7·"Action, and Action Now": The Hundred Days and Beyond

As he took office Franklin Roosevelt inspired a new, perhaps last, hope in the American people. The nation was paralyzed and so had been the President, but he had not given up. He had fought back to triumph over his illness; maybe he could lead America to do the same. Scant as this hope was, it was all the country had in March 1933.

Perhaps it would be enough, at least for a time. Arthur Krock reported in *The New York Times* the day before the inauguration that the mood in Washington was "distinctly hopeful." The capital—and the nation—anticipated the return of "leadership," for which Americans had "been clamoring for two years." Part of the reason for "the almost visible air of hope" on the eve of March 4 was the President-elect's "cheery demeanor." This represented a pleasant contrast to Hoover's increasingly sour public countenance. But far more than a smile was involved. Roosevelt had an opportunity greater than that greeting any new president in peacetime American history. The people were desperate for new leadership; they demanded change. Whatever Roosevelt wanted to do, as long as it was bold and seemed likely to ease the Depression and reduce inequality, would meet with the approval of most Americans. Washington "welcomes the 'new deal,' even though it is not sure what the new deal is going to be," Krock correctly reported. "It is ready to be enthusiastic over any display of leadership, any outline of a reconstruction program." The unusual, virtually unique, situation in which Roosevelt found himself was summed up perfectly by Krock when he wrote: "Not for years . . . has a new President been more likely to gain gratitude and praise beyond the merits of his accomplished program for the simple fact of being able to achieve any program at all."

The next day the nation's hopes seemed to be reflected in the capital's weather. The overcast skies of the preceding days remained, but the rains stopped and the forecast was for clearing the next day, symbolically showing what Americans unrealistically expected of their new leader. *The Times* pointed this out editorially on the morning of Roosevelt's inauguration: "He will be thought of as something of a miracle-worker."

The new President realized that the miracles could not be postponed. The day before he took office, the major states of New York and Illinois had joined most of the rest of the nation in declaring "bank holidays." Roosevelt skillfully used the banking crisis to aid his attempt to restore confidence in the American public. That goal was, of course, stated clearly in the most famous lines of his inaugural address: "So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance." Going on to assail the incompetence of bankers, the new President used his speech to demonstrate that he was on the side of "the people" and that he subscribed to the values of justice and compassion that were becoming dominant during the Depression. He condemned "unscrupulous money changers" who used "the lure of profit" to mislead people. They were "a generation of self-seekers."* The implication was clear: whatever else it might be, the embryonic "new

* Edmund Wilson in his piercing memoir of the era, *The Shores of Light*, wrote of the Crash and the banks:

> To the writers and artists of my generation, who had grown up in the Big Business era and had always resented its barbarism, its crowding-out of everything they cared about, these years were not depressing but stimulating. One couldn't help being exhilarated at the sudden, unexpected collapse of that stupid gigantic fraud. It gave us a new sense of power to find ourselves still carrying on, while the bankers, for a change, were taking a beating.

deal" would emphasize cooperation rather than self-seeking. "The money changers have fled from their high seats in the temple of our civilization," Roosevelt declared. "We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit."

Roosevelt's words were well attuned to the spirit of the time. His phrases echoed again and again the values and themes that Depression-era Americans were developing: "moral stimulation," "mad chase of evanescent profits," "minister to ourselves and to our fellow men," "honesty," "ethics," "unselfish performance," "evils of the old order." "If I read the temper of our people correctly," Roosevelt said, "we now realize as we have never realized before our interdependence on each other; that we cannot merely take but we must give as well." He *did* read the temper of the people correctly. It was a wonderful address, one that held the promise of a new and better direction for the United States.

But grand statements are usually far easier than grand accomplishments, and FDR rightly said: "This Nation asks for action, and action now." He quickly launched that action by calling Congress into an extraordinary session to begin only five days later (March 9) and by proclaiming a nationwide closing of banks. Out of the myriad of problems facing the country, events had chosen the first area with which Roosevelt had to deal. The way he handled the banking crisis was indicative of his basic approach to the economic catastrophe. Given the magnitude of the problem and his unprecedented support, Roosevelt could have done whatever he pleased with the unpopular "money changers" and their institutions. Had he wanted, as later critics so frequently charged, to lead the country toward socialism, he could have taken an important step by nationalizing the banking system. He did nothing of the sort. Instead, he submitted to Congress a distinctly unradical Emergency Banking bill drawn up largely by bankers and Hoover appointees in the Treasury Department. Both houses of Congress passed the bill without any study. When it was taken up—neither "debated" nor "considered" would be accurate words—in the House, a rolled-up newspaper had to be used to symbolize the proposed legislation until the still-wet copies of the bill arrived. Roosevelt signed the measure into law eight hours after its introduction in Congress. The act provided assistance to private bankers and gave them a government stamp of approval. "The President drove the money changers out of the Capitol on March 4th," a North Dakota congressman complained, "and they were all back on the 9th." Even this charge overstated Roosevelt's "war" on bankers. On the very morning of his inauguration he agreed to consult with leading "money changers" on how to solve the banking crisis.

To complete the process, Roosevelt took to the airwaves the following Sunday evening with the first of his "fireside chats." It was the most effective

means of reaching the public yet devised. By early 1933 more than 16 million American familes (approximately 50 percent of the American population) owned radios. Radio networks reached into all significantly populated areas of the country. When the new President spoke people listened. An estimated 30 percent of the American radio audience heard the first fireside chat. "I want to talk for a few minutes with the people of the United States about banking," he began in his soothing, fatherly voice. The President went on to explain banking in terms that he and his listeners (and, as Will Rogers said, even bankers) could understand. He assured the people that those banks which reopened were sound. They believed him. When banks began to open the next morning deposits exceeded withdrawals. The stock market, when it reopened on the third day after the fireside chat, had its largest one-day increase in history. Prices went up by 15 percent. "Capitalism," Raymond Moley later declared, "was saved in eight days." The magic of Roosevelt's radio oratory had been amply demonstrated.

Roosevelt had refused to cooperate with Hoover to stem the banking collapse during the interregnum. If Roosevelt was to restore confidence after he took office, it was necessary to keep his distance from the rejected Hoover. A policy announced by the new President alone after March 4 was likely to be far more effective in restoring confidence than would the same policy proclaimed jointly with the old President before that date. Perhaps more significant were FDR's plans to institute a wide-ranging program of reforms. By allowing the banking crisis to worsen in the last weeks of Hoover's presidency, Roosevelt was creating a situation in which his program would be accepted with the least opposition. How conscious this motivation was cannot be said. The need to avoid tying himself to the sinking Hoover was, after all, in itself sufficient reason for Roosevelt's inaction prior to his inauguration. But that the Depression hitting bottom on the morning of March 4 made it easier for Roosevelt to win approval for his reforms is undeniable. "The very deterioration in the financial and economic position which has taken place in recent weeks," *The Wall Street Journal* declared on the morning of Roosevelt's inauguration, "has cleared some obstacles from his path. A common adversity has much subdued the recalcitrance of groups bent upon self-interest. All of the country over," this voice of interests not generally favorably disposed toward FDR went on, people "are now ready to make sacrifices to a common necessity and to accept realities as we would not have done three months ago."

The suggestion that Roosevelt may have at least semiconsciously allowed the banking crisis to deteriorate and consequent suffering to increase in order to win more approval for his reforms may sound like a damning accusation. It is, on the contrary, the best face that can be put on Roosevelt's refusal to work with Hoover on the crisis. FDR never believed that closing banks for a short period would cause serious suffering, anyway. And it would be easy to conclude that whatever problems were created by the banking crisis were a small price to pay for lasting reforms that would benefit far more people than were inconvenienced by the closed banks.

Whatever Roosevelt's reasons for waiting to act until he was in power, his banking bill was scarcely more daring than what Hoover wanted. "Our information from Washington is of terrific confusion," *Nation* editor Ernest Gruening wrote to Norman Thomas the day Congress passed the bill, "with the money changers whom Mr. Roosevelt drove out of the temples in his inaugural congregating in the White House and telling him what to do." Roosevelt was often almost populist in his penchant for condemning bankers, yet his views on banking were so conservative that he refused to support the most obvious method of restoring confidence: federal insurance of bank deposits. The Federal Deposit Insurance Corporation, a far more important reform than the Emergency Banking Act, was not to Roosevelt's liking. He unenthusiastically accepted it only at the end of the special session in June.

The conservative handling of the banking crisis was not only in keeping with Franklin Roosevelt's beliefs on the subject, it was also a way to reassure those on the new President's right, before he launched a program of reform without American precedent.[1]

The special session of Congress had been made necessary by the banking crisis, but Roosevelt's call for the session had included the subjects of economy and unemployment. This provided little hint of what was to come out of the ensuing hundred days, the most intense—although perhaps not the most significant (which in my view was the Second New Deal of 1935)—period of reform legislation in American history.

Franklin Roosevelt always liked to keep his opponents off balance by moving in one direction for a time before suddenly veering sharply the other way. He believed this was good politics. Thus the push for reform was preceded by a brief move toward the conservative side. Immediately after signing the banking act, the new President called for budget cuts aimed at saving $500 million. "For three long years," FDR told Congress, "the Federal Government has been on the road toward bankruptcy." Roosevelt sincerely believed that progressing toward a balanced budget was essential. Few dared to disagree with him. The memory of German inflation in 1923 was still vivid. Later wisdom would hold that attempting to cut spending was the reverse of what was needed to stimulate the economy, but the Economy bill passed over the protests of more than a third of the House membership. The Democratic caucus in the House refused to back the President on this conservative, counterproductive step, but Republicans combined with conservative Democrats pushed the bill through.

Little of substance was new in the first week of the New Deal. The most daring step FDR took was to call for and obtain legalization of 3.2 beer. Unkind critics later said this was symbolic of the entire New Deal approach: ease the pain, cloud the senses, but leave the basic problems untouched. Still, people were cheered. Rapid action helped calm discontent and reverse pessimism. Movement, at least in the short run, seemed more important than achievement—or even direction. The substance might not have been new, but the mood certainly was. At last things were happening. Roosevelt had lifted the nation's morale, Walter Lippmann wrote eleven days after the inauguration, to a level similar to that of the "second battle of the Marne in the summer of 1916."

In light both of what has been said here about the changing values of the American people and of the New Deal actions that subsequently won public approval, it may seem incongruous that a program so conservative that it would have pleased Calvin Coolidge or Ronald Reagan should have lifted the nation's spirits. Part of the explanation lies in Roosevelt's personality. People had confidence in him. Another portion of the answer is to be found in the very fact of action, which was bound to seem more likely to solve the Depression than the apparent inaction of the Hoover administration. Raymond Moley pointed to a third factor: "Hoover had always seemed to be an expensive President." The former chief executive was so despised that any seeming inversion of his practices was likely to be popular.

Yet none of this could last long. If President Roosevelt was to keep the faith of the American people, his actions would soon have to conform to their values. Most of all, his policies would have to show results in easing the Depression, or at least its effects. Toward that end Roosevelt quickly moved. Fortunately, his own inclinations toward planning and humanitarian reform coincided with the wishes of a growing number of Americans. The successful political leader is one who "leads" in the direction people are already going on their own.

So far the conservatives were doing most of the cheering. Roosevelt seemed almost to be Grover Cleveland reincarnated. In addition to aiding bankers, cutting budgets, and legalizing beer (which, it will be recalled, was the goal of the Raskob-Du Pont-Smith group that had so bitterly fought Roosevelt), the new President called for reorganization of the federal government to bring about greater efficiency, reduce waste, cut bureaucracy, and eliminate duplication. It must be this part of Roosevelt's program that Ronald Reagan recalls so fondly. Indeed FDR had fallen under the influence of a forerunner of David Stockman, a charming, fiscally conservative former congressman from Arizona, Lewis Douglas, who had become Roosevelt's budget director. Arthur Krock reported in *The Times* in May that Douglas was "the real head of the Roosevelt Cabinet." It seems significant, however, that the main target of Roosevelt's ax was the Commerce department with its services for business, while Reagan's aim has been principally at Health and Human Services, Energy, and Education.

Many of FDR's advisers, of course, were not as conservative as Lew Douglas. In choosing his Cabinet, Roosevelt had honored the usual considerations of geographical balance, but had avoided surrounding himself with potential political enemies or people with large reputations of their own. The President kept such men as Bernard Baruch, Newton Baker, and Al Smith out of the Cabinet. He considered all of them too conservative, but whether this was his primary reason for passing them over is uncertain. Each of them had been involved in the "Stop Roosevelt" effort and revenge may have been a more powerful motivation than genuine progressivism.

The people Roosevelt did put in his Cabinet were, with a few exceptions, hardworking progressives who would go along with the President's leadership. "Progressive," of course, could mean different things. Four of FDR's original Cabinet members were old Jeffersonian/Wilsonian progressives: Secretary of State Cordell Hull of Tennessee, Secretary of War George Dern of Utah, Attorney General Homer Cummings of Connecticut, and Commerce Secretary Daniel C. Roper of South Carolina. Although this group took three of what were usually considered the most important posts, it is significant that their names did not become as familiar to the public as did those of three more forward-looking liberals in lesser positions: Henry A. Wallace of Iowa at Agriculture and Harold Ickes of Illinois at Interior, both nominally Republicans, and Frances Perkins of New York at Labor, the first woman Cabinet member.

Another well-known progressive, Senator Thomas J. Walsh of Montana, had originally accepted the post of Attorney General. But the seventy-three-year-old Walsh, a widower, suddenly eloped to Havana. Whether because of the excitement of the honeymoon or for some other reason, he suffered a heart attack on the way back to Washington and died two days before Roosevelt took office. The new President replaced him with Cummings. After conservative Senator Carter Glass was eliminated from consideration at Treasury, Roosevelt turned to a flexible Republican, William Woodin. The choice for Postmaster General was never in doubt. That patronage-dispensing job went as a matter of course to the successful candidate's campaign manager, Jim Farley. Finally, in a nod toward Glass and the conservative Democrats, Senator Claude Swanson of Virginia was appointed Secretary of the Navy. (This opened the way for Glass's arch-conservative protégé, Harry F. Byrd, to be elected to the Senate.) The Navy Department being steeped in tradition, Roosevelt named yet another family member—Henry Latrobe Roosevelt—as assistant secretary.

Despite the important roles played by several Cabinet officers, it was not the department heads who gave the New Deal its special spirit. As Franklin

Roosevelt almost instantly turned the federal government into the center of activity in a depressed nation, thousands of ambitious and idealistic young men—and some women—flocked to Washington. It was that rarest of times when ambition and idealism could go hand in hand. These were the "New Dealers," the seemingly tireless young people of ideas who were bent upon changing the world and being part of the most dramatic transformation in their nation's history. In the 1920s an ambitious young man headed for Wall Street, "where the action was"; in the sixties, depending upon his orientation, he might go into the aerospace industry or social work; in the 1970s he was likely to enter petroleum geology. During the New Deal, though, he went into government. By the fall of 1933, colleges found that students were rejecting business training and asking for courses "which would point them toward the 'brain trust.'"

The excitement was contagious. "There is certainly a curiously exilerating [*sic*] feeling," wrote novelist Sherwood Anderson. Rex Tugwell called it a "renaissance spring," "a time of rebirth after a dark age." An "anything can be done" spirit—diametrically opposed to that of the later Hoover administration—took over. Many New Dealers wore their hair far longer than was the style, not through any desire to display nonconformity, but because they did not take the time to get haircuts; so much of more importance had to be done. Even festive occasions turned into serious discussions of social and economic problems and how best to solve them. "It's exciting and educational to be alive and asked out in Washington these days," one young man wrote several months after the start of the New Deal.

All of this represented a new development in American government. There had, of course, been intellectuals in the White House before. Franklin Roosevelt himself was far less of an intellectual than such predecessors as the Adamses, Jefferson, Theodore Roosevelt, and Wilson. But the concept that had begun to grow up during the Progressive era of a charismatic leader representing the desires of the people, setting a course of action, and surrounding himself with experts to carry out those actions was brought to fruition with the New Deal. Men with degrees from Columbia, Harvard, and Cornell, rather than from Tammany Hall or Hull House, were now to be in charge. Older leaders were not pleased with them. "They floated airily into offices, took desks, asked for papers and found no end of things to be busy about," complained old-timer George N. Peek, who headed the Agricultural Adjustment Administration. "I never found out why they came, what they did or why they left."

These eager young New Dealers were not, for the most part, those who drew up the Hundred Days legislation, but those who tried to implement it. The task of writing the new laws fell to Roosevelt's inner circle and, of course, congressional leaders. The former included Louis Howe and the Brains Trust of the campaign with several additions: Budget director Douglas; Secretaries Woodin and Wallace; Henry Morgenthau, Jr., who was governor of the Farm Credit Administration and later became Treasury secretary; Jesse Jones of the RFC and—from a distance—Professor Felix Frankfurter of the Harvard Law School. Although the stars of both soon faded, in the spring of 1933, Raymond Moley and Lewis Douglas were the President's most influential advisers.

As Roosevelt and his advisers pushed their ambitious reform program that spring, they had to consider the public mood and the attitude of Congress. Both had improved markedly since earlier in the year, but they were far from identical. Several historians have contended that Roosevelt had to operate in what Elliot Rosen calls a "conservative political climate." Roosevelt biographer Frank Freidel has said that FDR faced "a basically conservative electorate." This is simply wrong. Admittedly, the word "conservative" is amorphous, but the people as a whole were decidedly in the mood for change in 1933 and for several years thereafter. They may not have been precise about the direction they wanted that change to take, but it would be hard to make a case that it was not generally liberal.

Congress, with its southern committee chairmen, might more readily be labeled conservative. At heart, it undoubtedly was more conservative than the electorate in 1933. But it did not act that way. In some respects, as historian James Patterson has noted, the Seventy-third Congress "was considerably less orthodox than Roosevelt." There were many reasons for this. The two most obvious were the desperate situation of the nation's economy and Roosevelt's immense popularity. Slightly less apparent, but also important, was the large size of the freshman class in Congress. Most new members had been swept in by the reaction against Hoover, inaction, and conservatism. If they wanted to keep their seats, they were well advised to support dramatic steps to reverse the Depression. (In addition to the 1932 housecleaning, about a fourth of the members had first been elected in 1930. Thus more than half of the Seventy-third Congress had been elected in response to the Depression.) The new members also had many friends whom they needed to reward, if they were to build up political machines of their own. So did veteran Democrats, out of power for a dozen years. The voters wanted them to spend to provide jobs, and the New Deal programs created numerous new, non–Civil Service positions that could be dispensed to deserving Democrats. Conservatives in Congress may not have liked helping the poor, social programs, or deficits, but most of them had nothing against patronage.

This combination of factors, along with Roosevelt's political skills (for instance, his delay in making regular patronage appointments until after most of his legislative package had been approved), produced the most remarkable legislative accomplishment any American president has ever made in so brief

a time. The House passed eleven key measures in the special session with a total of only forty hours of debate.[2]

The influence of Douglas combined with Roosevelt's own fiscal conservatism to shape a part of the early New Deal. But the President knew from the start that the applause of conservatives could not be his main objective. While they hailed his Old Deal, Roosevelt belatedly launched a new one. In keeping with his campaign contention that insufficient farm income was the root of the Depression, he turned to that problem. Quick action on agriculture was also necessary if a program was to be put into effect for 1933 crops. Spring had already arrived in the Deep South and was moving northward.

The agricultural crisis in early 1933 was almost as acute as that in banking. Farm income in 1932 was less than one-third of the already-depressed 1929 figure. The parity index showing the relative level of prices farmers received compared to prices for what they bought (1910–14 = 100) fell from a bad 89 in 1929 to a disastrous 55 in 1932. (It was even lower by the end of 1982.) "My candid opinion," Farmers' Union President John A. Simpson wrote to the President-elect in January 1933, "is that unless you call a special session of Congress . . . and start a revolution in government affairs there will be one started in the country. It is just a question of whether or not you get one started first."

Roosevelt's quick-but-conservative first actions bought him a little time in which to start that "revolution in government affairs," but only a little. During the campaign FDR had spoken carefully in order to keep the support of all major farm groups and of the advocates of the various schemes for solving the farm problem. This was good politics, but now Roosevelt had to choose. Or did he? Late in the campaign he had told a group of agricultural leaders that one of his first steps would be a move to raise farm prices. "I am going to call farmers' leaders together," one of them recalled the candidate saying, "lock them in a room, and tell them not to come out until they have agreed on a plan." This, in effect, is what he did in March.

Roosevelt required the leaders of all the major farm interest groups to accept the agricultural plan before it was brought to him. This meant that the President could take credit for success, but could shift the blame for failure to others. Such a plan might not make sense economically, but it was superb politics. Any farm bill, FDR told reporters, "is in the nature of an experiment. We all recognize that. My position toward farm legislation is that we ought to do something to increase the value of farm products and if the darn thing doesn't work, we can say so quite frankly, but at least try it." How much better, though, to have many approaches written into a bill that allowed the President and his agricultural advisers to choose which scheme might be best for given conditions in each crop at a particular time. This would further delay any choice among the various schemes.

Roosevelt had to make few compromises to get the agriculture bill he wanted. He satisfied conservatives by letting it be known beforehand that he would appoint George Peek, longtime champion of the McNary-Haugen dumping plan—the most favored farm panacea of the twenties—to head the farm program. This may have been politically wise in the short run, but it proved to be a terrible mistake. Peek was placed in charge of a program of which he basically disapproved.

As it emerged, the Agricultural Adjustment bill was an omnibus law that provided for bits and pieces of most of the various farm proposals then afloat. The basic concept, however, was clear: Farm prices would be raised by government-subsidized scarcity. The executive branch was permitted to choose the means it thought best to achieve this end. The principal method used was government-organized payments to farmers who agreed to take acreage out of production. The payments were to be funded by a tax on the processing of food products. The last point was perhaps the most controversial. It amounted to a regressive tax in a deflationary situation. "What will the great mass of consumers think of this form of sales tax, resting heavily on food?" *The New York Times* pointedly asked. But Roosevelt's popularity was so great that most people overlooked such problems.

It was not possible, though, to resist the demands of some groups. An Emergency Farm Mortgage Act was tied to the Agricultural Adjustment Act in order to provide relief for farmers in the form of mortgages at lower rates. Most important was the attempt by populist-descended politicians from the West and South to add inflation to the legislative package. It is often said that the advocates of inflation in the Senate forced Roosevelt to accept an amendment to the farm bill introduced by Senator Elmer Thomas of Oklahoma. This is inaccurate. The President wanted to have some means to bring about controlled inflation. He understood that it was necessary both to offset the deflationary effects of the Economy Act and the processing tax, and in order to increase farm income. Monetarism—a managed currency—was intended to be a part, but only a part, of the New Deal recovery program.

The need to move quickly to take the United States off the gold standard and begin a mild inflation was created by a new drain of American gold to foreign countries. While the United States remained on the gold standard with Great Britain off it, the dollar was considerably overvalued, particularly in relation to the pound. This put American products at a serious disadvantage in the world market. In addition, sentiment for inflation was growing rapidly in the Senate. Burton K. Wheeler of Montana pushed an amendment in mid-April that would have enacted the old Populist-Bryan demand of remonetizing silver at a ratio of 16 to 1 to gold. Wheeler would probably have obtained a majority had it not been for Roosevelt's opposition.

What the President sought was the same sort of permissive legislation as the farm bill provided: a variety of means made available to him to raise prices, but none made mandatory. He also wanted it to appear that Congress was forcing him to accept inflation. Moley said in his diary that the administration wanted Wheeler's silver amendment to lose, but not by much. Roosevelt then agreed to a modified version of the Thomas Amendment (a version administration officials drafted), indicating that this was the only way to stop the Senate from passing mandatory legislation. This was at least misleading, but it served FDR's purposes well.

The so-called Thomas Amendment to the Agricultural Adjustment Act authorized the President, among other things, to remonetize silver, issue greenbacks, or lower the gold content of the dollar by up to 50 percent. Conservatives, whose overwrought fears of Roosevelt had been much calmed by the banking and economy measures, now fought off apoplexy. "We are on our way to Moscow," proclaimed one House member. Bernard Baruch saw it as "mob rule" perhaps "more drastic than the French Revolution." He complained that the only people whom inflation would help were "the unemployed, debtor classes—incompetent, unwise people." Budget Director Douglas went further. "Well, this is the end of Western civilization," he stated succinctly.

The defenders of Western civilization proved insufficiently numerous to stop the amendment. Roosevelt signed the Farm Relief Act, incorporating the Agricultural Adjustment Act (with the Thomas Amendment) and the Emergency Farm Mortgage Act, into law on May 12, 1933.

The delay in the enactment of the farm bill meant that the growing season was well under way before the Agricultural Adjustment Administration (AAA) could swing into action. The unpleasant task of ordering the destruction of crops fell to Secretary Wallace. He understood the need for eliminating "surplus" production in order to raise prices, but he never reconciled himself to it. Many other Americans never even understood the program's rationale. Particularly appalling to many was the slaughter of some 6 million piglets and 200,000 sows, and the plowing under of 10 million acres of cotton. What sense did it make to destroy food in a nation where millions were hungry and a world where hundreds of millions were starving? Very little perhaps, but no less than it did to have such poverty and want in the midst of abundance and unused capacity in the first place. The AAA concept of limiting production was no more incongruous than the economic system itself, which found no way to bring together idle workers and idle factories or hungry people and unsold crops.

The AAA proved to be less than an unqualified success. It remained voluntary. Farmers were induced, not coerced, to reduce acreage. In many cases large landowners took government payments for not planting their poorest land, but cultivated their better acres more intensively, producing as much or more on fewer acres. The idea of crop reduction was so powerful, though, that Nature itself soon provided assistance in reducing farm output. The AAA and the Dust Bowl combined to increase farm prices by 50 percent during Roosevelt's first term. Although raising prices had been the main objective, this limited success was hardly enough. Farm income did not again reach its poor 1929 level until the end of the Depression in 1941.

The drought may have helped raise farm prices, but that was small consolation to the roughly one million "Okies" who were driven off their land by the dry weather and farm mechanization. It was a process beyond understanding. When representatives of the landowners told tenants they must leave their farms, the latter often wanted to fight to defend their homes. But as John Steinbeck described it in *The Grapes of Wrath*, they could find no one to blame: "But where does it stop? Who can we shoot? I don't aim to starve to death before I kill the man that's starving me." But who was responsible? Steinbeck's character Muley Graves found the answer: "It ain't nobody. It's a company." So the Okies gathered their few possessions and headed for California. Most of them found the Golden State less hospitable than did another Depression-era migrant who prospered in Hollywood and was elected president forty-five years later.

Nearly as bad off as the Okies were those who remained behind in the South. Sharecroppers and tenant farmers in the region had long been the subjects of miserable exploitation. Fully one-fourth of the entire population of the South fell into these two categories. The AAA not only did little to help them, it actually worsened the plight of many. Under AAA rules, tenants and sharecroppers were supposed to get a fair share of the payments. These regulations were often ignored, and plantation owners evicted "their" tenants in order to collect AAA payments for taking the land out of production. The problems tenants had to face are evident in a letter one wrote in 1934: "I live on Brown place he Says I haft to move For he going to tear this Old house there no place I can find to move to . . . Shear crop for him he got half of Every thing he rais the paople that get orders Just haft to trade at Sertin Stores. . . ."

An attempt to improve the situation of tenants and sharecroppers was made in 1934 with the formation of the Southern Tenant Farmers' Union (STFU). This organization, largely confined to the Arkansas delta region, was backed by Norman Thomas and the Socialist party, but it was based entirely on local leadership. It sought, among other things, to force the AAA to obtain better treatment for nonlandowning farmers. An important group of AAA officials supported the sharecroppers and tenants, but these sympathetic bureaucrats were "purged" from the agency in 1935.

The AAA in its first years was a very modest success. Prices were raised, although certainly not enough. Roosevelt's hope that this could be the main

route to recovery was never realized. Early in 1936 the Supreme Court in *United States* v. *Butler* declared the processing tax unconstitutional. A new drop in agricultural prices ensued and the administration was faced with the problem of finding other approaches to the perplexing farm problem.[3]

Easing the suffering of the at least 30 million Americans whose families were without regular incomes was, aside from the banking crisis, the most pressing need facing Franklin Roosevelt when he took office. The number of applicants for assistance had continued to grow, not only as a result of more layoffs, but also because both the personal resources and the pride of people long unemployed were reaching total exhaustion.

In 1932 private charity rose to its highest level in history and public spending for welfare was more than twice what it had been in the twenties. But these increases were not nearly enough to meet the unprecedented need. Almost all governmental expenditures were made at the local level, and in 1932 they equaled only $1.67 per resident nationwide. Federal relief was the only possible answer.

Prodded by Harry Hopkins, who was in charge of state relief efforts in New York, Roosevelt asked Congress late in March 1933 to create the position of Federal Relief Administrator. Senators Wagner, Costigan, and La Follette, who had been urging federal relief for years, submitted a bill to create a Federal Emergency Relief Administration (FERA), to make grants to the states. The initial appropriation for this purpose was $500 million. It should be noted that while this represented an important step beyond the Reconstruction Finance Corporation loans to the states, it was not a federalizing of relief. States would still administer the grants. Even so, conservatives roundly denounced the bill as "socialism." "God save the people of the United States," exclaimed a Maine representative. But in the view of most members of Congress the country had relied upon salvation from that source long enough; the bill passed quickly.

Harry Hopkins, then forty-two years old, Roosevelt's choice to run the FERA, remained the central figure in relief programs for the rest of the Depression, and during Roosevelt's second and third terms enjoyed power second only to that of the President himself. This man who came to be known as the "assistant president" was a person of remarkable contrasts. Reared in Iowa, Hopkins nevertheless had the appearance of the street-wise urban resident. His pale complexion did not seem to indicate one who had come from rural sunshine. After graduating from Grinnell College, Hopkins had taken a summer job at a New York settlement house. His experiences there launched him on a career in social work. But, like the New Deal itself, Hopkins was a do-gooder of a different sort. He was given to playing the ponies and was without formal religious affiliation. He may not have fit an earlier stereotype of a "moralist," that is, a "puritan," but he was driven by a genuine moral passion for helping others.

Hopkins had, Raymond Moley said, a "capacity for quick and, it should be added, expensive activity." This was apparent when he arrived in Washington. By the time he had been in his job for two hours, Hopkins had spent $5 million. When someone told him that a particular plan would "work out in the long run," Hopkins retorted: "People don't eat in the long run—they eat every day." As he saw it then and later, his job was to spend money quickly and disperse it among the neediest. This would "prime the pump" and start the economy working again. This approach was not universally favored by New Dealers. Interior Secretary Ickes had nothing against pump-priming, but he thought Hopkins favored "just turning on the fire-plug."

Ickes's beliefs were of much importance. While Hopkins's FERA made grants to the states for relief, Ickes was placed in charge of the Public Works Administration. This agency, created under Title II of the National Industrial Recovery Act, was given the task of expanding federally sponsored public works projects in order to provide employment and stimulate the economy. Originally intended, as its positioning in the recovery bill indicated, to go hand in hand with industrial planning, the PWA under Ickes quickly went its own way. In 1933 and 1934 the PWA, with its $3.3 billion appropriation, was a primary weapon against the Depression.

Harold Ickes had joined the Roosevelt Cabinet almost by chance. Although he actively sought the position, it had seemed very unlikely that Roosevelt would choose him. Nearly a generation older than Hopkins, Ickes was a veteran progressive who was picked to head the Interior Department when more prominent Republican progressives declined the job. It was a fortunate choice. A self-described curmudgeon, Ickes trusted no one and was very tight-fisted with the public's money. He saw the PWA as a means of bringing about recovery, but also as a way to provide valuable public projects for the American people. Unlike Hopkins, he would not spend for the sake of spending—or just for the sake of putting money in the pockets of the needy. This meant that much of the PWA appropriation went for materials, architects, engineers, and skilled workers. Private contractors often did the work. All this was to the long-term good. "We set for ourselves at the outset," Ickes said, "the perhaps unattainable ideal of administering the greatest fund for construction in the history of the world without scandal." For all practical purposes, the PWA attained that ideal. The agency registered an incredible record of efficient use of funds and left a great legacy of public structures, including the bridges on the hundred-mile causeway leading from the mainland to Key West, Florida; the Grand Coulee, Boulder, and Bonneville dams; the Triborough Bridge in New York City; and some 70 percent of all new educational buildings constructed in the United States between 1933 and 1939. It built municipal buildings, sewage systems, port facilities, and hospitals. Spending $1 billion, the PWA greatly improved the nation and helped many people get through hard times. In addition, the clear purpose of PWA projects and the careful expenditures kept the agency above much of the criticism leveled at other New Deal programs.

But the question remains of whether Ickes's efficiency was not counterproductive in the context of the employment crisis of the thirties. It is not pleasant to think of inefficiency as being positive and efficiency as negative, but this argument has been made with respect to the public works spending of the New Deal. It is not without merit, but it goes too far. An effective works program could conceivably accomplish both immediate economic and long-term construction purposes. This would have necessitated some spending on materials and planning, but would have concentrated the bulk of available funds in wages for the previously unemployed.

Most of the down-and-out were untouched by the PWA. Their main contact with federal efforts early in the New Deal was through direct relief. Scarcely anyone, including Roosevelt and Hopkins, liked the dole. Hopkins rightly held that direct relief took from people "their sense of independence and their sense of individual destiny." A group of relief clients in Michigan wrote to President Roosevelt in 1936, asking for work rather than a dole. "We are thankful for what we receive though." The last point was decisive in 1933. As much as most people might dislike direct relief, there was no immediate alternative if mass misery and even starvation were to be averted.

But Hopkins and the President, like the bulk of those on relief, preferred work relief to the dole. Giving a person something to do in exchange for his check "preserves a man's morale," Hopkins contended. "It saves his skill. It gives him a chance to do something socially useful." With such arguments, Hopkins convinced Roosevelt to launch a temporary work relief program in the winter of 1933–34. The idea was to tide the unemployed over the winter with small, quick projects until the PWA got into full gear.

The resulting Civil Works Administration was a phenomenal chapter in New Deal history. Within a month of its start, CWA had hired 2.6 million people, and at its peak in January 1934 it employed more than 4 million workers. Wages averaged over $15 a week—hardly sufficient, but 2.5 times the typical FERA payment. When the CWA began, Hopkins's field investigator Lorena Hickok found that it lifted people's spirits tremendously. "When I got that [CWA identification] card it was the biggest day in my whole life," a middle-aged former insurance man in Alabama told Hickok. "At last I could say, 'I've got a job.'"

But any program that spent so much so quickly on so many people in so many projects (about 400,000) was bound to involve waste. By February, many conservatives were denouncing the CWA for being rife with "petty graft" and "politics." Worse, in the view of some, it was said that many people on work relief projects were "beginning to regard CWA as their due—that the Government actually owes it to them. And they want more." Such reports alarmed the President. He feared that if the program continued it would "become a habit with the country." As spring arrived, Roosevelt ordered Hopkins to phase out the CWA rapidly. "Nobody is going to starve during the warm weather," Roosevelt declared with more confidence than comprehension.

The reaction from those who had been CWA workers was not so bland. In Minneapolis, riots broke out when CWA ceased operations. Less violent but equally distressed responses—strikes and demonstrations—occurred elsewhere. But the protests did no immediate good. It was back to FERA direct relief for the remainder of 1934.[4]

During the hectic first hundred days of his administration, Roosevelt's areas of concentration were generally dictated by necessity, not choice. There were, however, two areas that had long interested the President on which he moved quickly after his inauguration. These were conservation and public power development.

Like Cousin Ted, Franklin D. Roosevelt had a sincere interest in conservation. The patrician reformer came by his dedication to nature honestly. It was an area that one would expect to be of concern to a Hudson estate owner. At Hyde Park, FDR had overseen the planting of tens of thousands of trees. "The forests," Roosevelt declared in 1935, "are the 'lungs' of our land, purifying our air and giving fresh strength to our people." As governor of New York he had put up to 10,000 unemployed men to work on a reforestation program. As president, Roosevelt protected more national forestland than all his predecessors and greatly expanded the country's national parks, adding new ones from Shenandoah in Virginia to the Olympic National Park in Washington State.

No sooner had the banking crisis been weathered than Roosevelt moved to set up a national conservation program along the lines of his New York experiment. The result was the Civilian Conservation Corps, an agency that took young unmarried men from the relief rolls and put them to work in the woods. The idea seemed to Moley to be an attempt to find William James's "moral equivalent of war," but to the less philosophical Roosevelt it was simply part of his recurring dream of de-urbanizing America and returning to the old virtues. The President decided to act rapidly ("But look here! I think I'll go ahead with this—the way I did on beer") so that his favorite idea could slide through Congress while the honeymoon was still passionate.

Despite some criticism, especially from organized labor, of the $1 per day wage and of the question of military regimentation, the CCC bill sailed through Congress. Some disturbing undertones of militarism did exist in the CCC camps (particularly when the assistant secretary of war suggested that the

Army would gladly take over the CCC and make the boys "economic storm troops"), but in terms of "regimentation" the camps were probably little worse than the practice sessions of high school football teams. The accomplishments of the CCC were vast in protecting and restoring forests, beaches, rivers, and parks; providing flood control and disaster relief; and helping some 2.5 million young men survive the Depression with some degree of self-respect. The CCC, after some criticism at its inception, was the most widely praised of the New Deal programs. Roosevelt took justified personal pride in it.

Another of the new President's pet projects was public power, particularly the long-standing goal of federal operation of the Wilson Dam on the Tennessee River at Muscle Shoals, Alabama. Progressives, led by Senator George Norris of Nebraska, had tried since the end of World War I to achieve this goal, but had been thwarted by private power interests and Republican administrations. Roosevelt had committed himself to the idea, and after he won the election he astounded (and delighted) Senator Norris by proposing a program for the entire Tennessee Valley, a proposal that met Norris's fondest hopes but far exceeded what he had dared to think possible.

Roosevelt had long believed in planned land use. He saw the severely depressed, eroded, and nearly hopeless Tennessee basin as "an opportunity of setting an example of planning, planning not just for ourselves but planning for the generations to come, tying in industry and agriculture and forestry and flood prevention." This comprehensive development program fit perfectly into Roosevelt's utopian scheme for moving workers and work into the countryside. The result, the Tennessee Valley Authority, created in May 1933, was one of the great accomplishments of the New Deal.

The TVA produced power at its numerous hydroelectric facilities, but it did much more. The government-produced electricity made available a "yardstick" whereby private power rates could be judged. It also provided power for farms that had previously been without it and made possible the development of industry in the region. The dams were used in flood control, and comprehensive land-use programs were developed to reclaim the soil of the valley. Other programs provided for the education and "betterment" of the region's inhabitants. Remarkably, this was accomplished largely through "grass roots democracy," with many decisions being made by local residents.

TVA was a model of the best that could be accomplished under the planning philosophy espoused by many New Dealers. Its success, however, was largely due to its breaking away from the centralism favored by planners. Critics called the TVA "socialism," a term not likely to endear the program to the people of the valley. Yet the TVA was very popular in the areas it served. Roosevelt had foreseen why when Norris asked him how he would answer questions about the political philosophy behind the TVA. "I'll tell them it's neither fish nor fowl," FDR said, "but, whatever it is, it will taste awfully good to the people of the Tennessee Valley." It tasted so good, in fact, that private interests, particularly in the electric power field, lobbied successfully to prevent similar experiments elsewhere. (Roosevelt had spoken of such projects in "the watersheds of the Ohio, Missouri, and Arkansas Rivers and in the Columbia River in the Northwest.") The main reason the TVA was not replicated was not that it failed, but that it worked so well.[5]

Although the National Industrial Recovery Act came to be the centerpiece of the First New Deal legislation, and Franklin Roosevelt called it "the most important and far reaching legislation ever enacted by the American Congress," the President had not even planned to introduce an industrial recovery bill in the special session. He believed that reform of the relationship between business and government was desirable, but that it should not be rushed into and was not necessary to bring about general recovery. Still contending that agricultural income was the key to recovery, FDR thought the AAA, along with limited inflation and modest federal spending for relief and construction, would turn the economy around.

He was wrong. A month into the New Deal the economy began to slip again and it became clear that Congress would take action on recovery legislation even if the President did not submit a bill. Responding to what political journalist Ernest K. Lindley called "revolution boiling up from the bottom," the Senate passed a bill in early April introduced by Senator Hugo Black of Alabama. The Black bill, which had the support of the American Federation of Labor, would ban from interstate commerce any goods made by workers who labored more than a six-hour day or a five-day week. Sentiment was such that the thirty-hour bill appeared likely to be passed in the House as well. That would have put Roosevelt in an awkward position. He would not want to veto recovery legislation, particularly since it was backed by many Democrats. But Roosevelt did not like the bill because, unlike the measures the administration submitted, it was rigid. It did not simply grant powers to the President and leave their exercise to his discretion. And it said nothing about minimum wages, which seemed essential if the reduced hours were to increase purchasing power and stimulate recovery. Moley later recalled that Roosevelt believed, "what was needed was not to thin out the jobs then available, but a measure to create new employment and to stimulate industrial confidence."

In order to head off the Black legislation, the President gave the go-ahead for a recovery bill that would be acceptable to business, labor, and the administration. Moley asked General Hugh Johnson, a disciple of Bernard Baruch, former associate of George N. Peek, and a veteran of the War Industries Board, to draw up a draft. Another draft came from Senator Wagner and others. In typical fashion the President listened to the advocates of both sides

and then told them to "shut themselves in a room, iron out their differences, and bring him a bill on which they could agree."

Conceived under circumstances in which its paternity could not be proved, the National Industrial Recovery Act (NIRA) was clearly of mixed parentage. Among the most important men involved in siring the bill, in addition to General Johnson and Senator Wagner, were Rexford Tugwell, Raymond Moley, Lewis Douglas, Undersecretary of Commerce John Dickinson, former New York Congressman Meyer Jacobstein, and labor attorney Donald Richberg. A group with such a mixture of beliefs inevitably produced an ambiguous, catchall piece of legislation. This was to be expected for other reasons as well.

The American people—and their President—were of two minds on the question of the proper basic organization of the economy. Newspaperwoman Dorothy Thompson, who was unfriendly toward the New Deal, summarized this problem well. "Two souls dwell within the bosom of the American people," she wrote in 1938. "The one loves the Abundant Life, as expressed in the cheap and plentiful products of large-scale mass production and distribution. . . . The other soul," Thompson rightly said, "yearns for former simplicities, for decentralization, for the interests of the 'little man,' revolts against high-pressure salesmanship, denounces 'monopoly' and 'economic empires,' and seeks means of breaking them up." These conflicting ideals represent what is perhaps the basic American paradox. Both are present not only in the society as a whole, but in most of the individuals who compose it. Americans love the benefits of bigness, but cherish the simpler, more personal economy of an earlier time. Our ideal is individualism, but we covet the efficiency and comfort provided by large organization. From time to time the conflict comes into the open, as it seemed to in the 1912 campaign between Woodrow Wilson's New Freedom, which emphasized a simple, competitive economy, and Theodore Roosevelt's New Nationalism, which advocated government-regulated bigness. More often, the two ideals coexist in a largely unrecognized and most uneasy alliance. The ideas of regulated concentration and a free competitive order may be logically inconsistent, but as historian Ellis Hawley has convincingly argued, "the two streams were so intermixed in the ideology of the average man that any administration, if it wished to retain political power, had to make concessions to both."

If there was one goal that Franklin Roosevelt's administration had, it was to remain in power. The recovery bill that came out of the "locked" room was, like most of the New Deal, based on politics, not economics. Politically, the bill had not only to satisfy both the impulse for regulation and that against monopoly, but also to win the support of those who would participate in the recovery plan. This included labor, but principally it meant businessmen. Like other Americans, most businessmen were somewhat ambivalent concerning questions of competition and regulation. They, too, paid lip service to the competitive economy, but many were convinced that its time had passed. During the Progressive era substantial numbers of forward-looking businessmen had come to realize that regulation might have a similar effect on them to that of briar patch on Br'er Rabbit. They began to see great possibilities in "business self-government." The key to the effects of regulation, after all, was in who did the regulating. More businessmen favored "self-government" after their experience with a regulated economy during the World War. The associational movement—the formation of cooperating organizations among corporations involved in the same industry—which was pushed by Herbert Hoover's Commerce Department in the twenties, represented a continuation of the idea of businesses regulating themselves. If Roosevelt's industrial recovery program could be seen as providing for this, it would enjoy substantial business support.

In the National Industrial Recovery Act, as in the AAA and the Thomas Amendment, Congress made few choices. Instead, it passed an "enabling" law, transferring great powers to the executive branch. The act created the National Recovery Administration (NRA), over which Roosevelt placed Hugh Johnson. The precise purpose of the organization remained in the eye of the beholder at the time of its creation in June 1933. It might seek genuine government planning in industry; it might try to restore and enforce competition, or it might allow business to set prices and divvy up markets without fear of prosecution under the Sherman Act. Any of these courses was possible; everything would depend upon how the NRA was administered. Laissez faire was over, and the state would play a far more prominent role, but what that part would be remained unclear.

As director, Hugh Johnson was in charge of casting. In keeping with Johnson's style, the opening scenes of the NRA resembled the choreography of Busby Berkeley. With Johnson one might have expected that the climax would have rivaled Cecil B. De Mille, but fortunately for the general, he was no longer with the project when the credits rolled.

The idea behind the NRA, quite simply, was to introduce rational planning into what had been a chaotic economic system. By providing balance to the economy, the NRA, it was hoped, would restore employment and prosperity. It amounted to an admission that the "unfettered marketplace" was no longer a viable means of governing the national economy. Under the NRA, each industry in the country would draw up a code of practices that would be acceptable. These would cover wages, working conditions, and as it turned out, prices and production. The promise of economic planning was sufficiently large that such left-liberal journals as *The New Republic* and *The Nation* warmly endorsed the NRA. *The Nation* went so far as to call it a promising step toward a "collectivized society." The NIRA had provided the

new agency with licensing powers to coerce businesses into going along with the codes that were established. The basic idea was that envisioned by Theodore Roosevelt in 1912. In his second fireside chat, Franklin Roosevelt called the NRA "a partnership in planning" between business and government. The law gave business its demand for "constructive relief from the antitrust laws." (It is noteworthy that businesses always seem to be seeking "relief" from something. More recently, they have obtained "tax relief" and "regulatory relief." One may be forgiven for wondering how businessmen spell relief.) The NIRA also allowed "cooperative action among trade groups."

Most goals of the NRA were to be accomplished through the development of codes for each industry. Fearing constitutional problems and desiring business as well as public support, however, General Johnson made no attempt to use his authority to dictate codes to businessmen. Instead, he negotiated with them. The predictable result was that the largest companies in each industry drew up their own codes. In doing so, leaders of some 400 industries established provisions prohibiting sales "below cost." In practice, "cost" usually meant "reasonable price." Hence the agreements often amounted to government-sanctioned price fixing. Johnson himself pointed out how much better the NRA codes were for businesses than had been trade associations: "Now I am talking to a cluster of formerly emasculated trade associations about a law which proposes for the first time to give them potency."

In return for such a generous gift, businessmen were to allow labor-oriented reforms against which they had fought for decades. The minimum wages, maximum hours, improved working conditions, and elimination of child labor called for in NRA codes represented a definite advance for working Americans. (The blanket code that Johnson suggested for all industries until they worked out their specific codes called for a forty-hour maximum workweek and a 30 cents per hour minimum wage.) Companies often found ways to avoid collective bargaining, which was putatively provided for in section 7(a) of the Recovery Act. But even in this area the stage was set for subsequent, effective legislation in 1935. Therefore some of the long-term advantages of the NRA were substantial.

It did little, however, to bring about recovery. One of the great ironies of the New Deal is that its principal program for achieving economic recovery amounted to little more than a larger effort in what Hoover had been trying all along: pepping people up, restoring confidence. Johnson drew upon his experience with the War Industries Board and started a massive campaign to enlist Americans in a new campaign against a different sort of "Hun." He came up with the idea of having merchants and manufacturers who adhered to NRA standards display a symbol of their compliance, so that consumers would know with which businesses they should deal. The symbol Johnson hit upon was a blue eagle with the slogan "We Do Our Part." (Some industrialists were not anxious to display the bird. Henry Ford was reported to have said: "Hell, that Roosevelt buzzard! I wouldn't put it on the car.")

In the summer of 1933, Johnson treated the nation to a spectacle like nothing it had seen since the war—or at least since Charles Lindbergh's return from France. It was wartime patriotism all over again. The largest parade in the history of New York City saw 250,000 people march down Fifth Avenue for the Blue Eagle. Pledges like the war bond drives were called for and songs were composed:

Join the good old N.R.A., Boys, and we will end this awful strife.
Join it with the spirit that will give the Eagle life.
Join it, folks, then push and pull, many millions strong,
While we go marching to Prosperity.

How the Nation shouted when they heard the joyful news!
We're going back to work again, and that means bread and shoes.
Folks begin to smile again. They are happy and at ease,
While we go marching to Prosperity.

For a brief time in the summer of 1933 it was believable that the country *was* marching back to prosperity. During the months between Roosevelt's inauguration and the effective dates of the NRA codes in the fall, production and employment increased significantly. The index of factory production, which had hit a low of 56 in March, rose to 101 in July 1933. The gains were at least partially attributable to causes unrelated to the NRA: increased federal spending, Roosevelt's restoration of confidence, and perhaps, a "bottoming out" of the Depression. The promise of the NRA did have something to do with the boomlet of the summer of 1933, though. Unfortunately, in many ways that connection proved to be a negative development a few months later. Many manufacturers, believing that both prices and demand would rise with the NRA, sought to build up their inventories with goods produced by cheap labor before codes requiring higher wages went into effect. Many of those hired in the spring of 1933 were unemployed again by the fall.

The reverse side of high hopes is disillusionment. So it was when the Blue Eagle failed to soar to the expected altitude. Whatever economic gains might have resulted from increased wages were undercut by higher prices. Many believed the price increases that resulted from the suspension of competition actually outdistanced wage increases. Complaints of "NRA prices and Hoover wages" were common by early 1934. Huey Long and some labor leaders began saying the agency's initials stood for "National Run Around." William Randolph Hearst's version was "No Recovery Allowed."

Hopes that the NRA would prove to be labor's long-sought "Magna Carta" were also forlorn. Some labor leaders were able to make use of section 7(a) to

rebuild unions decimated by twenties prosperity and thirties depression. John L. Lewis of the United Mine Workers launched a highly successful 1933 organizing campaign, basing his appeal on 7(a) and Roosevelt's popularity. "The President wants you to unionize," proclaimed organizers who remained cunningly vague as to whether the president referred to was FDR of the USA or JLL of the UMW. But few other unions were as successful, and anti-union employers soon found ways around 7(a). Most popular was the formation of company-dominated "unions," which were in no sense representative collective bargaining agents. When early in 1934, NRA officials approved company-created unions in the auto industry, workers realized they would have to win their own battles.

By almost any reckoning, the NRA was a colossal failure. Dominated from the start by large-business interests, it served them at the expense of the rest of society. Their first concern was to assure their own incomes so they sought to use the codes to guarantee their margins of profit on the basis of restricted production and higher prices. This was scarcity economics and it meant reduced purchasing power. Businessmen could survive in this way under continuing depression conditions, but it would simply perpetuate the hard times, not bring recovery or help anyone else. Given its domination by business interests, the NRA offered little hope of bringing about recovery. As long as businesses were permitted to raise prices to coincide with (or exceed) mandated wage increases, there would be no redistribution of income and no stimulation of purchasing power.

All this is generally accepted. A further question must be addressed. Increasing complaints about the dictatorial actions of the hard-drinking, foul-mouthed Johnson led Roosevelt to ease him out of the NRA in 1934. By this time, his two-day absences for drying out were becoming common. Johnson was already well on the way toward the attitude he would hold in 1938, when he denounced the "one-man Roosevelt Party, conceived with superficial cleverness, but stuck together with spit and tied into a unit with haywire. . . . [T]he Solid South tied in with Northern Pro-Negro policy." When he resigned Johnson praised the "shining name" of Benito Mussolini. Johnson had spoken in 1932 of the need for a temporary dictator and "singleness of control." Others, ranging from Herbert Hoover to Huey Long and Charles Coughlin, charged that the NRA was akin to fascism. It was a plan, Long said, "to regiment business and labor much more than anyone did in Germany and Italy." Such statements were, of course, ridiculously extreme. But the charge remains. The Recovery program centralized power, but left that power largely in private hands. Less than 10 percent of the code authorities included labor representatives, and less than 2 percent had consumer representatives. The NRA contained within it some potential for fascism. Such surely was not the intention of either Roosevelt or his advisers, despite Ronald

Reagan's typically unsubstantiated charge in the 1980 presidential campaign that "the members of the Brain Trust . . . admired the fascist system." Such nonsense aside, there may have been some seeds of fascism in the NRA. The important point is that those seeds never germinated in American soil. In fact, when the business domination of the NRA became apparent, the program's popularity faded.

The original legislation had provided a two-year life span for the NRA. Without the federal agency to back them, the codes would soon wither away. Despite the NRA's obvious failure, Roosevelt had not given up on the idea. Politically he was in no position to do so. It would be admitting failure. So in February 1935 he called for a two-year extension of the NRA. "The fundamental purposes and principles of the Act are sound," the President told Congress. "To abandon them is unthinkable. It would spell the return of industrial and labor chaos." Whether Congress would have agreed on a bill extending the program will never be known. Before the House could vote the Supreme Court made that action unnecessary. On May 27, 1935, in the case of *Schecter Poultry Corp.* v. *United States*, the Court unanimously found the NRA to be, among other things, "an unconstitutional delegation of legislative power." It is difficult to avoid the suspicion that Roosevelt was inwardly relieved when the Court executed the Blue Eagle. Certainly many other New Dealers were. "You know the whole thing is a mess," the President privately told Frances Perkins. "It has been an awful headache. . . . I think perhaps NRA has done all it can do."[6]

The rapid-fire legislation of the First Hundred Days of the New Deal demonstrated Roosevelt's attempt to please everyone: NRA for business and organized labor, AAA for large farm interests, the relief programs for the unemployed, and CCC and TVA for FDR. One politically potent group remained: the middle class. One of the biggest problems confronting this segment of society was the alarming increase in home foreclosures, which had reached a rate of over a thousand a day by Roosevelt's inauguration. The administration moved in June 1933, at the end of the special session of Congress, to protect both hard-pressed homeowners and those who held their mortgages. The Home Owners' Loan Corporation provided refinancing, at low interest rates, of mortgages of middle-income homeowners. The HOLC eventually became involved in 20 percent of all urban dwelling mortgages in the nation. Critics justly charged that the program helped lenders more than homeowners, since it assured repayment of loans, but in many cases did not provide enough help to enable people to keep their homes in the long run. Still, everyone involved was happy: homeowners, banks, real-estate interests, and the President, who in a single stroke assured for himself the support of a large portion of the middle class.

The special session of Congress also aided the middle and upper-middle strata of American society in other ways. The Truth-in-Securities Act of May 1933 required a modicum of honesty from corporations issuing stock. Those floating stock were made responsible for accurately representing information about the company's condition. Investors who could prove deception on the part of a company selling stock were allowed to collect civil damages. Newspapers summed up the thrust of the act: "Let the seller beware." In June, over the bitter opposition of the banking community, Congress passed the Glass-Steagall Act. It required the divorce of commercial from investment banking and, probably more importantly, set up the Federal Deposit Insurance Corporation to guarantee bank deposits. The latter provision soon worked greatly to the advantage of banks, which once again appeared safe repositories for the family nest egg. The FDIC was to be one of the New Deal's most important legacies. Without it a large-scale banking collapse would very likely have occurred in the early 1980s. Of course neither act was of much value to those without funds to deposit or invest.

During the next year-and-a-half, New Dealers turned their attention mainly to administering the programs launched in the Hundred Days. There were, however, a few new departures. The failure of NRA and AAA to produce the intended results, particularly the continuing lag in farm prices, led to renewed protest in the Midwest. The only way to satisfy the spiritual descendants of William Jennings Bryan appeared to be through the old panacea of inflation. Roosevelt had pacified the inflationists by accepting the Thomas Amendment to the AAA bill. This had given him the power to bring about inflation, but he was not obligated to use that power.

In June 1933 an international conference was held in London to deal with Depression-related questions of international trade and finance. Hoover, who believed that the Depression was caused abroad, saw the conference as a great hope for saving the American economy. Roosevelt suffered from no such illusion. He refused to go along with an attempt to stabilize currencies, fearing that this would undermine New Deal attempts to raise domestic prices. The American President virtually broke up the London Economic Conference with a tart message to other world leaders. "The sound internal economic system of a nation is a greater factor in its well being than the price of its currency in changing terms of the currencies of other nations," Roosevelt declared. The United States, in short, would try to solve its own problems, not join in an international scheme to regulate the relative values of currencies. Thus the President retained control over the value of the dollar. It was a power he soon felt constrained to use.

Orthodox economists feared inflation as much as they feared deficit spending. So did New York bankers. But, as some presidents eventually realize, Wall Street is not the nation. Even businessmen in other parts of the country often favored soft money. They were borrowers, whereas the New Yorkers were lenders. It made all the difference.

Roosevelt finally grew tired of listening to his orthodox advisers. Things were getting no better and the old guard economists could offer no suggestions. If there was one thing Roosevelt was steadfastly against, it was inaction. When a new revolt was threatened by the Farm Holiday Association, Roosevelt decided some action was necessary. He later insisted that "if we had continued a week or so longer without my having made this move on gold, we would have had an agricultural revolution in this country." In October 1933 he seized on a plan to buy gold at a high, but changing price, in effect devaluing the dollar by increasing the number of dollars it took to buy an ounce of gold. When James Warburg told Roosevelt that there must be a definite gold price, the President responded: "Poppycock! The bankers want to know everything beforehand and I've told them to go to hell." For the next four months, Henry Morgenthau and Jesse Jones met with Roosevelt each morning in his bedroom to decide on the day's price of gold. The process was less than scientific. One morning Roosevelt decided on a 21-cent increase because, he said with a laugh, "it's a lucky number."

The scheme proved to be no panacea. The price decline halted temporarily, then resumed slowly. In January 1934 the President called a halt, Congress passed the Gold Reserve Act, and Roosevelt established the price of the metal at $35 an ounce, where it remained until 1971.

With no increase in farm prices yet in sight, the pressure from the West for the old Bryan demand for the remonetization of silver became irresistible. In June 1934 the President reluctantly agreed to a Silver Purchase Act, by which the government agreed to buy unlimited quantities of silver at artificially high prices until federal silver holdings equaled one-third the value of the government's gold stock. This legislation made silver mine owners wealthy and provided jobs for a few thousand miners, but was of no discernible benefit to anyone else.

The Hundred Days had ended without the passage of any direct regulation of the stock exchange. When Congress convened in January 1934, such legislation was at the top of the remaining New Deal program. Proposals to curb the Las Vegas syndrome on Wall Street, to end manipulation of the market by insiders, to require stock purchasers to have a reasonable percentage of the money they used to buy securities, and to force brokers and corporations to tell the truth about stocks were greeted with an unprecedented outcry from lower Manhattan. Honesty, Wall Street seemed to be saying, would destroy the stock market. Some, such as Congressman Fred Britten (R, Illinois), charged that "Brain Trusters" were plotting to "Russianize" America.

Yet few Americans were prepared to believe wild accusations coming from the lips of those who had so recently plunged the nation into depression and

had even more recently, in the Pecora investigation, been reluctantly admitting their past sins. It was difficult to take seriously arguments made by a group whose leader, New York Stock Exchange President Richard Whitney, could say with a straight face four years after the Crash (and less than five years before he entered Sing Sing after being convicted of larceny), "The Exchange is a perfect institution."

Roosevelt signed the Securities Exchange Act, which had been drafted by James M. Landis, Benjamin V. Cohen, Thomas G. Corcoran, Telford Taylor, and I. N. P. Stokes, into law in June 1934. Business complaints had severely weakened the bill, removing many mandatory provisions and placing more decisions in the hands of the Securities and Exchange Commission, which the act created. This meant that much depended on who was appointed to the commission.

President Roosevelt still hoped to keep the support of business. Therefore his choice as chairman of the SEC was someone businessmen would trust, Joseph P. Kennedy. Less than twelve months before, Kennedy had been party to just the sort of stock manipulation that the SEC was supposed to stop. Most New Dealers were outraged at the choice of Kennedy, but Roosevelt adeptly silenced the in-house criticism by appointing four liberals—Ferdinand Pecora, James Landis, and progressive Republicans Robert Healy and George C. Mathews—to the remaining spots on the SEC.[7]

People who had known Franklin Roosevelt before were amazed at the Hundred Days. "Many of us who have known him long and well," wrote *Nation* editor Ernest Gruening in May 1933, "ask ourselves if this is the same man." "Was I just fooled before the election," wondered Republican editor William Allen White, "or has he developed? . . . I have never had to eat my words before." "He is no more like the man who was here in Wilson's time," wrote someone who had known FDR during the war, "than the capital is like the city it was then." Another who had worked with Roosevelt in the Wilson days insisted, "that fellow in there is not the fellow we used to know. There's been a miracle here." Herbert Feis described the public perception of that miracle: "The outside public seems to believe as if Angel Gabriel had come to earth."

All of this was due in large measure, of course, to Roosevelt's personality and political skill. But it was also to some extent a case of wish fulfillment on the part of the American people. They were desperately hoping for a miracle. Prior to the inauguration, William Randolph Hearst's Cosmopolitan Studios produced a strange and incredibly prescient film called *Gabriel Over the White House*. The movie, directed by Gregory La Cava, later noted for such films as *Stage Door* and *Unfinished Business*, was ready for release by MGM during the interregnum, but Louis Mayer delayed it until March 1, 1933, to avoid problems with Hoover. *Gabriel* portrays an old-style, uncaring president, Judson Hammond (Walter Huston), who worries "when I think of all the promises I had to make to the people to get elected." "Oh, don't worry," an aide reassures him, "by the time they realize you're not keeping them, your term will be over." Hammond gives Hooveresque responses to questions about what he will do to relieve the horrors of the Depression: "As we have gotten out of past depressions—the spirit of Valley Forge, the spirit of Gettysburg, the spirit of the Argonne. America will rise again." Basically he ignores the suffering.

Then Hammond drives his own car in an entirely reckless fashion and has a tire blowout at 100 mph. As a result, he suffers a serious head injury and lies near death. Divine intervention changes him and he emerges from his ordeal as a champion of the poor, inviting the leader of an unemployed army whom he has previously threatened to arrest to come to Washington. The unemployed will be fed at government expense, Hammond says. He proceeds to force Congress to grant him dictatorial powers, saying his dictatorship will be based on Jefferson's definition of democracy: "the greatest good for the greatest number." Hammond speaks directly to the people over the radio, creates an "Army of Construction," appropriates $4 billion, prevents foreclosures, provides direct aid to agriculture, passes a national banking law, repeals the Eighteenth Amendment, and restores law and order. "A plant cannot be made to grow by watering the top and letting the roots go dry," the divinely inspired president says. It was a veritable blueprint for the New Deal. The film was made after Roosevelt's campaign, but well before he took office.

But there was much more in *Gabriel Over the White House*. Hammond forms a national police force to eliminate crime; quick trials and summary executions before firing squads bring a rapid end to crime. International problems are as easily straightened out in this reflection of Hearst's simplistic thinking. Hammond tells the European nations to pay their debts to the United States, or else. He then repudiates the Washington Naval Treaty and says the United States will build a vast new navy. Foreign leaders are invited aboard the presidential yacht to witness a demonstration of American military might, after which they agree to sign a treaty to save the world from war. Pax Americana is established and the Depression ended, so Hammond dies and goes to heaven.

Gabriel Over the White House left no doubt that God was on the side of America—and of William Randolph Hearst. It provided an incredible mixture of the New Deal and fascism. The parallels to what was then beginning in Germany are striking. Although the film was not a big money-maker, it was briefly popular, finishing among the top six movies at the box office during April 1933. The significance of the film lies in what it indicates about the desperate yearning for leadership and the willingness in some quarters to

abandon democratic principles in order to get "action, and action now." Clearly Hearst did not speak for the American people, but the ease with which *Gabriel* could blend New Deal–type programs with a "benevolent," militaristic dictatorship indicates how close the United States may have been in 1933 to far more drastic changes than those Roosevelt introduced. Congress demonstrated time and again that spring that it was willing to turn over to the executive powers that went far beyond any a peacetime American president had ever held before. Although Republican opponents condemned Franklin Roosevelt for seizing unconstitutional powers in that crisis, he in fact sought to keep those powers within strict limits. Had a popular new chief executive like FDR wanted to follow the course of the fictional Judson Hammond in 1933, there is little assurance that Congress and the people would not have followed him.[8]

The idea of divine intervention may not have been far from Roosevelt's view of how to explain the early New Deal. He seems to have believed that God had stricken him with polio and spared him for his mission in life. Whatever the merits of such an interpretation may be, the historian is obliged to seek more terrestrial interpretations of events.

One problem with the view that there were two philosophically distinct New Deals, one beginning in 1933 and the other in 1935, is that there was very little philosophy in the New Deal. Franklin Roosevelt, after all, was not an economist or a political philosopher; he was a practicing politician. The First New Deal, accordingly, was not based on philosophy or economic theory, but on political considerations. This is crystal clear in such measures as the Agricultural Adjustment Act and the National Industrial Recovery Act, which were designed to incorporate philosophically and economically conflicting ideas and keep different groups aligned with the New Deal. Economic or philosophic consistency was never the primary objective.

The good politician—and Roosevelt unquestionably was one of the best—always seeks to occupy the center ground. President Roosevelt engaged in a masterful balancing act in 1933 and 1934. Politicians need love, and the best ones are promiscuous to the point of infamy. What FDR sought in his first two years was not majority support, but something approaching consensus. The First New Deal tried to please everyone. Roosevelt's penchant for splitting differences down the middle, blending opposites, and playing one side against the other was evidence of this. It was great politics, at least for a while.

What is good politics, though, is not necessarily good economics. This was one of the basic flaws of the early New Deal. It was not possible to keep competing factions happy and still accomplish much. The early New Deal agencies were often ineffective not only because of contradictory purposes, but also because the wrong people were placed in charge of them. Critics like

Barton J. Bernstein have implied that Roosevelt appointed conservatives to head reform programs in order to hold back change. Such observers contend that Roosevelt wanted only the appearance of substantial reform, not the reality. This interpretation is uncharitable; it is also wrong. Roosevelt was a schemer, all right, but not in this way. His commitment to substantial—although certainly not revolutionary—change was genuine. Rather, the placing of conservatives in charge of reform agencies was part of the President's balancing act, part of his attempt to retain business and conservative support while he undertook change.[9]

This was clever, but proved to be too clever. Keeping conservatives off his back was fine, but to keep political support Roosevelt needed to have his programs work. Placing in charge of the various alphabet henhouses such foxes as Joseph Kennedy at SEC, Hugh Johnson at NRA, and George Peek at AAA was unlikely to make the programs work. Even placing Ickes—who was anything but a fox in a henhouse—over PWA was probably a mistake, since Ickes's concern for spending money carefully prevented it from being spent quickly enough to pull the country out of the Depression. The clearest exception to this generally poor record was Relief Adminstrator Harry Hopkins. The counterproductive appointments, again, were not made because Roosevelt was a poor judge of administrators; they were the almost inevitable result of the President's attempt to please both sides during a major crisis.

The early New Deal made important changes in the American economic setup, but not drastic ones. Roosevelt tried to work within the existing power system, not to transform it. The Emergency Banking Act and the Glass-Steagall Act, despite the bankers' complaints about deposit insurance, greatly strengthened the nation's private banking system. The NRA allowed big businesses to protect their profits through "self-government." The AAA made payments to large landholders and, with Roosevelt's blessing, rejected attempts to alter the rural power structure. The Home Owners' Loan Corporation plainly helped many small homeowners, but this certainly was no attack on the system: it saved mortgage holders as well as homeowners. The federal relief effort, the CWA, PWA, and CCC were all decided departures, but none of them posed a serious threat to existing power relationships. The SEC was not liked by many on Wall Street, but they soon found they could live with it comfortably enough. The TVA was perhaps the biggest "threat" to the established order, in that it had the potential to demonstrate that planning and community cooperation could work and that a government-owned business could compete successfully with private enterprise.

But to fault Roosevelt for missing his chance to bring about drastic changes in the American economic system is to overlook the restraints upon him (even assuming that he wanted such changes, which in most cases he did not). A time of economic collapse, such as 1933, might seem just the time to intro-

duce radical change. It is not. People may be willing to try new ideas; much evidence indicates that a majority was ready for bold new experiments in 1933. But any move toward either socialization or truly effective antitrust action would have been resisted vehemently by business. This would have made the economic collapse even worse in the short run (which might well not be very short). The fact is that, bad as things were in early 1933, they *could* get worse, and drastic change was likely to bring about that undesirable end.

Roosevelt, to be sure, wanted no such fundamental alteration. He sought recovery and more limited reform. Two years after his election he had failed to achieve enough of either, and pressures on him to move further to the left began to mount. Their sources lay in Depression-era life and values.