 266 |

Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. This table shows the results of the instrumental variable regression at the state level. Share of radio ownership is instrumented by the share of woodlands. The first column displays the results for the first stage. The second column shows the OLS result for car sales per capita and the third column shows the IV regression. The fifth and sixth columns display results for the log of deposits.

The first stage shows in both cases, at state and city levels, that the instrument is good at predicting the share of radio ownership. The F-stats are also high in each specification. The results of the regressions using instrumental variables are similar for the case of cars sales per capita. With the instrument the effect for cars is slightly higher. In the case of deposits, the results are bigger in absolute value, and significant at a 90 percent level of confidence. These findings confirm the previous results. I find a significant and causal effect of being exposed to the speeches through the radio on variables related to an increase in spending.

The city-level results tell a similar story. The coefficients in the previous table confirm the results found in the baseline specification. The IV results present a higher, but less significant result for the month after Roosevelt's speech. The effects are big. A city with complete exposure increases its change in debits nearly 50 percent more compared with a city with no exposure. This confirms the previous results. ¹⁶

4.4 Other Speeches

In this paper I analyze the Fireside of April 1935 mainly because of the content of the speech. Roosevelt announced important policies that were not implemented, meaning that the announcement was not informative about the current situation of the economy, but shaped expectations. It was also in a suitable context, it was an isolated event and in a context where the announcement were likely to occur. However, there are other speeches that could be analyzed.

¹⁶In table A.11 I also show another instrument for the city level that is the distance to the closest radio tower. In that case, the coefficient is significant at a 5 percent confidence level and the coefficient reaches a value of 0.758.

These speeches have other characteristics and their evaluation can help to understand better the shock measured in the main results.

FDR gave four Fireside Chats in 1933 and two in 1934. The 1933 events were in the middle of uncertainty about the currency, given the end of the gold standard and also the banking holiday at the beginning of his presidency. In particular, the March, 1933 banking holiday implies that there are no data on bank debits for those weeks. Probably the most famous Fireside Chat is the one that followed his inauguration. Unfortunately, the data used in this paper has no information about that period. As a result, it is not possible to evaluate the Fireside Chat of March 12, 1933 with these data. The other Fireside Chats of 1933 can be used in principle, but they have important limitations.

Two of the 1933 events that relate to the changes in the value of currency, and, therefore, to changes in bank debits. The speech of May 7th, 1933 preceded the end of the gold standard, therefore it is difficult to interpret changes of bank debits as a consequence of the speech and not from reactions regarding the value of the currency. The speech of October 22th, 1933 announced some policies regarding the value of the dollar that were not subsequently implemented. Because of that, the interpretation of any potential change is also problematic. In his speech of July 24th, 1933, FDR talked about a code sent to employers to agree to reduce hours worked, and increase employment. The rest of the speech focused on the Farm Act and the Industrial Act, which had both been approved and implemented at that time. The press didn't highlight any particular policy. Thus, the chat largely described policies that were already in place (i.e., the speech was backward-looking). During that speech, Roosevelt admitted that he didn't want to talk on the radio before seeing "the first fruits of our careful planning."

In 1934 he gave two Fireside Chats. 1934 is a year where the economy was recovering and there are less important reforms related with the New Deal and the banking system. The reason why the main results don't include them is that they focus on answering critics and defending the NRA, more than announcing new policies. In June 28th, 1934, the Chicago Daily Tribune headline "President Hits at Critics," and the Los Angeles Times headline said "Roosevelt Raps Critics in Defending New Deal." On September 30th, 1934, he talked more about general ideas about the New Deal and continued defending the NRA. He illustrated with the case of England and how that country managed the Great Depression. He also called for a "truce," according to the Chicago Daily Tribune and the New York Times. The Los Angeles Times highlighted that

Roosevelt’s speech urged “harmony” between capital and labor. In appendix A.3 I show the results for these events (and the ones in 1933). The results show that there is no effect after the 1934 speeches.

Another relevant event is the State of the Union of January 4th 1935, where FDR talked about the WPA. This event was broadcast at noon (ET) on a weekday. This message did not have the characteristics of the Fireside Chats. The main intended audience was the members of Congress. The broadcast of the message occurred on a business day during working hours, and, thus, was not scheduled to reach a big audience. As a result the message was much less salient.¹⁷

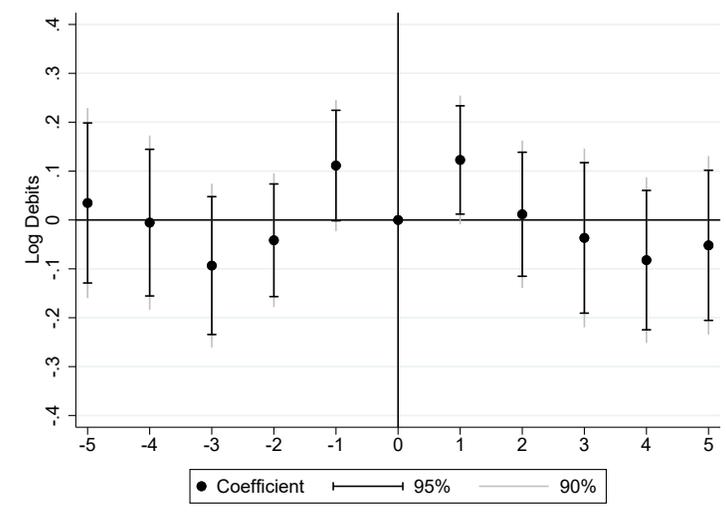
The results for each speech are presented in Appendix A.3. The effects are mixed. In order to make my analysis of other speeches more comparable to the analysis of the 1935 Fireside Chat, I conduct an events study with speeches that focused on some type of announcement, meaning that could affect economic confidence. These events are the State of the Union Address of January 4, 1935, where President Roosevelt announced to the Congress the WPA. The speech of July 1933 and the announcement of currency measures in the Fireside Chat of October 22, 1933. These speeches has the caveats explained above. The State of the Union was not salient. The Fireside Chat of 1933 did not include policy announcements, but the fact that FDR promoted the labor-employers code to increase wages and reduce working hours could have an expansionary effect. Finally, the currency policies could have mix effects. From one side, it could give confidence on the storage value of the currency and reduce withdraws, preventing a bank run, but also that confidence could have increased spending and the use of financial instrument. Therefore, the expected effect and its interpretation is not clear. Despite of all these problems, I run the following events study pooling all these events:

$$y_{s,c,t} = \delta_{s,c} + \kappa_{s,t} + \sum_{i=-F}^F \beta_i \times 1(t = i) \times RadioShare_{c,1930} + \varepsilon_{s,c,t} \quad (4)$$

where s is a given speech, c is a city and t is the time around the speech. $\delta_{s,c}$ are city-event fixed effects, $\kappa_{s,t}$ is a week fixed effect and $RadioShare_c$ is the radio share ownership in a city c . I pick $F = 5$. The results are presented in figure 5.

¹⁷I evaluate the effect of the State of the Union in table A.17. There is a positive effect after the event, but it is small and statistically different from zero only in some specifications.

Figure 5: Event Study Around Other FDR Speeches



Note: The graph shows the results of specification 4 with $F = 5$. Standard errors are clustered at the city-event level.

The figure shows a significant effect after the communication events. Effects are smaller than those following the speech of 1935, and they are less persistent. Two weeks after these events, bank debits increase by 10 percent. This finding confirms that the speeches in which Roosevelt announced policies had, in general, relatively expansionary effects in regions more exposed to the speeches. These events are, however, noisier: in the period before the speech bank debits are higher than the baseline, which could indicate other confounding factors. With all these differences, the effect is smaller. This indicates the importance of the effect of 1935. That announcement had a high and persistent effect.

5 Discussion

The Fireside Chat of April 28th, 1935 provides a logical point of analysis of communication-based policies for a number of reasons. President Roosevelt used it to announce important future expansionary fiscal policies and taxes to finance them. It also was an isolated event in a period during which other policies did not stress financial variables; this allows bank debits to be used as a proxy for consumer spending. The empirical results indicate that cities more exposed to the speech reacted by spending more on durable goods. Roosevelt's speech had several features that could have produced a similar effect. In this section I evaluate different

mechanism that can be behind the results found.

5.1 Confidence

Consumers' confidence could have been affected because of the speech. Because of FDR's popularity, hearing him speaking about the economic policy could have created a sensation of optimism about the future of the economy. The literature in macroeconomics has addressed theoretically how confidence shocks can have an expansionary effect. For instance, [Barsky and Sims \(2012\)](#) define animal spirit shocks as a noisy signal that the trend growth of productivity will be higher or lower than its actual trend. Part of the effect of this speech could have been because of an animal spirit effect.

The analysis provided in section [4.4](#) can help to evaluate the effect of an increase in confidence because of the speeches. I show that most consumers did not react in those speeches as in 1935. This tests whether the effect is purely a noise effect or if it is about the policy. The effect is not related by the fact of listening to Roosevelt, but because of the details of the speech.

A boost in confidence can still be related with listening to the President announcing a fiscal instrument to boost aggregate demand in a recessive environment. [Eggertsson \(2008\)](#) shows, in the context of the recovery of 1933, that a shift in expectation related with the election of FDR and his economic plan can explain the recovery of the U.S. economy. In particular, he shows that a change in expectations in line with the elimination of the policy dogmas of the Hoover administration (fiscal austerity) can produce an expansionary effect. The speech of April 1935 could have the same effect, as it increased the probability that the WPA and the SSA would be approved, and then created an increase in economic activity in areas more exposed to the speech. If that is the case, the announcement could have created an expansionary effect in the direction of the results of [Eggertsson \(2008\)](#) through an increase in confidence. In this case, confidence that the government would perform expansionary policies. In this sense, the speech of April 1935 represents a change in the paradigm toward a bigger state with higher social security.

Another related explanation is related with Narrative Economics. The speech focuses on social recovery and economic protection. This could have changed the way consumers perceived the future of the economic. [Shiller \(2017\)](#) mentions the Great Depression as a case study for narrative economics. He mentions in particular the speech of March 1933. The other speeches did

not seem to change the narrative of that time, but the speech of 1935 focus strongly on recovery and marks the beginning of a new expansionary fiscal policy era. That different narrative, accompanied with policies in that direction, could also explain the positive effect found.

5.2 Policies Announced

Also on the fiscal side. The WPA and SSA represented future increases in government expenditures that were financed with a future permanent income tax. This policy mix, which has recent incarnations in the United States and other countries, has been the subject of examination in the economics literature. For example, [D'Acunto, Hoang, and Weber \(2018\)](#) examine how announcements of future increases in consumption taxes stimulate spending through inter-temporal substitution without increasing government debt. [D'Acunto, Hoang, and Weber \(2016\)](#), find that an increase in spending on durable goods accounts for one the mechanism underpinning the increase in spending after a VAT announcement in Germany. Their measure in comparison to the measure used in this paper, is less direct; it relies on a binary survey question about specific durable goods. [Johnson, Parker, and Souleles \(2006\)](#), [Parker, Souleles, Johnson, and McClelland \(2013\)](#) and [Sahm, Shapiro, and Slemrod \(2012\)](#) document increases in non-durable spending after tax rebates in 2001 and 2008 in the United States. [Parker \(1999\)](#) and [Kueng \(2014\)](#) find increases in non-durable spending after announcements of decreases in income taxes. Hence, my analysis of the 1935 Fireside Chat has the potential to inform us not only about a particular episode, but also about recent experience.

In the appendix, in section [A.5](#), I introduce a model to explore the reaction of an announcement of a payroll tax on spending in durable goods.¹⁸ This is a general equilibrium model, where consumers live in a multi-region monetary union and households consume non-durable and durable goods, as in [Barsky, House, and Kimball \(2007\)](#) and [Engel and Wang \(2011\)](#). The only friction in the model is that households adjust their information set infrequently. Households' consumption decision depends on the probability of adjusting information as in [Reis \(2006a\)](#), [Coibion \(2006\)](#) and [Mankiw and Reis \(2007\)](#). The model seeks to incorporate the cost of information acquisition, and to show more radios usage reduce that cost (by having the opportunity to listen to the speech).

The model shows that, because of intertemporal substitution, the announcement of an in-

¹⁸Roosevelt in his speech didn't mentioned explicitly the payroll tax, but he explained that "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."

crease in payroll tax increase spending of durable goods today. The model highlights the importance of durable goods in explaining the empirical results. With only non-durable goods, consumers react similarly to the announcement of the policy across regions. When the model incorporates the durable goods, differences emerge as more attentive consumers can anticipate the shock sooner. They increase their purchases of durable goods to have a higher stock of durable at the moment at the shock, where they decrease their spending on durable goods. This allows them smooth consumption of non-durable goods. The model shows that the main mechanism that consumers have to anticipate the shock is the adjustment in the stock of durable goods.

In this case, even if it would be the announcement of a contractionary policy, the expected effect would be similar. One way to test this effect is to show that at the moment of the implementation of the policy, we should see a reduction in durable spending, measured as bank debits. One of the problems is that there is not a good counterfactual, as at that point everybody got the information about the policy, but Figure A.1 in section A.2 shows that there is a decline in bank debits in January 1937, exactly when the payroll tax was implemented. This finding suggests that the empirical result found might have been driven by a reaction about an increase in the future cost of labor.

Another alternative is that in a context of financially constraint consumers or non-ricardian agents, the announcement could increase spending, as in Parker (1999). I don't find heterogeneous effect that could indicate that the effect goes in that direction.¹⁹ Overall, there is not clear test to disentangle the particular driver of the effect and probably was a combination of confidence and information about the actual policy. But even the contractionary part of the policy announced should produce an effect in line with the empirical results.

These results underscore the importance of durable goods in the empirical analysis. The consumption of durable goods is key to anticipate the policy announcement and thus explains an early differential reaction in expenditure in the more attentive region. This shows that announcements of future policies that are well communicated can lead to consumer behavior change, and can lead to effects that take place more quickly largely through expenditures on durable goods. This result is in line with other papers that explore the role of expectations on

¹⁹I run regression where I interact the radio share with measures of financial constraint (if they own their house and its value) and non-ricardian agents (population close to retirement, that by construction was not going to pay for the benefit). I don't find statistical significant effect on those regressions.

spending on durable goods. [Romer \(1990\)](#), for example, shows that the Great Crash increased uncertainty, which led to a decline in spending on durable goods. This model confirms the role of durable goods when information about the future changes.

6 Conclusions

[Blinder, Ehrmann, Fratzscher, De Haan, and Jansen \(2008\)](#) observed that “It may be time to pay some attention to communication with the general public.” This paper explores the effects that communication to the general public can have. Using a quasi natural experiment and historical data from the Great Depression, I show that regions with better access to the source of information increased their spending substantially compared with regions less exposed to the information treatment. Using weekly data on bank debits at a city level. I find an increase spending the week after the event. I also show that this effect is not permanent: there is convergence at the state level after approximately six months.

This result is relevant considering the increase interest on the use of “unconventional” policies by economic authorities: in a world with constraint fiscal and monetary instruments, the use of communication-based policies could be an effective alternative. Nevertheless, there is little evidence on the use of this type of policies, in particular exploring variation on individuals treated or not by the communication event. This paper shows that communication from economic authorities can produce a reaction on consumers behavior, even if no policy is being implemented at the moment of the speech. This result shows that expectations are important and they could be influenced by economic authorities.

These results are in a context that it’s worth to be analyzed. Roosevelt conducted fireside chats at times intended to draw large audiences, following popular programs, at times when most people might be at home, and with advanced notice. He innovated by using a very simple language, which was not common from authorities at that period of time, to explain complex policies. He also used a new technology, the radio, to receive more attention and being more approachable. This strategy is different, for example, from the one that has been used by many central banks, such as the U.S. Federal Reserve, in the last decade.

Historians have described how listeners were impressed by the speeches. Having the President explaining directly important issues opened a new way of communication that took people’s attention. This paper also provides evidence that they reacted to the speech spending

more. The lessons from this particular event could help to develop effective communication strategies from economic authorities. This paper is not conclusive about the use of these particular strategies. Further studies could try to understand better how this type of innovation could help in terms of having a bigger reaction from economic agents. This paper shows that communication can be used as a policy tool.

The main driver of the results might come from confidence and information about the particular policy. There is evidence from the Great Depression that the confidence channel might play a role. I also show that even the contractionary part of the policy, i.e. the increase in taxes, can produce a similar results, through intertemporal substitution. I also show that the role of durable goods in that case is key, as they work as a saving mechanism. In that sense, better measure of durable goods could be useful to measure the effect of shocks related with expectations.

Overall, this paper shows the importance of communication for consumer behavior. The empirical results show that it is possible to effectively communicate to consumers and expect a reaction from them. The paper also shows the mechanism behind this reaction. This paper adds to the discussion of how communication could be used as a policy tool, especially in context of recessions, where usual fiscal and monetary tools can be restricted. Finally, it highlights the role of the second part of the New Deal and how its narrative could have affected expectations, in line with the studies of the beginning of the first Roosevelt's administration.

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A Appendix

A.1 Additional Tables

Table A.1: Share of Households with Radio by State

| State | % Radio | State | % Radio | State | % Radio |
|-------------|---------|----------------|---------|----------------|---------|
| Alabama | 9.3% | Maine | 37.8% | Oklahoma | 20.3% |
| Arizona | 17.6% | Maryland | 42.9% | Oregon | 43.8% |
| Arkansas | 9.0% | Massachusetts | 56.8% | Pennsylvania | 47.1% |
| California | 50.5% | Michigan | 49.9% | Rhode Island | 55.9% |
| Colorado | 36.9% | Minnesota | 47.5% | South Carolina | 8.0% |
| Connecticut | 53.1% | Mississippi | 5.3% | South Dakota | 47.3% |
| Delaware | 45.1% | Missouri | 36.6% | Tennessee | 13.5% |
| DC | 52.3% | Montana | 32.1% | Texas | 17.7% |
| Florida | 15.3% | Nebraska | 48.0% | Utah | 41.1% |
| Georgia | 9.3% | Nevada | 33.1% | Vermont | 43.0% |
| Idaho | 31.3% | New Hampshire | 44.2% | Virginia | 17.6% |
| Illinois | 55.4% | New Jersey | 62.5% | Washington | 42.1% |
| Indiana | 42.0% | New Mexico | 11.3% | West Virginia | 22.5% |
| Iowa | 50.0% | New York | 57.3% | Wisconsin | 50.8% |
| Kansas | 38.8% | North Carolina | 10.4% | Wyoming | 35.2% |
| Kentucky | 17.2% | North Dakota | 42.1% | Average | 35.0% |
| Louisiana | 10.9% | Ohio | 47.4% | | |

Note: The Table shows the share of households with a radio in 1930 at the state level, according to the 1930 Census of Population.

Table A.2: Variable Level, Frequency and Source

| Variable | Level | Frequency | Source |
|-----------------------------|------------------------|-----------|--|
| Radio Share | State, County and City | 1930 | 1930 Population Census |
| Demographic Characteristics | State, County and City | 1930 | 1930 Population Census |
| Share of Woodland | State, City and County | 1930 | 1930 Agricultural Census |
| House Ownership | State, City and County | 1930 | 1930 Population Census |
| Cars per capita | State | Annual | Hausman (2016) |
| State income per capita | State | Annual | BLS |
| State Income Growth | State | Annual | BLS |
| Deposits (logs) | State | Annual | Flood (1998) |
| Inflation | City | Annual | BLS |
| Public help per capita | City | Annual | Fishback, Horrace, and Kantor (2005) |
| Retail sales per capita | City | Bi-Annual | Fishback, Horrace, and Kantor (2005) |
| Building permits per capita | City | Annual | Hausman (2016) |
| Bank Debits | City | Weekly | G.6. Federal Reserve Board |

Note: This table presents the main data used in the paper. For each variable I present the level of aggregation, frequency that the data is available and the source of the data.

Table A.3: State-level Variables

| Full Sample | Obs | Mean | Std. Dev. | Min | Max |
|----------------------------|-----|--------|-----------|---------|--------|
| Radio Share | 49 | 35.00% | 16.69% | 5.29% | 62.50% |
| Cars per capita | 490 | 0.018 | 0.009 | 0.003 | 0.056 |
| State income per capita | 490 | 462.2 | 203.9 | 122.0 | 1314.0 |
| State Income Growth | 490 | -0.61% | 15.40% | -36.69% | 70.61% |
| Deposits per capita (logs) | 490 | -1.42 | 0.73 | -3.51 | 0.50 |
| Variable in 1935 | Obs | Mean | Std. Dev. | Min | Max |
| Cars per capita | 49 | 0.022 | 0.008 | 0.009 | 0.051 |
| State income per capita | 49 | 443.8 | 169.7 | 174 | 1031 |
| State Income Growth | 49 | 15.53% | 13.30% | 1.29% | 61.38% |
| Deposits per capita (logs) | 49 | -1.49 | 0.710 | -2.83 | 0.30 |

Note: The Table displays summary statistics for state level variables. The variable cars per capita comes from [Hausman \(2016\)](#). State income per capita and income growth come from the BLS and deposits come from [Flood \(1998\)](#).

Table A.4: Percentage Change in Department Store Sales over Change in Debits

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Change in Debits | 0.627*** (0.057) | 0.630*** (0.056) | 0.495*** (0.067) | 0.499*** (0.069) | 0.246*** (0.033) | 0.249*** (0.033) | 0.158*** (0.038) | 0.160*** (0.040) |
| Change in Debits (-1) | | | | | 0.354*** (0.035) | 0.354*** (0.035) | 0.265*** (0.038) | 0.264*** (0.038) |
| Change in Debits (-2) | | | | | | | | |
| Change in Debits (-3) | | | | | | | | |
| Zone FE | No | Yes | No | Yes | No | Yes | No | Yes |
| Time FE | No | No | Yes | Yes | No | No | Yes | Yes |
| Observations | 754 | 754 | 754 | 754 | 715 | 715 | 715 | 715 |
| R-squared | 0.628 | 0.634 | 0.705 | 0.710 | 0.659 | 0.666 | 0.727 | 0.732 |

Note:*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. This table shows results of regressions with annual change monthly in department store sales over annual changes in debits for Federal Reserve districts. I include up to three lags, time fixed effect and district fixed effect depending on the specification. Standard errors are clustered at a Federal Reserve district level.

Table A.5: Bi-weekly city level regression

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|--------------|---------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| 17-Jan-35 | -0.173 (0.129) | -0.212 (0.129) | -0.144 (0.128) | -0.197 (0.127) | -0.233* (0.135) | -0.179 (0.145) | -0.202 (0.128) |
| 2-Feb-35 | 0.090 (0.115) | 0.057 (0.114) | 0.090 (0.117) | 0.044 (0.117) | 0.008 (0.127) | 0.057 (0.129) | 0.039 (0.118) |
| 16-Feb-35 | -0.076 (0.105) | -0.104 (0.105) | -0.092 (0.107) | -0.130 (0.108) | -0.126 (0.119) | -0.036 (0.121) | -0.126 (0.109) |
| 2-Mar-35 | -0.044 (0.085) | -0.066 (0.085) | -0.047 (0.086) | -0.077 (0.087) | -0.101 (0.096) | -0.039 (0.093) | -0.076 (0.088) |
| 16-Mar-35 | -0.018 (0.098) | -0.035 (0.098) | -0.027 (0.098) | -0.050 (0.099) | -0.083 (0.109) | -0.021 (0.112) | -0.059 (0.100) |
| 30-Mar-35 | 0.056 (0.080) | 0.045 (0.080) | 0.063 (0.078) | 0.047 (0.079) | 0.002 (0.081) | 0.006 (0.089) | 0.038 (0.079) |
| 13-Apr-35 | -0.078 (0.094) | -0.083 (0.094) | -0.050 (0.091) | -0.058 (0.091) | -0.074 (0.097) | -0.032 (0.102) | -0.065 (0.091) |
| 11-May-35 | 0.217** (0.105) | 0.223** (0.106) | 0.225** (0.106) | 0.232** (0.106) | 0.202* (0.108) | 0.229** (0.115) | 0.218** (0.105) |
| 25-May-35 | 0.153* (0.083) | 0.164** (0.083) | 0.154* (0.084) | 0.170** (0.084) | 0.212** (0.087) | 0.217** (0.091) | 0.177** (0.084) |
| 8-Jun-35 | -0.076 (0.118) | -0.059 (0.119) | -0.075 (0.118) | -0.052 (0.119) | -0.069 (0.122) | -0.041 (0.122) | -0.051 (0.119) |
| 22-Jun-35 | -0.002 (0.110) | 0.020 (0.111) | -0.007 (0.109) | 0.023 (0.111) | 0.026 (0.119) | 0.069 (0.125) | 0.018 (0.111) |
| 8-Jul-35 | 0.158 (0.124) | 0.185 (0.127) | 0.161 (0.124) | 0.199 (0.127) | 0.129 (0.139) | 0.191 (0.134) | 0.195 (0.128) |
| 20-Jul-35 | 0.003 (0.123) | 0.036 (0.125) | -0.008 (0.124) | 0.038 (0.127) | 0.045 (0.138) | 0.097 (0.145) | 0.031 (0.128) |
| 3-Aug-35 | 0.145 (0.131) | 0.184 (0.134) | 0.123 (0.129) | 0.176 (0.134) | 0.121 (0.141) | 0.156 (0.141) | 0.171 (0.134) |
| 17-Aug-35 | -0.150 (0.142) | -0.106 (0.144) | -0.072 (0.120) | -0.011 (0.124) | -0.026 (0.134) | 0.024 (0.140) | -0.013 (0.125) |
| 31-Aug-35 | -0.022 (0.135) | 0.028 (0.138) | 0.036 (0.119) | 0.104 (0.125) | 0.062 (0.135) | 0.178 (0.134) | 0.103 (0.126) |
| 14-Sep-35 | -0.209 (0.149) | -0.154 (0.149) | -0.188 (0.146) | -0.111 (0.148) | -0.122 (0.158) | -0.077 (0.164) | -0.108 (0.149) |
| 28-Sep-35 | -0.085 (0.147) | -0.024 (0.150) | -0.095 (0.148) | -0.011 (0.153) | -0.088 (0.161) | 0.016 (0.174) | -0.013 (0.154) |
| 14-Oct-35 | -0.235 (0.169) | -0.169 (0.175) | -0.229 (0.170) | -0.137 (0.179) | -0.206 (0.186) | -0.130 (0.203) | -0.141 (0.180) |
| 26-Oct-35 | -0.325** (0.154) | -0.253 (0.162) | -0.336** (0.153) | -0.237 (0.164) | -0.280* (0.169) | -0.186 (0.185) | -0.238 (0.165) |
| 9-Nov-35 | -0.402** (0.192) | -0.324 (0.198) | -0.396** (0.192) | -0.289 (0.200) | -0.359* (0.208) | -0.230 (0.231) | -0.293 (0.201) |
| No Outliers | No | No | Yes | Yes | Yes | Yes | Yes |
| Controls | No | Yes | No | Yes | Yes | Yes | Yes |
| Cities | 261 | 261 | 257 | 257 | 244 | 230 | 256 |
| Observations | 6,525 | 6,525 | 6,425 | 6,425 | 6,100 | 5,750 | 6,400 |

Week ending the on April 28th is omitted. (1) unrestricted. (2) adds controls. (3) drops outliers. (4) drops outliers and includes controls. (5) drops cities with a Federal Reserve. (6) drops 10% of the cities with the highest and lowest average debits. (7) drops New York City. Controls are trends interacted with the share of urban population, African Americans and population older than 55 years old. Outliers are cities with changes in log bigger than 1 in absolute value. Standard errors are clustered at city level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.6: Cumulative Bi-weekly city level regression

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 17-Jan-35 | -0.051 (0.091) | -0.052 (0.090) | -0.022 (0.090) | -0.024 (0.088) | -0.062 (0.092) | -0.063 (0.099) | -0.024 (0.089) |
| 2-Feb-35 | 0.009 (0.067) | 0.008 (0.067) | 0.024 (0.067) | 0.022 (0.066) | -0.003 (0.070) | -0.006 (0.075) | 0.021 (0.067) |
| 16-Feb-35 | -0.004 (0.050) | -0.005 (0.049) | -0.000 (0.050) | -0.002 (0.049) | -0.011 (0.053) | -0.003 (0.056) | -0.001 (0.050) |
| 2-Mar-35 | -0.006 (0.035) | -0.006 (0.035) | -0.005 (0.036) | -0.006 (0.035) | -0.011 (0.038) | -0.004 (0.040) | -0.004 (0.035) |
| 16-Mar-35 | -0.007 (0.023) | -0.008 (0.023) | -0.009 (0.024) | -0.011 (0.023) | -0.015 (0.025) | -0.007 (0.027) | -0.010 (0.023) |
| 30-Mar-35 | 0.005 (0.017) | 0.005 (0.016) | 0.003 (0.017) | 0.002 (0.017) | -0.005 (0.018) | -0.002 (0.019) | 0.002 (0.017) |
| 13-Apr-35 | -0.001 (0.010) | -0.001 (0.010) | 0.000 (0.010) | -0.000 (0.010) | -0.004 (0.011) | -0.003 (0.012) | -0.001 (0.010) |
| 11-May-35 | 0.027*** (0.009) | 0.027*** (0.009) | 0.027*** (0.010) | 0.027*** (0.009) | 0.027*** (0.010) | 0.026** (0.010) | 0.026*** (0.009) |
| 25-May-35 | 0.040*** (0.014) | 0.040*** (0.014) | 0.040*** (0.014) | 0.041*** (0.014) | 0.047*** (0.014) | 0.044*** (0.015) | 0.041*** (0.014) |
| 8-Jun-35 | 0.031 (0.019) | 0.032 (0.020) | 0.031 (0.020) | 0.032 (0.020) | 0.038* (0.020) | 0.036* (0.021) | 0.032 (0.020) |
| 22-Jun-35 | 0.032 (0.024) | 0.032 (0.025) | 0.030 (0.025) | 0.032 (0.025) | 0.039 (0.025) | 0.040 (0.026) | 0.032 (0.025) |
| 8-Jul-35 | 0.045 (0.027) | 0.045 (0.028) | 0.043 (0.028) | 0.045 (0.028) | 0.049* (0.029) | 0.054* (0.029) | 0.045 (0.028) |
| 20-Jul-35 | 0.045 (0.030) | 0.046 (0.032) | 0.043 (0.031) | 0.045 (0.032) | 0.051 (0.032) | 0.059* (0.033) | 0.045 (0.032) |
| 3-Aug-35 | 0.056* (0.033) | 0.056 (0.035) | 0.051 (0.034) | 0.054 (0.035) | 0.057 (0.036) | 0.065* (0.036) | 0.054 (0.035) |
| 17-Aug-35 | 0.041 (0.037) | 0.042 (0.038) | 0.047 (0.036) | 0.050 (0.038) | 0.054 (0.039) | 0.062 (0.040) | 0.050 (0.038) |
| 31-Aug-35 | 0.035 (0.041) | 0.037 (0.042) | 0.046 (0.039) | 0.050 (0.040) | 0.052 (0.042) | 0.068 (0.043) | 0.050 (0.041) |
| 14-Sep-35 | 0.022 (0.043) | 0.023 (0.044) | 0.033 (0.040) | 0.037 (0.042) | 0.040 (0.044) | 0.057 (0.045) | 0.038 (0.042) |
| 28-Sep-35 | 0.016 (0.046) | 0.017 (0.047) | 0.026 (0.043) | 0.030 (0.045) | 0.029 (0.048) | 0.051 (0.049) | 0.031 (0.046) |
| 14-Oct-35 | 0.003 (0.048) | 0.004 (0.050) | 0.012 (0.046) | 0.017 (0.048) | 0.014 (0.051) | 0.036 (0.052) | 0.018 (0.048) |
| 26-Oct-35 | -0.013 (0.049) | -0.012 (0.051) | -0.005 (0.047) | 0.000 (0.050) | -0.004 (0.052) | 0.019 (0.054) | 0.001 (0.050) |
| 9-Nov-35 | -0.032 (0.051) | -0.030 (0.053) | -0.024 (0.049) | -0.018 (0.052) | -0.025 (0.055) | 0.002 (0.057) | -0.018 (0.053) |
| No Outliers | No | No | Yes | Yes | Yes | Yes | Yes |
| Controls | No | Yes | No | Yes | Yes | Yes | Yes |
| Cities | 261 | 261 | 257 | 257 | 244 | 230 | 256 |
| Observations | 6,375 | 6,375 | 6,275 | 6,275 | 5,950 | 5,725 | 6,250 |

Week ending the on April 28th is omitted. (1) unrestricted. (2) adds controls. (3) drops outliers. (4) drops outliers and includes controls. (5) drops cities with a Federal Reserve. (6) drops 10% of the cities with the highest and lowest average debits. (7) drops New York City. Controls are trends interacted with the share of urban population, African Americans and population older than 55 years old. Outliers are cities with changes in log bigger than 1 in absolute value. Standard errors are clustered at city level. *** p<0.01, ** p<0.05, * p<0.1

Table A.7: Results for Cars per capita

| | (1) | (2) | (3) | (4) | (5) | (6) |
|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| I(year=1930) | 0.019*** (0.003) | 0.022*** (0.005) | 0.001 (0.005) | 0.006 (0.005) | 0.002 (0.005) | 0.007 (0.005) |
| I(year=1931) | 0.015*** (0.002) | 0.019*** (0.005) | 0.004 (0.004) | 0.007 (0.005) | 0.005 (0.004) | 0.008 (0.006) |
| I(year=1932) | 0.002 (0.002) | 0.000 (0.003) | -0.000 (0.002) | -0.006 (0.004) | 0.000 (0.002) | -0.005 (0.004) |
| I(year=1933) | 0.002 (0.001) | -0.000 (0.003) | 0.004** (0.002) | -0.000 (0.003) | 0.004*** (0.002) | 0.000 (0.003) |
| I(year=1935) | 0.014*** (0.003) | 0.023*** (0.005) | 0.009*** (0.002) | 0.019*** (0.005) | 0.009*** (0.002) | 0.018*** (0.005) |
| I(year=1936) | 0.023*** (0.004) | 0.030*** (0.007) | 0.016*** (0.003) | 0.022*** (0.006) | 0.015*** (0.003) | 0.020*** (0.006) |
| I(year=1937) | 0.024*** (0.003) | 0.022*** (0.005) | 0.014*** (0.002) | 0.011*** (0.003) | 0.012*** (0.003) | 0.009** (0.004) |
| I(year=1938) | 0.005*** (0.002) | 0.005 (0.004) | -0.000 (0.002) | -0.003 (0.004) | -0.003 (0.002) | -0.005 (0.004) |
| Controls | No | No | Yes | Yes | Yes | Yes |
| Trend x Controls | No | No | No | No | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| State FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Zone-year FE | No | Yes | No | Yes | No | Yes |
| Observations | 490 | 490 | 490 | 480 | 490 | 490 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A.8: Results for Deposits (logs)

| | (1) | (2) | (3) | (4) | (5) | (6) |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| I(year=1930) | -0.200 (0.158) | -0.229 (0.288) | -0.514** (0.222) | -0.548* (0.311) | -0.423* (0.228) | -0.396 (0.354) |
| I(year=1931) | 0.066 (0.135) | 0.057 (0.241) | -0.179 (0.179) | -0.182 (0.257) | -0.120 (0.184) | -0.078 (0.282) |
| I(year=1932) | 0.258** (0.103) | 0.362** (0.179) | 0.121 (0.116) | 0.215 (0.182) | 0.161 (0.123) | 0.278 (0.189) |
| I(year=1933) | 0.234** (0.095) | 0.431** (0.188) | 0.198* (0.108) | 0.378* (0.203) | 0.221* (0.112) | 0.409* (0.212) |
| I(year=1935) | -0.086 (0.055) | -0.169* (0.094) | -0.124** (0.057) | -0.142* (0.071) | -0.166*** (0.059) | -0.204** (0.085) |
| I(year=1936) | -0.263*** (0.076) | -0.395*** (0.128) | -0.357*** (0.089) | -0.345*** (0.095) | -0.450*** (0.087) | -0.489*** (0.106) |
| I(year=1937) | -0.366*** (0.090) | -0.540*** (0.197) | -0.501*** (0.110) | -0.453*** (0.143) | -0.640*** (0.108) | -0.682*** (0.142) |
| I(year=1938) | -0.380*** (0.094) | -0.574** (0.230) | -0.515*** (0.117) | -0.410** (0.164) | -0.701*** (0.118) | -0.712*** (0.180) |
| Controls | No | No | Yes | Yes | Yes | Yes |
| Trend x Controls | No | No | No | No | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| State FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Zone-year FE | No | Yes | No | Yes | No | Yes |
| Observations | 490 | 490 | 490 | 480 | 490 | 490 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A.9: Building Permits by City

| | (1) | (2) | (3) | (4) | (5) |
|----------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| I(year=1930)*radio | 4.974 (5.432) | 4.961 (5.436) | 4.915 (5.441) | 4.910 (5.449) | 2.781 (5.618) |
| I(year=1931)*radio | 5.630* (3.141) | 5.620* (3.140) | 5.603* (3.152) | 5.599* (3.155) | 4.090 (3.333) |
| I(year=1932)*radio | -0.617 (0.814) | -0.623 (0.816) | -0.683 (0.818) | -0.684 (0.819) | -1.782 (1.183) |
| I(year=1933)*radio | -0.317 (0.567) | -0.319 (0.566) | -0.207 (0.620) | -0.211 (0.618) | -0.933 (0.944) |
| I(year=1935)*radio | 2.355 (1.694) | 2.354 (1.705) | 2.118 (1.809) | 2.123 (1.809) | 1.824 (1.830) |
| I(year=1936)*radio | 8.377** (3.449) | 8.402** (3.462) | 7.995** (3.629) | 8.015** (3.626) | 6.935* (3.981) |
| I(year=1937)*radio | 7.511** (3.476) | 7.530** (3.470) | 7.242* (3.661) | 7.257** (3.641) | 5.782 (3.796) |
| I(year=1938)*radio | 9.964** (4.904) | 9.973** (4.905) | 9.335* (5.510) | 9.354* (5.472) | 8.297 (5.613) |
| Log Sales per capita | | 0.734 (4.644) | | 0.347 (4.436) | -5.523 (5.286) |
| Federal Aid | | | -0.012 (0.024) | -0.011 (0.023) | -0.011 (0.024) |
| City FE | Yes | Yes | Yes | Yes | Yes |
| State-year FE | Yes | Yes | Yes | Yes | Yes |
| Control trends | - | No | No | No | Yes |
| Observations | 838 | 838 | 838 | 838 | 838 |
| R-squared | 0.843 | 0.843 | 0.844 | 0.844 | 0.845 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table A.10: Federal Aid and Radio

| | (1) | (2) | (3) | (4) | (5) |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| I(year=1930)*radio | -4.086 (13.060) | 1.887 (13.164) | -7.807 (13.335) | -1.856 (13.098) | -6.006 (14.013) |
| I(year=1931)*radio | -0.960 (12.075) | 3.281 (12.219) | -4.680 (12.268) | -0.450 (12.147) | -3.506 (12.600) |
| I(year=1932)*radio | -3.328 (11.707) | -0.085 (11.820) | -3.328 (11.715) | -0.107 (11.798) | -0.868 (11.742) |
| I(year=1933)*radio | 11.903 (9.945) | 14.020 (10.001) | 11.903 (9.951) | 14.006 (9.994) | 13.569 (9.965) |
| I(year=1935)*radio | -16.996 (10.751) | -15.934 (10.532) | -16.996 (10.758) | -15.941 (10.538) | -15.869 (10.635) |
| I(year=1936)*radio | -31.577** (12.728) | -29.434** (12.693) | -33.718** (12.876) | -31.579** (12.838) | -30.571** (12.726) |
| I(year=1937)*radio | -23.854 (15.208) | -20.291 (15.423) | -25.994* (15.527) | -22.446 (15.713) | -21.003 (15.691) |
| I(year=1938)*radio | -51.391** (20.721) | -48.786** (20.901) | -53.531** (20.508) | -50.934** (20.679) | -48.786** (20.842) |
| Lag sales per capita | | -28.903 (20.749) | | -28.709 (20.509) | -4.157 (3,127.488) |
| Democrats votes | | | -0.316* (0.177) | -0.315* (0.178) | -115.001 (73.327) |
| City FE | Yes | Yes | Yes | Yes | Yes |
| State-year FE | Yes | Yes | Yes | Yes | Yes |
| Control trends | - | No | No | No | Yes |
| Observations | 1000 | 1000 | 1000 | 1000 | 1000 |
| R-squared | 0.939 | 0.940 | 0.941 | 0.942 | 0.943 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

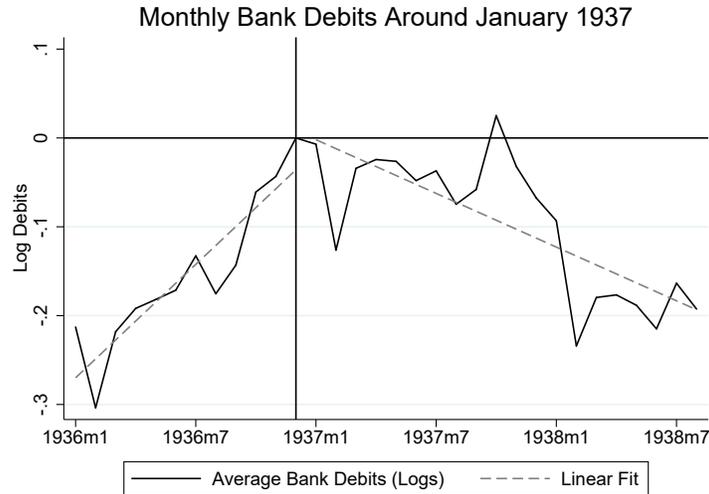
Table A.11: IV Regressions, bi-weekly Data

| | Distance | | |
|--------------|---------------------|----------------------|--------------------|
| | OLS | First Stage | IV |
| Coefficient | 0.356*** (0.087) | -0.001*** (0.000) | 0.758** (0.323) |
| F-Test | 27.290 | | 17.779 |
| Observations | 266 | 268 | 268 |

Note: *** p<0.01, ** p<0.05, * p<0.1. This table shows the results of the instrumental variable regression for the bi-weekly debit regression. The dependent variables is the log of the bi-weekly sum of debits. The independent variable is the county share of radios. The share of radio is instrumented by the city distance to the closest radio station. I use the information provided by the Seventh Annual Report of the Federal Radio Commission to the Congress of the United States of 1933. They show there the radio station locations in a map with the name of the city. I calculate the distance in miles of those stations with the city from which I have debits. There are 113 stations. Standard errors are clustered at the city level

A.2 Additional Figures

Figure A.1: Decline in Economic Activity when Payroll Tax is Implemented



Note: In this figure, the continuous line shows the residual of a regression of by-weekly log bank debits by city as dependent variable over time fixed effects and city fixed effects. The last two weeks of December 1936 are omitted. The dashed lines show the linear prediction of the data before and after January 1937.

A.3 Other Speeches

Table A.12: List of Fireside Chats and Speeches Before April 1935

| Speech | Main Topic | Other Topics |
|-----------|--------------------------|------------------------------|
| 12-Mar-33 | Banking Crisis | End of bank holiday |
| 07-May-33 | New Deal Program | Gold Standard |
| 24-Jul-33 | Workers & employers code | Farm act and Industrial Acts |
| 10-Oct-33 | Currency control | Defend NRA |
| 28-Jun-34 | Legislative achievements | Policies approved |
| 30-Sep-34 | Defend the NRA | Comparison with England |
| 04-Jan-35 | State of the Union | WPA |

Note: The table shows the main speeches that Roosevelt gave prior the 1935 speech. It includes the date that the speech was made, the main topic and other topics that were included in the speech.

Since Roosevelt's inauguration until the event described in this paper, there were six other Fireside chats. I considered the Fireside chat of April 1935 because it involved a policy that affected the consumption-saving decision of individuals and also because it was an isolated event. But

other speeches could also affect expectations and improve consumers' mood as is described by many historians. The following tables show the effect of the other speeches:

Table A.13: Bi-weekly city level regression: Fireside chat of July 24th, 1933

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|
| 12-Apr-33 | -0.284 (0.191) | -0.193 (0.170) | -0.477** (0.201) | -0.170 (0.181) | -0.350 (0.435) | -0.388 (0.452) |
| 26-Apr-33 | -0.159 (0.182) | -0.047 (0.171) | -0.325* (0.189) | -0.036 (0.184) | -0.242 (0.444) | -0.139 (0.492) |
| 10-May-33 | -0.128 (0.177) | -0.077 (0.160) | -0.266 (0.183) | -0.029 (0.171) | -0.037 (0.334) | -0.090 (0.343) |
| 24-May-33 | -0.221 (0.148) | -0.217 (0.151) | -0.331** (0.150) | -0.178 (0.161) | -0.304 (0.309) | -0.292 (0.338) |
| 7-Jun-33 | -0.121 (0.133) | -0.065 (0.124) | -0.204 (0.137) | -0.028 (0.129) | -0.300 (0.347) | -0.146 (0.311) |
| 21-Jun-33 | -0.057 (0.112) | -0.052 (0.111) | -0.112 (0.113) | -0.061 (0.117) | 0.158 (0.239) | 0.142 (0.243) |
| 5-Jul-33 | 0.070 (0.101) | 0.062 (0.103) | 0.042 (0.101) | 0.037 (0.110) | 0.346 (0.244) | 0.374 (0.247) |
| 2-Aug-33 | 0.236** (0.095) | 0.236** (0.098) | 0.264*** (0.097) | 0.181* (0.101) | 0.186 (0.262) | 0.210 (0.278) |
| 16-Aug-33 | -0.147 (0.135) | -0.141 (0.140) | -0.091 (0.134) | -0.123 (0.137) | -0.204 (0.290) | -0.176 (0.316) |
| 30-Aug-33 | -0.198 (0.155) | -0.194 (0.157) | -0.116 (0.157) | -0.207 (0.161) | -0.213 (0.458) | -0.173 (0.470) |
| 13-Sep-33 | -0.418*** (0.131) | -0.441*** (0.134) | -0.308** (0.139) | -0.378*** (0.140) | -0.252 (0.343) | -0.272 (0.371) |
| 27-Sep-33 | -0.333** (0.155) | -0.335** (0.148) | -0.194 (0.161) | -0.359** (0.157) | -0.515 (0.402) | -0.487 (0.408) |
| 11-Oct-33 | -0.559*** (0.157) | -0.591*** (0.158) | -0.393** (0.157) | -0.613*** (0.165) | -0.773* (0.439) | -0.925** (0.457) |
| 25-Oct-33 | -3.475** (1.554) | -3.454** (1.610) | -3.281** (1.555) | -2.554 (1.655) | -2.171 (3.237) | -1.970 (3.541) |
| 8-Nov-33 | -0.339* (0.187) | -0.396** (0.193) | -0.118 (0.190) | -0.421** (0.210) | -0.485 (0.472) | -0.596 (0.515) |
| 22-Nov-33 | -0.595** (0.231) | -0.475** (0.203) | -0.347 (0.243) | -0.510** (0.224) | -0.981** (0.493) | -0.932* (0.516) |
| No Outliers | No | Yes | No | Yes | No | Yes |
| Controls | No | No | Yes | No | No | No |
| Observations | 4,161 | 3,990 | 4,161 | 3,743 | 1,729 | 1,596 |
| Cities | 219 | 210 | 219 | 197 | 91 | 84 |

Results for the week ending the on July 19th are omitted. (1) Represent the full-unrestricted sample. (2) eliminates outliers. (3) Adds controls. (4) eliminates cities with a Federal Reserve. (6) includes counties that are more rural than the median. The controls are trends interacted with the share of urban population and the share of black population. Outliers are cities with changes in bigger than 1 and smaller than -1 in logs. Clusters are at city level. *** p<0.01, ** p<0.05, * p<0.1

Table A.14: Bi-weekly city level regression: Fireside chat of May 7th, 1933 and October 22th, 1933

| | May 7th, 1933 | | | | | | October 22th, 1933 | | | | | |
|--------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 19-Apr-33 | -0.236** (0.118) | -0.210** (0.105) | -0.247** (0.117) | -0.192* (0.111) | -0.008 (0.216) | 0.050 (0.207) | 0.256 (0.180) | 0.339** (0.163) | 0.122 (0.173) | 0.407** (0.179) | 0.589* (0.354) | 0.685** (0.328) |
| 3-May-33 | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.492** (0.190) | 0.549*** (0.167) | 0.369* (0.188) | 0.599*** (0.182) | 0.597 (0.387) | 0.635* (0.340) |
| 17-May-33 | -0.250** (0.105) | -0.311*** (0.092) | -0.240** (0.105) | -0.288*** (0.096) | -0.219 (0.208) | -0.261 (0.196) | 0.242 (0.173) | 0.239 (0.162) | 0.129 (0.172) | 0.310* (0.179) | 0.378 (0.385) | 0.374 (0.359) |
| 31-May-33 | -0.113 (0.125) | -0.170 (0.106) | -0.092 (0.124) | -0.209* (0.109) | -0.133 (0.185) | -0.125 (0.186) | 0.380** (0.155) | 0.380*** (0.145) | 0.277* (0.157) | 0.390** (0.159) | 0.464 (0.368) | 0.510 (0.347) |
| 14-Jun-33 | -0.132 (0.159) | -0.144 (0.139) | -0.101 (0.159) | -0.118 (0.146) | -0.154 (0.315) | -0.007 (0.305) | 0.361* (0.186) | 0.405** (0.163) | 0.268 (0.185) | 0.481*** (0.173) | 0.444 (0.504) | 0.628 (0.428) |
| 28-Jun-33 | 0.136 (0.152) | 0.053 (0.134) | 0.177 (0.152) | -0.005 (0.143) | 0.281 (0.314) | 0.232 (0.278) | 0.628*** (0.160) | 0.603*** (0.155) | 0.546*** (0.158) | 0.594*** (0.168) | 0.879** (0.437) | 0.867* (0.449) |
| 12-Jul-33 | 0.039 (0.161) | -0.043 (0.141) | 0.090 (0.161) | -0.037 (0.153) | 0.370 (0.324) | 0.307 (0.314) | 0.531*** (0.156) | 0.507*** (0.150) | 0.459*** (0.154) | 0.561*** (0.160) | 0.968** (0.416) | 0.942** (0.409) |
| 26-Jul-33 | 0.224 (0.175) | 0.189 (0.152) | 0.286 (0.177) | 0.115 (0.161) | 0.217 (0.352) | 0.286 (0.323) | 0.717*** (0.158) | 0.739*** (0.151) | 0.655*** (0.153) | 0.714*** (0.161) | 0.815* (0.454) | 0.922** (0.458) |
| 9-Aug-33 | 0.042 (0.174) | -0.014 (0.154) | 0.114 (0.174) | -0.022 (0.163) | 0.066 (0.295) | 0.098 (0.295) | 0.535*** (0.147) | 0.536*** (0.142) | 0.483*** (0.146) | 0.576*** (0.151) | 0.663* (0.359) | 0.734** (0.368) |
| 23-Aug-33 | -0.112 (0.185) | -0.156 (0.164) | -0.030 (0.189) | -0.191 (0.175) | -0.028 (0.383) | 0.048 (0.347) | 0.380*** (0.146) | 0.393** (0.154) | 0.339** (0.142) | 0.408** (0.161) | 0.570 (0.383) | 0.683 (0.424) |
| 6-Sep-33 | -0.185 (0.177) | -0.249 (0.157) | -0.093 (0.179) | -0.232 (0.165) | 0.092 (0.378) | 0.127 (0.361) | 0.307** (0.136) | 0.301** (0.136) | 0.276** (0.134) | 0.367** (0.146) | 0.690* (0.363) | 0.763* (0.389) |
| 20-Sep-33 | -0.364* (0.193) | -0.432** (0.168) | -0.261 (0.192) | -0.435** (0.179) | -0.222 (0.395) | -0.206 (0.353) | 0.129 (0.110) | 0.117 (0.112) | 0.108 (0.109) | 0.163 (0.123) | 0.375 (0.325) | 0.429 (0.358) |
| 4-Oct-33 | -0.184 (0.183) | -0.260 (0.161) | -0.071 (0.182) | -0.296* (0.174) | -0.419 (0.381) | -0.463 (0.372) | 0.308*** (0.111) | 0.289** (0.112) | 0.298*** (0.111) | 0.303** (0.123) | 0.178 (0.322) | 0.173 (0.334) |
| 18-Oct-33 | -0.492** (0.190) | -0.549*** (0.167) | -0.369* (0.188) | -0.599*** (0.182) | -0.597 (0.387) | -0.635* (0.340) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) |
| 1-Nov-33 | -0.221 (0.202) | -0.324* (0.182) | -0.087 (0.199) | -0.396** (0.197) | -0.448 (0.355) | -0.534 (0.323) | 0.271** (0.112) | 0.225** (0.111) | 0.282** (0.112) | 0.202 (0.123) | 0.149 (0.253) | 0.101 (0.267) |
| 15-Nov-33 | -0.485** (0.213) | -0.478** (0.189) | -0.341 (0.212) | -0.499** (0.209) | -0.742** (0.331) | -0.735** (0.294) | 0.007 (0.129) | 0.071 (0.121) | 0.028 (0.130) | 0.100 (0.133) | -0.145 (0.242) | -0.100 (0.259) |
| 29-Nov-33 | -0.437* (0.224) | -0.440** (0.198) | -0.283 (0.225) | -0.502** (0.223) | -0.753** (0.321) | -0.746*** (0.272) | 0.055 (0.169) | 0.109 (0.167) | 0.086 (0.170) | 0.096 (0.186) | -0.156 (0.333) | -0.111 (0.362) |
| 13-Dec-33 | -0.374* (0.217) | -0.461** (0.207) | -0.209 (0.210) | -0.449** (0.226) | -0.809** (0.320) | -0.896*** (0.315) | 0.119 (0.151) | 0.088 (0.152) | 0.160 (0.150) | 0.149 (0.162) | -0.211 (0.339) | -0.261 (0.337) |
| 27-Dec-33 | -0.436** (0.194) | -0.456*** (0.157) | -0.261 (0.201) | -0.478*** (0.173) | -0.798** (0.334) | -0.652*** (0.222) | 0.057 (0.123) | 0.094 (0.128) | 0.108 (0.129) | 0.121 (0.139) | -0.201 (0.306) | -0.017 (0.318) |
| No Outliers | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes |
| Controls | No | No | Yes | No | No | No | No | No | Yes | No | No | No |
| Observations | 4,674 | 4,484 | 4,674 | 4,237 | 1,976 | 1,824 | 4,674 | 4,484 | 4,674 | 4,237 | 1,976 | 1,824 |
| Cities | 246 | 236 | 246 | 223 | 104 | 96 | 246 | 236 | 246 | 223 | 104 | 96 |

Results for the week ending the on July 19th are omitted. (1) Represent the full-unrestricted sample. (2) eliminates outliers. (3) Adds controls. (4) eliminates cities with a Federal Reserve. (6) includes counties that are more rural than the median. The controls are trends interacted with the share of urban population and the share of black population. Outliers are cities with changes in bigger than 1 and smaller than -1 in logs. Clusters are at city level. *** p<0.01, ** p<0.05, * p<0.1

Table A.15: Bi-weekly city level regression: Fireside chat of June 28th, 1934

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------|----------------------|----------------------|----------------------|----------------------|--------------------|---------------------|
| 10-Jan-34 | -0.200 (0.174) | -0.206 (0.177) | -0.286 (0.176) | -0.230 (0.195) | -0.748* (0.447) | -0.780* (0.444) |
| 24-Jan-34 | -0.087 (0.162) | -0.078 (0.163) | -0.166 (0.162) | -0.026 (0.182) | -0.470 (0.361) | -0.376 (0.374) |
| 7-Feb-34 | 0.122 (0.155) | 0.051 (0.152) | 0.050 (0.153) | 0.054 (0.167) | -0.183 (0.335) | -0.270 (0.315) |
| 21-Feb-34 | -0.063 (0.125) | -0.101 (0.126) | -0.128 (0.126) | -0.086 (0.138) | -0.232 (0.264) | -0.304 (0.256) |
| 7-Mar-34 | -0.002 (0.145) | -0.021 (0.144) | -0.059 (0.143) | 0.028 (0.155) | -0.047 (0.362) | -0.149 (0.357) |
| 21-Mar-34 | -0.024 (0.128) | -0.035 (0.130) | -0.074 (0.128) | -0.023 (0.143) | -0.131 (0.336) | -0.162 (0.345) |
| 4-Apr-34 | -0.026 (0.155) | -0.087 (0.151) | -0.069 (0.153) | -0.097 (0.167) | -0.415 (0.365) | -0.538 (0.344) |
| 18-Apr-34 | -0.042 (0.115) | -0.045 (0.110) | -0.078 (0.114) | -0.062 (0.121) | 0.009 (0.279) | -0.028 (0.279) |
| 2-May-34 | 0.052 (0.112) | 0.032 (0.110) | 0.023 (0.112) | 0.008 (0.121) | -0.144 (0.330) | -0.191 (0.334) |
| 16-May-34 | -0.056 (0.110) | -0.130 (0.100) | -0.077 (0.109) | -0.118 (0.109) | -0.034 (0.307) | -0.147 (0.287) |
| 30-May-34 | -0.082 (0.107) | -0.117 (0.105) | -0.096 (0.107) | -0.105 (0.114) | -0.248 (0.308) | -0.309 (0.306) |
| 13-Jun-34 | -0.161 (0.114) | -0.234** (0.104) | -0.168 (0.114) | -0.214* (0.111) | 0.029 (0.258) | -0.130 (0.200) |
| 11-Jul-34 | -0.122 (0.120) | -0.173 (0.112) | -0.115 (0.120) | -0.134 (0.119) | -0.021 (0.241) | -0.134 (0.214) |
| 25-Jul-34 | -0.025 (0.093) | -0.016 (0.087) | -0.010 (0.093) | -0.006 (0.094) | 0.034 (0.169) | 0.122 (0.163) |
| 8-Aug-34 | -0.132 (0.124) | -0.198* (0.113) | -0.110 (0.125) | -0.152 (0.118) | -0.106 (0.245) | -0.218 (0.213) |
| 22-Aug-34 | -0.236* (0.130) | -0.252* (0.129) | -0.207 (0.131) | -0.246* (0.136) | -0.520* (0.296) | -0.527* (0.305) |
| 5-Sep-34 | -0.323** (0.154) | -0.407*** (0.142) | -0.287* (0.154) | -0.418*** (0.153) | -0.196 (0.345) | -0.395 (0.297) |
| 19-Sep-34 | -0.415*** (0.142) | -0.476*** (0.135) | -0.372*** (0.140) | -0.458*** (0.147) | -0.423 (0.271) | -0.513* (0.262) |
| 3-Oct-34 | -0.313* (0.162) | -0.395** (0.156) | -0.263 (0.161) | -0.403** (0.173) | -0.373 (0.345) | -0.489 (0.326) |
| 17-Oct-34 | -0.452** (0.205) | -0.530*** (0.202) | -0.395* (0.202) | -0.497** (0.228) | -0.680* (0.362) | -0.788** (0.343) |
| 31-Oct-34 | -0.286 (0.204) | -0.363* (0.203) | -0.222 (0.200) | -0.371 (0.231) | -0.573 (0.370) | -0.658* (0.371) |
| 14-Nov-34 | -0.409** (0.198) | -0.489** (0.191) | -0.338* (0.195) | -0.450** (0.215) | -0.564 (0.390) | -0.698* (0.363) |
| 28-Nov-34 | -0.384** (0.182) | -0.356* (0.184) | -0.306* (0.178) | -0.351* (0.205) | -0.608* (0.307) | -0.634** (0.317) |
| No Outliers | No | Yes | No | Yes | No | Yes |
| Controls | No | No | Yes | No | No | No |
| Observations | 6,760 | 6,578 | 6,760 | 6,240 | 2,990 | 2,938 |
| Cities | 260 | 253 | 260 | 240 | 115 | 113 |

Results for the week ending the on July 19th are omitted. (1) Represent the full-unrestricted sample. (2) eliminates outliers. (3) Adds controls. (4) eliminates cities with a Federal Reserve. (6) includes counties that are more rural than the median. The controls are trends interacted with the share of urban population and the share of black population. Outliers are cities with changes in bigger than 1 and smaller than -1 in logs. Clusters are at city level. *** p<0.01, ** p<0.05, * p<0.1

Table A.16: Bi-weekly city level regression: Fireside chat of September 30, 1934

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| 17-Jan-34 | 0.148 (0.173) | 0.223 (0.168) | 0.008 (0.172) | 0.308* (0.181) | -0.190 (0.289) | -0.133 (0.291) |
| 31-Jan-34 | 0.411** (0.181) | 0.469** (0.181) | 0.279 (0.174) | 0.462** (0.200) | 0.044 (0.331) | 0.134 (0.337) |
| 14-Feb-34 | 0.398** (0.158) | 0.374** (0.152) | 0.274* (0.155) | 0.429*** (0.163) | 0.419 (0.286) | 0.262 (0.245) |
| 28-Feb-34 | 0.363** (0.164) | 0.441*** (0.152) | 0.246 (0.160) | 0.469*** (0.163) | 0.315 (0.247) | 0.288 (0.254) |
| 14-Mar-34 | 0.311* (0.168) | 0.321* (0.164) | 0.202 (0.165) | 0.357** (0.175) | 0.304 (0.314) | 0.183 (0.296) |
| 28-Mar-34 | 0.332** (0.163) | 0.390** (0.159) | 0.231 (0.158) | 0.410** (0.171) | 0.142 (0.264) | 0.171 (0.273) |
| 11-Apr-34 | 0.342** (0.161) | 0.351** (0.152) | 0.249 (0.155) | 0.350** (0.164) | 0.292 (0.299) | 0.142 (0.263) |
| 25-Apr-34 | 0.413*** (0.143) | 0.501*** (0.140) | 0.328** (0.140) | 0.493*** (0.151) | 0.352 (0.262) | 0.411 (0.271) |
| 9-May-34 | 0.370** (0.149) | 0.361** (0.145) | 0.292** (0.146) | 0.353** (0.158) | 0.347 (0.296) | 0.230 (0.278) |
| 23-May-34 | 0.246 (0.150) | 0.290* (0.148) | 0.175 (0.146) | 0.311* (0.161) | 0.228 (0.282) | 0.207 (0.286) |
| 6-Jun-34 | 0.293* (0.151) | 0.302** (0.141) | 0.231 (0.148) | 0.306** (0.152) | 0.425 (0.289) | 0.289 (0.263) |
| 20-Jun-34 | 0.263** (0.129) | 0.313** (0.123) | 0.208 (0.129) | 0.344** (0.133) | 0.377 (0.233) | 0.394 (0.240) |
| 4-Jul-34 | 0.340** (0.157) | 0.358** (0.151) | 0.294* (0.152) | 0.375** (0.164) | 0.542* (0.309) | 0.451 (0.312) |
| 18-Jul-34 | 0.212 (0.148) | 0.286** (0.139) | 0.173 (0.146) | 0.329** (0.149) | 0.340 (0.312) | 0.417 (0.302) |
| 1-Aug-34 | 0.413*** (0.146) | 0.434*** (0.147) | 0.382*** (0.143) | 0.468*** (0.158) | 0.536* (0.281) | 0.505* (0.285) |
| 15-Aug-34 | 0.115 (0.146) | 0.144 (0.144) | 0.092 (0.145) | 0.187 (0.153) | 0.131 (0.333) | 0.099 (0.338) |
| 29-Aug-34 | 0.011 (0.117) | 0.048 (0.115) | -0.005 (0.116) | 0.055 (0.126) | -0.107 (0.231) | -0.176 (0.229) |
| 12-Sep-34 | -0.003 (0.117) | -0.032 (0.102) | -0.011 (0.117) | -0.010 (0.111) | 0.205 (0.253) | 0.011 (0.198) |
| 10-Oct-34 | 0.017 (0.142) | 0.001 (0.126) | 0.025 (0.142) | 0.038 (0.142) | 0.007 (0.235) | -0.144 (0.177) |
| 24-Oct-34 | -0.041 (0.160) | -0.025 (0.162) | -0.025 (0.159) | 0.001 (0.183) | -0.251 (0.204) | -0.271 (0.209) |
| 7-Nov-34 | 0.103 (0.160) | 0.070 (0.152) | 0.126 (0.160) | 0.091 (0.170) | 0.040 (0.273) | -0.097 (0.230) |
| 21-Nov-34 | -0.102 (0.166) | -0.024 (0.155) | -0.071 (0.165) | 0.027 (0.172) | -0.218 (0.226) | -0.207 (0.232) |
| 5-Dec-34 | 0.105 (0.165) | 0.129 (0.155) | 0.144 (0.166) | 0.117 (0.163) | -0.042 (0.311) | -0.185 (0.282) |
| No Outliers | No | Yes | No | Yes | No | Yes |
| Controls | No | No | Yes | No | No | No |
| Observations | 6,240 | 6,072 | 6,240 | 5,760 | 2,760 | 2,712 |
| Cities | 260 | 253 | 260 | 240 | 115 | 113 |

Results for the week ending the on July 19th are omitted. (1) Represent the full-unrestricted sample. (2) eliminates outliers. (3) Adds controls. (4) eliminates cities with a Federal Reserve. (6) includes counties that are more rural than the median. The controls are trends interacted with the share of urban population and the share of black population. Outliers are cities with changes in bigger than 1 and smaller than -1 in logs. Clusters are at city level. *** p<0.01, ** p<0.05, * p<0.1

The tables show that there is heterogeneity on the effect of different Fireside Chats. In May 1933, Roosevelt gave a speech about the New Deal. In that speech Roosevelt explained how the New Deal was going. During the speech, Roosevelt recognized some mistakes²⁰ and also explained some challenges for the policies that he was pursuing. Also this speech, according to some sentiment analysis, is considered pessimistic. That can explain that there is a negative reaction of bank debits after the speech. Nevertheless, this speech was pronounced in a period of a lot of changes. It was in the middle of the “Hundred Years” and end of the Gold Standard.

The speech of July 1933 is followed by a big and short lived positive increase in bank debits. This speech was more optimistic and presented results from the hundred years. This speech was after the congress passed the farm and industrial recovery acts, so he could explain the effects of its policies, giving practical examples. The speech of October 1933 also presents a positive and short lived effect.

The other speeches in 1934 don't have a significant effect. This could be because no big announcement were made or because of the topics. The analysis of why a speech works or not goes beyond the purpose of this paper, but it seems that the fact of announcing a relevant policy can make a difference. In particular, the speech of April 1935 talked about future policies, which can explain the big economic effect of that announcement. The rest mostly described short run policies, without changes in future benefits or taxes, which can explain the small effect. The effect could be stronger in more benefit groups.

In addition to those Fireside Chats, President Roosevelt had another speech in 1935, where he announced some of the characteristics of the policies announced in the Fireside Chat of April 28th, 1935. This was the State of the Union of January 4th, 1935. This speech was on a week day at noon. This means that my measure of exposure could not be a good proxy of the share of the population that listened to the speech; if people were not at their houses, then they could listen in other places, also they might not be able to hear the speech if they were working. I run specification 2 around that event. Results are presented in table A.17:

²⁰“I do not deny that we may make mistakes of procedure as we carry out the policy.”

Table A.17: Bi-weekly city level regression: State of the Union and Message to the Congress

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|--------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| 1-Aug-34 | 0.354** (0.150) | 0.406** (0.157) | 0.306** (0.151) | 0.367** (0.158) | 0.441** (0.170) | 0.383** (0.176) | 0.370** (0.159) |
| 15-Aug-34 | 0.104 (0.195) | 0.151 (0.196) | 0.064 (0.198) | 0.120 (0.199) | 0.206 (0.209) | 0.225 (0.226) | 0.124 (0.200) |
| 29-Aug-34 | 0.012 (0.191) | 0.054 (0.192) | -0.038 (0.187) | 0.013 (0.186) | 0.048 (0.198) | 0.061 (0.214) | 0.012 (0.188) |
| 12-Sep-34 | -0.061 (0.187) | -0.023 (0.184) | -0.175 (0.184) | -0.131 (0.182) | -0.078 (0.196) | -0.001 (0.201) | -0.124 (0.183) |
| 26-Sep-34 | -0.054 (0.179) | -0.021 (0.178) | -0.127 (0.169) | -0.088 (0.167) | -0.068 (0.180) | 0.061 (0.176) | -0.084 (0.168) |
| 10-Oct-34 | -0.229 (0.173) | -0.201 (0.172) | -0.314* (0.172) | -0.281 (0.171) | -0.230 (0.184) | -0.161 (0.191) | -0.268 (0.172) |
| 24-Oct-34 | -0.355** (0.180) | -0.331* (0.181) | -0.408** (0.174) | -0.380** (0.174) | -0.348* (0.188) | -0.333* (0.196) | -0.372** (0.175) |
| 7-Nov-34 | -0.157 (0.172) | -0.139 (0.171) | -0.256 (0.167) | -0.233 (0.167) | -0.189 (0.180) | -0.159 (0.192) | -0.231 (0.168) |
| 21-Nov-34 | -0.427*** (0.147) | -0.413*** (0.148) | -0.416*** (0.141) | -0.399*** (0.140) | -0.339** (0.149) | -0.322** (0.157) | -0.390*** (0.141) |
| 5-Dec-34 | -0.167 (0.134) | -0.157 (0.134) | -0.240* (0.131) | -0.229* (0.131) | -0.218 (0.132) | -0.271* (0.141) | -0.229* (0.132) |
| 19-Dec-34 | -0.083 (0.126) | -0.078 (0.126) | -0.100 (0.123) | -0.095 (0.123) | -0.033 (0.130) | -0.035 (0.140) | -0.106 (0.123) |
| 16-Jan-35 | 0.029 (0.123) | 0.025 (0.124) | -0.029 (0.121) | -0.035 (0.121) | 0.020 (0.129) | 0.043 (0.138) | -0.038 (0.122) |
| 30-Jan-35 | 0.270** (0.129) | 0.260** (0.130) | 0.159 (0.117) | 0.148 (0.117) | 0.198 (0.128) | 0.169 (0.136) | 0.143 (0.118) |
| 13-Feb-35 | 0.111 (0.146) | 0.097 (0.148) | -0.002 (0.135) | -0.018 (0.136) | 0.072 (0.145) | 0.116 (0.157) | -0.014 (0.137) |
| 27-Feb-35 | 0.147 (0.141) | 0.128 (0.144) | 0.043 (0.132) | 0.021 (0.133) | 0.084 (0.143) | 0.115 (0.155) | 0.023 (0.134) |
| 13-Mar-35 | 0.154 (0.160) | 0.130 (0.163) | 0.024 (0.146) | -0.004 (0.147) | 0.048 (0.158) | 0.077 (0.174) | -0.012 (0.148) |
| 27-Mar-35 | 0.234* (0.139) | 0.206 (0.143) | 0.129 (0.127) | 0.096 (0.129) | 0.141 (0.138) | 0.113 (0.151) | 0.088 (0.130) |
| 10-Apr-35 | 0.115 (0.146) | 0.082 (0.151) | 0.022 (0.138) | -0.017 (0.140) | 0.056 (0.147) | 0.074 (0.162) | -0.024 (0.141) |
| 24-Apr-35 | 0.194 (0.162) | 0.156 (0.168) | 0.076 (0.150) | 0.031 (0.154) | 0.122 (0.163) | 0.116 (0.175) | 0.033 (0.155) |
| 8-May-35 | 0.393*** (0.150) | 0.351** (0.157) | 0.286** (0.141) | 0.236 (0.146) | 0.301** (0.152) | 0.308* (0.165) | 0.223 (0.146) |
| 22-May-35 | 0.338** (0.161) | 0.291* (0.169) | 0.228 (0.154) | 0.172 (0.160) | 0.310* (0.164) | 0.304* (0.179) | 0.181 (0.160) |
| 5-Jun-35 | 0.110 (0.161) | 0.058 (0.167) | 0.014 (0.156) | -0.048 (0.160) | 0.031 (0.162) | -0.006 (0.178) | -0.045 (0.161) |
| 19-Jun-35 | 0.205 (0.159) | 0.149 (0.168) | 0.087 (0.150) | 0.021 (0.156) | 0.119 (0.165) | 0.134 (0.176) | 0.017 (0.157) |
| No Outliers | No | No | Yes | Yes | Yes | Yes | Yes |
| Controls | No | Yes | No | Yes | Yes | Yes | Yes |
| Cities | 259 | 259 | 255 | 255 | 242 | 228 | 254 |
| Observations | 6,475 | 6,475 | 6,375 | 6,375 | 6,050 | 5,700 | 6,350 |

Week ending the on January 2th is omitted. (1) unrestricted. (2) adds controls. (3) drops outliers. (4) drops outliers and includes controls. (5) drops cities with a Federal Reserve. (6) drops 10% of the cities with the highest and lowest average debits. (7) drops New York City. Controls are trends interacted with the share of urban population, black population and population older than 55 years old. Outliers are cities with changes in log bigger than 1 in absolute value. Standard errors are clustered at city level. *** p<0.01, ** p<0.05, * p<0.1

A.4 Other Macroeconomic Aggregate

In this section, I explore what happened with income, inflation, and employment. For income, I use personal income per capita at the state level from the BLS. For employment, I use manufacturing employment and non-manufacturing employment from Wallis (1989). He had an index for each of the 49 continental states. In the case of the inflation data, CPI was obtained at a city level at that time. The BLS collected data in Chicago, Boston, New York City, Philadelphia, Pittsburgh, Saint Louis, Detroit, Cincinnati, Cleveland, Kansas City, Atlanta, Dallas, San Francisco, Los Angeles, and Seattle. I run that regression controlling by state income and Federal Aid. The following table presents the results for income, employment, and inflation:

Table A.18: Macro Variables and Radio

| | (State Level) | | | | (City Level) | |
|--------------------|---------------------|------------------------|-------------------|-------------------|---------------------|---------------------|
| | Income pc growth | Income pc | Man Empl | Non-Man Empl | Inflation | Inflation |
| I(year=1930)*radio | 0.448*** (0.146) | 505.522*** (77.953) | 42.1** (17.23) | 0.10 (18.35) | 0.088*** (0.024) | 0.032 (0.034) |
| I(year=1931)*radio | 0.368** (0.155) | 380.485*** (99.330) | 38.5** (17.04) | -1.02 (19.63) | 0.069** (0.034) | 0.029 (0.042) |
| I(year=1932)*radio | 0.503*** (0.130) | 200.322* (100.505) | 28.7** (10.56) | -11.02 (14.26) | 0.075 (0.056) | 0.063 (0.048) |
| I(year=1933)*radio | -0.000 (0.125) | 2.651 (37.653) | 12.5 (10.07) | 11.3 (9.61) | -0.040* (0.021) | -0.035 (0.027) |
| I(year=1935)*radio | 0.451*** (0.135) | 123.186*** (21.500) | 4.94 (7.76) | 18.8* (10.71) | 0.088** (0.041) | 0.087** (0.040) |
| I(year=1936)*radio | 0.271** (0.120) | 270.369*** (53.608) | -0.71 (11.50) | -16.4 (11.90) | 0.075*** (0.028) | 0.076** (0.030) |
| I(year=1937)*radio | 0.350*** (0.121) | 353.841*** (75.076) | -7.32 (12.46) | -1.68 (11.77) | 0.107*** (0.033) | 0.101*** (0.035) |
| I(year=1938)*radio | 0.349*** (0.125) | 250.773*** (32.057) | -18.2* (9.70) | 12.8 (19.75) | 0.034 (0.021) | 0.051** (0.025) |
| I(year=1939)*radio | 0.270*** (0.089) | 307.016*** (56.463) | -2.53 (12.3) | 11.7 (18.48) | 0.078*** (0.019) | 0.079*** (0.028) |
| Federal aid | | | | | | -0.000** (0.000) |
| State income | | | | | | 0.000 (0.000) |
| Observations | 490 | 490 | 480 | 480 | 140 | 140 |
| R-squared | 0.877 | 0.991 | 0.904 | 0.862 | 0.945 | 0.951 |

Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The dependent variable is presented on the top of the column. Income per capita growth and income per capita are at the state level and comes from the BLS. Manufacturing and non-manufacturing employment comes from Wallis (1989) and are at the state level. Inflation data comes from the BLS are at the city level for 14 cities. Standard errors are clustered at the state or city level depending on the specification.

We can see a positive effect after the reform. For income per capita at a state level we can see that the effect is significant for income per capita in levels and growth. We see also that these regions were growing faster at the beginning of the period, which indicate some cyclical difference between the states. In the case of employment, we can see that in the case of manufacturing employment there is no effect in the period after the speech. The effect is small and not statistically significant. In the case of non-manufacturing employment, we can see a high and significant impact. These results are consistent with a local increase in economic activity. If the effect is local, the increase in the demand for tradable goods should be similar in every region, as the rise in the demand comes from everywhere. In the case of inflation there are not significant pre-trends. We see a positive and significant effect after the speech.

A.5 Model the Tax Announcement

The empirical results indicate that cities more exposed to the speech reacted by spending more on durable goods. Though Roosevelt's speech had several features but, I now turn to focus solely on the fiscal side. The WPA and SSA represented future increases in government expenditures that were financed with a future permanent payroll tax. To rationalize the empirical findings through the lens of theory and incorporate the evidence of other academic works, I develop a multi-region sticky information model (e.g. [Mankiw and Reis \(2002\)](#), [Reis \(2006b\)](#), [Reis \(2006a\)](#), [Coibion \(2006\)](#)), in which regions have different level of information stickiness. My framework also builds on models of durable goods (as in [Barsky, House, and Kimball \(2007\)](#) and [Engel and Wang \(2011\)](#)). The model also tries to understand the level inattention in the data and how radio usage helped to reduce inattention with the announcement.

Having consumers with sticky information implies that in each period there is a constant probability of updating information. Roosevelt's speech can be interpreted as an increase of the perceived probability that the WPA and SSA will be implemented. Therefore, consumers who listened to the speech would adjust their expectations given this announcement, while consumers who did not listen to the speech would maintain the same expected consumption path. In that sense, a higher probability of updating information could be associated with listening to the speech, hence with a higher share of radio ownership. Later in this section, I relate radio usage and the speed of information updating in the model.

Only consumers have sticky information. They live in one of many symmetric regions in

the economy. In each region, there is a tradable durable and non-durable sector with perfectly competitive firms. There is no labor mobility between regions, but there is perfect labor mobility across sectors in a region. There is a single monetary policy that targets aggregate variables. Goods can be traded across regions with no trade costs, and consumers have preferences for varieties of goods produced everywhere.

A.5.1 Setting

I start with a version of the model in which there are only two regions $r = \{A, B\}$. Each region has a representative agent i that, given her information in time t , consumes a final good bundle $X_{r,t}$ and supplies labor $N_{r,t}$. The consumption bundle is composed of the flow of a non-durable good (C) and the stock of a durable good (D) that depreciates at rate δ . The representative consumer maximizes:

$$\max E_{t-k} \sum_{z=0}^{\infty} \beta^z \left[\log X_{r,t+z} - \frac{\nu}{1+\psi} N_{r,t+z}^{1+\psi} \right]$$

subject to

$$P_{r,C,t+z} C_{r,t+z} + P_{r,D,t+z} I_{r,t+z} + B_{r,t+z} \leq (1 - \tau_{r,t}) W_{r,t+z} N_{r,t+z} + B_{t+z-1} R_{r,t+z-1} + T_{r,t+z}$$

with

$$X_{r,t+z} = \left[(1 - \alpha)^{\frac{1}{\eta}} C_{r,t+z}^{\frac{\eta-1}{\eta}} + \alpha^{\frac{1}{\eta}} D_{r,t+z}^{\frac{\eta-1}{\eta}} \right]^{\frac{\eta}{\eta-1}} \quad (5)$$

and

$$I_{r,t} = D_{r,t} - (1 - \delta) D_{r,t-1}$$

$N_{r,t}$ is the labor supply, which can be provided to both sectors D and C with $N_{r,t} = N_{C,r,t} + N_{D,r,t}$. $W_{r,t}$ the wage earned in region $r = A, B$, as there is free labor mobility within a region, wages across sectors are equalized, therefore $W_{r,t} = W_{D,r,t} = W_{C,r,t}$. $B_{r,t}$ is the holding risk-less

bond, that costs R_t . $C_{r,t}$ is the consumption of non-durables and $D_{r,t}$ is the stock of durables. Both of them aggregate to $X_{r,t}$ given by equation 5. Finally, $T_{r,t}$ are transfers from the government and $\tau_{r,t}$ payroll taxes charged to the consumers to finance those transfers. As firms are competitive, profits are zero. The non-durable consumption bundle consists of one good produced locally (H) and another produced abroad (F) with a common elasticity of substitution between both goods ω_c . ϕ_c represents a preference shifter that is between zero and one. If $\phi \in (0.5, 1]$ the local consumer has home bias. The non-durable consumption bundle is given by:

$$C_{r,t} = \left[\phi_c^{\frac{1}{\omega_c}} C_{H,r,t}^{\frac{\omega_c-1}{\omega_c}} + (1 - \phi_c)^{\frac{1}{\omega_c}} C_{F,r,t}^{\frac{\omega_c-1}{\omega_c}} \right]^{\frac{\omega_c}{\omega_c-1}}$$

The corresponding price index of the non-durable consumption bundle is:

$$P_{r,C,t} = \left[\phi_c P_{C,H,r,t}^{1-\omega_c} + (1 - \phi_c) P_{C,H,r',t}^{1-\omega_c} \right]^{\frac{1}{1-\omega_c}}$$

where r' is B when $r = A$ and vice versa. $P_{C,H,r,t}$ is the price of the non-durable good produced in r and $P_{C,H,r',t}$ is the price of the non-durable good produced in $r' \neq r$. The durable good is also tradable, and given by:

$$D_{r,t} = \left[\phi_d^{\frac{1}{\omega_d}} D_{H,r,t}^{\frac{\omega_d-1}{\omega_d}} + (1 - \phi_d)^{\frac{1}{\omega_d}} D_{F,r,t}^{\frac{\omega_d-1}{\omega_d}} \right]^{\frac{\omega_d}{\omega_d-1}}$$

and its price index is defined as:

$$P_{r,D,t} = \left[\phi_d P_{D,H,r,t}^{1-\omega_d} + (1 - \phi_d) P_{D,H,r',t}^{1-\omega_d} \right]^{\frac{1}{1-\omega_d}}$$

with $P_{D,H,r,t}$ the price of the durable good produced in r and $P_{D,H,r',t}$ the price of the durable good produced in $r' \neq r$.

I introduce inattentive consumers as in [Coibion \(2006\)](#), [Mankiw and Reis \(2007\)](#), and [Reis \(2006a\)](#). Consumers in region $r = A, B$ adjust their information with an exogenous probability $(1 - \mu_r)$. Then, the representative consumer in each region decides her consumption path depending on whether she has updated information. Consumers who do not adjust information at the moment of the announcement will act as if the announcement was not made. They will continue following the path of consumption previously decided. Consumers who heard the announcement adjust information and revise their consumption plans accordingly. Therefore,

$1 - \mu_r$ represents the fraction of consumers who update information in a given region (i.e. that listened to the announcement). I relate $1 - \mu_r$ to the measure of exposure used in the empirical part of this paper. Specifically, listening to the speech increased the perceived probability that the WPA and SSA will be implemented in policy, leading consumers who listened to the speech to react according to those anticipated policies. In an extreme case, if nobody listens to the speech, nothing new happens.

Given this setting, the log-linearized level of desire consumption is defined by \check{c}^* in the case of the non-durable good and \check{d}^* for the durable good. Then, time t log-linearized consumption of the non-durable good in region r and produced in region s , $\check{c}_{s,r,t}$ is given by:

$$\check{c}_{s,r,t} = (1 - \mu_r) \sum_{i=0}^{\infty} \mu_r^i E_{t-i} \check{c}_{s,r,t}^*$$

and in the case of the durable good:

$$\check{d}_{s,r,t} = (1 - \mu_r) \sum_{i=0}^{\infty} \mu_r^i E_{t-i} \check{d}_{s,r,t}^*$$

Expectations about future will be particularly important for the consumption of the durable good, as consumers will not want to over-or under-consume in case a particular shock happens in the future.

Firms produce with labor, and have constant returns to scale in a perfectly competitive market. They don't face any rigidity in pricing or information. Hence, price is equal to the marginal cost. Production function is linear in labor; therefore the firms' optimization problem gives the following price equation:

$$P_{H,s,r,t} = \frac{W_{r,t}}{A_{r,s,t}}$$

for sector $s = c, d$ in region r . $A_{r,s,t}$ is the total factor productivity of the firm that is normalized to one in steady state. The market clearing condition is:

$$Y_{r,C,t} = C_{H,r,t} + C_{F,r',t}$$

and

$$Y_{r,D,t} = I_{H,r,t} + I_{F,r',t}$$

Finally, the monetary authority targets the national nominal GDP. There is no monetary shock, therefore

$$M_t = \sum_{r=1}^2 (P_{C,H,r,T} Y_{r,C,t} + P_{D,H,r,T} Y_{r,D,t})$$

with $M_t = \bar{M}$.

A.5.2 Calibration

Following [Barsky, House, and Kimball \(2007\)](#), I set the substitution between durable and non-durable $\eta = 1$ and preferences for durables $\alpha = 0.25$. From [Nakamura and Steinsson \(2014\)](#) I get the preference for local for local goods $\phi_s = 0.7$ and the Frisch elasticity $\psi^{-1} = 1$. [Engel and Wang \(2011\)](#) provided the elasticity of substitution between local and foreign goods $\omega_s = 7$ and the quarterly depreciation rate of durable $\delta = 0.05$. The intertemporal discount factor is $\beta = 0.995$.

A.5.3 Policy Announcement

I simulate the effect of the announcement of an increase in payroll taxes. To simplify the effect of the tax, the revenues of the tax will be transferred completely to consumers according to their contribution in each region. This shock aims to mimic some features of the SSA.

Eventually, this shock will produce an increase in the cost of labor, affecting the consumption-leisure optimality condition. As the shock is permanent, it should produce a decrease in consumption of both goods. In a model with symmetric regions, only non-durable goods, and no frictions, the shock will produce a decrease of spending at the moment that it happens, rather than at the time when the shock is announced. Regions will not borrow from each other as they have the same information, and they do not have any other instrument to smooth the shock.

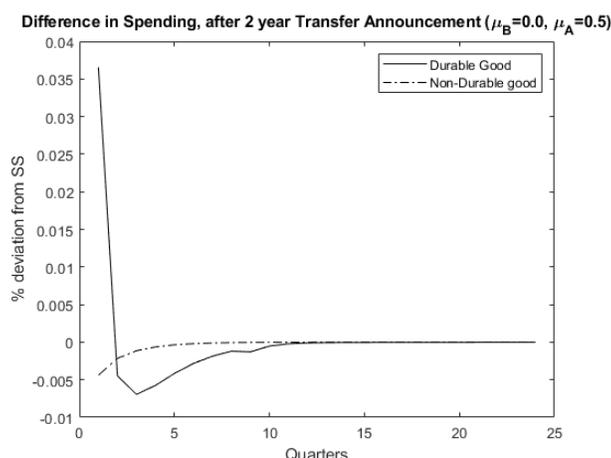
This result changes with a durable good. Durable goods allow consumers to have intertemporal substitution. Therefore, regions can change their spending on durable good today to smooth the shock. This will allow them to have a bigger stock of durables at the moment of

the shock. With this higher stock, they can decrease the spending on durable $I_{r,t}$ strongly at the moment when the policy is implemented. With this adjustment, households can smooth both the consumption of durables, which will depreciate slowly, and the consumption of non-durable goods, as the adjustment is produced by the flow durable goods. That is why, with full information, both regions should increase their consumption of durable good at the moment of the announcement. A similar result is found in [Yang \(2005\)](#) for tax announcements. [Mertens and Ravn \(2011\)](#) reports similar results with more general preferences.

With heterogeneity in the information adjustment parameter μ_r between regions r , consumers in the more informed region receive the announcement earlier, in the same way that listening to Roosevelt's speech can produce an increase in the perceived probability that the policy will occur. Therefore, we should expect an increase in spending on durable in the more informed region in anticipation to an announcement of a payroll tax. Prices also play a role here. The announcement increases the demand for durable goods. As durable goods are tradable, the change in price will be a function of how many households know about the announcement. This will produce a relatively low price of durable good for the more informed region compared with the less informed region, which will perceive the price as relatively high. This difference in the perceived price of durable good and the value that each region gives to the durable good will increase even more the difference in the spending on durable goods.

To simulate the effect of being exposed to the speech, region B will be relatively more attentive compared to region A . In the following simulation I will assume that region B is always fully informed, and region A is partially adapting to information each period ($\mu_A = 0.5$, $\mu_B = 0$). Then, I shock the economy with an announcement of a direct transfer $T_{r,t}$ completely financed by a 1 percent permanent increase in taxes $\tau_{r,t}$ for both regions. The following figure shows the differential effect on spending in region B compared with region A on durable and non-durables goods expenditure after the announcement ($P_{D,B,t}I_{B,t} - P_{C,B,t}I_{A,t}$ for durable goods and $P_{C,B,t}C_{B,t} - P_{C,A,t}C_{A,t}$ for non-durable goods).

Figure A.2: Simulations of the Effects of Announcing a Payroll Tax and Transfer Two Years in Advance

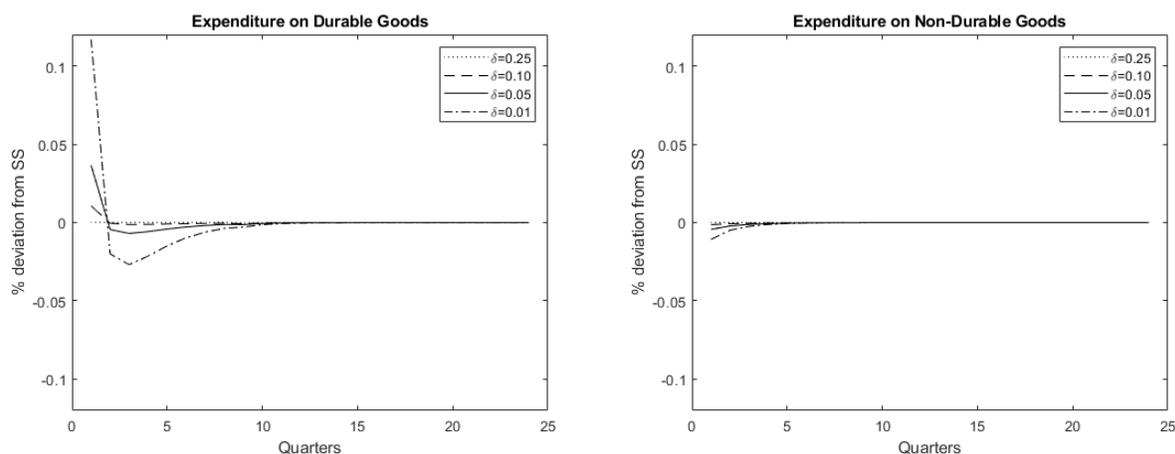


Note: The figure displays the quarterly difference in spending between two regions after an announcement made two years before a 1 percent increase in payroll taxes returned as a transfer to consumers. The difference is computed as the spending of the more attentive region (B) minus the spending of the less attentive region.

After the announcement, expenditures on non-durable good does not react very differently across regions. There is a small relative increase in expenditure in the less attentive region, but the difference is not persistent. In the case of the durable good, the more informed region strongly increases its expenditures relative to the other. The reaction of the difference in durable goods expenditures is strong in the first period, but it rapidly goes to small negative numbers before it converges to zero. Intuitively consumers in the more informed region anticipate the shock and want to smooth their consumption, anticipating the increase in the cost of labor as discussed before. Because today's spending will affect future consumption of the stock of durable goods, more attentive consumers react strongly to the announcement today. The more attentive region reacts strongly only for one period. The effect is not very persistent because in region B all the consumers adjust their information at the moment of the shock ($\mu_B = 0$). In the following periods, more consumers in region A adjust, which creates the relative increase in the stock of durable.

To show the importance of durable good, I run the same simulation, but now the durable good will depreciate at different rates. This simulation aims to show that the effect found in the last figure comes from the durable component of the good. Figure A.3 shows the results:

Figure A.3: Simulations for Different δ



Note: The figure displays the quarterly difference in expenditure between two regions after an announcement made two years before of a transfer financed with a one percent permanent increase in payroll taxes when there are only non-durable goods. The difference is computed as the spending of the more attentive region (B) minus the spending of the less attentive region. The left panel shows the difference in expenditure on durable goods, and the right panel shows the difference in expenditure of non-durable good. The figure the simulation of the same shocks but changing the value of the durable depreciation rate δ

The left panel of Figure A.3 shows that as the durable good depreciates faster, the effect of the announcement in the more attentive region becomes smaller relative to the other region. For low values of depreciation, the differential effect is big, with a high reaction in the more attentive region. The graph shows that for a value of 0.25, meaning that the good depreciates completely in a year, the effect is very small. In an extreme case of $\delta = 1$, the difference between regions is zero until the announcement, when the more attentive region react differentially, but in a very small magnitude compared with the reaction with low depreciation rates. In the case of the non-durable good, there is a small reaction to accommodate the change in durable spending. Those differences disappear when there is no durable good.

A.5.4 From Radio Usage to Sticky Information

In the empirical analysis, I estimate an annual increase of roughly 2.0 percent on car expenditure of full exposed regions compared with non-exposed regions the year after the announcement.²¹ The objective here is to get a sense in the model of those changes, and to see if the model can replicate those results and, if so, under which parameters. One of the problems is that in the model I have a measure of information stickiness μ , whereas in the empirical part I have a

²¹Column (6) in table A.7

measure of exposure to the speech given by the radio usage. I assume that there is a relationship between the level of information stickiness and radio usage. I try to get a sense of the level of the relationship between both and the level of information stickiness in my empirical setting.

I first assume a linear relationship between the radio usage and the level of information stickiness. Intuitively consumers are inattentive because information is costly. Having a radio should decrease that cost. With a radio, consumers will have access to the announcement easily; therefore they will have a lower level of inattention. I postulate that the true relationship between radio usage and the level of sticky information is:

$$1 - \mu_r = \Psi + \Theta \times RadioShare_r \quad (6)$$

Where $1 - \mu_r$ is the frequency that a consumer in r updates information and $RadioShare_r$ is the share of households with radio in a region r . To establish parameters Ψ and Θ I increase the size of the model from two to include 49 regions (the 48 states plus DC data used in Section 4.2.2), and simulate a similar shock to the one described in the empirical setting. Hence, I modify the non-durable good aggregator in the utility function. Now the consumption of foreign variety has the following form:

$$C_{F,r,t} = \left[\sum_{i \neq r}^{49} C_{F,r,i,t}^{\frac{\omega_V-1}{\omega_V}} \right]^{\frac{\omega_V}{\omega_V-1}}$$

in the case of the durable good it takes a similar form:

$$D_{F,r,t} = \left[\sum_{i \neq r}^{49} D_{F,r,i,t}^{\frac{\omega_V-1}{\omega_V}} \right]^{\frac{\omega_V}{\omega_V-1}}$$

$C_{F,r,i,t}$ is the consumption of non-durable of region r of products produced in region i and $D_{F,r,i,t}$ is the stock of durable of region r produced in region i . Then, I simulate an announcement of a 6 percent increase in payroll taxes that is fully paid through a transfer T_r , as the SSA announcement. Then, I compute the one-year increase in the consumption of durable goods. I do this experiment for μ varying from 0.05 to 0.95 across the 49 regions.

From this simulation I determine changes in terms of durable goods expenditures for each region that depends on the level of inattention μ_r . Once I simulate the model, I run the following regression:

$$\Delta(P_{d,r} \times I, r) = \Gamma + \Lambda \times (1 - \mu_r) + \varepsilon_r \quad (7)$$

where $\Delta(P_{d,r} \times I, r)$ is the change in spending on durable goods in a region r . The result is a value of $\Lambda = 5.6\%$ and $\Gamma = 0.005$. To create an empirical counterpart of equation 7, I run a similar regression with data on car sales per capita and radio usage. I run the difference between 1935 and 1934 in spending on cars:

$$\Delta(P_{d,r} \times I, r, 1935) = \xi + \Phi \times RadioShare_r + \varepsilon_r \quad (8)$$

Now, I match the coefficient in equations 7 and 8 with the true coefficients of the relationship between information stickiness and radio usage assumed in equation 6. Assuming errors terms equal to zero in expectations, I set the following expression:

$$1 - \mu_r = \left(\frac{\xi - \Gamma}{\Lambda} \right) + \frac{\Phi}{\Lambda} RadioShare_r$$

Thus, $\Psi = \left(\frac{\xi - \Gamma}{\Lambda} \right)$ and $\Theta = \frac{\Phi}{\Lambda}$. From the empirical part we have that $\Phi = 0.02$ and $\xi = 0.002$. From the model $\Lambda = 0.056$ and $\Gamma = 0.005$. With these parameters $\Psi = -0.088$ and $\Theta = 0.36$. This result means that an increase of 10 percent in the amount of radios in a county in 1935, increases the number of consumers that updated information by 3.6 percent according to the model.

This information provides an indication of the level of inattention of people at that time. According to the Census, the average households' radio usage in the United States was 34 percent in 1930 with a standard deviation of 17 percent. That means that the level of information stickiness μ was on average 87 percent, moving from 80 percent to 93 percent. [Mankiw and Reis \(2007\)](#) find a value of 92% for consumers. This value is relatively similar to the one found in this paper.

A.6 Speech Transcript

Since my annual message to the Congress on January fourth, last, I have not addressed the general public over the air. In the many weeks since that time the Congress has devoted itself to the arduous task of formulating legislation necessary to the country's welfare. It has made and is making distinct progress.

Before I come to any of the specific measures, however, I want to leave in your minds one clear fact. The Administration and the Congress are not proceeding in any haphazard fashion in this task of government. Each of our steps has a definite relationship to every other step. The job of creating a program for the Nation's welfare is, in some respects, like the building of a ship. At different points on the coast where I often visit they build great seagoing ships. When one of these ships is under construction and the steel frames have been set in the keel, it is difficult for a person who does not know ships to tell how it will finally look when it is sailing the high seas.

It may seem confused to some, but out of the multitude of detailed parts that go into the making of the structure the creation of a useful instrument for man ultimately comes. It is that way with the making of a national policy. The objective of the Nation has greatly changed in three years. Before that time individual self-interest and group selfishness were paramount in public thinking. The general good was at a discount.

Three years of hard thinking have changed the picture. More and more people, because of clearer thinking and a better understanding, are considering the whole rather than a mere part relating to one section or to one crop, or to one industry, or to an individual private occupation. That is a tremendous gain for the principles of democracy. The overwhelming majority of people in this country know how to sift the wheat from the chaff in what they hear and what they read. They know that the process of the constructive rebuilding of America cannot be done in a day or a year, but that it is being done in spite of the few who seek to confuse them and to profit by their confusion. Americans as a whole are feeling a lot better – a lot more cheerful than for many, many years.

The most difficult place in the world to get a clear open perspective of the country as a whole is Washington. I am reminded sometimes of what President Wilson once said: "So many people come to Washington who know things that are not so, and so few people who know anything about what the people of the United States are thinking about." That is why I occasionally leave this scene of action for a few days to go fishing or back home to Hyde Park, so that I can have a chance to think quietly about the country as a whole. "To get away from the trees", as they say, "and to look at the whole forest." This duty of seeing the country in a long-range perspective is one which, in a very special manner,

attaches to this office to which you have chosen me. Did you ever stop to think that there are, after all, only two positions in the Nation that are filled by the vote of all of the voters – the President and the Vice-President? That makes it particularly necessary for the Vice-President and for me to conceive of our duty toward the entire country. I speak, therefore, tonight, to and of the American people as a whole.

My most immediate concern is in carrying out the purposes of the great work program just enacted by the Congress. Its first objective is to put men and women now on the relief rolls to work and, incidentally, to assist materially in our already unmistakable march toward recovery. I shall not confuse my discussion by a multitude of figures. So many figures are quoted to prove so many things. Sometimes it depends upon what paper you read and what broadcast you hear. 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. 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. Our social security legislation is an attempt to answer the first of these questions. Our work relief program the second.

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.

The unemployment insurance part of the legislation will not only help to guard the individual in future periods of lay-off against dependence upon relief, but it will, by sustaining purchasing power, cushion the shock of economic distress. Another helpful feature of unemployment insurance is the incentive it will give to employers to plan more carefully in order that unemployment may be prevented by the stabilizing of employment itself.

Provisions for social security, however, are protections for the future. Our responsibility for the immediate necessities of the unemployed has been met by the Congress through the most comprehensive work plan in the history of the Nation. Our problem is to put to work three and one-half million employable persons now on the relief rolls. It is a problem quite as much for private industry as for the government.

We are losing no time getting the government's vast work relief program underway, and we have every reason to believe that it should be in full swing by autumn. In directing it, I shall recognize six fundamental principles:

(1) The projects should be useful.

(2) Projects shall be of a nature that a considerable proportion of the money spent will go into wages for labor.

(3) Projects which promise ultimate return to the Federal Treasury of a considerable proportion of the costs will be sought.

(4) Funds allotted for each project should be actually and promptly spent and not held over until later years.

(5) In all cases projects must be of a character to give employment to those on the relief rolls.

(6) Projects will be allocated to localities or relief areas in relation to the number of workers on relief rolls in those areas.

I next want to make it clear exactly how we shall direct the work.

(1) I have set up a Division of Applications and Information to which all proposals for the expenditure of money must go for preliminary study and consideration.

(2) After the Division of Applications and Information has sifted those projects, they will be sent to an Allotment Division composed of representatives of the more important governmental agencies charged with carrying on work relief projects. The group will also include representatives of cities, and of labor, farming, banking and industry. This Allotment Division will consider all of the recommendations submitted to it and such projects as they approve will be next submitted to the President who under the Act is required to make final allocations.

(3) The next step will be to notify the proper government agency in whose field the project falls, and also to notify another agency which I am creating – a Progress Division. This Division will have the duty of coordinating the purchases of materials and supplies and of making certain that people who are employed will be taken from the relief rolls. It will also have the responsibility of determining work payments in various localities, of making full use of existing employment services and to assist people engaged in relief work to move as rapidly as possible back into private employment when such employ-

ment is available. Moreover, this Division will be charged with keeping projects moving on schedule.

(4) I have felt it to be essentially wise and prudent to avoid, so far as possible, the creation of new governmental machinery for supervising this work. The National Government now has at least sixty different agencies with the staff and the experience and the competence necessary to carry on the two hundred and fifty or three hundred kinds of work that will be undertaken. These agencies, therefore, will simply be doing on a somewhat enlarged scale the same sort of things that they have been doing. This will make certain that the largest possible portion of the funds allotted will be spent for actually creating new work and not for building up expensive overhead organizations here in Washington.

For many months preparations have been under way. The allotment of funds for desirable projects has already begun. The key men for the major responsibilities of this great task already have been selected. I well realize that the country is expecting before this year is out to see the "dirt fly", as they say, in carrying on the work, and I assure my fellow citizens that no energy will be spared in using these funds effectively to make a major attack upon the problem of unemployment.

Our responsibility is to all of the people in this country. This is a great national crusade to destroy enforced idleness which is an enemy of the human spirit generated by this depression. Our attack upon these enemies must be without stint and without discrimination. No sectional, no political distinctions can be permitted. It must, however, be recognized that when an enterprise of this character is extended over more than three thousand counties throughout the Nation, there may be occasional instances of inefficiency, bad management, or misuse of funds. When cases of this kind occur, there will be those, of course, who will try to tell you that the exceptional failure is characteristic of the entire endeavor. It should be remembered that in every big job there are some imperfections. There are chiselers in every walk of life; there are those in every industry who are guilty of unfair practices, every profession has its black sheep, but long experience in government has taught me that the exceptional instances of wrongdoing in government are probably less numerous than in almost every other line of endeavor. The most effective means of preventing such evils in this work relief program will be the eternal vigilance of the American people themselves. I call upon my fellow citizens everywhere to cooperate with me in making this the most efficient and the cleanest example of public enterprise the world has ever seen. It is time to provide a smashing answer for those cynical men who say that a democracy cannot be honest and efficient. If you will help, this can be done. I, therefore, hope you will watch the work in every corner of this Nation. Feel free to criticize. Tell me of instances where work can be done better, or where improper practices prevail. Neither you nor I want criticism conceived in a purely fault-finding or partisan spirit, but I am jealous of the right of every citizen to call to the attention of his or her government examples of how the public money can be more effectively spent for the benefit of the American people.

I now come, my friends, to a part of the remaining business before the Congress. It has under consideration many measures which provide for the rounding out of the program of economic and social reconstruction with which we have been concerned for two years. I can mention only a few of them tonight, but I do not want my mention of specific measures to be interpreted as lack of interest in or disapproval of many other important proposals that are pending.

The National Industrial Recovery Act expires on the sixteenth of June. After careful consideration, I have asked the Congress to extend the life of this useful agency of government. As we have proceeded with the administration of this Act, we have found from time to time more and more useful ways of promoting its purposes. No reasonable person wants to abandon our present gains – we must continue to protect children, to enforce minimum wages, to prevent excessive hours, to safeguard, define and enforce collective bargaining, and, while retaining fair competition, to eliminate so far as humanly possible, the kinds of unfair practices by selfish minorities which unfortunately did more than anything else to bring about the recent collapse of industries.

There is likewise pending before the Congress legislation to provide for the elimination of unnecessary holding companies in the public utility field.

I consider this legislation a positive recovery measure. Power production in this country is virtually back to the 1929 peak. The operating companies in the gas and electric utility field are by and large in good condition. But under holding company domination the utility industry has long been hopelessly at war within itself and with public sentiment. By far the greater part of the general decline in utility securities had occurred before I was inaugurated. The absentee management of unnecessary holding company control has lost touch with and has lost the sympathy of the communities it pretends to serve. Even more significantly, it has given the country as a whole an uneasy apprehension of over concentrated economic power.

A business that loses the confidence of its customers and the good will of the public cannot long continue to be a good risk for the investor. This legislation will serve the investor by ending the conditions which have caused that lack of confidence and good will. It will put the public utility operating industry on a sound basis for the future, both in its public relations and in its internal relations.

This legislation will not only in the long run result in providing lower electric and gas rates to the consumer, but it will protect the actual value and earning power of properties now owned by thousands of investors who have little protection under the old laws against what used to be called frenzied finance. It will not destroy values.

Not only business recovery, but the general economic recovery of the Nation will be greatly stimulated by the enactment of legislation designed to improve the status of our transportation agencies.

There is need for legislation providing for the regulation of interstate transportation by buses and trucks, to regulate transportation by water, new provisions for strengthening our Merchant Marine and air transport, measures for the strengthening of the Interstate Commerce Commission to enable it to carry out a rounded conception of the national transportation system in which the benefits of private ownership are retained, while the public stake in these important services is protected by the public's government.

Finally, the reestablishment of public confidence in the banks of the Nation is one of the most hopeful results of our efforts as a Nation to reestablish public confidence in private banking. We all know that private banking actually exists by virtue of the permission of and regulation by the people as a whole, speaking through their government. Wise public policy, however, requires not only that banking be safe but that its resources be most fully utilized, in the economic life of the country. To this end it was decided more than twenty years ago that the government should assume the responsibility of providing a means by which the credit of the Nation might be controlled, not by a few private banking institutions, but by a body with public prestige and authority. The answer to this demand was the Federal Reserve System. Twenty years of experience with this system have justified the efforts made to create it, but these twenty years have shown by experience definite possibilities for improvement. Certain proposals made to amend the Federal Reserve Act deserve prompt and favorable action by the Congress. They are a minimum of wise readjustment of our Federal Reserve system in the light of past experience and present needs.

These measures I have mentioned are, in large part, the program which under my constitutional duty I have recommended to the Congress. They are essential factors in a rounded program for national recovery. They contemplate the enrichment of our national life by a sound and rational ordering of its various elements and wise provisions for the protection of the weak against the strong. Never since my inauguration in March, 1933, have I felt so unmistakably the atmosphere of recovery. But it is more than the recovery of the material basis of our individual lives. It is the recovery of confidence in our democratic processes and institutions. We have survived all of the arduous burdens and the threatening dangers of a great economic calamity. We have in the darkest moments of our national trials retained our faith in our own ability to master our destiny. Fear is vanishing and confidence is growing on every side, renewed faith in the vast possibilities of human beings to improve their material and spiritual status through the instrumentality of the democratic form of government. That faith is receiving its just reward. For that we can be thankful to the God who watches over America.