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ABSTRACT

THE HUNDRED DAYS: FRANKLIN D. ROOSEVELT
AND THE EARLY NEW DEAL, 1933

By

James Edward Sargent

The Hundred Days of 1933 established Franklin D. Roosevelt as America's national leader, and it resulted in the basic legislative program of the early New Deal. During this period, Roosevelt evolved as a dynamic leader, a process culminated in domestic affairs with his success in the congressional struggles of June, and in foreign affairs with his "bombshell" message to the World Economic Conference in July.

Roosevelt's personal involvement in the making of major decisions and policies was an instrumental facet of his leadership. But there was no single pattern for this involvement, which changed daily in response to the kaleidescope of crises created by the depression, demands by organized interest groups, congressional pressures, recommendations from close advisers, and his own policy interests. Casual, intuitive, responsive, sometimes disinterested or haphazard, an activist rather than a thinker, but always inspiring, Roosevelt the policy maker grasped only incom-

pletely some fundamental matters, like fiscal, monetary, and foreign economic policy. In fiscal affairs, for example, he proved conservative, although innovating the dual budget concept.

Yet some configurations emerge in his development as a presidential leader. First, Roosevelt relied heavily upon trusted policy advisers, particularly Raymond Moley, Lewis W. Douglas, Rexford G. Tugwell, Henry Morgenthau, Jr., and James P. Warburg. Second, "action, and action now," as FDR declared in his inaugural, was his theme for early 1933. He always aimed at enacting a viable, comprehensive New Deal, which he saw as being anchored by the Agricultural Adjustment Act, the Economy Act, and, belatedly, the Industrial Recovery Act. Third, the domestic program, which in retrospect evidenced more continuity than change, met the emergency and thus took precedence over foreign affairs. This basic policy decision, reaffirmed during the interregnum and in March, necessarily relegated foreign policy to a secondary priority. And it led to unprofitable results in the drive for international recovery and at the London Conference.

The Hundred Days therefore resolved the basic questions of leadership and of a domestic program. But these were only the beginnings, the foundation upon which Roosevelt would have to build the concert of all interests which he sought in order to achieve national recovery, the major goal of the early New Deal.

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The imprint of my wife Janice has scarcely escaped a single page, from the beginning of research to the final proofreading. She helped make the entire experience possible.

I dedicate this study to my mother, who knew Franklin Roosevelt because he always came to talk with her over the radio, and to my father, who appreciates what I have done but wonders what attracted me to "that man."

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CHAPTER I

PROLOGUE: JUNE 16, 1933

Washington, D.C., hummed with excitement as the mid-June morning grew sticky, the temperature soaring near 100°. Very early that same morning, shortly after 1:00 a.m., Congress had finally adjourned. Later that morning the President would sign the final bills into law. There would be a New Deal for Americans. It was Franklin D. Roosevelt's finest hour as President.

Following the spectacular but mixed performance of the first session of the 73rd Congress, the end had come as a relief. Congress had very nearly gone on too long for Roosevelt. Adjournment came too late for him to attend his son's graduation at Groton School in Massachusetts. While Time magazine observed that the end came "at least before Congress got completely out of control," the New Republic pooh-poohed this notion. "Not only did the revolt last week boil down to very little," proclaimed its editors, "but when we survey the results of the special session as a whole, we see that no legislation in modern history ever yielded more completely to the wishes of the head of a state than did the Seventy-third Congress."[1]

The country had witnessed a dramatic and, for peacetime, unprecedented procession of legislation enacted since March 9, the beginning of what soon came to be known as the Hundred Days.[2] Of the laws passed prior to June 16, some were experimental, some practical, some routine. But most were recovery, relief, or reform-oriented. The banking crisis of early 1933 had been dexterously subdued in March. Promising programs were forthcoming from legislation for civilian conservation to re-employ (the current phrase) 275,000, for farm relief by agricultural adjustment, for farm and small home mortgage refinancing up to $2 billion each, and Tennessee Valley rehabilitation beginning at Muscle Shoals.

Some legislation promised to yield less popular results, but was nevertheless every bit as important to the administration for present and future purposes. The backbone of these were economy measures to slash $1 billion from the federal budget, including over $400 million from veterans' compensation. Also included were truth-in-securities legislation; the Thomas amendment (title III of the farm bill) providing discretionary presidential power to use several methods for monetary inflation; the abandonment of the gold standard; and the abrogation of the gold clause in public and private contracts, legalizing the gold embargo of March.

Because of their lower priority, other urgent needs had not yet been met by legislation. These included the

simplification of municipal bankruptcy procedures, coal industry consolidation, decisive executive reorganization of sprawling departments like Commerce, reciprocal tariff reform, and ratification of the St. Lawrence Waterway Treaty. And some of the more promising programs, like federal relief grants to States and the Agricultural Adjustment Administration, had been weakened by compromises which affected either a minimum appropriation of funds or an unwieldy administrative setup.[3] But trained observers and laymen alike could overlook such legislative intricacies because of the splendid presidential performance which had captured center stage.

Unable to stand without the help of cumbersome ten-pound steel braces and the balance supplied by an aide's arm, Roosevelt had successfully created the image of a healthy and vigorous leader, a man in perpetual motion. His professional virtuoso performance during the Hundred Days included three plain-spoken, persuasive radio talks, five major speeches, endless conferences with congressional, public, business and other leaders, and twice-a-week press conferences, all of which had served to keep him continually before the public. Where President Herbert Hoover had finally symbolized governmental inaction, Franklin Roosevelt already epitomized positive federal government action. He had revived the art of stunning presidential leadership, moribund since the first term of the awe-inspiring Woodrow Wilson. Even though the Hundred Days was ending as a mixed success, many shared

the euphoria with *Time*, which declared that the President "was the master of Congress until the end."[4]

June 16 was no ordinary day for Roosevelt, but much of it followed a loose pattern well established since March 4. His daily routine varied, but not greatly. Usually he would sleep late, breakfasting in bed around eight to eight-fifteen. He loved eggs, especially scrambled eggs. During and following this meal, he would be buried under at least six morning newspapers, paying most attention to the editorial pages. They generally included the *New York Times*, *New York Herald Tribune*, *Baltimore Sun*, *Chicago Tribune*, *Washington Post*, and *Washington Times-Herald*, and after dinner he looked at five evening papers as well. Often he scanned them selectively, for he was more of a skimmer than a speed reader. Soon it was time to begin his daily round of visitors. These visits and appointments were most important because he gained the bulk of his information in the give-and-take of conversation. In addition to face-to-face talk, he was estimated to have spent as much as a quarter of his day on the telephone, for both of which there are precious few records. He used the telephone for reasons of efficiency and convenience on the one hand and, on the other, because he loved to talk.[5]

Around 8:30 Dr. Ross T. McIntire, the White House physician, would arrive. He would forego a thermometer or stethoscope and simply converse with his patient, amidst breakfast and the papers. As McIntire recounted it, he would watch for "the President's color, the tone of his voice, the tilt of his chin, and the way he tackled his orange juice, cereal, and eggs." Satisfied, the physician left, returning around 5:30 for another check.[6]

Between nine and nine-thirty each morning Roosevelt would confer with advisers like Raymond Moley and Lewis W. Douglas. Moley, officially an Assistant Secretary of State, was in fact the President's most trusted all-around policy adviser, notably on foreign affairs and the World Economic Conference. Budget Director Douglas advised the President on fiscal policies, spending and appropriations, and particularly on economy in government. These two advisers, more influential on policies than any others during the Hundred Days, would generally split their half hour in the Roosevelt bedroom. On June 16 Moley reiterated rumors of a possible currency stabilization plan that might be proposed that day from London. Douglas directed his attentions to executive reorganization of certain departments and bureaus, along with various civil service regulations. In this way Roosevelt daily informed himself on general domestic, fiscal, monetary and foreign policy. Despite their infrequency to this privileged access, or perhaps because of it, advisers as varied in viewpoint as economist Rexford G. Tugwell, Assistant Secretary of Agriculture, and attorney Dean G. Acheson, Under Secretary of the Treasury, disliked these conferences. The President's manner made them feel uneasy. Both felt admitted to the inner circle, but not as equals. Yet such was FDR's morning custom. And it was a convenient, informal, and necessary way for a crippled leader to see close advisers.[7]

For the half hour or so after 9:30, the President would meet with his secretaries to plan his day, discussing possible appointments, other business, and political matters. Of this group, the most influential was Louis McHenry Howe. A wizened little man over sixty, shrewd yet vulnerable, outwardly pessimistic yet inwardly capable of dreams for a better future, he had befriended and served his chief since 1912 as political manager, head letter writer, secretary, alter ego, and now all around troubleshooter. Fiercely jealous of his standing with Roosevelt, Howe's political influence on his boss is difficult to analyze. Yet it existed; and he often worked in subtle ways, like asking visitors whom Roosevelt trusted to paraphrase and relay Howe suggestions. Howe's office was across the hall from the President's.

Marguerite ("Missy") LeHand was stationed in a cubicle next to the President. In theory Roosevelt's personal secretary, in reality she was both more and less. Charming and socially gracious, she was an attractive unmarried woman of thirty-seven with prematurely graying hair, large blue eyes, and intelligent features. She took little dictation, which was left mostly to Grace Tully, an expert stenographer. Instead Missy managed the presidential office, handled his personal correspondence, did his personal shopping, hounded him into taking his cold medicines, provided

an ear for advisers who had difficulty getting messages to him, arranged much of his off-duty social activities like poker and movies, and generally acted as White House hostess when Eleanor was out of town.

With Roosevelt since the unsuccessful 1920 campaign, Howe, Missy, Steve Early and Marvin McIntyre were charter members of the "Cuff Links Gang"--so called because they were members of the inner circle who had received cuff links inscribed "FDR" for their efforts in that campaign. A Virginian born in 1889 and who had worked with all the major news services by the 1930's, Early was the efficient, hard-driving, hot-tempered press secretary. Observers usually credited him with persuading his boss to abolish the "White House spokesman" and to initiate a new deal for the working press. McIntyre, also a Southerner, was the genial, happy-go-lucky, easily accessible appointments secretary. As his memos to FDR show, however, when the chips were down, he often displayed a native political shrewdness and usually managed to send away less important callers--for whom there was no available time--smiling rather than pouting.[8]

Having been so prepared, sometime between ten and ten-thirty Roosevelt would begin his daily round of fifteen-minute appointments (in theory, because he often talked longer himself) and official business. His callers ranged from bank presidents to congressmen to local delegations lobbying for a home town issue. He would see all in the same amiable, pleasant, informal way. Cabinet members, official

and unofficial advisers, old friends, seekers of patronage and political favors--the list was endless. And in a matter of moments, FDR could turn smoothly from considering public policy to drawing lots for the Davis Cup tennis team! The business he handled in a given day might range from telephoning Tugwell to have him and Agriculture Secretary Henry A. Wallace talk with farm groups demanding compulsory use of grain in automobile gasoline to advising Democratic leaders on Capitol Hill that certain power lobbyists were in town working to defeat the Muscle Shoals bill. These appointments often lasted until one o'clock when Roosevelt would have lunch, usually at his desk and usually with personal friends, like Henry Morgenthau on Mondays.[9]

The President spent afternoons in a variety of ways. Most often he dictated official and personal correspondence. While a good deal of this was concerned with important matters of state or politics, his personal interests occasionally shone through. In April and May, for example, he tinkered for weeks and sent many memos on the question of giving 19 instead of 17-gun salutes to governors and Supreme Court Justices.[10] Cabinet meetings convened on Tuesdays and Fridays, beginning around two o'clock and often lasting two hours. If the published <u>Secret Diary</u> of progressive Interior Secretary Harold L. Ickes is any indication, however, little of the business of policy and decision-making occurred at these round-table discussions. Press conferences, those informal, talkative, sometimes informative, and even entertaining affairs, met regularly (with one exception) on Wednesday mornings and Friday afternoons, the latter following Cabinet sessions. They averaged 12-15 minutes in length, but could run to a half hour. While a close analysis of these conferences suggests many of the comments were misleading, depending upon the political sensitivity of the issue under explanation, Roosevelt's remarks more often proved a genuine indicator of what he thought and, more importantly, what he knew about a given topic. His rambling commentary traversed every current subject that came to inquisitive correspondents' minds--from the details of CCC camps to how a certain columnist's "leaks" had hurt his plans for disarmament. Late in the afternoon (after June 2, when the spacious pool was completed in the basement of the West Wing) he would take a dip, sometimes accompanied by Missy LeHand, before dining with family and friends, or before a formal state dinner, between six-thirty and 8:00.[11]

When the Roosevelt family dined and what they ate was as informal as their entire life style amidst formal Washington society. Mrs. Henrietta Nesbitt, housekeeper throughout FDR's tenure of office, recorded that her first full day's menu for twelve people was the most representative of all those years. It included:[12]

LUNCH

Tomato Juice Cocktail
(Just lemon and salt, Mrs. Roosevelt said)
Stuffed Eggs
Cold Cuts
Salad--Hot Corn Bread
Stewed Fruit--Cake
Coffee

DINNER

Clear Soup
Broiled Lamb Chops
Green Peas--Baked Potatoes
Fruit
Coffee
(Sanka for the President and Mrs. R)

The President's evenings proved as crowded and varied as his afternoons. During the Hundred Days, all day long as well as after dinner, he dominated a constant swirl of White House conferences. Leaders of both parties from the House and Senate, Cabinet members, and presidential advisers would confer over a range of topics, particularly on current legislation and, in foreign affairs, the London Conference. Even so, Roosevelt managed to squeeze in time for recreation and relaxation, including his stamp hobby, informal card-playing get-togethers, and movies. James Warburg, an unofficial monetary adviser, arrived upstairs in the oval study at ten o'clock one night in May with a group to discuss foreign policies. FDR obliged these busy officials to sit down and enjoy (or at least watch), as Warburg put it, "a deep sea blood and thunder story movie" which lasted until eleven. Eleanor remembered how her husband delighted in seeing movies two or three times a week, especially of the lighter Walt Disney variety, because it helped take his mind off affairs of state.[13]

Perhaps symbolic of the presidential performance during the Hundred Days and the essential humanity of both Roosevelt and the New Deal was one of his earliest orders upon moving into the White House. His eldest son James recalled that the order went to everyone from top secretaries down to telephone operators. If persons in distress telephoned to appeal for help, the President directed that they be spoken to by <u>someone</u>, regardless of the circumstances. "If a farmer in Iowa was about to have his mortgage foreclosed," James reported, "if a homeowner in one of the big cities was about to lose his home, and they felt desperate enough about it to phone the White House, Father wanted help given them if a way possibly could be found; he was keenly cognizant of the suffering he had seen on his campaign trips."[14] By the end of the Hundred Days, this thoughtful policy was well established along with other White House routine. But as the hands on the District of Columbia clocks crept toward high noon on June 16, several major bills still awaited the signature of the remarkable patrician whose leadership had inspired a despairing nation.

Promptly at 11:45 in his cool Oval Office, with senators, congressmen, aides, and the press all looking on, Roosevelt beamed his now famous smile and signed the Glass-Steagall permanent banking reform measure. The bill's sponsors had fought it through against all odds and even against the President, until the eleventh hour.

"More history is being made today," Roosevelt proudly proclaimed, as he squiggled his signature with two pens, "than in any one day of our national life." "During all time," chimed in Senator Thomas ("Blind Tom") Gore of Oklahoma, from beside the presidential desk.[15]

"You old warrior!" quipped Roosevelt to Carter Glass, Senate sponsor of the bill, in a little sideshow evidently meant for the electorate back home. "If it had not been for the veterans, Congress would have adjourned last Saturday and you would not have had your pet measure on the statute books." It had more lives than a cat, he went on, concealing and hoping to bury his recently defeated opposition to it. The bill had been killed "fourteen times in this session" only to pass at the end, thanks to a presidential miscalculation elsewhere. He then ceremoniously presented the two fountain pens to Glass of Virginia, celebrated as the father of the Federal Reserve system, and to Henry B. Steagall of Alabama, an administration stalwart in the House.

More senators and representatives filed in to get the prized pictures of themselves with the President. The lighthearted banter and the ceremonies continued. Roosevelt signed the National Industrial Recovery bill next. It sought federal supervision of industrial self-regulation, coupled with a compromise program on paper of $3.3 billion in public works. Last was the Railroad Coordination measure, which

admitted the intractability of group interests concerning the railroad problem and opted for cooperation as an ameliorative. Then he concluded the ceremonies. During the next hour he intermittently talked patronage with members of Congress.[16] During luncheon and for almost an hour afterward, he spoke privately with William E. Dodd, liberal professor of American history at the University of Chicago who was newly appointed ambassador to Germany. Their talk ranged over Germany's threat to default on its foreign obligations, its Jewish problem, and its need for trade concessions.[17]

Shortly before the regular Friday afternoon Cabinet meeting, Roosevelt privately signed the remaining, less glamourous bills: the Independent Offices appropriations, containing the controversial veterans' allotment compromise; the Deficiency bill, with funding for NRA and public works; and taxation laws, continuing and beginning a variety of revenue proposals. In many ways, especially when compared to the four Hoover years, it was a red-letter day for legislation.

Industrial Recovery, for example, had received a ringing presidential endorsement at the signing, and again in a longer press release. Roosevelt's optimistic statement declared that the twin efforts of public works and "industrial re-employment" would greatly reduce unemployment before winter, the crisis for literally millions of Americans out of work. "It is the most important single attempt of its kind in history," he went on. "As in the great crisis of the war,

it puts the whole people to the simple but vital test:--'Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory?'"

Not everyone shared the Washington mood of optimism and anticlimax. Perhaps many reflected, with the New York Times: "Not the laws themselves but their administration and the effect will be the ultimate test."[18] But June 16 was not a day for presidential pessimism. A key decision had to be made on the joint administration of NRA and public works. Very possibly it could decide the success or failure of industrial recovery.

The crush of other business and the signing ceremonies had delayed the regular two o'clock Friday Cabinet meeting. The ensuing discussion was briefer but fuller than usual, centering on Roosevelt's question of how to administer the joint recovery program. Conversations and opinions moved around the oblong table, beginning with the Secretary of State. The Cabinet quickly opted for separate administration, or at least nobody proposed a better idea.

"I think I agree with you," the President finally remarked, abruptly ending the discussion. Separate administration seemed by default to be the decision. Meanwhile Roosevelt's personal choice for the post, General Hugh S. Johnson, who believed that both programs could succeed only if jointly and aggressively administered, waited outside to be formally announced as the administrator. "Is there any way we can select the administrator of public works at once?"

FDR continued, seeking suggestions. Silence reverberated. Secretary of Labor Frances Perkins, the first woman ever to serve in a Cabinet position, recalled her choice of the Secretary of Interior. "Honest Harold" Ickes had the administrative talent, she thought to herself, as well as a good "social point of view" and the ideal department to handle public works.

Finally Miss Perkins suggested Ickes, to the latter's feigned amazement and to Roosevelt's evident pleasure. He liked the suggestion, FDR explained, because he was against "so many independent agencies." Secretly pleased, Ickes mumbled his acceptance. "All right, you are elected." A committee would handle public works, declared the President; Ickes would be chairman.

A thorny problem of administration had been politically solved to Roosevelt's satisfaction. Ickes would be a tough, efficient, prudent, economical administrator. Hugh Johnson could run the NRA, thus placating the pro-business and Baruch elements, although the latter already had their candidate, George N. Peek, as administrator of the agricultural recovery program. FDR asked Johnson in to hear the news. He grew "purpler and purpler" as the President dictated the necessary executive orders setting in motion the public works program, authorizing $400 million for highway construction and another $238 million for naval construction, long a presidential favorite. The meeting adjourned, and Roosevelt quickly sent Frances Perkins to sooth the ruffled feelings of a bitterly disappointed Johnson.[19]

And so did Roosevelt casually divide against itself a prime administration recovery program. It seemed a most appropriate culmination to his sometimes bizarre decision-making processes as they had developed during the Hundred Days. In fact this had not been one of the oft-acclaimed "snap" decisions, at least not completely. Ickes had urged separate NRA and public works administration on the President ever since May 16, the day before he submitted the legislation to Congress.[20]

Hurrying from the Cabinet meeting, the affable Roosevelt met the press at 4:15 for his Friday afternoon conference. After some good-natured joking about the preparations for his and the accompanying correspondents' yachting vacation, they got down to business. In fifteen minutes he covered questions relating to the immediate administration of NRA and public works. Turning to inquiries about rumors from the Economic Conference which had officially opened four days earlier, he did his best to deny that any stabilization plan had been proposed, which was the thrust of most of the questions. After this last public appearance of his official day, he concluded the afternoon's dictation. But before six o'clock one telegram and part of another arrived from the delegation in London. Immediately he summoned a special meeting of his available monetary advisers: Moley, Acheson, and the ailing William H. Woodin, Secretary of the Treasury. Between six and seven o'clock they discussed recent developments and prepared a tentative reply to the delegation's queries. This reply could not be completed, however, as two of the telegram's three parts had not yet arrived from State Department decoders. Shortly after 7:00 FDR closed up his office, went for a swim, and dined with his family and staff. Thereafter he discussed with his staff final plans to operate the White House during his proposed two-week vacation. Just after eight-thirty, smiling but tired, he boarded his special train for Massachusetts. For him the Hundred Days was over.[21]

Roosevelt had lived it to the hilt, as he would soon begin his cruise in a 41-foot, open yacht, Amberjack II. Tugwell confided to his diary:[22]

> The truth is that F.D. really loves the appurtenances of the job. He savors completely the romance and significance of each experience. He works hard and honestly though, and I am glad he does get such a big kick out of it. The White House has been made liveable again, too, and he seems quite as much at home there now as he did in Albany. His health is good. He seems not to worry--and he knows people will not always love him as they happen to at this moment--which prepares him for the inevitable.

Although exaggerated by official statements, a New Deal had been legislated. Roosevelt had delivered on his inaugural pledge of "action, and action now." Domestic priorities had come first throughout the Hundred Days. That had been the overriding necessity, economically and politically. But the Hundred Days had also seen the World Economic Conference launched. For all practical purposes, FDR appeared as its major sponsor, breaking the proverbial bottle of champagne over the conference's bow with a round of diplomatic visits and negotiations in Washington during April and May. Currency stabilization and other hopes had been sown by the Americans. June 16 therefore marked the end of domestic affairs for the Hundred Days; but the related and crowning peak in foreign affairs was just building momentum. Soon the President would be forced to act on the WEC's proposals, but he would view it from the domestic policy context that he had thus far developed.

All of these events had distant origins. But for FDR, as for Moley, Douglas, Tugwell, and other key presidential advisers, the crux had come in November 1932 when New York's Governor Roosevelt had been elected 32nd President of the United States during the nadir of the country's worst depression ever. The preparations and planning for the presidency and a new deal began shortly thereafter and on March 4, 1933, presidential power flowed to Roosevelt. Key policy advisers were often at his right hand. Their personal relationships were a central force in the developments of the early New Deal.

Such relationships between Roosevelt and his close advisers explain much about the long interregnum of 1932-33 and the Hundred Days. Above all, in the making of policies, decisions, and presidential leadership, those relationships help illustrate the major theme of the era: FDR's growth into the presidency as he formulated domestic and foreign policy programs. An examination of these relationships affords a better understanding of Franklin D. Roosevelt and the early New Deal.

CHAPTER II

ROOSEVELT AND MOLEY

On election eve, 1932, a fire blazed in the red brick fireplace of the high ceilinged, walnut panelled library in the old home of the Springwood estate in Hyde Park, New York. Winter filled the air along the Hudson River, the scene of so many fond childhood memories of the big home's master. The 1932 presidential campaign was ending that night. A radio played in the background. Before the fireplace Franklin Delano Roosevelt, the Democratic nominee, talked calmly and goodnaturedly with Raymond Moley, the Columbia professor who had done yeoman work on the coordination of materials, the organization of ideas and the writing of speeches during the campaign.

They sat alone and talked quietly, Moley recalled, of the campaign and the gathering economic storm clouds, the falling prices, the growing unemployment. Moley silently reflected on the rewards of his service to the governor of New York. "I had worked those long hard months," he mused, "to justify to myself the expenditure of a lifetime's effort to learn, to earn the right to learn more, to see how the common good might be served through a better understanding of political forces." But now the lesson was over, the job well done, and soon he would return to the teaching and other academic activities that he enjoyed so much.

About that time the voice of a woman orator came over the Republican radio hour. She appealed to women to support the Republican party and their programs.

Roosevelt sat up, listening. He had not made a speech especially to women, he remarked to his chief Brains Truster. Perhaps they should arrange to do so. Moley cautioned against it. All of his years of teaching girls and women, he explained in his slow, careful drawl, had taught him that they did not like to be approached and treated as a sex apart. Women wanted to be treated like everyone else. The candidate listened in silence. More remarks were exchanged. Roosevelt agreed, at length, that the professor was probably right. After all, he had done the teaching, he had the experience there. They resumed their earlier rambling conversation. The Republican appeal to women went unanswered. It did not matter. The election was already won.[1]

The incident has a larger significance. It illustrates one of the most important personal relationships that enabled Roosevelt to win the Democratic nomination for president, to conduct an issue-oriented campaign, to win the election, to prepare further for the presidency, and then to become the political croupier of the New Deal. The relationship had roots as far back as 1928 and it endured in a changed form through 1936. The background of Raymond Moley and this intimate and loyal relationship, therefore, is a key to

understanding both Roosevelt by 1933 and the complex and stimulating Hundred Days, the most crucial part of the early New Deal.

II

Born in northern Ohio one year after Grover Cleveland was first inaugurated, Moley was raised in an Irish Catholic family which reverberated to Democratic politics. His first political hero was William Jennings Bryan, during the 1896 "cross of gold" crusade. But shortly he shifted allegiance to Cleveland's famous reform mayor Tom Johnson. In the meanwhile, Henry George's Progress and Poverty captivated him. Always thriving on Democratic reform politics and an avid reader, the young man searched for more. Seeing education as the gateway, he put himself through Baldwin-Wallace College. Afterwards he won a teaching position in Olmsted Falls, then a rural adjunct of western Cleveland. Soon he worked his way up to superintendent over three teachers and pursued his twin passions of teaching and politics. The village twice elected him clerk, and then mayor in 1911. Moving upward, he began teaching at Cleveland's West High School in 1912 and moved on to Western Reserve University in 1916. There he taught three years, having rejected in 1917 a chance to run for the Ohio legislature. It was an important decision. For along with learning, teaching and writing became his main ambitions. Elected office he permanently cast aside.

The Democrat Woodrow Wilson excited the rising teacher as much as did Republican Progressivism. Moley decided to follow to some extent the professorial path toward politics. Already he espoused Charles Van Hise's Concentration and Control, a work advocating the acceptance and regulation of bigness as an alternative to trustbusting, which would later flourish in his attitudes toward business. But the young teacher needed more preparation. His quest for learning had led him east to Columbia during summers, and eventually to a Ph.D. in 1918 under Charles A. Beard and others. With this degree in political science, he continued only one more year at Western Reserve, resigning in 1919 to become director of the Cleveland Foundation. There he specialized in criminological research, which helped in the movement for the reform of Cleveland's system of criminal justice. This led to a professorship at Columbia in 1923. Here he continued to develop his orderly techniques of research and organization, as well as to polish his writing skills. For over five years, along with his teaching, he conducted various statewide researches and published studies of State court, prosecution, and police systems.

Louis Howe met Moley in 1928 as a result of the latter's growing reputation for work in criminal justice. Impressed, Howe introduced the professor to his chief, then running for governor of New York. This resulted in Moley working for four years on Roosevelt's Commission on the Administration of Justice, as a part-time adjunct to his teaching. All of this work made him quite available by the early part of 1932 to direct what would later become known as

the Brains Trust. Although this peculiar institution would have little to do with the later formulation of policy guidelines, it nevertheless went a long way toward providing Governor Roosevelt with new ideas, political and economic, as well as the research and the drafting of his campaign speeches. As Moley later put it, "The opportunity to join in FDR's campaign was what any professor in my field would have given his right arm for."[2]

By late 1932 Moley had made a name for himself by his forte for researching and organizing, his talent for clarifying and simplifying complex and sometimes dull issues, and his knack for putting those into cogent and vivid language. Throughout the Brains Trust period and the presidential campaign, he performed these services for the Democratic hopeful. Moley possessed strong views, personality, drives, loyalty, talents. Slightly stocky, just under six feet tall, with a long face, jutting nose, and shrewd smile, his appearance seemed like a "canny but benevolent hawk." Adept and lucid in his prose, intelligent in his thinking, efficient in securing results, he always quested after more learning. A mature professor of forty-six, he insisted upon precision, clarity, and organization over anything less; and he had a shrewd eye for choosing the right man to help with the right job. While usually affable in manner, it was also true that Moley's temperament made him difficult to work with, at times irascible, and generally not a team player. Or as one observer later put it, he had a quick temper and a "phenomenal absence of tact."

But these were by no means his dominant characteristics. Often witty, at times dry and humorless, sometimes secretive about his tasks, usually zealous in protecting his prerogatives and ideas, continually puffing a cigarette or clenching a pipe between his teeth, Moley's dark brown eyes and acute senses had accumulated much learning by the time Roosevelt was elected president.[3] And he had proven himself both loyal and useful in many ways to FDR. As a result, their personal relationship seemed to be based on an implicit trust. That was why Roosevelt and Moley sat alone at Hyde Park on November 7, 1932.

III

Roosevelt had made a long and, in some ways, diligent preparation for the presidency. Born and raised a patrician landowner along the Hudson River of Republican upstate New York, schooled as a gentleman at Groton School and then Harvard, where he graduated in 1904, he learned enough law at Columbia to pass the bar exams, but he did not linger to graduate. Although stimulated by personal contacts in his municipal court work for the Wall Street firm of Carter, Ledyard, and Milburn, he nevertheless saw no future in that area and corporate law bored him. In 1910 he entered the Democratic party and won election to the New York State Senate, where he was joined in 1911 by his thereafter lifelong companion and political mentor, Louis Howe.

After 1912 and the victory by Wilson and the Democrats, Roosevelt embarked upon a successful national political career. He served as Assistant Secretary of the Navy during the Wilson presidencies, made a colorful and vigorous bid for the vice presidency under Ohio progressive James M. Cox in 1920, and defeated polio in the 1920s to the extent that he could re-enter politics with an increased social awareness and a steely determination to succeed. Elected governor of New York for the first of two terms in 1928, he found Alfred E. Smith's incumbency a difficult performance to follow; but follow it he did, with mixed success. A man of many facets, but one who carefully kept his own counsel, FDR increasingly compartmentalized his personal life, his thinking, and the different parts of his political career during his advance to the top of what Benjamin Disraeli once shrewdly termed the greasy pole.

One deep-seated characteristic of Roosevelt's political personality was later described by long-time acquaintance Louis B. Wehle. FDR had an almost feminine sense of intuition which helped him to make judgments but without a methodical consideration of the matters of decision. Those who would argue a case logically, point-by-point, would bore him. He instinctively avoided sustained attention and mental efforts, particularly in the fields of economic, fiscal and monetary policy. "There intuition is at a discount," Wehle believed, "because understanding causes or visualizing results calls for mastery of complex facts and arduous abstract thinking

unaided by human-nature consideration." Whether or not that was a correct evaluation on the limitations of intuition, the latter trait formed an important part of the Roosevelt makeup.

All of Roosevelt's political success, however, was not without its drawbacks. His oldest son James found his father admittedly a lonely man on election night, 1932. "I'm just afraid," the new President-elect confided while being tucked into bed following his greatest victory, "that I may not have the strength to do the job." The governor realized that he was about to embark on an ambition of several years, an almost unbelievable challenge under the devastating depression conditions in America. He would need unprecedented help on all sides.

The quality of Roosevelt's achievements as governor had disappointed many people, whose frustration was perhaps reflected and articulated best by the influential columnist Walter Lippmann. He had failed to lead vigorously and forthrightly, Lippmann contended, and he lacked strong political convictions and a sound grasp of public affairs. Those alleged weaknesses had inspired the journalist's caricature of FDR in January 1932 as "a pleasant man, who, without any important qualifications for the office, would very much like to be President." Then supporting conservative Newton Baker, Lippmann had been right--in early 1932. He pointed out what Roosevelt had to face himself: the need for expert advisers who, incidentally, were not associated with the Democracy's

Old Guard. But as historian Frank Freidel and others have emphasized, one of FDR's great assets was his capacity for growth, the capacity to develop and meet new challenges and responsibilities.[4]

Roosevelt would grow into the new situation and circumstances. Thus had the Brains Trust arisen. But, as he talked with Moley at Hyde Park, the campaign was over, the presidency won, and the Brains Trust would dissolve. He would need personal and policy advisers besides those like Howe and Samuel Rosenman, who had a limited grasp of national affairs and high policy. More than ever he would need people whom he could trust, who were completely loyal, generalists who either knew foreign and domestic policy or who could learn about these areas. Above all, he needed someone who could write well, to express his leadership and ideas in a polished manner. Readily available, and perhaps the only man to fit most of those needs, was Moley. Some instances from the long interregnum illustrate how the relationship continued to grow and develop, amidst indications of trust and loyalty, as well as centrifugal forces.

IV

There were at least two basic differences between the Roosevelt and Hoover campaigns. The most obvious related to the depression's causes. Herbert Hoover envisaged the depression as worldwide in origin, development, and to some extent, solution. Roosevelt viewed it as a domestic calamity. Since he had politically defused the tariff and the League of Nations issues, he was free to move toward some form of economic nationalism. The second major difference was the governor's general, if imprecise, theme of social and economic planning with its implication of heavy federal spending, although this deviated from his pledge of government economy and a balanced regular budget. Hoover had stressed the latter; but he and the Republicans were silent on planning and its implications. When Rexford Tugwell gloomily predicted the worst economic difficulties ever, his chief responded with a characteristically ingenuous burst of self-confidence, illustrative of his passion for present-mindedness. "Yes, I know it," FDR conceded, "but there is nothing to do but meet every day's trouble, as they come. What terrible decisions we'll have to make! and sometimes we'll be wrong!" By 1932 such confidence was his way of life. But one point was clear: domestic recovery would get first priority.[5]

The telephone jangled in Moley's Claremont Avenue apartment early Sunday morning, November 13. Roosevelt's vibrant voice came over the line. Hoover had telegraphed concerning the pressing problems of the World War I intergovernmental debts. He asked that FDR come to Washington to discuss this issue. Would not Moley come to Albany to help formulate an answer? Moley would, and did. It would prove a fateful involvement, one he had no means of fathoming at the moment. He thought his service had finished with the election. Time and events would soon change that.

The European war debts were an exceedingly complex issue, a political and emotional as well as an economic dilemma, or at least that was Roosevelt's interpretation.[6] In essence the Hoover Administration, backed by a considerable segment of informed opinion in the northeast, was willing to bargain. They desired either cancellation, or a large reduction of the debts, for a quid pro quo elsewhere. Perhaps Congress, with FDR's assistance, would revive the old Dawes Debt Commission. This was *inter*nationalism, the international Wall Street banking approach, as opposed to the Rooseveltian campaign stance for *intra*nationalism, or economic nationalism, as it was also termed--meaning domestic priorities first.

After Roosevelt and Moley discussed it, they sent a noncommital reply. But FDR made one concession: he would stop in Washington for discussions on his way to Warm Springs for a vacation.

Moley returned to New York City. As planned, during the early part of the week, with help from Adolf A. Berle, Jr., and others, he drafted a series of questions on 3x5 cards for his chief to use in the forthcoming Hoover conference. One purpose of the questions was to gain information. For example, why did the debtor nations not use normal diplomatic channels to handle debts? Why have a renewed debt commission? What were the facts? The second purpose was more subtle: to prepare an inexperienced and, particularly on these issues, thus far little informed President-elect to handle the conference with the experienced, intelligent, opinionated Hoover.[7]

When Moley returned to Albany on the following Thursday, Roosevelt, to his surprise, asked him to come along to the Hoover conference. Moley had no inkling that he would be asked to go. As Tugwell noticed, FDR acted so quickly that he announced it to the press even before asking. "Moley knew nothing about it until he arrived in Albany about ten o'clock."[8] This sudden turn of events would eventually lead Moley to cast his die with the new administration, although he ostensibly delayed his final decision until February. And the debts issue would cloud Roosevelt's domestic policy preparations throughout the interregnum.

The Red Room of the White House provided the setting for the November 22 Hoover-Roosevelt talks. Ogden Mills, the experienced Secretary of the Treasury, seconded the President. Moley aided and abetted the President-elect. The four men seated themselves and exchanged a few pleasantries. The atmosphere remained somber. Dislike and distrust were evident. The President, somewhat shyly at first, launched into an hour-long monologue. He declared four principles: the debts were honest business transactions; each country was a unit, each debt an individual transaction; debts and reparations were not related; and the United States must take into account the proven inability of some debtor nations to pay. Cancellation or default, Hoover stressed, would shake the American economy. The United States should extend some hope of

revision or reexamination, he went on, or face "grave repercussions" from Europe.

Roosevelt avoided a direct answer and proceeded into the questions from the note cards. Informative answers were given. The President then spoke on the need for a reconstituted debt commission. Roosevelt demurred, turning to the still silent professor. What did "Ray" think? Moley took up the case. Improvising, he asked that the new administration accept Hoover's four principles, plus a fifth. He threw in the idea of continuous negotiation for revision through diplomatic channels. Roosevelt and Moley had never spoken of this. But the President-elect "took it up at once." It got him out of a dilemma; it deferred real action until after March 4. It would eventually become the policy followed throughout the Hundred Days.

Accounts of the meeting differ; but two points are clear. Roosevelt's basic position on debts remained the same. He rejected the debt commission proposal in a statement issued from the train to Warm Springs. And Moley was catapulted back into the Rooseveltian circle; he had become Roosevelt's voice in foreign economic policy.[9]

Roosevelt needed expert advice. Sitting in the deep red carpeted, red draped room, candidly discussing major issues with the President and his Secretary of the Treasury, Moley would recollect, impressed him with the gravity of the situation and the governor's need of assistance. Tugwell had the same feelings and fears. It pleased him that Moley had participated in this conference. "The difficulty will be," Tugwell confided to his diary, that Roosevelt "will not always be careful to have continuing advice. He is apt to take it from me at one time, from some senator or congressman who happens to turn up at an opportune moment." Tugwell's was a prescient commentary.[10]

The conference in fact illustrates more about Roosevelt's lack of any well-thought out views on foreign economic policy than anything else. One reason that Moley, also an amateur in that field, had done much of the talking was because the President-elect knew even less. Of course, FDR also wished to avoid any appearance of commitment to the discredited Hoover regime. Events drew the governor and the professor together.

V

November in the hills at Warm Springs, Georgia, was pleasant; the daytime resembled late summer in New York. Moley arrived to confer further, bringing some memoranda on legislative ideas. Roosevelt soon brought up a new topic in his casual, almost diffident manner. He was formulating plans for his White House secretariat, he explained. Louis Howe would get his desire, to be a "man of mystery"; Steve Early would handle press relations; Marvin McIntyre would take care of appointments. But since Howe disliked the potential competition from the post of Administrative Assistant to the President, Roosevelt would abolish it. Although that position would not be available, Moley must be in the new Administration.

Moley recalled being surprised, and perhaps he was flattered; but his first reaction was unfavorable. Speaking against it, he carefully emphasized his desire to remain a free agent, his repeated campaign request to hold no office, his lack of propensity to work in harness with others, his desire to go on learning in his chosen professions of teaching and writing. But Roosevelt appealed to his pride with an unprecedented expression of personal confidence. He could be Assistant Secretary of State, with official status but without statutory duties. Thus he could continue to work in his own way, "giving me confidential assistance." The title would grant the authority needed to deal with important people. Everything else would be the same. "I don't have to tell you," Moley remembered Roosevelt's saying, "that I've found it easier to work with you than I have with anyone else." And the problems of selecting a Cabinet and preparing a legislative program loomed large. Although tempted by and perhaps proud of this expression of trust and confidence, Moley reluctantly declined. Both men agreed to defer a final decision.[11] Their personal relationship, however, was deepened that day.

Roosevelt may have been the man with the best political and administrative experiences upon being elected President; but he was not the best prepared intellectually for that office. So he turned almost naturally to men like

Moley who had been trusted and loyal subordinates during the campaign.

VI

As the lame-duck 72nd Congress met on December 5, time pressed upon Roosevelt and Moley to prepare the new administration's lines. Authorized to do so, Moley began handing out and coordinating assignments for the preparation of legislation. Adolf Berle, one of the major Brains Trusters from the beginning, H. Parker Willis, drafter of the 1913 Federal Reserve Act, and others began farm mortgage measures. Will Woodin, soft-spoken and talented head of American Car and Foundry, ICC Commissioner Joseph B. Eastman, and others drafted bills to expedite bankruptcy proceedings, especially for railroads. Henry Wallace, editor of a leading Midwestern farm journal, Tugwell, and others went to Washington to represent Roosevelt on farm relief. Henry Morgenthau, Jr., and William I. Myers also entered the overlapping efforts on farm relief and credit. Old Progressive Samuel Untermeyer and Charles Taussig, sometime Brains Truster and business executive, worked on securities reform. FDR himself had asked sound money advocate and former Wilsonian congressman Swagar Sherley, Senator James F. Byrnes of South Carolina, and Representative Lewis W. Douglas of Arizona to work on governmental economy and reorganization. Others became involved and Roosevelt's lines of organization began to blur.[12]

No one person could possibly hold all the reins well. None could even hold them all except Roosevelt. It would become his administrative method, although it was not planned that way. The consequences were unforeseen and sometimes unfortunate. But the President-elect was growing into the presidency, adapting to the changing circumstances and the much broader needs of national government.

Later in December, Roosevelt again began probing foreign economic policy. This time the catalysts were Norman S. Davis, a Wilsonian diplomat and currently the American representative to the Geneva Disarmament Conference, and Secretary of State Henry S. Stimson. Harvard law professor Felix Frankfurter acted as liaison with the President-elect. A complicated series of events around Christmas led to Davis temporarily gaining FDR's ear, and to the prospect of a Roosevelt-Stimson meeting to settle foreign policy differences between the incoming and the outgoing administration. Continuity was the goal of Davis and Stimson. Moley returned from his Christmas vacation in Ohio to an unpleasant surprise. He and Tugwell were chagrined and fearful over the apparent sympathy of their chief to the internationalist Wall Street viewpoint in foreign policy.

The Stimson-Davis position, in essence, favored reduction of the war debts. This reduction, they thought, would stimulate price recovery, assure Anglo-American cooperation against Japan in Manchuria, and effect gains in disarmament at Geneva. At length Roosevelt agreed through

Frankfurter to invite Stimson to Hyde Park. January 9 was set as the date and they would confer alone.[13]

Upon learning of Frankfurter's liaison with the Hooverites, Moley displayed his temperamental side. Privately he "heartily" cursed Frankfurter to Tugwell. What about Frankfurter as Assistant Secretary of State, Tugwell asked? "My God, never!" came the heated reply. Tugwell afterwards noted some perceptive comments on his colleague. "Moley certainly has prejudices as well as dislikes," he wrote in his diary. "Yet he has intuitions too and sometimes is a lot nearer right than other people with better brains." Roosevelt would favor someone who had good political intuitions. Tugwell further observed that Moley also "has terrible fits of temper, though I have only had one fight with him in all of our association." In addition to these personal observations, Tugwell recorded Moley's suggestion that he (Tugwell) ought to be Assistant Secretary of Commerce. And Tugwell believed that his colleague would become "either Undersecretary of State or Administrative Assistant to the President."[14] By the end of 1932, then, insiders knew about both Moley's close relationship to Roosevelt as well as his prospects of receiving an administrative post.

The proposed Roosevelt-Stimson meeting evidently persuaded Moley of the need for a careful personal record. Not having the time himself and perhaps feeling the need for secrecy, he began dictating or telephoning the day's events to Celeste Jedel, his trusted assistant, who began keeping a diary for him. An attractive twenty-two year old brunette from Barnard, she had been one of his honor students before coming to work as his personal secretary.[15] The flavor of Moley's increasing involvements on behalf of the President-elect and his policy preparations can be savored from this early diary entry:[16]

> At six-thirty R.M. went to see the Governor at 65th Street. They spoke of the Claudel matter (France and the debts); of Owen Young and the article about him in the Nation; of the Virgin Islands, Porto Rico and Cuba; of Untermyer /sic/ and his stock exchange regulation ideas (also bank affiliates) and Pujo Committee recommendations; of the railroad receivership problem (. . . Berle is now at work on a receivership law in connection with his work for Baruch on the Coolidge Committee); of the domestic allotment plan and the course of the bill in Congress; of the beer bill; of the budget and the Jimmy Byrnes' (Senator) resolution relative to the presidential powers of reorganization of departments and bureaus; then of John Dickinson as a possibility in the State Department--high up. . . .

The Roosevelt-Stimson parley occurred at Hyde Park on the blustery winter day of January 9. An amiable encounter, perhaps eased because both men shared a New York aristocratic background, their conversation seemed to contain at least appearances, and possibly more, of agreements. Secretary Stimson afterwards noted in his diary that FDR had an "hereditary interest" in the Far East and that the Hoover-Stimson policy of nonrecognition was acceptable. The disarmament policies of the Hoover Administration were also acceptable. But Roosevelt evidently did not grasp the full implications of the preparations in London for the World Economic Conference. In particular, the Secretary had stressed the "psychological importance" of removing the debts barrier from the path of the Conference and the monetary stabilization was the first step toward domestic economic recovery. Stimson believed Roosevelt accepted these key internationalist positions.

For his part, the President-elect objected to the idea of his appointing commissioners to begin negotiations with the British and the French on the debts, disarmament, and the Economic Conference. If this were done, he feared two results. First, any appointees might be misinterpreted as Cabinet selections. And second, from his campaign experiences, he believed he could get an unpopular debt settlement through Congress better on his own than in collaboration with the discredited Republicans. But the areas of apparent agreement superseded these lesser matters.

Six days later Roosevelt and Stimson conversed again, this time by long distance telephone. There now seemed to be more agreement. On this occasion Roosevelt showed markedly less inclination than previously to keep war debts and other economic matters separate in any preliminary discussions held before March 4. The governor, Stimson recorded in his diary, had even used New York banker Russell Leffingwell's illustration that the debts and the Conference were interconnected, "that you couldn't tell which was the hen and which was the egg." FDR further agreed to meet Hoover again, later that same week. This time Stimson would also attend, along with Mills and Moley. The Hoover administration

prepared to affirm and publicize the agreements.[17] Roosevelt seemed headed away from his earlier commitments to domestic recovery first.

In the meantime, just prior to the second Hoover conference and the rush of Cabinet recruiting, Moley spent a revealing day with Roosevelt. The events of the noon hour are illustrative of their confidential relationship. Elliott Roosevelt, FDR's second eldest son, joined them for lunch. Elliott described an offer he just received from the governor of a Mexican province to do some publicity work for a highway the province was constructing. Should he take it?

With the father silently looking on in approval, Moley launched into a no-nonsense lecture on business ethics to the son. "Yes, take it," Moley advised. "But," he warned, "make it <u>public</u> for what you are employed, by <u>whom</u> and for <u>how much</u> salary. Above all things be careful you don't do anything anyone could criticize--take no commissions, and do everything openly above board, etc." As James Roosevelt's memoir suggests, "Pa" had difficulty in dealing directly and personally with his sons. In this case, he sat back and allowed Moley to say what he himself could not, but which evidently needed to be said. Indeed, Moley was more than a "packhorse" in Roosevelt's great affairs.[18]

VII

January 20 proved to be the turning point for Moley. It was the date of the second Hoover-Roosevelt confrontation

in the snow-covered, bleak nation's capital. Secretaries Mills and Stimson backed the President. Moley seconded the governor who, it developed, was again reluctant to engage in a verbal tussle and needed all the support he could get. Norman Davis, casually invited by Roosevelt at the last minute, sided with his ideological counterparts in the Hoover administration.

At issue for Roosevelt and an impending New Deal was intranationalism, rather than internationalism, as an immediate approach to recovery from the depression. Stimson recorded that FDR's attitudes on the issues were "wobbly." Following an opening foray on the Far East situation, Hoover moved quickly into a ponderous but well-informed statement on the war debts. These he succinctly linked to the broader issues of international economic recovery and cooperation. His arguments included the idea of a quid pro quo in return for debt reduction. In lone opposition, Moley waged a last-ditch verbal battle for about an hour against the internationalist position. Discussion was long, heated, and sometimes circuitous. For the most part, however, FDR remained silent. Moley argued "for having debts and economic questions separately considered, albeit perhaps concurrently." As he privately confided afterward, "The point was to avoid the appearance of backing up any commitment, most possibly unofficial--previously made, or still to be made--by the Hoover outfit."[19] Perhaps unsure of the implications of these issues, but with trust and reliance on his chief adviser, Roosevelt finally supported Moley. "Moley saved the day there," Tugwell noted in his diary, insisting on separate meetings there against Davis and Stimson and even against F.D.R."[20]

Since the conference ended with only partial agreement, Roosevelt and Hoover concurred in having their aides produce a statement for the press, which Stimson and Moley adjourned to prepare. Over in the State Department, this time with the fluent Tugwell as an ally, Moley stood forth against the Secretary--again for separate negotiations, for domestic priorities first. With Herbert Feis and Harvey Bundy as onlookers, Stimson, reluctantly but gentlemanly, finally conceded to a compromise statement. But he continued to grumble that FDR had shifted positions on debts and the economic matters; and likely he was right. Nevertheless, this announced policy statement counted, not whatever Stimson had gotten earlier from talking with the President-elect.[21]

Even as Roosevelt left the meeting and entrained for Warm Springs for a last vacation and more conferences, Moley had become inspired by economic intranationalism. Also frustrated over a lack of public credentials from his chief, he now visualized a post in the new administration both as a chance to help translate intranationalistic policies into action and as another meaningful learning experience. So he arranged to go to Warm Springs himself.

Before his departure on January 30, Moley had a long talk with Tugwell about their futures. When he told his colleague that he planned to "suggest that we have places in the new administration," Tugwell demurred about one for himself. Afterwards he reflected their mutual grievances when he recorded:[22]

> I advised Moley not to go any further in his present anomalous role. He has much work, many responsibilities, and no authority. F.D.R. is certainly not treating him--or me, for that matter--fairly in requiring so much of us without clear delegation. The Economic Conference will be a matter of great consequences and I am expected to enlist and brief experts who must be somewhat reluctant to go on without at least some credentials.

Moley had already been thinking about this problem. On January 19 he had jotted in his black pocket notebook, evidently referring to his teaching: "Raise Columbia question--when I have a title it will end." "When Raymond told me all this," ran Miss Jedel's comment after the January 20 White House confrontation, "he was tired and sore at heart. I think he deeply felt the difficulty into which the Governor had put him by carelessly inviting Norman Davis."[23] Both Moley and Tugwell learned more about Roosevelt's casual methods and habits as they continued to evolve. Both correctly concerned themselves about the line of authority between them and their chief.

Upon arriving at the Georgia resort, contact with the President-elect buoyed up Moley's spirit and enthusiasm. It provided a break from his hectic activities in New York and Washington. It also resulted in clarification of his authority under his chief. For three soothing days Moley basked in the sun, relaxing and lounging. On the morning of their first full day together, Roosevelt reassured Moley of his status as key adviser. "Never mind all this talk about the State Department," he flatly stated. "As to debts, you and I will handle that."[24] Again he explained that he wanted him as Assistant Secretary of State.

The next morning beside the outdoor pool, while Roosevelt exercised, the two talked again about the proposed position. Moley repeated his concerns, emphasizing that he would need the "good will" of the Secretary, that there was the possibility of adverse newspaper publicity, that his present position was "anomalous"--being "wholly dep.[endent] on F.D.'s confidence," and (perhaps facetiously) suggested the "Philippines as alternative." Writing rapidly in his notebook, he recorded the essence of FDR's remarks:[25]

> No you would be 8,000 miles away--Cordell can't express himself well--You would be a help to me--You can work with me--'shoot over to Europe' or & etc. 'You and Cordell can handle debts'--[interpolation by me to effect that I must handle matters affecting policies--]
> Yes--agreement
> [Then I must be fully in his conficence]
> Yes--
> [I may make mistakes but I am 1000% loyal]
> Yes I know it--
> And remember we went through the first campaign . . . then didn't have a mistake--
> I want to go over the inaugural speech--and have you take notes on it--

Later that same day, Roosevelt dictated a surprisingly omnibus statement of his adviser's duties in the new administration. These would include handling "the foreign debts, the world economic conference, supervision of the economic adviser's office, and such additional duties as the President may direct in the general field of foreign and domestic government."[26]

This authorization is important for several reasons. Perhaps it reveals more about Roosevelt's attitudes toward foreign affairs and the presidency than it does about the Roosevelt-Moley relationship. First, such authorization suggested that Moley would in fact be acting as secretary of State--even though being theoretically subordinate to the head of the State Department; and that the President-elect trusted him with almost limitless areas of policy. Second, it indicated that Roosevelt wanted a close personal adviser on vast policy areas; and by February that adviser was Moley. Third, the statement's very comprehensiveness also suggested that FDR intended to be his own secretary of State, albeit through Moley. Although the professor probably did not perceive the last of these points, he was loyal and willing. It remained to be seen whether a single adviser could manage such a broad scope of duties. In the meantime, however, in addition to being protagonist for economic nationalism and the supervisor of assignments for legislative preparations, Moley labored as liaison in other Rooseveltian affairs.

VIII

Cabinet selections also concerned the President-elect throughout the interregnum. The political problems involved were multiple: campaign supporters needed succor; old Wilsonians wanted representation; Roosevelt supporters before

Chicago had to be preferred in order to build his own party; progressive Republicans must be encouraged; and policy alternatives could not be shut off. At different times, Roosevelt sensed all of these cross currents, and more. Yet there was no consistent pattern to the selections. It would later become apparent that no appointee would outshine him, but no one knew that before the Hundred Days.

Negotiations for at least two of the posts illustrate Moley's central involvement, his relationship with Roosevelt, and certain policy options. On January 11 the two men held one of their first long talks over Cabinet personnel. FDR's preferences included his final choices for six of the ten departments, the remainder being Treasury, Commerce, Interior, and Navy.[27] Carter Glass for the Treasury and Cordell Hull for State headed his list. About to leave for a cruise with his millionaire friend Vincent Astor on the latter's yacht _Nourmahal_, he left these important confidential dealings primarily with Moley.

Between the two conferences with Hoover, Roosevelt had veered toward an internationalist approach on recovery. Carter Glass, known as a pillar in the Senate for the Democratic party, the old Wilsonians, and the sound money segment of the financial community, was the obvious--almost the dictated--first choice for the Treasury. Moreover, FDR at first agreed with this consensus. The Virginia Senator's health, however, was not strong; and neither was his wife's.

More important, he was skeptical about some of the President-elect's policy intentions.

In a lengthy talk with Moley on January 27, Glass laid down some conditions. First, he desired a free hand in selecting subordinates, including Russell Leffingwell as Under Secretary. Leffingwell was both an old friend and a J. P. Morgan partner. This condition, however, would soon be dropped. Second, Glass said he was "extremely worried as to what the Governor's policy would be as to inflation." The venerable Virginian had spoken to Roosevelt twice, on January 19 and 20, without receiving a satisfactory answer to that question. Moley jotted down Glass' views and phoned them to his chief the next day.[28]

Roosevelt was disgruntled, an unusual mood, upon hearing these views. "Make it perfectly clear," came the firm reply from Georgia, "that we simply cannot tie up with '23'" Wall Street. "So far as inflation goes, you can say that we are not going to throw ideas out the window simply because they are labelled inflation. If the old boy doesn't want to go along, I wouldn't press it." Glass would eventually refuse late in February, stating publicly that he thought his "usefulness" would be greater in the Senate. Privately he worried over his and his wife's health as well as inflation.[29]

Apparently the principle of sound money concerned Moley less than it did the Senator. "I am not against inflation," he jokingly parodied the Glass views, "but just you bring me any specific measure providing for inflation and see if I can't punch it full of holes." Senator James Byrnes, already reputed to be Roosevelt's "man" in the Senate, hoped Glass would accept. If FDR contemplated inflation, the canny South Carolinian cautioned Moley, it would be better to have Glass in the Treasury. Otherwise, he would be a "roaring lion" on the floor of the Senate.[30] In any event, Glass was stalling and evidently had no desire for the secretaryship. At length Roosevelt and Moley resorted to a ruse to get his refusal. After talking it over on January 19, Moley telephoned Glass and intimated that Swager Sherley--whom Glass suggested, if he personally declined--would be favorably considered. When FDR telephoned Glass shortly afterwards, the Senator finally declined. "Now call Will," the President-elect remarked to Moley, upon hanging up the phone, "--and bring him here at 11 tonight." Woodin accepted on the following day.[31]

Why did Roosevelt choose Woodin over Glass? Both political and policy issues were involved. Woodin, who proved to be a sound money man but also responsive to the President's will, had no public reputation and public fiscal views to defend. Glass did. Partly at issue with the Treasury post was whether to appoint someone whose reputation might seem to close off policy options. In other words, a fiscal decision became intertwined with a political one. FDR was now aware of the paramount political significance of the inflation issue and the domestic-recovery-first priority, despite the fact that only days earlier at the White House discussions he had seemed ready to commit himself to opposite views. Probably he favored inflation all along. Perhaps, as in his maneuvering with the Stimson conversations and at the January 20 conference, his inclinations toward an internationalist position reflected more of either his muddled thinking on foreign economic policy or his non-committal tendencies than either Moley or Tugwell realized. "Roosevelt is mulling over the budget [Directorship] matter--," Moley's diary recorded on February 20, "but he is still violently opposed to any direct statement on sound money."[32]

Secretary of State represented another key post. Cordell Hull, long an advocate of "fwee twade," as he would pronounce it in his Tennessee lisp, was evidently a Roosevelt choice for State as early as 1928. Doubtless this resulted in part from FDR's inclination before 1932 toward internationalist views on issues like commerce and trade. He spoke of Hull in glowing terms to Moley during the second week of January, stressing the Senator's dignity and high-mindedness. He also noted that this appointment would please the "old-line party leaders." Probably this was a major consideration. Neither Roosevelt nor Moley mentioned that Hull's ingrained internationalism might conflict with the current intranationalist ideas.[33] Probably the lack of discussion of the Senator's free trade and reciprocal tariff ideas suggests more about the President-elect's own pre-1933 policy leanings than it does about an apparent policy

conflict. And although Wilsonians Newton Baker and Owen D. Young were also briefly mentioned, Hull was both Roosevelt's and Howe's first choice from the outset.[34]

Roosevelt offered the secretaryship to Hull sometime on January 19 or 20. Two days later over the telephone from Warm Springs, FDR directed Moley to negotiate with the "gentleman from Tennessee" and to keep him informed on foreign affairs. Shortly thereafter, when the press began to speculate on this appointment, Senators Glass, Claude Swanson, Thomas J. Walsh, Key Pittman, and Byrnes all came individually to see Moley to object. Not only was Hull limited in his knowledge of foreign affairs, but it was an "open secret," one remarked, that tariffs were the "one string to his bow." Chagrined and concerned, on January 31 the professor phoned these pessimistic reports to his chief. He conveyed the senators' objections: that Hull would better fit into the Treasury because of his knowledge of taxation; that he could not handle men well; that his tariff views differed from Roosevelt's, at least as Moley knew them during the interregnum; and finally, that Hull knew little about foreign affairs. Silence ensued.

"Well," came the terse reply, "I will be glad to have some fine idealism in the State Department." Roosevelt's "dutch" was up. In a sense it was as simple and characteristic as the final machiavelian maneuver with Glass. Hull accepted two days later.[35] In fact FDR probably got exactly what he wanted in State, although it never occurred to Moley

at the time. Roosevelt never desired a strong secretary of State or of the Treasury. The omnibus statement of Moley's duties (including debts, a Treasury matter) leaves little doubt on that score. FDR had chosen Hull, however, long before he dictated the statement of duties to Moley, even though the depression had altered the economic circumstances since he first made the choice. In other words, the President-elect's commitment to economic nationalism was of necessity for the short-run. Over the long haul he probably inclined toward Hull's views.

Henry Stimson, known as a strong secretary, noted in his diary near the end of February that Hull's appointment did not project "a very vigorous administration from within the Department." That he termed "lamentable" because it apparently bore out rumors that Roosevelt would act as his own secretary. In fact Louis Wehle had warned Hull in January of a similar situation unless he could secure control over major State Department appointments.[36] Events of the Hundred Days would confirm Stimson's fears. FDR would be his own secretary of State in more direct ways than Stimson, Hull, or Moley would imagine. He would act privately and directly through Moley. The remark about "idealism" was a straw in the wind. His concepts of the presidency were developing; but not all would prove laudable.

IX

The March inauguration drew nearer to Roosevelt. By early February, the address he would deliver on March 4 still needed to be written. He therefore turned to the only person who would do for this highly confidential assignment. As proven by many well-received campaign speeches, the professor could handle the task. FDR had commented on Moley's drafting the inaugural address at their cheerful poolside talk on February 3. This speech collaboration also indicates Roosevelt's confidence in and need for Moley as a policy adviser and aide.

Back in September amidst the exhilaration of the campaign, on the eve of the Commonwealth Club speech in San Francisco, Roosevelt first discussed his ideas for the inaugural with Moley. In a long and animated conversation, he rambled over such ideas as the emergency situation that might confront the country in March. There would be the need for cooperation--which Moley labelled "discipline," the need for strong presidential powers, and others. Both men retired finally, after 2:00 a.m.; but some of the main themes had been outlined. Other discussions would follow, sporadically and unrecorded.[37]

On the evening of February 3, Moley accompanied Roosevelt on the latter's special train from Warm Springs to Jacksonville, Florida, where he was to embark on a cruise with Vincent Astor. The only other companion with them was

Edward J. Flynn, the sophisticated "boss" of the Bronx and probably FDR's closest political strategist. Flynn reflected later that he sat with the two in the President-elect's drawing room. "Here he dictated [to Moley] the suggestions of what he wanted in his first inaugural address. The notes were then turned over to Moley for elaboration and editing."[38]

As the three freely discussed each point, Moley jotted notes. The next morning, in his notebook, he turned these into over eleven pages of ideas. These ranged from the "World is sick" through a "self supporting nation." In New York City on the weekend of February 12-13, Moley began the work. Helped only by his two personal assistants, Celeste Jedel and Annette Pomeranz, he drafted two eight-page outlines. Then he drafted third and fourth outlines, containing sequences of ideas from the earlier work. He included such phrases as "a moral failure," "Under dictatorship if necessary," and "Tribute to people."

Outside Moley's cluttered office, it was the long winter of despair for most Americans--politically, economically, socially, morally. Across the stricken land the depression deepened. President Hoover contemplated calling on Roosevelt for cooperation, with the purpose of having him renounce in advance the "new deal." While a busy Moley drafted, scrapped, and redrafted, FDR relaxed somewhere in the Caribbean on the Astor yacht, preparing to go to Miami for an appearance which would result in a missed assassination attempt. On February 14 Michigan Governor William Comstock would declare an eight-day bank holiday, freezing $1.5 billion in deposits and precipitating a national banking crisis. As conditions worsened, some Roosevelt advisers contemplated what part, if any, they would play. Tugwell reflected on the elusiveness of integrity should he join the new administration. Berle wavered in his refusal to take a post. Roosevelt and his advisers considered plans as the nation waited.[39]

The blackening depression affected the drafting of the inaugural. "The inaugural speech is going to the left," Moley included in his diary. "The new Intra-Nationalism is going to be in the speech."[40] The two Hoover conferences and the economic debacle had swung Roosevelt behind Moley's economic nationalism. This was a critical decision. It would affect the course of domestic and foreign policy during the Hundred Days. Moley turned out a second draft the following week, amidst launching the experts' group on the Economic Conference preliminaries and rounding out the appointments for the Cabinet. During the last weekend of February, he finished still another revised draft. Finally, on Sunday night, February 26, he took the two-hour train ride to Hyde Park, carefully protecting the manuscript in his brief case. There in the silent house late Sunday night and early Monday, he finished the drafting to his satisfaction.

On Monday evening Missy LeHand and stenographer Margaret Donnelly dined with Roosevelt and Moley, engaging in

light conversation, avoiding the ominous topic of the depression. At nine o'clock the two men adjourned to the spacious library before a blazing fire, to work over the inaugural. The scene was softly reminiscent of their election eve get-together.

Roosevelt sat in one of his two high-backed leather chairs, carefully reading the draft. Moley silently looked on. Finally FDR spoke. He thought it best, he explained offhandedly, if the text appeared in his own familiar long-hand. Otherwise, Louis Howe might "have a fit." Moley dug into his briefcase, produced a yellow legal pad, and on it Roosevelt began writing, in his characteristically bold, slanting strokes. Together for almost four hours they con-versed over every sentence, adding a change here, another there, with Moley numbering the written pages in the upper right-hand corner as they were finished. Pausing occasionally after a sentence, the President-elect would read it aloud, noting his satisfaction. According to Moley, the basic text remained unchanged.

Diversions occurred, and the task proceeded until after 1:00 a.m. Around eleven o'clock, Moley etched the scene unforgettably in his notebook as well as his memory:

> Before the fire in the library at Hyde Park. Alone w.[ith] F.D.R. He is writing inaugural on a card-table. On the table letter from Lamont with direful warning re banks. Will Woodin calls. Cordell Hull calls. Silence. I am lying on couch. Glasses--whiskey for us. More writing. Talk re postal savings, bank to care for the people's money. 'How do you spell foreclosure?'

> A week--yes five days--this man will be Pres. of the U.S. Talk of Franklin (he was shallow) Jefferson best. T.R. range of his knowledge, F.D.R. artistic qualities, etc. Talk w. Taussig. Two

Moley paused, and added: "A strong man F.D.R.---." Finally, when his chief had finished, Moley dropped his draft into the dying fire, remarking, "This is your speech now."

Some changes in the text were made, evidently the next day. Moley described some of the rewriting and the ideas to his assistant. "The indictment of the bankers is F.D.'s idea (which came to him Sunday in church). But the good neighbor is R.M.'s." On the crucial issue of domestic recovery, "The part on intranationalism (though the passage is not so labelled) was dictated to Annette--as was the part on dictatorial power." That morning Howe dictated a new draft, changing only "about 50 words," all of which Roosevelt promised Moley he would change back to the original.[41]

Howe made one momentous change. One sentence contained what became a major theme of the speech and of Roosevelt's career. It was the stunning, often-quoted line, "the only thing we have to fear is fear itself. . . ." Where Howe got the idea is difficult to say. As one of Eleanor Roosevelt's biographers noted, however, it is plausible that Howe paraphrased it from an article she had published in December. "The worst thing that has come to us from the depression is fear," Eleanor had commented. "Fear of an uncertain future, fear of not being able to meet our problems, fear of not being equipped to cope with life as we live it today." In any event, wherever the President-elect's alter ego derived the "fear itself" phrase, it perfectly suited the times. Thus FDR shrewdly spotted a good phrase and also saw it, as he had with his 1932 acceptance speech, as a chance to encourage or reward Howe's efforts.[42]

Roosevelt therefore prepared the soon famous first inaugural with the completed draft from his chief policy adviser and with the garnish of a stunning phrase from his trusted friend and political adviser. But he hardly wrote it himself, alone and unaided, as he implied in the following disingenuous memo, dated March 25, 1933:[43]

> This is the original manuscript of the Inaugural Address as written at Hyde Park on Monday, February 27th, 1933. I started in about 9:00 P.M. and ended at 1:30 A.M. A number of minor changes were made in subsequent drafts but the final draft is substantially the same as this original.

X

By the end of February Roosevelt and Moley stood on the virtual eve of the presidency, an imminent but undefined challenge in perhaps America's bleakest times since the Great War. What was the nature of their relationship? Why was it so important? What kind of economic views was Moley prepared to espouse?

Even at this point the relationship was probably in reality more Moley-Roosevelt than Roosevelt-Moley. Practical politics, if nothing else, demanded this. From FDR's angle, he appreciated Moley largely because the latter was a tried and tested policy adviser who could be depended upon to give realistic advice, to handle a wide range of supervisory and liaison tasks, and (in Moley's words) to be "1000% loyal." In addition Moley possessed the polished writing skills, again indicated by his work on the inaugural, that Roosevelt sorely needed. This collaboration in writing was perhaps the major adhesive of the relationship--one which would continue to hold them together, after a fashion, until 1936. Roosevelt trusted Moley's advice on matters so diverse as lecturing his own son on business ethics to battling for the domestic-first campaign policy against the Hoover administration. In other words, he needed Moley. This is clear from the tasks delegated, from Roosevelt's reassurances of his continuing status in November and February, and the omnibus statement of duties. Certainly there were other advisers; but none occupied so important a position by February.

Was the relationship based on mutual trust and confidence? This is more difficult to answer, but perhaps less important. How far Roosevelt the politician-leader trusted or could trust Moley, or anyone, is questionable. The fact is that he kept his own counsel on most important personal, political, and policy matters; and his friends, insofar as he had any, were only those who had been loyal and dedicated for years. "The price was total dedication," indicated one writer, "--not to the Democratic Party, or to liberal ideals or New Deal goals, but to Roosevelt personally, right or wrong, zigging and zagging, even when his own means were unsavory and his ends most unclear."[44] After March 1933,

his loyalty had to be to himself because he embodied the institution of the presidency. Whether Moley's loyalty could be that total, to a man or an institution over principles, remained to be seen.

From Moley's perspective, on the other hand, many reasons drew him to Roosevelt. First and foremost, he welcomed the opportunity for a Columbia professor of Public Law to help turn policy into legislation. For a teacher, researcher, and writer, this presented a once-in-a-lifetime learning experience. Second, in the depths of the depression, FDR seemed to be the one hope for realizing needed policy changes. And he espoused many of the policies which Moley could believe in and sincerely articulate. Third, unless publicly repudiated, which seemed but a slim possibility, the professor stood to considerably enhance his own reputation, far beyond that of teacher and scholar. Although there is no contemporary evidence that he was attracted by "a glimmering vision of power,"[45] he had sufficient reasons to forge ahead. And actually, after the first and especially after the second Hoover-Roosevelt conferences, he found little time for reflection upon the foreseeable future or the opportunity to withdraw.

Being both loyal and cautious, however, Moley experienced some understandable concerns. Throughout the interregnum he (as did Tugwell) evidenced occasional concern that his private understanding with Roosevelt might not be understood or appreciated by others. The first such instance came in November, when he wanted to defer decision on the Assistant Secretaryship. But events led him forward. The second instance came after the January 20 conference (when Norman Davis backed the opposition), and it led directly to the statement of duties. The third occurred in late February when rumors spread that he would be "planted" as Roosevelt's "man" in the State Department (the gist of which was true); so he went to the President-elect to get his duties published as a rebuttal. He later recalled that FDR shrugged it all off, remarking: "Yes, Louis's been telling me about it. I really wish you wouldn't make the statement public." This caused Moley some chagrin.[46] He failed to realize that publication of his duties would have left his chief in an impossible political position. Neither Hull nor any other prominent Democrat likely would have accepted State under those conditions. And Hull had not yet committed himself. But adverse publicity bothered Moley, who was simultaneously loyal, sensitive, and vulnerable to criticism. Shortly thereafter he wrote a friend that he would remain with the government only "for a short time." But within a few days another enticement appeared. The McNaught Syndicate, publishers of several newspapers and American Magazine, offered him a contract to write either four short or one long article per week explaining administration policies. This he confided to Miss Jedel. "It may be the way out," she privately observed, "--independence and freedom from publicity--if

Raymond doesn't take office. He spoke most seriously of doing the Assistant Secretary of State for only a month."[47]

By February neither Roosevelt nor Moley had any real reason to doubt the other's trust. Moley simply experienced the same last minute concerns that most persons would have, following his arduous experiences since November. In fact his ally Felix Frankfurter advised him to raise these same points:[48]

> Your tasks at best will not be easy in the days and months ahead, and you are, therefore, entitled to have your status left in no equivocation and to have it as clearly defined as the nature of your duties will demand. Of course FDR is fine and flexible and generous about all these matters, but others are involved, and as time passes men's feelings of good sense and disinterestedness becomes frayed and fatigued. That is a situation easy to guard against at the outset and it is to the public interest that it be guarded against, not the least to the interest of the new President himself.

There is no implication from Frankfurter's advice of any real reason for doubt--only that the same should be prevented. Such concerns were reasonable, if prescient. Thus it is both speculative and peripheral as to whether mutual trust and confidence existed. Roosevelt needed Moley. Moley proved willing to serve under his chief's conditions. Considering the circumstances, their relationship was as strong as possible.

Last, what kind of economic advice was Moley prepared to render? Was he liberal, moderate, or conservative? Most of his writings appeared after he resigned from office in August 1933. Hence these contain the plausibility of enhancement derived from retrospect. Contemporary evidence does not indicate that he had the same degree of prescience about Roosevelt's intentions, purposes, and machiavellian ways as he suggested in After Seven Years, published in 1939. In 1968 reminiscences entitled The Brains Trust, Tugwell asserted that Moley's involvement and actions surrounding the conciliatory Boston speech at the end of the campaign denoted the beginning of his long journey toward the "conservative compromisers."[49] Other more contemporary writers did not hold that viewpoint. Writing in late 1933, for example, correspondent Ernest K. Lindley, already a favorably-inclined biographer of Roosevelt, described Moley as a hard-hearted realist and "a modern Jacksonian liberal, a sturdy nationalist and a man who never forgot the public interest." Writing in 1934, journalist J. F. Carter (the "Unofficial Observer") found that Moley's main contribution thus far to the New Deal was a "very sturdy and self-respecting nationalism." Both of these appraisals came before his public break with FDR in 1937 and his subsequent entry into the Republican party. But even after those changes, old Progressive George Creel wrote that Moley, "a professor without the hint of a cloister and its narrowness, was as authentic a liberal as I ever saw."[50]

Moley's interregnum activities and contemporaries' observations suggest several points. Realism and practicality formed his basic criteria for any policy. Second, although only incidentally discussed by the time of his Brains Trust service, he had accepted the ideas (which he traced back to 1912) that bigness in economic life was inevitable and that the problem was how to place it under some form of control. This concept (soon embodied in NRA) he would define more specifically as events in 1933 required; thus, coupled with a lack of contemporary evidence, it is tenuous to go beyond a general outline.[51] Third and more prominent, economic nationalism had developed into one of his major viewpoints. His advocacy of "intranationalism," articulated and advocated by the New Republic in June 1933, reflected a compromise between the internationalist aim of attaining free trade as nearly as possible (viz. Cordell Hull) and the nationalist aim of building an "unscalable" tariff wall around internal commerce (viz. George Peek). What Moley and others argued during the interregnum was that much benefit could be derived if different nations could be induced to act in harmony, or coordinate, their internal, nationalistic policies.[52] Part of this belief could be seen in his battles to keep war debts separate from other issues at the London Conference. He viewed these as business obligations which should not be bartered away under the illusion that doing so would help promote international cooperation and recovery (which Hoover and Stimson maintained in January). His contemporary view of intranationalism, as applied to domestic policy, is best defined in a statement which he drafted into the inaugural address:[53]

> Through this program of action [already proposed] we address ourselves to put our own national house in order and making income balance outgo. Our international trade relations, though vastly important, are in point of time and necessity secondary to the establishment of a sound national economy. I favor a practical policy of putting first things first. I shall spare no effort to restore world trade by international economic readjustment, but the emergency at home cannot wait on that accomplishment.

Fourth, some of his recommendations on needed reforms, as with the example above, can be seen in other passages of the inaugural speech, a topic discussed at length later.

These and other of Moley's economic views suggest that by 1933 standards he was a middle-of-the-road liberal. In other words, he was a moderate who would lean more toward business than government, more toward cooperation than compulsion. Those views embodied the type of advice he could be expected to render. The degree to which Roosevelt would act upon such advice suggests how far the President himself inclined in those directions. In the long run, due to circumstances and the combination of his principles, experiences, and temperament, Moley's ultimate dedication would be to principles and conservatism over men and his earlier inclinations toward the left.[54] Yet that would not begin to become evident until July 1933.

On the eve of the inauguration, then, Roosevelt and Moley comprised an important team in many ways. Between them existed an indefinable, implicit bond which included need, confidence, and loyalty. But neither knew, nor had the time to evaluate, the depth of those characteristics within the

other. On Thursday, March 2, Moley boarded the train for Washington with the Roosevelt entourage. There they would confront a multiplicity of imperative problems, all of which would be deferred temporarily in order to meet a national banking crisis.

All the while, moreover, other important policy advisers had been forming a Roosevelt team. While Moley remained the most important and most influential, the President-elect inspired other men who exercised differing degrees of influence upon him within their respective areas of interest and ability.

CHAPTER III

THE PRESIDENT-ELECT'S MEN

The Interregnum of Despair depicts the futile attempts of Herbert Hoover's Congresses to legislate without forceful presidential leadership, particularly during 1932-33.[1] During the last lame-duck interregnum, however, Franklin Roosevelt presided over policy preparations for his own presidency. In conferences with Democratic congressional leaders during November in Washington and December at Warm Springs, he outlined his major legislative goals. These included the domestic allotment plan, mortgage relief for farmers, revamping of bankruptcy proceedings, balancing the federal budget, repeal of the Eighteenth Amendment, and legalization of beer. Some of these had limited success, some would only come to fruition in the months and the year ahead.[2]

In addition to Raymond Moley, several other advisers helped with preparations. The more influential and important of these included economist Rexford G. Tugwell, agriculturist Henry Morgenthau, Jr., lawyer Adolf A. Berle, Jr., Representative Lewis W. Douglas, and banker James P. Warburg. The relationships of these men to Roosevelt and their handling of top priority policy matters illuminate much about his legislative goals, policy preparations, and his means toward these ends. Considering their influence and range of duties, the debonair Tugwell would rank first, all of whom were less influential at that time with the President-elect than Moley.

II

I am sick of a nation's stenches,
I am sick of propertied czars . . .
I have dreamed my great dream of their passing,
I have gathered my tools and my charts;
My plans are fashioned and practical;
I shall roll up my sleeves--make America over!

Unearthed and used by conservative critics in 1933 against the collectivistic views of "Rex the Red," this hopeful stanza concluded a long reflective poem composed by Rexford Tugwell in 1915, when he was a twenty-three year old college senior already concerned with remedying social ills. Born and raised in the small town of Sinclairville in southwestern New York, young Rex went to high school in Buffalo where his middle-income family had moved to settle on a fruit farm and to open a cannery. There he observed farming, but never worked at it. After high school, the studious young man went on for all three degrees at the University of Pennsylvania, completing the Ph.D. at its Wharton School of Finance and Economics. He taught there and at the University of Washington before accepting an appointment in economics at Columbia University in 1920. Educated as an economist, he never believed in or practiced orthodox economics. His forte was the concept of institutional economics. This meant, for example, that reform of a nation's economy had to be achieved by integrated, coherent planning, rather than by piecemeal efforts. The economy must be treated as an organic whole, a "concert of interests." One altered collectively the economic environment to improve human life, Tugwell believed, since human nature itself could not be radically changed.[3]

Slightly over six feet tall, athletic-looking, with iron-grey hair and an artistic, compassionate face, the handsome Tugwell served as a Brains Truster in 1932 who conversed at length with Roosevelt over economic and political problems and prepared numerous memoranda for speeches. On friendly terms with him prior to the campaign, Tugwell recalled that many of his more forward-looking ideas were not used in speeches by the Democratic candidate. FDR had determined instead to win the presidency as relatively free from political commitments as possible.[4]

From memories of their collaboration during the spring, Tugwell has left an indelible impression of Roosevelt as a professional actor. As his sometime teacher recollected, FDR was not really a handsome man when seen up close. His upper torso muscles were overdeveloped, his teeth irregular, his hair receding, discolorations hung under the steel-blue eyes, the chin jutted without projecting forcefulness, and his middle-age paunch grew. Roosevelt showed "more deterioration" than usual for a man of fifty. But all this mattered little. He "displayed determination if not youth," Tugwell remembered; "he spread optimism rather than gloom; he handled his cigarette holder as a mandarin might have used a fan; he smiled often, and his smile broke into boisterousness at the slightest excuse; he moved a good deal when he was behind a desk or table, and it was easy to forget his legs." Thus the Brains Truster concluded that cheerfulness and optimism were his "adopted image."[5]

Tugwell's relationship with and influence upon Roosevelt by late 1932 is difficult to assess fully. Tugwell stood for, among other concepts, a balanced relationship between production, costs, prices, and purchasing power. He also wanted <u>re</u>flation, an increase in the value of the dollar, to counteract the <u>de</u>flationary conditions in depression-ridden America. Bernard Sternsher, his biographer, concluded that his functions were those of errand carrier, liaison with Progressives and others, idea man, and publicist. Indeed, by this time Tugwell seemed personally close and intellectually stimulating to FDR. That may account for many of his trouble-shooting assignments during the interregnum. Yet their relationship was more intellectual than personal.[6]

It is important to note that few of Roosevelt's close advisers and Brains Trusters were willing to accept government posts in the new administration. Samuel I. Rosenman, Adolf Berle, Edward J. Flynn, Felix Frankfurter, General Hugh S. Johnson, Frank Walker, and others refused federal appointments, at least in the beginning. Forced to rely on few people and to put his confidence in even fewer, FDR found Tugwell available, willing, and able.[7] Some of the latter's inter-regnum activities on behalf of the President-elect show the extent of their relationship and certain policy preparations.

Farm relief, probably the best known of Tugwell's assignments, overlapped into the more limited prerogatives of Henry Morgenthau, and is thus examined primarily with the latter. Conflicts that arose, however, led Tugwell to criticize privately the governor's clumsy handling of the farm bill and his lack of precise thought in the area of agricultural policy. One incident may suffice. On the train to Washington bound for the January 20 White House conference, he showed Roosevelt a copy of a letter he had just written to Morgenthau suggesting several amendments to the farm bill. Tugwell stressed that all of FDR's advisers ought to agree beforehand on amendments so as to avoid "the same lack of coordination evident in the handling of the emergency farm credit bills." Commenting afterwards in his diary, Tugwell observed:[8]

> FDR has been <u>waking up</u> gradually to the far-reaching character of this legislation and asking some questions which show that he has never seriously considered the proposed machinery, at least in detail. He had made some real blunders in discussions with legislators and has left many things indeterminate in his discussions with them until they have begun to quote him on opposite sides of important issues. In this particular one he has been for operation [of crop reduction] only on cotton and wheat, for operation on cotton, wheat, hogs and tobacco, etc. He has been for Senator Smith's plan and against it. All of this for two reasons: he has from the first had the idea of <u>following</u> the lead of the farm leaders and not taking too positive a line of his own, and, because of this he has never got down to rigorous study of the bill in its various forms and has <u>not much judgment</u> of a positive sort.

Aside from his teaching at Columbia and his work with agriculture, Tugwell also participated in foreign economic policy preparations. In mid-November he had taken H. Parker Willis and Yale economics professor James Harvey Rogers to Albany to see the new President-elect to discuss Senator Carter Glass' banking reform bill. During this two-hour talk Roosevelt privately invited Tugwell to stay on until the evening when "Ray" Moley would arrive from New York City. When Willis and Rogers left, FDR and Tugwell discussed at length the current economic situation and the need for "fundamental relief." Earlier that day Roosevelt had announced to the press that Moley would accompany him to the Hoover conference on November 22. This development pleased Tugwell because it now seemed that the President-elect would continue using "academic advice," even though he could now command advice from all quarters.

That evening Roosevelt explained, though imprecisely, his view that the war debts problem was as much political as economic, since he believed that Congress and the country strongly opposed cancellation of the debts. Cancellation or reduction was therefore politically impossible. Tugwell would soon be swayed by this argument, as would Moley. The governor continued to imply his vague feeling that debts, disarmament, stabilization of currencies, control of worldwide commodity production, and tariffs should not be handled in one general discussion to prepare for the World Economic Conference. He later explained that he believed this because some economic problems could quickly become political, notably when public and congressional opinion became inflamed over them.[9] This policy of separate discussion of international economic matters and the intergovernmental debts, which FDR had mulled over, would be adopted ultimately on Moley's initiative. Tugwell did not attend the first Hoover-Roosevelt White House conference; but events pulled him, along with Moley, into foreign economic policy.[10]

Foreign economic matters also drew Tugwell into other Roosevelt policy activities. Soon he confided to his diary that the lame-duck session of Congress would be futile in terms of legislation, that "we shall have to have a special session for some of the rest of it--farm relief, banking reform, a measure regulating stock selling, government reorganization, etc." Perhaps reflecting the views of FDR, Tugwell's mention of a special session would recur in January.[11]

On January 16 Roosevelt and Tugwell had their first real disagreement over policy. Upstairs in the old white stone 65th Street house, with Moley quietly looking on, the articulate Tugwell tried hard to refute FDR's day-old support of Secretary of State Henry Stimson on "the non-recognition of Manchukuo." An early war with Japan, Tugwell argued over and over, would most likely result. Moley watched in careful silence, trying to detect whether the President-elect really had committed himself to Stimson's policy. His colleague's monologue flowed on, interrupted only by an occasional remark from the cheerful Roosevelt. He seemed "very pleased" with Stimson's cooperation, Tugwell unhappily observed afterward, and also expressed a "strong personal sympathy for China." He naively--Tugwell believed--"admitted the possibility of war and said flatly that it might be better to have it now than later." This dismayed the two professors. And the long talk on Japan and China had diverted their attention from agriculture, Tugwell's original purpose.[12]

Perhaps not only agriculture suffered that night. The long and pointed discussion may have weakened Tugwell's relationship with Roosevelt. Tugwell had been characteristically blunt. FDR disliked criticism, especially when his own ideas were not well developed--which was true in general of his foreign policy views at that time. Moley had observed it all; but he did not argue with his chief. Instead, he let his "more fluent and excitable" colleague do the talking. The incident passed without either adviser thinking about its possible effects on Tugwell's relationship with Roosevelt.[13]

On the train back to New York after the January 20 Hoover-Roosevelt meeting, where intranationalism became the Roosevelt policy, Tugwell and Moley decided to begin "preliminary arrangements" for the London Economic Conference. Moley preferred to deal with Bernard M. Baruch and other prominent Democrats. On the other hand, Tugwell wanted to keep all negotiations and planning among "experts." After talking it over, they decided to put the matter up to their chief. From New York, Moley telephoned Roosevelt at his Warm Springs resort for general instructions. Thinking it over quickly, FDR said they could have a "free hand" to continue with the preliminary arrangements. He further directed them "to keep this matter to a very few well qualified experts, letting the State Department work independently but cooperating with them and leaving [Norman] Davis out of it entirely."

Roosevelt preferred experts too. Having been so instructed, Tugwell immediately telephoned two long-time associates, Walter W. Stewart, a brilliant economist who had served as economic adviser to the Bank of England and later to the Federal Reserve Board, and E. M. Patterson, a liberal professor of economics at the University of Pennsylvania. Having just met and been impressed by banker James Warburg, Moley soon recruited him. The group would begin full-scale meetings in February. These different choices in a sense reflected their different perspectives: Tugwell was more liberal and left-oriented with an inherent bias against business, while Moley, although more collectivist-oriented in early 1933 than he later professed, inclined toward moderate, practical, and business-minded advisers. Thus each perceived "experts" from a different context.[14]

A few days later an unfortunate incident temporarily shook Tugwell's relationship with the President-elect. On January 26, the New York World-Telegram published a recent interview in which, continually using the word "we," Tugwell gave what the reporter interpreted as an authoritative forecast of the New Deal. There would be $5 billion for public works, he was reported as saying, along with direct federal relief and an expansion of the Reconstruction Finance Corporation lending activities. Sound money and a balanced budget were promised, but there were also damaging reports of administrative intentions to redistribute purchasing power and not to save the banks.[15] Moley called Roosevelt in Georgia about this turn of affairs and they discussed it. According to Moley's diary entry, FDR was "considerably upset by the incident and asked if Rex had been drunk. He doesn't want him to come down to Warm Springs." Tugwell, Moley later said, "feels very bad about the whole thing."[16]

Long and discursive policy conversations between Tugwell and the President-elect would dwindle thereafter. As one who always kept, or concealed, his own counsel on important political affairs, Roosevelt proved quite sensitive about this unauthorized disclosure. How far could he trust the flamboyant, sometimes arrogant Tugwell? Did his adviser realize the politically dangerous effect of such publicity? Like the depression in America, the cordial relationship between the two men reached its nadir.[17]

Other liaison involvements kept Tugwell busy during February. The Economic Conference experts' group met a few times; but it made little progress. The busy President-elect primarily caused this situation by declining to provide guidelines as to the shifting personnel of the group, procedures to be followed in the forthcoming discussions with the British, and his intentions concerning the gold standard.[18] Tugwell also sporadically inquired further into legislation regarding the gold standard. In January Roosevelt had asked him to check on the 1917 Trading with the Enemy Act, which

Tugwell mentioned on occasion in his diary. But FDR's purpose was not to prevent or handle a banking crisis, as it would later appear. Rather, he intended to use the act for management of domestic currency by embargoing gold exports. Near the end of February when Tugwell finally obtained solid information on the act from the Treasury, he found the Hoover administration contemplated using it as an emergency measure. "I was satisfied that if we had to go off gold," he wrote in his diary, "here was the means, but it needed a lawyer's explanation." Subsequently, upon instructions from Hyde Park, he got Senator Key Pittman to investigate further.[19]

In addition to such liaison tasks, the decision of whether or not to join the new administration confronted Tugwell. Moley informed him on February 10 that Henry A. Wallace, the articulate and knowledgeable publisher of the Iowa farm journal Wallace's Farmer, like his father and grandfather before him, would become secretary of Agriculture. Well-known in wheat and corn country as a progressive Republican, he held definite beliefs in the values of social justice and high agricultural prices. This appointment, Tugwell privately rejoiced, is "one hope come true!" Roosevelt also sent word through Moley that Charles Taussig, a molasses manufacturer and sometime contributor of tariff material to the Brains Trust, could have an appointment on the Federal Tariff Commission; that Adolf Berle could serve on the Federal Trade Commission; and that Tugwell could serve as Assistant Secretary of Commerce. The first two had declined, so Tugwell was offered his pick of the three posts. "Professor into national responsibility," he mused to himself, "is too great a change to be taken lightly." He would have to think it over.[20]

In the meantime, on February 17 Tugwell received authorization from the President-elect to go ahead with his arrangements for the meeting of the Economic Conference experts' group on Monday. Financier-speculator Bernard Baruch would become the new chairman.[21] Roosevelt looked upon this famous Democrat as a political necessity. The Baruch money, he would explain, was always a key element, a delicate intangible in the "relations" of Baruch with many prominent Democrats. One never knew who was "in" or dependent upon Baruch. Tugwell observed that Roosevelt played a shrewd political game with the old Wilsonian:[22]

> So much Baruch money has been spread around--as campaign contributions and otherwise--that it never does to criticize him publicly. But FDR is well aware of it and cautions us about it. The attempt to have him as chairman of the group is really, he says, a way of keeping him out of the cabinet.

A similar maneuver in June would keep Baruch away from the London Conference, with unexpected repercussions.

The next noon, Saturday the 18th, Tugwell brought Henry Wallace to see Roosevelt. After they had spoken for some time on the "general situation," Tugwell left the room briefly. Upon his return, both the President-elect and the newly appointed Secretary urged him to become Assistant Secretary of Agriculture. He could help, FDR smoothly explained, with departmental administration and reorganization. Tugwell protested, but not strongly, because he admired Wallace considerably. Yet he argued that he could better serve outside the administration, thinking, advising, and performing confidential tasks. That line of reasoning hardly registered.

"Yes," Roosevelt quickly agreed, "but Wallace wants you now and it seems a good thing to me." Tugwell's opposition quickly melted. Soon the three agreed that he could begin the dirty work of reorganization. I could do "H.A.'s surgery," he later observed, and then go elsewhere. Wallace could blame any bad publicity on Tugwell's reputed status with the President. Tugwell viewed it as good political cover. "I rather bewilderedly woke up on the way home," the new appointee put in his diary, "to realize how casually F.D.R. marshalled me into service."[23] That reflection is misleading, however, because only three days earlier he had decided to take the Commerce post that had been offered through Moley, a post the latter had been encouraging Tugwell to take since December.[24]

This appointment was a turning point in the Roosevelt-Tugwell relationship. During the Hundred Days the latter would become actively involved in agricultural adjustment legislation, administration and reorganization of the department, and formulation of a new food and drug bill. Yet while his interregnum activities as liaison and adviser reveal details on certain of Roosevelt's own beliefs about topics like farm relief, war debts, lack of an early interest in Economic Conference experts' conversations, and a gold embargo, such activities also indicate that Tugwell was not so influential with FDR as was Moley. The appointments offered before Agriculture--Commerce or either the Federal Trade or Tariff Commissions--carried no roving policy commission, as did Moley's. Tugwell's influence with Roosevelt evidently declined. His biographer commented that his "greatest contribution as an idea man was the intellectual curiosity he helped to arouse in the Democratic candidate in 1932."[25]

Tugwell nevertheless had been and would be an important New Deal figure. Perhaps this would be more on a symbolic level than as an influential presidential adviser. In the long run his views on an institutionalized economy worked to the benefit of the forgotten man and the forgotten interests. He backed the small farmer and sharecropper as against large farmers and landowners, the unemployed against what he considered business indifference, the consumer against dishonest advertisers and food processors. Or as one writer described him, by 1933 standards Tugwell was the sort of "radical intellectual" who had traditionally operated outside the political mainstream.[26] Now he seemed to have the ear of the Democratic Roosevelt as had reformers in the early 1900's with the Republican Roosevelt.

But even by February this was more symbol than reality. All the wire services had carried nationally his interview with the World-Telegram (which he maintained misconstrued his views[27]). It had surprised and upset Roosevelt. As a direct consequence, on his own initiative Tugwell arranged to have an "indefinite postponement" in publication of his forthcoming book, The Industrial Discipline and the Governmental Arts. "This may be overcautious," he noted, "but the last chapter deals with the relations between government and business and I don't want anyone to think that I am trying to force Roosevelt's hand or to get any additional prestige by association with him."[28] FDR needed Tugwell and his articulate liberal ideas, but not at a time or in a position when adverse publicity might affect a New Deal not yet legislated. The political risk was simply too great.

Roosevelt therefore acquiesced in Wallace's idea of having Tugwell as Assistant Secretary. FDR knew full well that department tasks like reorganization would be time-consuming, politically hazardous (this he mentioned in their conversation), and a restraint upon Tugwell's activities as a policy adviser. The Roosevelt-Tugwell relationship and the latter's activities as a publicist would become more important as something of an intellectual magnet to help pull the New Deal a little left of center. But during the Hundred Days, others would have closer access and more influence with the new President.

III

"To Henry," Franklin Roosevelt once wrote across a photo of himself and his long time friend, "from one of two of a kind." That inscription captured part of the essence of FDR's personal relationship with his Dutchess County neighbor, Henry Morgenthau, Jr., in that both had a similar sense of adventure and fun; both were prone to look for simple and direct methods to solve complex problems; and both delighted at practical jokes, especially at each other's expense.

Nine years younger than Roosevelt, Morgenthau was the son of multimillionaire investor, speculator, and diplomat, Henry Morgenthau, Sr. Raised in a New York Jewish family, never an intellectual as a boy or an adult, young Henry grew up loving outdoor sports and activities. Schooled at Exeter Academy, he made two brief tries at Cornell. Searching for a career independent of his father, he left Cornell finally in 1913 to buy a 1,400 acre dairy and apple farm near East Fishkill, a few miles below Hyde Park, where he set out to become a practical farmer. He first met FDR in 1915 at a political luncheon. Turning down his friendly neighbor's encouragement to run as sheriff, Morgenthau nevertheless cultivated the friendship for the rest of the two men's lives.

Building this relationship during the years after 1915, a task eased by similar patrician backgrounds, Morgenthau was frequently on hand to advance Roosevelt's personal interests and his political career. During the polio years of his neighbor, "Henry the Morgue," as FDR happily nicknamed his sometimes dour companion, spent endless hours at Parcheesi, listening quietly to Rooseveltian ideas and grievances. Purchasing in 1922 the farm magazine

American Agriculturist (one of two in New York), Morgenthau used it to support the rural philosophy of FDR, to back Governor Alfred E. Smith, and to build a personal reputation as an agriculturist. First as chairman of Governor Roosevelt's Agriculture Advisory Commission and then as Conservation Commissioner during the second term, Morgenthau continued to develop broad areas of policy agreement with his friend and chief. These included soil conservation, reforestation, and later, farm credit--but not crop reduction, which he opposed as impractical.[29]

By 1932 Morgenthau's relationship with Roosevelt included more than the apparent bonds of friendship, loyalty, and dedication. Above all, Morgenthau wanted to become secretary of Agriculture. Toward this end he had worked in the campaign to win farm support for the Democratic candidate. His long face usually unsmiling, his dark hairline prematurely receded, in manner at once brusque, diffident, shrewd, and suspicious, the blunt businesslike publisher had sterling qualities. But these qualities often remained unseen by Roosevelt's other policy advisers.

Farm relief legislation was a fundamental political and economic concern of the country as well as of the President-elect. Democrats had won control of both the House and Senate in the elections. Yet this control could not be effectively exerted until the new 73rd Congress convened, sometime after March 4. In the meantime, the lame-duck session of the 72nd Congress, with 144 representatives and

14 senators no longer accountable for their actions, would meet in December for last efforts at law making.[30] Concurrent and planned to coincide with this congressional session, a series of conferences of agricultural leaders, representatives, and friends of the national farm organizations would meet in Washington. Roosevelt therefore decided to dispatch personal emissaries like Morgenthau to work as liaison with Congress and the conferences to help formulate farm relief legislation.

Having worked closely with experts from Cornell University since beginning to publish his magazine, and particularly during Roosevelt's governorship, Morgenthau returned to Ithaca after the 1932 elections to gather new ideas for the forthcoming farm legislative efforts. There he pleasantly renewed his connections with George F. Warren, head of the Agricultural Economics Department, expert on scientific agriculture, and prominent propounder of the novel thesis that all commodities prices rose in direct proportion to reduction of the gold value of the dollar. Morgenthau also deepened his acquaintance with William I. Myers, a quiet methodical man who was a professor of farm finance and very knowledgeable in agricultural economics. It was primarily Myers who convinced Morgenthau that the farm credit crisis offered a problem both amenable to a practical businesslike solution and one which could be handled without much competition from other experts. Already Myers had some fairly well developed ideas for such a program, which he explained.

Morgenthau seized upon this issue for the reasons Myers gave and one other. He would also use it as a vehicle to win appointment as secretary of Agriculture.[31]

The President-elect, however, causually dispatched more than just Morgenthau as liaison to the farm conferences. Already handling other legislative plans, Moley received the task of coordinating efforts on both farm relief and mortgage legislation. He in turn asked Tugwell to go to the Washington conferences, since the latter knew both the issues and leaders like Henry Wallace and M. L. Wilson, popularizer of the voluntary domestic allotment plan. Baruch wrote Roosevelt in mid-December that some of "the [farm] leaders have requested to see me this week-end and I have agreed to see them but I shall continue to funnel through Morgenthau as you requested." At first neither Morgenthau nor Moley knew of the other's involvement, nor did Tugwell.[32]

Roosevelt conferred with his agriculture advisers in Warm Springs at the end of November and in early December. There Wallace first met him personally, under the most informal of circumstances, as FDR sat shaving. After conferring with him and then with Moley and Morgenthau, Wallace later recounted that the professor was the "clearest thinker" present, and that Morgenthau evidently wanted very much to get the Agriculture secretaryship, for which Wallace already had much support. After sending these advisers (except Moley) to the capital, Roosevelt personally telephoned Marvin Jones, a drawling, unobtrusive Texas congressman since 1917, who represented especially the cotton interests and who now served as chairman of the House Agriculture Committee. Jones remembered his cordial request that he sit down with the emissaries and work out "a farm bill as nearly as possible along the lines of the speeches I made in the campaign, but I want a practical farm bill." He immediately went to work, though not knowing all the representatives he would have to deal with.[33]

These beginning farm relief preparations indicate two major points. First, later AAA and farm mortgage policies, particularly the latter, were anticipated and outlined during December and January. Second, it became the first major instance of Roosevelt's overlapping assignments and casual handling which blurred lines of authority, agitating some of his close advisers. This latter point was not deliberate. It just happened.

Over the weekend of December 3-4 the Roosevelt advisers conferred with Jones in his House offices. Wallace, Tugwell, Wilson, Morgenthau, and Myers all attended the first informal meeting. Others like Mordecai Ezekiel, the soft-spoken and trenchant economist of the Federal Farm Board, attended later sessions. Jones had an emergency omnibus farm bill ready to discuss. During these meetings, Wallace, Tugwell, and Wilson argued articulately that the bill must be based upon the voluntary domestic allotment concept. Crop reduction achieved by government payments to farmers in return for their agreement to reduce acreage planted offered the only real solution, they maintained. On the other hand, Morgenthau and Myers forcefully opposed. They rejoined that production control was impractical and that administration and enforcement of individual allotment contracts presented "insuperable" problems. But even so, they would acquiesce in it, reluctantly, strictly as an emergency measure. The good-natured Jones, accepting the basic idea but trying to balance between factions, vacillated and, as Wilson later remarked, did not seem to have his course "marked out very clearly before him." After clearing it by telephone with FDR, the group agreed to postpone any action until after the farm organizations met on December 12. They decided nothing about the issue of farm credit.[34]

After this weekend of conferences Roosevelt summoned several of these advisers to Albany to discuss farm relief. Present on December 10 were Morgenthau, Myers, Tugwell, Ezekiel, and David L. Wickens, a specialist on rural credit in the Agriculture Department. At Morgenthau's request, Myers outlined his program for farm credit, which included an emergency measure to stop mortgage foreclosures, and a long-range comprehensive credit program for both farmers and farmers' cooperatives. "Okay, this sounds good; let's go ahead," Roosevelt finally remarked. "The agreed strategy on the farm bill," Tugwell would soon record, "has been to have the farm leaders adopt it and promote it in Congress; and on credit adjustment the effort was to have been similar." But that did not happen on credit. After the discussions Roosevelt delegated Morgenthau and Myers to handle credit measures--although he did not make that clear to the others. He also personally asked Tugwell to see through the same issue, after telling all the participants to work together.[35]

From the beginning, and for whatever reasons, Roosevelt muddled his delegation of authority. An unhappy personal rivalry between Morgenthau and Tugwell that lasted for months developed as one result of the Washington and Albany meetings. As one who knew both men, particularly the former, Myers correctly concluded that the "friction arose partly because of a basic difference of opinion in regard to policies to solve problems and partly, because of rivalry as representatives of the President-elect."[36]

In wintry Washington the scheduled farm organization conferences began on December 12. Representatives of all the major organizations attended, including well-known leaders like Edward A. O'Neal, head of the dominant American Farm Bureau Federation, Louis J. Taber, master of the older National Grange, and John Simpson of the radical Farmers Union. In the crowded main session on opening day, Morgenthau spoke as the "personal, unofficial representative of Governor Roosevelt." His suggestions, straight from Albany and plain-spoken, included: the new administration would try to pass a farm bill during the lame-duck session; no bill would be introduced by Jones without the rapid and unanimous approval of all organizations present; and Hoover's Federal Farm Board must go, but all of its constructive features would be retained. Morgenthau was blunt, but he was well received. That afternoon Tugwell spoke at length, volunteering "a good deal of information concerning what Governor Roosevelt thinks about the problems under discussion." Obviously he was competing with Morgenthau.

Morgenthau further developed Roosevelt's political strategy on the farm bill to the Jones Committee. They "should definitely accept the responsibility for its recommendations," he tersely suggested, "and not consider the proposed bill as an /FDR/ Administration measure." In this way the House committee's hearings could be used to prepare congressional guidelines and public opinion on AAA for the 73rd Congress. During the three-day conference one committee drew up a report on farm credit; but its simultaneous complexity and apparent political popularity resulted in no agreement. In one detailed memorandum of the daily discussions, Myers recorded the "strong feeling" that conferees considered monetary legislation more fundamental than farm relief. This issue would seethe and erupt during the Hundred Days.[37]

The general conference produced broad agreement on three issues. First, farmers' pre-1914 purchasing power should be restored by raising farm prices, to be effected partly through production control (which became AAA's title I). Second, it unanimously endorsed easier and cheaper credit for farmers, although means for this end were not spelled out (later title II). Finally, the conference gained unanimous approval for reducing the gold content of the dollar--the Warren thesis--in order to raise farm prices to 1921-29 levels (later part of title III). Most conferees reasoned that reflation would ease the debt burden by making money cheaper.[38]

During the rest of December and early January, while Morgenthau and Myers further developed their farm credit program, Tugwell grew annoyed. In a diary entry about his and his rival's growing publicity as "envoys" of Roosevelt, Tugwell--revealing his arrogant side--observed that Morgenthau "should never be trusted to do anything alone. I like him in many ways but he isn't long on brightness and he is so terribly ambitious now that it is almost pathetic." By January he complained to Moley about the larger issues as well. "Rex Tugwell came over and aired his grievances about Henry Morgenthau--," ran one Moley diary entry, "and the informal way in which F.D.R. conducts business--i.e. he never knows whether he, Tugwell, was to do a particular thing, or whether Morgenthau was to do it, etc."[39]

This conflict over authority soon came to the President-elect's attention, but without Morgenthau's knowledge. Roosevelt summoned Tugwell, Moley, and Adolf Berle for an evening session at his New York headquarters. He asked Tugwell to explain the apparent problem. Tugwell recounted his version of the conflict: Morgenthau had worked separately, on the "excuse" that he had not been told to consult Tugwell; and he himself had been afraid to mix in further for fear of more confusion. Moley acknowledged this. Upon FDR's request, the three advisers gave him their views on farm credit needs, a subject upon which none of them possessed expertise.

"After thinking it over," Tugwell put in his diary, "F.D.R. asked Moley to act as sort of a chairman and draw this thing together." There should be a postponement for a week or two, Roosevelt concluded. Then we could all agree on "emergency legislation, letting the permanent set-up go over until the Special Session" (the first time he mentioned one to them). He asked Moley to inform Morgenthau of the new postponement strategy.[40] But he chose not to speak to his neighbor in person. Two days later on January 12, Moley's long distance telephone conversation with Morgenthau began with the facade of cordiality and rapidly grew into a heated argument. Finally Morgenthau abruptly declared "that he would not desist until he got orders straight from the horse's mouth."[41] When Tugwell saw him later that day in Washington, they finally ironed out the situation. Morgenthau admitted that he had had "something of a row" with Moley, but he wanted no mix-ups. Tugwell retorted that he only wanted to "get the policy right," that Morgenthau should be consulting with FDR's other advisers, and that they had been instructed to let Moley "take the lead." There was "political dynamite" involved, he commented acidly, and the authority with Roosevelt had to be kept straight. So far as Morgenthau knew, the authority was straight; the others had butted into his business. He had just talked to the governor personally, he stated, and had been told to go ahead. "This amounted, of course," Tugwell afterward noted, "to Moley's being superseded without his being told." That evening he telephoned Moley in New York: "Since things had gone so far and F.D.R. seemed to be so careless about it, we had better let is rest." Anyway, there were a "thousand things" to do.[42] Both professors thereafter tacitly withdrew from that field of policy formulation. Roosevelt had shifted again, apparently trying to utilize and soothe everyone.

Tugwell and Moley's withdrawal proved fortunate because no one else had a well developed program. On the next day Morgenthau and Myers launched into an agenda of meetings with congressmen. By the end of January congressional committees had begun hearings and solicited testimony, particularly from Myers. The major proposals of Morgenthau and Myers, although later amended, included: establishment of county conciliation commissions to adjust debt levels where possible; establishment of an Emergency Agricultural Refinance Corporation to handle mortgages; liquidation of the Joint Stock Land Banks; improvement and reinforcement of the Federal Land Banks in order to provide capital for loans; provision for the Treasury to temporarily purchase FLB bonds; and authorization for the FLB's to extend the time on loan payments of worthy borrowers for the duration of the emergency.[43] In slightly different language, most of these proposals would become title II of AAA in May. In January and February, however, popular farm credit bills proliferated in the 72nd Congress. Along with political forces beyond Morgenthau's and Roosevelt's control, that accounted for the lack of significant credit legislation before March 4--despite voluminous testimony and substantial agreement that emergency measures were imperative. In early February Morgenthau returned from a journey to Warm Springs. He told Myers that the President-elect, after carefully reading the bills submitted to him, had signified his familiarity and "general agreement" with their program.[44]

While his chief's approval of their emergency measures pleased Morgenthau, the legislative stalemate dissatisfied Tugwell. Perhaps reflecting his chagrin over the World-Telegram interview, he recorded:[45]

> The Senate continues to dawdle about the Farm Bill, seeming neither to like the House version nor know what to do about it. Harriman and Ezekiel have been urging me to come to Washington about it; but I have resolved to give all my time and attentions to preparations for the coming economic conversations. They say Morgenthau is not so persona grata with the farm leaders as I am. All this trouble could have been avoided if there had been a clear allocation of responsibility for seeing it through. If F.D.R. would make up his mind about the Secretaryship [of Agriculture] it might yet be straightened out. As things go, various alternatives to the price parity allotment scheme are being listened to from Morgenthau and Myers and nothing is getting done. Provided no bill passes during this session, it will have to be first in order at the new session. I have told Moley all about it and he left last night for Warm Springs.

As Tugwell indicated, Morgenthau's unenthusiastic position on the domestic allotment concept did nothing to ease the congressional delay.

But despite the enmity of other advisers, Morgenthau developed a program which proved popular in Washington. That counted to Roosevelt. Even though he spoke indignantly to Tugwell near the end of February about Morgenthau's "campaign for the Secretaryship," and mentioned that he thought the Home Loan Board might be a good position for him, other evidence indicates that FDR had already promised his neighbor the chairmanship of the Federal Farm Board, perhaps as early as January. And that post embodied a broad mandate in the field of farm credit.[46] What had happened? All along Roosevelt probably told both Tugwell and Morgenthau what each wanted to hear. Temperamentally unable to resolve their differences, he let them battle it out. Both advisers became ruffled about each other's activities. But in the case of Morgenthau, policy advisers like Moley and Tugwell confronted a Rooseveltian characteristic which they could not defeat: personal friendship. FDR and his Hyde Park neighbor had been personal friends for almost two decades. He realized Morgenthau's dedication and loyalty. Both had been proven throughout his governorship and even before.

The President-elect's developing policy methods, as Tugwell and Moley now realized, were disorderly. Farm relief and farm mortgages policies were the first instances of this. It was due mostly to Roosevelt's peculiar temperament and political background. It was partly because he was not yet knowledgeable in many policy areas where he now needed trusted advisers, partly because he found it personally difficult to confront friends and loyal subordinates over apparent conflicts, partly because he was politically reluctant to close off any policy options. Possibly other reasons existed, unknown to his advisers. In any event, the handling of farm relief and credit preparations characterized FDR's growth into the presidency. If pitting advisers against each other was accidental and disorderly, it nevertheless obtained results. One result was that he would repeat the precedent. Another was more pre-March 4 preparation on farm policy, notably the mortgage and credit end, than on any other topic. Thus legislative recommendations in those areas came soon after his inauguration.

In terms of the Roosevelt-Morgenthau relationship by February, friendship had withstood the rivalry from advisers who were generally considered more important. While Morgenthau lacked Moley's skills and diverse areas of influence, and was less a thinker and idea man than Tugwell, farm credit had given the Hyde Parker an opening wedge of influence upon policy. It was partly because of his friendship that FDR assigned him the broad farm credit mandate, partly because he had a program. Already Morgenthau had a reputation as an efficient administrator. Usually he relied upon carefully chosen subordinates like Myers for expertise. He took their advice well, knew how to delegate authority, and never tried to bluff. Seldom did party politics and patronage affect him. Practical solutions were his aim. For these reasons, through Morgenthau, Roosevelt kept himself better informed on farm credit during the Hundred Days than in other areas where he lacked a trusted friend and adviser.

As an adviser, while flexible at times, by 1933 standards Morgenthau was a conservative Democrat, politically, economically, and fiscally. He often liked to attribute his "lasting financial conservatism" to his postwar difficulties in trying (successfully) to raise different breeds of apples. His opposition to domestic allotment, like that of his friend Myers, stemmed from sincere beliefs that it was administratively unworkable, that any attempt to raise a few commodity prices above general price levels would fail, and that even if the concept proved successful it would not alleviate the disastrous debt burden. Although generally a force from the right, in the area of monetary policy Morgenthau leaned to the left of center. He had long since been converted to the Warren thesis that an increase in the price of gold would lead to a general recovery.[47] His friendship with Roosevelt and their Monday luncheons during the Hundred Days would therefore indirectly bring the novel ideas of Warren into the White House long before other advisers knew of it. Even though Morgenthau's influence as a policy adviser was limited to a comparatively small arena, still he had advanced well on the way toward his twin ambitions of having a national public service career and being an adviser to his great friend.

IV

Adolf A. Berle, Jr., the third major member of Roosevelt's Brains Trust, ranked behind Moley and Tugwell in terms of contributions and later in terms of influence upon policy. Sometimes represented as the man in the middle during that group's early advocacy of some form of government control over inevitable economic bigness, Berle's high water came on September 23 in San Francisco, when the Democratic candidate read the Commonwealth Club speech that he, with some assistance from Tugwell, had drafted.

That address manifested the major strains of Berle's legal training and other experiences. Those strains included the Social Gospel, the new jurisprudence with Louis D. Brandeis' emphasis on relating law to the environment, institutional economics similar to that of Tugwell's, and the recent concepts of the so-called managerial revolution. On this latter subject, as co-author with Gardiner Means in later 1932 of his much publicized book The Modern Corporation and Private Property, Berle espoused the idea that control of giant corporations rested with management, that stockholder ownership was a facade. Therefore, ran the thesis, men of power within the corporate world must take the initiative in developing the new sense of social responsibility called for by Roosevelt in San Francisco.[48]

Born in 1895 the son of a rising and wealthy Ohio Congregational minister, at home young Adolf eagerly received schooling from his father in rigorous educational and ethical principles. Usually described as an "infant prodigy" due to his remarkable academic advance through Harvard, Berle entered at the age of fourteen, earned the B.A. three years later, and had the Masters and the Ll.D. by the time he was old enough to vote. Following Harvard, the young law graduate held the envied position of clerk to Justice Brandeis, during World War I he served with American intelligence forces in the Caribbean, and in 1919 he traveled to France as an expert with the American peace delegation at Versailles. Returning to settle in New York City, Berle developed into a highly successful corporation lawyer and an active participant in city Republican politics. During the 1920's he also became a prolific publishing scholar, particularly on topics concerning the relationship of the law to its economic and social environment. Deeply affected after 1929 by the depression, he elaborated his thesis that corporate management had too much economic power over private property. His writings led to a part-time law appointment at Columbia by the 1930's. He was therefore available in March 1932 when Moley canvassed the faculty for expert advisers to serve Roosevelt.[49]

A short and energetic man of slender build, Berle was a brilliant lawyer, a thorough economic analyst, master of a fluid writing style, as well as something of a moralist and a doomsday prophet. Capable on occasion of diplomacy, with his edgy manner and his impatience with those less intellectual than himself, he would sometimes explode into sarcasm and disgust. Like Tugwell, Berle was an independent thinker at home in the realm of ideas. Both often gave the appearance of diffidence, even arrogance. Sometimes alarmist in his views, a Roosevelt adviser noted, Berle was a man theoretically oriented toward liberalism who in fact had a predilection for the opposite.[50]

As a Brains Truster, Berle was less influential with Roosevelt than was either Moley or Tugwell. Berle participated in the spring discussions in Albany, contributed memoranda for speech drafts in the summer and fall, and saw his best effort emerge at the Commonwealth Club. FDR liked and respected Berle as an expert on railroads, corporate finance, debt structure, and other areas. Yet there was no real relationship, other than the cordial warmth and friendliness that the governor characteristically extended to all his advisers and acquaintances. Tugwell remembered only one specific comment by Roosevelt about Berle. Just prior to his departure in May for Warm Springs, FDR remarked, "Berle could work up something on debt and finance--you know, RFC, and mortgage foreclosures, and the stock market. . . ." The result--although Roosevelt probably never saw it--was a 38-page memorandum prepared by Berle and his law partner, Louis Falkner, the result of long discussions held in early 1932 by a downtown group that Berle would term the "Koffee Klatch." This prescient document analyzed how the federal government's economic policy should encourage and insure the economic safety of the individual amidst a heavily concentrated American society.

In describing this analysis, Berle later commented that by the time he joined the Brains Trust, Roosevelt had already decided that the federal government would be the agency used to meet the depression. Everything in 1932 was based on this assumption. He therefore believed his long memorandum only reflected how the best independent thought paralleled FDR's. Despite contemporary evidence to the contrary, Berle also contended that the President-elect had personally thought through beforehand all of the major policies that he implemented after March 4, 1933.[51]

Upon his own initiative, Berle continued to contribute analytical memoranda to Roosevelt throughout the interregnum. Some of these went directly to Moley; and some of the ideas filtered on in this manner. "It must be remembered that by March 4 next," he warned Moley in a memorandum just after the election, "we may have anything on our hands from a recovery to a revolution. The chance is about even either way."[52] In late November, he urged Moley to prevail upon FDR to use Fiorello LaGuardia, who could be "important in the short session," and David Lilienthal, "who had both good administrative experience and many friends, among them Donald Richberg." The primary matters of concern, Berle added, were a railroad receivership bill, industrial stabilization, and a "25% cut in all debts." A railroad measure occupied a good deal of his spare time during December.[53] By the end of January, Berle sent word that he had several matters well "in hand." These included bankruptcy legislation, including the railway reorganization act; farm mortgage relief; "railroad receivership and/or consolidations"; the bituminous coal situation;

and anti-trust laws. "I have made it plain to Moley," he went on, perhaps hoping for the reverse effect, "that a federal job is not one of my ambitions, unless it be the consulship to San Marino (Raritonga?)." But Moley believed Berle desired to join the new administration.[54]

When Roosevelt and Moley conferred at Warm Springs in early February, appointments was one of their major topics. Moley helped to sell the President-elect on Berle. "Berle not only contributed more stuff to [the] campaign," Moley jotted in his notebook, "but he is doing more successful work now." FDR preferred him on the Federal Trade Commission. A few days later, Moley made the offer. Berle rejected the FTC because he wanted to do more work on the railroad situation, among others. "I know he wants to be counsel for the R.F.C.," Moley put in his diary. Tugwell observed a week later that his colleague would probably soon overcome his reluctance:[55]

> I saw Berle yesterday and he did not seem so determined as he was formerly not to go to Washington. His reasons for not going are that he has assembled a whole group of his family around him in his law office and that they are dependent on him for their productivity, but I imagine this resistance may break down and March 4th may see the whole group assembled in Washington in some way or another.

Berle finally received the RFC appointment in mid-April, but by then he would take it only on a part-time basis. As he remembered it, he possessed the privileged access of telephoning the White House at any hour. But that was as close as he would get to the President during the Hundred Days.[56]

Among the three former and best known Brains Trusters, Berle's contributions and relationship with Roosevelt during 1932-33 were later the most over-rated. Tugwell remembered about the interregnum that FDR valued himself, Moley, and Berle because they were "disinterested, reasonably knowledgeable, and willing to assist without talking about it. Actually Ray, with me helping, was again most depended upon."[57] The detailed diaries of Tugwell and Moley between the election and inauguration contain but few mentions of Berle. Forward-looking, clear and precise in thought, and a potential source of ideas for the President from practical liberals, Berle was a useful man to have in some areas of policy. Possibly, as Tugwell hinted, there was less need for Berle's skills. As will be evident in March, certain incidents that revealed Berle's arrogance and sarcasm made him _persona non grata_ at the White House. Curiously enough, and probably unfortunately, considering his qualifications and experience, he was not an influential adviser to Roosevelt.

V

The Democratic candidate's October 19 pledge at Pittsburgh for a 25% reduction of ordinary, non-emergency government expenditures was made in full sincerity and remained one of his basic beliefs well into the New Deal years.[58] That belief and pledge opened the door in the new administration for a Budget Director with conservative fiscal views. Lewis W. Douglas eventually received that post. His influence with the new President in fiscal affairs would be unrivalled during the Hundred Days.

Born in 1894 in the comparatively settled and cultured mining town of Bisbee, Arizona, founded in 1880 by his two grandfathers, young Lewis was raised amidst modest financial circumstances in an independent-minded family where firm moral precepts guided the ways of life. Familiar with stories of the pioneering days, his family's development of mines, smelters, towns, and railroads in Arizona and Sonora, Mexico, at an early age he insisted on working as a "mucker" in his father's copper mine at Jerome. His vigorous frontier boyhood complete with its part-time jobs, encounters with Indians, mischievous pranks, and schooling was interrupted at age ten when his parents sent him east for formal education, which began at Hackley prep school in Tarrytown, New York. Continuing on after graduation to Amherst, sometimes having to wait tables to earn spending money, in 1916 he completed his B.A., <u>cum laude</u>, in liberal arts and history. He included some work in geology, chemistry, and the natural sciences, since he then held the fuzzy aim of returning to Arizona as a mining engineer. Enrolling at MIT for graduate study in the basic geological and pyrometallurgical disciplines, he volunteered at once in 1917 when the American Expeditionary Force was formed. Commissioned as a second lieutenant, he saw front-line combat in France and Belgium. There General

Pershing decorated him for conspicuous bravery at the Meuse-Argonne; but he suffered from being severely gassed.

Back in the United States in 1919, in order to regain his full health before returning to Arizona to work, Douglas taught American history for one year at Amherst and chemistry for another at Hackley. Married in 1921, he then returned to his native state to enter the mining business and politics. Following two successful terms in the legislature, he won election to Congress in 1926 as his State's only representative. Re-elected three times, his legislative rise in Washington stemmed primarily from his intense concentration on and orderly analysis of his committee assignments on matters affecting public lands, Indians, and reclamation, as well as from his interests in broader matters like tariffs, currencies, foreign policy, and the federal budget.

Soft-spoken but firm, with an exceedingly charming personality, Congressman Douglas was the picture of vibrant energy. Not a large man, his light brown hair would always be parted down the middle as he bicycled daily to his Capitol Hill office. His mind, most observers agreed, equalled the best in the capital, bar none. Close to being a Manchester liberal in economic views, he believed that the three pillars of the 19th century world order had been free trade, a common international currency, and the British fleet. By 1932 he was convinced that economy in government offered one major way to restore the first two pillars. Thus he introduced an economy resolution which passed the House in the spring, after a bill for the same purpose had been rejected by a 5-1 sentiment. The House then formed a five-member Economy Committee with John McDuffie as chairman. Douglas soon became the workhorse and guiding light of that committee. After speaking out for lowering veterans' benefits in a constituency having over 20% vets, the forceful representative overcame ex-soldier's heckling and hails of oranges and eggs ("But this was rather fun," he later commented) to win re-election for a fourth term.[59]

During the 1932 campaign he first met Governor Roosevelt at the Greenway Ranch near Williams, Arizona, where they talked briefly about governmental economy and reorganization. Evidently impressed, FDR called Douglas to Hyde Park just after mid-December. Coincident with this summons, Secretary of State Stimson had asked him to see the President-elect about intergovernmental debts. At that time Roosevelt, Moley and Tugwell were drafting a further reply to President Hoover on debts.[60]

After arriving at Hyde Park, Douglas conferred with the governor and stated his cancellationist views on debts. That Sunday night all three made the hour and a half auto trip from Hyde Park to Albany. Also impressed with Douglas, Tugwell recorded that during the ride they talked "at length and freely about the changes needed in Washington." Reorganization and economy were of particular interest to Roosevelt. At length he asked the congressman to try to attach a clause to the lame-duck appropriation bill giving the incoming president power to reduce personnel, abolish functions, and effect interdepartmental transfers. With this done, after March 4 he could quickly carry out a much needed structural reorganization, based upon the authority of the 72nd Congress. Members could then dump the burden on him and call it a *fait accompli*. "A new President," he remarked, "can do this and get away with it, if [the lame-duck] Congress will come through with the blanket permission." FDR also generally agreed on the need for economy, Douglas recalled.[61]

Governmental reorganization and economy were major items during the interregnum policy preparations. For example, one reason Roosevelt backed farm credit changes was because streamlining credit through reorganizations might save millions. Early in January he put former Congressman Swager Sherley and Senator James Byrnes on reorganization and economy along with Douglas. Those three and others spent much time formulating tentative plans during January and February. Although Roosevelt wanted reorganizations and consolidations carried out in several departments, some doubt existed among his close advisers as to its constitutionality and desirability. New York attorney Howard McBain told Moley in early January that reorganization was unconstitutional, "insofar as it would give a President power to abolish functions." Tugwell contacted several persons at the Brookings Institution to gather memoranda on reorganization. He believed that very little savings, possibly none, would result. "But with so much campaign talk about economy," he confided to his diary, "there is apt to be a good deal of slashing here and there." Douglas later believed there was no hope of getting real savings from changes in governmental organization. The President-elect nevertheless thought so. He indicated this on January 10 when describing his plans to "balance the budget" by effecting economies and by reducing veterans' benefits to publisher William Randolph Hearst's representative Edmond D. Coblentz. And Douglas worked on the basis of those instructions. But due to the pressure of other congressional business, an economy bill was not completed before March 4.[62]

Since November Roosevelt had preferred Sherley for the Budget Directorship. Probably he preferred Sherley in part because he also held conservative fiscal views. And for political purposes, he would be a tie with the Wilsonian Democrats. Moley privately opposed Sherley. He told Tugwell in December that he believed the Directorship should be upgraded, roughly analogous to Britain's Chancellor of the Exchequer. Byrnes remembered recommending the Arizona Congressman for the Budget Bureau because he was "one of the ablest and most courageous men in Washington." Perhaps dismayed over the final maneuvering to keep Carter Glass out of the Treasury, in the end Sherley declined to accept any federal appointment. In declining, he recommended Douglas.[63]

In the meantime Douglas had spoken to Roosevelt several times by telephone, primarily concerning economy legislation and the federal budget. Both men talked of wanting to see revenues balance with expenditures. On February 18, before the Detroit banking crisis grew ominously and spread to other mid-western cities, Douglas sent FDR a memorandum detailing his fears that collapse of banking in the Midwest could lead to "serious effects upon the credit structure." A policy of "realism" for the Treasury and the RFC would be to let the weak banks go, lest trying to reinforce all the "weak spots" might lead to the worst result--"inflation of the currency." This memorandum, with the recommendation of people like Byrnes and Sherley and with Douglas' reputation as a man of absolute integrity and staunch fiscal convictions, probably catalyzed the President-elect's decision.[64]

Roosevelt telephoned Douglas on February 22 to offer the Budget Directorship. Mrs. Douglas listened in on an extension line. Economy in government, the President-elect began, was one of his major concerns for the upcoming administration. Expenditures had to be cut, veterans compensation would have to be slashed heavily, and the federal budget must be balanced. Douglas finally replied that he could be more useful to the administration as a congressman dealing with matters like international monetary and foreign policies, that the Directorship would terminate his political life, but that he would accept if Roosevelt deemed it the correct decision. FDR said he did; and he further explained that Douglas' position would carry Cabinet status. He repeated that federal expenditures and revenues must somehow

be made to match. They also talked of the economy bill which Douglas was helping draft. That was fine, go ahead with it, the President-elect said. The two men agreed in principle, Douglas recalled, upon everything they discussed.

Satisfied with Roosevelt's advocacy of orderly spending and economy in government, Douglas had reluctantly accepted federal appointment. He feared then, he would say later, and as his contemporary memorandum implied, that the banking crisis in Michigan would spread and consequently affect the entire national economic environment. Orderly spending would remain a goal; but budget balancing soon might be only for public consumption. While he had no particular influence with FDR by the end of February, his new post as "the fiscal agent" of the President would soon change that.[65]

By March Roosevelt had committed himself to some orthodox fiscal policies. One of these would be the Economy Act passed that month. Fully aware of Douglas' strict adherence to principles, he nevertheless thrust him into a crucial position in the early New Deal. Every law with an appropriation would have to be cleared by the Budget Director, as would all departmental spending. Although it seems an exaggeration when compared to his fiscal views then and later, perhaps FDR wanted a sound money man in a position to say "No" to all spending projects except his own. Even if that were true, Douglas would soon override such considerations and develop into a potent and influential force on the right. The appointment marked the beginning of a fond personal relationship between him and the President. Unknown to either, it also became the source of a long conflict over New Deal spending policies, much more important than similar conflicts Morgenthau had over farm credit. For by July 1933, Roosevelt would pragmatically shift some of his fiscal views to meet pressing political and economic needs. Not being as intellectually flexible, or expedient, the Budget Director would steadfastly maintain his earlier views.

VI

Preparations for the 1933 World Economic Conference were a prime issue in foreign policy planning between the election and March 4. Roosevelt first gave Tugwell this assignment in early January. On the train to New York after the January 20 meeting with Hoover, Moley and Tugwell concluded the time had arrived to begin work on an agenda for the Economic Conference. By telephone from Warm Springs FDR instructed them to use "experts." Tugwell immediately called upon Stewart and Patterson. In addition, Moley wanted someone with practical experience in monetary matters, preferably in banking.[66]

Moley already had in mind James Warburg, whom he had met at the latter's invitation a few days earlier through a mutual friend, James Roosevelt. Young Roosevelt brought Moley to Warburg's New York City office of the Manhattan Bank for a luncheon meeting. The professor pumped Warburg about the banking picture, in terms of bank failures and gold

hoarding. Having mistakenly thought his guest was an economist, Warburg tried without luck to find out what the "new crowd" would do on monetary policy, especially on banking and currency matters. Two impressions remained with the witty young banker. First, the Roosevelt people were thinking about some kind of "inflationary counteraction" to the depression. Second, they were not going to do anything about monetary policy until March 4. "In other words," Warburg later said, "they wanted it to get as bad as it was going to get before he took office, so that he would come in on the turn rather than in the continuing downward spiral."[67]

On January 23 Moley attended a well organized dinner-discussion at the comfortable New York home of prominent banker Paul Mazur, a partner of Lehman Brothers. Among others attending were Ralph Robey, staunchly conservative economist and financial editor of the New York Evening Post, and Warburg. Mazur had sent each guest a list of questions covering such varied subjects as war debts, the tariff, Russian recognition, deflation, and the domestic allotment plan. At this dinner the concept of an "Intra-National economy" was first intensely investigated. The evening's discussion left Moley even more impressed with Warburg. Walking home afterwards, he asked him to join the WEC experts group. Upon learning (incorrectly) that Roosevelt had personally selected the three experts, Warburg agreed to join. Thereafter Moley temporarily receded from the preparations, as Tugwell attempted to coordinate the group's meetings in February.[68]

Son of a widely known international banker, the late Paul M. Warburg, young "Jimmy," as Roosevelt would soon be fond of calling him, was not a "stand-pat" banker. Born into a wealthy New York Jewish family with many European connections, personable, articulate, with a rare sense of humor, the thirty-six year old Warburg had already become a keen businessman and well-known in his own right as an international banker. Aside from his post as president of the International Manhattan Company, his other interests included directorships in several corporations and being an officer of the International Acceptance Bank. Unlike many bankers, however, he advocated a revised gold standard rather than the pre-1929 version. He would reduce the gold content of the dollar and even use silver as a supplemental coverage. But he believed that other inflationary schemes were shot full of inconsistencies and fallacies.[69]

Tugwell tried unsuccessfully to secure constructive progress within the London Conference experts group during early February. Charles Taussig and Aubrey Romaine, head of Standard Statistics, were also brought in. The discussions, however, snagged on the issue of inflation. Stewart and Warburg insisted that they must know what Roosevelt would do about the gold standard before they could proceed. Tugwell soon complained to Moley: "They are willing to die for the gold standard." When Warburg wrote Moley about the lack of meaningful progress, he learned the group soon would be personally introduced to the President-elect. Roosevelt had summoned the meeting because he had changed his political strategy. By mid-February he had decided to placate Bernard Baruch's Cabinet aspirations by making him chairman of the London Conference experts group. Baruch would be chairman; Senators Robert M. LaFollette, Jr., Hiram Johnson, and Bronson Cutting might name one member; Robert Bingham, the Louisville publisher, would be added; and the experts would remain.[70] This first of several political maneuvers to gain support from both Baruch Democrats and progressive Republicans would be forgotten after March 4.

Smiling warmly, seated in his armless wheelchair, on February 20 Roosevelt met that group and several others at his 65th Street house. Although he wanted to ask what FDR intended to do about the gold standard, Warburg had been told in advance not to. It "would be embarrassing to him." In an affable mood, the President-elect inquired about "Jimmy's" family and exchanged a few amiable comments with him. Finally he remarked, "Anyway, I want you to work with Ray Moley on the banking and currency situations." Continuing around the room with pleasantries, he finally introduced Baruch as general chairman of the experts group. Afterwards he divided the group into a "trade side" and a "monetary side," with Warburg on the latter. But the group never did function. Warburg later concluded that Baruch derailed them when he

abdicated "to South Carolina to sulk because he was not given a Cabinet position."[71]

So began James Warburg's personal and policy relationship with Roosevelt. During the Hundred Days he would gain both the President's and Moley's confidence on matters relating to the forthcoming London Conference. Important not only for his influence on policy, Warburg also kept a vividly detailed, daily journal of 1933's hectic events. The consequences of Warburg's involvement, if predictable by his internationalist interests, would finally result in a clash with Roosevelt's intranationalistic policies. The climax would come in London with the famous "bombshell" message, but under circumstances hardly discernible in February. In the meantime, Warburg would be another force on the right, albeit a more flexible one than Douglas.

Roosevelt's soon-to-be-official advisers examined thus far cover a wide spectrum of policy areas. Moley would handle foreign economic policy and whatever domestic policies his chief would so designate. Tugwell would be concerned most with agriculture, but he would also be involved with the food and drug legislation and preparations for the Economic Conference. Morgenthau would handle farm credit. Berle would have no definable status or assignment. Douglas would take charge of fiscal and governmental economy policies. And Warburg would be a key figure in WEC preliminaries. Yet their individual value to the President can scarcely be determined for any precise period because, like a kaleidoscope, his policy

needs and ideas would continually change and regroup, according to national and political needs, congressional imperatives, and opportunities.

These and other advisers are important because Roosevelt needed them at one time or another. Several reasons account for this. First, he was a leader who gained most of his information from oral (rather than written) contacts. He therefore needed to communicate with people upon whom he could implicitly rely. Also, as President he could not possibly always be well informed upon the myriad of issues facing him, a fact neither aided by his inclination to make intuitive judgments, nor surprising due to the complexity of the issues and to his having to learn about the presidency itself. Furthermore, in the beginning and perhaps naturally enough--given his temperament, his past experiences with the Brains Trust and the campaign, and his desire to construct a new party rather than to rebuild the Old Democracy--he tended to distrust less familiar subordinates, notably some Cabinet members.

Aside from the usual methods of examining Franklin Roosevelt as President, therefore, it is both useful and necessary to consider his relationships with important advisers as well as their particular involvements with policy. Although his confusing methods and the lack of a formalized system of presidential assistants before 1939 make this a difficult venture, it becomes a necessity because his own thoughts and actions were seldom significantly recorded in anything he wrote.[72] The major exception was, of course, his public documents. Yet advisers like Moley usually drafted these for him. But with such relationships and their potentialities as background, Roosevelt's personal decisions, policies, and leadership during the Hundred Days become more understandable.

CHAPTER IV

A NATION INSPIRED

Franklin Roosevelt sat behind his large, cluttered desk in the spacious Oval Office, writing rapidly on a yellow, legal pad. Beside him lay a several-page draft of a special congressional message on the agricultural adjustment bill. He had decided that this omnibus measure required a sufficiently general accompanying message. Now, to the surprise of several of his advisers silently seated nearby, he wrote his own. Agriculture Secretary Henry Wallace and Assistant Secretary Rexford Tugwell looked on with mixed surprise and pleasure. Also nearby sat Raymond Moley, who usually drafted such documents, and M. L. Wilson, whose campaign had publicized nationally the domestic allotment principle, the heart of this farm bill. It was the afternoon of March 16. As the cold winds crisscrossed the Potomac outside, FDR knew that public confidence in the government was reviving and that now Congress would continue rather than recess or adjourn.

The President finished his writing and read it to his advisers. Within an hour Congress received the message. It was brief and brilliantly to the point. In addition to bringing order to our banks and making federal expenditures balance with income, Roosevelt deemed it important to take "other and simultaneous steps" toward economic recovery without waiting for a later session of Congress. In the heart of his recommendation he declared that this step:

> relates to agriculture and seeks to increase the purchasing power of our farmers and the consumption of articles manufactured in our industrial communities, and at the same time to relieve the pressure of farm mortgages and to increase the asset value of farm loans made by our banking institutions.

Deep study and joint counsel had produced a bill with great promise. Quite frankly, he went on, it was a new path to travel; but the unprecedented condition of agriculture called for new means to rescue it. If a fair administrative trial failed to produce hoped-for results, he promised to so advise the nation. But legislation was necessary now. Spring crops would soon be planted. Another four to six weeks of waiting would mean that price-raising efforts would not help this year's crops.[1]

Immensely delighted with Roosevelt's own message, Tugwell managed to get the original to frame for his office. Shortly afterward he showed it to Wilson, remarking that FDR "was the most remarkable man that he ever knew anything about." "I believe our bill may be something of a new charter for an oppressed people," Tugwell wrote the President the following day. "Now if we can do as much for consumers with a new Food and Drugs act I can return happily to academic life!" Felix Frankfurter soon observed that the message gave the country the "right temper" on a major question. Putting

his finger squarely on the main point of presidential leadership, he said: "The lesson in candor and in the necessary experimental attitude towards problems the answers to which nobody knows and which must be achieved by trial and error may, in the long run, be even more important than the solution of the specific agricultural difficulties."[2]

Roosevelt knew Frankfurter was correct. Candor and the right attitude had been two of his major weapons since taking office. Already he had approved decisive action to stem the worst banking crisis in the nation's history. As a quick followup, he had recommended passage of a major law to force economy in government, one of his most basic aims. Then he had asked for legalization of beer. Now he recommended far-reaching steps for the recovery of agriculture.

Behind these actions lay his belief that confidence must be restored in America as a logical precedent to recovery. Toward that end by the 16th of March he had delivered his stunning inaugural address promising "action, and action now," held three open and candid press conferences, given two radio talks, and taken private steps to launch further policies for relief, recovery, and reform. His leadership during his first week and a half as President therefore outlined the basic themes of that period. First, the banking crisis with its national psychological ramifications had been met and mastered. Second, his intention from the beginning to fashion a New Deal program before Congress recessed or adjourned was now a decision. It had become progressively evident from the legislation he recommended and approved. In the congressional processes now, or being prepared (economy and beer had already passed), were civilian conservation, direct federal relief, securities reform, and railroad regulation. His farm relief message completed and publicized this decision. Third, these steps combined with striking presidential leadership had turned the tide toward a restored national confidence. The combination of these interrelated themes by mid-March resulted in a nation inspired.

II

Roosevelt's handling of and solution to the 1933 banking crisis reached back partly to his twofold attitude toward bankers. He was perfectly willing to follow the lead of conservative bankers so long as he could. On the other hand, when "politically necessary" he was prepared to cut loose and chastise the same bankers for their conservatism. It was a matter of timing more than anything else.[3] In other words, his public attitude toward bankers primarily represented a rhetorical political device. This dichotomy became evident in his inaugural and the emergency banking legislation. Just after the Hundred Days, it would reappear in his so-called bombshell message to the London Economic Conference.

While talking over the proposed legislative program after mid-January, Roosevelt and Moley had mentioned the general approach to departments and problems that would be followed after March 4. "Great dif[ference] now is emergency," Moley jotted in his notebook, "turn over to people now on job--the things they are now doing--." They talked of getting both Hoover holdovers and new people into the programs, of using people with "vision," like Tugwell, and of conferring with bankers about bank reform legislation. FDR rambled further over the possibilities, but nothing was definitely settled. Because he knew of the Democratic party's shortage of trained personnel, he also realized that in places the early New Deal must rely upon experienced but Republican incumbents who might not always be sympathetic to his goals. In each department, therefore, he would need personal advisers whose counsel he could trust implicitly.[4]

Tugwell listened with close attention on February 18 as the President-elect chatted about banking with Louis Howe and Will Woodin, who would soon agree to become Secretary of the Treasury. All of the big bankers wanted Roosevelt to do something, Woodin worriedly reported. Smiling and noncommittal, Roosevelt replied that he "could see no reason why he should save these bankers; it was more important to save the folks." They discussed various methods of providing currency for business purposes should all the banks close. Remarking that closing "now looks possible," Tugwell suggested using the post offices and a liquidating corporation with power to issue scrip. But he had no definite plan, and the suggestion was ignored. Roosevelt is "calm and sane about it," he noted in his diary. "All the bankers now want their deposits guaranteed by the government, something they fought for years.

But he sees no reason, as he said repeatedly, for specially protecting this interest as against all others."[5] It had become politically necessary for the President-elect to cut loose from bankers.

As of late February, however, Roosevelt and his advisers had no well formulated banking plan. On February 21, amidst the final round of Cabinet appointments and the failure of the London Conference experts' group, Moley and Woodin conferred over the deepening banking crisis. Moley remarked privately that it was "growing more serious every day." Three days later Woodin again called him "about the banks and the terrific gold withdrawals all over the country." They spoke in general of two measures: an embargo on gold, and some sort of a tax on gold hoarders. Beyond that, they had few answers or ideas.[6] At the end of the month FDR dispatched Tugwell to Washington to check with Cordell Hull and with Herbert Feis, who would remain as the State Department's Economic Adviser (evidently at Frankfurter's recommendation), on the intergovernmental debts as well as the 1917 provision to control the domestic use of gold. After lunching together, Feis offered to help with the wartime legislation through his associate Daniel Bell, Assistant Secretary of the Treasury. After much checking and rechecking at the Treasury, two calls by Tugwell to Hyde Park resulted in Roosevelt instructing his liaison to give the remaining task to Senator Key Pittman. Pittman consulted lawyers from the Senate Legislative Bureau for two days. On March 2 he hurriedly sent FDR a memorandum recommending action on at least one of three points: set no date for calling Congress into special session; study banking reform immediately; or undertake the necessary steps to maintain the status quo on deposits, to supply scrip for "emergency currency," and to provide government assurances on the safety of redeposited money, once it was back into the banks.[7] This advice, however, along with much telephoning and checking by Moley, Woodin, and other advisers, formed the meager basis for Roosevelt's skeletal preparations on banking by the time he arrived in Washington late on March 2. While at least one historian has made the assertion, there is no contemporary evidence that FDR had "drafts of two presidential proclamations"--to declare a bank holiday and to call a special session--upon his arrival.[8]

But since January members of Hoover's administration had labored over fundamental preparations to meet such a crisis. Odgen Mills as Secretary of the Treasury, an able conservative who was one of Roosevelt's Dutchess County neighbors, had familiarized himself with much of what became the banking act of March. As the brusque and efficient general counsel of the Federal Reserve Board, Walter Wyatt became the chief drafter and technician for the emergency measures. Arthur A. Ballantine, once a member of Elihu Root's law firm and who had come to the Treasury in 1930 and now served as Under Secretary, and F. Gloyd Awalt, a professional Treasury career man since 1919 and acting comptroller since 1932, rendered valuable assistance and supplied worthy ideas.[9]

But the immediate problem by March was to stop the daily net withdrawal of currency and gold from the banks and from the United States itself. If these withdrawals continued, even the strongest banks in the East and the Midwest would have to close their doors, and the entire economic structure might fall. As Tugwell had learned, the Treasury had a draft proclamation, based on section 5 (b) of the 1917 Trading with the Enemy Act, which would authorize the president to declare a bank holiday and to embargo the export of gold.

But some doubted the validity of the wartime act. On March 2 and 3, Hoover's financial advisers made various desperate efforts to persuade him to issue such a proclamation. He refused, apparently for three reasons. First, he did not believe closing the banking system was absolutely necessary. Second, Attorney General William D. Mitchell cautiously advised him not to act, unless Roosevelt would accept joint responsibility. If Hoover thought the emergency "great enough," Mitchell had first decided that the 1917 law contained "sufficient color of authority" to issue the proclamation. But before so advising the President on the night of the 2nd, he learned that the President-elect had refused to ask Hoover to issue it. On the grounds that he possessed no responsibility yet, Roosevelt would not take this crucial initiative; but he also stated he would "interpose no objection" if Hoover acted alone.[10] Third, if he acted alone, Hoover feared that the Democratic Congress would not validate his action. If the banking system was to be saved before

March 4, the crisis demanded cooperation between the incoming and outgoing administrations.[11]

Cooperation failed. The question is why. For both Hoover and Roosevelt, part of the answer was political. For several reasons the President was politically and ideologically unwilling to act on his own initiative. Around 11:30 p.m. on the 3rd, Federal Reserve Board chairman Eugene Meyer advised Hoover that the New York and Chicago Federal Reserve Banks were urging him to declare a national banking holiday for three days. Hoover adamantly refused, unless FDR requested it. Meyer heatedly argued that the situation was "desperate," that it was his duty and responsibility, that he was fiddling while Rome burned. "I can keep on fiddling," came the petulant reply. "I have been fiddled at long enough and I can do some fiddling myself."[12] The entire FRB "felt that Hoover was afraid to act on his own responsibility," caustic Republican board member Charles S. Hamlin commented in his diary, "and that this fear was a final climax of his unfortunate responsibility." Others in the administration agreed, then and later.[13]

On the other hand, politically unwilling to assume responsibility without power, surrounded by advisers who were not well informed on the technical side of the issues, the President-elect correctly refused to cooperate on banking. Probably he believed that joint action would identify him with the discredited Hoover regime. Just prior to this time, according to Warburg's recollection, one adviser remarked:

"This is Hoover's party. We're not going to take any part of it." Did Roosevelt keep his silence deliberately, waiting for the system to crumble so that he could be the savior? That is doubtful. He and his advisers had no plans, only an increasing awareness of the totality of the disaster and a readiness to use any and all ideas and available personnel. They would become a political and economic necessity, regardless of the new President's public attitudes toward bankers and their handmaidens. "I just think it was an unwillingness," Warburg again reflected, "to commit himself to methods and means in a situation that was changing so rapidly."[14] Without the powers of the presidency, FDR knew any assumption of responsibility would be hollow.

III

Saturday, March 4, dawned cold and overcast in Washington, D. C. A chilly northwest wind sent shivers through the gathering crowd. Would today be another repetition of the Old Order? Or would it be the beginning of a New Deal? Already confidence was returning to the capital, commented New York Times columnist Arthur Krock. Two days earlier confidence had descended from the Baltimore and Ohio train from New York City in the figure of a smiling, buoyant President-elect. So Washington knew; but the nation waited.[15]

Overhead one hundred planes roared by in formation and the silver dirigible Akron slid across the gray sky. Tens of thousands gathered along the parade route and near the stark wooden inaugural platform in front of the Capitol. The proudest of these, long since inspired by their old "doctor," were the more than sixty "polio's" in the delegation from Warm Springs. He was one of them. He had beaten the disease. He could swing his hips and manipulate the crippled legs well enough, with the help of a firm arm and stout cane, to walk and even stand for a speech. To them a picture of confidence and courage, today Franklin D. Roosevelt would come to power.

Shortly after noon the ceremonies began to unfold. Shivering without an overcoat, John Nance Garner of Texas was sworn in as Vice-President by Chief Justice Charles Evans Hughes. Then the Roosevelt family Bible arrived. A clerk opened it to the 13th chapter, the 13th verse of First Corinthians. "And now abideth faith, hope, charity, these three, but the greatest of these is charity." The old Dutch heirloom, a symbol of Roosevelt's unchanging essence, was eventually used at all six of his inaugurations. At the piercing sound of a Marine bugle, he appeared on the arm of his eldest son James. The Marine band struck up "Hail to the Chief" as he slowly swung his steel-braced legs along the thirty-five yards from the inner Capitol and up the maroon-carpeted rampway. A few cheers arose followed by some applause, and the crowd fell silent again. Intensely pale, repeating the oath of office, FDR clamped an iron grip upon the rostrum. With shoulders erect, he characteristically flung back his head and solemnly began. "This is a day of national consecration."

One hundred seventy-eight American radio stations carried his clear, resonant voice. England, Germany, Switzerland, Holland, South Africa, Australia, New Zealand, and other nations broadcast the address. But he spoke first to Americans. He spoke of confidence.

The time has come to tell the truth and to face up to conditions in America, the new President declared. This nation will endure, will revive, and will prosper. Then came his theme. "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." Silent, the crowd fixed eyes and ears upon the animated speaker. America's common difficulties are material and ethical, he continued. Industrial and farm goods are in abundance. But the exchange of these goods had failed, primarily because of the indicted practices of "unscrupulous money changers." Then he attacked their leadership for resorting only to traditional ways, for proposing to lend more money, for only exhorting that confidence be restored. They knew only the rules of a generation of self-seekers, they had no vision, and without vision the people perish. "The money changers have fled from their high seats in the temple of our civilization"--and here the crowd burst into applause, the first of several to interrupt the speech, the Literary Digest afterward commented.

Thus "ancient truths" must be restored, Roosevelt continued. We must apply noble social values and cast out the false values of material wealth, the false use of political office and position, the callous and selfish conduct of banking and business. "Small wonder that confidence languishes, for it thrives only on honesty, on honor, on the sacredness of obligations, on faithful protection, on unselfish performance; without them it cannot live." Again the crowd interrupted with applause.

But restoration of confidence calls for more than changes in ethics alone. "This Nation asks for action, and action now." He outlined the program needed to supply this action. People must be put to work, partly by direct government recruiting to achieve projects which would "stimulate and reorganize the use of our national resources." Hand in hand with reemployment we must recognize the need for a national population "redistribution," removing the overbalance from urban centers and providing for better land use everywhere. This task can be helped by definite efforts to "raise the values" of agricultural products, by preventing mortgage foreclosure on "our small homes and farms," by insisting that costs at all levels of government be "drastically reduced," by unifying relief activities. "It can be helped by the national planning for and supervision of all forms of transportation and of communications and other utilities which have a definitely public character." Again he enjoined, but we must "act and act quickly." Finally, we required safeguards: a "strict supervision" of all banking, credits, and investment with other people's money; and provision for an "adequate but sound currency." These lines of attack he promised to "presently urge" upon the Congress in special session.

Having given his program and stated its immediacy, he turned to general policies. The policy of intranationalism, "a practical policy of putting first things first," must logically precede efforts at international recovery. In world affairs he dedicated America to the policy of the "good neighbor." Then in the gravest terms of the speech, he asserted his readiness to go beyond the normal balance of executive and legislative authority in the event that Congress failed to follow his emergency recommendations or to act decisively on its own. If those orderly procedures failed, he declared, "I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crisis--broad Executive power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe." This assertion of leadership inspired the loudest applause of the day.

He warned of the arduous days ahead. We must trust the "future of essential democracy," and in that spirit he accepted the nation's leadership. In conclusion he asked for God's blessing for all Americans and for himself.

For twenty stirring minutes Roosevelt had spoken. Scattered applause arose from the now shuffling crowd. Shaking hands with the Chief Justice and other dignitaries, smiling and nodding, he slowly made his way, again with his son's help, toward the waiting limousine. To the hundreds of thousands who saw him in person or watched the newsreels, it was not apparent that the new leader of the crippled nation was crippled himself.[16]

Listening from next to the semicircular stand, Herbert Feis, his wife, and several friends were struck most by the passage on emergency powers. He recalled (in contrast to reporter's contemporary accounts) that the crowd largely "remained grave and silent. They did not break into his speech with loud applause but seemed rather to want to think it over before they expressed themselves." Leaders of both political parties most often used the word "courage" to describe the speech. For all the talk of leadership and reading the "riot act" to Congress, said commentator Frederick W. Wile, the President was a master psychologist with his "'Chin's up, Americans, be of stout heart!' message." The Times wondered how Roosevelt expected Congress to grant him the "broad emergency powers" if it would not pass the laws he recommended. It correctly concluded that the declaration was a spur to action. Commenting on the national press reaction, the Literary Digest found "wide acknowledgment of its courage, its declaration of leadership, its willingness to accept responsibility, its note of high moral indignation." In general agreement with national acclaim, the New Republic declared itself unsurprised because he had appeared to be "an intelligent man and on the whole a progressive during the campaign." The editors warned, however, that fundamental evils, particularly the banking system, called for drastic remedies. And the largest possible program of federal public works offered the "best hope" for the immediate future.[17]

Judging from contemporary reactions, Roosevelt's first major utterance after taking office successfully embodied strong presidential leadership. Curiously enough, however, not one of the newspapers or congressional leaders discussing the address mentioned the "fear itself" phrase, later considered so famous.[18]

With a wave to the now cheering crowd, the new Chief Executive was whisked away in the black, flag-bedecked limousine. After spending most of the afternoon reviewing the inaugural parade, silently watching Associate Justice Benjamin Cardozo swear in the Cabinet all at once, Franklin and Eleanor presided over their first White House tea. Guests of honor along with some seventy Roosevelts were many of the Warm Springs patients, the proudest of whom was Fred Botts, FDR's first "patient" and now manager of the polio rehabilitation center there. Amazed by the contrast offered by his experience with the Hoovers, the chief of the secret service recalled that all of the people and the entire atmosphere of the big home "oozed confidence." Finally Roosevelt retired to his bedroom and chatted over the events of the day with his friend Louis Howe. And _Time_ magazine euphemistically reported: "At 10:30 p.m. he stood up, yawned, went peacefully to bed."[19]

IV

Sunday, March 5, was a long and hectic day. By far the most pressing issue for the President and his advisers was banking. It would almost solely preoccupy Secretary of Treasury Will Woodin, Moley, and others through Wednesday. The last of the State banking holidays had been declared when the governors of New York and Illinois finally consented in the early morning hours of the 4th. Now all banks in America were closed until Monday. The Old Order had collapsed.

For days Woodin had conferred with Meyer and the Federal Reserve Board about the growing crisis. With Roosevelt's approval, he summoned a conference of prominent bankers and Treasury and government officials to meet Sunday morning in the FRB rooms of the old Treasury building. Those present for the first frenzied day of continuing conferences included new administration members like Woodin and Attorney General Homer C. Cummings; outgoing Treasury officials like Mills and holdovers like Awalt and Ballantine; "money changers" like Melvin A. Traylor of Chicago's First National Bank and George I. Davison of New York's Hanover Bank; FRB members and staff like Adolf Miller and economist E. A. Goldenweiser; congressional leaders like Senator Carter Glass and Representative Henry B. Steagall, chairmen of their respective Banking and Currency Committees; and Roosevelt advisers like Moley and Berle (who took the only known set of notes). In a major decision slowly accepted by two o'clock that afternoon, the conference recommended using the

1917 act as a basis for presidential proclamation of a national banking holiday.

Beyond that proposal, already confirmed to the President by Tugwell, Pittman, and the unfortunate events of early March, new ideas scarcely existed. In their desperation and excitement, conferees spoke in circles for days. At first Woodin recommended a "blank check" for the President, which FDR quickly vetoed. On Sunday Mills favored "clearing house scrip," but opinion on its use was divided. Davison, George L. Harrison of the New York Federal Reserve Bank, and others wanted individual deposits guaranteed. But Woodin soon revealed "that Franklin Roosevelt wanted no guarantee of deposits," although he did not say why. Tension and a sense of urgency were enormous. Yet changes appeared. "The fact that a new administration was in power was very evident," Goldenweiser noted in his diary. "The lines of communication were through new channels. Professor Moley and Professor Berle were very much in evidence."[20]

The pressure of the meetings sooner and later wrought its toll of human casualties. Traylor and Woodin, for example, both died within a year, partly as a result. On the verge of nervous exhaustion, Berle had oral altercations with Woodin and Moley which may have resulted in his being *persona non grata* at the White House for weeks. Warburg saw him a week later and recorded in his journal: "Berle was in a highly excited state, having apparently put his foot in it with the new administration and being very anxious to get back into the ranks of the good boys. (This goes back to last week when he flew off the handle with Woodin.)"[21]

Moley left the bankers' conference after only a brief stay Sunday morning because the President wanted him to handle other matters, among them to draft a five-minute radio speech. This radio talk, Roosevelt's first as President, would be an appeal to all veterans to share in the spirit of "cooperation" during the national emergency. Perhaps suggested by Lewis Douglas, at that moment helping to prepare the final draft of the Economy bill which would drastically cut former servicemens' pensions, the radio chat delivered the opening blow against the powerful veterans' lobby. It would be broadcast on the American Legion Hour that evening. Another item of business was the Governors' Conference scheduled for Monday. Roosevelt and Moley had worked on an agenda during odd moments for several days. Later that afternoon the professor drafted the President's "informal" remarks to be delivered to that conference.[22] Although the governors had been invited a month earlier with the aim of investigating how to effect better federal-State cooperation on problems like relief, the banking crisis demanded a higher priority from FDR.

Roosevelt's day began in worship with his family and friends together with most of the Cabinet members and their families at the stately old St. Thomas Church. In hopes of keeping a diary (which only lasted two days), he dictated Sunday's key events as he experienced them:[23]

Secretary of the Treasury in conference with Bankers and Officials all morning. Two-thirty P.M. meeting in Oval Room with all members of Cabinet. Vice-President and Speaker Rainey, outlining banking situation. Unanimous approval for Special Session of Congress Thursday, March 9th. Proclamation for this prepared and sent. This was followed by conferences with Senator Glass, Hiram Johnson, Joe Robinson, and Congressmen Steagall and Byrns and Minority Leader Snell--all in accord. Secretary Woodin reported the bankers' representatives much at sea as to what to do.

Concluded that forty-eight different methods of handling banking situation impossible. Attorney General Cummings reported favorably on power to act under 1917 law, giving President power to license, regulate, etc., export, hoarding, ear-marking of gold or currency.

Based on this opinion and on emergency, decided on Proclamation declaring banking holiday from tonight through Thursday, March ninth. Secretary of the Treasury to regulate partial reserves of banking facilities based on liquidity clearing house certificates and trusteeing of new deposits. Attorney General, Secretary of the Treasury, Moley and Counsel Wyatt of Federal Reserve Board at work on Proclamation until 11 P.M. Hurried supper before Franklin, Jr., and John returned to school. Talked with Professor Warren in evening. Talked with representatives of four Press Associations explaining bank holiday Proclamation. Five minute radio address for American Legion at 11:30 P.M. Visit from Secretary of State. Bed.

Some of these points deserve elaboration and others should be mentioned. At the informal meeting of the Cabinet, the President introduced Howe and Moley as two of his closest personal advisers. The holiday proclamation that Cummings later reported "favorably" upon already had been endorsed by the bankers' conference at two o'clock.[24] Also, the obscure entry about "banking facilities" suggests that by Sunday night the administration still had few guidelines or workable solutions for reopening the banks. In drafting the banking proclamation, Wyatt modelled it after the blank drafts that he had prepared days earlier for the FRB. He, Cummings, and

Moley were called in to see Roosevelt, who was pleased with their efforts. Having not yet met the President personally, Wyatt took this chance to congratulate him on his "wonderful speech" which had "thrill[ed] him so much." "I'm pleased you liked it," came the delighted reply. After FDR read the proclamation aloud and asked for corrections, the general counsel again spoke up. Stressing the solemnity of the occasion and of the inaugural, and the fact that it was Sunday, he suggested dating the proclamation Monday the 6th. "I think you are right, Walter," Roosevelt quickly agreed.[25] He dated the document March 6 and finally signed it around 11:00 p.m.

After they had been assembled on the briefest notice following his urgent request, press secretary Steve Early ushered four members of the major wire services into the plush Red Room at nine-thirty to see the President. "Roosevelt was in a good humor," noticed Raymond Clapper, United Press correspondent of the <u>Washington News</u>. Shaking hands all around, smiling and remarking on each man's background, FDR turned to the proclamation. He requested they call it a "modified bank holiday" or a "partial holiday," but not a "moratorium." That term was identified with Hoover. He also asked them not to use the text until it was released by the White House newsroom at 11:05 p.m. "All quiet, calm, congenial, pleasant," Clapper noted in his diary, "no atmosphere of tension."[26]

After dealing with the newsmen, the President saw George F. Warren of Cornell. The latter had waited over half an hour to discuss his favorite themes, commodity prices and devaluation of the dollar. Earlier at dinner with his friend and associate Henry Morgenthau, Warren had explored Roosevelt's attitude on the "money question" and the "price question." Morgenthau assured him that FDR, after looking over some of Warren's charts on the "gold curves," was in "entire agreement" with them on prices. "Warren is absolutely right," Morgenthau reported his chief as saying. From their conversation that night, Warren concluded that the President recognized "deflation cannot be gone through with." Hull and Moley arrived at that point, the former coming to sign the proclamation. Roosevelt produced it and read it aloud, saying, as Warren recorded, "with a great deal of glee that 'we are now <u>off</u> the gold standard.'" Appointments secretary Marvin McIntyre appeared and said that newsmen wanted to know if the proclamation meant that the United States was off the gold standard. "'Tell them to ask a banker,'" the President shot back, "and further indicated that that was <u>not</u> a matter that he wished to make comments on." Afterwards he expressed further interest in Warren's revaluation and "index number" ideas. Satisfied with what he learned, Warren departed around 11:00.[27]

Roosevelt's conversation with Warren, in the midst of the banking crisis, offers more evidence of his interest in a managed currency and controlled inflation. He had intimated both ideas to Tugwell by mid-1932. Early in January he assured William Randolf Hearst's emissary that, among other New Deal intentions, "If the fall in the prices of commodities cannot be checked, we may be forced to an inflation of the currency." And he added: "This may take the form of using silver as a base, or decreasing the amount of gold in the dollar. I have not decided how this inflation can be best and most safely accomplished." Despite FDR's later choice of Douglas for the Budget Bureau, he had related his interest in the Trading with the Enemy Act--for purposes of controlling the domestic gold supply--long before the banking downturn. And Warburg learned in February that Roosevelt would be embarrassed if the question of the gold standard was raised. Thus the evidence shows that FDR inclined toward some form of controlled inflation before becoming President. And his first press conference on Wednesday, as did the Warren conversation, seemed to confirm that point. But he kept his own counsel. Evidently he did not yet consider the timing politically correct.[28]

The long day finally ended for the President with his 11:30 radio speech. To American Legionnaires and to all veterans, he called for more of the "great ideals of sacrifice and service." The virtues of war, he stated, were essentially the same as those of peace. "All life is a great battle against the forces of nature, against the mistakes and human limitations of man, against the forces of selfishness and inertia, of laziness and fear." In conclusion, he therefore appealed to them to join him in unity. The short speech was broadcast without an incident.[29] He retired to bed knowing he had struck the first blow for governmental economy.

V

On Monday morning banks in every city, town, and hamlet in the nation remained closed. The Treasury Secretary issued a statement informing banks of the absolutely essential functions that they could perform, such as meeting payrolls, borrowing for food, and providing for emergency medical expenses. Commodity prices in New York rose sharply. Most people improvised to meet the crisis. Detroiters used Canadian money. Cash was plentiful in San Pedro, California, because Navy paymasters paid $500,000 to thirty thousand sailors. Merchants everywhere offered credit. Even Macy's in Manhattan, the largest department store in America, did 80% business. The subways had enough change; or, as one New York Interborough booth man put it, "We're taking the place of them banksters."[30]

Roosevelt's day was again busy. Official Washington mourned the death of Montana's Senator Thomas J. Walsh, who had died two days before he would have been sworn in as Attorney General. The President attended the 10:00 a.m. funeral in the Senate chamber, and afterwards conferred with congressional leaders. Before leaving, he submitted several appointments for Senate confirmation, including those of Moley as Assistant Secretary of State and Morgenthau as chairman of the Federal Farm Board. The Senate confirmed all these immediately, then adjourned sine die. Back in the White House East Room, he delivered his prepared remarks to the Governors' Conference. His theme remained federal-State cooperation. But first he explained government action concerning the banks. He stressed his objectives to prevent further withdrawal of gold from the United States and to provide an additional "circulating medium." This "new cash," he continued, would be safe if the public could be persuaded to keep it in the form of cash, or to deposit it in Federal Reserve banks, or to buy Government bonds. But he could not specify details about this "cash."

Turning to the Conference's original purpose, he brought up five key proposals. Federal and State governments needed new sources of taxation, but conflicts of authority should be avoided. On relief his remarks provided nothing new. The federal government would "prevent anybody from starving," but the primary duty of relief must be carried by "the locality, the city, county, town." Only if all those failed would the federal government step in. And this relief work must be coordinated. Meanwhile, local government should be reorganized and consolidated. Finally, he stated that we must come up with a "national policy" for farm and small home mortgage foreclosures. At that very moment Morgenthau was working to solve both problems.[31]

Roosevelt left the governors and carried on with his first day of duties in the Executive Office. Lewis Douglas rushed in that afternoon with a draft of the Economy bill. After glancing over it, Roosevelt asked him to iron out the details. Already the President was moving ahead on his New Deal program. Douglas left immediately, and a delegation of inflation-oriented farm leaders became the first pressure group to meet their smiling President. Later, a weary Woodin came to say that the bankers' conference remained on the shoals of indecision and had no better ideas. Still no paper-work awaited Roosevelt. Giving up in mock despair, he rang all the buzzers on his desk to summon the entire secretariat. This began his daily late afternoon cocktail break, which he soon affectionately nicknamed the "Children's Hour."[32]

VI

Although Roosevelt convened his first formal Cabinet meeting at two o'clock Tuesday afternoon, some participants conflict as to the main topics discussed. Postmaster General James A. Farley later remembered a long discussion of foreign policy, particularly FDR's remarks on the danger of war with Japan. Noting the day's events in his diary, Interior Secretary Harold L. Ickes mentioned only that the "main topic for discussion was <u>again</u> the acute banking and financial situation, after which each of the Cabinet officers was given an opportunity to present any problem that had come up."[33]

Banking still held top priority. Although there is no evidence that the Cabinet covered it, by Tuesday morning Woodin and Roosevelt had made a crucial decision on banking.

In thinking through the currency problem overnight, reportedly strumming his zither and humming lullabies all the while, Woodin decided to let the Federal Reserve print currency against the assets of the banks in its own system. This will allay fear, he excitedly told Moley at breakfast. "It will be money that looks like money." Moley quickly agreed. Leaving breakfast, they hurried off to the White House and were escorted into FDR's bedroom. Putting the papers aside, Roosevelt listened and approved. A workable plan, the use of confidence--these ideas confirmed his own preferences. Having gone over it the preceding evening with Moley, Woodin had accepted in principle the outline which Ogden Mills had conveyed to him by letter and memorandum Saturday. But this was the first Roosevelt heard of it. Woodin and Moley soon departed for the Treasury to begin formulating detailed measures for the bank rescue.[34] By Tuesday morning, therefore, a major presidential decision had been taken and the way prepared for banking legislation.

What was the origin of the Mills, or Treasury, plan? On inauguration morning Mills asked several officials to come to his office to discuss banking. All the banks were closed and it was obvious that responsible officials had to devise some means to reopen them. The outgoing Treasury Secretary therefore acted. With him were Awalt, Ballantine, Goldenweiser, James Douglas, the outgoing Under Secretary, and Parker S. Gilbert, a partner in the J. P. Morgan Company. A presidential proclamation extending the holiday was a necessity.

These men canvassed the situation for hours, suggesting various ideas. That afternoon, while the colorful inaugural parade proceeded, Mills dictated a letter to Woodin. With it he enclosed a memorandum on a "tentative outline of a possible line of approach to the solution of our banking problem." Awalt had estimated that 2,200 of the over 5,900 national banks were solvent and could be reopened at once. The gist of the "Mills plan," as observers soon described it, was to close all banks by "a national proclamation"; and to reopen them on a staggered basis according to the degree of their solvency.[35] Goldenweiser recorded in his diary the plan as Mills devised it Saturday:[36]

> The plan Mr. Mills worked out as a basis for discussion at the conference on Sunday morning was to classify the banks into A, B, and C banks--the C banks being doomed to failure and not allowed to reopen at all--the A banks being absolutely sound and being allowed to reopen very promptly and to be supplied with all the necessary <u>currency</u> from one Government agency or another--and the B banks to be handled individually, to be reopened on such a basis of write-down as may be required. Purchase of preferred stock or guaranty of 50 per cent of the deposits in these banks were alternatives under the plan.

Later Goldenweiser conveyed this Treasury plan to some FRB members and staff, in preparation for Sunday's meetings. Thus some officials knew about the plan by Sunday, when Wyatt dictated a "<u>Skeleton Outline</u>" of it. But solution of the currency problem remained unspecific. On Saturday Goldenweiser recorded Mills' view that currency could be issued by "one Government agency or another." On Sunday Wyatt recorded that emergency currency would be issued by

"clearing house associations and similar organizations."[37] And Berle noted on Sunday that Mills advocated scrip. The Mills memorandum has been lost. But available primary evidence indicates that Awalt and others were incorrect when they later claimed that on the 4th Mills specifically conveyed to Woodin the idea of Federal Reserve Bank Notes[38] (as opposed to the regular Federal Reserve Notes)--the decision which Woodin related to the President Tuesday morning.

Until late Monday various officials and advisers had differing ideas; but all feared that while new currency was a necessity, scrip would contribute to public panic. Real money therefore contained an inestimable psychological value. Although not yet part of the inner circle, Warburg devised one good scheme: to issue U. S. Treasury certificates in small denominations instead of scrip. But by the time he had interested Moley, Woodin, and Lewis Douglas, it was too late. According to a close friend of the Secretary, on Monday morning Roosevelt made the bizarre suggestion that the federal government immediately redeem all its outstanding bonds in paper money! All of those whom Woodin told about it, including Mills and Ballantine, quickly squelched that idea as too inflationary.[39]

By late Monday afternoon and evening, the Treasury plan was simultaneously being considered and developed on two fronts. Working hand in hand with Woodin, Mills called various Treasury and FRB staffers into his office to develop the plan in concrete form. They finally decided that roughly

5,000 banks were 100% solvent, and at Goldenweiser's insistence, that "Federal reserve bank notes" be issued against whatever collateral the solvent banks could provide. This would end the need for scrip. After continuous consultations, their plan was in "definite concrete outline" by about 2:00 a.m.[40] On the other hand, having had two days to canvass the outline of the Treasury plan, Woodin and Moley discussed the situation alone Monday night. As the professor recounted it, their main concern was the public reaction to any banking plan. Psychology was the key. So they discussed the Mills plan and the idea of having the President announce the final program over the radio the following weekend. When he finally left, Moley believed the only decision left for Woodin was whether to proceed with scrip or with the Federal Reserve currency.[41] Whether Woodin knew of the later suggestion is difficult to say; but during that night he decided for it.[42] Considering the fact that Woodin, Mills, holdover Treasury officials, and the FRB staff worked so closely together during those days, it seems plausible that the new Secretary had ample opportunity to obtain the plan's final element where he got the rest of it.

Woodin, Moley, Mills, and the others spent most of Tuesday afternoon and night at the Treasury developing the plan. Roosevelt approved an updated version after dinner. By then Ballantine and others had given him a written version. Later Wyatt called upon congressional legislative draftsmen and stayed up almost all night preparing a draft bill for

Wednesday morning. Congress would meet on Thursday and the President insisted upon presenting it with a fait accompli. By Wednesday, then, emergency banking legislation was well on its way into final form.[43]

VII

Even as the bank rescue feverishly proceeded, the President fully realized that economic stagnation in America demanded action on many other fronts. National income, for example, had declined to less than half of the 1929 levels. Although statistics were not yet reliable, conservative estimates of unemployment in March 1933 ranged between twelve and fifteen million workers or more, perhaps a quarter of the entire labor force. Probably another 40-50% of the country, including many farmers and small town tradesmen, barely subsisted on their own labors. Already the Budget Director was advising Roosevelt that approximately sixteen million were unemployed, and that for each unemployed three others depended upon him for their livelihood. Wages were so low in many areas that several governors endorsed minimum wage legislation. Mortgage foreclosures threatened countless thousands of farm and home owners. The catalogue of human misery and frustration staggered even the most hardened of imaginations.[44]

From the reviving nation's capital, Roosevelt again commanded the public's attention. Beginning a few minutes after ten Wednesday morning, he held his first presidential news conference. Although he appeared unusually nervous beforehand, his stenographer Grace Tully recalled that he was in good spirits. When the White House doorman announced the "gentlemen of the press," about 125 reporters crowded in to find the genial President leaning back in his green upholstered chair, puffing on a cigarette mounted in a long ivory holder. After each correspondent filed by the walnut desk and received a personal introduction, FDR plunged into his unprepared remarks. He hoped these get-togethers would be "merely enlarged editions of very delightful family conferences I have been holding in Albany for the last four years." Then he explained his ground rules. There would be no more written questions, although some questions might not be answered, and no direct quotations, unless the White House issued them in writing. But he would give "background information" and "off the record" answers. Background could be used by reporters on their own responsibility, but could not be attributed to the White House. Off the record replies would be for the reporter's use only and were not to be mentioned to anyone. This would allow more accuracy to correspondents who continually had to sift facts from rumors.

"Now, as to news, I don't think there is any," Roosevelt quipped, and the questions flew at him. The banking crisis captured the center of attention. Detailed banking legislation? No, the situation changed too fast from day to day; he would have to ask for "fairly broad powers." What kind of scrip? Maybe none, he replied; by last night it looked like scrip could be avoided. But everything changed so fast, so he wanted to avoid discussing such "details." This was his only hint about Woodin's decisions.

Will you take a "breathing spell" after the banking emergency situation is settled? Yes, he replied, explaining cautiously that the "general thought" was to try and get through "two or three emergency matters" as quickly as possible--he would be seeing congressional leaders about this today--and then Congress should recess for a matter of "two or three weeks to enable me to work out and draft more permanent legislation." But he gave no more details on his ideas or intentions for such legislation. Would the holiday be extended? Yes. Was the United States off the gold standard? He equivocated, deftly referring them to "my friend Robey's" column in yesterday's New York Evening Post. Reading the entire article to them, commenting as he went, he let them draw their own conclusions. By economist Ralph Robey's criteria, America was off the gold standard. FDR favored a managed currency, correspondent Ernest K. Lindley later concluded. The President's parrying of the gold standard question by reading Robey's column made that obvious. "We are definitely on the gold standard," Woodin had already stated. "Gold merely cannot be obtained for several days." But as indicated by Roosevelt to Tugwell, Hearst's emissary, Warburg, Warren, and others, he considered the gold standard suspended and was on his way toward a domestically managed currency.

Roosevelt further equivocated on what he had labelled in his inaugural an "adequate but sound" currency. Many of his remarks evoked spontaneous laughter from reporters. He finally said that a "managed currency," off the record, "ought to be part of the permanent system so we don't run into this thing again." On the "guaranteeing" of bank deposits, his long explanation, punctuated with hypothetical examples, indicated that the administration opposed it as both financially unsound and too expensive. This is off the record, he emphasized, because "I don't want anybody to get the idea in reading the stories that the average bank isn't going to pay one hundred cents on the dollar, because the average bank is going to pay." He hedged on government reorganization, a big issue during the interregnum. It was 10:45, time to adjourn.[45]

One reporter later commented upon Roosevelt's unique and careful use of his personality. Gardner Jackson, a liberal newsman then with the Montreal Star who had won fame covering the Sacco-Vanzetti case, described the President as a "consummate actor." His personality was not spontaneous; it was a political instrument, Jackson remembered. "As was his habit in press conferences, as I subsequently found to be a characteristic pattern . . . he never answered a question without going to great pains to dodge the heads and shoulders of those in front of the questioner and arrest the eyes of the questioner before answering, as he did with me. He gave me the most beguiling smile before he uttered a word." But most of the correspondents liked this approach, and they broke into spontaneous applause at adjournment.[46]

Following a round of pictures and the hurried departure of newsmen, Roosevelt relaxed and chatted with Senator James Byrnes, who had observed the repartee. What did you think of it, he inquired, his hand trembling as he lit a cigarette, his shirt and forehead damp with perspiration. Byrnes remembered replying that he believed the reporters appreciated the new approach. But could the President continue to endure such pressure? Roosevelt remarked that sooner or later no doubt "my foot will slip and I will make a damaging 'off the cuff' remark." Then he added, in a thoughtful mood, that he had enjoyed it and found it stimulating. So engrossed in the proceedings that she failed to finish taking shorthand notes, Miss Tully later concluded that the reporters' reactions to FDR reflected that of the country, "a relaxation of tension and a rebirth of confident enthusiasm." And several newsmen commented that Theodore Roosevelt was the last President who "talked so freely."[47]

Other legislation claimed Roosevelt's consideration beginning Wednesday. The Economy measure had been completed under the supervision of the Budget Director, assisted by Dean Acheson, Swagar Sherley, General Frank T. Hines of the Veteran's Administration, and others. By mid-afternoon Douglas arrived at the White House with it. Because it was one of the mandates he had given Douglas upon his appointment, the President only summarily approved it. Draft a message that will sell economy to the Congress and take Ray Moley with you, he further directed. Douglas found him in an adjoining room completing the writing of Thursday's congressional message on banking legislation. The two labored the remainder of the day at the Budget Bureau, finishing that evening in the Lincoln Study, adjoined by Howe's bedroom, upstairs in the White House.[48]

Wednesday evening was one continuous round of private conferences for Roosevelt. Just after dinner Tugwell and Wallace appeared, both excited about the former's idea for legislating farm relief soon. Off and on during January and February, Tugwell had urged agricultural legislation as a top priority item when the special session convened. FDR had been interested, but noncommittal. Now both men argued for using the same delegation of broad powers to the executive for farm relief as used in banking. Roosevelt sensed the demand for presidential leadership, apparent to most informed observers, which had been lacking during the lame-duck Congress. He rapidly agreed. Again he shrewdly insisted on the same condition that Morgenthau had outlined for him in December: he would back whatever plan the farm leaders unanimously endorsed. This elated Tugwell and Wallace, and they hurried back to the Agriculture Department, where the latter immediately made the necessary telephone calls. All of the major farm leaders were summoned to meet in Secretary Wallace's offices on Friday, March 10.[49]

As Tugwell and Wallace departed, Marvin McIntyre brought in progressive Senators Robert M. LaFollette, Jr., of Wisconsin and Edward P. Costigan of Colorado. They had in hand their brief and vaguely written proposal for federal control of the banking system. But they found Roosevelt full of details about the Mills plan, now virtually complete. Realizing that he had already made his decision, the senators soon left, without ever presenting their proposal. Such a national system of banking had never been considered by Roosevelt or any of his advisers. No articulate alternative existed to the Mills plan. Or as one Roosevelt biographer commented upon this interview: "The very money changers whose flight from their high seats in the temple the President had so grandiloquently proclaimed in his inaugural address, were now swarming through the corridors of the Treasury."[50] But more important, by Wednesday night farm relief had become his third major foray into legislation, after banking and economy.

Shortly after eight o'clock most of the major Democratic Congressional leaders arrived to be briefed on banking. On hand besides committee chairmen like Marvin Jones of Agriculture were stern-appearing Vice-President Garner who would help lead in the Senate, white-thatched Speaker of the House Henry T. Rainey of Illinois, and the Democratic floor leaders and whips. Roosevelt introduced himself cordially to all, although Jones recalled the first-name basis seemed forced for an initial meeting. "When I come across anything one of you is interested in," the President encouraged, "speak up; don't be hesitant about it. I want the benefit of your counsel." So saying, he began a two-hour monologue on banking plans. Neither Jones nor James Byrnes remembered anything being said about a congressional recess. Reporters noticed the departing Democrats were in good humor, but tight-lipped about what their new chief had said.[51]

Woodin and his Treasury retinue arrived after midnight to find the President still going strong, ready to approve their draft of the banking act. They discussed it in detail. Amidst the explanation of the bill, Senator Glass insisted that the law be changed to provide that no nonmember State bank could be forced to enter the Federal Reserve without the consent of the State involved. Ballantine supported Glass, and Roosevelt agreed. With Wyatt scribbling rapidly, they worked out the new technical wording in title II. Thanking everyone, FDR finally dismissed the group just before three o'clock in the morning. Outside the office, a grateful Woodin happily exclaimed to Wyatt, "My boy, you have brains there!," and gave the embarrassed general counsel an affectionate hug.[52]

VIII

Thursday Roosevelt turned his thoughts toward fashioning his New Deal. While Congress hurriedly met, organized itself, and considered the Emergency Banking Act, he preoccupied himself elsewhere. Realizing that his banking bill would be enacted, sensing that his Economy bill and the new movement for farm relief legislation would be even more urgent now than either had been during the interregnum, he had decided to keep Congress occupied with his idea for reforestation and the revitalization of youth. So that morning the White House requested six administration officials to attend a four o'clock meeting with the President.

Once the special session was precipitated, did Roosevelt intend to recess or adjourn the 73rd Congress before it legislated a New Deal? He told reporters on March 8 that the present thought was for a two or three-week "breathing spell" after Congress handled "two or three emergency matters." Banking and economy were obviously two of these. That evening when he approved the Tugwell-Wallace idea on farm relief, it became the third. Did he have other policy intentions? And if so, when did he intend to act on those? Aside from comments on inflation, in early January FDR had also told Hearst's representative E. D. Coblentz that he considered farm relief the first priority, followed by unemployment and public works, although he believed Hearst's program for $5 billion of public works "too large at present." Conservation, reclamation, reforestation, and subsistence farming should relieve unemployment. And he would "balance the budget" by effecting governmental economies of at least $130 million and by reducing veterans' benefits approximately $400 million. Likewise, at the end of February Roosevelt had assured journalist George Creel that he planned striking changes for a new economic order. According to Creel's autobiography, these were:

> a blue-sky law; the right of workers to organize and bargain collectively; a drive against monopoly; the development of our natural resources; a far-flung social security program; the protection of bank deposits; a federal public works program to fill in the valleys of unemployment; soil conservation; taxation based on ability to pay and benefits received, etc.

While some of Creel's points sound more like 1935 legislation than 1933, the President-elect at the same time intimated to Felix Frankfurter his desire to secure early "reorganization and extension of federal public utility control." This was not legislated until 1935 either. The point is that by March Roosevelt's thoughts ranged far and wide over diverse policy ideas and intentions.[53]

A contemporary record further reveals Roosevelt's ideas. A few days prior to March 5 at the latest, he pencilled a list of thirteen points. He gave this list to Moley who filed it with his Governors' Conference materials, later remembering that it was intended for his private guidance on the legislative program. FDR's memorandum read:[54]

1. Mobilize the Governors - See Jefferson
2. Learned Societies - Economic Agriculture
   Group - etc. Tie in either straight
   or thro a reconstituted board of Exec. Information
3. F.F. /Felix Frankfurter/ does not like the Thacher
   Bill to expedite R.R. receiverships.
   Eastman -
4. Utilities - See Lilienthal opinion
   Maltbie - Bonbright - Lilienthal
   Scattergood - Bernard Flexner - Seattle man
   to come together & hammer out a Federal
   Utility Control

5. Federal Courts - F.F. is working with Geo/rge/ Norris
See F.F.
6. Income Tax - Tightening - See Memo -
Personnel - F.F. will try to find people-
write him a letter.
7. "Hidden Talents" - The good men are
overlooked - Economist, agric. etc. Start an
Interdepartmental committee.
Standing committee of the economists of all the
Departments.
8. Sydney /sic/ Hillman - Head of Amalgamated
Clothing Workers. - Wages - hours --
appoint Group (small) now to work out ways
& means to put an objective into effect
People: FF to suggest names -
9. R.F.C. Make it aggressive
10. Ray Stevens - Came back from Siam
I.C.C. or other Com.
11. U.S.S.R. Commission - Newton Baker -
Tom Thacher - Solic. Gen'l - Knows all about
Russia - Good commissioner or investigator
12. Dept. of Labor - See memo - Scope, etc.
13. Radio talks -

Although sketchy evidence makes Frankfurter's influence hard to determine, obviously Roosevelt would rely upon him for personnel recommendations. And at different times during the interregnum, he had discussed with Frankfurter such policies as war debts, reorganization of the ICC, federal public utility control, and assignments for those like Joseph B. Eastman and Ray Stevens. While the memorandum covered diverse topics from the use of "Hidden Talents" to a Russian commission (and confirmed Creel on taxation), "Radio talks" represented a key point. As governor, FDR had given radio speeches as early as April 1929, and he wrote of his intention to continue these as late as March 1932.[55] He gave his first as President on March 6. Thus he conceived this idea long before anyone recommended the first so-called fireside chat for March 12.

In addition to these intentions, Roosevelt implied an early program in his inaugural, when he reiterated five campaign pledges: land utilization, prevention of home and farm mortgage foreclosures, drastic reduction of government costs, unification of relief activities, and national planning and supervision of all transportation, communications, and utilities. He also called for needed "safeguards" like a strict supervision of all banking and credit, an end to speculation with other people's money, and an adequate but sound currency. Thus he had many policy intentions upon his inauguration. The question became one of immediacy.

What was being done about these proposals by the time he told reporters about a "breathing spell"? Morgenthau had made detailed preparations on farm credit legislation during the interregnum, and even now he was preparing an executive order toward that end. Within days he received the task of handling home mortgage legislation as well. Shortly after March 4 the President delegated Secretary of Commerce Daniel C. Roper to prepare a securities bill to help prevent speculation, and another measure to regulate all forms of transportation, notably railroads.[56] Thus FDR's actions on policy spoke louder than his cautious words. He had decided the New Deal could not wait.

By four o'clock Thursday afternoon, Congress had organized itself and the Emergency Banking Act had already passed the House. Congressional organization loomed important to presidential leadership. Democrats had safe majorities in both houses. In the House of Representatives there were 312 Democrats (150 of them new members), 5 Farmer-Laborites (who often voted Democratic), and 117 Republicans--a clear majority of 190 for the President. The Senate contained 59, 1, and 36, respectively--a majority of 22. On a party-line vote, therefore, the administration was unbeatable. According to one analyst of the 73rd Congress, two other forces aided Roosevelt: the "pressure of the emergency," and his "solid public support." Yet there was more. On February 28 the House Republican caucus announced it would back the new administration "in support of legislation to better conditions." The new Speaker, Henry Rainey of Illinois, favored a Democratic policy steering committee, which Garner had blocked. Ostensibly the nineteen-man steering committee, in Rainey's words, returned power from the Speaker to the party. It should provide more cohesive backing for party policies and the presidential program. Yet the Speaker and his supporters overlooked two central points: nineteen pilots made it difficult to steer from the stern; and there might be contradictions between party policies and the presidential program. Thus House Democrats had unwittingly organized themselves in such a way as to make leadership from the top, presidential leadership, the only viable method. The Senate organized itself more tightly, with more control in the hands of the leadership. Nevertheless, by Thursday afternoon, these organizations, working majorities in both houses, and signs of Republican cooperation gave the President every reason to believe Congress would be receptive to his program.[57]

The Hundred Days of the special session began at a hectic clip that morning. Because Wyatt had drafted the act, Senator Glass asked him to prepare an outline so the senator could carefully explain it to his committee and to his colleagues that afternoon. As Wyatt summarized it and Glass explained it, title I authorized all of the week's banking actions and proclamations by the President, and it amended the 1917 law to meet a possible future crisis. Title II authorized the Comptroller of the Currency to appoint "conservators" who would expedite the reopening or the reorganization of banks. Title III authorized issuance of preferred stock by national banks, to be sold to the RFC in order to provide the funds necessary for reorganization. The fourth and fifth titles, respectively, covered issuance of Federal Reserve Bank Notes and appropriations for the act's immediate operation. While the House limited debate to forty minutes and by four o'clock had shouted the bill through (only one copy was available) without a record vote, the Senate deliberated until after seven.[58]

At four-fifteen in the Oval Office, Douglas, Secretaries Wallace, Ickes, George Dern of War, along with Interior Department's Solicitor and the Judge Advocate General of the Army, drew up chairs to learn why Roosevelt had so urgently summoned them. As soon as all were seated, he launched into an animated, moving, and eloquent two-hour disquisition on the need for an army of young men to repair and conserve America's trees. Forests needed conservation; youths needed a "break" under current hard times; floods and fires were hazards to the forests. At least twelve million men were unemployed, thousands of families were on relief, and he personally disliked "the dole." He discoursed eloquently; the others listened and pondered. Half a million men could be put to work in the forests and along the rivers, FDR went on. Maybe less, if funding was impossible; but it had to be accomplished immediately. Was this saving of young men and trees a good idea? Affirmative nods. Could the War Department enroll the men, feed and clothe them, and build the camps? Dern thought so. Was there a need for such labor in the nation's forests and parks? Wallace and Ickes were certain of it. Could the Judge Advocate General compose a draft by tonight? Colonel Kyle Rucker paused only a moment: "Yes, Mr. President." Noting it was 6:15 and time for dinner, Roosevelt sent the six men off to work out his idea. This would keep the Congress going, doubtless as he intended all along, and start relief projects as well.[59]

Shortly after dinner Roosevelt received word that the Banking Act had passed the Senate, 73-7. "I cannot too strongly urge upon the Congress the clear necessity for immediate action," his special message that morning had read. The wholehearted response and excitement in Congress, had, however, caused his conclusion to be overlooked. "At an early moment I shall request of the Congress two other measures which I regard as of immediate urgency." One of these was economy in government. Was the other farm relief? He kept his own counsel. "With action taken thereon we can proceed to the consideration of a rounded program of national restoration."[60] Now it appeared that civilian conservation would be another part of that program.

At nine o'clock the same six from the afternoon meeting gathered around the Chief Executive's desk. Rucker's bill was read over and discussed. If all went as envisioned, it would employ 500,000 young men in the forests by summer. The conversation was easy and informal. Roosevelt was obviously pleased with his handiwork, as well as Rucker's. He instructed them to carry on with the bill and with plans to implement it. After more discussion, the men chatted and smoked. At 10:30 the President was wheeled out to meet congressional leaders to explain tomorrow's Economy bill.[61]

Roosevelt's motivation for sponsoring civilian conservation was at once multiple, longstanding, and improbable of accurate definition. Of his love and concern for trees and their conservation there is little doubt, particularly as manifested during his long rehabilitation from polio at Warm Springs. As many observers and contemporaries noted, he had a genuine humanitarian concern for the economic underdog. As governor, he had established a program involving 10,000 young men in tree-planting which Morgenthau had recommended and carried out. And he had mentioned the civilian conservation concept during the presidential campaign. Eleanor Roosevelt later maintained that Franklin had talked for years in "desultory fashion" about the value of outdoor work for boys. But by 1933 the idea had other sponsors. Feeding, clothing, and caring for thousands of young people on army posts as a relief measure had been proposed and publicized in January and early February by Michigan's progressive Republican Senator, James M. Couzens.[62]

Despite the background, however, in one sense timing was significant. The crisis mood of Congress and the country in March catalyzed Roosevelt's thinking toward civilian conservation. In addition, possibly it would serve to open the doors to a New Deal legislative program. As usual, he had not thought through or worked out in any detail even the best of his ideas. "It was characteristic of him," Frances Perkins later commented, "that he conceived the project, boldly rushed it through, and happily left it to others to worry about the details."[63]

IX

Promptly at 9:00 Friday morning, a smiling Lewis Douglas arrived at the President's bedside for their daily morning conference. He brought the final draft of the economy message to learn if Roosevelt had any last minute changes.

"Now, Lew," he remembered the President saying, "I want authorization to spend $200 million on the civilian conservation corps." Apparently Roosevelt had decided to move ahead even faster than he indicated in Thursday's meeting.

"Mr. President, I cannot put that in," Douglas protested, in his characteristically personable way. "You cannot go to Congress and be seen to be driving in two opposing directions at once." Your message states, the Budget Director further recollected saying, that we need a very drastic Economy Act to preserve the credit of the government. So you cannot ask for relief appropriations in the same message. "Congress will simply laugh and not do both." A quizzical look on his face, Roosevelt's steel-blue eyes fixed upon an intent Douglas.

"Lew," he finally said, "I think you are right." They proceeded to go over the message, with the President changing only a word or two. The CCC idea would be set aside for a few days. Other business was still more imperative.[64] In the meantime, drafters in the War and Interior Departments worked as rapidly as possible. Roosevelt's course was becoming clear. Once CCC was ready, there would be no time for a "breathing spell."

The psychological impact of Friday's economy message and bill, Moley later said, was electric. Roosevelt asked for broad executive powers to reduce federal spending on "pensions and other veterans' benefits" as well as on salaries of "civil and military employees of the Government." In the words of the Budget Director, FDR warned that "Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid that danger." But the impact was less than electric upon the House.

Roosevelt's party rallied behind him with mixed emotions. Word quickly came back from Joseph W. Byrns, the Tennessee Democrat who was floor leader in the House, that he would introduce the bill if Saturday's ten o'clock caucus approved by a two-thirds vote, even though he had to "swallow a lot to do this for you." Saturday afternoon Douglas telephoned that a "couple of errors" still existed in the bill, but these should be corrected later lest administrative amendments open the floodgates to compromise. In fact, without FDR's aid, House leaders passed the bill late Saturday by means of parliamentary maneuvering. That morning in the Democratic caucus an unruly majority had backed a liberal amendment to limit all cuts to 25%. A two-thirds majority was necessary to bind the caucus, but it failed. Since there was no other business yet, Byrns and the leaders cleverly sent the bill to the floor for immediate action. There Republican support strengthened the Democratic leadership's hand. After limiting debate to two hours and ruling out amendments, the leadership forced a vote. They won, 266-138, because of Republican votes. Voting for economy were 197 Democrats, mostly conservatives, and 69 Republicans. Voting against were 92 Democrats, including liberals like Gordon Browning of Tennessee and Fred Vinson of Kentucky, 41 Republicans, and all five Farmer-Laborites. Democrat Cliff Woodrum of Virginia sounded a prophetic warning toward the end of debate: "when the Congressional Record lies on the desk of Mr. Roosevelt in the morning he will look over the roll call and from that he will know whether or not the members of his own party were willing to go along with him in this great fight to save the country." A persuasive appeal to new members especially, it turned the tide. All indications were that the Senate, organized more tightly, would follow suit next week.[65]

By the time he delivered his economy message on March 10, Roosevelt's attentions typically were concentrating on other matters. For example, he later recalled his decision that day to explain the banking crisis on the radio Sunday night, and he had to meet the Cabinet and the press in the afternoon.

Although the 2:00 Cabinet meeting lasted two hours, already it was becoming apparent that the President's real advisers were elsewhere. A long discussion ensued about the banking operations, by now old news to Roosevelt, and on the international situation. On the latter, Ickes simply recorded that members talked about "the attitude" the United States should adopt toward being represented at the forthcoming Geneva Disarmament Conference and had "some discussion of our relations with Japan." But for the most part FDR still focused little energies or attention on foreign affairs.[66] During his press conferences throughout March, for example, he carefully avoided commenting on them. His four o'clock conference, like the Cabinet meeting, was confined largely to banking. Although he did not announce his intentions to broadcast, almost everything he explained about banking would be repeated over the radio Sunday night. Nothing was asked or explained about the Economy Act. The only comment about other legislation: his next message was "not ready yet." And he said nothing about a congressional recess. But judging from the Times account of his day, this fifteen minute session produced another colorful and highly successful performance.[67]

X

George S. Peek and a few others arrived in Washington Thursday night for the March 10 meeting of approximately fifty representatives of farm organization, editors of farm newspapers, and other friends of agriculture. Since the December conferences had approved the gist of the domestic allotment plan, production control was no longer an issue. Indeed, many of the conferees had already discussed and in principle agreed upon a broad grant of executive power to an agricultural administrative agency, thanks to their reading newspaper reports of the same idea as used in the Banking Act. With the spur of the emergency, and under the direction of Wallace and Tugwell, they formulated a report in the surprising time of less than thirty-six hours. This report outlined much of the later law.[68]

Sober-faced and worn out, the farm conferees filed into the President's office Saturday afternoon. Wallace and Tugwell introduced each representative to Roosevelt, who spoke for three or four minutes on the emergency needs of the farmer, which now had only to be converted into legislation. "He was all smiles and warmth, and yet he had a degree of seriousness," recalled an impressed Wilson. "He had the mixture just about right." When FDR finished, the report was read aloud. He offered no suggestions. Wallace and O'Neal each spoke briefly on the emergency situation. The organization presidents, evidently also quite impressed, all pledged their support. Thanking each man personally, the President delegated to Wallace the bill-drafting process, and the meeting quickly adjourned so the real work could begin.[69]

No time was wasted in completing the bill. Within hours of the March 11 meeting, F. P. Lee, active as a legal consultant and legislative draftsman during the 1920's, and Mordecai Ezekiel, Wallace's assistant, began work. Using the group report as a guideline, along with Ezekiel's recent version of the Jones farm bill (passed during the interregnum), the two men consulted Peek, Bernard Baruch, and Hugh Johnson, as well as South Carolina Senator Ellison D. ("Cotton Ed") Smith and Marvin Jones.[70] Roosevelt and Wallace employed the twice-used device of an omnibus measure with broad executive power for its administration to solve the impasse between drafters and consultants over methods. For example, Jones declared that acreage rental agreements by themselves would solve the emergency. Johnson, backed temporarily by Moley, who also distrusted the entire domestic allotment plan, wanted to have the bill emphasize Peek's ideas for leasing and for marketing agreements with agricultural processors. Baruch and Johnson opposed both the concept of a tax on farm products at the point of processing and the discretionary grant of power to the secretary of Agriculture. On March 15 and 16, Wallace took the issue to Roosevelt, who decided in favor of the Secretary's multiple approach. But various minor changes in language placated the Baruch faction, an important point because only he and Peek seemed to possess the necessary prestige to win processor support for the bill. Tugwell noted in his diary that the final draft amounted "to the suspension of the anti-trust acts for the food industries with broad regulatory powers lodged in the Department of Agriculture."[71]

On the afternoon of March 16, with Wallace, Tugwell, Moley and others present, Roosevelt wrote his special message and submitted the farm bill to Congress. Thus agricultural adjustment became the fourth major administration proposal sent to Congress--the third having been legalization of beer, recommended three days earlier. By the 16th, therefore, the President had proceeded well beyond the "two or three emergency matters" he mentioned on March 8.

By Saturday, March 11, the bank rescue had succeeded to the point of a public statement by the President. This merely repeated what he had told reporters "off the record" on Friday. But the White House also announced that he would speak over "national radio networks" at ten o'clock Sunday evening. And the statement emphasized, as he had to reporters, that people should not infer that banks opening later than Monday were any less sound than those opening immediately.[72] It was still very much a crisis of confidence.

The origins and development of this first major Roosevelt radio broadcast are diverse and complicated. Memories conflict. FDR had used the radio as governor, had indicated, most likely by March 4, his private thought of using the radio as President, and had broadcast a brief economy appeal on March 5. Moley recalled discussing a "man-to-man" presidential appeal with Woodin Monday night; but it is not clear whether they recommended this Tuesday when they secured approval of the Treasury plan. Later that afternoon, however, Woodin, Ballantine, and banker George Davison brought the President a written summary of this plan, drafted by Ballantine (and later found in his papers by Moley). Roosevelt's notations on its margin suggest that it became the basis of Sunday's broadcast.[73] He once recounted that on Friday, evidently the day of decision, he asked "three or four gentlemen connected with the government" to give him ideas for the speech.[74] Two of these turned out to be Ballantine and Charles Michelson, veteran "ghost" writer of the Democratic National Committee. Here the participants disagree. Writing in 1944, Michelson stated that he wrote the version which he believed Roosevelt used. Shortly thereafter Ballantine denied this, telling how he took Michelson's technically deficient work and redrafted it entirely. Actually, a minor Treasury official, W. R. ("Bud") Stark, assisted him.[75] This speech went to the White House late on Saturday. In <u>After Seven Years</u>, Moley wrote that his "sole contribution was a hurried checking over" of the final speech Sunday.[76]

Awalt also added his recollections. In the presence of Woodin, Howe, and Adolf Miller, on Saturday night Awalt listened to Roosevelt read the speech. When asked for their reactions, Woodin said great, Miller said excellent. But when Awalt volunteered that the speech promised to open only "sound" banks with no exceptions, Roosevelt tersely stated that to "open only sound banks" was exactly his intention. Awalt knew this was not so.[77] Evidently FDR rewrote the Treasury's "scholarly, comprehensive draft" Sunday afternoon, adding his own plain-spoken, folksy effect. Curiously enough, it was one of the few major speeches since 1928 that neither Moley nor Samuel I. Rosenman helped prepare.[78] In any event, two points are clear. The basic idea for the speech and the final words both belonged to Roosevelt. And he understood what the technicians did not: confidence was what counted.

The President went on the air as scheduled at ten o'clock. But since the reading copy was lost, or taken, minutes before airtime, he simply took a mimeographed press copy, adjusted his pince-nez, and began. There in the Diplomatic Reception Room several friends sat nearby and watched him read, nodding his head, smiling. Wholly absorbed, as if talking directly with his audience, he later wrote one listener that while reading "I tried to picture a mason at work on a new building, a girl behind a counter, a farmer in his field." Appealing in his friendly, personable way, he explained the banking situation in graphic and persuasive terms. Banks invest money, he said, and currency is only a small fraction of their deposits. What happened in February and March was that the public's "undermined confidence" caused such a rush for currency that even the "soundest banks" failed. Therefore, he proclaimed a bank holiday; Congress gave him authority for that holiday and a "program of rehabilitation"; and the Treasury issued a series of regulations for emergency operations. Reopened banks, he implied, would be even better than before. They would begin to reopen tomorrow in Federal Reserve cities. All those that opened had already met the government's "common sense check-ups." State and national banks would be licensed by the Federal Reserve system. "I can assure you that it is safer to keep your money in a reopened bank than under the mattress." He needed their support. In conclusion, he reiterated his theme, as stated in the inaugural:[79]

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

Once the speech was successfully delivered and the ever-present photographers departed, Rosenman, Howe, and two or three others conversed amiably with the President in his office. Around 11:30, without warning or preface, he suddenly announced: "I think it's about time the country did something about beer." He pushed a button for a secretary and asked for a copy of the Democratic platform. While the others watched in silence, he perused it for some minutes. Near midnight he dictated a short message for Congress on the legalization of beer. It paraphrased the platform, asking for immediate modification of the Volstead Act. Apparently there was no discussion, no questions asked, no information volunteered. "And then he went off to bed with the subject off his mind," Rosenman explained in a speech two weeks later. Roosevelt sent this special message to Capitol Hill Monday morning.[80]

Why the President acted precisely when and how he did on beer seems a difficult question. Evidently made without consulting anyone, the decision related in one sense to the Economy Act, which had already passed the House. The *Literary Digest* postulated that "there is general agreement that it was the budget-balancing possibilities of beer that counted most." Estimates of new tax revenue ranged from $100-150 million. In addition, some contended or implied that Roosevelt used beer as a stick, or carrot, to push economy through the Senate. Indeed, on Monday afternoon the Senate, after the beer message had been received, passed a test vote on economy, 60-20. This did not happen, however, until after the White House sent word through majority leader

Joseph Robinson of Arkansas that a 10% limit on the bill's cuts was unacceptable. And the House, after Saturday's bitter intraparty struggle, definitely pulled together behind the 72-word beer message. But Roosevelt had decided to recommend beer Sunday, before the Senate difficulties.[81]

There are other reasons for Roosevelt's decision. Undoubtedly beer was a popular issue. The Democratic party promised "to legalize beer at the earliest possible moment," Speaker Rainey told reporters on March 5. He hinted that this might come as early as March 20, the third Monday of the month, a day always set aside for the House to suspend its rules and to act on important matters ahead of schedule. FDR would have been familiar with Rainey's pledge; it was the platform pledge and he had listed it as an administration objective in November and December 1932. Also, he knew that 3.2 beer passed the House during the lame-duck session, failing of enactment only because the Senate clung stubbornly to its amendment for 3.05% alcoholic content. By early 1933 legalization of beer and repeal of Prohibition were nationally publicized and popular issues.[82] Thus if revenue and the carrot-and-stick were two reasons, leadership was a third. Roosevelt most likely led to keep from being led. And though it seems improbable, since Rosenman's speech did not mention the context of the decision, there may have been none. FDR was perfectly capable of deciding to act on beer on the spur of the moment, not relating it to revenue, economy, or leadership.

Given the context of the preceding week, however, a likely and simpler answer emerges. Roosevelt intended to keep Congress going; so he supplied them with legislation. He needed time. AAA and CCC were not yet ready.

Staccato federal government action unrolled in eye-opening fashion during Roosevelt's second week. Monday witnessed the successful Senate test vote. On Tuesday the House ignored lobbies like the once-powerful Anti-Saloon League and voted for beer, 316-97. Urged on by conservative leaders like Baruch, the Senate passed economy on Wednesday, 62-13; and on Thursday it legalized 3.2% beer and wine, 43-30. Fast action had beaten the powerful lobbies of the prohibitionists and the veterans, although the latter would reassert their unbroken power in June. In the meantime, presumably solvent banks reopened in the twelve Federal Reserve cities on Monday, in 250 other large cities on Tuesday, and elsewhere across the nation in the days and weeks that followed. Also on the first day of the week, the Treasury offered an $800 million bond issue for sale (but at the relatively high interest rates of 4 and 4¼%) and it was oversubscribed that same afternoon. Reopened banks, deposits of money, a sell-out bond issue, strongly favorable votes in Congress--all these and more indicated the receptive, yearning, demanding, leadership-starved social context of the times. Promptly adding more fuel to the engine of government, the President sent his farm relief message to Congress on Thursday.[83]

XI

National reaction to Roosevelt's broadcast and first week and a half in office proved primarily favorable. With his California Banks of America opening, and with deposits exceeding withdrawals by over $1.2 million on Monday and Tuesday, A. P. Giannini reported to the White House: "I found everywhere high commendation of the President's Sunday speech and of the constructive action taken by him." "Everybody is amazed at the faith with which the populace accepts the re-opening of the banks," commented Mrs. Eugene Meyer, who usually mirrored the Republican opposition. "Nobody is more surprised than the bankers themselves." A Kansas City businessman wired the President to say that "banks reopened here in amazingly quiet fashion." The "public hysteria" was over, he added, and the "speech made a profound impression." Indeed, faith in the new President expressed itself through some 450,000 letters in the first week alone, over 500 times Hoover's weekly average. "Every Washington observer reports an electric change in the atmosphere of that city since Mr. Roosevelt took office," reported the New Republic. "Tension completely relaxed, papers turning to light news again," Raymond Clapper recorded in his diary Friday, "little bank news, nation-wide confidence, Happy Days atmosphere."[84]

During the first week and a half the bank rescue had helped spur the return of nation-wide confidence. This in effect turned the corner of the Hundred Days, giving Roosevelt the prestige and support needed to carry through his legislative program. Yet confidence had begun to return much earlier, according to newspaper accounts and some observers. It had been inspired by FDR's courageous and casual shrugging off of the Zangara assassination attempt in Miami during mid-February. After that incident, Ernest K. Lindley later pointed out, the "nation seemed to realize what it had only vaguely felt, that, whatever his weaknesses and strengths, he was democracy's last hope."[85]

What had presidential leadership accomplished? The inaugural oratory about the safeguards on banking, the national holiday, the use of "money changers" and their allies to restore the financial system, the Emergency Banking Act, and particularly the radio broadcast--all contributed to the bank rescue. While it is true that the Treasury plan and personnel likely would have been used by any Democratic president, nevertheless Roosevelt's charisma and image helped create an entirely new atmosphere. Saving the banks was the first theme of this period.

The second theme was fashioning a legislative program. Economy was popular in both parties, notably with Eastern and conservative Democrats. Any President may well have initiated such an act. But since Lewis Douglas had it all but prepared by March 4, Roosevelt could proceed immediately. Farm relief was also a necessity to any Democratic leader, as attested to by the interregnum efforts on its behalf. Again, FDR acted. He approved a farm leaders conference on March 8 and submitted his message and bill on the 16th.

Civilian conservation reflected his own conceptions almost entirely, if any New Deal idea ever did. But it was hardly an "emergency matter." Although beer represented another popular issue which any Democrat likely would have endorsed, it was not an emergency item either. Instead, it would gain time needed for other policy preparations. He had dealt with all these policies by March 16, and more. Already advisers and subordinates were drafting measures for farm credit, government reorganization, securities reform, and railroad and transportation regulation. And preparations for direct federal relief were under way--a result of Roosevelt's initiative on CCC--by the time he pencilled his farm message.[86]

Did Roosevelt intend to recess or adjourn Congress after "two or three emergency matters"? In his fourth press conference on March 17, he revealed his more recent public view on continuing the special session. The original plan of March 4 and 5, he remarked, was to have Congress deal with only "four or five" emergency matters that could not wait until January 1934. But along about "three days ago" (presumably the day after his beer message), he had begun to take up the question with representatives and senators of whether to continue the session. Since they were already in Washington, the "majority preference in Congress" favored staying on and finishing the job by April or May, if the administration could "anticipate" the needed legislation. Then he gave examples of legislation he would "anticipate":

railroads, prevention of speculation, banking, a larger relief program, and "probably" public works.[87] While he did not say so, the "breathing spell" had been polite fiction, a political cover in case needed legislation could not be prepared as fast as he hoped. On March 16 his policy intentions became a public decision. His involvement in formulating legislation comprised the second theme of the period.

Roosevelt's program of "action, and action now" coupled with vigorous presidential leadership became his answer to restoring confidence, the third interrelated theme. Growing rapidly into the presidency, establishing himself as the national leader, building the broadest possible base of public and political support, Franklin Roosevelt led. In fact there was little alternative to such action amidst the yearning and demanding social milieu of March 1933. The result was a nation inspired.

Yet if the public atmosphere was already one of "Happy Days," it was misleading. Every class of people supported emergency banking, economy, and beer, cautioned the New Republic. But now class interests would diverge because:

> In his remaining legislation--with regard to farm relief, banking reform, power, unemployment and the railroads--Mr. Roosevelt will have to decide between the interests of different groups and communities--between big bankers and little ones, between all bankers and their depositors; between farmers on the one hand and packers, millers, and bakers on the other; between investors and consumers, labor and management.

Perhaps many of those who cheered him for his first three successes "will soon be sneering at the greatest President since Hoover."[88] While the nation was inspired, the Hundred Days had barely begun. The next formidable task would be to fashion a domestic New Deal program and somehow create what Tugwell would call a concert of interests.

CHAPTER V

FORMULATION OF THE DOMESTIC PROGRAM

President Roosevelt seemed in no mood to give correspondents much information on recent domestic policy developments. His 12th press conference on Friday afternoon, April 14, portended a developing pattern. Reporters ranged over every topic of current interest, except the forthcoming visits of foreign dignitaries. But in most cases the presidential response was carefully evasive. When one reporter asked about Arthur Krock's New York Times column speculating on administration plans for government reorganization, he replied blandly: "I don't know anything about it." To another question, he remarked that ratification of the St. Lawrence Seaway Treaty might be on his program, but that it was "none of his business" since it would be handled entirely on Capitol Hill. After some desultory responses to questions over federal-State costs, he said that he and Colonel Hugh Cooper only talked about the possibility of "selling things to Russia," like machinery and various materials. But even this was "off the record," and he denied that they had talked about diplomatic recognition. Perhaps he silently noted that Henry Morgenthau, who wanted to sell the Farm Board's surplus wheat to the U.S.S.R., had checked for him and learned that such sales did not constitute recognition.[1]

The questioners shifted back to domestic policy. The President would not answer "categorically" as to whether he favored a Federal minimum wage law, although even now Congress was considering amendments to the Black thirty-hour-week bill. As he explained it, "fair employers" who paid good wages represented about "85% or 90% of industry." But the remaining five to ten per cent could prevent a voluntary agreement by simply not cooperating. If constitutional, he would favor legislation along voluntary lines. Reporters continued, perhaps in frustration over his vague responses, to change the subject. Public works? "No, I haven't done a thing on it." Would he forestall inflation of the currency with a building program? He would not put it that way. How would you put it? "I won't put it at all. (Laughter.)" He refused to comment on Will Woodin and banking, Adolf Berle's recent appointment as counsel to the RFC, government funding operations, and the $500 million Wagner relief bill.

What did he know about current reports of the "mobilization of private industry"? Only what he read in the Times, came the casual reply. Did it put ideas into your head? "Yes, it is fine; it is all right. (Laughter.)" "Professor Moley probably has not reported yet," injected one reporter. "It is his plan." Within two minutes the session adjourned. Because of Roosevelt's evasiveness, press conferences were becoming less and less informative.[2]

Industrial recovery suggests this trend. The President had avoided comment on it. "ROOSEVELT ADVISERS DRAFT PLAN TO MOBILIZE INDUSTRY," declared the boldface headline over Krock's column explaining purported administration plans. The concept he elaborated proposed a 1917 War Industries Board type agency to regulate business competition, hours of work, and minimum wages. Attached was a massive public works program to counter deflationary policies since March, now said to have curtailed $7 billion in purchasing power. Krock portrayed Raymond Moley as "sold on the idea." "If this is true, then its adoption is but one step away, since there is no adviser in whom the President reposes more confidence."[3] In reality Roosevelt probably refused comment because he had made but scanty beginnings on industrial recovery.

The major theme since the middle of March was the formulation and enactment of the President's domestic program. Yet he had achieved only mixed success by mid-April. While the Economy Act had passed on March 20 and the Civilian Conservation Corps on the 31st, farm relief--now with farm mortgage provisions as title II--and securities legislation crept along at a snail's pace in comparison. In fact Congress had virtually stalemated the agricultural adjustment bill because of the many demands to attach inflationary schemes. But once having occupied Congress with beer and then AAA, the major program of the Hundred Days, Roosevelt acted on other fronts. He recommended creation of a

Tennessee Valley Authority and a Home Owners' Loan Corporation. Long-promised and widely speculated, railroad reform, tariff reduction authority, and war debts funding legislation all were presumably on the way. In foreign affairs, he enlarged upon his "good neighbor" policy in an April 12 speech at Washington's Pan American Union. It was an encouraging prelude to the arrival of representatives from eleven nations to hold preliminary conversations on the World Economic Conference, now set for June.

Spring scented the air in the nation's capital, the pressure-packed days of March had disappeared like yesterday's storm, and a national and international New Deal seemed in the offing. "The willows, so newly green," commented an enthusiastic Georgia Lindsey Peek, "were as beautiful as the cherries themselves, and many magnolias, white and pink, added to the picture." Washington and the New Deal were beginning to bloom.[4]

II

Foremost in Roosevelt's program of domestic legislation (preceded in time only by the Emergency Banking Act) was the act "to maintain the credit of the United States Government"--popularly known as the Economy Act. As with E. D. Coblentz in January, FDR spoke with "deep sincerity" on the subject of governmental economies, concluded historian Arthur M. Schlesinger, Jr., because his "fiscal notions were wholly orthodox. He saw little difference so far as budgets were concerned between a household or state government on the one hand and the federal government on the other." The President viewed economy in government as a backbone of the early New Deal, surpassed in importance during the Hundred Days only by AAA. Favorable comments on the value of economy studded his public statements, congressional messages, and private correspondence. For example, AAA's processing tax, a restrictive and regressive financial device, sought to make that agency self-financing. It thereby at once reflected his campaign promises for budget balancing, AAA's close relationship to the Economy Act, and his general fiscal conservatism.[5] In this vein he approved the Budget Director's March 18 CBS Institute of Public Affairs broadcast entitled "Economy and Human Values." When his wartime chief Josephus Daniels urged him to issue a public statement to check State governments' campaigns to reduce the already miserly incomes of teachers, Roosevelt cheerfully responded that "In most parts of the country the past decade has seen a very large increase in teacher's salaries, and even if all teachers were cut 15% like government employees, they would be getting relatively more than in 1914!"[6]

During luncheon on Monday, March 20, Roosevelt signed the Economy Act and sent the pen to Lewis Douglas. The act's major provisions repealed existing laws relating to benefits for World War and Spanish-American War veterans and authorized the president to establish a new system within broad limits; reduced Civil War pensions by a flat 10%; reduced salaries of senators and respresentatives from $10,000 to $8,500; and authorized the president to reduce all other federal salaries up to 15%. Early estimates were that over $500 million would be saved during the remainder of fiscal 1933 and for 1934, about three-fourths of which would come from veterans' compensations. Four groups were entitled to government pensions: all veterans with service-connected disabilities; all veterans with <u>non</u>-service-connected disabilities from all wars since the Civil War, if the disability was permanent; widows and children of men who died from service-connected injuries; widows and children of persons who served in any war since the Civil War, except the World War. Maximum and minimum allowances under the act remained at ranges of $6 to $275 per month in case of disability, and $12 to $75 in case of death benefits. As had been demanded by reform groups for years, the act correctly struck hardest at the <u>non</u>-service-connected disability allowances of World War veterans. The administration expected that they would lose approximately half of the $400 million added to their category since the armistice. Douglas ardently contended that these benefits were unethical.[7]

Reactions to Roosevelt's governmental economy measures were mixed, but generally favorable. Surprisingly enough, the so-called "veterans' lobby," which descended on (or emerged from) Washington and vociferously opposed the bill during its quick four-day congressional journey, represented less than a majority of former servicemen. The

American Veterans Association and several State posts of the American Legion, prime supporter of the lobby, actually backed economy, according to the *Times*. Although the *Literary Digest* did not print a press sampling, several influential journals backed the proposals. Perhaps representing moderate and conservative opinion in referring to non-service-connected benefits, the *Nation*, while unconvinced of the wisdom of delegating vast authority to the President, concluded that the "best thing about the measure is its assertion that an end has at last been made of the scandalous draining of public funds into the pockets of persons who have no legitimate claim upon it." But the *New Republic*, in a more balanced context, cheered the administration for lopping off some of the $400 million increase, won by "hog-trough principles," from allowances for diseases that were never disabling. On the other hand, the journal reiterated its concern over FDR's vacillation on public works. "Eventually credit itself is based on buying power--and the effort to maintain one while neglecting the other is like mending a church steeple while a flood is licking the foundations."[8]

Personally sensitive to restrained criticism that his programs were thus far deflationary, Roosevelt officially delegated the implementation of economy almost entirely to the Budget Director. He continually referred reporters to Douglas on any and all economy-related questions, like those on the new veterans regulations and civil service changes.

On one occasion he conceded to the press that cutting "nearly a billion dollars" off government payrolls meant an equal loss in the flow of money; or in other words, "That is deflationary." In early April when he wrote Colonel Edward M. House, the old Wilsonian eminence grise, he praised the Economy Act and described Douglas as the "greatest 'find' of the administration." Then he added that too much "deflation" had taken place. "It is simply inevitable that we must inflate and though my banker friends may be horrified, I am still seeking an inflation which will not wholly be based on additional government debts." In the meantime, Douglas drafted White House replies to complaints about the cuts from activities like departmental research, prepared with General Hines of the Veterans Administration the new regulations for curtailed veterans' benefits effective July 1, worried about Congress revolting and emasculating the economy program, and generally, in his personable manner, absorbed all criticisms from within and without the administration for fervently carrying out FDR's program.[9]

Criticism gathered force by late April and May, notably over whether married women supporting families should be cut from civil service rolls and over veterans' reductions. Still, on April 12 the President proudly announced that the Budget Bureau's most recent estimates showed that over one billion dollars would be saved in fiscal 1934--a total of 31% in slashes, 6% over his famous Pittsburgh pledge. Aside from veterans' reductions, these estimated economies would prune

$80 million from the Army, $45 million from the Navy, $75 million each from the Post Office and federal salaries, and another $100 million through departmental reorganization. Even though he and Douglas would be forced to consider amelioration for ex-soldiers' allowances by May 10, coincident with the march to Washington of the second "bonus army," the President remained determined to uphold his economy in government programs. Indeed, the Economy Act became his crucial lever for patronage applications. To whether the senator or representative had backed Roosevelt before the convention, the White House added a new query: "How did you vote on the economy bill?"[10]

III

Having announced to the press on Friday, March 17, that he intended to keep Congress in session until his program was complete, Roosevelt spoke at length and privately with Moley on Saturday about the remainder of the domestic program. The professor recalled noting that the banking crisis, his major assignment for the first two weeks, had ebbed. Now he was thinking of returning full-time to academic life at Columbia and Barnard where his classes were already being scheduled for the fall semester. But as he had done in November and February, FDR persuasively pointed out that he still wanted and needed his counsel and assistance on personnel, legislation, messages, and state papers. "Well, don't forget you're enlisted for awhile more, anyhow," Moley remembered him saying with infectious optimism. "At the rate we've been going, a lot of things can happen to make you change your mind."[11] Perhaps this expression of confidence was all that Moley needed. In any event, he remained loyal.

Roosevelt then turned to the matter at hand, planning the legislative program. Moley came prepared. He recalled perusing several memoranda submitted by experts, advisers, and other interested persons. He had selected as a basis of discussion one prepared the previous November by Adolf Berle. Having studied and been impressed by this comprehensive plan for a domestic program, Moley began to outline it. But he found that his chief already possessed similar ideas. After some discussion, FDR dictated the items he believed deserved top priority as of March 18. Labelling these "Several Musts," Moley jotted in his notebook "Three things to bring up w'[ithout] messages": an arms embargo, the World Court, and the St. Lawrence Treaty. Then he listed the items they decided to send to Congress accompanied by special messages:[12]

1. Civ[ilian] C.C.
2. Farm & Home Mortgage
3. "Bank Abuse" Bill w. Reforms
4. Bank [crossed out]
5. Stock Exc[hange] Bill
6. Regulation of Corporations
7. Make Simplify of Bankruptcy?
8. Railroad Bill(s)
9. Muscle Shoals Bill Norris

? on or off gold?

Above all, he later stated, the President stressed the necessity of raising prices and providing for reemployment.[13]

This conversation reveals that Roosevelt's policy intentions, steadily augmented since his inauguration, were becoming his policy plans, even though some remained general. He did not mention farm relief because he had recommended AAA two days earlier; but he did emphasize price-raising, a prime objective of the farm program. He did not mention the Economy Act since at that point it had passed both houses. Furthermore, he did not list the major foreign policy items of intergovernmental debts and preparations for the London Conference, probably because both men understood that Moley's roving policy commission included these. The key point about foreign policy came with the listing of items to be accompanied by messages. Measures like an arms embargo would originate in the Congress, not in the White House, and therefore would not require a message. In other words, because of the economic crisis in America, domestic policy must receive top priority. Foreign policy would be secondary, particularly if a choice between the two arose. But these priorities could hardly be surprising to either FDR or Moley. This was the policy of intranationalism, or economic nationalism--"a practical policy of putting first things first," the President had declared on March 4--which they had decided upon during the interregnum and subsequently had written into the inaugural.

This March 18 conversation marked the end of the emergency phase of the new administration. Although it was in reality a transition, as is the case with all historical "turning points," it nevertheless began in earnest Roosevelt's leadership to inspire and to supervise the formulation of his remaining domestic program.

IV

Roosevelt quite deliberately listed the Civilian Conservation Corps as his top priority item by March 18. Since outlining his ideas to the administration committee of six on March 9 and asking the Budget Director on the 10th to include a CCC appropriation request within the economy message, he had concentrated primarily upon banking and the radio broadcast, legalization of beer, and farm relief. All the while officials of the Interior and War Departments hurriedly drafted and redrafted measures to meet his CCC guidelines. Labor Secretary Frances Perkins and liberal New York Senator Robert Wagner, a confirmed advocate of spending for both direct federal relief and massive public works, supervised the drafting process. But several leaders in the administration and in Congress wanted something done immediately about relief and public works, as well as reforestation. Having already proposed a relief measure to spend some $500 million to reemploy 200,000 to 300,000, Miss Perkins and Wagner led these forces. Others involved were leftist Senators Robert LaFollette and Edward Costigan, both of whom had sponsored legislation for federal relief grants to States as early as January 1932, and Cabinet members Henry Wallace, Harold Ickes, and George Dern.[14]

Thus far the President had delayed on relief. On March 10 he indicated to reporters, and apparently also to American Federation of Labor president William Green, that he was not prepared to discuss public works. That same day the <u>Times</u> quoted "advisers" as explaining the CCC, which Roosevelt considered more pressing at the moment. On the 11th he listened to the relief ideas of Wagner, LaFollette, and Costigan. LaFollette afterwards told reporters that the meeting reached no "definite conclusions." But he added that they had discussed a $500 million appropriation for "internal improvements" by unemployed who would live in government camps, an expanded RFC which would lend to self-liquidating projects, an acceleration of already authorized public works, and more dams for the Tennessee Valley and other river basins.[15] So FDR appeared amenable to various relief schemes by the weekend of March 10-11. He may have delayed on relief for two reasons. First, the Economy bill only passed the House late on Saturday the 10th. Second, CCC was not yet fully formulated.

Since Moley had discussed relief with LaFollette and Costigan a few days earlier, Miss Perkins spoke to him during breakfast on March 14 about his acting as liaison with the President. She detailed plans for relief grants-in-aid and public works that she and the three senators had framed. As he had told the others, Moley explained that Roosevelt remained skeptical of public works because he doubted that enough well-formulated projects existed to justify the enormous expenditures involved. Undaunted, she told Moley about the CCC idea (apparently news to him), criticizing the dollar-a-day proposed wage because "when it is applied to public works . . . it tends to bring down the price of free labor to the same level." She wanted the President to consider her group's relief ideas also. Moley promised to take it up with him that very morning.[16]

Minutes later during their usual bedside conference, Moley presented the Perkins-Wagner ideas. Instead of answering directly, Roosevelt launched into an enthusiastic monologue on what Moley remembered him labelling the Civilian Reclamation Corps. "I think I'll go ahead with this --," he finally added, "the way I did on beer." Fearing his chief's impulsiveness, but not knowing how far CCC preparations had proceeded, Moley persuaded him to send a memorandum and message draft to the pertinent Cabinet members so as to insure coordination. FDR readily agreed, probably seeing possibilities of expanding the others' involvement in relief as well as being impatient to move ahead with CCC. So he dashed off the suggested memo to the Secretaries of War, Interior, Agriculture, and Labor--coupled with Moley's quick draft of a congressional message--requesting them to "coordinate the plans" for the proposed CCC. "These plans include the necessity of checking up on all kinds of suggestions that are coming in relating to public works of various kinds." It appeared that he had intertwined relief and public works.[17]

Early the next morning, Wednesday, Roosevelt received the response of the Secretaries to his memo. Written by Perkins and also signed by the others, the five-page document was a concise and reasoned argument for three major relief ideas. They strongly urged him to consider (in this order) federal appropriations for grants-in-aid to States for purposes of "direct relief work," a separate measure for a "large practical, labor-saving program of public works . . . ," and a third bill for CCC. By the time Moley arrived, FDR had decided to consider this three-part plan. So he asked him to have the three senators, Miss Perkins, and Harry Hopkins, chairman of the New York State Temporary Emergency Relief Administration (established by Governor Roosevelt in September 1931), see the President sometime Thursday. Unknown to Moley, the Labor Secretary had already gotten Hopkins in to see Roosevelt about relief. Hopkins in fact had proposed the grants-in-aid idea to her.[18]

Prevailed upon for relief projects by Cabinet members and influential senators, Roosevelt also received similar advice that week from a closer quarter. LaFollette had breakfasted with the Budget Director the preceding weekend, convincing him that local institutions for relief of the unemployed had broken down everywhere. The Senator argued that the problem was now so immense and urgent that only the federal government could stem the tide. An opponent then and later of public works, Douglas nevertheless appreciated the intensity of the unemployment crisis. He recalled that he finally agreed to recommend an appropriation of $500 million for direct relief. So far as he was concerned, preserving the federal credit and providing unemployment relief were both necessities. Since the spending involved in direct relief was far less and affected more people than spending for either work relief or public works, he reasoned that it made more fiscal and humanitarian sense to provide the most amount of relief at the lowest cost to the public, since the consumer ultimately paid the cost of federal spending through taxation. He also believed that the bulk of reemployment depended upon private business recovery. This in turn depended upon a strong federal credit. Therefore the unimpaired credit of the U.S. government and orderly spending, based upon a balanced budget if possible, were the nation's first priorities--the reasoning behind the Economy Act--while direct relief and public works remained expensive and stopgap measures toward recovery. So he recommended direct relief during the following week at his regular morning sessions with the President.[19]

Within these converging forces and his own readiness to accept wide-ranging but relatively inexpensive relief measures, Roosevelt's congressional message took shape during odd moments before he sent it to Capitol Hill on March 21. Redrafted by Moley and himself on the 20th, over half of the final version dwelt upon and stressed CCC. First FDR recommended "grants to States for relief work" and "a broad public works labor-creating program." He reminded Congress that last year's relief appropriations ran out in May, so he requested creation of the office of "Federal Relief Administrator." But on public works, he simply said: "I am now studying the many projects suggested and the financial questions involved. I shall make recommendations to the Congress presently." The remainder of the message described the pressing need for a "civilian conservation corps," saying that 250,000 men could be given "temporary employment" by early summer on reforestation, soil erosion, flood control, and related projects--<u>if</u> he received authority to proceed within two weeks. Injecting idealism with common sense, he concluded:[20]

> More important, however, than the material gains will be the moral and spiritual value of such work. The overwhelming majority of unemployed Americans, who are now walking the streets and receiving public or private relief, would infinitely prefer to work. We can take that vast army of these unemployed out in healthful surroundings. We can eliminate to some extent at least the threat that enforced idleness brings to spiritual and moral stability. It is not a panacea for all the unemployment but it is an essential step in this emergency. I ask its adoption.

Following through, Roosevelt issued a "CONFIDENTIAL" memo which directed that all executive departments cease obligating any unexpended funds until a "complete program" of relief and public works was formulated. This directive encompassed funds for both fiscal 1933 and 1934. Reflecting his caution on public works, it served two purposes at once. It held back funds for CCC, which he hoped would require very little new spending. And it temporarily postponed action on public works. He looked upon CCC as a "must"; but not public works. Described by more than one adviser as the "neck of the bottle," the Budget Director almost daily raised doubts in FDR's mind about the value of heavy spending for public works. On this issue Moley continued to serve as liaison, presenting Roosevelt with pro and con arguments. Yet he also personally believed, with Douglas, perhaps for similar reasons, in some form of relief spending.[21]

Moley later explained that Roosevelt avoided the proposal of $5 billion in public works, which Rexford Tugwell and others had urged upon him in 1932 and which the Wagner forces and journals like the New Republic presently supported, because he did not yet subscribe to the pump-priming theory of public works as a stimulator of economic recovery. This position is indicated by his evasive responses in almost every press conference during March and the first half of April. For example, on March 15 he parried a question about his support for a "vast public works program" by saying: "There is enough money in the R.F.C. on direct aid for municipalities to last until May, therefore it is a grave question as to whether that is the kind of emergency that ought to keep Congress here." Again, on March 29: "That will not come up until after savings are taken up." And on April 14: "No; I haven't done a thing on it."[22]

Yet Moley evidently overlooked an important point in later describing himself only as a "go-between" in presenting to the President different viewpoints on such major issues. Roosevelt probably interpreted his policy adviser's neutrality on public works as a negative, albeit unspoken, recommendation. In other words, to FDR the fact that Moley did not advocate them likely meant (as in fact it did) that he did not particularly believe in their value. This would reinforce, in effect, the Douglas position. While it is impossible to generalize from one policy situation to another, the negative influence of the Budget Director coupled with the neutrality of Moley doubtless helped Roosevelt rationalize until well into May his personal reluctance to accept pump-primer spending. Despite his advocacy in 1932, the President therefore offered little leadership on public works. But that was his decision, and it can not be ascribed solely to the influence of key advisers.[23]

While postponing action on public works, the President and Congress moved ahead rapidly on CCC and relief. Immediately following the reading of the special message, Senate majority leader Joseph Robinson introduced the administration's CCC bill on behalf of himself and Wagner, who had pointed out as early as 1931 the "large federal zones which require reforestation." One week later Wagner, for himself, LaFollette and Costigan, introduced legislation to authorize a Federal Emergency Relief Administration. Wagner had forged ahead of the administration. On March 19, two days before Roosevelt acted, he introduced three relief bills. The first would liberalize RFC loans; the second would establish a nationally-coordinated but State-operated system of unemployment offices; and the third would encourage the provision of unemployment insurance systems in the States. From the perspective of congressional proponents of spending for relief and recovery, therefore, FDR's recommendations took only minimal steps forward.[24]

CCC remained the center of Roosevelt's attentions until Congress enacted it on March 31, although the nation's press and most senators and representatives concentrated more on the struggle over AAA. The original CCC measure introduced on March 21 authorized the President to recruit members from among the unemployed and to enroll them for one year, with no discharges permitted "except under such rules and regulations as the President may direct." Other provisions stipulated that pay could not exceed $30 monthly, that enrollee's had to make an allotment to dependents, that age was unlimited, and that married men could also be enlisted.

Vocal criticism from some labor spokesmen virtually forced modifications. The AF of L's Green, usually cautious and circumspect, quickly denounced many of CCC's features, particularly the section allowing the Army to operate the camps. He termed it the opening wedge to "regimentation of labor." A. F. Whitney, president of the Brotherhood of Trainmen, also condemned the bill, notably its low wage rates. These and other indictments led Roosevelt to summon on the night of March 22 a White House conference of House and Senate committee members who would conduct the hearings scheduled for the 23rd and 24th. His detailed description of CCC's intentions helped to foster a mood of cooperation, even though some like liberal House Democrat William P. Connery of Massachusetts still opposed the $30 maximum wage. The joint hearings proved favorable to the administration position that it was a relief program and that it would not impede further public works projects. But labor criticisms caused important amendments. The President as usual involved himself little in the legislative process, beyond approving the new bill which emerged from committee sessions over the weekend of March 25-26.

Massachusetts Senator David I. Walsh on Monday became spokesman and congressional leader for the new version. He explained that the original had contained two non-controversial features: reforestation as relief, and unobligated funds for financing. Therefore his committee had deleted the objectionable sections, like restrictions on enrollments and discharges and the wage rates. The new bill simply authorized the President "under such rules and regulations as he may prescribe, and by utilizing such existing departments or agencies as he may designate," to create and operate CCC. Because of the broader nature of this bill, Walsh's shrewd leadership, and the greater significance attached by most to the concurrent farm relief bill, it passed Congress in three days with but few additional amendments. Perhaps the most important of these was by Negro Congressman Oscar De Priest, an Illinois Republican, who won adoption of his amendment to prohibit "discrimination" due to race, color, or creed. The Republican opposition, while vocal on provisions such as delegating too much power to the President, was numerically weak. They possessed no real chance of defeating a bill advocated almost entirely by the administration and scarcely at all by private interest groups like foresters or lumbermen.[25]

On the last day of the month Roosevelt approved CCC, and during the following week he took major strides to organize it. Most of his actions on organization illustrate his multiple and simultaneous concerns with CCC on one level as a personal reforestation and conservation project, and on another as both a relief and an economy in government measure. It became the fourth major law enacted in March, even as he continued to frame the remaining domestic program.[26]

At a White House conference on April 3 Roosevelt confirmed the functions, outlined to reporters five days earlier, of each cooperating agency in CCC's operation. He pencilled a chart which illustrated these. Following guidelines prepared earlier by Douglas, FDR's chart designated the center of the organization as the director. For that post he had already decided on Robert Fechner, a machinist and old-line labor negotiator during the Wilson administration who by 1933 headed the International Association of Machinists and served as an AF of L vice president. Under Fechner the President designated assistants for activities like "enrolment," "Welfare," and "for Outfitting and Conditioning Camp." Underneath the chart he wrote that he wanted "personally to check" on the location and scope of the camps and the work to be done. Specifically he assigned the Labor Department to select men; War to enroll, feed, clothe, house, condition, and transport them to the camps; Agriculture and Interior to select projects, supervise the work, and administer the camps. These functions remained stable throughout CCC's life, except that it soon proved necessary to extend greatly the Army's functions in order to get the project into complete operation by early summer. He also authorized an advisory council, consisting of one member from each cooperating department, to assist the director. On selection policy it was decided to limit initial enrollment to single men aged 18 to 25, and primarily to those whose families were either on relief or who would allot at least 70% of their $30 monthly check to their dependents. The most unfortunate result of this April 3 meeting, perhaps predictable from CCC's origins, was FDR's decision to personally supervise the entire operation. His involvement in so many other policy matters would mean delay in its organization and implementation.[27]

Effecting the April 3 decisions, the President officially established CCC by executive order two days later. Drafted by the Budget Director, Roosevelt only changed it--probably to increase its political appeal--by inserting the term "Emergency Conservation Work" in place of "Reforestation Activities." That economy was also a Roosevelt goal is suggested by the assistance Douglas rendered in the planning and spending for CCC. And FDR privately indicated this goal the same day. "This figure of 1.92 a day [per man] not including transportation or wages is absurdly high," he wrote on a War Department request for $2,850,000 to enroll and condition the first 25,000,"--it must be reduced." This comment also suggests that Louis Howe, who was already soliciting work projects and who had approved the request, would have considerable voice in minor CCC policy matters. But the President naturally reserved major policy decisions for himself.[28]

Fechner implemented CCC's organization, with some direct assistance from Howe and occasional indirect aid from the President, to the extent that by July 1 the full quota of 274,375 was enrolled and 1,300 camps were in full operation. Yet he encountered a variety of obstacles which made those goals seem all but impossible until late June. For example, within a week of its establishment, Roosevelt was forced to make sweeping changes in its organization in order to avoid utter confusion in having Interior and Agriculture, via the Forest Service, train and equip the men and administer the camps without the facilities to do so. Acting upon Chief Forester R. Y. Stuart's recommendation and Howe's urging, FDR authorized enlarging the Army's functions from transporting the men to camp to assuming, under Fechner's authority, complete and permanent control of CCC. Special groups were added to eligibility lists, notably Indians and local woodsmen in April and unemployed veterans--discontented over the Economy Act--in May. In a typical economy move, Douglas objected to and successfully blocked the Forest Service's proposals for a higher wage scale for technical service supervisors, locally enlisted woodsmen, and foresters, until the President finally decided in their favor on May 9.

But delay presented the most serious obstacle. It resulted from interagency struggles between the Forestry Service and the War Department over issues like areas of responsibility, from Roosevelt's insistence upon personal supervision of all the details when he lacked the time to do so, and from Fechner's too stringent supervision of letting contracts and insistence upon repeated conferences before authorizing purchases. All these caused delay when compelling urgency was the order of the times. After meetings with Fechner on May 10, War Department spokesman Colonel Duncan K. Major proposed on the 12th a radical plan to eliminate all peacetime purchasing restrictions and to delegate "wide authority" to his department so it could handle the 8,500 enrollees to be selected daily by the Labor Department. After being approved unanimously by the advisory council, Howe and Douglas secured FDR's quick approval and the plan went into effect that afternoon. It broke the remaining administrative bottlenecks. Fechner carried on successfully and completely met the President's goals by the target date on July 1.[29]

Only partially conceived by Roosevelt as a relief measure, CCC nevertheless became one of the most notable and popular relief and policy successes by the end of the Hundred Days. And it precipitated administration support for direct federal relief. Even as CCC and Senator Wagner's FERA moved through the congressional processes with a minimum of publicity, the President continually dealt with other needed domestic policies.

V

By the middle of April Roosevelt had recommended to Congress four more major pieces of legislation and had intimated that others would soon be forthcoming. On March 29 he asked for a truth-in-securities law, on April 3 for farm mortgage refinancing legislation, on April 10 for creation of a Tennessee Valley Authority, and on April 13 for a home mortgage refinancing measure. By the 19th he could summarize the bills then in committee in a "CONFIDENTIAL MEMORANDUM FOR THE VICE PRESIDENT." FDR said that in addition there would probably be a "simple railroad bill" and a "bank bill." And on public works:

> There is also the problem of a public works bill but it is my present thought that this can be tacked on to one of the other bills in the form of a broad appropriation, the details of which will be left to the Administration.

Evidently he had become more amenable to public works, although his memo does not suggest that he was prepared to accept them on the scale proposed by Wagner's group. "Finally," he concluded, "sometime later there will probably be two important resolutions--one on Tariffs and the other on Debts." Thus he was still planning certain foreign economic policies, although the items mentioned evidently would not originate from the White House.[30]

The first of the major domestic policy recommendations concerned securities reform. Roosevelt had listed in his inaugural a "strict supervision" of all investments as a needed safeguard to prevent recurring "evils of the old order." This safeguard was also in the 1932 Democratic platform and he repeated it in campaign speeches in Albany, New York, and Columbus, Ohio. Often prone to relate a story about one upstate New York village where 110 of the 125 families--all wage earners--had been ruined by the 1929 crash, his campaign had included pledges for legislation to "inspire truth telling" in securities marketing, to regulate holding companies which sold securities in interstate commerce, and to supervise the stock exchanges. To him securities regulation probably reflected as much a moral question as one of rational economics or financial control. After the election he delegated the task of drafting a securities bill to the famous old Progressive Samuel Untermeyer. FDR made this assignment because Untermeyer had a national reputation from the Pujo Committee's investigation of Wall Street during Wilson's administration and, therefore, because he could serve as a tie to Wilsonian Democrats.[31]

Commerce Secretary Daniel Roper received the same assignment shortly after March 4. In the meantime Untermeyer had scarcely proceeded beyond a modified version of his 1914 proposal to regulate stock exchanges through the Post Office Department's control of the mails. When two Commerce draftsmen made little progress, Roper turned on March 13 for assistance to Huston Thompson of Colorado, the fifty-eight year old former chairman of the Federal Trade Commission. A states-righter and a fervid believer in legislation as an automatic regulator of the economy, Thompson studied the Commerce draft and prepared his own bill for the President by the end of the week. His version was essentially a disclosure statute, aiming to prevent the interstate sale of securities not fully and completely registered with the FTC. Registration was therefore the heart of his measure. But since he followed several conflicting precedents from the 1920s, the result would prove more muddled than not.[32]

At four o'clock on Sunday afternoon, March 19, Moley brought all interested parties to the White House for a hearing before the President. Roosevelt wanted to ascertain how soon he could have congressional action on either the Untermeyer or the Thompson bill, or both. Present beside Thompson, Untermeyer (who had disdained the Thompson bill that morning), and Moley, were Roper, Attorney General Homer Cummings, Charles Taussig, and others. To all appearances the two bills conflicted, as did their authors. Although Moley later characterized this meeting as a "frost," Thompson's diary recorded that FDR handled the evident personal clash "cheerfully and successfully":

> The President directed most of the conversation to Mr. Untermeyer and myself. He had a draft of the proposed bill before him and discussed it. He criticized its length and detail, suggesting that we cut down both. He suggested cutting out that part of the bill permitting the /Federal Trade/ Commission to refuse directly the sale of foreign securities and

> requested that we get around this feature. He distinguished clearly between our bill and Untermeyer's and said there was no conflict, the latter covering sales on stock exchanges.

After an hour of discussion, Roosevelt adjourned the meeting and invited all present to tea with some of his family. There Roper, Cummings, and Thompson privately agreed to keep the two bills separate. Thompson also "had a talk on the side with the President and he agreed to this." And FDR requested that he have the revisions ready within two days.[33]

Roosevelt was anxious to move ahead without delay on securities legislation, even if it meant having separate bills for the interrelated functions of "truth telling" and stock exchange regulation. Moley remembered pointing out to his chief that the Thompson bill was unsatisfactory and that, if they were going to be separated, stock exchange legislation ought to precede that for securities sales--even though he also recognized the need to prevent speculative excesses. "F.D.R. replied that there'd be time for both."[34]

This conversation raises certain points about Roosevelt's policy thinking and methods. On securities, for example, he wanted to proceed as rapidly as possible and in both (or all) directions at once. One reason for this is because he wanted to keep Congress supplied with legislation. On March 19, for example, predictions were that AAA would pass quickly, and the CCC-relief proposal was the only other one close to formulation. Also, as usual he chose not to close off any policy options, a plausible assumption at that point about securities. Furthermore, as he had done with Morgenthau and farm credit and with farm relief, he preferred to allow conflicting advisers and subordinates to settle policy disputes between themselves and to present him with more clear-cut alternatives for decision. Certainly a president had little time to get into the nuts and bolts of every policy. In effect, then, the "winner" could go ahead. If there was no winner, the President would have to decide. For all of these reasons, he found that it expedited policy-making to move ahead as rapidly as possible and to cross the bridges of conflict only when the time was right. Ends were more important than means. At least, FDR's actions suggest those were his priorities during the Hundred Days.

While signing the Economy Act on March 20 and requesting his relief package one day later, the President continued to push forward on securities. Thompson had drafted the necessary revisions overnight and Roosevelt had accepted the new version on the 20th. On Wednesday the 29th, as soon as he knew the Senate would vote favorably on CCC, FDR sent his sixth special message. Written by Moley,[35] it stressed the need for federal supervision of traffic in "investment securities." Simply stated, the President asked for truth-telling by adding the newer concept of "'let the seller also beware'" to the traditional doctrine of _caveat emptor_. "What we seek is a return to a clearer understanding of the ancient truth that those who manage banks, corporations and other agencies handling or using other people's money are trustees acting for others." Already in committee hearings in both houses, Thompson's "blue-sky" bill had not yet been subjected to the veritable storm of criticism from bankers and investment houses which would pour forth in April.[36]

The press conference seemed to be part of Roosevelt's motive in sending the message Wednesday. Although observers like Ernest K. Lindley believed it was sent to keep the House busy while the Senate wrangled over the farm bill, it was more than happy coincidence that so many policy news-making occurrences, from messages to signings, fell on the same days as his Wednesday and Friday press conferences.[37]

In this informative sesson on March 29, Roosevelt elaborated his views and plans on securities and related programs. He repeated the points made that morning in his securities message, stressing that those who handle other people's money do so in a "fiduciary capacity," that is, one that depends upon public trust and confidence. That assumption undergirded his entire four phase program, he went on. This first phase related only to the issuance of new securities (although two days later he told reporters, as a "snap judgment," that it related to both new and to "any advertised sale of old issues"). The second would be the "regulation or supervision" of the buying and selling of securities and commodities. This would take "another week or ten days," evidently meaning the Untermeyer bill, although he did not say so. "Then the third phase would relate to the fiduciary position of directors and officers of corporations and subsidiaries." Just what this meant in terms of legislation is not clear; but he chose not to elaborate. The fourth phase covered banking, such as the separation of investment buying and selling from banking and of commercial from trust banking, and the question of affiliates. These would become the heart of reforms advocated by Senator Carter Glass and others. "Well, we are working on all that and we are not ready yet; it will take another ten days."[38]

As is evident in most of the press conferences running from March through May, one of his prime purposes was to keep expectations high about what parts of his New Deal were just around the corner. In doing so, he of course dominated the front pages himself. This too was no coincidence.

In his eighth special message on April 10, the President called for legislation to develop the Tennessee Valley. The dam at Muscle Shoals, he declared, represented but a fractional use of the valley's potential:

> Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

He therefore requested that Congress create a Tennessee Valley Authority corporation, having the "power" of government and the "flexibility" of private enterprise, to carry these ideas into operation. Although the message did not say so, he also viewed the project as useful public works. Progressive Senator George Norris of Nebraska remarked after it was read in the Senate: "The Muscle Shoals message was the greatest humanitarian document ever to come from the White House."[39]

Perhaps the sentimental enthusiasm of Norris could be excused, since for more than a decade he had championed virtually alone public development of the valley for purposes of cheap electric power and fertilizer production. The battle was finally won with Roosevelt's election. In campaign speeches, notably at Portland, Oregon, FDR had declared the need for such projects to serve as "yardsticks" in determining electricity rates and for federal regulation of the power industry as a whole. In late January he visited the partially used Wilson Dam at Muscle Shoals, Alabama, with Norris and others, allowing himself to be quoted as enlarging upon the Senator's ideas. From Warm Springs in early February Roosevelt enunciated to reporters virtually the same program requested in his later TVA message, remarking that it would become "the widest experiment ever conducted by a government."[40]

Roosevelt's message and interest in TVA reveal more than vision and idealism. As does his handling of other policies, it illustrates his propensity to go in many directions simultaneously. Norris later recalled dining with the President shortly before TVA went to Capitol Hill.

They talked over its possibilities. "What are you going to say when they ask you the political philosophy behind TVA," Norris laughed. "I'll tell them its neither fish nor fowl," FDR laughed in return, "but, whatever it is, it will taste awfully good to the people of the Tennessee Valley."[41]

Indeed, Roosevelt manifested a continuing personal interest in TVA--as he did with CCC--while delegating carefully chosen proponents to develop and legislate the concept. Norris took the lead in the Senate and introduced the administration bill. House bills came from Democrats John J. McSwain of South Carolina, chairman of the Military Affairs Committee, John E. Rankin of Mississippi, and Lister Hill of Alabama. Their measures differed in substance, however, Rankin's being the Norris bill, McSwain's stressing power and Hill's emphasizing nitrate development. As House hearings opened, FDR moved ahead with alacrity and privately named the first of TVA's three proposed directors. Almost by chance Arthur E. Morgan, a noted resource and conservation engineer, had obtained an appointment to see the President through Ohio Senator Robert Bulkley. Fifty-five, tall and rangy, a social thinker inclined at times toward utopianism, Morgan had served as president of Antioch College since 1920. His current errand did not concern TVA, which he had only read about in the April 11 newspapers. Instead he sought federal funds for the Muskingum Soil Conservancy District near Yellow Springs, Ohio.[42]

Morgan saw the President alone on either April 11 or 12, the first time they ever communicated. Roosevelt responded with an enthusiastic and animated one-hour monologue on TVA. Evidently he said little about power development, later to be the source of so much controversy around Morgan. "The picture which he gave me of the possible functions of TVA," Morgan later recorded, "was of an undertaking to encourage the decentralization of industry in that region, to help locate people on small farms, and to develop social and economic resources of the region." FDR then asked him to serve as chairman of the board, saying he had read Morgan's Antioch Notes for years, that he liked his "vision," and that there "is to be no politics in this." Morgan agreed to these ideas, particularly that TVA's administration be non-political. The other two directors, Roosevelt went on, would have to be "acceptable" to the chairman; but he personally preferred a Southern agriculturist and someone acquainted with the power industry.[43]

After leaving this interview, other important points occurred to Morgan. He quickly wrote the President for approval to begin immediate and "confidential inquiry" about the other directors, without committing the White House. And he volunteered to help the congressional committees further fashion an acceptable bill. To both requests Roosevelt readily assented, the latter probably because House divergences on TVA were already apparent and because the visits of foreign delegations for the preliminary Washington talks were imminent. Morgan therefore quietly began working to unite his social visions with Roosevelt's goals for TVA.[44]

During April Roosevelt also managed to oversee the formulation of a home mortgage bill. On April 13 he delivered his ninth special message to Congress. Mentioned in the inaugural, a natural corollary to farm credit, only CCC preceded "Farm & Home Mortgage" as the "Must" legislation discussed by himself and Moley on March 18. On April 7 he mentioned to reporters for the third time his progress on this program. As an urgent step to promote economic recovery, his special message proposed legislation "to protect small home owners from foreclosure and to relieve them of a portion of the burden of excessive interest and principal payments incurred during the period of higher values." Protecting small home ownership would help guarantee social and economic stability, he stated. The program proposed generally paralled that of the farm refinancing bill. And in the interests of economy: "The terms are such as to impose the least possible charge upon the National Treasury consistent with the objects sought."[45]

The foreclosure crisis on urban homes, occurring at the astonishing rate of over 1,000 daily by mid-1933, alerted Roosevelt to the imperative need for action. Families, like that of Albert and Ella Giese of Benton Harbor, Michigan, wrote him that mortgage rates were as high as 7%; but rents were halved, utilities and insurance remained the same as in 1929, and taxes had been reduced "very little." On March 29

Massachusetts Representative John W. McCormack, himself greatly concerned with foreclosures in his Boston constituency, introduced legislation to remedy the situation. Saying "I'm working on the problem," FDR referred him to members of the Federal Home Loan Board. Howe arranged for board chairman William F. Stevenson and member T. D. Webb to work through Henry Morgenthau, the President's major adviser on credit. With Morgenthau coordinating the work and Senator Robinson acting as congressional liaison, Stevenson, Webb, and other board members completed a rough draft by April 5. It sought to correct the basic failure of Hoover's Home Loan Board, that of lending to banks and other agencies rather than directly to the homeowner. They proposed creation of a Home Owners' Loan Corporation to ameliorate the estimated $20 billion in threatened mortgages--affecting perhaps 75% of all American homes--by making fifteen year amortization available to homeowners at 5% interest. In final form on April 12, the bill would be amended by Senator Wagner to provide the same three year moratorium on principal installments which he wrote into the farm mortgage bill.[46]

By the middle of April Roosevelt had inspired the formulation and had recommended the passage of most of his domestic program. Since March 9 he had delivered nine special messages calling for urgently needed reforms; and already four were enacted. But by this time the congressional tempo showed definite signs of slowing, even if the White House did not. AAA rapidly became the focal point of the slowdown. And even while FDR focused on the domestic program, foreign policy initiatives also demanded his consideration.

Yet there were lighter moments for Roosevelt. By late March it was publicized that the New York Daily News, soon joined by forty-three other New York newspapers and several in the West and Midwest, had collected over $22,000 in a spontaneous campaign for the "Roosevelt Swimming Pool Fund." To be financed by donations, much of which came in nickels and dimes from school-age children, the 20x40 foot pool would immediately be constructed in the basement of the White House West Wing so that the President could take his "much-needed exercise." And it was about that time, James Roosevelt remembered, that his father consented to an appointment for the Right Reverend James F. Freeman, the distinguished Episcopal Bishop of Washington. Within minutes Marvin McIntyre heard the buzzer, the signal to show the visitor out, and he did. Returning to the Oval Office, McIntyre found his indignant boss complaining that the bishop was seeking to increase the "prestige" of his still-being-constructed cathedral. How? By trying to get the President to agree, if he died in office, to be buried there!

"If that man ever asks to see me again, don't let him in!" exclaimed the Episcopalian and faithful Hyde Park senior warden. "He's nothing but a body-snatcher!"[47]

VI

By April 15 Roosevelt had evolved some priorities, methods, and goals in his handling of foreign policy, although these could be changed if circumstances or personalities dictated. On priorities, he intended to continue to subordinate foreign policy, if and when a conflict occurred, to the more urgently needed domestic program. He had accepted this priority during the campaign and the interregnum, stated it in his inaugural, definitely committed himself to it during his conversation with Moley on March 18. At that point FDR listed three items that he would support but not initiate; namely, an arms embargo, the World Court, and the St. Lawrence Treaty.[48]

Roosevelt placed domestic priorities first for good reasons. But other reasons also existed for sending no foreign policy messages. The most likely one, as events would demonstrate in May and June, was that battles over foreign policy issues could mean costly defeat for the administration's domestic programs. And he recognized the significance of getting a comprehensive New Deal legislated as soon as possible. This consideration had prompted him to propose the legalization of beer, because he believed that, once in the works, CCC and AAA would weld Congress to his program that spring.

Roosevelt's methods of making foreign policy during the Hundred Days were informal, improvised, even haphazard. These characteristics proved anathema to a bureaucratic State

Department long tradition-bound to formalized procedures and chain-of-command. The President had determined to be, for all practical purposes, his own secretary of State. Having little respect for or interest in formality, sustained and logical thought processes, and departmental channels, he operated both around and through the State Department and Secretary Cordell Hull. FDR used Moley, in his official capacity as Assistant Secretary of State, as his instrument for dealing with major foreign policies.

Aside from Roosevelt's inclination toward formality and unorthodox methods, however, there was another reason he depended more on advisers like Moley than upon a thorough knowledge of issues and policies. The workings of government departments like State are complex. Alternatives for policy decisions are usually sorted out and primarily made below the presidential level. "Presidents are presented with a relatively small range of choice," historian Ernest R. May has pointed out, "and they have to make their decisions not on the basis of a kind of courtroom analysis of the arguments in favor of one course against another, but on the basis of their relative trust of this man as opposed to that man, or this agency as opposed to that agency."[49] If internal complexity blended in nicely with Roosevelt's tendencies for casualness and sloppy methods, that was happy coincidence, not reasoned forethought. Indeed, to suggest it was more than coincidence is to make a virtue of a deficiency, which is neither necessary nor flattering to FDR.

Roosevelt's methods perforce led to personal grief for Hull and Moley, at least by June, although this was not evident in early March. Moley's duties still left much of importance for Hull, whose appointment was based more upon his political support in Congress and the Democratic Party as well as his long-time advocacy of lower tariffs than anything else. The assignments Roosevelt had given Moley in February included responsibility for "the foreign debts, the world economic conference, supervision of the economic adviser's office, and such additional duties as the President may direct in the general field of foreign and domestic government." If the professor had any doubts about his status with Roosevelt or whether he should serve within State while not being subordinate to the Secretary, he had overcome these by March 18, if not before. Moley was loyal. If FDR had any such qualms, he apparently never expressed them to anyone, until three weeks after sending his July 2 "bombshell" message to the World Economic Conference.[50]

By the end of March signs of demoralization had appeared within State. These likely stemmed from Roosevelt's indirect methods and from his use of Moley as a personal adviser, and perhaps also from Moley's use of volunteer advisers like James Warburg and Charles Taussig. During his first day in office, for example, the Assistant Secretary held a press conference. According to Jay P. Moffat, head of the division of Western European Affairs and State's expert on disarmament, Moley "soundly berated the press for referring to him as the President's 'Man Friday,' and then proceeded to say that he would not be able to receive them frequently as had [his predecessor] Mr. Rogers, because he would be running back and forth to the White House." But Moley was under no illusions as to his official and unofficial position. "So far as I know at the moment," he wrote to one family friend, "I shall be doing rather little work here in the Department. My main function will be what it was during the campaign, that is, to act more or less of a sieve for ideas." Yet he was not accepted by all of his colleagues on those terms. On March 24, for example, Warburg briefly recorded in his journal that he "had a very frank talk with Moley about present internal difficulties in the State Department and pointed out certain very obvious dangers which I see."[51]

At the same time the Department's Economic Adviser Herbert Feis worried about Moley's, and therefore indirectly Roosevelt's, methods. Later usually a fair-minded historian, Feis in his 1966 memoir sharply criticized Moley, although the same tone did not appear in his contemporary letters to his confidante, Felix Frankfurter. Moley's mind and manner seemed to "warp under the great power," Feis later wrote, bitterly labelling him the "General Patton of the State Department command with an epithet on his hip." In a memo "hurriedly jotted down" near the end of March, Feis described him as:

> An interested mind, which only exposes itself in jumps. A mind which does no systematic solutions or even systematic procedures, but catches at ideas, or measures

> how they fit into the combat of political forces and ideas. He sometimes asks others to think through; he does not do so himself. He is too blithe on important matters, too disposed to pass over them with a jest. Yet in this spirit he believes that can be kept in good shape--seeing their importance less clearly because no American political interest forces them on his attention.

Years later British financial and monetary expert Sir Frederick Leith-Ross confirmed this point on Moley's political sensitivity when he observed that the professor had "a shrewd political instinct and struck me as being remarkably free of prejudices and ready to appreciate arguments put to him but almost completely lacking in detailed knowledge of the many questions we discussed and interested only in the political aspects of any proposal."[52]

In many ways a perceptive commentary, Feis' memo is even more important because it precisely describes the President's own outlook and methods in foreign policy during the Hundred Days. Evidently written about Moley, it suggests why Roosevelt valued his advice. Moley did not always operate through departmental channels, procedures, or personnel. As FDR's personal adviser on policy, he did exactly what the President wanted: to act as a "sieve for ideas," and to cut through red tape and advise on whatever matters his chief designated. And the context of domestic "political forces and ideas," as Roosevelt and Moley discussed on March 18, was to them a crucial, perhaps the crucial, policy priority. FDR's mind was anything but orderly and the bureaucratic, point-by-point approach bored him. Indeed, his could be termed the "sloppy mind" in action on American foreign policy. Thus Moley's temperament and methods, if the Feis description was accurate, fitted into his chief's preferences and needs. Such a mind often obtained results; and it was results, almost regardless of the improvised means, that led to the success of later powerful presidential assistants like Harry Hopkins. But Hopkins had a precedent. And Moley set it. Until 1939 there was no institutionalized system of presidential assistants. Also, in 1933 part of the problem existed because Hull's mind was not quick, and he clung to bureaucratic procedures. This irritated Roosevelt, one adviser later commented. "If anyone irritated the President that instantly irritated Moley, so it was almost like an umbilical cord."[53]

Roosevelt's methods and his choice of Moley to employ them helped create morale and procedural problems within State. Even before March 4 several newspapermen had predicted to Moffat that Moley would "hang himself" within a few months, and that already he had "earned the unreserved enmity of the press, of Sumner Welles, of Norman Davis and, more important of all, of Colonel Howe."[54] To this list Feis later added the name of Under Secretary William Phillips. Yet their "enmity" was biased. Doubtless they did not appreciate his abilities. More to the point, they overappreciated his close relationship with FDR. On March 25 when Feis confided his worries over the professor's apparent disregard of preparations for conferring with the British ambassador, Moley's assistant reacted by privately commenting:[55]

> He /Moley/ is rarely unprepared--it is only that he is constitutionally opposed to orderly and institutionalized preparation . . . . He goes about it in a way peculiar to himself--listening here and there in an apparently haphazard way--seeming most disinterested--and then coming out with a clearly fixed point of view laid on an amazing background that one would never dream he had.

Whether or not Moley's critics understood his motivations and his duties, he appeared to be almost the acting secretary of State. He thereby managed to keep himself between Roosevelt and Hull. "The President wasn't inclined to trust Hull or seek his advice," Warburg later observed, "so that Hull felt that he was isolated and referred to the President as, 'That man acwoss the stweet' and loathed Moley." According to the later reminiscences of Warburg and Feis, Moley's failure to inform Hull of his foreign policy dealings for FDR increased the disorder and dissension. On the other hand, the Secretary's desk diary recorded his appointments with the Assistant Secretary on an average of thrice weekly. These appointments suggest that if Hull received little information from Moley, it was not because he lacked the opportunity to do so. But Moley apparently realized the situation. On April 14 his diary recorded: "The whole department is a place of intrigue--They hate Raymond--according to him (Taussig)."[56]

Actually it was less Moley and more the President's leadership which wounded subordinates in State. "In fact," Moffat recorded in his diary on April 17, "to such a degree our foreign relations centralize with the President that no one here really knows what is going on." And significantly, in view of his earlier comments, Moffat recorded nothing after March 7 that related either to Moley or to morale. Such criticism by officials and observers suggest an early pattern which was repeated over and over. Critics condemned Roosevelt's advisers for what they disliked in the President. Moley set the precedent, often ascribed to Tugwell, for absorbing constructive and destructive criticism that could not yet be transferred to the real object, because FDR was simply too popular and appealing a figure in 1933.[57] In any event, it was within this milieu that Roosevelt urged forward both Moley and the State Department in order to advance his foreign policy goals.

While lending some attention to issues like disarmament and the Geneva Conference, an arms embargo, and the St. Lawrence Treaty, Roosevelt concentrated what limited time he had available for foreign affairs upon the intergovernmental debts and the forthcoming London Conference. Near the end of February the British Foreign Office had sent to outgoing Secretary Stimson a long memorandum entitled "British Policy on Economic Problems." Hull received it upon taking office. The gist of it stated that debts constituted "an insuperable barrier to economic and financial reconstruction and that there is no prospect of the World Economic Conference making progress if this barrier cannot be removed."[58] The British government attempted what the Hoover administration had failed to achieve during the interregnum: to join the debts issue--which FDR and Moley interpreted as bilateral transactions and therefore not subjects for international action--to the WEC. In effect, this matter provided a conflict between domestic and foreign policy priorities, between intranationalism--to use the contemporary phrase--and internationalism. On March 6 Moley happened upon Norman Davis in the department, evidently at Hull's direction, drafting a reply to the British. In reading it, Moley concluded that Davis, for internationalist purposes, again sought to mingle debts and the WEC. Testily taking over the task, he worked on it occasionally during the next two weeks.

Roosevelt's only directive that he, Hull, and Moley were "to be the works so far as debts are concerned" came on March 20.[59] Two days later Hull, Moley, and Feis finally agreed upon a reply. But in order to achieve his and the President's goals on the policy of separation, Moley inserted an overly drastic statement separating debts and WEC issues. He moderated these insertions after winning his point, but doubtless it hurt the three men's personal relations. In essence this reply established that any order of priority in settling problems at the WEC was "undesirable," and that debts discussions would remain entirely separate. Quickly approved by FDR, the document was dispatched to Britain and the stage set for tentative discussions of both sets of issues with the British ambassador.[60]

In the meantime, convinced that Warburg was the only available adviser with practical and well-thought-out ideas concerning monetary and foreign exchange policies, Moley, Woodin, and Taussig persuaded him to return to Washington and present his views on monetary policy to the President. Warburg believed that the administration should postpone any decision on returning to the gold standard (suspended following the March 6 gold embargo), while eventually returning to a revised one; that it should not create any codified foreign exchange restrictions; that a "cheap dollar" was not necessarily a sign of strength; and that the value of the dollar should be studied intensively, but a "stabilization fund" should be created at once. After an hour and a half session on March 15 with the President, Hull, Feis, and Taussig, during which Warburg articulated these ideas, Roosevelt concluded that the stabilization fund idea "had great merit and that he would like it pursued at once."[61]

Moley's work on debts and Warburg's arrival as a monetary expert marked a widening policy focus. After his March 15 performance, Warburg had to stave off maneuvers by Moley and Woodin, backed by the President, to induce him to accept appointment as Assistant Secretary of the Treasury. A "trial balloon" to that effect even appeared in the _Times_ on the 17th. Finally convincing them that he could not divest himself of his banking affiliations, his stocks (not profitably, anyway), and his financial responsibility to his mother, Warburg agreed to continue in an unofficial capacity and to help develop monetary policy.[62] In anticipation of the coming conversations with the British, Warburg and William C. Bullitt, a former Wilsonian who had diplomatic experience after the World War and whom Moley continually advocated for Special Assistant to the Secretary of State, convinced Moley that they should prepare a tentative program to answer all possible questions that the British might raise on debts and the WEC.[63]

Foreign policy efforts during the last week in March and in the first half of April continued to be carried on with minimal attention from Roosevelt. "Except for occasional consultations," Feis later wrote, "the President contented himself with what he gathered from his conversations with a few cronies, particularly Moley, Warburg, and Bullitt." Beginning with the week of March 27, Moley initiated conversations with British and French embassy officials. He discussed proposals like the possibility of using silver for all or part of their June 15 debt installments. FDR approved Moley's proposing this expansionary use of silver (which even conservative Democrats like Baruch advocated) as well as their earlier idea of continuing such talks through normal diplomatic channels.[64] A part of their motivation was, as usual, political. Moley maintained that the silver proposals "cannot do much harm," and if they raised the price of silver they might do some good. At least, it "will do something to satisfy silver sentiment in this country. . . ." He delegated Warburg to explain the benefits of these ideas to congressional enthusiasts like Hatton W. Sumners of Texas, chairman of the House Judiciary Committee, and New York Congressman Andrew L. Somers, chairman of the House Coinage Committee.[65]

While Moley coordinated such matters from above, Warburg, Feis, and others implemented much of the technical preparation from below. For example, during late March Warburg occasionally worked on formulating an agenda for the London Conference and also participated in unofficial talks with the British and French experts. French indifference or reluctance on the debts issue, however, caused much delay. They insisted on some "new fact" about the June 15 payment before they would be favorable to preliminary WEC discussions. Thus did debts seem to stall the WEC preparations.[66]

At this point Norman Davis, who was in Europe on disarmament negotiations, stepped into Moley's province and thereby provoked confusion in State. He telegraphed Hull from London on March 30 that he had told British Prime Minister Ramsay MacDonald to put the debts "completely in the background" for the time being and to concentrate on more fundamental recovery issues, namely, the London Conference. This irritated Moley. Gaining FDR's backing, he bluntly confronted the Secretary. "Hull's feelings were apparently ruffled," ran the Assistant Secretary's diary entry, "--since Raymond had pointed out to him in no uncertain terms on Wednesday, during the discussion over the Davis incident, that the President had specifically turned over to him the work on debts and the World Economic Conference preparation."[67]

Roosevelt followed up this episode with a curt memo to Hull. "Do <u>please</u> keep me in daily touch with what Davis is doing--I hear several dispatches have come from him showing that Davis is talking debts and economics. That is <u>not</u> his job!" Four days later rumors from Europe forced FDR's denial to reporters that the Davis mission had anything at all to do with debts.[68]

By early April, confusion and ill will existed to the point that Warburg and Bullitt "agreed that the present situation in the State Department, except for Moley, could be summarized as 'incompetence informed by ignorance' and that we had a sweet job ahead of us no matter which way it worked out." Others agreed. Feis confided to Frankfurter that worse difficulties and confusion could hardly exist, because Hull and Moley had neither adjusted their working methods nor reached a clear understanding on how work should be directed. "The Secretary's only way of trying to deal with obstacles is to preach against them," lamented Feis. And although everything could still change, "M. still seems to move in a honeymoon of irresponsibility." Feis feared that such circumstances would lead to the selection of a weak delegation. Also, he seemed to resent Moley's use of non-department personnel. Tugwell, who was in on some of the WEC preliminaries, candidly recorded Moley's impressions. "He says Hull has a mushy mind and that Phillips is a stuffed shirt. His informal ways must scandalize the over-formal State Department."[69]

Despite these circumstances the President's program somehow made progress. On his own initiative but with Moley's approval, Warburg had drafted and redrafted by April 13 a six-point statement of American monetary and economic policy. His major proposals were to establish lower uniform gold reserve ratio's for central banks of the major countries, to raise the price of silver by measures like pegging its price at 50¢ an ounce as well as remonetization, to remove "all artifical exchange restrictions," to secure central bank cooperation in their respective monetary policies, to maintain an "international gold standard in some form [as] an essential to world recovery," and to raise the general world price level by measures like clearing international trade channels and synchronized programs on international spending to stimulate employment. Three hours were spent that evening reviewing this draft program in the State Department. Warburg and Feis did most of the talking, Hull the asking, with Moley, Bullitt, and Taussig also participating. Hull expressed himself as "very well pleased" with it, and he seemed to Warburg "delighted" to have someone else do it. "He does not exactly convey the feeling of a profound understanding of the subject," Warburg afterwards recorded. They arranged for Feis and Taussig to draft a tariff statement for the following evening's White House Conference.[70]

Roosevelt spent much of Thursday evening, April 4, going over the draft program with the State group. The most detailed discussions, Warburg put in his journal, covered questions of procedure and silver. During this session Warburg tried to ascertain just what the President thought about the gold standard. When asked whether he wanted devaluation left open, as the gold standard clause presently did, FDR replied it "was exactly what he wanted." They did not discuss tariffs because Feis and Taussig had nothing prepared. In conclusion Roosevelt outlined his tentative "time schedule" for legislation, saying that TVA would be submitted this week and banking the next. "After that there would be the time to get tariff and debt authority from Congress before Congress adjourns, presumably about the 25th of April."[71]

Although the President called another White House conference April 13 to review the program, little progress had been made on tariff policy. Feis later observed only that "we did manage in some way or other to formulate a statement of policies before the foreign missions arrived." By the 13th the policies were to effect a tariff truce during the WEC, to propose at the WEC a horizontal cut of tariffs by all countries, and to propose trade treaties between individual countries providing for reciprocal reductions of trade barriers. Indeed, this probably represents the detail to which the tariff "experts" had been able to agree. According to Warburg's journal, that night FDR "enthusiastically approved" all three proposals.[72]

Yet this was but the tip of the tariff iceberg. Conflict over what the President would fully support on tariff policy raged within State. Taussig evidently advocated Moley's views on economic nationalism and the need for achieving domestic recovery before lowering world tariff barriers. On the other hand, Feis concerned himself with the apparent contradiction between a nationalist AAA--which would need protective tariffs on farm products--and Hull's continual advocacy of lowering international tariff levels. In addition, Taussig looked upon Feis as an ill-informed bureaucrat. Feis resented the fact that Taussig was merely a volunteer. "Taussig and Feis are apparently fighting like cat and dog," Moley's diary recorded. "Feis keeps on being irritable--and yowling that we are drifting, etc. etc." By mid-April Moley confided to Howe the White House strategy: to let "Cordell Hull talk one thing re tariffs while the army marches in another direction. Louis loved the idea."[73]

The problem was that nobody, perhaps except Moley, really knew where the President stood. Some of Moley's diary entries indicate that by April FDR preferred to defer asking Congress for tariff authority at least until the New Deal could be enacted, when he could decide for himself the congressional climate of opinion. But as Moley wrote in <u>After Seven Years</u>: "It occurred to me that it might, after all, be <u>my</u> leg that F. D. R. was pulling, and not Hull's." Perhaps Roosevelt talked both sides of the issue, depending upon the listener's inclinations. But lowering tariff barriers had certainly been a cornerstone of Hull's political philosophy for two decades. And on April 12, speaking at Washington's Pan American Union, the President emphasized the need for peace in the Americas:[74]

> It is of vital importance to every nation of this continent that the American Governments, individually, take, without further delay, such action as may be possible to abolish all unnecessary and artificial barriers and restrictions which now hamper the flow of trade between the peoples of the American Republics.

No wonder Hull could believe that Roosevelt stood with his cause. Perhaps he would have been less optimistic if he knew that Moley drafted this carefully qualified speech.

On April 5 the White House had released news of Ramsay MacDonald's imminent visit to America. Roosevelt's letter of invitation, drafted in State, was made public on the 6th. But as a dramatic twist, as well as a real surprise to department officials and to Moley, the President decided to invite the heads of other governments too, as Warburg put it, "without anyone having a very clear idea of what he is going to talk to them about."[75]

Why did Roosevelt invite the other nations? Perhaps he intended to jolt his foreign policy apparatus into action. William Phillips drily noted that "the system adopted of putting the 'cart before the horse' seems a rather effective one in forcing us to take immediate positions." FDR also valued public opinion. He told Phillips that "the purpose is largely to educate public opinion in the different countries and to prepare the ground sufficiently to prevent disagreeable surprises in the actual conference." Other nations translated this policy initiative in a more obvious way. "Mr. Roosevelt thinks it is indispensable," the French Minister of Foreign Affairs privately explained, "to give to world public opinion the impression that the principal powers are motivated by the desire to assure the success of the Economic Conference." Probably all these reasons are accurate. In any event, Secretary Hull announced on April 8 that invitations also had been extended to Canada and Mexico, making a total of eleven missions to arrive for the Washington talks during later April and May.[76]

By mid-April, therefore, amidst a deteriorating situation within the State Department, Roosevelt had encouraged major initiatives in foreign policy. The debts issue was moving, albeit slowly. The arrival of foreign missions promised to accelerate American preparations for the London Conference. Even though Moley had recently chewed out Feis for repeated complaints about the use of volunteers like Warburg and Taussig, Feis could still report to Frankfurter that "Meanwhile, Moley buckles down more and more to the task of mastering the detail with which he must continuously deal during the conferences of the next few months." Whatever his personal feelings, Feis, and probably others as well, realized Moley's importance. After the April 13 White House conference decided upon the agenda, Feis went on, "Then it will be Moley's job to see that the President consistently follows the agreed-upon program."[77]

Apparently tariff policy had been settled, at least in outline. From the Pan American speech and the following night's decisions to carry on with the three-part tariff proposal, it seemed the President had decided to move toward lowering international tariff barriers, a direction conspicuously absent from his inaugural. In January he had told E. D. Coblentz that he planned to use present high tariffs as a "club" to "compel reciprocal agreements."[78] Being present-minded as he was, FDR likely wanted to keep all policy options open, with reciprocal agreements as the long-range goal. So far no major conflict had occurred between domestic and foreign policy priorities. It remained to be seen how far he could or would travel down the road toward economic internationalism. But even as foreign policy forged slowly ahead, a stalemate loomed on the domestic front because Senate inflationists had stalled AAA.

VII

Farm relief legislation was the most heavily publicized part of the Roosevelt program throughout the last half of March and in April. At first it looked like enactment of AAA might come rapidly. Senate majority leader Joe Robinson told reporters the bill could be disposed of in two or three days. And Key Pittman, president pro tem of the Senate, thought the upper house might drastically alter the bill; but still he predicted passage within a week.[79] Such optimism on March 16 and 17 probably encouraged the President to move ahead on other parts of his program on the 18th with Moley, as was his own intention anyway.

The original agricultural adjustment bill, however, was far too complicated and significant for speedy passage. Its objectives were to establish and maintain a balance between the production and consumption of farm goods, and to regulate and control the marketing of those goods so as to raise the prices of agricultural commodities to the level where they could be exchanged for the same amount of non-farm goods as during 1910-1914. This latter concept soon became known as the "parity price," or just "parity." General recovery was its rationale. Agricultural prices had to be forced up to restore the farmer's purchasing power Only in this way could they buy industrial or non-farm goods, which would stimulate industrial recovery and urban reemployment, which in turn would create demand for both industrial and agricultural goods.

AAA sought to achieve parity primarily by methods of production control and marketing agreements. At heart the bill embodied the voluntary domestic allotment plan. As originally drafted, it authorized the secretary of Agriculture to enter into individual voluntary agreements with farmers either to reduce acreage or to reduce the amount produced for market, or both, of nine "basic commodities": wheat, cotton, corn, hogs, rice, tobacco, milk and milk products, cattle, and sheep (although the last two were later removed by amendment). In return, only cooperating farmers would receive benefit payments (the allotment). Also, the secretary was broadly authorized to raise prices by entering into marketing agreements with processors and others who handled farm commodities in interstate or foreign commerce. While the anti-trust laws would be suspended to allow such agreements, their nature was not spelled out. This power was also voluntary; but the secretary was authorized to issue licenses to compel elimination of unfair trade practices. So theoretically it could be enforced.

In keeping with the Economy Act, AAA would be self-financed by a tax levied on the first point of processing. This tax was designed to be set, at the secretary's discretion, so as to equal the difference between the existing market price and the parity price. The bill also provided for taxes to be levied on competing products, both domestic and foreign (at which point internationalists feared it would conflict with lowering tariffs), and on available stocks of goods. But the tax was regressive because the burden would most likely be passed on directly to the consumer.

Flexibility was AAA's most striking feature. Even its termination was left to the secretary's discretion. The secretary's broad grant of powers was capped by authorization, with the president's approval, "to make such regulations with the force and effect of law as may be necessary to carry out the powers vested in him by this act." Wallace, Tugwell, and other administration officials wanted broad powers for two reasons. First, they hoped that omnibus authority would prevent a split among the bill's supporters. Second, they recognized that the complexity of the farm crisis required experimentation in order to discover workable solutions. In one sense, AAA was neither new nor revolutionary. Its central reliance on the domestic allotment plan drew heavily on farm relief ideas advanced during the decade before 1933, on McNary-Haugenism, and on Hoover's Federal Farm Board. But perhaps in a more important sense it was revolutionary. The extent of government intervention in the economy and AAA's administrative flexibility represented, as FDR said in his special message, a "new and untrod path" both for American agriculture and the federal government.[80]

How well Roosevelt understood AAA's methods and implications is not clear. On March 20 Moley observed him discussing it and other bills during a White House conference of Democratic and Republican leaders. "Comment on F.D.R.," Moley jotted in his notebook. "Achieves much because he doesn't know details--naive attitude enormously helpful." To reporters the President was often indirect. On March 15, the day before his message, he remarked that the farm bill would retain some of the "features but not the principles" of domestic allotment. And on March 21 he simply told them that AAA "is too complicated a subject." But his special message suggests that he comprehended the need for action, and action now, as well as the value of experimentation.[81]

If the President did not fully understand his complicated farm program, neither did much of the news media, the farmers, and many senators and representatives. Few newspapers explained the bill in detail. Editorials reprinted in the Times and the Literary Digest indicate there existed a fair amount of opposition to AAA. But more papers favored it than opposed it, at least to the point of allowing the "fair administrative trial" requested by Roosevelt. Most farm newspapers either supported the bill or remained silent, although they frequently endorsed additional remedies like currency inflation. Judging from their letters to Secretary Wallace, farmers urgently wanted some form of government aid, even though most were unclear about the means to achieve it. But this also is not surprising. Devices like the parity price and production control were relatively new. Even such seasoned veterans of the 1920s farm battles like Senators Burton K. Wheeler of Montana and George Norris were unfamiliar with the newer ideas. The point is that few could deny the need for some program. In supporting production control for hogs, Congressman Charles Truax of Ohio perhaps expressed the preponderant view of agriculture's plight. "For 12 long years this great basic industry has been sucking the hind teat of this great country of ours."[82]

Congressional action spurted ahead in the House but delay followed in the Senate. Since the House Democratic leadership restricted debate and allowed no amendments from the floor, on March 22 the heavily Democratic majority passed

AAA, 315-98. But it was different in the Senate, where hearings began two days later. Processors, packers, and other handlers of farm products furnished the strongest and most organized opposition, directing their fire to the processing tax and to production control. To blunt this thrust, as early as March 12 Wallace, with Roosevelt's approval, had asked George Peek to administer AAA. A former businessman, well known as both a conservative and a veteran leader of McNary-Haugenism, Peek counted among his backers Bernard Baruch and Hugh Johnson, Baruch's lieutenant during the War Industries Board days and a business partner with Peek during the early 1920s. Both responded to Peek's call. Baruch arrived in the nation's capital on March 28, having already begun to persuade and pressure processors who opposed the bill.[83]

Other opponents and objections appeared both from within and without the Senate. "Cotton Ed" Smith, chairman of the Senate Agriculture Committee and notorious for his single-minded determination to legislate his cotton option plan, opposed the bill because he had been excluded from the drafting (according to Peek) and because he insisted that it include farm mortgage provisions (according to W. I. Myers). Aside from other Senate opponents, John A. Simpson, leader of the radical Farmer's Union which claimed to represent thousands of small farmers, urged adoption of his appealing and apparently practical cost-of-production scheme. While it had an admirable goal, namely, adequate living standards for farmers, Wallace testified that its means were rather impractical: reliance on a two-price system, but without production control. With hearings continuing four days, the Smith committee's report delayed by controversy over issues like cost-of-production and farm credit, and with the prospect of unlimited debate on the Senate floor thereafter, the focus shifted to amendments. The President had promised farm credit provisions first in the inaugural and had reiterated the promise in his special message on agriculture. Conspicuously absent from AAA, farm credit had become a legitimate reason for congressional delay.[84]

Throughout the Hundred Days Morgenthau continued to act as Roosevelt's principal adviser on farm credit. As an integral part of both his farm relief and governmental economy preparations, in early March FDR delegated Morgenthau to draft an executive order to consolidate all government agencies lending money to farmers. "The idea he has in mind," Morgenthau stated in an interview on March 3, "is if a farmer wants to get credit from the government he can get it without having to travel a thousand miles." Credit therefore would be cheaper and easier, he emphasized, and economies from consolidation alone would amount to "several millions." This executive order was the first step of the three-part program that he and William Myers had devised during the interregnum. A day or two before the inauguration, Morgenthau in turn delegated the drafting assignment to Myers, Marvin Jones, and Herman Oliphant, an expert in statistical and quantitative aspects of law, soon to be general counsel of the forthcoming farm credit agency. These three prepared the order within two weeks and cleared it with Roosevelt's principal senatorial liaison James Byrnes, who was well versed in the appropriations acts with which the order had to comply.[85]

While it appeared that Roosevelt acted on farm credit in order to end delay over AAA,[86] actually his executive order had been prepared before he asked Congress for farm relief legislation. Rather, the bottleneck occurred because Morgenthau, Myers, and the others simply could not draft an acceptable farm mortgage refinancing bill swiftly enough. And the President, busy with CCC and other policies, did little checking on the matter until it was forced on him later in March. After drafting the order, Morgenthau and Myers conferred with the various farm leaders who now had credit proposals. At length they incorporated their program into a draft bill which FDR approved at a White House conference on March 23. Several important congressional leaders attended and agreed to this measure, including Senators Robinson, Smith, Wagner, William G. McAdoo of California (who was skeptical), and House floor leader Joseph Byrns, Speaker Henry Rainey, and chairman Henry Steagall of the Banking and Currency Committee.[87]

On Monday, March 27, following Simpson's testimony of the 24th and 25th but before Morgenthau completed the farm mortgage bill, Roosevelt acted on farm credit. Coupled with a message of explanation, he created the Farm Credit

Administration by executive order. FCA would consolidate the agricultural credit functions of the Farm Board, the Farm Loan Board, the secretary of Agriculture, and the RFC; and it abolished the stabilization operations of the Farm Board. The net result, FDR stated, would be a better coordinated and more uniform farm credit program. It would also mean governmental economies of $2 million immediately, with more anticipated in the future. This reorganization would become effective in sixty days, unless Congress legislated otherwise. And he appointed Morgenthau to administer the new FCA. Pronouncing him the "New 'Czar' of Farm Finance," the Literary Digest found press reaction both to FCA and to Morgenthau's appointment inspired "another wave of confidence."[88]

Roosevelt's executive order, coming amidst criticism of AAA, finally gave him leverage with those who demanded action on both farm mortgages and farm relief. Immediately following the President's press conference on March 31, Senator Smith, his committee, and Joe Robinson filed somberly into the Oval Office. Smith and Senator Bulkley had requested to see FDR alone about farm credit; but he shrewdly responded by summoning the entire committee. Afterwards unidentified senators told reporters that the President did not "crack the whip," but that he did press for immediate action on AAA--still in committee--and particularly for the so-called dictatorial provisions for Wallace. Robinson remarked to correspondents that probably the mortgage bill would be combined with AAA; but since the former was still incomplete, that would mean further delay.[89]

Farm mortgage legislation, as Robinson implied, held one key to AAA's enactment. Smith had insisted upon such provisions from the beginning, and he refused to allow his committee to approve AAA until the President authorized joining the two. But pressure on Roosevelt also came from another direction. An old Wilsonian who had helped to swing California for FDR at the 1932 convention, Senator McAdoo introduced legislation for a "Super Farm Bank" to supplement the existing organizations. This the President wanted to avoid because, among other reasons, it eliminated the economies. McAdoo acted only after a White House conference at which Roosevelt declined to approve his plan. Afterwards FDR asked Myers to persuade McAdoo to back the administration bill and have the super bank be a "division" of FCA. But the try failed. Myers could get only as far as McAdoo's legislative assistant.[90]

The national need for a farm credit program could scarcely be exaggerated. By April some estimates found that farm debts and mortgages totalled in excess of $12 billion. These affected at least 40% of farmers. $8.5 billion fell into the mortgage category, most of which had been acquired in times when land values and farm prices were considerably higher. While farm income had declined by half since the parity period, indebtedness had dropped off only 7% and mortgages had actually increased. The Morgenthau bill sought to ease this crisis by authorizing FCA to issue up to $2 billion in Federal Land Bank bonds. FCA would use capital thus acquired to refinance farmers' obligations on the basis of a lowered principal, a maximum interest rate of 4½% (half of average rates), and postponement of mortgage and debt payments for up to fifteen years. Like the Kansas City Star, most newspapers in rural areas favored the complicated scheme as an immediate step to take the "sharp edge" off the farm crisis. "Then the farmer will be in a position to get by, pending a rise in prices which will come with business recovery."[91]

During the March 31 conference with the Senate Agriculture Committee, therefore, Roosevelt could promise quick action on an emergency mortgage bill. He had already created FCA. And he could also say that he had scheduled a showdown meeting for the following day between the Morgenthau and the McAdoo people. Present in his office on April 1 for this supposedly "final" decision on farm credit were Lewis Douglas, Morgenthau, Myers, McAdoo, Robinson, and several congressional leaders. Myers recalled his own consternation at this point because of McAdoo's reputed "political clout." But doubtless FDR would have continued to follow Morgenthau's advice on farm credit, in view of the latter's consistent performance since December. In his genial manner the President "decided" for the Morgenthau bill.[92]

This presidential maneuver turned a corner in AAA's enactment. Later that afternoon Smith announced that he had in turn decided not to introduce his substitute farm bill. On April 3 Roosevelt asked Congress for farm credit legislation. In keeping with his economy in government program, he promised that the act would "not impose a heavy burden upon the National Treasury." Two days later Smith's committee reported an amended AAA out to the Senate floor.[93]

Roosevelt had no sooner cleared the first major congressional obstacle to his farm program than he was confronted with a second, even more popular than the first. Campaigns for inflation and devaluation of the dollar reverberated across the political scene in April. The inflation-oriented Committee for the Nation, led by businessmen like James H. Rand, Jr., of Remington, Rand, and Lessing Rosenwald, of Sears, Roebuck, arrived in Washington and conferred, propagandized, and formulated proposals for devaluation, specifically the Goldsborough bill. According to committee spokesman George Warren's diary, the President confidentially stated that some form of devaluation was acceptable.[94] Congressional proponents of "doing something" for silver increasingly pressured the White House. Already an advocate of accepting part of the war debts payments in silver, Moley served as liaison with silver enthusiasts like Senators Pittman and Wheeler and Representative Somers, all of whom proposed silver purchase legislation.[95]

When the Smith committee reported out AAA on April 5, it included both the emergency farm mortgage provisions as title II and a unanimously adopted report, written by inflationist Elmer Thomas of Oklahoma, which endorsed currency inflation as the "only real farm relief." Newspapers speculated two days later that Roosevelt might seek instead to reflate commodity values by a vast public works program designed to revive business, using Wagner's one billion dollar works bill as a foundation. "The President is said to have told a number of inflationists," reported the Times, "that there is to be no starting of the printing presses to increase the circulating medium, that it was resort to printing press money which led to the collapse in Germany and in Russia."[96]

As usual, privately Roosevelt was flexible. He wrote Colonel House on April 5 that inflation was "simply inevitable." Two days later he explained to reporters that he recognized deflation had gone too far since March 4. Thus he favored "inflation," but by that he did not mean currency inflation. As he had indicated to House, he seemed to mean an expansion of the economy, although his responses on questions concerning inflation were usually vague and guarded. Somehow he hoped this expansion could be achieved without a bond issue, without public works, and with as little new spending as possible. "We seem to have a policy of reducing expenses in government services and of expanding them in making work," Tugwell observed in his diary, "though the latter policy has not yet become clear."[97]

To Roosevelt, however, a program of increased spending did not necessarily conflict with his basic drive for economy in government. The concept of an extraordinary budget for emergency spending--"You cannot let people starve," he emphasized to reporters in March while explaining the two-budget concept, "but this starvation crisis is not an annually recurring expense"--was neither new nor unorthodox. During the depression it became common business practice. Advisers as fiscally conservative as Baruch had commended FDR for accepting it in 1932.[98]

In response to converging forces of inflation, Warburg devised the "Bunny." This complicated scheme sought to refinance the war debts by having debtor nations transfer their obligation to the Bank of International Settlements. The BIS would then shift these to the United States through a sinking fund, interest spent on American bonds, and note transfer. Warburg calculated this would make the debts issue magically disappear--hence the nickname "Bunny"--and would provide new non-American revenue for public spending. Perhaps it could settle the inflation wrangle as well. Warburg also had concluded that the Budget Director verged on making himself "politically impossible" because of his too staunch opposition to all spending programs--a position which Douglas could only maintain, however, with presidential acquiescence, if not outright support. So when Warburg explained the "Bunny" to Douglas on the morning of April 14, the latter desperately seized upon it to stave off the inflationists. And Moley had changed his mind. "On second thought," Warburg happily noted in his journal, "Moley is quite impressed with the scheme and wants to have a quiet hour with the President and me alone to go into it seriously."[99]

The quiet hour never arrived, because that April 14 the Senate began to consider inflationary amendments to AAA. Lynn T. Frazier of South Dakota proposed refinancing farm mortgages at only $1\frac{1}{2}\%$ interest on an $8.5 billion federal bond issue, with the government to print currency if the bonds did not sell. Huey Long of Louisiana proposed that the Treasury purchase silver at going market prices and issue silver certificates. And Burton Wheeler proposed to substitute unlimited coinage of silver at 16-1 for Long's amendment. Since April 11 the dollar had fluctuated widely on foreign exchanges, apparently due to doubts in foreign capitals as to whether the administration would defend the dollar further by continuing to ship gold, thus staying on the international gold standard.[100]

By mid-April it appeared that the Senate might lead the President not only on the crucial issue of inflation but also on industrial recovery, as Hugo L. Black's spread-the-work bill had passed on April 6. "The thirty hour week was the sort of thing the country wanted," commented Ernest K. Lindley. "It was revolution boiling up from the bottom."[101] If revolution was an exaggeration, revolt and emerging Senate leadership were not. Again it was time for bold presidential "action, and action now," before Congress took the lead and fashioned the concert of interests from its own perspective. Franklin Roosevelt had formulated much of his domestic program. But he had neither led far enough toward a comprehensive New Deal nor fully grown into the presidency.

CHAPTER VI

TOWARD INTERNATIONAL AND INDUSTRIAL RECOVERY

Tuesday, May 16, was a flurry of activity for Franklin Roosevelt. His message to the heads of fifty-four nations loomed largest on his schedule. To be released around noon, it had been drafted over the weekend with the help of Secretary of State Cordell Hull, Under Secretary William Phillips, Special Assistant Bill Bullitt, disarmament expert Jay Moffat, and Louis Howe. On Monday Raymond Moley, just returned from a four-day weekend, redrafted it at his colleagues' insistence to add what Moffat termed the "full mellow notes" of a pipe organ. A White House conference between Roosevelt, Huston Thompson, and a senator broke up around noon. The President could not keep his mind "on anything else," Thompson afterwards grumbled, once Moley and Steve Early entered with a draft letter to Congress explaining the message.[1]

Issued to the press within an hour, Roosevelt's message discussed first the forthcoming World Economic Conference and then emphasized the Disarmament Conference at Geneva, which had all but stalemated over German rearmament. The WEC must reach conclusions quickly, the President declared. "The Conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise price levels. It must, in short, supplement individual domestic programs for economic recovery, by wise and considered international action."

Going on to his major topic, Roosevelt warned of the danger of increasing armaments. While the "ultimate objective" of the Disarmament Conference must be to eliminate all offensive weapons, its "immediate objective" must be to substantially reduce these. Therefore the Geneva discussions should follow the "MacDonald plan" for these goals, agree upon timing and procedure, and insist that existing armaments not be increased above present treaty obligations. Dependent upon fulfillment of these three conditions, he proposed a fourth (which he had inserted over the objections of his State Department advisers) to insure world peace during the period of disarmament:

> That all nations of the world should enter into a solemn and definite pact of non-aggression; that they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments, and, provided these obligations are faithfully executed by all the signatory powers, individually agree that they will send no armed force of whatsoever nature across their frontiers.

This message went to every ruler of state of any consequence, from King Zog of Albania to King Alexander of Yugoslavia, including President Kalinin of the Soviet Union.[2]

What was Roosevelt's purpose? At his 21st press conference that afternoon he proved exceedingly elusive. Called Tuesday instead of the usual Wednesday morning "because most of the news broke today," the President found reporters full of questions about his message. He denied that sending it to Moscow constituted diplomatic recognition (although the State Department's solicitor disagreed), explaining that he had addressed his appeal to all nations attending the Economic Conference. Did it apply to Europe, to Germany, to Asia? To the "whole world," he replied. Responding to why he thought nations who violated the Kellogg Pact would now obey a non-aggression treaty, he said: "Just the general hope that nations will, more and more, respect their treaties." About his "intention" he refused to comment. At length he stated that he had been working on the concept of the message since January, that he had only consulted Hull, and that further "details" had not been worked out. "In other words, these are principles. We have not gone any further." Following some questions on domestic affairs, the session ended without any concrete information--either on or off the record--about the disarmament appeal. Indeed, the lack of meaningful information had characterized almost every news conference since mid-April.[3]

Nevertheless, the American press generally treated the message favorably. Editorializing hopefully, the <u>New York Times</u> found Roosevelt's declaration to be "broader in scope and more greatly daring in tone than even the words which President Wilson used to address the world in the midst of the Great War." The "implication" seemed clear enough. Now America was prepared to enforce the Kellogg Pact. "Otherwise," concluded the editors, "the President's address to the world would be simply another exhortation without a pledge of practical action." But aside from this telling criticism, as Moffat recorded in his diary, the message got "an exceptionally good press here."[4]

Yet apparently exhortation was part of Roosevelt's purpose. He spoke more candidly of his intentions to some advisers. Publicly announced on May 12, German Chancellor Adolf Hitler had summoned the Reichstag into session for the 17th. Informed observers speculated that he would announce a policy of rearmament because the Geneva Conference had affirmed that some of his private troops were in fact illegal additions to Germany's armed forces, limited by the Versailles Treaty to 100,000.[5] At their regular Monday luncheon, the President told Henry Morgenthau that he had deliberately issued the appeal before the Reichstag speech, hoping "to influence him [Hitler] in this manner."[6] That evening FDR told James Warburg that he was "practically asking the world to fish or cut bait on the question of disarmament and putting Germany and Japan on the spot."[7]

Would the President back up his message? There is no evidence that he so intended. Doubtless reporters on May 16 came away puzzled by his evasiveness. Later cynical of such verbal attempts at international cooperation, Moley labelled this a period when Hull's belief in Roosevelt's enthusiasm for international cooperation underwent a "merciless pummeling."[8] In effect, the 54-nation message epitomized, as the Times hinted, the diplomacy of exhortation.

Yet the section on the Economic Conference was a fitting capstone to one major theme of mid-April through mid-May. International recovery had been the subject of preliminary talks in Washington between the United States and missions from eleven major nations. Thus Roosevelt's orations on stabilization of currencies, lowering trade barriers, and raising world price levels all reflected his optimistic public attitude toward these diplomatic conversations--even at a time when such optimism already appeared ill-warranted, both abroad and at home.

Roosevelt's activities on May 16 also reflected other themes of this period. His special message on industrial recovery lay ready to go to Congress on the 17th. He and Moley first drafted it as they worked on the second major radio talk, broadcast May 7.[9] Even though industrial recovery took a back seat to its international cousin, at least so far as FDR was then concerned, the domestic legislative program now stood virtually formulated. Throughout the program ran his personal preoccupation with economy in government, whose chief symbol was still Budget Director Lewis Douglas. But economy had become more controversial. On the afternoon of the 16th, Eleanor Roosevelt and Howe visited the camp of the "bonus" army at Fort Hunt, Virginia. There the First Lady waded through the mud and sang "There's A Long, Long Trail" with many of the disconsolate veterans.[10] Discontent of the veterans, and soon of their congressional supporters as well, loomed as a latent threat on the New Deal horizon because (due to the Economy Act) the White House had recently announced severe cuts in pensions and benefits. The threat would become real in June.

International and industrial recovery, coupled with the prodding along of his domestic program, kept the diffuse attentions of an overburdened but enthusiastic Roosevelt through the middle of May. But hopes for an early adjournment of Congress might now be further delayed by the issue of industrial recovery. In the meantime, however, Congress had passed on May 12 acts for Federal Emergency Relief and for Agricultural Adjustment, although controversy had delayed the latter.

II

By mid-April the President's domestic program had been stalled by inflation.[11] Since the principal purpose of the farm relief bill was to raise commodity prices, and since inflation had long been regarded by farmers and their spokesmen as the most effective means to achieve that objective, AAA was the natural vehicle for various schemes to expand the currency.[12] Men like Senator Elmer Thomas, as he later recalled, simply reasoned that high valued money caused prices to be low, and vice versa. The problem confronting

Roosevelt was how to raise prices. Therefore, Thomas concluded, "It was my plan to increase prices by making money more plentiful."[13] When Senator Burton Wheeler's 16-1 silver amendment came up for a vote on Monday, April 17, a series of administration maneuvers to ease it into the background had already begun.

On Saturday Moley had learned about the Wheeler bill from Senate Foreign Relations Committee chairman Key Pittman, an important Democrat whose abiding preoccupation was silver. Moley quickly informed Roosevelt. Over the weekend FDR, Moley, and Pittman devised a resolution for the senator to introduce after Wheeler's failed, which they assumed would happen Monday. Pittman's provision would authorize the President to receive the June 15 intergovernmental debt payments in silver at 50¢ per ounce (23¢ over current world market prices), a proposal discussed within the administration since late March. Upon learning of this plan Monday, however, Warburg convinced Pittman to shelve it, on the grounds that it greatly prejudiced the U.S. debt trading position and that his debt scheme, the "Bunny," would do the job more effectively. In the midst of this conversation he learned that Pittman had covertly arranged for Wheeler to get "about twenty-five votes," some of whom were absolutely opposed to the measure. Otherwise, Pittman confided, "he will claim that he did not get a fair deal and will bring the matter up again at every occasion, whereas, if he get a decent vote, he will consider himself beaten and drop it."

For his part, Pittman liked Warburg's debt scheme and calculated that Congress would pass it.[14] But the silver Senator seriously misjudged the strength of inflationist sentiment by April 17.

Later that day Wheeler's amendment was defeated, 44-33, in a vote controlled by the administration; but on the surface it looked like a gain of 15 votes since an identical measure had been voted down in January.[15] Rather than being satisfied, as Pittman had figured, this close vote merely whetted Senate inflationist appetites. Early Tuesday morning Senators Robert Bulkley and James Byrnes telephoned Moley with the same alarmist message. Thomas had not only lumped together in an omnibus amendment to AAA all three popular inflationary ideas--issuing greenbacks, remonitizing silver, and cutting the gold content of the dollar--but he also appeared to have the votes. "The peril was," Byrnes later wrote, "that the general feeling of crisis would result in legislative programs that were not merely bold and experimental but downright reckless and unpredictable in their effects." Moley therefore picked up Byrnes and they hurried to the White House.

Around nine o'clock they met with Roosevelt. Both Moley and Byrnes both later wrote that the President quickly decided to accept a rewritten form of the Thomas amendment. Byrnes further said that FDR asked him to bring Thomas to the White House that afternoon to persuade him to accept revisions. Neither Moley nor Byrnes made it clear whether the issue was to accept discretionary inflation versus being forced to accept a mandatory version, but the implication from both accounts is that fear of the latter was a prime motive for Roosevelt's decision.[16] At that point FDR telephoned Will Woodin and directed that "no more gold was to be shipped out of the country."[17] America had abandoned the gold standard.

It is doubtful, however, that fear of uncontrolled inflation motivated either Roosevelt or Moley that morning. Moley breakfasted around eight-thirty with Warburg and Bullitt, apparently after the two phone calls. According to Warburg's journal, Moley said that Thomas would introduce a measure that day "which would undoubtedly pass, authorizing the President either to devalue the dollar or to turn loose the printing presses, or to carry out any other form of inflation." Both Moley and Bullitt indicated they considered this "harmless," and they wanted Warburg to work out a compromise bill attaching the "Bunny" to it. Warburg further recorded that he took the opposite view, that it would hamper gold standard discussions with the foreign missions, and that "by all means the resolution should be killed. Moley finally agreed and went off to the White House."[18] Warburg's journal entries for the 18th and several days preceding it suggest two points. First, the President and his closest advisers regarded the debt scheme as equal in importance, if not more so, to the inflation issue--at least up to April 18. Second, despite the alarmist messages from Byrnes and Bulkley, it is unlikely that close advisers feared that inflation could pass the Senate. On the contrary, the Wheeler vote had been "controlled" by the administration, Moley recorded in his diary. The professor had played a part in this himself, advising "in a number of instances" opponents like Senator Carl Hayden of Arizona to vote "yes" only if it appeared Wheeler would get less than "30 votes."[19]

When Warburg saw Moley again at ten-thirty that morning, he learned that not only was the President enthusiastic about the "Bunny," but he was talking about it to everyone who came in, a good sign. Also, he learned that Roosevelt had agreed to send for Thomas "and tell him not to introduce the inflation resolution."[20] While Warburg did not learn all that had transpired, at that point there was no suggestion that the White House was acting out of fear of Senate action toward uncontrolled inflation.

Perhaps none of these advisers knew that Roosevelt had long intended to depart from the gold standard and that he was also receptive to inflation. He had indicated his feelings about the gold standard to George Warren on the night of March 5 and, indirectly, to reporters during the first press conference three days later. As recently as April 12 he had seen Warren, J. H. Rand, Jr., and other leaders of the inflation-oriented Committee for the Nation. During this conversation FDR expressed much interest in a revision of the "gold clause" for public and private contracts and in the Committee's proposals to revalue the dollar downward. Also, he was "surprised and pleased to know that Walter Lippman [sic] had endorsed inflation." Coupled with other earlier private statements and actions,[21] there is little doubt of the President's flexibility on both the gold standard and inflation.

Tuesday afternoon Roosevelt dealt with both issues. In Cabinet he simply announced his decision on gold. Harold Ickes afterwards recorded that FDR linked his decision to "the drive that has been made on the dollar in Amsterdam, Paris, and London during the last few days." Evidently that "drive" was common knowledge within the administration. After this session the President saw Thomas and Byrnes. The latter only remembered that FDR did an "excellent sales job," inducing Thomas to substitute an administration draft for his own amendment. But that is only a partial account. Thomas had written Roosevelt the preceding day, explaining the four powers that he proposed "in your discretion." "The amendment is intended to state principles only," the Senator emphasized, "and if it could be agreed to in the Senate then it could be referred to Treasury experts to be put in better shape so that the conferees on the Hill could agree to the principles worked out in detail as <u>you might suggest</u>." This was no threat, implied or real. The tone of this letter shows that Thomas was much concerned with getting presidential approval, and that virtually any inflationary measure would satisfy him. Doubtless he reiterated these points in the conference. And he later recollected appealing to the

President to accept broad monetary powers also, because it would allow him to "definitely agree to," if not dictate, policies at the Economic Conference which would raise world price levels. Thus each man saw for himself something in the other's bargain.[22] All of these maneuvers were kept secret because a White House conference was scheduled that evening to complete the WEC agenda for the Washington talks.

Moley, Warburg, and Bullitt arrived in the decorous Red Room around quarter to nine that evening; but a discussion of the WEC agenda never materialized. Evidently in an amiable mood, Roosevelt abruptly remarked as a *fait accompli* that the United States had abandoned gold; that he had decided to stop all gold export licenses. And he wanted only to discuss the *form* of the Thomas amendment, which he had accepted in substance a few hours earlier but which he wanted carefully rewritten.[23] He handed Moley a printed copy on which he had written Moley, Pittman, Byrnes, Treasury. "Here, Ray, you act as a clearing house and take care of this." By then others in the discussion group had arrived, including Hull, Pittman, Herbert Feis, Woodin, and Douglas.

"Congratulate me," Roosevelt remarked to Pittman as he entered, "We are off the gold standard." Similar remarks to others amazed advocates of sound money like Douglas and Warburg. For awhile the President talked about the amendment, explaining what was needed was "a consolidation of power in his hands to inflate *credit*--not currency--in order to push up the price level.[25] Unless something of this sort happened immediately, Warburg afterwards recorded, FDR emphasized that Congress "would take matters in its own hands and legislate mandatory law instead of permissive." He never said anything about whether such a law could pass over his veto; in fact, he never indicated, nor had he all day, that he personally opposed it.

After Roosevelt read the amendment's four provisions (the fourth being authorization for a Dollar Stabilization Board to fix purchasing power of the dollar at 1926 levels), a raucous debate ensued on the merits, or demerits, of inflation. Douglas and Warburg, who had protested alone before the others arrived, carried the brunt of the attack. They "fought like Tigers," as Moley put it, arguing that uncontrolled inflation would surely result. FDR, Moley, and Pittman took the position that at any time they could reverse the machinery and control the inflation--a view Warburg could only later characterize as worthy of King Canute. After the meeting finally broke up at eleven-thirty, Douglas remarked, "This is the end of Western civilization," meaning that economic nationalism would inevitably lead to world war. "All of the men there agree," Moley's diary recorded, "that it was the most momentous day since the war. We were letting the dollar fall--throwing out the sacred gold standard idol."[25]

On the following morning the President devoted most of his 13th press conference--the most informative of this period--to a discussion of embargoing gold shipments, inflation, and his objectives. At one point he likened himself to a quarterback who wanted his team to score a touchdown on commodity prices. But his wandering responses to key questions indicate either that he had not thought through all of the new policy implications, or that he still preferred to avoid unequivocal public statements. Embargoing gold, he explained, meant that the dollar would "take care of itself" against foreign currencies by seeking its own level, since it was no longer artificially pegged. He had little doubt that this would raise commodity prices, perhaps because he had been informed that morning of commodity gains since yesterday. For example, he cited cotton as "up between 32 and 35 points." But he did not explain the price-raising phenomenon beyond this characteristically random example. Did he have in mind the steps to be taken? "Nothing else," came the reply. "I think on the general subject, it is awfully difficult to particularize." More important, after noting that an international gold standard would be a London Conference objective, he remarked that a controlled or managed currency must be joined with "the effort to get a more controlled credit, because the two go hand in hand." But he did not elaborate on controlled credit, nor had he done so the previous evening. He did agree that public works would fit this credit category (his first positive public comment on works), but the amount spent would be nowhere near the rumored "5 or 6 billion." Beyond such statements he could or would not go.[26]

More important than his public explanation of controlled inflation was how his close advisers rewrote the Thomas amendment. That day Moley went to the Senate where he met with Pittman, Byrnes, and others. Between them they worked out a measure providing that the President had discretionary authority to alter the gold content of the dollar up to 50%, to accept up to $100 million in silver as payment on war debts, and to delete the Dollar Stabilization Board.[27] Warburg, Douglas, and a Treasury official rewrote section A, providing that the President could negotiate with the Federal Reserve to issue up to $3 million in greenbacks through open market bonding operations. Accepted by Roosevelt that afternoon, this provision meant that any new paper money would be backed by government bonds. Wednesday evening in Moley's suite at the Carlton, with much confusion and shouting of instructions, Warburg finally took Douglas, Pittman, and a stenographer into another room to complete the redrafting process. Roosevelt accepted the final version on Thursday and issued an executive order extending both the March gold embargo and the Treasury's authorization to license all foreign exchange transactions.[28]

Warburg's reflection on Roosevelt's acceptance of the rewritten amendment is revealing:[29]

> There was a certain amount of naughtiness in Roosevelt. The temptation to really do something that would shock all of us, or shock those of us who were shockable, was tremendous. Having had that fun, he was perfectly prepared to be more sensible about it. I wouldn't have been surprised if he would have evolved some modification himself if he'd known enough about the substance

> to do it. It was shocking, but infinitely less shocking than what we have today [1951] which is the same kind of ignorance, but without the marvelous intuitive sense of direction.

The Thomas amendment's effect on the country, Ernest K. Lindley pointed out, was to experience the "regular effects of currency inflation" without the President having to use his discretionary powers. The dollar fell in value, while prices of commodities, bonds, and stocks temporarily rose for the next three months. A fear of higher prices caused many with accumulated funds to invest in commodities and finished products, rather than lose assets via inflation. This pumped new purchasing power into farming and mining regions. The entire process halted the long downward trend of deflation. The nation experienced a false sense of optimism and much speculative buying, both of which helped remove Roosevelt's lever of <u>fear</u> from Congress, especially among inflationists and hard-line conservatives.[30]

In the final analysis, why did Roosevelt decide simultaneously to go off gold and to accept what he termed controlled inflation? Were the two decisions linked? Historian Herbert Feis, himself a minor participant in the famous Tuesday night conference, later restated several plausible reasons to leave gold. He concluded that inflation was only one reason. Another was what the President described as the drain of gold reserves by foreign speculators, which could have put an unbearable strain on the banking system, thereby severely limiting credit expansion. FDR soon perpetuated such reasoning with one of his favorite "stories" (according to Tugwell): that the Fritz Mannheimer group in Amsterdam, having some $1.5 million with which to speculate, had started a drive on the dollar and he simply decided not to defend it. Also, as Feis pointed out and as the President told correspondents and the White House conferees, going off gold would create a rapid rise in commodity prices. This rise should boost purchasing power and thus allow him to avoid a mandatory congressional inflation. It might help American exports, especially farm products. And it should give the United States a better WEC bargaining position. All of these are valid reasons. In addition, within the political and economic context of April 1933, the idea of leaving gold had "come of age."[31]

Even if Roosevelt had thought through all such ramifications, however, the perspective of April's events and pressures offer a more likely answer. By accepting the Thomas amendment he could help speed AAA through the Senate where it had languished for three weeks, lately stalled by inflationist sentiment. To FDR, accepting inflation and dismissing gold were inextricably intertwined. Both led toward raising prices and a depreciating dollar, two sides of the same coin, as his press conference remarks on the 19th indicated. Political timing had become a key intangible, as it had with the legalization of beer. AAA therefore was the crux of his overlapping decisions. That he and many of his advisers put an "undue reliance" on the importance of increasing farmer purchasing power, even at the expense of a greater cost of living to consumers, was a central political fact of 1933.[32] This accounts for the paramount place of AAA in the early New Deal and in Roosevelt's thinking; and thus the logical consequence became his accepting both a "controlled" inflation and the end of the gold standard. The only reason that he invoked the specter of a mandatory inflation was to "shock" his advisers and the press. It was political overkill, the tactic of asking for two loaves when only one--an important one--is desired.

Considering that in early April Roosevelt's goal for adjournment was by the 25th, the congressional aftermath suggests that his victory on inflation did less to speed AAA than he had hoped. The Senate delayed further, restoring free coinage of silver and increasing the amount of silver eligible for debt payments to $200 million. In this form AAA finally passed the Senate on April 28 by a party vote of 64-20, but only after the failure of strenuous efforts to attach a provision for the payment of the veterans' "bonus." Upon going to conference in early May, AAA was expected to pass in a few days--once conferees had thrashed out the final obstacle, cost-of-production.[33]

In the meantime, while gradually succeeding in his maneuvers to break the Senate stalemate of his domestic program, the President occupied himself more and more as chief diplomat.

III

Following the President's own plan, the parade to Washington of special delegations from eleven of the nations attending the World Economic Conference began April 21. Britain opened these preliminary conversations, followed by France and Canada. Roosevelt devoted much personal interest and attention to these three major nations. But in May, returning more to his domestic program, with an eye to industrial recovery, he involved himself less with the German and Italian delegations. For the most part he left Moley, Warburg, and the State Department team to deal with the Argentines, Chinese, Mexicans, Brazilians, Japanese, and Chileans. Lesser Department officials explained the issues to resident diplomats from nations which did not send missions. The American WEC program, formulated almost entirely by Warburg in early April, looked to the "Bunny" to solve the war debts imbroglio; and it stressed the need for stabilization of currencies, freeing the flow of world trade, raising the level of international prices (all summarized in the May 16 message), and a truce on the raising of tariffs before and during the London Conference.[34]

The most negative result of the crowded hours of diplomatic and presidential exchanges was the sense of false optimism about the Economic Conference which Roosevelt helped foster, a feeling even he was beginning to doubt by mid-May. He did not appreciate that in the near future he might be called upon by the other nations to agree to proposals, like the stabilization of currencies, which he exhorted. If there was a conflict between intranational and international priorities, he deferred decision, as he by now tended to do on many foreign policy matters. In the meantime, might not apparent conflicts work themselves out? Perhaps he believed he could achieve both international and domestic economic recovery without having to sacrifice either. In any event, only he could make the final decision to support one or the other. And the time for decision had not yet arrived.

British Prime Minister Ramsay MacDonald and his diplomatic retinue arrived Friday the 21st. MacDonald began private talks with Roosevelt that evening, while Moley supervised negotiations between the American and British experts. During the day Warburg had dictated a new aide memoire summarizing in black and red the American agenda, the black sections being ideas to advocate as "out-and-out suggestions" and the red being those for which the United States should "obtain a trade advantage." Not differing much from earlier proposals, this document formed the basis for most of FDR's conversations with the heads of delegations.[35] On the lower echelons during late April and May, Moley loosely supervised the experts' talks, Warburg handled fiscal and monetary policy, Bullitt talked politics, and Feis canvassed tariffs. Hull served as the titular head of the American team and usually spoke briefly about lowering tariff barriers. Mostly he continued to direct other Department work such as disarmament, all the while resenting Moley's status, referring on one occasion to the President as "that man acwoss the stweet who never tells me anything."[36]

Optimistic and platitudinous official statements flowed from the President and his visitors, usually at the conclusion of each mission's stay. These professed the same general objectives, with but vague means to attain them. For example, after talks with the British there were no "definitive agreements," but "our two Governments were looking with a like purpose and a close similarity of method at the main objectives of the Conference, and were impressed by the vital necessity of assuring international agreements for their realization in the interests of the peoples of all countries" (April 26). And with the French: "The Government of the United States and the French Government have been able already to announce their full agreement in regard to the necessity of a prompt meeting of this conference, the object of which must be to bring about a rapid revival of world activity and the raising of world prices by diminishing all sorts of impediments to international commerce such as tariffs, quotas and exchange restrictions, and by the re-establishment of a normal financial and monetary situation" (April 28). Such pronouncements flowed to the world through June 3, when the Chilean visitors finally departed for home.[37]

Particularly in the beginning, headlines and stories in the nation's press tended to exaggerate the importance of these preliminary talks aiming toward international recovery. "Exchange Agreements Near, Experts Tell White House," and

"Roosevelt and M'Donald Report A Clearer Understanding On Debt" sampled but two of the headlines over Arthur Krock's columns.[38] At length the Times was provoked to editorialize sarcastically on the "welcome advance toward definiteness" in the declaration signed by Roosevelt and Italy's finance minister Guido Jung. "We are in agreement," they reported on May 6, "that a fixed measure of exchange values must be re-established in the world and we believe this measure must be gold."[39]

One decision of importance, however, did emanate from the Washington talks. As indicated by statements with the British and French, the WEC would convene in London on June 12. This decision, Moley told Warburg, began in Roosevelt's first private talk with MacDonald. While the probable date then mentioned was June 15, within four days it had been moved up to the 12th.[40] MacDonald preferred the earlier date because an amicable debt settlement seemed more likely if the Conference was already going when the debts fell due. While all along wanting to delay the WEC's opening until Congress adjourned, FDR and congressional leaders at this time were speaking of adjournment by the end of May, or June 10 at the latest.[41] So the Americans accepted the June 12 opening because it came long before anyone could know that squabbles over industrial recovery and economy in government would delay adjournment.

War debts continually formed a sub rosa part of the talks. The Americans never considered anything beyond

Warburg's scheme. But after no progress had been made with either the British or the French, Roosevelt instructed Moley to ask British monetary expert Sir Frederick Leith-Ross to remain after the delegation sailed. He also directed Moley to have Lewis Douglas help out, but to inform no one else--including Hull and his staff. Unsure of the Warburg plan's details, however, Moley also took its author along. The three spent most of May 1 and 2 at the British embassy. While Moley and Douglas maintained that neither the President nor Congress would make any concessions on the amount of payment, they let Warburg explain how Britain could pay $2.5 billion via the "Bunny." Paying $500 million in gold and amortizing the remainder in a bonded sinking fund over a fifty-year period would suffice. Leith-Ross seemed pleased; but he would have to report to London. When Warburg told all of this to FDR the following afternoon, he was delighted and commented that "if we could put over the 'bunny' we would have taken the longest step ahead that we have taken so far."[42]

Nothing would be heard from the British until May 18, and then it would be under circumstances less than beneficial to the Hull-Moley relationship. In the meantime, Douglas and Warburg dined together on May 3 and decided to proceed on the assumption that the debt scheme would not succeed. Whatever new money was needed for "public works and relief," therefore, would have to be raised by new taxes. For example, they canvassed the so-called breakfast table levy: duties on sugar, coffee, cocoa, and salt, which they estimated would raise $230 million annually. In this way did the "Bunny" receive a lower priority with Roosevelt's more orthodox fiscal advisers.[43]

Stabilization of the dollar was another key initiative approved by the President which he would later disavow. The French mission had in fact been preoccupied with stabilization, "and nothing else," remarked Moley.[44] On April 26 Warburg asked French financial adviser Charles Rist if France would join in creating a three-power stabilization fund, providing the United States pledged to join. Rist replied that he would refer it to Paris. Afterwards, Warburg, at his own suggestion, took Moley and Pittman to the White House to put the issue squarely up to the President. When his unofficial monetary adviser stated the case, Roosevelt "quickly saw the point." He said that he was not unwilling, with reservations, to suggest a discount of the dollar of 15-25% from its former gold value. Warburg explained that 15% was the most that should be risked, or else the domestic program could be injured. "After full discussion," he wrote in his journal, "we were authorized to set discount at 15% as a hypothetical figure."[45] This proposal drew no response from the departing French. The British, through Leith-Ross, professed that such a valuation of the dollar was too low. It might drive more European nations off gold, thereby hindering the WEC and British interests in terms of balance-of-payments, debt settlements, and tariff accords. But FDR seemed pleased both by the negative responses and by the declining value of the American dollar. As he remarked to Warburg on April 30, it delighted him that "from having been on the spot we have not put the French and British on the spot as regards exchange disorder."[46]

Publicly it appeared that early stabilization was one of the President's WEC aims. In his May 6 statement with the Italians he declared that gold must be re-established as the "fixed measure of exchange values," and implied that stability in international exchanges was American policy. In his second major radio broadcast, he included "stabilization of currencies" as one of the WEC's "four great objectives." And in the May 16 world message, he again listed stabilization of currencies as a London Conference goal.[47]

Yet there is evidence that Roosevelt privately held other views, that he remained skeptical of stabilization and of lower tariff barriers, at least for the time being. Remarking confidentially on the French urge to stabilize, Moley's diary noted that "Warburg is against the Administration policy on this--though I think he will do all that is humanly possible to forget his own views for the time being and help along." After a conversation with Howe on April 17, Moley's diary recorded that tariff policy continued to be one of "letting Hull say one thing while the army moves in the opposite direction." And, "of course Hull's policies are <u>not</u> the President's re tariffs."[48]

Exhortations toward international economic recovery were Roosevelt's policy, while his means toward that end were vague and overlapping. That conditions in America might change and make such hopeful pronouncements impossible, or that public opinion and foreign governments might make more of his oral diplomacy than did he or his closest advisers, did not restrict him. His methods led to what Bullitt characterized as a "lack of coordination" in the overall policy. Bullitt told Moffat that "the President and the Secretary were so engrossed in the details of the present-day negotiations that he feared they were not looking at the broader picture, more especially the picture as it would seem if the Economic Conference should not prove a success." So the delegations came, discussed, and departed while the cheerful Roosevelt--photographed in smiling poses with each mission's leader--presided benignly while trusted subordinates directed the day-to-day negotiations. As Feis had complained of Moley in March, FDR asked others to "think through"; but there is little evidence that he did so himself.[49] His was the sloppy mind at work in foreign affairs.

IV

As the Washington talks continued, domestic legislation persistently demanded the President's energies. AAA became particularly important, because by early May it was in congressional conference and the administration of it drew daily nearer. Henry Wallace firmly advocated AAA's chief feature, production control, as he had since 1932. He believed that such emergency action offered the only pragmatic means to raise farm prices and to eliminate the agricultural surplus. On the other hand, George Peek, who had been offered the post of AAA administrator by Wallace as early as March 12 and by Roosevelt on April 5, opposed crop reduction. Reflecting a combination of Jeffersonian agrarianism and intense nationalism, Peek believed a better balance between agriculture and industry meant more people employed in the former and less in the latter. So believing, he continually advocated that farmers be guaranteed the domestic market at a price well above the world price and that overseas markets be obtained by whatever means necessary. Full of what Wallace termed the "old McNary-Haugen ideas," Peek hammered away at his theme that crop reduction would be a mistake.[50]

Although Peek's appointment had political motives, it is uncertain whether Roosevelt from the outset was fully committed to the Wallace position on production control, despite the President's support of it in his campaign and during the drafting of AAA. Wallace and FDR agreed to Peek's appointment for two reasons. First, they hoped to keep his conservative friends in agriculture and the processing industries behind the bill, thereby facilitating its passage. Second, since he was a former businessman, they wanted to assure business that AAA would be sympathetically administered. But it cannot be definitely "assumed" that Roosevelt overruled Peek's basic policy position on production control before June.[51] Instead, the President equivocated.

On Wallace's initiative, a White House meeting to decide AAA policy issues was set for May 3. Two days earlier Wallace had suggested to Henry Morgenthau that they ask the President to call a meeting of "leading Democrats" interested in agriculture. Puzzled by this vague statement, Morgenthau learned upon further questioning that "he wants me to meet with him and the President and see if we can agree upon a policy of running his Farm Relief Administration."[52] Present at the meeting on the night of the 3rd were Wallace, Tugwell, Morgenthau, Peek, several Cabinet members, and various Agriculture Department officials. According to Peek's diary, a "spirited debate" over policy ensued and afterwards Roosevelt decided on "matters of organization." Wallace spoke--supported at times by Tugwell and M. L. Wilson--for production control funded by processing taxes. Peek disagreed, stressing marketing agreements and possibly foreign trade. After an hour of desultory discussion by the others (according to Morgenthau's diary), Wallace appealed to FDR to have the "party leaders" instruct him as to policy, since there was obvious disagreement. Roosevelt demurred, instead calling on Morgenthau for his views. But the latter refused, replying that it was the "Department's business to form a plan and administer the policy." This irritated the President, and a fruitless discussion of a presidential radio appeal diverted attention from the decision for or against production control.[53]

After adjournment at eleven-thirty, both Wallace and Peek failed in a further attempt to obtain a commitment from the President. As soon as the meeting ended, both opponents rushed to Roosevelt's desk with an organization chart. Peek won the foot race, Wallace's assistant Paul Appleby later reminisced, but neither won anything else.[54]

> The President took the roll of cardboard and spread it out on his desk--he loved organization charts. He took his pen, checked over it, made a few marks in ways that wouldn't be significant of anything, smiled, and handed it back to Peek. He reached over and took the one from Wallace, went through it the same way, handed it back to Wallace, and smiled. It was a dead heat--there was nothing decided in that.

"The general impression created," Morgenthau concluded in his diary, "was that Peek's selection as Relief Administrator had been forced on Wallace and he desired to get the President and advisers either to approve his ideas and veto Peek's, or to take responsibility for the latter."[55]

Although Roosevelt signed AAA on May 12, he delayed decision on production control until near the end of the Hundred Days, partly because it conflicted with the Washington negotiations. On the day AAA was approved, Wallace and Peek exchanged letters about their differences; but the Secretary only conceded that they should both go to the President over matters of policy conflict. On May 13, the White House announced that Peek would administer AAA and that Wallace had been instructed <u>not</u> to undertake any crop reduction or levy any processing taxes without the President's consent. Thus a major New Deal program was delayed.[56] This announcement provoked Wallace to complain to FDR that Peek's insistence on using him as an "umpire" would fundamentally handicap AAA's administration and that he therefore needed a "renewal" of oral presidential assurances that as Secretary he would be AAA's responsible agent.[57] At that time the President told Morgenthau, during their private luncheon, that tariff truce negotiations had caused him to overrule processing taxes and crop reduction. But by means of a "funny look"--when Morgenthau said he approved the decision--he indicated that he had not permanently cast out either option.[58]

Although AAA caused a conflict between domestic and international recovery priorities, another reason--aside from production control--suggests that deferring the tax decision was temporary. A major reason for the tax was to make AAA self-financing, an aim stated during the campaign at Topeka and elsewhere, which historian Van L. Perkins termed an indicator of Roosevelt's "fiscal conservatism." Thus AAA's tax and the Economy Act were closely related, a point concerning the Hundred Days too often overlooked.[59]

Other less controversial domestic policies like relief were more clear-cut. Roosevelt approved direct federal relief and foreshadowed his politically shrewd policy for the administration of new agencies on the same day that he approved AAA. Also on May 12 he signed Senator Robert Wagner's Federal Emergency Relief Act and appointed Harry Hopkins its administrator.[60] Citing Hopkins, CCC's Fechner, AAA's Peek, and the rumored appointments of Hugh Johnson for NRA and Joseph B. Eastman as Railroad Coordinator, Arthur Krock's column soon pointed out that the President obviously intended to appoint conservative, business-like, or "practical" men as administrators for agencies created by experimental or controversial legislation.[61] Krock's point was perceptive. Clearly Roosevelt aimed at winning business support during the Hundred Days, an aim apparent in his appointment policy and even more evident in the drive for industrial recovery.

FERA was virtually non-controversial because of the precedent established during the Hoover administration and because of the relatively small appropriation. In July 1932 Hoover had approved Wagner's compromise Emergency Relief and Construction Act, appropriating $300 million for RFC relief loans to States and authorizing $1.5 billion for self-liquidating federal public works. Even though these funds were almost exhausted when Wagner introduced FERA in late March 1933 (a direct consequence of Roosevelt's CCC, although relief was not a White House bill), it authorized only $500 million for relief <u>grants</u> to States. Perhaps Wagner feared a substantial appropriation might arouse more criticism of the "dole"; or perhaps he believed establishing the principle of grants over the 1932 fiction of loans (none of which were ever repaid) would suffice for early 1933. In any event, $250 million could be given to States on the basis of one dollar for every three appropriated and used for relief. The remaining $250 million could be used by the FERA administrator as direct grants when a governor could prove his State no longer had the financial means for relief. The act therefore merely approved the principle of grants-in-aid, leaving the new administrator to figure out how to cope with the existing national, State, and local framework for relief.[62]

Because Roosevelt set no specific guidelines for Hopkins, federal relief policy differed little from 1932. FDR knew Hopkins only sparingly during 1932-33 when the Iowa-born social worker had administered New York's Temporary Emergency Relief Administration. When recommending TERA in 1931, Roosevelt had emphasized the adjectives "temporary" and "emergency" because he, like Hoover, believed that the dole was wrong; but he believed that some useful public works had become imperative. The relief system in America was by 1933 a hodgepodge network which reflected long-standing and pervasive traditions that poor relief was a local and private responsibility. Dire need after 1930 forced most States to expand relief by supplementing private funds with a patch of local funds, then with some State funds, and finally with RFC "loans" by late 1932. While the 1932 Relief Act centralized relief initiative, the RFC could only suggest guidelines. Thus <u>responsibility</u> for relief was still not centralized. FERA sought to centralize responsibility as well as initiative; but it could only administer relief through State and private agencies, not directly from Washington. FERA was therefore not a striking advance over the 1932 law either in principle or in funding. As late as June 14 the President told governors and state relief administrators at a White House conference that FERA meant federal cooperation in financing emergency relief work. "It is essential that the states and local units of government do their fair share. They must not expect the federal government to finance more than a reasonable proportion of the total." "In other words," Hopkins' biographer Robert E. Sherwood commented, "the fact of Federal relief must be disguised in all possible ways."[63]

Hopkins began innovating three days later, after Roosevelt had left on vacation. Speaking in Detroit before the National Conference of Social Work, Hopkins called for relief directly administered by the federal government rather than through private agencies. He therefore enlarged upon Roosevelt's basic idea, declared while governor, that the state had an obligation to the "humblest citizen." Hopkins now charged the federal government with this duty as the citizen's right, not as charity and not through local agencies. The President later supported Hopkins to the point where he could enunciate the individual's right to work in his 1944 Economic Bill of Rights speech. Still, by August 1933 Hopkins had only allotted $37 million in direct grants and another $137 million on the matching basis. Shortly thereafter he obtained FDR's approval for expanding the discretionary basis for approving grants to States, thereby breaking the bottleneck of the 3-1 matching formula.[64]

Federal relief policy in 1933 therefore arose from the precedents set in the 1932 and 1933 relief acts, and from a series of improvisations led by Hopkins, most of which occurred after the Hundred Days. Perhaps had the President taken as much personal interest in FERA as he did in CCC, an amorphous policy sooner might have become the practical and effective reality that it was by the end of the year.

Railroad legislation was quite another matter. Unlike AAA and FERA, for examples, the problem was more complex and therefore interested persons and groups came to less fundamental agreement on solutions. Probably for those reasons, Roosevelt took less personal interest and appeared less willing to make a commitment. But railroad reform of some sort was a definite necessity by 1933. That railroads were a sick industry in a staggering economy was evidenced by declines since 1929 of over 50% in revenues (although balanced by similar cuts in expenses), 41% in jobs, 51% in employees' compensation, and 71% in dividends--while during the same period funded debt increased. But aside from the vague belief in some form of voluntary consolidation into one national railroad system, no essential agreement existed on reform policy. During the interregnum Adolf Berle had worked on railroad matters with Bernard Baruch, the Coolidge Committee, and other groups. Felix Frankfurter had served as primary liaison with FDR. Other key persons included Joseph Eastman and Charles D. Mahaffie, both on the ICC, Boston banker and financier Frederick W. Prince, and Donald Richberg, counsel for the Railway Labor Executive Association, the principal union organization. Through Frankfurter's influence, Eastman and Mahaffie gained an interview with Roosevelt on January 11 to discuss the immediate railroad problems. Although Eastman explained their ideas for the voluntary transfer of railroad operations to the federal government and the present financial crisis of the railroads, Moley and Tugwell had already discussed with FDR other legislative needs. The President-elect, opposed to federal control, expressed little interest and would not commit himself on railroads.[65]

Although Roosevelt had spoken publicly in favor of railroad reorganization before March 4, his lack of direct support for any plan contributed to the lack of progress. In his 1932 Salt Lake City speech, he made several recommendations for reorganization, which he suggested should primarily benefit railroad security holders. In February from Warm Springs he had announced plans for the regulation of all forms of transportation, rumored to include railroads, waterways, trucks, and air transport. Although congressional action on railroads during the interregnum centered on New York Congressman Fiorello LaGuardia, backed by Eastman and Berle, and resulted in the vague plan for reorganization incorporated in the March 3 Bankruptcy Act, it is doubtful that the President-elect even kept in touch with these events.[66]

In his inaugural Roosevelt cited planning for "all forms of transportation" as legislation which he would presently recommend to Congress. Shortly thereafter he delegated it to Commerce Secretary Daniel Roper. Roper appointed a committee to receive suggestions, harmonize conflicts of interests, develop an acceptable program, and draft railroad legislation. Eastman headed the first committee which met throughout March, with Berle and sometimes Moley attending. The committee discussed two major proposals. First, the so-called Prince plan, supported by bankers, called for voluntary consolidation of the nation's railroads into seven regional systems. It would give the federal government vast supervisory powers over consolidation, inject new methods of handling traffic so as to eliminate waste and needless competition, and generally protect the investment of railroad bondholders. Second, the federal "coordinator" plan was backed by the Association of Railway Executives, the major group of railroad managers, represented by leaders like C. R. Gray of the Union Pacific and F. E. Williamson of the New York Central. It would authorize the coordinator to effect voluntary consolidation by working through regional coordinating committees. In his second "Dear Caesar" letter to the President, Berle assured him that the coordinator plan would be more politically feasible.[67]

At a time when economy, CCC, and AAA were being formulated and legislated, and later amidst administration drives for international and industrial recovery, Roosevelt had little time to concentrate on the less urgent matter of railroad reform, despite his continual assurances to reporters that a "bill" would soon be prepared. On April 1 he finally supervised a conference of all those interested in railroad legislation, including Eastman, Prince, several railroad presidents, and Secretaries Roper and Perkins. After hearing Eastman's exposition on both plans, particularly that the Prince plan would eventually cost the government up to $2 billion because of the need to guarantee the assets of railroad companies to be liquidated during the consolidation, the President backed the less expensive, voluntary coordinator plan. Afterwards he appointed a second Roper committee to write legislation as soon as possible. Roper, Will Woodin, Eastman, Walter Splawn of the ICC, and Senator C. C. Dill of Washington and Representative Sam Rayburn, chairmen of the respective Interstate Commerce Committees, attempted to draft the bill. But difficulties in reconciling interests led Eastman to predict on April 15 that it would be "vigorously opposed" by railroad labor and shippers groups, although it should be "well received" by the security holders and the railroad companies. FDR had instructed the drafters to have a bill by the 17th, but Roper advised him two days earlier that some of the committee, notably Dill and Rayburn, now doubted the "advisability" of any legislation at all. Further committee conflict led to a measure which Eastman characterized as "stopgap." Several drafts went to the President, with the text finally released as a "trial balloon" on April 28.[68]

Labor criticism, as it had with CCC, led the President to modify the railroad bill. RLEA chairman George Harrison personally told Roosevelt that his union was upset because labor had not been protected. He got results. Between the trial balloon version and FDR's special message on May 4, the White House obtained deletion of the coordinator's authority over "owned or partly owned air lines, bus lines, or trucks" among accessorial railroad services. The message to Congress, drafted by the Roper committee and rewritten by Moley, was delayed by the Washington diplomatic talks. When finally sent, the President conceded that the broad problem was to coordinate all agencies of transportation in order to maintain adequate service. But he was not ready to support such a comprehensive program. He therefore recommended only three emergency steps: repealing the recapture provisions of the 1920 Transportation Act; placing railway holding companies under ICC jurisdiction; and creating "a Federal Coordinator of Transportation, who, working with groups of railroads, will be able to _encourage_, promote, or require action on the part of the carriers, in order to avoid duplication of service, prevent waste, and _encourage_ financial reorganizations." In other words, the coordinator would have authority, but little power. Roosevelt's original aim of efficient reorganization of transportation was now merely a compromise scheme for economy in government, pertaining only to railroads.[69]

But railway labor was not satisfied with the compromise, a fact evident when RLEA counsel Donald Richberg testified before the Senate Interstate Commerce Committee on May 10. He indicted the legislation as deflationary because it would retard economic recovery, cut railroad services, and abolish jobs for some 50,000 to 300,000 railroad employees. RLEA pressure soon forced amendments to limit labor cutbacks. Roosevelt suggested a 60,000 maximum cutback to Dill, but Richberg's union insisted upon 50,000. In response to the Senate committee's proposals, the White House sent word to Dill that the President was "not familiar enough to pass on language but would like him to talk with Donald Richberg and Eastman and if they both agree on language [FDR] thinks it all right."[70]

Labor groups would continue to emasculate railroad legislation, and the President would not resist. Concerning a bill which he continually touted to reporters as important, why did he refuse to take a strong stand? First, as usual he showed no propensity to firmly support legislation upon which the interested parties could not fundamentally agree. Second, the prime criticism now came from labor. Despite Roosevelt's pro-business orientation in 1933, he sought to appeal to all elements of the economy and the population. To intervene after Richberg had testified would seem anti-labor, an image he was doubtless loath to incur. Third, while transportation and railroad reform was imperative, it directly affected only a small segment of the national economy. Fundamentally, the bill was railway industry legislation. It therefore aroused little popular interest. For all these reasons, railroad was given a lower priority on Roosevelt's domestic program. Even so, it is likely that he would have given it more support had it been submitted by mid-April, his original deadline. Even though it was closely related to his drive for governmental economy, by May the drives for international and industrial recovery had become more paramount.

V

Even while Roosevelt acted as chief diplomat, he had authorized several individuals to formulate legislation for industrial recovery, the second major theme of this period. Characterized by some as national planning, his involvement reflects an ambivalence which suggests his views were more limited than the term "planning" implies. The National Industrial Recovery Act which resulted was a relatively conservative and open-ended measure to stimulate business recovery, a natural corollary to agricultural recovery. And corresponding with his governmental economy drive, he wanted more than just the increasingly popular public works. Thus industrial recovery reflected his distrust of works as relief as well as his fiscal conservatism.

A government partnership with industry formed the basis of most business recovery plans. According to most historians and writers, during 1932 the Brains Trust advocated the general concept of a business-government partnership as a means of furthering Roosevelt's economic education.[71] While the partnership idea can be unduly exaggerated within the context of 1932, a strong demand existed by 1933 from many interested groups--including business leaders, labor spokesmen, social workers, and economic planners--for some legislation to revive and coordinate private industry. The partnership concept had come of age. But because of the politically wise, if economically vulnerable, over-emphasis on reviving farmers' purchasing power, the President neglected business recovery during March and early April.

Hundreds of "plans" nevertheless were in circulation. These ranged from concepts of industrialists like Gerard Swope of General Electric and Henry I. Harriman of the U. S. Chamber of Commerce for the voluntary organization of industry through trade associations, benefits for labor, and a national economic council, to schemes like destroying all buildings over twenty years old or "Applying Birth Control to Unemployment." But in essence by 1933 the major strains of thought included some form of federal planning for a controlled economy and for the "sick" industries, modifying the antitrust laws to end "predatory" competition, spreading the available work to counter technological unemployment, and somehow increasing national purchasing power.[72]

Before mid-April the President never seriously contemplated industrial recovery nor had the time to do so, although he and Moley did express interest in banker Fred I. Kent's plan to guarantee business profits. Instead, early in March Roosevelt delegated the task to Moley. Himself busy with war debts, WEC preparations, and other matters, Moley had little time to carefully consider industrial plans; but he nevertheless continued to serve as his chief's "sieve" for ideas. Typical of the plans that came to his office with Roosevelt's "no comment" was one proposed by economist Harold G. Moulton of the Brookings Institution and former New York Congressman Meyer Jacobstein. A variation on Kent's concepts, the planners appealed (unsuccessfully) to the White House after Baruch had refused to endorse their ideas. But Moley and some administration leaders realized the need for industrial recovery. As early as March 9 the professor had discussed the general subject with Hugh Johnson, who opposed domestic allotment but argued forcefully that AAA must be accompanied by a joint program of "quick" public works and industrial reemployment. Henry Wallace and Rex Tugwell had simultaneously, although separately, arrived at the same opinion.[73]

Hard-pressed with other assignments, Moley delegated on March 24 to Warburg the examination of industrial plans. Already a proponent of Kent's ideas, Warburg accepted the task with the aim of pressing the President, through Moley, into action. Interviewing everyone he could find who had a plausible scheme, Warburg soon synthesized the best thought into a memorandum for Moley. Everyone opposed the dole or public works, he concluded, and all agreed that the most critical problem of the times was restarting industry and stimulating the natural sources of employment. But the divergence came between those who accepted the Kent plan, based upon the "loss guaranty principle," rather than government loans to industry. Also, Warburg, Lewis Douglas, economist Walter Stewart, and others believed in stimulating "producers' goods" rather than indiscriminately stimulating only consumers' goods, or both. He therefore recommended that Moley persuade the President to call a conference of all interested parties and then "lock the conferees" in a room until they achieved fundamental agreement. Although written on April 5, Warburg did not give this memorandum to Moley until the morning of Friday the 7th.[74]

In the meantime, led by Hugo L. Black of Alabama (whose suggestions had been overlooked by the President in early March[75]), the Senate passed on April 16 his thirty-hour-week bill by the bipartisan vote of 53-30, thereby setting off a chain of events that provoked the administration into action. Moley remembered speaking to Roosevelt on the 4th about industrial recovery. But at that point both had incorrectly concluded that "thinking in business and government circles had not yet crystallized sufficiently to justify any further moves at the time." In fact leadership in this area had come primarily from within Congress. Concerned since 1931 about the negative effects which the antitrust laws had on industrial competition, labor conditions, and general economic stabilization, Senator Wagner was seriously studying ideas like the Swope plan by November 1932. Wagner had supported Black's first thirty-hour bill during the lame-duck session and again on April 6. But by then his thinking focused on the broader approach of the Kent and the Moulton-Jacobstein plans.[76] During an April 11 Cabinet meeting Secretary Perkins reported that a "far-reaching" plan to revive industry was being discussed in certain Washington circles. Afterward, FDR authorized her and Roper to check into it and also to frame a workable substitute for the Black bill. That day he asked Moley to check directly into the planning talk, mentioning specifically to see people connected with the Brookings Institution and the Chamber of Commerce. When Moley did this, it resulted in Krock's column on the 14th which correctly reported that the professor was "sold" on the concept of self-regulation of industry through trade association-type agreements. While the leadership for planning was coming from Wagner, Moley's influence would soon be used in the White House.[77]

To what degree the President sympathized with or appreciated the sentiment for industrial planning by mid-April is not clear. After the Cabinet session on the 11th, Miss Perkins told reporters that she endorsed the "principle of a 30-hour week," with certain changes to make it more workable. On the following day she testified before the House Labor Committee that Roosevelt also supported the Black bill, with the exceptions that restrictions on hours were presently too inflexible and that he opposed the embargo to prohibit all imports from countries not having the thirty hour week. On the other hand, in her memoirs she recalled that FDR's "mind was as innocent as a child's about any such program as NRA" when she told him about it in April.[78] As late as April 13, Roosevelt had read the memo of his Uncle Frederick Delano, a city planner, on "The Industrial Crisis and the Cure." "The President says to show this to Mr. Roper," ran Missy LeHand's reply, "with memorandum saying he thinks his uncle is right but perhaps a little ahead of his time." When reporters asked him about Krock's NRA column and public works on the 14th, he laughed and remarked: "I have not talked about it at all yet."[79]

Miss Perkins introduced her ill-fated substitute into the House Labor Committee's hearings on April 17, the same day that the Senate again voted for the Black bill, 52-31, this time on a motion not to recommit. Providing for minimum wage levels and exemptions from the 30-hour week to be determined by special federal industrial boards, the Perkins measure was soon buried under a storm of business protest. Ill-conceived, impractical, costly, federal "dictatorship," aggravating to the unemployment crisis--these were but some of the exaggerated charges hurled from Wall Street and Main Street. Speaking for big business, Henry Harriman said that constructive wages and hours legislation should be based instead upon industrial self-government. As the Nation had pointed out earlier, not only did the average week for all workers stand at 32.6 hours as of February 1, but spreading available work tended to encourage employers to cut back further if profits declined, and the real problem was how to raise purchasing power--not to lower it by shortening the work week.[80]

Three independent but overlapping groups were laboring to formulate comprehensive industrial recovery programs. At Moley's initiative, Warburg saw Senators Wagner and Robert LaFollette on April 18 and convinced them that public works alone would not achieve "industrial rehabilitation." They both agreed to call in interested persons whom Warburg had earlier interviewed, including Fred Kent, industrial economist Malcolm Rorty, Harold Moulton, Virgil D. Jordan of the National Industrial Conference Board, J. H. Rand, trade association attorney David Podell, Congressman Clyde Kelly of Pennsylvania, who had introduced the first industrial recovery bill on March 9, and economist W. Jett Lauck.[81] Warburg turned over his accumulated materials to Wagner, FDR gave the Senator the go-ahead four days later, and Wagner issued invitations for conferences to begin in his offices on the 25th. Lauck, Moulton, and Podell drafted the Wagner group's plan. It authorized, under the supervision of a federal board, a relaxation of anti-trust laws so that "public interest" industries could draw up codes to stabilize production, prices, and competitive practices. To benefit labor, the codes would also regulate wages and hours on an industry-by-industry basis, guarantee labor's right to organize and to bargain collectively, and provide for a federal public works program, including industrial loans. Published in tentative form by the *Times* on April 29, it contained most of the later NIRA. This plan, reported the *Times*, had been submitted to Moley, who "endorsed the idea behind it," and to Warburg, "who is active in plans concerning economic recovery."[82]

Duplication of the Wagner group's work came from executive branch drafters headed by Under Secretary of Commerce John Dickinson, and including Tugwell, Miss Perkins, Ickes (temporarily), and attorney Jerome Frank. On Warburg's suggestion, Lewis Douglas acted as liaison between both groups and the White House. The President "seems not to have in view," Tugwell noted in his diary, "as large a conception of public works as I should like to see but he has been very wise so far--remarkably so for a person of his temperament." By May the Dickinson and Wagner people were collaborating, having been brought together by Secretaries Wallace and Perkins, after the latter discovered both groups had more similarities of viewpoint than differences.[83]

Further independent efforts came from Baruch and General Hugh Johnson, both motivated by the administration's policy of controlled inflation. Hearing it announced on April 19, Johnson impulsively wanted to rush off to Washington to lead a campaign against inflation. But Baruch advised him instead to write his ideas into speech form and test them out privately. Johnson quickly did this, hammering home his theme that inflation benefited at best only 20% of the producers of "things," not the "whole people." The private hearing before conservative economists and journalists ran all day Saturday, March 22, and Johnson arrived in Washington early next week. Deluged with the handling of the British and French negotiations, Moley--knowing Johnson's views coincided with his own--recruited the General on April 25, gave him office space and his materials on industrial recovery, and left him to dash off a two-page summary of NIRA. Following the 1918 War Industries Board precedent, Johnson's draft differed little from the Wagner group's (which he did not know about at first)--except that he contributed the idea of stricter federal licensing powers to be used against industries which failed to comply with the codes. Soon he brought in Richberg, to represent labor, and Tugwell, to represent the administration. It was characteristic of the early New Deal that none of these groups had any direct representation from labor leaders.[84]

Within this milieu of bill-drafting, Roosevelt finally exerted his personal prestige and persuasive appeal. With liberal senators like Wagner, LaFollette, and Costigan and journals like the New Republic declaring $5 billion in public works a necessity, with Senate majority leader Joe Robinson asserting that the Perkins-amended 30-hour bill was "not now in the picture," and with the Cabinet split between those who wanted industrial recovery coupled with tax-supported public works and those who preferred only a maximum of $2 billion in works, the various measures were drafted and redrafted. A stalemate appeared imminent. In response to these forces, the President addressed on May 4 the conservative, white-tie, annual convention of the Chamber of Commerce at spacious Washington Auditorium. By his own request the speech was not broadcast, because he planned to address the nation by radio that Sunday evening.[85]

Calling it a "friendly discussion" rather than an address, Roosevelt's recovery goals received an enthusiastic reception from the cream of the nation's business moguls. Observing that the government had been seeking since April to foster an international "cooperative spirit" for increasing trade volume, creating employment, and raising commodity prices, he presented businessmen with three requests. First, to benefit labor, employers should increase their wage scales in keeping with the evident increase in commodity prices. Second, cooperation between and within industries to end "unfair methods of competition, cut-throat prices and of general chaos" would be aided by the government, which would take action against recalcitrant minorities. Third, the economy had to be viewed in terms of the whole, and industry therefore must act together for a "well-rounded national recovery." These cautious, pro-business sentiments received a thunderous round of applause.[86]

Between this preview speech and Sunday evening, Roosevelt and Moley carefully drafted the second major radio address. Following an earlier draft by the Budget Director, the broadcast would both report to the people what the administration had accomplished and planned to accomplish, and further endorse the concept of a business-government partnership. During this work, Moley particularly remembered one conversation. He and FDR discussed at length the differences between what Moley later described as Theodore Roosevelt's 1912 concept of government partnership and intervention in business, as opposed to Woodrow Wilson's belief that the antitrust laws must be used because in any such partnership business would inevitably dominate. Did the President fully realize, Moley finally asked, what a long step away from laissez faire this speech would publicly take?

"If that philosophy hadn't proved to be bankrupt," Roosevelt finally affirmed, "Herbert Hoover would be sitting here right now. I never felt surer of anything in my life than I do of the soundness of this passage."[87] Whether or not he fully comprehended the ramifications of this economic policy decision, FDR was prepared to forge ahead politically. But he needed a consensus, such as had been obtained on AAA and direct relief, before meaningful legislation could go to Congress.

Millions of radio listeners tuned in that Sunday night, May 7, to hear their President speak about achievements and recovery. Beginning with "My friends," in his well-modulated, confident voice, Roosevelt reported that deflation as a policy had been consciously abandoned and that Congress had cooperated to meet the emergency, merely naming the President as the "agency" to carry out its purposes. All of the legislation passed or pending could "properly be considered as part of a well-grounded plan." Briefly ranging over the scope and value of CCC, TVA, mortgage relief, FERA, and legalized beer, he said he would soon request public works. Three major programs were forthcoming: farm relief, "well-considered and conservative" measures to aid industrial workers, and legislation to eliminate waste and duplication in railroad receiverships and operating deficits. Explaining the general need for these, he stressed:

> It is wholly wrong to call the measures that we have taken Government control of farming, industry, and transportation. It is rather a partnership between Government and farming and industry and transportation, not partnership in profits for the profits still go to the citizens, but rather a partnership in planning, and a partnership to see that the plans are carried out.

Citing the "cotton-goods industry" as an example, he said the principle simply meant that the government ought to and would have the right, after planning and surveying for that industry, to prevent the recalcitrant 10% from paying starvation wages, working long hours, and producing burdensome surpluses--all of which presently ruined efforts by the 90% to agree upon better conditions. Mistakes might be made, but he sought the highest possible "batting average."

Explaining the need to leave the gold standard, he commented that reserves of gold and silver would only have been sufficient to meet "one-twenty-fifth" of demands by security and currency holders. Therefore the government chose to treat all in the same equal way. It was no exaggeration, he exaggerated to his listeners, that any further drain on United States gold by foreign countries would have so weakened the government and private credit as to bring on "actual panic conditions and the complete stoppage of industry." In addition, the administration definitely sought to raise commodity prices and to make the dollar worth the same as when it was borrowed. Hence the government has undertaken powers for an "enlargement of credit"--the Thomas amendment--and these would be used "when, as, and _if_ it may be necessary to accomplish the purpose."

Finally, he emphasized, the domestic situation was "inevitably and deeply tied" to world recovery. Prosperity in America would not be permanent without world prosperity. Accordingly,[88]

> In the conferences which we have held and are holding with the leaders of other Nations, we are seeking four great objectives: first, a general _reduction of armaments_ and through this the removal of fear of armed invasion and armed attack, and, at the same time, a reduction in armament costs, in order to help in the balancing of Government budgets and the reduction of taxation; second, a _cutting down of trade barriers_, in order to restart the flow of exchange of crops and goods between Nations; third, the setting up of a _stabilization of currencies_, in order that trade can make contracts ahead; fourth, the reestablishment of friendly relations and greater confidence between all Nations.

In his characteristically personable manner, then, Roosevelt encouraged and asked support of his drive for industrial and international recovery. Both themes, commented the _Literary Digest_, met with broad popular approval in the nation's press. Already a large majority of the

Chamber of Commerce businessmen, speaking on May 5 and 6, had declared themselves in favor of what FDR had termed the administration's "well-considered and conservative" efforts to revive business. Labelling it "No Hasty Inflation," the Times praised the general tenor of what it characterized as an almost flawless radio speech, emphasizing that the President, as "leader and fellow-worker," was assuring Americans he would be most careful in using inflationary powers. Over 1,500 messages inundated the White House mailroom, causing Steve Early to reply en masse with a press statement. Most writers shared the sentiments of publisher and former presidential candidate James M. Cox: "Your talk brings understanding, and understanding guarantees courage and faith and a return to better days." "The President has a genius for clarification and although he said nothing new," the cautious Jay Moffat wrote in his diary, "one could not repress a thrill at the exposition and simplification of issues."[89]

Having made his successful public appeal, Roosevelt turned to a decision between divergent drafts of industrial recovery legislation. By May 9 Moley and Warburg learned that the Wagner-Dickinson version combined $3.3 billion in public works with provisions for industrial loans and the plan for industrial self-government. Curiously enough, the public works figure was both compromise and accident. According to Harold Ickes, while perusing the final bill in his crowded and noisy office, Wagner called out to his assistant, Simon Rifkind: "Does the three billion for public works include the three hundred million for New York?" Rifkind replied that he _had_ put it in. But above the din, Wagner thought he heard: "Put it in." So he added the $300 million again, making the total $3.3 billion![90]

In addition to this draft, Johnson's bill containing the same codes, but with more stringent licensing provisions, had the support of Moley, Douglas, and Richberg. While Moley urged Wagner to unite with the others, Warburg urged Douglas to work to "weld the two bills into one rather than present two separate bills to the President for his choice." Douglas promised to help.[91]

On Wednesday, May 10, during a large White House conference of all the participants, Roosevelt considered the issues and rendered a characteristic decision. Although he had not favored more than $1.5 billion in public works during any previous Cabinet discussion, he accepted Wagner's compromise figure. Apparently the Senator and others convinced him that anything less would be unpopular in Congress. For over an hour FDR listened to the merits of the differing drafts. Finally, on Douglas' suggestion, after most of the conferees had departed, he appointed the Budget Director, Perkins, Tugwell, Dickinson, Wagner, Johnson, and Richberg as a subcommittee to secret themselves somewhere and weld the two bills together.[92] The President "leaned toward shorter and quicker action," Tugwell afterwards observed, "but his mandate was to go away and agree."[93]

The NRA locked-room decision again suggests FDR's basic leadership strategy and tactic. First, he sought no advice or representation from outside the major interest groups who pressured for legislation. Since the groups desiring NIRA were primarily business-oriented or from within the administration, organized labor would be only indirectly represented. And since most administration leaders who got involved were business-oriented, as was Roosevelt himself, NIRA naturally became a pro-business measure. Second, FDR would not make a final decision between conflicting factions. Rather, as with Morgenthau and farm credit during the interregnum and with Moley and the State Department during the Hundred Days, he let subordinates battle it out. If this resulted in a compromise law or a self-contradictory economic policy, it nevertheless had presented the President with more acceptable, political alternatives for decision. Thus in the short run, he could secure rapid agreement on a rather comprehensive New Deal program. In the long run, however, it would mean a New Deal more compromised than it otherwise could have been.

Within a few days, assorted wranglings, and the addition of a presidential requirement, the final draft emerged and Roosevelt sent it to Congress on May 17. The NIRA that FDR approved departed from the Wagner draft in only two particulars. First, at Johnson's insistence, the "codes of fair competition" would be applied to <u>all</u> industries engaged in interstate commerce, rather than Wagner's more practical idea to codify only major industries like steel and automobiles. Second, the drafters deleted the provision for industrial loans. The final NIRA could therefore appeal to all of its authors and supporters. Code authority would satisfy business planners. Section 7a, with its promise of minimum labor standards and collective bargaining, would be attractive to labor and to social workers. Federal licensing would look hopeful to enthusiasts of national economic planning. And public works would mollify the spenders and pump-primers.[94]

At this point Roosevelt added his own requirement. Supported by business leaders like Henry Harriman and by most congressional Democrats, the President mulled over an accompanying tax program during the weekend of May 13-14. Under the concept of the extraordinary budget, taxes had to be provided in order to pay the interest and amortize a sinking fund on the $3.3 billion. Douglas and Warburg had already calculated that $220 million would be necessary, figures which the Budget Director submitted along with his tax recommendation. But instead of recommending specific taxes, as he preferred, FDR acquiesced to urgings from Capitol Hill veterans like Pat Harrison of Mississippi, chairman of the Senate Finance Committee, and Robert L. Doughton of North Carolina, chairman of the powerful House Ways and Means Committee. Roosevelt agreed to leave the tax item "wide open" in his special message, but he made known his personal preferences for a "reemployment" manufacturers' sales tax, increased gasoline taxes, income taxes applied to stock dividends, and a "breakfast table" levy. Reporters also learned that most conferees were more enthusiastic over the public works and the sinking funds proposal than over the industrial section of NIRA, an ominous portent.[95]

Roosevelt's May 17 special message appropriately climaxed the drive to formulate industrial recovery legislation. First, he requested the machinery necessary for a "great cooperative movement throughout all industry in order to maintain wide reemployment, to shorten the working week, to pay a decent wage for the shorter work week and to prevent unfair competition and disastrous overproduction." Second, he requested public works. Then fully half the message dwelt on taxation, borrowing its theme from the Economy Act. "In carrying out this program," he stated, "it is imperative that the <u>credit</u> of the United States Government be protected and preserved." Therefore "emergency expenditures" must be counterbalanced by sufficient new revenue for interest and amortization. Careful estimates showed that $220 million would be needed. While making no suggestions at this time, he would transmit his own recommendations, ran the firm hint, <u>if</u> the House Ways and Means Committee had not acted by the "coming week." These taxes would be reduced either when increasing business revenues materialized, or when repeal of the 18th Amendment was ratified. "The pre-Prohibition revenue laws would then automatically go into effect and yield enough wholly to eliminate these temporary reemployment taxes." The President, therefore, had now partially linked repeal and NIRA as economy in government measures, points which contemporaries did not overlook during the Hundred Days.[96]

Indeed, along with its counterpart AAA, the NIRA was closely related both to the Economy Act and to the fiscal conservatism of the President and his influential Budget Director. For while Roosevelt would experiment in devising agricultural and industrial recovery programs, he would not experiment either with the administration of those programs, as his appointment policy indicated, or with the credit of the United States.

VI

Even while taking up the reins for industrial recovery and entertaining the leaders of foreign countries during the first half of May, the President was increasingly perplexed by "political fission" in Europe. By mid-May, while exhorting international economic recovery, he began to reveal some pessimism on that score. Germany was the center of the fission. The National Socialist Party on March 5 had gained a majority in the Reichstag; on March 21 the Nazis had emblazoned their symbol, the swastika, on the national flag and on army uniforms; and shortly thereafter the Reichstag had anointed Chancellor Hitler with virtually unlimited powers, removing most if not all of the old constitutional restraints. "It is the undisguised intention of the National

Socialist Party," reported the American consul-general in Berlin, "to get absolute control of all forms of German government, and of intellectual, professional, financial, business, and cultural life."[97]

While the American press continued to carry sensational stories of Hitler's and the Nazis' dual rise to power, Roosevelt had his own sources of information as well as his own ideas for action. "To us, it seems also that Germany, a nation which loves to be led," wrote S. R. Fuller, Jr., a Roosevelt acquaintance just back from a European trip, "is again a marching nation; and so a danger." These sources related that Germany was on the verge of rearming, a development which could foredoom the international efforts at economic recovery and disarmament. As early as May 7, the same Sunday as his radio broadcast, FDR discussed with Felix Frankfurter his idea of an appeal "through the heads of state, to the peoples of Europe to save the Disarmament Conference."[98]

Roosevelt's public statements and further actions show that he daily grew more wary of the European situation. On May 6 in a joint statement with Italy's Jung, they declared: "We agree that political tranquility is essential for economic stability; that <u>economic disarmament</u> can take place only in a world in which <u>military disarmament</u> is possible." When German representative Hjalmar Schacht threatened that his country was planning to cease all transfers of payment on its foreign obligations, the President and Hull gave him, alternately, the diplomatic cold shoulder and a strong dressing down. Roosevelt and Schact on May 12 issued their joint statement, which reiterated the need for "military disarmament." That day Hitler summoned the dismissed Reichstag to reconvene on the 17th.[99]

During the weekend of May 13-14 Roosevelt's 54-nation message was drawn up,[100] but without the usual assistance from Moley. He had departed for New York on the Wednesday afternoon train to teach his Thursday classes at Columbia. At this time he was considering possible plans for an alternate profession, partly because of excessive, albeit favorable, publicity. Such publicity simultaneously left him vulnerable to criticism, while enhancing his professional opportunities. On Friday and Saturday he saw Mrs. Mary Rumsey as well as representatives of the McNaught Syndicate, publishers of American Magazine. For some weeks Mary Rumsey, her brother W. Averell Harriman, and Roosevelt's millionaire friend Vincent Astor had been laying plans to purchase the Washington Post, scheduled for auction in June. They wanted Moley to be editor. He appeared interested. He kept Roosevelt informed of these secret negotiations. And it was this same weekend that the professor, having signed a contract with McNaught in April, wrote "Looking Forward to the Economic Conference."[101]

Roosevelt's disarmament appeal to the nations on May 16 had reflected both a tone of optimism on the World Economic Conference and one of warning on disarmament.

Privately, however, he was more pessimistic on the WEC. That same morning he perused Moley's syndicated article, to be released in June. In essence the article argued against excessive optimism for the Conference, particularly for lowering "barriers against trade." Instead Moley described the WEC as something of a round table where nations could exchange their best ideas for recovery. After approving his article, Moley recollected the President remarking: "As a matter of fact, this would be a grand speech for Cordell to make at the opening of the Conference."[102]

Roosevelt's leadership and his exhortations for international and industrial recovery seemed moderately successful by mid-May. NIRA would go to Congress on the 17th; but the legislation and its taxes were by no means assured of early passage. To his closest advisers, FDR seemed to be traveling conflicting paths on foreign policies. To Hull he would lower trade barriers; to Moley he would not. To Europe he offered hope for a "definite pact of non-aggression"; to reporters he offered nothing so concrete.[103] In talks with foreign delegations, the Americans offered strong hopes for lower international trade barriers, stabilization of currencies, and raising of world commodity prices. The President reaffirmed these in his second major radio broadcast and the message to the world. But the Moley article would imply the opposite. If, as Roosevelt was saying publicly, "economic disarmament" depended on "military disarmament," then there was reason to check the unbridled optimism evidenced by mid-May. Hence the Moley article. Perhaps as Warburg afterwards liked to say, FDR has a little of the "Machiavelli" in him when dealing with monetary and other policies.[104]

By mid-May, however, it appeared there had been too much economy in government. When the ragged vanguard of the second "bonus army" appeared in Washington on May 10 to demand cash payment of the World War I insurance bonuses and a reconsideration of the veterans' benefits so severely slashed by the Economy Act, the White House issued a statement saying that all cuts would be reviewed in order "to effect more equitable levels of payment." On May 16 Eleanor Roosevelt and Louis Howe visited the disgruntled bonus marchers at their camp.[105] The veterans' lobby had been defeated in March; but now they had regrouped into a potent political force. A completed New Deal was not yet in sight.

CHAPTER VII

STRUGGLE FOR THE EARLY NEW DEAL

"I have signed everything they put before me," remarked Franklin Roosevelt, as correspondents pressed into his Oval Office at 4:15 on the afternoon of Friday, June 16. The first session of the 73rd Congress had adjourned just after one o'clock that morning--making an even 100 days since it had convened on March 9. The soon-famous Hundred Days had finished in terms of domestic legislation. But in foreign policy, the Economic Conference, in session only four days, would be the climax. This was indicated by questions during the 30th press conference, almost half of which dwelt on current issues in London.

After joking with reporter Fred Storm about the $400-a-week boat he and other special correspondents had hired to follow the presidential yacht <u>Amberjack II</u> up the New England coast, Roosevelt began by announcing new appointments. ICC commissioner Joseph Eastman would be Railroad Administrator, and Hugh Johnson would be National Recovery Administrator. FDR indicated, in a general way, that special boards would supervise the separate administration of NRA and public works, a decision just made during the preceding Cabinet meeting. The works board would canvass available projects while he vacationed. But already he had authorized $400 million and $238 million for immediate highway and naval construction, respectively. Some desultory discussion ensued about projects. But nobody inquired about the rest of the remarkable domestic legislative program, the occasion of so many congressional struggles during June.

Instead, questioners turned quickly to the London Conference. Had he changed his June 7 position that the time was not "ripe" for de facto stabilization of currencies? Stabilization had been an issue throughout the Washington negotiations during April and May. And the President had endorsed stabilization--without defining it--in his May 7 radio speech and his May 16 disarmament appeal. Off the record, he carefully explained that any agreement first had to be approved both by the acting secretary of State and by himself. Second, the American delegation had not communicated to Washington in "any shape, manner or form." Therefore, third, no agreement existed, tentative or otherwise. He further stated that newspaper stories out of London to the opposite effect were false.

In fact James Warburg, the President's unofficial monetary adviser who was now serving in that capacity with the delegation, had telegraphed him personally on June 13 explaining stabilization talks to date. But FDR, then battling to get Congress adjourned, either lost or ignored this message.[1]

"The reason I say this has to be strictly off the record," Roosevelt went on, "is because it looks to me a little bit as if some of the nations in London are trying to spread around the idea that we have entered into some kind of agreement and then, if it does not go through, try to put the blame for a failure to stabilize on us." A correspondent asked if it were true, as one dispatch reported, that Raymond Moley would be sent over to London to look after the "inflation measure."

"No. Moley, from the very start, has been going over. He is going over a week or the week after--" "He expects to sail on the Manhattan," interrupted Steve Early. It would leave on June 21. Roosevelt repeated this, adding, "I didn't even know that. He will take a look-see and come back." Warren Delano Robbins, the President's cousin who was State Department protocol officer, would soon return. He was the first presidential liaison with the delegation. Moley would be the second; a third would follow.

Apparently satisfied about liaison plans, reporters returned to stabilization, a subject upon which Roosevelt had ordinarily been vague. "Oh, my Lord," he responded to a reporter who wanted stabilization defined, "it would take me two hours and then neither one of us would know." Finally he conceded it would have to take the form of a "gentleman's agreement" to hold steady the value of international currencies. But everything depended upon what offer London made. None, he reiterated, had yet been presented. Obviously he wanted to say no more on that topic, or any other. He was weary. Just four days earlier Henry Morgenthau, after trying to put him in a good humor, observed in his diary: "He looked very tired and his face was drawn with fatigue. I have never seen him look more exhausted."[2] Finally the conference ended, after FDR jokingly fended off another question on public works.[3]

Few of the major themes of late May and early June had been discussed. Most important of these were Roosevelt's struggles to complete the early New Deal by enacting NIRA and the Independent Offices Appropriations Act, which contained the controversial compromise on veterans' benefits; and by enacting other domestic legislation, notably the fight to get FDR to accept a practical deposit insurance plan in the Glass-Steagall Banking Act. Also, another theme was that these struggles led him to trim the foreign policy program to save the domestic program, confirming the domestic-first priorities begun in early March. Only the London Conference had been scrutinized by reporters, and then primarily the issue of stabilization--only one of the exhortations toward international recovery that Roosevelt had repeatedly pronounced during May.

Earlier on June 16, however, the President had privately alluded to these themes. Noting the "veterans legislation row," which he said might force him to "veto" the Offices bill, he boasted to Breckinridge Long, recently appointed ambassador to Italy:[4]

> Outside of this little kick-up, literally every single measure which I have proposed has gone through with the single exception of a small bill to allow me to appoint a man from the mainland as Governor of Hawaii. That is not a bad record, is it?

That statement grossly oversimplified his difficulties in June.[5] Yet perhaps it illustrates in part another facet of the man. He had what William Phillips called an "escape clause," allowing him to move into another world at the turn of his mind. Early one June morning, amidst congressional turmoil and the imminent London Conference, Phillips arrived in the President's bedroom and found him busy with a card file. "You can't guess what I'm doing," FDR remarked with a whimsical smile. After the acting secretary of State ventured a guess, he replied:[6]

> No, these are letters which I have received since my inauguration addressed to me as 'Your Majesty,' 'Lord Roosevelt,' or some other crazy title indicating royal rank from all over the world. I'm going through them to pick out the ones I think would amuse the king /of England/ and send them to him. Don't you think it will amuse him?

A man of many faces and abilities, of charm and of power, of depth and of superficiality, Roosevelt the politician and the leader had just successfully completed the domestic legislative backbone of the early New Deal. An astonishing record in contrast to Herbert Hoover, whatever compromises and deals FDR had made would be largely overlooked, then and later, because a new leader had emerged. He had _a_ program, an aim motivating him from the first week in March. It did not matter that key points of the program were relatively conservative. The Hundred Days struggle had finished and now a new one loomed in the stately conference rooms of London's Kensington Museum.

II

Two key pieces of early New Deal legislation enacted during the last half of May were the Tennessee Valley Authority Act and the Truth-in-Securities Act. Certain similarities between them are of interest. Both were controversial, particularly to the affected interests of electric power and investment banking, respectively. Both related less to relief or recovery than to long range reform of the economic structure, although Roosevelt himself often characterized TVA in terms of relief. In both cases he had taken an early interest in outlining policy, while leaving most of the groundwork and congressional liaison to trusted subordinates. With both laws this happened because certain domestic legislation as well as WEC preparations by late May had become higher priority--thus allowing the President little time to concentrate on final enactment. He characteristically involved himself more in the outline and sponsorship of the early New Deal than in the details of enactment, a fact particularly true of legislation passed in May and June.

TVA personally interested Roosevelt more than any other legislation during early 1933 except CCC. By mid-April he had authorized Arthur Morgan to search for the other two members of TVA's board and to help the bill's managers, Senator Norris and Representative John McSwain, draft perfecting amendments. Congress incorporated all the fifty amendments Morgan proposed into the final law, and at least two proved substantial. These gave TVA authorization to build and extend its own transmission lines so as to create its own power system, thus making it independent of private utilities; and authorization to allow dams to be constructed by such private companies or citizens as the President might choose, rather than by mandatory use of the Army Corps of Engineers. Roosevelt himself made several novel but impractical minor suggestions, most of which the drafters rejected. For example, he enthusiastically proposed a new process for making ammonia from a "by-product of hydrogen through processing carbon black," an idea former Attorney General A. Mitchell Palmer had assured him would save 76% of the present cost.

In the end, Roosevelt's backing ironed out congressional confusion and disagreement over the final version. When Norris began to fear that the "power interests" were trying to emasculate TVA, the President summoned the Nebraska Progressive and McSwain to the White House. Both conferees came away saying that Roosevelt had backed Norris on the two most controversial features, power (the Morgan amendment) and fertilizer, the latter to be manufactured on an experimental basis as opposed to the House demand for quantity production. By May 12 both houses had accepted what Norris termed "the best Muscle Shoals bill we have ever passed." On May 18 FDR signed TVA, and warned innocent investors not to be entrapped by "conscienceless land speculators" who hoped to reap quick profits in the valley.[7]

The White House announced Morgan's appointment as TVA chairman on the 19th, as he continued his private search for directors. By May 30 he had interviewed dozens, finally recommending Wisconsin attorney David E. Lilienthal, a specialist in public utilities who had been recommended by Justice Louis D. Brandeis; and Harcourt A. Morgan, president of the University of Tennessee, an expert on agriculture who had been recommended by Henry Wallace's department. More emphasis had been placed upon these men's sincerity of purpose and commitment to the public interest than upon their politics or their views on TVA, facts which would lead to later difficulty.[8]

Lilienthal's appointment is suggestive of both Roosevelt's conception of TVA as a relief measure and of the legislation's origins. Close to Brandeis, Lilienthal spoke with the Justice several times during January 1933. In those and previous conversations, Brandeis continually articulated his opposition to a democratic government which allowed the obvious disparities flowing from great wealth and from power derived from wealth. Use income and inheritance levies to tax great wealth out of existence, he argued, and use the revenue gained for a government program of social services which would also create employment. Citing soil erosion and the razor blade industry as examples, he further maintained that the government must seek "public nature" enterprises for investing such revenue, thus removing unnecessary duplication of facilities. Lilienthal observed in June that Roosevelt's TVA ideas, first fully articulated in February, by now evidently had two purposes: to employ men rather than use direct relief, and to enrich community life by a series of programs. "This sounds very much like Brandeis' ideas applied to a particular area."[9]

While Morgan succeeded in organizing rapidly enough so that the first TVA board meeting could be convened on June 16, during the second week of June the President became involved in settling James Farley's dispute with Morgan over political patronage. Although then preoccupied with the raucous Congress, this patronage disagreement (while failing to satisfy Farley's insistence on making TVA's jobs political) resulted in FDR's important suggestion to have a special assistant pass on all personnel appointed. Morgan quickly chose Floyd W. Reeves, whom he had read of as a University of Chicago expert on personnel administration. All appointments would be cleared only after investigation by Reeves. Thus when the TVA board began sessions June 16, the President could be satisfied that party politics would remain substantially out of his major project for relief and community development.[10]

Securities legislation provoked more public and congressional conflict than did TVA. While first relying upon Huston Thompson's draft legislation, circumstances soon forced Roosevelt to rely heavily upon the advice of Moley, Felix Frankfurter, and House Interstate Commerce Committee chairman Sam Rayburn, as well as on the drafting team which Frankfurter brought from Harvard, James M. Landis and Benjamin V. Cohen. Introduced in the Senate during late March, the Thompson bill soon met heavy criticism from senators and representatives as well as from investment bankers, who disliked federal regulation of any kind. Thompson had drafted a disclosure statute. It sought to prevent the interstate sale of fraudulent securities by requiring a corporation's executive officers and directors to furnish the Federal Trade Commission with a registration statement which disclosed pertinent information relative to the soundness and solvency of the corporation and its securities. In order to secure complete and accurate registration, the bill authorized the FTC to revoke the registration of any security which did not meet its standards; and buyers could take civil recourse as well. But the measure had loopholes. For example, the section on revocation was vague, the FTC's functions were too loosely specified, and Thompson himself demonstrated a "shocking ignorance" of the measure's language during his congressional testimony. Even the New Republic, ordinarily a strong advocate of financial regulation, labelled it "more pitiful than pitiless . . . loosely drawn and entirely inadequate."[11]

In response to such controversy, on April 5 Rayburn turned to Moley, whom he knew had been working as liaison on securities since the election. Moley in turn summoned

Frankfurter to Washington. By April 10 Landis and Cohen, with some assistance from Frankfurter's trouble-shooter at the RFC, Thomas ("Tommy") Corcoran, had their new draft introduced into the House. Disingenuously described by the Frankfurter team as "perfecting amendments," the House bill reflected the Brandeis attitude that modern business and finance could only be effectively regulated through comprehensive yet flexible national administration, using the State regulatory agencies for the actual task. While the Thompson bill had focused narrowly on regulating corporations and their directors, the Landis-Cohen draft decreased the total of liabilities while increasing the responsibility for fraud to include securities underwriters, distributors, and related professions, as well as the directors. It also deleted the FTC's revoking provision, inserted a 30-day waiting period between filing of registration and the date of securities issue, and gave the FTC power to evaluate the registration statement and put out a stop-order if necessary. Under prodding from Frankfurter and liaison by Moley and Rayburn, the subcommittee print was completed on the 21st. Introduced formally by Rayburn on May 3, it readily passed by voice vote two days later.[12] "Rayburn did not know," Cohen told Landis, "whether the bill passed so easily because it is so damned good or so damned incomprehensible." In the meantime, at Warburg's insistence, Moley called W. Averell Harriman, John Foster Dulles, and other prominent New York attorneys to Washington to testify. While they deplored the broadened liabilities and the waiting period, Rayburn's committee took little heed before passing title I of the securities bill on May 5.[13]

Confronted with two administration versions of the same legislation, Roosevelt called a White House conference to iron out the differences. Present with him were Louis Howe, Moley, Thompson, and Cohen. Ostensibly the purpose of this acrimonious session was to strengthen the Senate's version of "reasonable," as Howe put it, so that a director's responsibility for fraud would be more clearly stated. In fact, FDR had decided to quietly shelve the Thompson measure, as its author soon perceived. An irate Thompson soon insisted that Moley explain how he had become involved, when the President had originally given the assignment to him. Roosevelt listened in silence. In response Moley contended that he had stepped in only when outcries arose about the bill's stringency; and that the administration considered Frankfurter the country's number one lawyer. Thompson disagreed heatedly, citing the President's original request, and asserted that Moley had asked Rayburn--not vice versa--to let Frankfurter intervene, and that everything done since had underhandedly superseded him. Throughout this session Moley attempted to placate Thompson, while FDR looked on in evident uneasiness. They finally agreed to have Thompson get together with Frankfurter; but this was never done. Roosevelt simply did not call on Thompson for any further advice or assistance on securities.[14]

Due to Roosevelt's apparent inability to personally confront an unpleasant and conflicting situation with subordinates (deferred in Thompson's case since March), a congressional impasse on securities legislation loomed. This presidential characteristic would cause further distress, notably with the separation of NIRA from public works as well as with the Economic Conference.

At this point, with two House bills and with the President concentrating on the Washington talks and the movement for industrial recovery, Senator Hiram Johnson further complicated the securities situation. On May 8, while the Senate considered the Thompson bill, he introduced an amendment as title II. Passed that same day and sent to conference, the Johnson amendment established a Corporation of Foreign Security Holders. The Corporation, to have six directors, would disclose information upon foreign-issued securities, as title I would do for domestic ones. In addition to acting as the investor's fiscal agent in such transactions, the corporation would be empowered, among other functions, to negotiate with foreign governments for resumption of payment on defaulted issues. It touched a problem of some magnitude with which Johnson had been contending since 1931. American investments in foreign bonds and securities between 1920-1931 exceeded $10 billion at face value, but since 1929 partial or complete defaults on interest and sinking-fund payments had been the rule, the peak being 76% in Latin American obligations. Officially the State Department followed a policy of non-intervention in American foreign investment. Unofficially, the policy was more complex. Diplomats and bankers were often intertwined, with the former generally helping the latter make profits--a situation which Johnson naively concluded meant conspiracy.[15]

With other more important irons in the fire, the President now found himself confronted with two title I's and a senatorial departure for title II. It came at a most inconvenient time, because he wanted Hiram Johnson--as a Progressive Republican--to join the London delegation.[16] So he was ambivalent on the former Bull Mooser's proposal. Warburg and Feis took the initiative against title II. They feared the bond corporation would appear to be a quasi-official body, which would lead to confusion over State Department prerogatives, and that personnel selection would be outside department control. Both of these would encourage bond-holders to hold the U. S. government responsible for defaults. The two saw Roosevelt during his talks with the German delegation. He summarily agreed with their plea to write identical notes to Duncan Fletcher, Senate leader of the securities conference committee, and to its chairman, Rayburn, "asking them to kill the amendment in conference."[17]

But in less than a week, at Howe's needling, Roosevelt reversed himself on title II. Apparently because of his maneuvers to win Johnson as a WEC delegate, he telephoned Rayburn on May 15 and asked him to "do something" <u>for</u> the Johnson amendment.[18]

Delay and circumstance then intervened. With Frankfurter and Moley urging the President to request the conferees to adopt the House securities bill, with the committee moving slowly through four draft revisions, and with Roosevelt now centering his attentions on his disarmament appeal and not being interested in bondholders legislation anyway, he did not write the promised letters until May 20. Having switched courses, FDR equivocated. He stated no preference for how "bondholders' committee" personnel should be selected; but he wanted no overlapping authority.[19] With these letters, he tossed responsibility for a title II decision to the conference committee.

Rayburn handled both titles shrewdly. When the committee voted 5-5 on whether to adopt the Senate (Thompson) bill, he ruled the motion lost. With title I tentatively out of the way, he hesitated to risk it on a battle over title II, especially with Johnson on the committee. After seeing Roosevelt's May 20 letter, and with Landis on an extension line, Rayburn telephoned the White House to throw responsibility for decision back onto the President. He explained the situation. FDR paused, then casually remarked: "You do what you think best, Sam." They hung up. Suddenly Landis had a "bright idea." Hurriedly he drafted section 211: title II would go into effect only when the President determined it was in the "public interest." Rayburn liked the idea, and Johnson accepted it, apparently unaware of the implications. On May 22 the House voted to accept the conference report, on May 23 the Senate concurred, and on the 27th the President approved the bill.[20]

Roosevelt had delivered on securities legislation. While the act had a ragged course, it supplemented, as he had requested, the old doctrine of caveat emptor with the new one of "let the seller also beware." American newspaper opinion almost universally endorsed the act's purpose, while having mixed feelings about its potential effectiveness. On title I most of the business and financial community saw only what has been described as an "immediate, terrifying defeat." But to all such conservative criticisms, Roosevelt responded positively. "May I be quite frank with you," he wrote the dean of Harvard's Business School, "and tell you that the difficulty is that all the objections to the Securities bill are wholly general in character and no one so far has been able to point out any specific objection that would result in specific damage?" With the key help of those like Frankfurter, Moley, and Rayburn, an effective truth-in-securities law, as promised in the 1932 Democratic platform and in his inaugural address, had been enacted.[21]

For Roosevelt, the need for securities regulation probably represented a question of morality more than one of economics or rational financial control. And title II, rewritten to give him discretionary authority to invoke it, probably offered the best way to avoid the unwarranted expansion of government responsibility into areas best reserved for private enterprise. For this was a period when he was not only determined to reduce national expenditures via the Economy Act, but he was also advocating cooperation and "partnership" with business and finance via the NIRA. The Securities Act, therefore, reflected many of his basic attitudes in 1933. And it took a significant step toward federal regulation of the stock and securities markets.[22]

III

Other legislation passed during May and June was less controversial and of less reform significance to the early New Deal than either TVA or the Securities Act. These included the joint resolution for the abrogation of the gold payment clause in public and private contracts (signed June 5), the Home Owners' Loan Corporation (June 13), and acts for Farm Credit and Railroad Coordination (both June 16). In all of these the President took a part, and in some ways a decisive one; but none were controversial enough to demand his primary attention. Instead, personal advisers, Cabinet officials, Democratic leaders in Congress, and other administration subordinates followed each measure through to enactment. While all of these raised varying amounts of expectation and journalistic commentary at the time, none ranked in importance--either to Roosevelt or to the early New Deal--with the legislative mainstays of the Hundred Days: AAA, the Economy Act, and NIRA.

Repudiation of the gold payment clause in government bonds was one idea Roosevelt had in mind on April 18 when he abandoned the gold standard and accepted the Thomas amendment to AAA. A few days earlier he had casually mentioned the gold clause to George Warren and members of the inflationist Committee for the Nation, propagandizing in Washington since early April for revaluation of the dollar. The President remarked to them that "if one were called on to supply gold, he might borrow from the Treasury for a few minutes, pay it to the man who asked for it and a Secret Service man could stop the man from taking it out of the Treasury." In this roundabout fashion he suggested that he wanted to end the domestic use of gold. Also, he was very interested in the Committee's proposals to revalue the dollar by decreasing the grains of gold, and he urged them to continue their work.[23] Four days later FDR accepted the Thomas amendment, which in part authorized the President to reduce the gold content of the dollar up to 50%.

Although considering revaluation, Roosevelt only confided this to a few trusted advisers. He delegated Frankfurter to draft gold clause legislation shortly after April 18, and he brought the matter up with Moley from time to time.[24] It appears that he silently followed the arguments of Warren, arguments that Morgenthau was continually illustrating with price charts (given him by Warren) at their Monday luncheons. Warren maintained that prices could be raised by decreasing the price of gold. The only way to avoid further deflation and bankruptcy in America, he argued, was to decrease (or revalue) the grains of gold contained in the dollar. In other words, devalueing from the present 23.22 grains to between 12-16 grains would result in commodity prices raising proportionately--and raising prices had been one of FDR's prime objectives in abandoning the gold standard and in accepting inflation.[25]

Roosevelt quietly resolved the matter in May when he delegated the drafting of a joint resolution to Senator Duncan Fletcher, chairman of the Banking and Currency Committee. Like the President, Fletcher believed that gold should be used only for industrial purposes domestically, and only for adverse trade balances internationally. "As soon as I can get the authority to regulate gold," Roosevelt confided to Morgenthau, "I can use it if and when necessary."[26] With Frankfurter reminding Moley to keep checking on the legislative process, with Morgenthau privately pressuring the President, with Warren publicly popularizing a reduction of the dollar's gold content by one-third, and with influential journals like the _Nation_ arguing for "Devaluation--or Drift?," Fletcher and Congressman Henry Steagall introduced joint resolutions on May 26. According to the Treasury Secretary's statement, the gold resolution merely sought to clarify the Thomas amendment's language. Legal tender, meaning any form of money acceptable to the government, would now replace the stipulation of the 1900 law which provided for gold as the only medium of payment for all public and private contracts.[27]

Described by the President as simply making a record of what was already "the _de facto_ situation," the resolution passed the House and Senate with little debate and by party votes on May 29 and June 3, respectively. To reporters Roosevelt maintained that abrogating the gold clause had nothing to do with inflation, that he remained "open to suggestions" on whether war debts could now be paid in currency, that the law did not relate to the London Conference, and that it simply told the "people that they cannot have gold in their private possession in this country."[28] On the other hand, the Times labelled it "repudiation." The editors correctly pointed out that the administration had explicitly declared in late April that the Thomas amendment and the gold embargo were two separate points. But now "the two things are mysteriously, not to say inexplicably, mixed together." Thus Uncle Sam now found himself in the muddled position of repudiating his obligations while denouncing European nations for wanting to repudiate their war debts. In fact, abrogation was partly motivated by the June 15 debts installments. It allowed debtor nations to pay in either "paper dollars," as Moley and Phillips told the British ambassador, or silver.[29]

Indeed, Roosevelt's gold clause maneuver logically recognized a "de facto situation." That is, he de facto believed in a managed currency and he gradually, if unevenly, moved toward it--when the political timing allowed. In May and June he further opened the door toward monetary experimentation. This is the primary significance of the gold clause abrogation. Such experimentation would begin in the fall of 1933, led by unorthodox economists like George Warren and James Harvey Rogers, after FDR had chastened his more conservative fiscal and monetary advisers at the London Conference.[30]

The home mortgage act was even less controversial than gold clause legislation, largely because of its imperative need by 1933. Formulated within the Federal Home Loan Bank Board before Roosevelt's April 13 message requested it, board member T. D. Webb followed it through Congress. In the House, John McCormack of Massachusetts took special interest in this measure which would relieve the acute home mortgage crisis in his Boston constituency.[31] Senate hearings lasted only two weeks in April, and by late May the House had heard all the testimony and passed it with only four dissenting votes. Although following the original administration outline, the House bill expanded the $10,000 per home mortgage limit to meet criticisms that it offered too little relief. Senators passed their bill June 5 after further liberalizing it, including Robert Wagner's amendment for a three-year moratorium on principal payments. Similar to a provision he had also inserted in the Emergency Farm Mortgage Act, it freed the debtor from foreclosure for three years.

For his part, Roosevelt assured congressmen and others who inquired that he would handle threatened home mortgages as he had with farm foreclosures. "The moment the bill comes to me for signature," he told Representative Fred A. Hartley, "I will make a public appeal to mortgagees not to foreclose until the machinery can be put into operation. My plea seems to be working well in regard to farms."[32]

By the time he had approved the bill on June 13, the President had asked Louis Howe to explain how it worked in a simple radio "interview." In a carefully scripted "question-and-answer" session with NBC's Walter Trumbull, Howe detailed the intricate bill in simple, almost Rooseveltian language. A homeowner with a defaulted or threatened mortgage on a home worth not more than $20,000, mortgaged for not over 80%, and containing no more than four families, could go to the new Home Owners' Loan Corporation and receive 4% government bonds for up to 80% of the home's value, as HOLC assessed it. Then he either took the bonds to the mortgagee to trade for a new 15-year mortgage at 5% interest; or, if bonds were not acceptable, he could get a cash loan from HOLC, not to exceed 40% of valuation, amortized for 15 years at 6%. Howe's broadcast proved a success. Funded at $200 million, Congress directed the Home Loan Bank Board to create HOLC as a new agency which was authorized to sell $2 billion of its own bonds (later $4.75 billion). In this way a widely needed relief measure passed through Congress with a minimum of presidential leadership, expanding upon the 1932 basis of federal home loan banks.[33]

Although not approved until June 16, Congress also passed the Farm Credit Act and the Railroad Coordination Act before the end of the session. FCA was the third part of the plan to rationalize farm credit which Morgenthau and William

Myers had worked out during the interregnum. It would legislate the executive order of March 27, merely putting congressional approval on the reorganization of all existing credit facilities. Myers began drafting the bill after the President had approved its general outline on May 2. Consulting with various agricultural and credit experts, as well as Democratic congressional veterans like Senate floor leader Joe Robinson and Marvin Jones of the House Agricultural Committee, Myers and others finally completed a special committee print and sent it to the White House. On May 25 Roosevelt summoned Myers and Jones to probe them on the draft. The bill would set up four levels of banks in twelve nationwide regions. In each region would be a Federal Land Bank (first established in 1916) to carry on with financing farm mortgages; a Federal Intermediate Credit Bank (begun in 1923) continuing to rediscount loans on crops held by warehouses or cooperatives; and a Production Control Credit Corporation, a new agency, to make loans for seed and for relief from floods and other natural disasters. And a new Central Bank for Co-operatives would finance farm cooperatives. As Farm Credit Administrator, Morgenthau would supervise this unified system, with assistance from a deputy governor for each level of bank (one of whom would soon be Myers).

Roosevelt's personal knowledge of FCA, which stemmed from his relationship with Morgenthau, unaccountably surprised Jones--who knew the two men were close. At the meeting on the 25th, the President insisted that interest rates be as low as functionally possible. Jones later professed to be astonished at the "complete knowledge he [FDR] had about the philosophy of the bill and its various provisions when it had only been available twenty-four hours, and we hadn't talked to him about it at all." But Morgenthau had. Roosevelt's grasp of the FCA legislation suggests that when close or personal advisers were involved, he was able to inform himself more thoroughly and swiftly than otherwise.[34]

While Morgenthau quickly won the support of the Democratic congressional leadership for "95%" of this "administration bill," Budget Director Lewis Douglas was the major obstacle. Senator James Byrnes, known already as the President's "fixer," liked the measure and helped Morgenthau persuade Douglas to endorse it. They achieved this aim at a meeting on the night of May 25, during which Byrnes, Jones, Myers, and others participated. "I consider this a big victory," the FCA governor candidly noted in his diary, "as Douglas has put me in a most uncomfortable position, as I told the Democratic leaders in the Senate that I had the approval of the President as to the general principles of this bill, and if Douglas had killed it, it would have greatly hurt my prestige." These maneuvers indicate that while Morgenthau's influence with Roosevelt was growing, the Budget Director was the administration's central figure in all fiscal matters.[35]

With approval from the President and Douglas, with Byrnes providing the leadership on Capitol Hill, with Myers again supplying technical testimony to the proper committees, the measure moved rapidly. It passed the House on May 31 with all amendments voted down by large majorities; and it was held up in the Senate only because of congressional resurgence about NIRA and veterans legislation. With the President concentrating on higher priority matters, Morgenthau lobbied for his bill. After several talks with Roosevelt and Douglas, he reluctantly accepted a slight compromise on FCA salaries. On June 9 Morgenthau again had to hurriedly pursue Douglas because he had somehow omitted the $42 million needed in the Independent Offices bill for FCA's implementation.[36] Finally, after lobbying all day and evening June 10 and 11 from the Vice President's Senate office, with Byrnes stating he would not accept any "cut rate salaries," Morgenthau and Myers were amazed to see their handiwork pass by a clever parliamentary tactic. "About ten o'clock there was a lull [in the adjournment wrangle] and Jimmy Byrnes moved that our bill be passed," Morgenthau happily recorded. "In fifteen seconds it was done. It took my breath away it happened so quickly."[37]

Due primarily to Morgenthau's persistence, FCA passed its last legislative obstacle on June 11. Because of the battle for adjournment, Roosevelt did not find time to sign it until June 16, and then it was not publicized at all. In fact a lack of publicity of any kind attended FCA, chiefly because it logically flowed from the March 27 executive order and the Emergency Farm Mortgage Act of May 12. Morgenthau's determined maneuvering with congressional leaders, and Roosevelt's known friendship and backing proved instrumental in carrying a thorny problem through to a practical legislative solution. But the urgent need for an efficient farm credit organization still formed the movement's key component. Farmers were demanding "action, and action now"; and their President delivered.

The railroad bill was last, but not least (in terms of advance expectations), of the relatively non-controversial early New Deal measures. As submitted to Congress by the administration on May 4, the Emergency Railroad Transportation Act was substantially rewritten within C. C. Dill's Senate Interstate Commerce Committee. Originally intended as a relief measure, a partnership in railroad self-regulation to benefit carriers themselves, it sought to effect certain economies and reorganizations that would allow the larger railroads to retrench and prosper. But this approach favored bondholders and worked to the detriment of other interested parties, notably railway labor unions, shippers, short line railroads and, indirectly, business in general. Congress only spent two weeks for the bill's introduction, hearings, debate, and conference, because the mood was to "do something." Of the hail of minor amendments added, the one substantive change affected labor, albeit not significantly. The Dill committee, bowing to contradictory pressures to make the bill a relief measure for both carriers and labor, went beyond Donald Richberg's proposals and added section 7b.

Economies by the coordinator could not reduce the number of employees below the levels of May 1933, except for removals due to death, retirement, or resignation. And these still could not exceed 5% annually. With this amendment the bill lost its purpose as either an effective economy in government or a business-government partnership measure.[38]

By late May the President evidently had lost whatever interest he once had in the measure, as did the press. The bill so disappointed all concerned, even the carriers, that it received very little newspaper coverage once amendments were added. Roosevelt's remarks to reporters and his message to Dill on May 13 indicate that he was not at all familiar with more than the broad principles of the bill.[39] He did not respond when the Senator assured him that, after his committee added the labor amendments, "the railway organizations are heartily in favor of it." FDR continually referred all railroad spokesmen to the Commerce Secretary. Only once did he lend his personal prestige to secure enactment. On May 27 Dill told the Senate he was authorized to announce that the President opposed as "unworkable" Hugo Black's amendment for a six hour railroad day with eight hours of pay. By June 8 the conferees had reach full agreement between differing Senate and House versions, and the bill was ready to go to the White House.[40]

As finally passed, the Railroad Act characterized the less successful side of the early New Deal. Its major provisions included creation of a federal coordinator who, acting through regional coordinating committees in the East, West, and South, would attempt to promote efficiency by encouraging such economies by railroads as did not effect any reduction of employment; a method to force financial reorganization of railroads needing RFC loans; authorization for study of transportation problems by the coordinator to form a basis for possible future comprehensive reform; repeal of the dormant recapture clause of the 1920 act (recapturing any profits over a certain percentage) and of certain ICC rate-making restrictions.

The preponderant view of newspaper editorials reflected that of the Chicago Tribune: while the law might "mark some advance it is probable that little good will come of it." The conservative journal of the carriers, Railway Age, concluded that railroads would have to rely more on the "increase in carloading" to help them meet fixed charges for 1933 than on any "economies to be effected in the near future by coordination." Joseph Eastman himself, soon to be officially named Federal Coordinator, was unenthusiastic both about the job and the value of the new law. In a letter of rebuke to journalist Paul Y. Anderson, who had unduly criticized the act in the Nation, Eastman stated that he stood to gain nothing personally from the job except new public experience, that all ultimate authority rested with the ICC rather than with the coordinator, and that economy was a false issue when no unemployment could result. Only the study provision did he commend.[41]

While great expectations of transportation and railroad reform had been generated by Roosevelt's 1932 Salt Lake City speech and by administration efforts toward drafting such measures since March, by June railroad coordination proved a minor victory for the early New Deal. Its significance lies not in its short or long range impact on the economy or on the railroads, because little of either resulted. Rather it illustrates how little Roosevelt could or would do in areas where interested parties could not come to fundamental agreement on conflicting issues. If there had been a consensus in 1933 on the nature and specifics of railroad reform, or if determined and influential groups with national political appeal had backed such reform (as was true with AAA and NIRA), or if he had taken a strong personal interest (as he did with CCC and TVA), it is likely that the President would have strongly supported an effective railroad act. Lacking the consensus and the public support, he chose to concentrate his efforts where legislation could be achieved with less potential for damaging his presidential leadership or prestige. The vacuum of Roosevelt's leadership doomed railroad reform to emasculation.

IV

During this period the President usually subordinated foreign policy issues to his all-important theme of completing passage of the domestic New Deal. Unfortunately, from the point of view of both domestic and foreign policies, neither could do without considerable involvement by Roosevelt. Being human, he could not do everything at once. But being human and also Roosevelt, he tried.

Selecting the London delegation had from time to time during April and May preoccupied the President and Moley. For the most part, however, Roosevelt delegated this difficult task to the professor, who seemed to have little taste for it. Tentative choices changed from day to day throughout May, according to Moley's notebook and Warburg's journal. Only Cordell Hull remained a fixture. Moley's delegation lists usually included Key Pittman, since he was chairman of the Senate Foreign Relations Committee; a Republican senator, FDR's preference being Hiram Johnson; some Democrat from the House; James M. Cox, FDR's 1920 presidential running mate, and one or two others. Warburg, Bullitt, Feis, and others also appeared, usually as economic "experts" to the delegation. An advisory commission (later dropped as unnecessary) at first included Democratic party backers like Bernard Baruch and Joseph P. Kennedy. Whether or not Moley would go remained an open question until mid-May. Neither Roosevelt nor Moley consulted the Secretary of State on any of these choices.[42]

Politics and not economics dominated Roosevelt's ideas for a delegation. He tried to avoid Woodrow Wilson's mistakes of 1918, hence his desire for a Republican and at least one member of each house. Aside from that, as evidenced by the final choices, knowledge of economic or monetary policy was not a prime criterion. At the last minute James M. Couzens of Michigan became the Republican senator (no one else would accept); Samuel D. McReynolds of Tennessee, chairman of the House Foreign Affairs Committee, became the congressman; and Ralph W. Morrison, a hitherto unknown Texas businessman who was assumed to be a heavy campaign contributor, became a sixth member, in addition to Hull, Pittman, and Cox.[43] By May 16 Moley finally decided not to join the delegation. He had several reasons. First, too much domestic legislation and the debts issue remained, and he believed the President needed his help more than did the delegation. Second, as suggested by his WEC article which Roosevelt approved, Moley by then believed the Conference would be "no great shakes anyway." And he believed that if he came over later, as the personal representative of the President, he would come "with infinitely more prestige and will serve a much more useful purpose."[44] The first two calculations would prove correct; not so the third.

Part of the problem was the unspoken rift between Hull and Moley. To some extent this resulted from events. Also, as Moley was well aware, it related to the President's personal method of doing business "directly and privately" through him. He knew that Hull was "extremely perturbed" about this.[45] For all practical purposes, on foreign economic policy Moley served as acting secretary of State; and Hull evidently feared he was after the Secretary's job. Publicity played a part in this situation. For example, _Time_ magazine featured Moley on the cover and in the lead story for its

May 8 issue, one week before similarly featuring Hull. Characterized as the President's "closest, most intimate adviser," Moley's greatest achievement was teaching Roosevelt how to get around the Constitution, by having Congress "delegate its constitutional power to the President for a fixed period and within certain broad limits." Time concluded that the administration had used this "Moley method" in the Economy Act, AAA, and the Thomas amendment, and still expected to use it on "War Debts and tariff rates."[46]

Such publicity came at a period of apparent economic resurgence, when Roosevelt was beginning to receive some criticism, when such criticism was directed at his purportedly machiavellian "brain trust," and when Moley himself was becoming a journalist and administration spokesman. On May 18 he spoke at a private gathering of key businessmen in Averell Harriman's New York home, assuring them that there no longer existed a "unified and cohesive" brain trust of professors who reputedly maneuvered FDR toward radical policies.[47] On the following day editorials appeared in the New York Times and the Journal of Commerce carrying this Moley thesis.[48] Two days later over CBS, he broadcast a slightly altered text of his pessimistic article on the prospects of the Economic Conference, a speech which outraged the Secretary. In New York City at the annual meeting of the Welfare Council on May 24, Moley declared that the purpose of the New Deal was an "architecturally more harmonious" national life, that all of the practical measures so far proposed were to guarantee that leaders in Washington would see to it that the citizen's "general interest is not sacrificed to special interests."[49] In the meantime, his associates secretly moved ahead with plans to purchase the Washington Post and have him as editor, although Roosevelt (whom Moley kept informed) and Vincent Astor agreed not to have Woodin for publisher because it would "perhaps imply the control of our policy."[50] That such publicity on Moley's power and influence could be misinterpreted by those within the administration is suggested by a contemporary comment of the Wall Street Journal: "Wall Street's annual issue of the Bawl Street Journal predicts that Professor Moley will run again for President in 1936."[51]

Hull and the internationalists appeared to be losing influence within the administration by late May. On May 18 he learned that he had been excluded from secret debt negotiations with the British. On that Thursday, Ambassador Sir Ronald Lindsay called at the State Department. Since Moley was teaching in New York, he was referred to Hull. Bearing a personal letter from Prime Minister MacDonald, Lindsay wanted to know if the U. S. expected a formal reply on the "Bunny" offer of early May. Hull, who had never heard of that creature, was flabbergasted. Roosevelt resolved the immediate issue by sending MacDonald an amiable letter, drafted by Moley, restating the policy of keeping debts and the WEC separate. But the British Cabinet was firmly resisting paying the June 15 debt installment, and MacDonald's loss of prestige within his own government during May further hurt internationalist hopes within the Roosevelt administration. "In these conditions, there is a strong current in Washington to limit the results expected from the London Conference and to develop on the other hand the United States economic revival by internal measures," French financial expert Emmanuel Monick reported to Paris. "Amidst the President's advisers the 'internationalist group' (Bullitt, Warburg, Cordell Hull) is losing ground whereas the 'nationalists' (Moley supported by Baruch) are gaining."[52] In such ways did signs indicate that Hull's ideas were losing the President's favor while Moley's were increasing in influence.

Amidst this situation, a gyrating American dollar, and domestic legislative matters, the President convened a Friday night conference to give preliminary "instructions" to his London delegation. Present to hear the final program for the first time were Hull, Cox, McReynolds, Pittman, Moley, Bullitt, Feis, Baruch, and Warburg--who had drafted it. Roosevelt read aloud the five resolutions.[53] He did not explain; he merely read them. The first was to establish a tariff truce for the duration of the Conference. The second was to establish general principles of coordinated monetary and fiscal policy to stimulate economic recovery and raise world prices; to wit, governments and central banks should make credit readily available to private enterprise, and there should be a synchronized program of government spending to stimulate industry, employment, commerce. To this resolution he added his only suggestion of the evening: a clause "endorsing the balancing of budgets." The third aimed to remove international exchange restrictions. The fourth was to lay the groundwork for an international monetary standard, including such items as monetary stabilization as soon as practicable, a modified gold standard, and an agreement to prevent the debasement of subsidiary coinages (silver). Here he later remarked that they should not forget Howe's idea for an "international currency," the specifics of which were unclear to Warburg. And the fifth was to lay the foundations for a gradual reduction and removal of trade barriers, like tariffs, quotas, embargoes. FDR agreed to add another resolution on controlling the production of certain commodities, notably wheat, which Tugwell would draft over the weekend. He then said Tugwell would go to London around mid-July; Moley would "sail the 15th of June and stay two weeks, being relieved by Tugwell."

The meeting continued with little else being achieved. Warburg recorded that Roosevelt spent an entire hour reading the draft instructions, and another half hour on the form of "the tariff bill to be submitted to Congress." Pittman promised to have Feis' tariff draft ready by Monday. Baruch brought up the sticky question of the conflict with WEC aims which soon would be caused by raising tariffs so as to make AAA and NRA effective. This Roosevelt ignored. Instead, he read MacDonald's debts letter; but this issue was also left unclear. Warburg saw Roosevelt afterwards and received compliments on his draft program--the President in fact remarking his monetary adviser "seemed to have stolen his language," although FDR had not even seen the program before this conference. The group adjourned around 12:30, with little done in the way of real discussion.[54]

On Monday morning, the same group plus Morrison again sat down with the President for a final briefing. Again Roosevelt read aloud Warburg's instructions, with two minor changes, and then read Feis' memorandum on tariffs. Feis noted the growing discrepancy between tariff protection as needed for a successful domestic program and the resolution calling for easing trade barriers, the same point Baruch had raised on the 26th. After some desultory remarks, the President glossed over this point on the grounds that a discrepancy did not necessarily exist--*if* the administration of the domestic measures was carried out "along the lines of reducing rather than increasing trade barriers." But he did agree on *de facto* stabilization before the Conference met. Warburg had intended his draft as a *basis* for a program. Since no one else had bothered to prepare one, it became *the* program.[55]

And so did the President "instruct" his delegation. In fact he conducted no meaningful discussion of the apparent conflict between the imminent domestic and international recovery programs. Efforts by Baruch and Feis to raise this issue had been sidestepped. The delegates differed drastically as to economic views. Hull was obviously a low tariff man; and the fifth resolution made him most hopeful of all. Cox, as vice-chairman under Hull, was evidently a sentimental choice, being the Democratic candidate in 1920 when FDR ran for Vice President; but he earnestly believed in the aims of WEC. Pittman was a man of some experience in congressional foreign affairs, and a protectionist; but he, like Hull, had only one string to his bow: "doing something" for silver. Couzens was also a high-tariff man, as well as an inflationist. McReynolds was amiable and modest, fairly knowledgeable in foreign affairs; but he would be out of his depth against the likes of Britain's and France's finest. If Morrison, friend of Garner and Howe, knew anything about economic or monetary policies, he never let on either then or later. It was an astonishingly weak delegation, a "motley group," Feis later concluded. None had ever attended an international conference.[56]

The delegation captured, however, the epitome of Roosevelt's foreign policy. Perhaps it would serve his purposes. At a time when he was privately pessimistic about the Conference in general, such a diverse group under Hull's declining influence would be ill-equipped to do anything without his personal intervention. It is doubtful, however, if FDR realized that point before the end of the Hundred Days. Nevertheless, the delegation had been well-chosen for political purposes. It would not repeat Wilson's Versailles delegation. Surely any agreements could be gotten through Congress, acceptable to Democrats and Republicans. That left but one problem: first the agreements had to be negotiated. As Tugwell had observed earlier that month, Roosevelt was "improvising" policies toward the Economic Conference.[57] Now he had improvised a delegation to negotiate improvised policies. It was the Rooseveltian mind at work in foreign affairs.

Two more points about the delegation are of interest. Before leaving that day, Warburg saw the President alone and arranged for a secret code through which he could report personally.[58] Also, one of the staff members of the delegation was Moley's assistant, Celeste Jedel.[59] By this means Moley apparently intended to keep himself and Roosevelt personally in touch with developments in London. On May 31 the delegation sailed aboard the Roosevelt. Behind they left a hot, humid Washington full of presidential difficulties, as Congress by then verged on open revolt against his leadership.

V

The last month of the Hundred Days began auspiciously. Nationwide signs of economic recovery appeared as straws in the wind. The Labor Department announced that for the month ending April 15, building activity had leaped 21.2% over the previous month. Seven large Massachusetts textile firms had granted wage increases. And tire makers in Akron, Ohio, were so besieged by demands that Sunday operations were planned. Editorial comments from key cities in Nebraska, Iowa, and Wisconsin indicated that farmer unrest was abating. While such statistics were admittedly unreliable, Labor Secretary

Frances Perkins would soon advise Howe that the increase in manufacturing reemployment from April 15 to May 15 was 243,000, a jump of 4.8% for May, while payrolls had increased 11.5%. Morgenthau's charts repeatedly told the President that prices of commodities and gold were inching upward. Recovery signs were visible to all. But one result was that the mood in Congress had become restive. Adjournment was near. Many legislators had tired of the string of "administration bills" from the White House, and that most political patronage had so far been withheld.[60]

Roosevelt saw good signs on both domestic and foreign fronts. By May 27 AAA, FERA, TVA, and the Truth-in-Securities Act had all been approved, adding to earlier legislative successes of the Economy Act, legalization of beer and CCC. Also by late May the home mortgage, railroad, and gold clause bills were in the congressional works, along with NIRA--the capstone for recovery. Other legislation of lesser importance was also pending in both domestic and foreign spheres, and the London Conference delegation would sail on May 31. Roosevelt's May 16 world message, he confided to Morgenthau, had "averted a war" in Europe, although American correspondents in Berlin had reported that Herr Hitler's Reichstag speech was a succinctly successful presentation of Germany's case and her will for peace, making him "stronger than ever."[61] "For the last month, with everything else going on," Tugwell observed about FDR, "he has been his own foreign minister. I am sure Hull doesn't know half of what goes on."[62]

But Washington would soon change, as the calm before the storm. For beneath the surface seethed forces of revolt, within Congress and without, forces already laying the groundwork which would force Roosevelt to struggle to preserve the early New Deal. These imminent contests of power and will centered around three pieces of domestic legislation, the first two of which the President supported: The Economy Act, since March a legislative backbone of his public and personal program, which had cut veterans' benefits drastically: NIRA, with its industrial self-government and licensing features as well as taxes for public works; and the Glass-Steagall Banking bill, a non-administration measure for permanent reform which carried a controversial section to guarantee individual deposits. The veterans' lobby, headed by the American Legion and backed by many congressional Republicans and Democrats, led opposition to the Economy Act. Their attention now focused on the Independent Offices appropriations bill, which furnished annual funding for all executive branch agencies--including the Veteran's Administration. Opposed to NIRA was a diverse coalition of Republicans and conservative Democrats, representing small business groups, antitrusters, and other elements who chiefly disliked the income and sales tax features and the fact that it was the epitome of the "White House" bills. Within the administration, Roosevelt and Treasury Secretary Will Woodin, who had strong reservations about some of the banking reforms and particularly deposit insurance, at first opposed the Glass-Steagall bill.

All three measures eventually succeeded, due to different combinations of adroit leadership, compromise, expediency, and circumstance; but the final victory did not arrive until after 1:00 a.m. on June 16. And the maneuvers to save the Rooseveltian domestic program left costly casualties in foreign policies. Nationalism and isolationism triumphed over internationalism and cooperation. For all this the President deserves full responsibility, since he later claimed full credit.[63]

The President's closest advisers played crucial parts in the struggle for the early New Deal. At Roosevelt's bedside, in and out of his office, at the Budget Bureau, in congressional committee rooms and offices, the suave Lewis Douglas advised, testified, pressured, and persuaded in the hour of crisis. The symbol of his chief's economy in government endeavors, he probably reached the peak of his influence with FDR during June. Moley primarily involved himself with negotiating debt settlements with the European powers as well as pushing for a Municipal Bankruptcy bill, both of which the President supported.[64] Morgenthau almost totally concentrated on the Farm Credit bill; and Tugwell by then had plunged deeply into AAA and a new food and drug bill. Howe took to the telephone, the radio, and to congressional testimony to help his boss. But Roosevelt himself furnished the indispensable leadership. His prestige and personality turned the tide.

The Glass-Steagall Banking Act furnished the background to these struggles. Senators Carter Glass and William McAdoo had been formulating permanent banking reform since early 1933. During the March banking crisis, most large bankers demanded government deposit insurance, or "guaranty"--a reform they had killed for years. Roosevelt shifted positions on this issue, running from solemn opposition at first to expedient compromise in the end. He and Woodin both believed that to insure deposits in all banks, including weak ones, would pull down solvent banks, possibly damaging the entire system again. That it would instill confidence among small depositors in all walks of life eluded the President. On March 6 Woodin bluntly told Ogden Mills to inform the panicky bankers' conference that "Franklin Roosevelt wanted no guarantee of deposits."[65] Nevertheless, within days at least 25 House Democrats had petitioned their caucus for some form of guaranty, while congressional and public sentiment for it increased throughout March and April.[66] McAdoo had formulated the first deposit insurance bill by mid-March; but by April Glass and Representative Henry Steagall, managers of the Emergency Banking Act of March 9, were prepared to present their bank reform bills. Containing different versions of a Federal Deposit Insurance Corporation, which Glass would accept only as a means to win support for his bill's other reforms, these proposals lacked "administration" backing. So they languished in hearings while New Deal measures got rush priority. In the meanwhile, continued pressure from some

New York bankers seemed to economist Irving Fisher to be making the President "wobbly" on deposit insurance.[67]

The Glass and Steagall bills had been prepared by mid-April, although neither was introduced until May 10 nor debated until later that month. Both sought to unify all solvent national and State banks into a strong Federal Reserve system. Aside from an FDIC, major provisions of both measures included: required membership in the Federal Reserve; one year for members to divorce their security affiliates in order to continue in FDIC; no bank director or official could be associated with securities-selling after January 1, 1934; and national banks were put on a parity with State banks in branch banking operations. But with the President alternately warm and cool toward FDIC, it evolved through various compromise stages. In late April Roosevelt appointed J. F. T. O'Connor, a shrewd Californian active in Western Democratic politics and patronage, as Comptroller of the Currency. This gave FDIC an advocate who had access to White House circles. FDR interrupted his conversations with Britain's MacDonald long enough to acquiesce in and advocate a $10,000 limit on insurance, if Senate Banking and Currency subcommittee members insisted on an FDIC. They did. Glass cheerfully informed reporters, and the compromise process began.

Under pressure from leading senators, at a White House conference on May 10 with Glass, McAdoo, Robert Bulkley and others, Roosevelt reluctantly agreed to a compromise schedule.

Beginning on July 1, 1934, FDIC would be capitalized at $450 to 500 million and would insure 100% of deposits to $10,000, 75% on $10,000 to $50,000, and 50% over $50,000. But he refused to support immediate insurance, which would take effect on July 1, 1933. Furthermore, a White House statement that day said he had not committed himself to banking legislation this session--despite promises for it in the campaign, the inaugural, and his securities message. When Republican Arthur H. Vandenburg of Michigan, backed by RFC chairman Jesse Jones, amended the Glass bill on May 19 for $2,500 of immediate insurance, the gauntlet was down. Both houses easily passed the now combined bill within a week.[68]

The President stood firm in June against the Vandenburg amendment and other reform particulars. Moley promised the departing Warburg he would help "kill the banking bill." The staunch and wily Glass, at first against an immediate guaranty, by June had switched just as firmly for it. A chastened Steagall, proponent of immediate and complete insurance since 1932, was now dismayed by Roosevelt's delay. Sensational Senate hearings since May 20 with J. P. Morgan and other wealthy investment bankers had disclosed the absolute need for such basic legislation as the President was seen to be delaying. The Morgan hearings, heavily publicized, thus gave bank reformers an unexpected boost. In addition, O'Connor worked as liaison between the White House, the Treasury, the Federal Reserve Board, and Congress.

Roosevelt threatened a veto in private letters to Glass and Steagall on June 2, and publicly on June 5. "Frankly, I can devise no plan," he wrote the bill's managers, "and, equally frankly, I must oppose the various plans that have been suggested." His reasons were direct. If FDIC was opened only to Federal Reserve member banks on July 1, 1933, depositors would rush to put their money in these insured banks; and the "result would be ruinous" for the 7700 non-member banks now holding deposits of $12.5 billion. The alternative was to insure all banks, "which is impossible financially."[69]

Chiefly arranged by O'Connor, the White House finally accepted a compromise over the time schedule for putting FDIC into operation. But this move now proved unacceptable on Capitol Hill. An impasse loomed by Friday, June 9, and adjournment was scheduled for the following day. Proponents of compromise needed time; but time had evidently run out. Roosevelt, the master of the moment, had blocked long overdue reforms.[70]

Economy in government had already touched off the primary congressional tempests with Roosevelt. Veterans had been sacrificed well beyond administration-made promises while the Economy Act was speeding to passage. Regulations for cuts in their benefits and pensions, formulated under the supervision of Douglas and General Frank Hines of the Veteran's Administration, approximated $480 million instead of the proposed $385 million. All "presumptives" would be removed from

VA rolls; and virtually everyone else would lose a quarter to a third of his benefits. Because he handled preliminary decisions for economy proposals, Douglas prepared for the President answers to complaints about stringent cuts. And as late as April 26 he assured FDR that the regulations issued in early April were just.

When it became known, however, than an "army" of vets was marching on Washington and would encamp there, as had happened to Hoover in 1932, Hines (not Howe) advised the President on May 6 that a "specific employment opportunity" should be made available for World War veterans. This he believed would moderate their obvious "discontent and dissatisfaction" with the Economy Act. When Douglas concurred two days later, FDR finally agreed to meet on May 10 with Louis Johnson, national commander of the American Legion. Afterward the President's executive order provided 25,000 CCC jobs for vets. The marchers' pressure also helped to force a White House statement promising that cuts would be ameliorated. By this time, Democrat Robert Doughton of North Carolina was leading the pressure-conscious congressmen who had many former servicemen in their constituencies.[71]

Veterans and their spokesmen were demanding immediate cash payment of the "bonus," mostly on grounds of hardship. The adjusted compensation certificates (the "bonus"), issued to World War vets, were long range endowment insurance policies, payable in 25 years and with a loan value of 90%. But many former soldiers needed cash, and cash now. Slowly the "bonus marchers" began to break camp, to join the CCC or accept government fare home, but only after the visit by Eleanor Roosevelt and Howe to their Fort Hunt bivouac and the meeting between a three-veteran delegation and an amiable FDR. The Democratic caucus, meanwhile, sent word to Roosevelt that even conservatives "consider the situation serious." On May 31 the Senate broke into open revolt. Reflecting the sentiments of many of his colleagues, progressive Robert LaFollette, Jr., angrily declared: "We were told very frankly /in March/ that they wished to take $400,000,000 out of the hides of the veterans under the Economy Act. How that could be done and not produce hardship, I cannot understand."[72]

But few saw the issue in terms of overall fiscal policy, and those who did assumed the orthodox fiscal view. Although the best argument for retaining (or increasing) benefits was that such spending would create more consumer purchasing power, and thus aid general recovery, none of the veterans' congressional advocates cited this point. And Roosevelt and Douglas, attuned to conservative fiscal policy and economy in government, likewise failed to perceive the recovery argument in that context, although it paralleled spending for direct relief, CCC, AAA, and public works--all of which were often justified by the recovery rationale.[73]

Review procedures on veterans regulations had been started by Douglas, but too late to avoid a confrontation. He stood firm in March and thereafter on the issue of "presumptives." These honorably discharged men had disabilities presumed to have arisen from service origin, but which appeared no sooner than one year after discharge. Douglas believed spending such pension monies was a gigantic squander as well as ethically and morally incorrect, although he was prepared to treat all definite service-connected disabilities with fairness and prudence. But now congressional opinion was aroused. Several senators, for example, loudly cited many "hopelessly disabled veterans" whose benefits or pensions were slashed 30%, charging that some lost 60-70%. Following the lead of conservative Democrat Tom Connally of Texas, the Senate on June 2 barely adopted an amendment to the $716 million Independent Offices bill limiting cuts in benefits to 25%. It would cost the administration at least $170 million of its planned economies. The Vice President's curt "aye" broke the 42-42 tie and passed Connally's amendment, thus averting a vote on another amendment for a 15% limit. Presidential leadership confronted its sharpest challenge of the Hundred Days.[74]

Backed by his Budget Director, Roosevelt responded to the challenge. "If service disability /is/ doubtful no injustice would be done," he assured unhappy representatives and senators who filed in and out of his Oval Office and back to the Budget Bureau. Washington's early June heat registered in the 90's and congressional tempers were as hot as the thermometer. Douglas and others urged FDR to veto the Offices bill; otherwise, the economy program would be lost. Or, as an alternative, new taxes must be levied. The President wavered, then accepted this plea. On June 4 he summoned House leaders to his office, among them Rainey, Rayburn, and Edward Pou, chairman of the Rules Committee. His policy sought to be fair both to taxpayers and to veterans who had non-service disabilities. Reasonable changes in the regulations would be made to help those who were destitute. But if the House also adopted the 25% amendment, Congress would have to produce $170 million in new revenue.

"He told the Representatives," reporters learned from glum conferees afterwards, "that he would insist on the budget being balanced and that if necessary he would stay here all summer to do it." That night on NBC radio Howe broadcast an "interview," saying that every head of every American family would have to "dig down" and pay $1.25 for the veterans. In the long run, Howe stated, "any deficiency in the budget has to be paid for by the people." Sensational revolt stories filled the newspapers. Who would concede? Roosevelt was holding the line on his economy program.[75]

The following week of June 5 to 10 was the crux of the special session of the 73rd Congress. June 10 was the President's target for adjournment. The London Conference would officially begin on June 12. Rumors filled the newspapers. A presidential veto appeared imminent, and Douglas openly advocated it. But the Senate was holding out. On Tuesday the White House issued five executive orders, restoring $60 million in veterans cuts. Perhaps the President would compromise. On Wednesday in his morning press conference he explained in detail that the issue involved a "great big principle." The 25% amendment, he stressed, violated the spirit and the letter of the Democratic platform and the Economy Act. The amendment took "care of people who are ill because of their own misconduct;" it took care of sailors and soldiers who came in after Armistice Day 1918, up to July 1921, even those who went to Student Training Camps (laughter); and the "old presumptive clause" covered all those who got sick up to 1924. He emphatically declared it a matter of principle and not of finance.[76]

Yet the veterans issue and the banking bill were not the end of Roosevelt's difficulties.

The National Industrial Recovery Act moved precariously within this same rebellious mood. Congressional disagreement over taxes to amortize the $3.3 billion public works had also created difficulties for the President. On May 26 industrial recovery passed the House by the lopsided vote of 323-76, but only after representatives voted down the Roosevelt-endorsed regressive sales tax. The House also divided itself over the administration-proposed 50% increase in income taxes, which only passed by two votes on its first test. The administration's defeat on the sales taxes and its squeaky victory on income taxes were stunning, but probably indicative of public reaction to the tax-exempt bankers then testifying in the Morgan hearings. The tax issue would have to be resolved in the Senate or in conference. Apparently a majority in Congress was in no mood to tax the "forgotten man." By June 2 the Cabinet was having "more discussion than usual" on patronage, recorded Harold Ickes, again in response to the congressional resurgence against presidential leadership.[77]

The most astonishing rebuke to Roosevelt erupted on June 2 in Pat Harrison's Senate Finance Committee. Five administration Democrats, including McAdoo and Connally, joined the opposition and by close votes struck out NIRA's licensing provisions and its delegation to the President of embargo powers on foreign goods. And a vote to delete the entire industrial section, title I, lost by only 10 to 8--a maneuver which would have left nothing but a public works bill! Within three days these Democrats had been coaxed back into the fold, thanks primarily to Harrison's compromise tax plan and to the persuasive Budget Director, who sat in the committee room, reported the Times, "seeking by every means possible to save the fundamentals of the Industry Recovery Bill." Soon Douglas brought word to the White House that "more conservative" congressmen were saying that only a presidential radio broadcast, preferably from the House floor, would now save the economy program.

Roosevelt remained "amenable and agreeable," Ickes observed in his diary, but obviously he was deeply concerned:[78]

> He is becoming frankly nervous about Congress staying on much longer. The situation on the Hill is really dangerous, although so far he has kept Congress within reasonable bounds. With the pension and other

> controversial legislation still pending, he doesn't know what might happen at any time.

VI

Within this context of controversy the President shrewdly, and with little alternative, compromised. Throughout the week of June 5-10, he conferred with congressional leaders about a compromise for the Independent Offices bill, Harrison's tax program for NIRA, and the Glass-Steagall bill. As a result, he abandoned some long-anticipated efforts in foreign policy, notably the State Department reciprocal tariff bill. Hull lamented this decision from aboard the *Roosevelt* on June 7. But otherwise, Roosevelt responded, "bonus legislation, paper money inflation, etc., may be forced."[79] Two days later he announced this decision at his Friday afternoon press conference. Further discussing the changing of tariffs legally, off the record, he stated that the WEC could still act: there could be "general tariff agreement," or individual bilateral conferences. Of course this could take several months. Yes, the Senate had to approve. Then he proceeded to blur the issue, implying that he had only sought *temporary* "authority" anyhow, just until Congress met in January. Therefore it did not matter materially that the Hull bill was dropped.[80]

Surely the pressures of congressional revolt accelerated Roosevelt's tariff decision. But there is doubt that he was ever prepared to ask for tariff authority during the Hundred Days. And the intranationalistic views of Moley can scarcely be discounted. Congressional rebellion, therefore, probably became a perfectly acceptable and truthful rationale, even a precipitant, for a policy decision which FDR already favored. And tariffs were not the end of the trimming.

Long a low priority item, Roosevelt also sacrificed the St. Lawrence treaty during his push for adjournment by Saturday. Frank Walsh, other New York Power Authority officials, progressive senators, and several midwestern governors had continued to lobby for the treaty's ratification. The President, not wanting to risk any of his domestic program over a battle with power opponents in the Senate, allowed Pittman to handle it. But Pittman, who took little interest in anything except silver, had delayed. Now he had gone to London, and the Senate was in an uproar.[81] By June 5 Roosevelt, rather optimistically, had drafted a St. Lawrence special message. On the 8th he allowed LaFollette to release a carefully worded presidential letter endorsing, but not requesting, Senate ratification. Feverishly the Senator lobbied for the needed votes. But by Friday he could command only 60, including 13 Republicans and one Farmer-Laborite. This fell two votes short of the required two-thirds. Reluctantly the President filed away his St. Lawrence materials. His effort was too little and particularly too late. The treaty would not be ratified until 1953.[82]

Even before the congressional revolt became public, however, Roosevelt had deferred to senatorial prerogatives on the issue of an arms embargo. So-called isolationist sentiment was a key. As amended in the Senate Foreign Relations Committee by Hiram Johnson on May 24, the President would have to apply the embargo impartially to all nations. When Pittman told Roosevelt the following day that his committee would not accept the resolution in any other way, the President acquiesced. Hull, not consulted on this decision, was bitterly disappointed when he learned of his chief's actions. It appears that Moley, then generally opposed to internationalist solutions in foreign policies, had informed Democratic senators that Roosevelt would not oppose the Johnson amendment. In a press conference on May 29, the Secretary of State expressed his unhappiness over the rewritten embargo. After further maneuvers, the Senate dropped the embargo until 1934.[83]

Foreign policy priorities, as Roosevelt and Moley had discussed on March 18, would come second when any conflict arose with domestic priorities. This policy, when combined with the surly mood of Congress and FDR's personal disinclination in the case of tariff authority, allow his compromises and releasing of policy ballast during June to seem quite logical. Such priorities also spelled a foreboding omen for the London Conference, despite presidential exhortations for its success during April and May.

On June 10 adjournment was within Roosevelt's grasp. The House had completed all work, including the NIRA conference report and a Roosevelt-Douglas compromise on veterans.

In essence the White House plan would accept the Senate 25% limit (promising a median of 18% on the average pension of $44.16) on veterans with service-connected disabilities. An elaborate scheme, among other particulars, had been devised to allow "presumptives" to continue on VA rolls only until they could satisfy a medical examiner that disabilities were of service origin. This compromise cut $100 million from the economy program. After eight o'clock that night, however, before a touchy Senate accepted the plan, the President sent to the Hill some minor executive orders on reorganization. An economy move drawn up by Douglas, $25 million would be saved by certain consolidations and regroupings, such as combining the Bureaus of Immigration and Naturalization within the Labor Department.[84] Floor leader Joe Robinson telephoned Senate approval to the White House; but then reporters released the orders without having extra copies for senators. Seizing this as a pretext, William E. Borah, Hiram Johnson, and others refused to adjourn, probably intending to disrupt presidential initiatives toward the WEC. Steve Early told correspondent Raymond Clapper that Robinson then, without consulting anyone, informed the Senate that if there was no objection, he would persuade the President to withdraw the orders. "This made White House sore and they won't withdraw," Clapper put in his diary. "First bad muddle of session."[85]

Flurries of White House conferences followed on Sunday, Monday, and Tuesday. Douglas, Robinson, Harrison, Speaker Rainey, floor leader Joseph Byrns, and the President spoke by telephone and in person to rebellious senators and representatives all that week. "ROOSEVELT THREATENS VETO AND APPEAL TO NATION IF SENATE VOIDS ECONOMIES," headlined the Times on Tuesday. Now congressmen supported a new proposal, the Steiwer-Cutting amendment to the Offices bill. It would slash $135-140 million from the Economy Act. It specifically restored benefits for Spanish-American and World War veterans; and the burden of proving a "presumptive" disability would be on the government, not the veteran.

Up every night until the early hours, Roosevelt and his lieutenants labored for a settlement on the Offices measure as well as on the war debts. At "ease" in Wednesday's press conference, the President dwelt almost entirely on debts. Britain had made a token payment, and France had defaulted, along with every other country except Finland. These defaults provoked senatorial tempers again. In response, James Farley released a flood of "grade B patronage," after failing during the preceding week to gain the support of the President and Arthur Morgan to restrict TVA appointments to "deserving Democrats and Roosevelt Republicans."[86]

Given additional time, Roosevelt's FDIC compromise on the Glass-Steagall bill proved acceptable to the conference committee. As finally legislated, all solvent banks could participate in a $450-500 million fund to be established January 1, 1934 (instead of FDR's preferred July 1), to insure 100% of deposits up to $2,500. Beginning July 1, FDIC would insure 100% of deposits to $10,000, 75% to $50,000, and 50% to $100,000. Federal Reserve member banks automatically qualified; and all other banks had to join the system by July 1936 to continue FDIC.[87] This would prove to be one of the most enduring of the Hundred Days' reforms, although it had not originated as a New Deal measure and had been only reluctantly accepted by a President who then held conservative fiscal views.

In the end, Roosevelt won the battle with the Senate over the veterans compromise only when his veto threat convinced the House to vote down the Steiwer-Cutting proposal. The turning point came when, following the Budget Director's urging, FDR ordered radio transmitting facilities set up so that he could broadcast a veto of the Offices bill from the House chambers.[88]

The President triumphed almost completely on June 15. Lured by patronage and chastened by the House's negative vote, nine Senate Democrats returned to the administration on Friday, voting 45-36 to accept Roosevelt's pension and benefits compromise. "His control was only one whit less absolute at the end," exulted the Times, "than when he called the special session here on March 9 to deal with the banking crisis." Congressmen celebrated. While waiting after midnight for the final Senate vote, House members "like boys on the last day of school, sang, played jokes and improvised vaudeville skits, to the delectation of crowds in the galleries." The President's personal letter, read just before adjounrment, effusively thanked the Congress for its "whole-hearted cooperation" and teamwork, which proved "that our form of government can rise to an emergency and can carry through a broad program in record time."[89]

June 16 marked the end of the Hundred Days, and Roosevelt had established an impressive overall record. With the signing that day of NIRA, FCA, the Railroad Coordination and the Glass-Steagall Acts, the President virtually completed the domestic legislative program. Only two bills that he had backed had not been enacted. One would have simplified bankruptcy procedures,[90] and the other would have allowed him to appoint a non-resident as governor of Hawaii.[91] He had preserved, although compromised, his important economy in government program--even though the benefits spending would have helped recovery, and the veterans battle would resume when Congress reconvened for its regular session.[92] Congress passed NIRA almost as FDR had submitted it on May 17, once the tax issue had been settled. Harrison's tax compromise would yield $227 million to finance public works, mostly by taxes on corporation valuation, 5% on corporate dividends, and a gasoline levy of 1½¢ a gallon. By popular congressional demand, the administration-backed regressive sales taxes and personal income taxes had been deleted. All of these taxes would be automatically cancelled by repeal of Prohibition (consistently identified by FDR as an economy move), which would furnish new federal revenue. Clearly neither Roosevelt nor any of his close advisers grasped the potential of fiscal policy or of decreased taxation as recovery devices.

Franklin Roosevelt departed that night on a special train bound for his vacation rendezvous, knowing that a comprehensive New Deal had been launched. Most observers overlooked the compromises, party struggles, and heated tempers of June, as well as the only administration scandal of the period--which arose from the failure to use competitive bidding for the purchase of costly CCC kits, thanks to a blunder by Howe.[93] These and other difficulties were set aside as the nation prepared for an efficient administration of the new laws in order that recovery could return. The President had proved his mettle with Congress. He had literally grown into the presidency, at least in domestic affairs. He had wrapped up everything neatly--everything, that is, except for the important efforts at international recovery that had barely begun in London.

CHAPTER VIII

THE LONDON CONFERENCE

Cheerful and suntanned, Franklin Roosevelt returned from vacation and resumed his daily schedule at the White House on Wednesday, July 5. At first regular press conference in almost three weeks, he quipped that his only "bad piece of news" was that he had gained seven pounds. "However," he added with a cryptic grin, "that will not be referred to London."

After further amiable comments, and in response to reporters' questions, Roosevelt offered some explanation of developments at the ongoing World Economic Conference. He denied issuing any new "instructions" to the American delegation. At length he attempted to explain, or rationalize, the American position on the stabilization of currencies issue--theoretically the issue upon which the Conference was now foundering, a direct result of his rejection of any agreement on it in messages he sent on June 30 and July 2 (made public on the 3rd). Some continental countries, he went on, were very much concerned about the "current rate of exchange of their currency in terms of other currency." This was less important to the United States. Instead, America sought "a stabilization that will be based on a more or less equivalent level in each country for X amount of goods. I hope that eventually each country in the world will have a currency which will be stable within its own purchasing power." Attaining that objective would allow all currencies to become stable. But on the other hand, five or six countries of the sixty-six nations in London wanted the U. S. to enter an agreement, not even on the agenda, "to set up some kind of a fund, a special fund, temporarily to control exchange fluctuation." He feared such an agreement might "morally" obligate the government to export gold.

In response to further questions about stabilization, the prime issue of the day, Roosevelt said that his "perfectly definite principle" aimed at a dollar ratio with a constant purchasing power. Like NRA, he would use several methods to achieve this principle. But on methods, he became elusive, instead summarizing his position:

> We are not ready to export gold. We are not ready to make any kind of agreement by which we would morally obligate ourselves to export gold at this time and we are not ready to go along on the creation of some kind of stabilization fund which might morally obligate us to export gold.

Correspondents kept probing Roosevelt on his explanation of stabilization. In reply to one he asserted that the New York Federal Reserve Bank probably possessed no authority to cooperate with other central banks to limit exchange fluctuation--even though he had authorized negotiations for that purpose before the WEC began. He doubted whether there could ever be a uniform international monetary unit--even though less than two weeks earlier he had instructed Raymond Moley to work one out, the "dinar." He denied knowing that the stable dollar he described resembled Yale economist Irving Fisher's Commodity Index Dollar. He said very little of interest on domestic questions, and the session finally wandered to adjournment after he again commented that he was "personally hopeful" that the WEC would not collapse over the issue of stabilization.[1]

Deliberately or not, Roosevelt had been misleading during this press conference. Neither stabilization nor a "stabilization fund" had been proposed by Moley from London on June 29. Yet in talking of domestic purchasing power and a refusal to export gold, he had hinted at some of his motives behind his July 2 "bombshell" message--appropriately named because of its explosive effect on the WEC--which reaffirmed domestic over foreign policy priorities. Unfortunately, he had not chosen to be so explicit during the Hundred Days,[2] when forthrightness might have had a positive effect.

The July 2 message provoked controversy over the President's purposes. In a well-reasoned editorial on July 4, the New York Times maintained that "the immediate result was to make the air thicker than ever with doubts and disillusionment." Concluding that Roosevelt's real motive in rejecting agreement was to keep domestic prices rising, the editors lamented the apparent "confusion" over his purposes. But Irving Fisher was not confused. He wrote FDR on the 5th to say that the message had made him the "happiest of men." In a column for the Times two days later, Fisher asserted that Roosevelt's critics had no real understanding of monetary stability or else his message would not have been a "bombshell." It was not necessarily inconsistent with FDR's earlier exhortations for stabilization. All the while, Fisher reasoned, the President "may have meant" stabilization relative to commodities. And if he had been referring to foreign currencies, he "may well have meant" only after those had been stabilized relative to commodities.[3] While Fisher's interpretation was ex post facto, it illustrates the speculation rampant, even among sympathetic observers, about the purposes behind the already famous message.

Roosevelt's remarks to reporters on July 5 answered few of the important questions about his intentions and purposes concerning the Economic Conference, the Moley mission, and the "bombshell" message.[4] Since these intentions and purposes directly relate to, and even culminate, developments initiated during the Hundred Days, answers to those and related questions are both necessary and revealing about his handling of early New Deal foreign policy. The WEC confronted him with crucial choices. One of these was an apparent challenge to his domestic-first policy priority. Would he take "action, and action now" on the kinds of international recovery objectives which he had exhorted during April and May? And would he have to fish or cut bait, one of his favorite expressions, on whether to continue depending primarily on Lewis Douglas, James Warburg, and Raymond Moley for advice on monetary and fiscal policy?

II

Delegates from the 66 nations who formally convened June 12 in London's stately South Kensington Geological Museum represented the economic recovery hopes of some 1.8 billion people. Daily the streets outside the museum were jammed with spectators, hanging on every statement, official and unofficial, that emerged under the heavy newspaper coverage, particularly from the loquacious American delegation. Everything within the buildings was well organized, on paper. The Monetary and Financial Commission had two subcommissions and two subcommittees and, after a behind-the-scenes struggle, James Cox became its chairman. The Economic Commission had four subcommissions and seven subcommittees. After opening speeches, the delegates prepared for serious business. Among other economic items, France wanted some form of dollar stabilization. Britain desired a tripartite stabilization. Smaller countries wanted lower tariffs. And Ramsay MacDonald, president of the WEC, championed his cause, debt reductions, in his opening day speech. The American delegation, however, had little to offer.

Secretary Hull was virtually empty-handed. He could not talk temporary stabilization, even for the duration of the Conference, because Roosevelt had delegated that to Warburg, O. M. W. Sprague, speaking for the Treasury, and

George L. Harrison, governor of the New York Federal Reserve Bank. Hull could not talk permanent stabilization either. FDR had forbidden that to all American delegates, even though on June 7 aboard the Roosevelt Hull had authorized listing the delegation's first objective as: "To bring about a permanent stabilization of currencies of the United States, Great Britain, and other principal commercial countries on an agreed ratio of value." Hull could make no reciprocal tariff offers, because only days earlier the President had sacrificed tariff legislation during the congressional revolt. The Secretary realized his authority for bilateral agreements was an empty gesture, because the Senate would most likely reject them. War debts and reparations were also beyond his authority, because Roosevelt had consistently kept those separate from WEC preparations. An ill-chosen American delegation with a despairing leader would make little progress in London, and the press was soon full of such rumors.

Negotiations for "temporarily stabilized currencies" had been proceeding for three days. Warburg, Sprague, and Harrison were dealing with Montagu Norman, governor of the Bank of England (to which Sprague had recently been an adviser), and Clement Moret, governor of the Bank of France.[5] For unknown reasons, Sprague failed to keep Washington informed. On his own initiative, therefore, in the prearranged secret code, Warburg telegraphed the President personally on June 13, outlining the various points of view and saying that "very probably we would be in a position to cable a plan within a few days."[6] He commented privately to Celeste Jedel that the English and French had been extremely vague, so the Americans were insisting upon their making "a definite offer as to the tentative point of de facto stabilization--also as to some sort of an agreement by central banks during the Conference in the maintenance of the status quo."[7] But Roosevelt, who received this cable the same day,[8] ignored it in the shuffle over adjournment. Two weeks later Warburg told Moley it had probably "ended in Louis Howe's wastebasket."[9]

Rumors began in Washington when, on June 15, the London-based columns of the New York Times featured an article on "Solution Nearer on Money Control." Roosevelt, Moley, and Will Woodin, seeing currency stabilization as either a fact or a distinct possibility, all observed the corresponding sharp rise of the dollar on world exchanges and the sharp decline of stocks and commodity prices on Wall Street. After consultation that afternoon, the President instructed Moley and Woodin to issue a denial of stabilization rumors in the Secretary's name and to telegraph London asking for information. "They fear, here," Moley's diary recorded, "that because of the victory in getting Cox as chairman of the Monetary Commission, they may have sold out."[10] By June 16, therefore, the reality of the WEC situation was that Britain, France, and others wanted some form of de facto currency stabilization; and the Conference, after finishing preliminary activities, was now waiting to see what would develop.[11]

That night Sprague telegraphed in detail to Washington the negotiators' plan for "limiting fluctuations of exchange" for the duration of the Conference. The State Department received this message in three sections, the first at 5:22 p.m.[12] Warburg's entire cable endorsing the Sprague recommendations arrived a half hour later. In the meantime, the President had ended his Friday press conference at 4:30 and had virtually finished with his last day's work. His remarks that afternoon on "stabilization" were very general, and he had declined to define it beyond using the term gentlemen's agreement. But he did categorically and truthfully deny that any proposal had been received from London. He termed it "too uncertain" whether the U. S. would enter some sort of agreement. "It depends entirely on what was put up to us."[13]

Most of the questions had been inspired by London-based news articles like that of Frederick T. Birchall of the Times. "LONDON PARLEY DRAWS PLAN FOR STABILIZED CURRENCIES; WOODIN DENIES AGREEMENT," read the bold face headline. The proposal was still in "outline and somewhat vague," but Birchall stated that one attached condition was that America would suspend for three months AAA's authorization (the Thomas amendment) to inflate by issuing paper money. Doubtless Roosevelt had read such rumors, because each morning he regularly skimmed at least five newspapers, including the Times, and another five in the evening.[14]

Sprague's proposals had two main parts. First, France would state her intention of remaining on the gold standard; and the U. S. and Britain would agree to limit, insofar as "feasible," fluctuations of their currencies for the duration of the Conference while "ground-work for lasting stability" was prepared.

The second section (in the third document) developed the method to implement an agreement between the American and British central banks to maintain the existing rates of their currencies within a range of 3% fluctuation against the French gold franc. The British assurance, Sprague stated, meant that they would not use their "equalization fund" to affect sterling rates. The American assurance only involved not using "the Thomas amendment during the period of the Conference, except in exceptional and unforeseen circumstances arising out of our domestic situation." This meant that Britain and America could be obligated to ship up to $60 million in gold to maintain the present status quo, meaning a "dollar-sterling middle rate of 4 dollars per pound." Various reservations protected all governments from undue losses; and an accompanying statement of "governmental monetary policy" (the Warburg cable) would soon arrive. Sprague expressed "entire sympathy" with this other statement and he said the French were insisting on it as a condition of acceptance.

But this section on methods came too late for Roosevelt to consider it that day.[15]

Before the President had time to digest the first of Sprague's documents, the supplementary telegram from Warburg came. He assured Roosevelt that the American negotiators had in no way promised the French anything except that Sprague's "declaration" would be recommended to Washington, and that it might be rejected. The French had accepted this. However, Warburg went on, we have agreed to recommend the "following statement: 'The Governments and banks of issue of the United Kingdom and the United States have stated that the stabilization of their currencies on a gold basis forms the ultimate objective of their policy.'" This statement said no more than either the Washington talks during April and May or Hull's opening speech.[16]

Shortly after receiving these two communications, Roosevelt summoned his available monetary advisers to the White House. Moley, Woodin, and Dean Acheson, a top-flight lawyer who had been appointed Treasury Under Secretary one month earlier, arrived quickly. Acheson would take over when Woodin (already beginning to suffer from throat cancer) left that night for New York to meet with Reserve Bank officials. This "war council," as Moley later termed it, convened around six o'clock and ended within an hour.[17] They met amidst earlier reports that stock and commodity prices had fallen that day to the lowest levels in weeks. But gold value of the dollar rose from 80 to 83¢, while sterling dropped from \$4.19 to \$4.02. These deflationary tendencies were attributed (incorrectly) to rumors of impending stabilization. In

London the American delegation also knew these facts. Warburg, Harrison, and some delegates knew them too, as they were receiving personal calls and telegrams daily from bankers at home. Warburg and Harrison met early on June 17 (before Roosevelt had answered), convinced from these reports that there existed "great opposition to stabilization at home" due to the "recession in prices." Despairing, Harrison decided to sail for home before a rejection could arrive from Washington.[18]

By seven o'clock Roosevelt and his "war council" had drawn up as much of a draft reply as they could without seeing the complete Sprague communication. They sought primarily to protect domestic recovery, particularly rising prices. They unanimously opposed any multilateral stabilization plan. To indicate this, the President directed Moley to include in the reply: "It is my thought that instead of an agreement based upon mutual action, it might be possible for us to announce unilateral action by the United States by which if the pound goes to $4.25 we will expect to be willing to <u>export gold</u> to an amount of fifty to eighty million dollars to hold the dollar within that limit." They disapproved Warburg's separate statement about a "gold basis" as an ultimate U. S. objective.[19] Rather than issue a hasty reply, however, FDR decided to wait another day until the remainder of the Sprague plan was available. Clambering aboard his train shortly after eight-thirty, he waved and remarked that he was "tired but happy that Congress has ended its important legislative program so successfully."[20]

On the following day, Saturday, the President arrived in Boston by forenoon, received political visitors while still on board his train, and began a long and enthusiastically received motorcade to Groton and to Marion. By five-thirty he had boarded the Amberjack II. He would begin sailing tomorrow morning. Somewhere along the route he had been handed the remainder of Sprague's cable. From Washington, Moley had conferred long distance with him. They had slightly revised the message. And at six o'clock Moley's secretary, Annette Pomeranz, sent off "the 'bomb'--a clear and indisputable statement of policy."[21]

Roosevelt's June 17 reply is important, since it became part of the basis of his later "bombshell." FDR responded first to Warburg's recommended statement. He could not approve this because it would appear to be U. S.-British stabilization without similar worldwide action. "The broad principle we advocated in preliminary discussions in Washington," ran his reply, "was based on a re-establishment of currencies based on gold or gold and silver by all nations and not by three or four only. Please bear this fact in mind because we do not want to go part way in a conference of 66 nations." If he had that point in mind before, he had never made it so explicit.

As for the rest of the "declaration and proposal plan," Roosevelt feared that what looked to us to be permissive and general in scope might result in charges of "bad faith" by London and Paris if we later declined their interpretation of it. As a general principle, he was opposed to any "close stabilization" of the dollar and pound, especially at present levels--meaning the $4.00 suggestion. Rather, we should limit ourselves to an informal statement that we would consider some unilateral action, yet to be determined, if the pound rose to an "excessive point," like $4.25. He had deleted any mention of exporting gold, which Sprague had proposed. On the other hand, if commodity prices continued to decline, we must retain full freedom "under Thomas amendment in order to hold up price level at home." In conclusion, he stated:[22]

> It is my personal view that far too much importance is being placed on existing and temporary fluctuations of pound, franc and dollars and that bigger ultimate objective of balanced budgets and permanent national currencies in all countries based on standard reserves of gold or gold and silver far outweigh these temporary conditions in importance.

This statement of monetary policy was definitely intranationalist, or economic nationalist, in substance. It ranked domestic over foreign policy, as the President consistently did throughout the Hundred Days. It also embraced the Thomas amendment. Although amenable to exporting gold during the "war council," Roosevelt had deleted that concession--probably because now it had been proposed. And acceptance would have modified the substance of the entire rejection. On the afternoon of the 17th, with FDR on vacation, Moley and Acheson discussed the statement with reporters. Between them they made two points. First, the U. S. would not enter any temporary or permanent monetary agreement to its own economic disadvantage. But equally, the U. S. did not want to close the door on stabilization proposals. "In the form in which the proposals came to the United States," Acheson was quoted as saying, "they were not agreeable to this government."[23]

It looked as if Roosevelt, in his message and through his advisers Moley and Acheson, was bargaining. In other words, the door for de facto stabilization was open, but his London negotiators did not yet have the right password. But FDR was having second thoughts over the public exhortations he made during the month of May. He had qualified his position on stabilization. But what else he meant, if he meant any more, or less, is unknown.

In any event, it is important to note the extenuating communication circumstances under which this June 17 rejection was formulated. It was not as carefully considered as it might later appear. But it became a firm policy thereafter.

The American embassy in London received Roosevelt's rejection after midnight on June 17, but Warburg and the others did not see it until the following morning. It deepened growing gloom for most of the delegates except Warburg, who realized that de facto stabilization was the bottleneck to British and French efforts on the rest of the WEC agenda. Taking the lead, he rallied Sprague and Cox for another try. As they understood it, Roosevelt was making four points. First, any declaration regarding the ultimate establishment of the gold standard must include all nations before it could become America's objective. Second, protecting "freedom of action" could lead to charges of bad faith. Third, the exchange rates proposed were too narrow, so a range of 3.75-4.25 might be acceptable. Fourth, the "real important thing" was the permanent program.[24] But since they read it through an internationalist, pro-stabilization perspective, they did not grasp FDR's concern over domestic priorities or the Thomas amendment.

Warburg's reply, signed also by Cox and Sprague, met what they saw as Roosevelt's conditions. First, they agreed that the gold standard objection was "perfectly valid," and that a clause could be added to clarify it so that all nations so inclined would be included. Second, there need be no fear of bad faith, as they had made it "perfectly clear that present proposal is of purely temporary nature designed to facilitate work of Conference in laying permanent groundwork." Third, they pointed out that the dollar-sterling rate was not narrow, that 4.00 was only a "middle rate," and that the upper and lower limits of 3.88-4.12 could be enlarged from 3% to 5%, making a range of 3.80-4.20. And last, they agreed about the "undue importance" attached to stabilization. But they pointed out that immediate agreement was still vital because many delegates felt the permanent program was being hindered by fluctuations and a feeling that America "is an entirely unknown, uncertain and perhaps indifferent factor," and that "if we eliminate this feeling by the proposed action we shall be able to carry our program through in rapid order." And they concluded by emphasizing that a failure to agree would likely be interpreted by other nations as meaning the American "special representatives" either had changed their minds on stabilization, or else exceeded their authority. Warburg was confident that he had answered all of Roosevelt's objections.[25]

Events conspired against such optimism. As Americans were able to read in daily newspapers, their President was at sea proving his mettle as an expert yachtsman--only days after proving to be a strong leader with Congress. Communications to him from London, however, went first to the State Department, where William Phillips transmitted them to one of the two destroyers shadowing FDR, the _Ellis_ or the _Bernadou_. Then a Coast Guard cutter took dispatches to him, along with a daily mail pouch; and his answers reversed this procedure. Nearby sailed a three-boat flotilla, carrying special correspondents, reporters, and photographers. Battling stiff weather during the first two days, Skipper Roosevelt had sailed barely 45 miles, a third of his expectations. He would not disembark until June 29. Communication with London and Washington would be difficult at best, broken at worst; and an excited press was reporting the entire spectacle.[26]

As the President vacationed, the WEC deteriorated into chaos and confusion almost as rapidly as did the American delegation. In his inarticulate manner Hull conveyed the impression that the U. S. was considering a 10% all-around tariff cut. Pittman, recovered from his first drinking "beeno" (as FDR's cousin put it), immediately, and correctly, denied the tariff rumor--while preparing his own resolution for introduction. Morrison was telephoning daily reports to associates at home who were speculating on stocks and currencies. Couzens was telling reporters he would state his own opinion on each issue. McReynolds was doing nothing. Hull was in a "complete state of melancholia," Warburg lamented, and would not lead. "With depressed rage," Feis wrote about Hull, "he is fumbling with the affairs of each day, agonizing every decision, but unwilling to take any step that would force the issue." Part of this depressed rage was due to Hull's loss of his bow's one string--lowering trade barriers; part was due to Moley's coming (about which Phillips had informed him on June 17). Hull bitterly told Warburg this would only "add to the confusion of the situation."[27]

The crux of the monetary muddle at the Kensington Museum was at once simple and complex. The Americans, perhaps stalling, were proposing <u>ultimate</u> intentions of creating international monetary stability and a gold standard, as embodied in the Pittman resolution. But anxieties and desires of the "gold bloc," including France, Netherlands, Belgium, and Switzerland had fastened on the <u>immediate</u> present. Partly because European recovery had proceeded beyond the American version, they were now more concerned with <u>de facto</u>, or longer range, currency stabilization. But as yet Roosevelt and Moley were not so concerned.[28] Time wasted without progress. The Economic Conference drifted toward the monetary shoals while Roosevelt happily skudded up the rocky New England coast.

III

In Washington Moley spent all day Sunday, June 18, clearing up "ancient correspondence" and preparing materials so that he could sail for London on the 21st. Bernard Baruch, at the President's suggestion (to keep him off the delegation[29]), had arrived from New York to advise on the American end of WEC. Herbert Swope, an impulsive figure with a good journalistic reputation and personally and politically close to Baruch, would accompany the professor abroad and render whatever assistance possible. Arthur ("Art") Mullen, Jr., a young press assistant to McIntyre during the campaign and now a White House aide and State Department legal adviser, would also go abroad. At three o'clock that afternoon Moley received the Warburg-Sprague-Cox counter-proposal, followed quickly by a separate Warburg endorsement.[30]

In Moley's opinion, this latest proposal did not differ substantially from that of June 16. He dispatched copies of both cables to the President at sea, adding that he would discuss the "subject matter" with Baruch Monday morning. "My opinion is that these representations do not alter general situation and your telegram yesterday remains adequate answer."[31]

The President, receiving Moley's message at his overnight stop off Edgartown, Massachusetts, agreed. On the following afternoon he wired Phillips that the situation was "not greatly altered." Why not try his suggestion of keeping the pound below $4.25, he stated, but make it "perfectly clear" that the four dollar median was too low. "Talk with Baruch and Moley about advisability of suggestion to Cox a final medium point of 4.15 with maximum point of 4.25 and minimum 4.05. I hesitate to go even that far but it is worth considering."[32] The President was evidently, if reluctantly, bargaining. Stabilization was still alive.

Monday, an "incredibly hectic day," Moley, Baruch, Swope, and sometimes Acheson, conferred over the latest revisions. All but Acheson wanted to stand on Roosevelt's rejection of June 17. Baruch and Swope drafted an anti-stabilization statement as background for the President.[33] Baruch preferred not to sign it; but he and Moley concurred in the views Swope elaborated. "We are advancing towards a national self-containment that should not be militated against by possibly hostile influences until it has had a chance to work," ran the statement's theme. It was a cogent argument against a "fixed formula of stabilization" in light of various unknown domestic factors which should be tried first. Since NRA agencies, for example, did not know at what price levels to aim, how could foreign limitations be accepted? "It is a restatement of the obvious to say that our improvement, now so definitely under way, will be the greatest contribution we can make to the good of the world."[34] Thus the monetary advisers who had the closest access to Roosevelt espoused economic intranationalism.

While packing that night, Moley finally decided to fly to Nantucket and personally confer with Roosevelt.[35] Several reasons prompted him. Acheson later wrote that Moley wanted to put the entire stabilization issue up to FDR, after inconclusive discussions that afternoon with Baruch and Swope.[36] Also, around nine that evening Senator James Byrnes and Marvin McIntyre saw Moley. Having read newspaper accounts of the confusion in London, they urged him not to go. He would serve the President best, Byrnes remembered arguing, by staying home and advising on "instructions" for the delegation. And furthermore, if he left now as a "special envoy," other nations would ignore the Americans in London and flock to him as the true Rooseveltian representative.[37] This worried Moley, probably because what in May had offered a potentially prestigious opportunity now could inflict hazardous effects upon both himself and the WEC. After they left, he recalled seeking out Hugh Johnson, head of NRA. General Johnson, a sound money man in the Baruch tradition, assured his friend that an agreement to stabilize, on terms then proposed, would end price raising--a key NRA objective with which Roosevelt sympathized.[38] Putting these all together, Moley asked Mullen to arrange for a flying visit the next day to see the President.

Publicity now became a major factor. As Moley and Mullen arrived by Navy seaplane in Nantucket Harbor around 7:30 a.m. on June 20, the Times published stories on stabilization and "Baruch In Office Without Portfolio." From Moley's remarks to reporters the previous afternoon, another article concluded that "Every indication here [Washington] today pointed to a standstill attitude of the United States Government on foreign affairs, awaiting the functioning of the domestic recovery program." Reporters had found this even more interesting because Moley, whose long planned trip to London had the avowed purpose of carrying the latest information about "domestic recovery" and bringing back confidential information for the President's guidance, was often identified with "isolationist views" within the administration. By ten o'clock Moley and his assistant were aboard the Amberjack. Roosevelt, pleased with the visit (as far as reporters could tell), and his adviser talked for almost two hours, while FDR navigated northeastward.[39]

Only Moley has left any record of this long, discursive conversation. First, he remembered repeating the warnings from Byrnes and McIntyre. At these Roosevelt only scoffed. He saw no reason to cancel the mission. Then Moley reminded the President that the Warburg-Sprague-Cox counterproposal of the 18th had not yet been answered. FDR pencilled out his reply: after "full discussion" he was still standing on his June 17 rejection. Insist on the "larger or more permanent program," he instructed Hull, because "banker-influenced cabinets" were attaching too much importance to exchange stability. Besides, this only concerned about 3% of America's total trade.[40] He handed this to Moley to dispatch from the Ellis. On the issue of stabilization, if need be, Roosevelt suggested (as he had in his June 19 cable) a possible middle point of $4.15, with a range of 4.05-4.25. "I'm not crazy about it," he added, "but I think I might go that far." He did not say how this could be done technically, because neither knew. Moley then handed him the Swope stabilization memorandum. FDR pocketed it without comment.

At this point, Roosevelt emphasized that the delegation should know his primary objective for the WEC was to raise world price levels. This was the first time he defined any WEC objective as "primary." Since Walter Lippmann's column had articulated this aim just days earlier, Moley noted that Lippmann was then in London. They agreed that he should consult with Lippmann, French monetary expert Charles Rist, and Walter Runciman of the British Board of Trade. Moley jotted these names in his notebook along with FDR's term for an international monetary unit, the "dinar[d]"; but what either man had in mind about this unit is not known. Finally, Moley asked the President to write out and make public his authorization. Picking up his pad, Roosevelt pencilled a two-paragraph press release. Assistant Secretary Moley would go to London as a "messenger or liaison officer" to convey news about recent domestic developments and the

President's views about the effect of these on the delegation's original instructions. He would stay about a week, and then return to bring the President full information about the Conference. Having given reporters this statement, before noon Moley and Mullen had boarded the Ellis for New York.[41]

While the President was now sending the second of his three liaisons, he evidently overlooked some major points about the Moley mission. Roosevelt and Moley both knew about the deteriorating condition of the American delegation and of the WEC itself, as it had been in the papers for days. The President knew this because McIntyre daily contacted him from aboard a nearby destroyer and, in addition, secret service men brought aboard food, mail, telegrams, supplies, and newspapers.[42] Second, the Amberjack conversation never touched upon the danger of rampant publicity, except as a parting joke.[43] Third, Warren Delano Robbins, the first liaison, was only a State Department protocol officer whose presence would go unreported. But Moley, publicly touted as the chief brains truster, would obviously make headlines--particularly since he came directly from Roosevelt just when the Conference seemed to be marking time. Fourth, while the President still intended the Moley mission to take the "look-see" mentioned in his June 16 press conference, this would be hard to believe after the dramatic sea rendezvous. Also, Moley understandably construed his authorization as "messenger or liaison officer" to mean that his authority--as it had during the Hundred Days--would run straight to the President, not through Hull or the delegation.

Did Roosevelt err in his handling of the mission? Perhaps he realized that Moley would get exaggerated publicity. Perhaps he believed this would show the WEC that American power lay with the President and Congress, not with the delegation. Perhaps he had no intention of cooperating with the WEC. Perhaps, but these are doubtful.

Considering the context of his diplomacy during the Hundred Days and his June 17 and 20 messages to the delegation, a more likely answer emerges. Roosevelt would cooperate with the Conference, but in limited ways. Now he was both vacationing and conducting foreign policy. Understandably, he may have more carefully handled the Moley mission had he been in Washington. Now on vacation but under the eye of the nation's correspondents, the President who had thus far mastered the press came to be mastered by the press. He had temporarily lost the tool of captive press conferences. Undoubtedly he needed the vacation, the change of pace, the limited inaccessibility so difficult for a man with crippled legs to obtain. It was the timing of his vacation that was beginning to prove unfortunate, that is, unfortunate for the success of the WEC.

On the issue of _de facto_ stabilization, Roosevelt contemplated by June 20 nothing except possible _unilateral_ action. Moley heard this reaffirmed on the _Amberjack_. Just before sailing Moley "told /French Ambassador/ m. de LaBoulaye that his principal mission is to represent the views of the President on stabilization. Moley added that internal necessities do not permit FDR to accept stabilization of the dollar on the basis proposed at London."[44] Moley telephoned this and other FDR messages to Miss Jedel in England on the 21st. "I was to tell Key /Pittman/ 'Bravo' and to go ahead, Morrison to be patient, Bill /Bullitt/ to tell people to shut up, and Jim /Warburg/ to bind up the wounds, the thing was dead." She delivered the messages.[45] Warburg understood. Roosevelt had said that the Conference must go on to the larger program, or recess, or perhaps adjourn. But stabilization as presently proposed was unacceptable to the President. Most of the delegation had been further demoralized by FDR's June 20 confirmation of his June 17 rejection. The Warburg-Sprague-Cox counterproposal of the 18th had answered all of the objections raised on the 17th. But because the first rejection was general enough to be interpreted differently, according to the reader's perspective on stabilization, conflicting views resulted. To Moley, an economic nationalist, it was a "bomb." To Warburg and Sprague, internationalists on monetary policy, it was a bargaining counter. What discouraged the Warburg group most was that Roosevelt's recent message did not reply to their arguments, but simply rested on his previous statement. That confirmed press reports, Warburg recorded, that Baruch and the intranationalists were now "in the saddle."[46]

When Moley, Swope, and Mullen sailed June 21 on the *Manhattan*, the professor faced the most difficult task Roosevelt had ever given him.

IV

The President continued northeasterly, reefing and jibbing, tacking and coming round, gaily calling out commands for his amateur crew of four. Before he arrived at Campobello on June 29, he had several visitors aboard his chartered yacht, including Colonel Edward House on the 21st. The old Wilsonian, reputed to be in regular telephone contact with Roosevelt throughout the Hundred Days,[47] learned about the stillborn veterans' veto and left some favorable editorial clippings on the President and a letter to himself from B. H. I. Brown discoursing against stabilization. A disciple of George Warren and a supporter of the Committee for the Nation's expansionist views, Brown had argued cogently that Roosevelt had been correct in his June 17 rejection. Price raises and market expansion thus far, he reasoned, were based on anticipated inflation under the Thomas amendment. Therefore, any attempt now at stabilization, before the administration actually increased the amount of demand deposits and currency in circulation, would prick the psychological bubble of recovery.[48] Coming from House, who likely supported the ideas Brown had embraced, this argument articulated ideas that Roosevelt and Moley had already discussed.

Continuing to receive occasional visitors and local dignitaries, to correspond, and to skim reports from the WEC, Roosevelt sailed into bad weather. From June 26 until he finally forced his way to clear weather on the 29th, the presidential party was trapped under a dense pea soup fog off the Maine coast. They were unable to sail on or even communicate with shore or the flotilla except via a flimsy lobster boat secured by secret serviceman E. W. Starling. During these fogbound days, the Economic Conference marked time as the Moley mission approached British shores.[49]

Publicity for the Moley group, beginning with his sea rendezvous and Roosevelt's press release, had spiraled upward, all out of proportion to its purposes. Baruch cabled Moley on the first day out that the press had misconstrued his (Moley's) remarks about Baruch sitting in, in effect as acting secretary of State. Therefore he warned: "Advise saying nothing as something else happens every day." Moley regretted this, but wired "FDR pleased," meaning with the _Amberjack_ conversations.[50] One day later the _Times_ contributed editorially to the publicity, labelling the "liaison man" a falsehood. The Roosevelt-Moley talk really meant, opined the editors savagely, that the "Professor _ex machina_" was actually going to London to supersede and humiliate Hull. Hence the conspiracies were in Washington, not London. In response to this, Moley nervously conferred with his companions and then privately collected his thoughts. "It's this[--]equal to hold delegation together--stop strife--make

Hull feel assured--," he wrote. "He /Hull/ sees it too simply . . . To keep my thinking straight--To confirm nothing selfish." As Moley reflected, the most extreme of London news reports arrived, written by the famous William Allen White of the Emporia Gazette. White scored the American delegation for being as ignorant of WEC's realities as if they had arrived "from another planet." In so doing his article combined all the worst rumors, saying that, whether true or not, Europe believed Roosevelt had vacillated, the delegation had no status at home, Baruch was in charge at Washington, Moley was coming to take charge in London, and Swope was bringing an assorted consignment of "monkey wrenches" to foul WEC machinery. Then he observed:[51]

> Fairly or unfairly, Professor Moley has been badly stage-managed. His entrance is to be greeted by the jeers: "Moley, Moley, Moley, Lord God Almighty." A chant of gibing Britishers which roughly indicates opinion in Europe about the professor. It is unjust. He will overcome it, probably, but he is having a bad entrance.

White did not have to identify the stage manager.

Such publicity helped sting the President into action. When Moley telegraphed a bland press release for approval, Roosevelt merely sent word through Phillips that the release was fully lucid. "I am inclined to think," he added, "that from now on he /Moley/ should give out no further statements or talk with press because he is under the Secretary and is not a member of the Delegation." This included Swope, too.[52] This curious note implied a different interpretation of "liaison officer." While Moley was apparently subject to

Hull, he was not a member of the delegation. This was not what Moley understood. In any event, it suggests the President belatedly recognized that adverse publicity could irreparably damage the Moley mission. And he repeated a warning about "publicity of any kind" two days later.[53]

By this time, however, all discipline and cohesiveness within the delegation had gone "bolshevik," in Warburg's words. If the newspapers carried any truth, Moley had new instructions. So the Conference stalled, waiting to hear from the new savior. Feis recorded gloomily on June 24 that Pittman now solely preoccupied himself with the silver subsection of his resolution, and no longer attended the morning delegation sessions; Couzens was looking along "national lines" for recovery, and wanted only to go home quickly; McReynolds plodded along with the economic committee's work, which was over his head; Morrison, disappointed because he was not allowed to participate in monetary policy, was not helping out at all. "The Secretary has arrived at a point of virtually giving up hope that any of his ideas or purposes can be carried through the conference." In sum, while Washington press dispatches emphasizing price-raising were defeating tariff reductions, Feis concluded that Roosevelt's refusal to accept "temporary stabilization is producing increasing antagonism between ourselves and the rest of the conference, and generating an atmosphere most unhealthy to the whole future conduct of the foreign relations of the United States."[54]

The President was either unaware of or unwilling to accept the apparent despondency of his delegation. At that point he wrote Sumner Welles in Cuba: "We seem to have straightened ourselves out in London and as a result--combined with good weather--I am having a grand cruise along the coast of Maine."[55] Even when enveloped in fog for days, he seemed to be enjoying himself thoroughly. The WEC was not uppermost in his thoughts. He was deferring decision, waiting for alternatives to develop. By late Thursday afternoon, June 29, when he entered Welchpool Harbor to the cheers of hundreds of spectators and of his family and friends, including Henry Morgenthau and Louis Howe, events in London were moving toward an unexpected climax.

V

Moley, Swope, and Mullen arrived at London's Paddington Station around 1:00 a.m. on June 28 after a bizarre trip from Ireland which the British and American press overly publicized.[56] As invited, they lodged themselves at the American embassy rather than with the delegation at Claridge's Hotel, to emphasize that Moley's mission was "liaison" and not subject to the delegation's control. If the main purpose of the mission was to transmit information, that purpose soon became a low priority. Around eight-thirty that morning Moley met with a distressed Hull, saying that he regretted press interpretations of his trip, pledging him "my sword," and otherwise seeking to reassure the Secretary that he only sought to help the delegation in any way. Moley met with the delegation in Claridge's smoke-filled rooms at 9:30. After Hull had introduced him as "also of the State Department," Moley pledged his support and loyalty to the Secretary. He bore no mysterious messages, "except the general idea that the President wanted the Conference to move to more fundamental things and that I would say more later about this."[57] To correspondents afterwards, Moley stressed he would issue no statements, except through "my chief, Hull," and generally spoke optimistically about WEC's chances of success.[58]

After these ordeals, Moley returned to the embassy to confer with Lippmann, Swope, and British economist John Maynard Keynes. He told them Roosevelt had instructed him to bring them together and to discuss the possibility of some international adoption of "the commodity dollar idea and the idea of a unit of international exchange, i.e. dinard." He gave no details, as he had none. Because both Lippmann and Keynes preferred a policy of "general devaluation," they agreed to further discussions. Around twelve-thirty Moley talked to Hull, again to reassure him. The Secretary had several complaints. First, the press had featured his Assistant Secretary as the savior of the situation and the only authentic presidential representative. Second, he (Hull) had no authority over certain questions, notably debts and temporary stabilization. Third, he had no hand in selecting what had proved to be a disobedient, recalcitrant, and overly talkative (to reporters) delegation. After reassuring

Hull on these points, Moley returned to the embassy to resume the morning's discussions.[59]

While Moley believed he knew the President's monetary formula on June 28, several messages and conversations between London, New York, and the Amberjack on the preceding days reveal that he did not. In fact nobody did, probably not even Roosevelt. Lodged apart from the delegation, Moley was unaware of these developments. For example, two hours before Moley arrived in London, Hull telegraphed Roosevelt that in a joint meeting with the British delegation, MacDonald had informed the Americans that Holland, France, Switzerland, and Belgium were all saying that unless something was done to stabilize the dollar in the near future, "complete confusion" would result, further WEC work would probably end, and the tariff truce would be rendered null and void. Hull noted that some of his delegates believed the meeting was a British step toward fixing blame on the U. S. for disrupting the Conference. The Americans had refused to "consider or deal" with proposals to limit fluctuations, Hull reported. But then he hinted for some guidelines on stabilization: "If you desire any suggestions from Sprague, Warburg, or members of the delegation kindly advise." He feared the situation was "acute" and would slow down and confuse WEC's work.[60]

Hull had referred to two earlier messages about limiting exchange fluctuations. On June 22 Warburg had recommended to Roosevelt that he authorize the Federal Reserve Banks unilaterally to "limit fluctuations." Two days later the President wired Phillips and agreed that "my suggestion" of having the Federal Reserve banks keep the pound from "fluctuating violently" above 4.25 be referred to Baruch and Woodin in New York for discussion and a possible "draft of further message."[61] On Tuesday afternoon, June 27, Harrison telephoned Sprague in London to relay Roosevelt's latest monetary ideas. Harrison said that before Sprague sailed on July 2, both Acheson and Baruch wanted him to get in touch with Moley (yet to arrive via Ireland), and most particularly to emphasize the difference between "unilateral" Federal Reserve action and the "tripartite proposal" which had been rejected on the 17th. He explained Roosevelt's request of doing something "unilaterally," but he also said that the New York advisers preferred tripartite action. Sprague agreed with this, and learned that he was only to discuss possibilities with Moley. Warburg then heard the same points, and told Harrison that something might have to be done "in a great hurry," explaining this only by "saying that 'Philomena [Dutch guilder] is very sick.'" This would all come by cable (Hull's at 11:00 p.m.).[62] In London, Warburg recorded that Harrison had related his conversations with Roosevelt and with Baruch about the June 16 stabilization plan, which had "not been clear to them"; and he also confirmed the New York group's dislike of FDR's unilateral ideas.[63] But following this transatlantic talk, Acheson cabled the President that an important message was being sent from London, so they were reserving judgment on his request.[64]

All of these messages concerned possible American proposals for temporary stabilization, whether unilateral or tripartite; but delays in communications caused confusion. Sometime on June 28, Roosevelt received both the Acheson and the Hull cables of the 27th. At 7:00 p.m. he replied to Washington, suggesting that Phillips discuss his enclosed new message with Acheson, Baruch and others, and send it if there was "no serious disagreement." He fully appreciated the importance that France, Holland, and Switzerland attached to staying on gold; on the other hand, going off gold would probably help France "balance her budget." He did not think it would hurt U. S. domestic price levels if all of them abandoned gold.

> But the most important fact is that our London delegation is absolutely right in distinguishing between _government_ action at Conference and _private_ action by central banks. The United States must continue to make this action clear and that the Treasury Department cannot participate in the exercise of form of tripartite action.

Furthermore, he suggested again that the delegation, Moley, and those "close to it" avoid "publicity of any kind except through Secretary Hull."[65] After thinking over this warning for a couple of hours, FDR telegraphed indirectly to Acheson in New York: "Please get copy my wire to Phillips and discuss with him and Baruch. If Harrison and central banks arrive at a purely temporary _modus vivendi_ this would not be a function of governments so long as no government action is implied or required."[66]

Roosevelt would go no further on stabilization. Following through on his idea of June 19 and 20, he would suggest some form of temporary unilateral action by the Federal Reserve banks, so long as it neither required nor implied government cooperation. In other words, it had to be done outside the Conference. The Hull message concerning the "gold bloc's" virtual demand for temporary stabilization had backed FDR into a corner. If there was "no serious disagreement" from his New York advisers, he would send this admonition to London.

At this point chance intervened and Roosevelt never sent this new policy statement. For also at nine o'clock that night, even as he cabled Phillips, Acheson telegraphed him. Baruch prepared this message after consulting Woodin; and Harrison, Lewis Douglas (now conferring with the Baruch group), and Acheson all concurred. These advisers stated that they did not want to risk having the other nations (Hull mentioned) forced off the gold standard--which to them now appeared likely if the exchange value of the dollar declined further--because the result would be a "rapid rise" of the dollar. They wanted to limit "extreme exchange fluctuations." Detailing the flexibility and the temporary nature of the "tripartite arrangement" rejected on June 17, they recommended a unilateral tightening up of exchange control in America to be coordinated with a similar unilateral British effort, and a reconsideration of Sprague's original plan, now based on new market levels, rates, and other factors which had accrued to America's advantage since June 17.[67]

Baruch and Woodin had reversed themselves on the Sprague plan since Moley had sailed. Perhaps Hull's statement of the 27th caused this. More likely, as Warburg recorded after the transatlantic talk, Harrison had learned that both Roosevelt and Baruch had not understood that Sprague's June 16 plan proposed U. S. stabilization only for the Conference's duration. These advisers had mentioned a unilateral action (such as Roosevelt had cabled them) simultaneous with their double-barreled recommendation. But now FDR had added a new twist: unilateral action, outside the WEC. Would the President switch too?

On the following day, Thursday, June 29, as Moley examined the joint declaration and the President arrived at Campobello, Baruch and the others again telegraphed FDR. Having finally received and discussed the two presidential wires of yesterday, they advised Roosevelt to withhold his "proposed cable." Now their reason was that Sprague and Moley were working on a "proposal which is in accord with your policy as stated in your cables to Delegation of June 17 and June 20 and which will be cabled tomorrow for submission to you."[68] Not sent until six o'clock that night, however, the New York advisers message probably did not reach FDR until Friday. Enjoying a "quiet evening" with family and friends,[69] he neither replied that night nor the next day. Perhaps these recommendations of tripartite arrangements were disquieting to him. Perhaps he was just tired from the sea vacation. Perhaps, as usual, he was now waiting on events. For whatever reason, he withheld his proposed admonition to London. About all of these cross-communications Moley knew nothing. It remained to be seen whether the proposal he was working on would be "in accord" with his chief's rejections. And so did a presidential vacation, manifesting delay in communications, contribute to an unusual chain of events soon to have worldwide repercussions.

VI

On the 29th Moley plunged into the apparent stabilization maelstrom. While his diary and Warburg's journal conflict on the details of that day's meetings and maneuvers, the essential points are clear. Bullitt and Moley breakfasted together at the embassy. On the preceding day, the "gold bloc" countries had approached Prime Minister MacDonald with a draft declaration affirming ultimate intentions to return to the gold standard. Caught off guard, MacDonald suggested that they approach the Americans, too. Learning this at breakfast, Moley asked Bullitt to tell Hull that only himself and Sprague should be liaisons with the negotiators. Bullitt repeated this to Hull, who had hinted to Roosevelt on June 27 for "suggestions" on this issue. At the delegation meeting, Hull announced that he did not want to handle these negotiations, Warburg recorded, "and suggested that Moley and Sprague do it, to which Moley agreed." Sometime after this meeting, Moley saw copies of the "gold bloc's" draft declaration. Through Warburg, Moley arranged to meet that afternoon with Englishmen Sir Frederick Leith-Ross and Neville Chamberlain, Chancellor of the Exchequer. At that meeting he accepted ad referendum the proposed declaration that he finally sent to Washington late that night.[70]

Several personal crosscurrents buffeted these events. Moley thought he had won Hull's confidence and acquiescence. But this was only superficially true. When he conferred over "general matters" with the Prime Minister between four and six o'clock, after clearing it with Hull,[71] the latter became more convinced Moley had exceeded his authority. Warburg saw the despondent Secretary just after 3:30, learning that Hull skipped a meeting of the British and French in MacDonald's rooms "because he didn't want to hear about stabilization!" Thus Warburg lamented that since Hull was anti-stabilization, the only other way to communicate with Roosevelt on stabilization was through Moley; "but I cannot take the initiative on this because Hull is hipped on the subject of Moley anyway and particularly asked MacDonald this morning not to see Moley at all!" In addition, Warburg would soon be clearing the air with Moley, who had been decidedly cool toward him. Moley thought that Warburg had deliberately kept Washington uninformed on the early negotiations, an error caused by FDR's oversight on Warburg's June 13 cable.[72] Personal animosities between the Americans were not absent from the stabilization issue, from June 28 on. The major point, however, is that Moley entered these negotiations as liaison on his own initiative.

As a result of these negotiations, Moley telegraphed Washington twice about the new proposal. The first he listed as from Sprague for Woodin and Baruch, which he sent as background for his own message. Composed with Swope's help, it went out at 2 a.m. on June 30. The second Moley (whose name appeared only at the end) sent to Woodin and Baruch, and it went out one hour later. Moley's message quoted and explained the "Joint declaration by the countries on the gold standard and by those which are not on the gold standard," to which he and Sprague only "tentatively agreed." The declaration's two-part gist was contained in paragraph one. It stated that the undersigned governments agreed, first, that international monetary stability should be attained as "quickly as practicable," and second, that the international gold standard "should be re-established" while the parity and timing of undertaking "to stabilize" should be decided by each government. Three paragraphs followed, the first two saying that the undersigned took note of paragraph one, while the third said each agreed to use whatever means it considered appropriate to limit exchange fluctuations. The declaration phrased nothing in specific terms. In fact Moley further commented that he, Sprague, and the British were holding firm against French attempts to convert paragraph four into an "agreement for joint action by central banks against 'violent fluctuations.'" They believed the French, who considered the declaration too noncommittal, would yield at the final meeting tomorrow morning.[73]

Was this a tentative agreement for stabilization? Was it an approach to stabilization? Convinced then and later that it was neither, Moley wired Roosevelt at 10:00 a.m. on July 1 to stress that the Conference needed the "tonic effect" of the declaration. He further explained that references to the gold standard still permitted "your suggestion to me" (unilateral action for a $4.25 pound) to be worked out. In fact, those references merely combined resolutions already introduced by the American delegation (by Pittman) and fell within its original instructions. Also, the references to central banks came within the context of the June 17 rejection.[74] At 6:00 p.m. on the 30th Baruch, Woodin, and Acheson also wired the President, concurring in the views of Moley and Sprague. The New York advisers also pointed out that the declaration fell within FDR's May 16 "letter to Chiefs of State" and the delegation's resolutions. And they said that the London negotiators "feel strongly" that the WEC's continuance depended on this declaration, and that whatever measures the central banks needed would not "require governmental action" and could be resolved informally.[75] These opinions and recommendations did not matter, however, because they all came too late.

On June 30 Phillips sent the original tentative declaration, addressed to Woodin and Baruch, to New York and repeated it to Campobello.[76] Phillips made a costly, if understandable, error. Moley had cautiously sent the text first to the Baruch group for their approval. In this way he sought the approval of Roosevelt's advisers before he would send the declaration to the President. But since he used the delegation's code room, and since the wire therefore bore Hull's name also, the acting Secretary in Washington presumed it was for the President too. Since Phillips sent the original to Roosevelt, he had it long before getting the views of his monetary advisers. Communication delay therefore became a vital factor. Slight changes in the text were made all day Friday, both by Moley and the New York advisers.[77] But these are of little interest, because FDR based his decision upon the first draft, forwarded to him earlier than Moley had intended.

At his family's Campobello Island summer home on the 29th, Roosevelt spent a "quiet evening" among family and friends, including Morgenthau, Howe, Eleanor, and Missy LeHand. That afternoon Morgenthau noted that the President "seemed rather distracted and not at his ease." Probably he noticed this because it was an unusual condition for the exuberant Roosevelt. Morgenthau also recorded:

> Either that day or the next, Louis Howe took me aside and said that there was tremendous pressure on the President to agree to have the Government go into a stabilization of our currency operation. I gathered from Louis that Norman Davis had been advocating it strongly. Louis said the trouble with this idea is that there are no limits to how much money they might need and he said, "I am against it." He said, "We will be discussing it on the trip back and I wanted to know how you felt about it." Not knowing a lot about it, I sort of felt my way but told him in principle I agreed with Howe.

Later that evening Eleanor bluntly told her husband that he had made a "grave mistake" in sending Moley to London because it was "belittling" to Hull and must weaken Hull's position. FDR "tried to explain to her that this was not so," Morgenthau observed, "but he was not very convincing about it."[78] The President, having already had third thoughts on stabilization and having almost cabled an admonition to that effect, now began to have second thoughts about the Moley mission.

Roosevelt made his decision on Moley's proposal during the following day. Special correspondents who saw him that afternoon noted the stack of metropolitan newspapers at his elbow.[79] That morning's Times, datelined in London on the 29th, announced: "EUROPE ASKS ROOSEVELT AID TO END DOLLAR SPECULATION, CALLED MENACE TO PARLEY." Correspondent F. T. Birchall reported the dollar had fluctuated Thursday between 4.29½-4.41½, creating a crisis for the WEC. This story reported that the declaration, put up to the President by Moley, "is to the effect that all these countries, being in favor of a gold standard and desiring to return to it as soon as possible, will assist each other in preventing purely speculative movements during a certain period." The period was for the WEC's duration; and if Roosevelt approved this declaration, "the way toward stability will become clearer."[80] The headline and the contents of this article implied that an approach to stabilization had been proposed.

Exactly when Roosevelt received Moley's June 30 cable is not known. Since Phillips transmitted it from Washington at ten o'clock that morning, the President should have received it within two or three hours at most. During a 1935 press conference, he reminisced that the message began to come in around 1:00, at which time an afternoon-long "picnic" was beginning. But because it arrived in "garbled form," he said he did not see a decoded version until much later. During that night's discussions, however, Morgenthau recorded that "Sometime during the evening, McIntyre came in and discussed the tentative draft which Hull sent over to Roosevelt for his approval." Morgenthau did not read this message, but he heard Roosevelt's reply: "Send word to Hull to say nothing, do nothing and agree to nothing." As instructed, McIntyre called Washington around a quarter to nine and said that the President would answer the Sprague and Moley cables as soon as possible. "Meanwhile he asks that the delegation refrain from any action or comment."[81] This terse message would be no cheering news to those in London who were on pins and needles, hoping for an acceptance.

Roosevelt had made his fateful decision much earlier that day, probably partly on the basis of newspaper reports. Toward the end of an overcast afternoon, the President invited the four special correspondents who were covering his vacation to his summer cottage situated on a small cliff overlooking the Bay of Fundy. After some rambling stories amidst a highly informal atmosphere, he suggested a game of cut-in bridge. This lasted an hour. Suddenly FDR pushed back in his wheelchair and remarked, "I think it might be more interesting just to talk for a while." Amazed, the reporters suddenly realized they had been taken. As Charles Hurd of the Times recounted it, for many minutes the President angrily developed several reasons why he agreed with his public that America must not be pushed around in London by Europeans bent on "concessions." Suddenly his anger disappeared and he ended as abruptly as he had begun. He conceded that they could use this material as "background." How to handle it? It was up to them, he smiled. "But isn't a Campobello date-line a pretty good hedge?"[82]

Hurd's remarkable story appeared in the Times the following morning. It had been learned on "high authority," he asserted, that Roosevelt would not obligate the U. S. to any form of "stabilization of the dollar." He would take no action, direct or indirect, that "will tie his hands in the future." Hurd listed three factors making up FDR's attitude. First, there had been no so-called gyrations of the dollar as reported abroad, only a fairly consistent gradual decline in the dollar's exchange value. Second, so far the dollar had not declined low enough to afford a fair stabilization value. Third, America's stake in the WEC, represented as imperiled by the dollar's fluctuations, would be "sorely injured by pegging the dollar at this time." In addition, Roosevelt had made it known that he saw "temporary stabilization of currency as a banking rather than a governmental problem and, therefore, outside the immediate realm of the troubled economic conference."[83]

Roosevelt's thrust concerned stabilization; Moley's proposal did not. FDR's remarks evidenced many of the conditions of his proposed cable of June 28, which, due to chance and poor communications, he had not sent to London. It likely would have averted the proposal of any kind of multilateral declaration.

Roosevelt's reply to London was written late that night, and was not dispatched from the Indianapolis until 2:00 a.m. on July 1. In many ways it followed his private remarks to the reporters, suggesting his decision was made before he saw them and therefore before any of the recommendations from Moley or the Baruch group arrived. Although responding to Sprague and Moley, the rejection was sent to Hull and repeated to Woodin and Baruch. "In regard to the suggested joint declaration I must tell you frankly that I believe the greater part of it relates primarily to functions of private banks and not to governments." This distinction between functions of "banks" and "governments" was a new qualification, added in the stillborn admonition of June 28. Moley knew nothing of this. This distinction was specious, as Federal Reserve Banks were hardly independent of the workings of the federal government. He went on: "Other parts of the declaration relating to broad governmental policies go so far as to erect probable barriers against our own economic fiscal development." These were familiar words, which Moley would quickly recognize as coming directly from the June 19 Swope memorandum left on the *Amberjack*.

To illustrate his general statements, Roosevelt then turned to a confusing commentary upon the specific paragraphs of the declaration. As to paragraph 1 (a), he stated that its language assumed "immediate stabilization" would create permanent stability in international monetary affairs, which he "gravely doubted." He cited France as an example of a country which, through the declaration, would be allowed to continue unbalanced budgets and other operations resulting in "eventually unsound currencies." In fact 1 (a) neither mentioned nor implied stabilization. It merely read: "That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable." FDR interpreted this to mean stabilization. As to 1 (b), he asserted if "gold or gold and silver" were re-established as the international measures of exchange value, the U. S. still must be free "to adopt our own method of stabilizing our own domestic price level in terms of the dollar regardless of foreign exchange rates." Except for his phrase "or gold and silver," 1 (b) said the same thing that he did. In fact the entire declaration was drawn up and entitled in such a way as to include all gold and *non*-gold countries--which is exactly what the President had specified in his June 17 rejection when he declared he wanted a "re-establishment of currencies based on gold or gold and silver by all nations and not by three or four only." He ignored paragraph 2, as it was innocuous. Paragraph 3 stated that countries not on gold would "take note" that those on gold intended to remain there (paragraph 2); and they reaffirmed that they, too, ultimately sought "to restore under proper conditions an international monetary standard based on gold." His comment was that this was possible for the U. S. only if "we are fully free to maintain stable domestic price level as our first consideration"--a condition assured by the clause on "proper conditions." Then he again added his insistence for including "gold and silver" to any possible currency reserve--a qualifier unnecessary for the same reasons as in 1 (b). Paragraph 4 he "did not think means anything on our part"--because it only stated that the respective governments agreed to "discuss" with their "central banks" whatever action they deemed necessary to limit fluctuations. He said he knew of no "governmental action" by which to limit exchange speculation, that it could be done only as a "private banking function," and then only without any implication of government authority--again the thin distinction between government and central banking functions. But since the agreement was only to "discuss," his criticism fell short. But he went on to elaborate his distinction: "In other words, I cannot assent to private action now which might morally obligate our Government now or later to approval of export of gold from the United States." Here in fact was the basis of his rejection.

None of his comments related directly to the declaration's substance; but he evidently would not accept anything which could be interpreted as having even the appearance of stabilization, thus entailing the export of gold.

With this interpretation of stabilization in mind, the President then returned to his paraphrase of the Swope memorandum. He maintained any "fixed formula of stabilization" (quoting Swope) would be artificial and speculative, and unwise politically and psychologically as it would hurt "price lifting efforts" which were now well in hand. England had been off gold almost two years and only now wanted to stabilize, while France had waited over three years to stabilize. This would be (as Hurd later explained) an unfair concession extracted from America. Therefore, if France tried to break up the Conference on this issue, "we should take the sound position that the Economic Conference was initiated and called to discuss and agree on permanent solutions of world economics and not to discuss domestic economic policy of one nation out of the 66 present."[84] This was, of course, the entire purpose behind the declaration: to get the Conference around the issue of stabilization.

Roosevelt's was a forceful, if curious, response to the joint declaration. Several points should be emphasized. First, he responded as if it signified an agreement for at least temporary stabilization--which it did not. Therefore, second, his criticisms displayed a woeful lack of the declaration's specifics and its overall context. But his comments did confirm, as did his unofficial press "conference" that day, that he interpreted the proposal to mean stabilization, as did his advisers Howe and Morgenthau. Third, his answer to Hull and Morgenthau's diary entry suggest Roosevelt failed to realize the declaration's transmitter, which, if true, may have contributed to its rejection. And fourth, the above points incidentally illustrate the dangers of usually relying heavily on experts both for oral advice and for composition of policy statements. Unfortunately, neither type of expertise was available on the Amberjack or Campobello. And the relatively slow quadrangular telegraphic communications between London-Washington-New York-New Brunswick further damaged a bad situation. Hence the President improvised with what materials he had on hand. For a reply he forced his own interpretation of the declaration onto much of the Swope memorandum, which he altered in context by some ideas from the Brown letter given him by Colonel House on June 21. By this latter means did FDR ironically use the Swope-Baruch-Moley document--an argument against a rigid and inflexible stabilization--to rationalize against a vague and innocuous agreement not involving stabilization which they now recommended.

The joint declaration was further denuded by changes and enhanced by unanimous recommendations, all of which came after Roosevelt's basic decision had been made.[85] Since it was Saturday and not a Conference working day when the rejection arrived, Moley attempted to recoup by approving a disingenuous press statement to gain time to interpret FDR's new meanings. "The Secretary of State has received a reply from the President rejecting the declaration in its present form. He will issue a statement of American policy on the subject Monday." Frantic weekend efforts by Moley, Swope, and Lippmann proved of no avail because by Monday morning the President had spoken again, finally and definitively, with his "bombshell" message. Over the weekend, however, Warburg and Bullitt "laughed a good deal" about the predicament. "Why on earth the President should turn down this innocuous declaration," Warburg recorded, "completely baffles both of us, and the funniest part of it is that Moley, who is supposed to have been the anti-stabilization man, is now put in the same position as the rest of us."[86]

Roosevelt's July 2 message, made public on Monday the 3rd, repeated and enlarged upon his two earlier rejections in such a way as to detonate the WEC. Composed aboard the Indianapolis, he rewrote it completely after a poor first draft by Howe. "This afternoon, Sunday," Morgenthau recorded, "the President took off his coat, sat down at his desk for a couple of hours, and wrote his message to London on money." He read it to Howe and Morgenthau, "and with a few slight changes of his own, he sent it as he wrote it the first time." In a harsh tone, FDR blasted all efforts at "purely artificial and temporary" exchange limitations, insisted that the most important factor was each nation's "sound internal economic system" and declared that the WEC must return to its "larger purposes":[87]

> I would regard it as a catastrophe amounting to a world tragedy . . . . specious fallacy of achieving a temporary and probably an artificial stability in foreign exchange on the part of a few large countries only . . . . old fetishes of so-called international bankers are being replaced by efforts to plan national currencies . . . . broad purpose is the permanent stabilization of every nation's currency . . . . produce balanced budgets and living within their means . . . . we must mitigate existing embargoes . . . . Conference was called to better and perhaps to cure fundamental economic ills. It must not be diverted from that effort.

The "bombshell" provoked varied reactions. On Monday morning in the hotel lobby, Warburg mingled with the crowd of delegates as the message was posted. Describing the reaction as "complete bafflement," he observed: "Inasmuch as I am no less baffled than our foreign friends, I am not surprised." Positive that Moley would never propose stabilization, Ambassador de Laboulaye advised Paris that some American observers nevertheless believed the message to be the work of Moley, "who probably gave in London about [FDR's] intentions an impression quite contrary to reality and probably advised underhandedly to the President an attitude of categorical and brutal resistance." The same observers believed that FDR was now concentrating upon domestic recovery because of the discouraging results--particularly concerning the attitude of the debtor nations--of his cooperative gestures toward international recovery during April and May.[88]

A majority of American newspapers, especially the non-East coast press, endorsed the message. Commented the

Cleveland Plain Dealer: "The President's telegram makes it clear that Washington places its domestic recovery program ahead of the objectives of the London Conference." Concluded the editors of the New York Evening Post: "We are at the end of an era of soft 'love everybody' Americanism.'" Having declared editorially on June 14 that the "old order" laissez-faire was no longer viable nationally or internationally, the New Republic agreed fully with presidential objectives. It praised Roosevelt's apparent desire to establish "the kind of dollar which a generation hence will have the same purchasing power and debt-paying power as the dollar value we hope to attain in the near future." On the other hand, the Times criticized FDR for "A Confusing Statement." Who put the questions of foreign exchanges and currency stabilization, the editors asked rhetorically, in the forefront of the WEC program? The President himself, was the answer. Citing his May 16 message, the Times observed: "It must naturally puzzle somewhat the untutored minds of Europeans to find Mr. Roosevelt now speaking of his own proposal, less than two months ago, as among the 'fetishes of so-called international bankers.'" Concluding that he certainly had the right to change his mind, that his real motive was to raise domestic prices, the editors concluded that his message from the sea failed to act like a fresh breeze and clear the air.[89]

Torpedoed, the Conference sunk slowly for three more weeks. Primarily through the efforts of Keynes, Lippmann, Swope, and Moley, a new statement of presidential objectives had been prepared by July 4, stressing price raising before any form of stabilization. During this process of trying to interpret the new Rooseveltian views, Moley had asked Warburg to further develop the "commodity dollar as an international standard and launch that as a resolution." By the 4th, however, FDR telegraphed the delegation that the "people here are united in praise of our stand and regard the French position as wholly selfish and ignoring utterly the big objectives of Conference." In such a way did he indicate that he read the opposition press selectively.[90]

The American delegation and the Moley mission spent much of the remaining time of the London Conference in saving face. That was the purpose of the Keynes-Lippmann-Swope-Moley policy statement: to refurbish the tarnished presidential image abroad. That partly motivated Warburg to resign on July 6. Most likely it partially motivated Moley when on July 4 he sent a confidential and secret cable to Roosevelt "to form basis for telephone conversation--discussing personnel of delegation, whether he wanted a new draft of 4th resolution [monetary policy]--etc. etc.--eight points for discussion." A copy of this cable was given to Hull and was later misused by him. The second topic engaged him the most: "On personal side Pittman is only member of delegation able intellectually and aggressively to present your ideas on conference." And saving face had preoccupied Hull, as indicated by Feis' memorandum of June 24, by the Secretary's equivocal role in the stabilization crisis, and by his personal vendetta against Moley--which assumed crusade proportions after the eight-point telegram was leaked.[91]

VII

During the slow death of the World Economic Conference, Moley and Warburg returned home at different times to confer separately with their allies, including Baruch, Woodin, Frankfurter, Douglas, Acheson, and others. All wanted to find out what happened and why. During middle and late July they pieced together available information to determine the course that presidential monetary policy would now take. An analysis of the events leading up to the July 2 message combined with information his advisers gathered make it possible to answer better questions which his July 5 press conference primarily skirted.

What were Roosevelt's attitudes and purposes toward the WEC? As suggested by his April 12 Pan American Union speech, his May 7 radio broadcast, his May 16 world appeal, the multitude of platitudinous statements he issued during the Washington talks, and the delegation's instructions, FDR originally sought to exhort international recovery through oral diplomacy. Time and time again he publicly stated his general objectives, listing (but not defining) his major aims as stabilizing currencies, freeing the flow of world trade, and coordinating international action to raise world price levels. The stabilization objective, usually given first, was endorsed by Roosevelt and delegated to Warburg to discuss and, later, to Warburg, Sprague, and Harrison to negotiate--even when Moley (and probably Howe) knew it was not administration policy, and when those like Baruch and Feis were trying to emphasize the conflict between WEC aims and NRA-AAA programs. That it was not administration policy the President finally confirmed with the June 17 rejection, which came only after the London Conference had convened and the pressure of the Hundred Days was over. That statement demonstrated his reactions when confronted for the first time with the actual fact of temporary and immediate stabilization of currencies (although hedged with reservations), as opposed to just talking about it. By June 17 he had second thoughts about world recovery or cooperation. Probably these were caused partly by the poor European response to FDR's cooperative sentiments by June, particularly on debts--at least that was what Bullitt and Phillips told the French ambassador on June 6.[92] Thus second thoughts caused him to jettison his earlier statements on stabilization, making it his last WEC aim--although it had never been more than an ultimate objective anyway. Now he stressed protecting domestic recovery first and urged his delegation to consider the entire 66-nation program. In these recommendations Moley played an influential part.

Did Roosevelt change positions? The answer is yes and no. His private views on monetary policies, as indicated by his handling of the Thomas amendment (which he specifically adhered to on June 17) were moving toward monetary experimentation and devaluation. But he characteristically kept his own counsel, evidently because the time was not yet right. Therefore he only redefined his <u>public</u> views on the 17th, which meant that his stabilization policy became restricted to unilateral action. One public result was that the nations who had participated in the Washington talks and who had taken his public statements at face value were now disappointed and, as William Allen White pointed out, certain that FDR had vacillated.

Why did Roosevelt redefine his public WEC aims? The difference between his earlier statements and that of June 17 was the ending of the Hundred Days and the general European debts default. Now he had a New Deal program which, particularly NRA and AAA (he only approved crop reduction on June 13), must be put into operation. He would not jeopardize these programs by commitments to the WEC, particularly when it appeared to him that most European nations were not as willing as America to cooperate for international recovery. Thus he simultaneously hedged and restricted earlier stabilization policies, even while seeming--depending upon one's monetary perspective--to keep the door ajar for agreements. Meanwhile, his objective of freeing world trade barriers had been sacrificed to the congressional revolt; but it is doubtful whether he ever fully intended to push for reciprocal tariff authority during the Hundred Days. In sum, the President's attitudes toward the London Conference were ambivalent and improvised, depending upon the issue, the timing--in relation to the domestic program's progress toward enactment and the response of Europe to cooperative gestures, and the necessity (or lack of it) for decision and commitment. Only his aim of raising world price levels, by which means he never made clear, remained intact throughout the Hundred Days and the Conference.

Next, what were Roosevelt's attitudes and purposes toward the Moley mission? In the beginning, the idea of liaison messengers had been only vaguely proposed. But characteristic of both FDR and Moley, they never thought it through. Finally Moley decided to go to London after the delegation. Then in June the President's cousin, a State Department functionary, departed as the first liaison. By June 16, when he remarked to reporters that Moley was going for a "look-see," Roosevelt should have realized that this was an understatement at least. This was more obvious when, amidst negative reports from London, it became necessary for Moley to rendezvous with his chief at sea and recommend a reiteration of the June 17 rejection, confirm what he knew were the presidential views on stabilization, and have FDR make his authorization public. On June 20 Roosevelt publicly described Moley's mission as one of "messenger or liaison officer." But six days later he wired Phillips that Moley was both "under the Secretary and is not a member of the delegation." This equivocation meant that Hull (as Moley already did) could understandably develop his own interpretation of Moley's authorization, a view distinctly more restricted than the latter's. In view of the Hull-Moley rift, this casual presidential handling of the mission naturally led to later conflicts. Furthermore, neither Roosevelt nor Moley appreciated, until it was too late, the powerful effect that publicity, especially adverse publicity, would have on the mission's purposes, to wit, the Professor <u>ex machina</u> editorial and the White column. And if the timing of the presidential vacation was not unfortunate, the resulting slow communication with advisers and the delegation certainly made effective transatlantic diplomacy difficult.

By June 28, when Roosevelt had third thoughts and further restricted his stabilization policy to rule out anything except unilateral and <u>non</u>-governmental action, communication lags and chance killed his new admonition. Thus on June 29 Moley, on his own initiative but in keeping with his understanding of liaison, transmitted the joint declaration--which both he and the New York advisers regarded as a face-saving formula to nudge the WEC past the stabilization crisis. On June 30 FDR found himself confronted with unpleasant alternatives for decision, partly a direct result of his own vague handling of the line of authority between himself, Hull, and the now over-publicized Assistant Secretary. The President's methods had come home to roost. And his June 30 rejection and July 2 "bombshell" were both related to those methods.

But the most damaging personal result was yet to come. Again acting on his own initiative as liaison, Moley dispatched on July 4 the eight-point cable to the President. But as Warburg later impressed upon Moley: "As Assistant Secretary of State he cannot possibly send a cable to the President saying the Secretary is no good. On the other hand, as the President's confidential adviser this is just what he is supposed to do. The two things are irreconcilable." What happened to this cable was chance and vengeance. Even though labelled "From Moley to the President alone and exclusively, with no distribution in the Department," Ambassador Robert Bingham saw a copy because it went through the embassy code room. He gave it to Hull. Outraged, the Secretary unethically folded it, according to Warburg and Couzens who saw it, concealing topic one (suggesting a WEC recess) and the "alone and exclusively" prefix. Hull showed the damaging personal section to the others, who were also outraged.[93] On July 11, the same day Hull received this secret document, he telegraphed the President a long, misleading catalogue of particulars against his Assistant Secretary, culminating this with his implied threat of resignation. Thereafter Hull combed "every record" for all the evidence he could obtain or manufacture against Moley.[94] Shortly after Hull's missive had been received, Tugwell spent an "hilarious hour" with the President over the goings-on in London. With a twinkle, FDR showed him various confidential cables and remarked, "None of these will ever find their way into the history books."[95]

The final outcome by the end of July was that Roosevelt had to make an unpleasant political decision. Morgenthau recorded that:[96]

> F.D.R. told me as a deep secret that it was absolutely necessary for him to get Moley out of Washington before Hull returned as Hull would kick up such a terrible fuss. F.D.R. said that after Moley was in London two days he started dealing direct with some of the countries, which, naturally made Hull furious. He said, "I am thinking of sending Moley to Hawaii to make a study of conditions there, and in this way get him out of the path of Hull." F.D.R. said Moley had done a number of stupid things.

Either Hull or Moley now had to go, but FDR believed he could not afford to lose either. Regardless, he was largely to blame if Moley's loyalty went astray. As Warburg succinctly observed, on learning of the eight-point cable: "There is no question that Moley has been disloyal to everybody except the President."[97]

What did the mission finally achieve in its liaison role? The contemporary report of Moley and Swope is roughly accurate. They accomplished five things, they telegraphed Baruch from the boat home: "first--suggesting father [FDR] might want to continue sittings; second--giving him specific formula to that end; third--helping eradicate stabilization; fourth--quieting deep unrest among delegates; fifth--getting help of Dominions through formula prepared under our direction." If they exaggerated, Frankfurter was soon convinced their efforts were not in vain. "You remember Wilson's remark," he wrote Moley: "'I play for the verdict of history.' You have every right to feel assured about that."[98]

Finally, what were Roosevelt's intentions and purposes in the "bombshell" message? What were the results? Behind the July 2 pronounciamento were his earlier rejections, notably that of June 30. But the circumstances surrounding the "bombshell," as learned by his returned advisers, were revealing. Physically closest to FDR on June 29 through July 3 were his personal friends Howe and Morgenthau. The latter recorded on June 29 that Roosevelt was "distracted" and "not at his ease." Regarding the tone of the "bombshell," one report that Warburg was inclined to believe was that the President was "thoroughly upset" over the news that his son Elliott was getting the first of many Roosevelt divorces, with plans to remarry quickly.[99] As soon as Moley landed on July 13, he immediately huddled with Swope, Frankfurter, and Baruch. The latter two reported, and their story was soon confirmed by Herbert Swope's brother Gerard, that Howe had been with FDR on the *Indianapolis* when the message was written, that both had been "rather high," and that the President was also "harassed by family troubles."[100] Thus FDR's emotional state likely played a part.

But the Budget Director's firsthand account revealed more about the American side of the WEC. On July 22 Warburg spent two hours in Douglas' office, and each told the other what they knew happened. Warburg recorded:[101]

On the stabilization business, what happened was that no one ever heard of my cable of the 13th and, consequently, when on the 16th of June the newspapers carried a story that Cox stated that stabilization was just around the corner, everyone here got violently excited and a statement was issued from the White House saying that there would be no stabilization unless first referred to Washington. Incidentally that was the first intimation I had in London of which way the wind was blowing. Lew said that at this time there was great anger at Sprague for not having cabled anything,--all of which would have been different if the President had not sat on my cable of the 13th and told no one about it. On the 18th [16th] Sprague's and my cables arrived with the proposed plan. Acheson took it over to Moley, Baruch and Swope and recommended that it be accepted. All three of them jumped all over Acheson and said that it was crazy to think of such a thing. Woodin was in New York sick, but was also opposed to it. The President saw the first half of the cable before he left Washington and the rest of it was wired to him at various stages on his journey north. In talking to Acheson, the President never let on that he had previously received my cable and apparently was much at sea as to what the whole thing meant. Eventually Moley flew to Nantucket [June 20] and brought back the President's definite refusal to accept the plan.

Moley then sailed, and my wire [June 22] that the President make no promise or declaration but quietly authorize the Federal Reserve to reduce fluctuations arrived while he was on the water, but nothing was done about this at all.

Then the declaration was cabled over after Moley had arrived. Acheson, Douglas, Harrison and Baruch were all in favor of accepting it. Acheson and Harrison saw Woodin on his sick-bed and he fainted during the conversation. In spite of the unanimous recommendation by all his advisers, the President refused to accept the declaration and sent the famous message of July 1st [2nd]. Baruch at this moment swung completely around and admitted that the first plan should have been accepted. Acheson and Douglas had thought so right along.

Lew saw the President after he got back and told him very frankly that he thought a great mistake had been made, both in the substance and in the form of the message. He said that the President was very pleased with himself for having sent it.

Then [James Harvey] Rogers and [George F.] Warren appeared on the scene and Lew put up a battle, with the result that they were told to keep out of the budget.

Finally, the middle of last week [July 13], the President got thoroughly frightened by the runaway market and he agreed very secretly to allow the Federal Reserve

> Bank to export up to $20 million in gold in order to keep the dollar from going through 4.86. That accounts for the stock market break of last week. If this had been done a month sooner, it might have done some good. It is exactly what I recommended in the third week of June.

Warburg's detailed account, although showing slight confusion in dates, is more remarkable because it was confirmed "entirely" by other advisers like Acheson. Two days later Warburg conferred alone with Roosevelt for almost two hours. On the disappearance of the June 13 cable, FDR "said that he had been so busy with the revolt in Congress at that time that his mind had not been on stabilization." When Warburg said his July 2 message was most unfortunate in both substance and tone, the President got "quite angry and he said that I should have seen the American press comment, which had been universally favorable."[102] J. F. T. O'Connor learned of the July 13 exporting-gold decision from Eugene Black, Governor of the Federal Reserve Board.[103] Exporting gold was precisely what Roosevelt adamantly told reporters on July 5 he was not prepared to do, and was in fact a major reason behind all of his rejections and the "bombshell."

More information from the President added details. When Moley saw him for the first time on July 14, Roosevelt offered words of personal encouragement. But "he seemed delighted with the acclaim the newspapers had given to the July 2nd statement. This was all he seemed to be able to see in the picture." FDR also remarked that he had "carelessly misread" the joint declaration and thought that Hull had sent it, which Moley doubted. Three days later Roosevelt, in the presence of both Douglas and Moley, "laughing rather sheepishly," revealed that he had secretly ordered the FRB to export gold if the pound went above $4.86. The crowning blow, Moley could not resist sarcastically remarking: "The only trouble is that I was ten days too early."[104] Years afterward Douglas recounted the conversation to which Warburg had referred. After some presidential urging, the Budget Director stated his opinion on the "bombshell": "If you deliberately set out to cast the die for war, you succeeded." Why? Because he had torpedoed the last chance to reconstruct the first two of three pillars of the old world order: free trade, a common currency, and the British fleet. Intense nationalism and world war would surely result. FDR was thoughtful for a moment.

"Lew, I think you are seeing ghosts under the bed."

"Well, Mr. President, perhaps I am; but I am going to leave this verdict to history."[105]

Why then did Roosevelt bomb the London Conference? Was it as James Farley professed, that FDR saw it as a "great international plot" of bankers against him? Farley later wrote that the President once told him that J. P. Morgan's Company had put Swope on the delegation so that he could influence Moley, who presumably in turn worked for stabilization in the interests of international bankers.[106] Such a report would be more credible if Frankfurter had not endorsed Moley's recommendation of Swope as early as April. Swope had been considered for two months, even though FDR did not issue the formal invitation until June 16.[107] But historian Herbert Feis has expressed it better. Is it not possible that the President believed the gold bloc countries working hand in hand with the "international banking houses" were trying to force his hand to jettison national for international recovery measures?[108] Is this view not supported by the language of the July 2 message--that the "fetishes of so-called international bankers" were being replaced by a nation's "sound internal economic system"? Superficially, some evidence supports this view. But upon closer inquiry, most of the evidence points toward domestic economic and political reasons being behind the "bombshell." The rhetoric about bankers can be dismissed as just that: rhetoric to disguise true domestic reasons, just as rhetoric from the inaugural about "money changers" disguised a willingness to work with bankers to surmount the banking crisis. Rather, FDR's true views on banking were revealed in his equivocal handling of FDIC.

Roosevelt based his June 30 statement upon his assumption that stabilization was at issue. In doing so, he used the Swope memorandum plus some tangential reasoning. It was clearly a rejection, whether or not it made sense. On June 20 he had simply stood on his rejection of the 17th. And the July 2 message essentially enlarged upon the same substance of two days earlier.

Then why bother to send a second message, restating the first in more offensive language? First, he believed the issue was stabilization, confirmed by his July 5 press conference. Second, he believed stabilization posed a threat to domestic recovery. But so did Swope, Moley, and Baruch, who put their views in writing. There are other clues to the reasons for the "bombshell." First, the only messages of import that the President received from New York and London between June 30 and July 2 were various recommendations for acceptance of the joint declaration, including the Baruch group's advice to revive the Sprague plan. Also, both before and afterwards, Roosevelt considered press reports of his and the delegation's avowedly American position as being strongly favorable, a view which he reached by ignoring Eastern papers like the _Times_.[109] Third, he deliberately rewrote the July 2 statement for the public (it could be released as a "White House statement" if the delegation preferred), while he specified that the June 30 rejection was only to form the "basis" of a policy statement.[110] And fourth, the "bombshell" conspicuously lacks both the paraphrase of the Swope memorandum and the strange reasoning found in the June 30 rejection, instead stating broad principles and urging that the WEC go on to the larger program.

Roosevelt was impelled to go "on the record" on July 2 to make public his basic purposes of protecting national recovery and price-raising. To protect and supplement these he bombed once and for all both what he saw as the negative stabilization issue, and the monetary and fiscal advisers who were recommending it. Due to his peculiar temperament, he found it easier to repudiate subordinates by privately writing a message--even though it would be released to the world--than to confront loyal (but now erring) subordinates directly. Moley, his most trusted policy adviser and an avowed intranationalist, seemed to have failed him. As Roosevelt now saw it, Moley and the New York advisers had switched. They were all recommending stabilization. This was not only bad advice, but worse; it would be unpopular at home. Europe could not be allowed to push Uncle Sam around, as FDR told the four special correspondents on June 30. This session occurred even before he dropped the same news on his advisers, whose pleas and endorsement came in late on the 30th and on July 1. The rejection had to be rewritten, therefore, and rewritten both to leave no doubt of the President's position and also without the Swope memorandum and the turgid reasoning, lest Moley have time to recognize this source and once more urge acceptance. The President simply sat down that Sunday afternoon and produced his own message. The Conference and the advisers were bombed.

There were other reasons. Roosevelt's personal distress may have contributed, particularly to the message's harsh tone. But poor style should be no surprise because he seldom wrote his own state papers or messages. No doubt Howe's anti-stabilization influence also played a part, although doubtless less than the forces already mentioned and less than other advisers would ever believe. By late June, for example, Moley, Warburg, and Douglas each resented, for different reasons, what they considered Howe's meddling in policies about which he knew nothing. The Budget Director had been most recently affected. In the case of the CCC kit scandal, Warburg recorded, Howe had tried to humiliate Douglas "and had not hesitated to misrepresent the truth to the Senate Committee."[111] All three advisers were prepared to blame Howe.

What was the domestic effect of the "bombshell"? Having discredited some of Roosevelt's moderate and conservative monetary and fiscal advisers, it led toward monetary experimentation. In fact such experimentation may have been cause and effect, since the Thomas amendment laid the groundwork. In any event, it openly encouraged economists like Fisher, Warren, and Rogers to espouse their unorthodox ideas at the White House. Evidence about this effect comes from the sub rosa conversations during late July as Douglas and Warburg agreed, with the full backing of Moley, Acheson, and others, to "rally the conservative element and make a great effort [so] that we can beat off the commodity dollar boys and the out-and-out inflationists and save the situation once more."[112] Also, it was not until then that Douglas privately admitted a balanced budget was no longer possible, because he realized the President now leaned toward the liberal spending and public works ideas of advisers like Tugwell.[113] Thus, the "bombshell" resulted in Roosevelt's inclining toward more liberal monetary and fiscal advisers. In its own way, this devastating message also epitomized the Rooseveltian mind in action in foreign affairs, a culmination of his methods to improvise and muddle through during the Hundred Days, with the primary emphasis always on domestic affairs and political considerations. Indeed, with this message FDR illustrated his mettle in the handling of foreign policies just as his handling of the congressional revolt had for domestic policies.

CHAPTER IX

THE HUNDRED DAYS

"The choices before the nation when Mr. Roosevelt came into office," concluded Ernest K. Lindley in the fall of 1933, "were chaotic social upheaval, a big business dictatorship along Fascist lines, or an orderly readjustment within the framework of democratic institutions." Although Lindley did not know whether the "Roosevelt Revolution" would succeed when he published his perceptive book, he realized that FDR had preserved the democratic alternative--scarcely an insignificant undertaking within the context of the times. Historian Arthur M. Schlesinger, Jr., outlined Roosevelt's achievements by June 16:

> This was the Hundred Days; and in this period Franklin Roosevelt sent fifteen messages to Congress, guided fifteen major laws to enactment, delivered ten speeches, held press conferences and Cabinet meetings twice a week, conducted talks with foreign heads of state, sponsored an international conference, made all the major decisions in domestic and foreign policy, and never displayed fright or panic and rarely even bad temper.

Political scientist James MacGregor Burns found many orderly continuities with the past, and many inconsistencies among Hundred Days' policies--between strengthening the government for social betterment while reducing its cost, between spending for public works and saving with the Economy Act, between the humanitarianism of federal relief and the miserliness of the veterans cuts. But he nevertheless pointed out that FDR had cast himself "as the man of action, as the experimenter, as the quarterback, and consistency was a small virtue." In essential agreement, historian William E. Leuchtenburg observed: "The nation, at last, had found a leader."[1]

Yet these are only outlines stressing the fact of leadership. The histories of scholars like Schlesinger, Burns, and Leuchtenburg did not really come to grips with Roosevelt's involvement in the Hundred Days. The political forces, the economic and social milieu, the intellectual context--all are explored, particularly by Schlesinger. But Roosevelt the politician, the leader, and particularly the policy-maker, is too often lost in the maze of legislation, programs, anecdotes, quotes. Yet he was the center of attention. The Hundred Days and the early New Deal would have been different without him. As historian T. Harry Williams has written about Huey Long, the times were right for a strong and vigorous leader of the stature that Roosevelt proved to be. But Roosevelt did not have to be that leader; nor did his leadership have to manifest itself the way it did. He was hardly inevitable. And few would have believed in 1932 that he would show the signs of greatness that he had by mid-1933. Indeed, historian Frank Freidel concluded that by election night: "Most of his friends expected no more of him than that he would be a good President."[2] But they discounted FDR's capacity for growth.

Several themes concerning Roosevelt and the Hundred Days are particularly significant because they have received too little historical treatment. The overriding theme of this period is his growth into the presidency, a growth culminated in domestic affairs by his struggle in June over veterans compensation and governmental economies, and in foreign affairs by his July 2 "bombshell" message to the World Economic Conference. This central theme is interrelated with and illustrated by three sub-themes. First, he achieved this gradual growth through the use of important advisers like Raymond Moley, Lewis Douglas, James Warburg, and others. Second, FDR realized from the beginning the importance of "action, and action now." Thus he constantly led toward a viable, although inconsistent, domestic program, a program reflecting more fiscal conservatism than has been generally acknowledged. And third, he gave foreign policy a lower priority than his domestic policies. This resulted in less-well developed, even improvised, efforts toward international recovery and the unsuccessful London Conference. All of these embody Roosevelt's growth into the presidency, a growth uneven at best but which ultimately produced a great leader.

The first sub-theme is that Roosevelt relied heavily upon trusted advisers, notably Raymond Moley. From the election through the WEC, the professor was FDR's most influential adviser on a broad range of policies. Moley primarily handled the war debts and the WEC preparations, intervening in such domestic matters as securities, inflation, industrial recovery, and personnel recommendations. Above all, he drafted or wrote virtually every presidential special message, speech, and statement, and the inaugural--excluding only the first major radio broadcast and the AAA message. Throughout this period he counselled for practical action and intranationalism, the moderate policy of having countries coordinate their nationalist domestic recovery programs. In all of these he excelled. But Roosevelt erred in placing him officially within the hierarchy of the State Department. For Moley was neither temperamentally nor ideologically suited to cooperate with weak leaders like Cordell Hull. Moley should have been in the White House, serving as a presidential administrative assistant--which in fact he was. But whatever the professor lacked in temperament, he more than replaced by solid achievements. He was the President's right-hand man in policy matters, helping his chief over the period of transition into the presidency. If he had possessed the personable manner of Douglas, Moley might well have been an official New Deal fixture long after mid-1933. As it was, he served FDR loyally and well. In return he learned, as he later ironically put it, that "kings cannot err," that his chief could not and would not return the loyalty.[3] But in serving, Moley set the precedent for future presidential assistants, an indispensable element in modern presidential leadership.

Roosevelt also depended heavily upon Lewis Douglas, although the former congressman's position as Budget Director was more secure than Moley's Assistant Secretaryship. Douglas handled or supervised all matters of fiscal policy, particularly economy in government, and helped plan and organize agencies like CCC. Fully supported by FDR, Douglas carried out the President's fiscally conservative views as they affected almost every piece of legislation. That Roosevelt lagged behind liberal congressional leaders and some members of the administration on spending for public works and relief (even for pump-priming), that he held the line on economies, and that he pursued orderly spending and budget balancing, are points too often overlooked concerning the Hundred Days. On public works, for example, he and Douglas delayed as long as possible; and when works were linked to NIRA, they insisted that works be financed by increased taxes and long-range federal borrowing. And on June 16 Roosevelt placed suspicious, secretive Harold Ickes rather than impulsive Hugh Johnson in charge of works, knowing that Ickes' caution would mean slow progress. Indeed, in fiscal policy the only major difference between Hoover's administration in 1932 and Roosevelt's in 1933 was that the New Deal was forced to drop the annually balanced budget as a policy goal in order to finance emergency programs, thus the advent of the "emergency," or dual, budget. But FDR still believed in the balanced budget as a policy goal until at least 1937.[4]

Roosevelt would experiment with liberal or progressive legislation; but he would not experiment with either the administration of new agencies (created by such legislation) or with what he considered to be essential to protect the credit of the U.S. government. The evidence indicates that he placed AAA first on his scale of political and economic importance, followed by the Economy Act and then NIRA. In fact, if the Senate had not persisted with the thirty-hour week and if farm credit enthusiasts and inflationists had not stalled AAA, Congress might well have adjourned in late April (FDR temporarily hoped for adjournment by the 25th[5]) without passing industrial recovery, public works, or railroad legislation. Douglas' stellar liaison and advising during June helped the President climax the struggle for the early New Deal, although they were forced to compromise on governmental economies. Had Douglas' viewpoints been as politically flexible and wide-ranging as most of Moley's, he too would likely have been an influential New Dealer along after the London Conference. And had the early New Deal moved toward compensatory spending and an enlightened taxing policy to stimulate recovery and consumer purchasing power, the general recovery which Roosevelt sought probably could have been achieved during his first administration.

Roosevelt also relied upon James Warburg, but only for monetary policy, and not so heavily as with either Moley or Douglas. An internationalist, advocate of a revised gold standard and an ingenious debt settlement scheme, Warburg almost singlehandedly formulated the American WEC agenda. In addition, he carried the diplomatic burden in the experts' negotiations during April and May. Unable to get a lasting commitment on currency stabilization from FDR, his hopes for a sound national and international monetary policy were dashed by the June 17 and 30 rejections, then exploded on July 2. The President wanted a domestically managed currency which--while not knowing how to achieve it--he sensed would help general recovery. Monetary expert Sir Frederick Leith-Ross later concluded:

> Looking back on the President's policy in the light of hindsight, I feel that, considering how little experienced financial advice he had, the atmosphere of muddle and improvisation that ruled in Washington and the political difficulties he had to face with Congress, the President succeeded in taking the right decisions for the wrong reasons. He was, in fact, pioneering the policy of a managed currency.

But that was only part of Roosevelt's motivation. International monetary problems "bored the hell" out of FDR, Warburg remembered, and he would not take them seriously:[6]

> He wasn't interested in economics and particularly not monetary economics. And yet it exercised a curious kind of fascination for him. He didn't like it and yet he felt there ought to be a trick in this area which he didn't like by which the whole thing could be juggled into place. You always felt that you were dealing with a fellow who had an exaggerated idea of what could be accomplished through fooling around with money, and who lacked the patience to let you sit down and tell him why you couldn't fool around with money.

Characteristic of Roosevelt, he enjoyed the company and advice of Warburg. Warburg was not only personable, witty, and articulate, but he espoused the kinds of policies that the President hoped could be achieved--so long as they did not conflict with domestic recovery. Had the debts imbroglio been settled by June 15, for example using the "Bunny," it is entirely possible that Warburg's monetary program could have been more successful in London. But recovery and the raising of prices did not come quickly; and once FDR ordered the implementation of AAA and NRA and once his exhortations for international recovery evidently had failed to secure European cooperation, Warburg's advice became expendable. While Moley bore the personal brunt of the "bombshell," Douglas and Warburg lost their positions of primary influence. But neither was inevitable.

While Moley, Douglas, and Warburg played crucial parts in the Hundred Days, Roosevelt used a plethora of lesser but still important advisers on the muliplicity of issues facing him. Louis Howe, doubtless a major influence on appointments, patronage, and politics in general, had little to do with policy. The exceptions were his work with CCC's implementation and his urging of the anti-stabilization decision of June 29-30, although contemporaries exaggerated his impact on both. Henry Morgenthau was the principal adviser on credit. But as yet he lacked the stature and the versatile expertise of the others. Rexford Tugwell's activities were confined primarily to AAA, the Agriculture Department, a new food and drug bill, and preliminary WEC talks. But there is little evidence that he was as close or influential with Roosevelt as he would be during 1934 or 1935. On the contrary, Tugwell's liberalism has caused like-minded historians to exaggerate his importance prior to 1934. And Adolf Berle, the third member of the 1932 Brains Trust, had little connection with FDR's activities during 1933.[7]

Roosevelt used advisers for several reasons. He needed them. Not only was he imperfectly informed on many policy issues, as Presidents perforce are, he preferred to get his advice orally from trusted subordinates. Those were crucial features of his modus operandi during 1933. Hence any approach to Roosevelt and the early New Deal which fails to focus on key advisers is incomplete. Advisers generally helped FDR by presenting him with more clearly defined choices for decision. They helped spell out issues, public opinion, alternatives, consequences, and more. His own sense of intuition and of congressional and public opinion aided him in making the final decisions. Haphazard, improvised, or casual, he nevertheless proved highly successful. But within the yearning, demanding social milieu of the times, any decision for action was more acceptable than one for inaction--particularly in domestic policy. Roosevelt could hardly fail, unless he lacked political finesse and instincts. He lacked neither.

The second sub-theme is the importance of Roosevelt's domestic New Deal in reviving the economy as well as public confidence in the governmental, even the democratic, system. He realized by March 4 that "action, and action now" was the only alternative. Prosperity was never around the corner, and attempts to ballyhoo its return without decisive legislative and federal government action would cast him in Hoover's image. So FDR acted. He had Douglas' Economy bill ready to submit by March 10, having launched his CCC idea a day earlier.

Legalized beer gave time to formulate AAA and CCC. Federal relief, securities, farm mortgage, TVA, and home mortgage bills all followed by mid-April. Only the railroad bill and NIRA remained, and these were submitted in May--once an early adjournment proved impossible. The Glass-Steagall Banking Act with FDIC became a quasi-administration measure by chance, not choice. But Roosevelt had grasped the significance of _a_ New Deal. It gave him a program. Proposing and legislating it gave him leverage with the public, Congress, vested interests, and pressure groups. He made the most of this leverage.

Although parts of his program were inconsistent, one striking feature of the early New Deal was its acceptability, even to conservatives. The March 9 Emergency Banking Act was hardly a New Deal law, and it was almost unanimously supported by both parties. The Economy Act passed because of Republican votes. Democrats in Congress would have legalized beer if FDR had not led. AAA would likely have been legislated without Roosevelt, Wallace, or Tugwell; it had been formulated by January. FERA differed little from Hoover's mid-1932 federal relief policy. Farm credit was immensely popular by the interregnum, and Morgenthau and W. I. Myers had to outmaneuver the opposition to succeed with their program. HOLC was built upon the foundations of the Federal Home Loan Bank passed under Hoover. Senator Robert Wagner's associates produced almost all of NIRA. And the climate of business and other opinion was such that industrial recovery had become acceptable to any administration seeking business support. Finally, the Railroad Act was the ambiguous result of ideas mulled over within that industry since 1920.

In other words, consider the difference for the Hundred Days if a conservative like Bernard Baruch--or any of the 1932 Democratic contenders, like Alfred E. Smith, John Nance Garner, or Newton D. Baker--had been President and had to accept or reject the laws that were passed. Baruch, for example, would probably have approved all of Roosevelt's early New Deal except CCC (assuming somebody else proposed it), TVA, the Thomas amendment, and the gold clause abrogation. Speculation aside, however, FDR did act. He did lead, often spectacularly. And his radio talks, press conferences, speeches, conferences, and key advisers cannot be subtracted from the equation.

The other striking feature of the early New Deal, which led to its acceptability, was its continuity with the past. Precedents with the Hoover years and before abound. In addition to the legislation which conservatives could have accepted, even TVA was not new as Senator George Norris and others had advocated some of its leading features throughout the 1920s. NIRA had precedents from wartime and later. In fact, as James MacGregor Burns pointed out: "The Square Deal, the New Freedom, the New Nationalism, the associational activities of the 1920s, all elbowed one another in uneasy intimacy."[8] The change or the revolutionary aspect of the New Deal came with its enactment. The federal government had finally acted, and decisively. But that continuity surpassed change is hardly surprising. Reform movements do not emerge from voids. Was the early New Deal evolutionary, or revolutionary? Observers like Ernest K. Lindley saw a "Roosevelt Revolution" because they saw decisive federal action. Precedents were sometimes overlooked by those who emphasized "revolution." Striking legislative change, fostered by a presidential image of action, led people to believe in a preponderance of change. Since what is believed is often more important than the objective situation, a continuing but pointless controversy ensued over evolutionary or revolutionary.

Part of the early New Deal's significance is, therefore, that Roosevelt persisted in securing its rapid enactment. Action combined with leadership restored confidence. And it resulted in FDR being widely accepted as the leader. He had mastered the moment and the crisis. He boldly declared that the only thing to fear was "fear itself"; and by June, the New Deal had proven the rhetoric of March.

There are several other important points about the Hundred Days and the origins of the early New Deal. Obviously there was no overall plan. It was primarily a rescue operation, and improvisation played a crucial part. Many of the laws, notably NIRA and FDIC, did not originate with the White House. Collaboration, compromises, amendments, diverse and conflicting advice--all played their parts, and all came from throughout the administration and from the Congress.

Obviously the 73rd Congress was no "rubber stamp"--a cry raised at the time by Republicans, who found themselves outnumbered on party-line votes. While some measures were regarded as experimental or temporary, AAA and the Railroad Act for examples, Roosevelt endorsed them because of the need for action. Some of the laws were forced upon FDR, particularly NIRA, although the Thomas amendment--which he personally favored--he would likely have originated himself, had that been politically possible. Clearly the early New Deal was not homogenous. Relief, recovery, and reform are often cited. But in practice the three "r's" were hard to distinguish. Doubtless reform was the least important of the three, except in the Securities and the Glass-Steagall Acts. On the whole, Roosevelt's program was a practical attempt mostly by practical-minded people to turn the corner of the depression. General recovery was their rationale; immediate relief was their primary objective.[9]

The third sub-theme is that Roosevelt necessarily relegated foreign policy to a second priority during the Hundred Days. He had spoken about this during the campaign (but not publicly) and the interregnum, finally committing himself on January 20 at the second White House confrontation. He and Moley wrote this priority into the inaugural, and FDR reiterated it during their March 18 conversation. While Roosevelt wisely realized that he needed diverse and wide-ranging advice on domestic policies, he inclined away from that same need in foreign policy. Depending primarily on those like Moley, Warburg, and Bill Bullitt, and with less time to spend, he played it by ear. War debts were of primary importance. But owing to the intransigence of the debtor countries--who, like Britain, properly considered that debts should be written off in repayment for their wartime contributions[10]--little possibility existed that the semi-annual June 15 installment would be paid. Aside from debts, Roosevelt and Moley concentrated largely upon WEC preparations. But their work, like their thinking, reflected appearances of sloppiness. Thus FDR improvised an American program (with Warburg's drafting), an American delegation, the Moley mission, and the June 30 rejection. Yet in the end, Roosevelt succeeded in protecting domestic recovery. Following Moley's intranationalist views throughout, he refused to accept any semblance of commitment to what he interpreted to be stabilization. He therefore rejected the "proposed declaration" for the wrong reasons. But, not knowing this, he doubtless knew that American opinion on the whole would applaud his decision. Uncle Sam for once had outmaneuvered John Bull and the Europeans. But this point having been made, he reaffirmed it in peculiarly Rooseveltian terms in the "bombshell." If economic nationalism and domestic-first were the order of the day, this message was not. It was Roosevelt at his worst. It was an unfortunate climax to a Conference doomed to limited success, if not failure. Scarcely a "good neighbor" policy, the message blasted hopes for international economic cooperation in incalculable ways.

While the domestic program evidenced continuity primarily, the foreign policy program demonstrated more change. Roosevelt's keynote was intranationalism. He veered away from the internationalism of the preceding administration, although the speeches and statements of Hull incorrectly implied the opposite. Backed by Moley, on debts, FDR insisted at least upon partial payment, at most on the Warburg scheme. Hoover's moratorium would not be renewed. On international recovery, FDR exhorted other nations to stabilize currencies, lower trade barriers, and attempt price-raising--although he conveniently refused to define these before the Hundred Days ended. Actually, price-raising was the only one which he fully contemplated and which he carried through. Indeed, it survived because it was an integral part of the domestic program. In terms of continuity, his disarmament program resembled that of Hoover, as did the "good neighbor" policy. But in the inaugural, Roosevelt had stated his practical policy of "putting first things first." Domestic recovery, therefore, would have to precede international recovery, at least at this point in time. So in June, having thus far delayed most of the foreign program in order first to secure passage of the domestic program, the congressional revolt led him to sacrifice debt authority, the reciprocal trade bill, and the St. Lawrence Treaty. Leading Congress on the domestic program proved far more politically possible than leading on the foreign program, particularly with the Senate.

When the President torpedoed the London Conference on July 2, he culminated his growth into the presidency in foreign affairs. In effect, he declared independence from any one coterie of personal advisers. Or from another viewpoint, he reopened his approaches to Hull and State. This domestic-first priority would make foreign policy the stepchild of the New Deal until 1938.

Considering the close personal advisers, the crucial domestic program, and the domestic-first priority, what is the uniqueness of Roosevelt during the Hundred Days? How did his key advisers evaluate him, then and later? While noting that FDR was not the source of the New Deal's ideas, Moley nevertheless later commented: "It detracts nothing from the greatness of St. Paul to say that his comments upon Christianity were not original with him but were a compound of not only the teachings of Christ but many of the traditional beliefs of the Hebrew people." Roosevelt, that is, proved to be a remarkable expositor of the New Deal.[11] Douglas later observed that he always had tremendous respect and affection for the President. "I should add that I have never said anything uncomplimentary about him personally. I was sometimes disturbed by the methods he used in arriving at decisions--but that is another matter."[12] Douglas was concerned more than most by FDR's unorthodox, intuitive approach. Warburg commented upon this approach and Roosevelt personally in a candid assessment written just before he departed for London in June:[13]

> The President has shown an amazing vigor, a complete imperviousness to fatigue or nervous strain, and extraordinary openmindedness and willingness to listen, and an almost inspired intuition, which at times has led him to do things which, on the basis of logic, seemed fantastic and yet have shown themselves to be correct. If he does not succeed it will be because the bad advice he receives outweighs the good. He is, if anything, too accessible and there are too many people taking advantage of this accessibility.

Roosevelt's continual growth as a leader, his advisers, his New Deal, his policy priorities--all these and more had restored national confidence by July 1933, when he broadcast his third major radio speech. Summarizing the historic "hundred days," he breezily asserted that all of the legislation since March 4 had been "the orderly component parts of a connected and logical whole." Ranging over the value of everything from the Economy Act to the Industrial Recovery Act, for which he asked national support and cooperation, he again expressed his philosophy that only fear itself was the enemy. Putting it in common language, he told the story of how Andrew Jackson--"'Old Hickory'"--would have gone to heaven if he wanted to. "If I am asked whether the American people will pull themselves out of this depression, I answer, 'They will if they want to.'"[14]

Of course it would take more than persuasive rhetoric, more than courage and desire to end the depression. But the Hundred Days and Franklin Roosevelt had gotten America on its way, because the question of leadership had been resolved. And the new leader had a New Deal foundation to build upon. But the crucial questions remained. Would Roosevelt, could Roosevelt, lead boldly enough toward achieving real recovery, toward a significant restructuring of the economic order, toward a genuine concert of interests?

NOTES

NOTES

All dates cited are 1933 unless otherwise indicated.

Abbreviations used throughout are:

The Franklin D. Roosevelt Library's files are cited without the name of the Library. These files are:

- OF -- Official File
- PPF -- President's Personal File
- PSF -- President's Secretary's File
- PC -- Press Conference

Locations of collections of papers (Mss) at other institutions are given only on the first full citation, and in the bibliographical essay.

LC is the Library of Congress.

NA is the National Archives; RG is Record Group.

COHC is Columbia's Oral History Collection.

PPA: 1933 is Samuel I. Rosenman, ed., *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. II, *The Year of Crisis, 1933* (New York: Random House, 1938).

PL: 1928-45 is Elliott Roosevelt, ed., *F.D.R.: His Personal Letters*, Vol. III, *1928-1945* (N.Y.: Duell, Sloan, 1950).

FR: 1933 is Department of State, *Foreign Relations of the United States: Diplomatic Papers*, 1933, Vol. I, *General* (Wash., D. C.: U. S. Government Printing Office, 1950).

FDRFA: 1933-34 is Edgar B. Nixon, ed., *Franklin D. Roosevelt and Foreign Affairs*, Vol. I, *January 1933-February 1934* (Cambridge: Harvard U. Press, 1969).

British Foreign Policy: 1933 is E. L. Woodward, ed., *Documents on British Foreign Policy, 1919-1939*, Second Series, Vol. V, *1933* (London: H. M. Stationery Office, 1956).

All other published works are cited in full only the first time, and thereafter a shortened form of the title is used.

CHAPTER I (pages 1-7)

[1]Time, The Weekly Newsmagazine, XX, June 26, pp. 9-10; The New Republic, LXXV (June 28), 167, italics added.

[2]FDR first publicly used this term in his third major radio broadcast on July 24; see PPA: 1933, 295. The term "fireside chat" did not come into use during the Hundred Days.

[3]Literary Digest, CXVI, July 1, pp. 3-4; Ernest K. Lindley, The Roosevelt Revolution: First Phase (N.Y.: Viking, 1933), ch. 11; James P. Warburg Journal, May 30, in Warburg COHC. Also see Time, XXI, June 19, p. 11, on adjournment.

[4]Time, June 26, pp. 9-14; Arthur M. Schlesinger, Jr., The Age of Roosevelt, II, The Coming of the New Deal (Boston: Houghton Mifflin, 1958), ch. 1; Lindley, Roosevelt Revolution, pp. 164-6.

[5]Grace Tully, F.D.R.: My Boss (Chicago: People's Book Club, 1949), pp. 76-7; Eleanor Roosevelt, This I Remember (N.Y.: Harper, 1949), p. 84; A. J. Wann, The President as Chief Administrator: A Study of Franklin D. Roosevelt (Wash., D. C.: Public Affairs Press, 1968), pp. 32-7.

[6]Ross T. McIntire, White House Physician (N.Y.: Putnam's, 1946), pp. 65-72.

[7]Raymond Moley, After Seven Years (N.Y.: Harper, 1939), pp. 166-8, and Moley Diary, June 16, in Moley Mss, Hoover Institution, Stanford, Calif.; interview with Lewis W. Douglas, Feb. 1970, Tucson, Ariz., and Douglas to FDR, FDR to Douglas, both June 16, OF 285-C; Dean G. Acheson, Morning and Noon (Boston: Houghton Mifflin, 1965), pp. 164-5; Rexford G. Tugwell, The Brains Trust (N.Y.: Viking, 1968), pp. 30-1.

[8]Alfred B. Rollins, Jr., Roosevelt and Howe (N.Y.: Knopf, 1962), pp. 381-401; Edward J. Flynn, You're the Boss (N.Y.: Collier Books, 1962 ed.), p. 159; "Unofficial Observer" [J. F. Carter], The New Dealers (N.Y.: Literary Guild, 1934), pp. 216-33; Patrick Anderson, The Presidents' Men: White House Assistants of Franklin D. Roosevelt . . . Lyndon B. Johnson (Garden City, N.Y.: Doubleday Anchor, 1969 ed.), pp. 12-23, 64-74; Tully, F.D.R., pp. 150-4; Samuel I. Rosenman COHC, pp. 107-10.

[9]Tully, F.D.R., pp. 77-8. See e.g., McIntyre memo for FDR, March 17, White House (W.H.) memo, March 31, April 3, 7, W.H. memo for FDR, April 12, W.H. memo for McIntyre, April 20, 9:30 a.m., W.H. memo for FDR, May 25, 4:15 p.m., all OF 259, and FDR memo to McIntyre, May 3, OF 503.

[10]FDR memo for Navy Secretary Claude Swanson and War Secretary George Dern, April 3, and their replies, both April 7, and FDR to Dern, April 25, Dern to FDR, April 29, Swanson to FDR, May 2, FDR to Swanson and Dern, May 3, and FDR to the 48 governors, May 5, all OF 52.

[11]Harold L. Ickes, The Secret Diary of Harold L. Ickes: The First Thousand Days, 1933-1936, I (N.Y.: Simon & Schuster, 1954), 9, 14, 16, 19, 23, 26, 33-4, 37, 40, 45-6, 48, 53; PC #7, March 29, #25, May 31.

[12]Henrietta Nesbitt, White House Diary (Garden City, N.Y.: Doubleday, 1948), pp. 34-5.

[13]See N. Y. Times, June 1-17; Warburg Journal, May 15, 10:00 a.m.; E. Roosevelt, Remember, p. 117.

[14]James Roosevelt and Sidney Shallett, Affectionately, F.D.R.: A Son's Story of a Lonely Man (N.Y.: Harcourt, Brace, 1959), pp. 254-5.

[15]J. F. T. O'Connor Diary, June 16, in O'Connor Mss, U. of California, Berkeley.

[16]N. Y. Times, June 17.

[17]William E. Dodd, Jr., and Martha Dodd, eds., Ambassador Dodd's Diary, 1933-1938 (N.Y.: Harcourt, Brace, 1941), pp. 3-6.

[18]PPA: 1933, 256; N. Y. Times, June 17.

[19]Frances Perkins, The Roosevelt I Knew (N.Y.: Harper Colophon, 1964 ed.), pp. 201-4, 275-6; Ickes, Diary, I, 53-5; PPA: 1933, 247-50, for texts of orders.

[20]Ickes, Diary, I, 37, 48, 51-2.

[21]PC #30, June 16; N. Y. Times, June 17; Moley, The First New Deal (N.Y.: Harcourt, Brace, 1966), pp. 427-9, and Moley Diary, June 16, and Sprague cable to Woodin, June 16, 5:22 p.m., Moley Mss, Box 48.

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[22]Rexford Tugwell, "Notes From A New Deal Diary," May 6, Tugwell Mss, Roosevelt Library (hereafter cited as Tugwell Diary).

CHAPTER II (pages 20-31)

[1]Interviews with Raymond Moley, March 1970, N. Y. City, and Moley, Seven Years, p. 165, Moley, 27 Masters of Politics: In A Personal Perspective (N.Y.: Funk & Wagnall's, 1949), p. 176.

[2]Frank Freidel, "Foreword," pp. vii-xiv, in Moley, New Deal, and Moley's "Autobiographical Note," pp. 11-18, in ibid.; Moley, "Statement," Dec. 2, 1970, Moley Mss; Moley to George Creel, Feb. 25, Moley Mss, Box 8. On the function of and Moley's part in the Brains Trust, see e.g., Frank Freidel, Franklin D. Roosevelt, III, The Triumph (Boston: Little, Brown, 1956), 264-7, 272, 317-18, 368-9; and Rollins, Roosevelt and Howe, pp. 331-2.

[3]Lindley, Roosevelt Revolution, pp. 298-300; Arthur M. Schlesinger, Jr., The Age of Roosevelt, I, The Crisis of the Old Order (Boston: Houghton Mifflin, 1957), 398-400. Schlesinger's mention of Moley's "interior stresses" is undocumented, but it evidently came from the Warburg COHC--the reminiscences portion rather than the journal.

[4]Louis B. Wehle, Hidden Threads of History: Wilson Through Roosevelt (N.Y.: Macmillan, 1953), pp. 115-17; J. Roosevelt, F.D.R., pp. 231-2; Freidel, Triumph, pp. 248-9; Tugwell, The Democratic Roosevelt: A Biography of Franklin D. Roosevelt (Garden City, N.Y.: Doubleday, 1957), p. 222. On FDR's development and career, also see Freidel's Vols. I and II, The Apprenticeship and The Ordeal (Boston: Little, Brown, 1952-4); Rollins, Roosevelt and Howe, parts I-IV; and James MacG. Burns, Roosevelt: The Lion and the Fox (N.Y.: Harcourt Brace, Harvest Books, 1956), parts I and II.

[5]Freidel, Triumph, pp. 368-9; Schlesinger, Old Order, pp. 454-5.

[6]Tugwell Diary, Dec. 20, 1932.

[7]Eliot A. Rosen, "Intranationalism vs. Internationalism: The Interregnum Struggle for the Sanctity of the New Deal," Political Science Quarterly, LXXXI (June, 1966), 274-97.

[8]Tugwell Diary, Dec. 20, 1932.

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[9]Anderson, Presidents' Men, p. 28; Moley, Seven Years, pp. 72-7; Rosen, "Intranationalism," pp. 278-80; Herbert Feis, 1933: Characters in Crisis (Boston: Little, Brown, 1966), pp. 35-7.

[10]Interview with Moley, April 1970; Tugwell Diary, Dec. 23, 1932.

[11]Moley, Seven Years, pp. 79-84.

[12]Ibid., p. 84; Rollins, Roosevelt and Howe, pp. 367-9; Schlesinger, Old Order, pp. 450-2.

[13]Rosen, "Intranationalism," pp. 380-7; Feis, 1933, ch. 4.

[14]Tugwell Diary, Dec. 30, 1932, italics added.

[15]Interviews with Moley, Feb. 1970, Palo Alto, Calif., and March and April, 1970, N.Y.C. The Diary runs from Jan. 1 to July 31, 1933, and a typewritten version is in the Moley Mss.

[16]Moley Diary, Jan. 3.

[17]Rosen, "Intranationalism," pp. 287-90; Feis, 1933, chs. 6-7.

[18]Moley Diary, Jan. 18, italics in original. See J. Roosevelt, F.D.R., chs. 5, 7, 15, e.g., p. 236.

[19]Moley Diary, Jan. 21.

[20]Ibid., and Jan. 22; Rosen, "Intranationalism," pp. 292-4; Feis, 1933, ch. 8; Tugwell Diary, Jan. 22.

[21]Moley Diary, Jan. 21; Tugwell Diary, Jan. 22.

[22]Tugwell Diary, Jan. 31.

[23]Moley Notebook, Jan. 19, in Moley Mss, and Moley Diary, Jan. 21.

[24]Moley Diary, Feb. 2.

[25]Moley Notebook, Feb. 3; brackets in original, but italics added.

[26]Statement of duties, n.d. [Feb. 3], in Moley Mss, and Moley, Seven Years, pp. 114-16.

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[27]Moley Diary, Jan. 11. Also see Moley, New Deal, chs. 5-6.

[28]Moley Diary, Jan. 27.

[29]Ibid., and Moley, New Deal, pp. 80-3; Rixey Smith and Norman Beasley, Carter Glass: A Biography (N.Y.: Longmans, Green, 1939), ch. 23.

[30]Moley Diary, Jan. 31.

[31]Ibid., Feb. 14.

[32]Ibid., Feb. 21.

[33]Moley, Seven Years, pp. 111-12.

[34]Rollins, Roosevelt and Howe, pp. 370, 372-3.

[35]Moley Notebook, Jan. 27, and Diary, Jan. 31, and New Deal, pp. 89-91. Also see Julius W. Pratt, Cordell Hull, I, (N.Y.: Cooper Square, 1964), 9-12.

[36]Pratt, Hull, I, 9-12, 13.

[37]Moley, New Deal, ch. 7, is the first published and accurate account of the origins of the 1933 inaugural.

[38]Flynn, You're the Boss (1962 ed.), pp. 138-9.

[39]Moley, New Deal, pp. 99-112; William E. Leuchtenburg, Franklin D. Roosevelt and the New Deal, 1932-1940 (N.Y.: Harper Torchbook, 1965 ed.), pp. 30-40; Tugwell Diary, Feb. 13, 15.

[40]Moley Diary, Feb. 14.

[41]Moley Notebook, Feb. 27, and Diary, Feb. 28, and New Deal, pp. 113-14, and interviews with Moley, Feb. and March, 1970. The only recorded mention FDR ever made of Moley's collaboration was in a 1942 memorandum in which he recalled that during February 1933, when he was beginning to formulate the inaugural, he mentioned the term "good neighbor" in a discussion with Moley--and he said the latter immediately seized upon it as just the "right term" for the speech. See FDRFA: 1933-34, 20-1, note 1.

[42]Moley, New Deal, p. 115; James R. Kearney, Anna Eleanor Roosevelt: The Evolution of a Reformer (Boston: Houghton Mifflin, 1968), pp. 146-7, and notes. On the same tactic used in the 1932 acceptance speech, see Tugwell, Brains Trust, pp. 258-62.

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[43]FDR memo, March 25, 1933, Master Speech File 610, Roosevelt Library. The likely explanation of this memo, considering the closeness of the Roosevelt-Moley relationship in early 1933, is that FDR dictated it in 1939 or afterwards when Moley's After Seven Years was published, without any mention of collaboration on the first inaugural.

[44]Anderson, Presidents' Men, p. 11.

[45]Ibid., p. 29.

[46]Moley, Seven Years, pp. 117-18.

[47]Moley to Fred Charles, Feb. 24, Moley Mss; Moley Diary, March 1.

[48]Frankfurter to Moley, Feb. 26, Moley Mss, Box 11, italics added.

[49]Tugwell, Brains Trust, pp. 480-4.

[50]Lindley, Roosevelt Revolution, pp. 298, 304; Carter, New Dealers, pp. 325-6; George Creel, Rebel at Large: Recollections of Fifty Crowded Years (N.Y.: Putnam's, 1947), p. 273. Also see Creel's similar description in Collier's, XCL, June 17, p. 36.

[51]Schlesinger, Old Order, pp. 400-1; Freidel, Triumph, pp. 316-18, 354-5.

[52]New Republic, LXXV (June 21), 139-40.

[53]PPA: 1933, 13-14, italics added.

[54]Moley was not alone among those who shared certain Progressive ideals but who later broke with the New Deal. See Otis L. Graham, Jr., An Encore for Reform: The Old Progressives and the New Deal (N.Y.: Oxford U. Press, 1967), esp. pp. 39-43.

CHAPTER III (page 66)

[1]Jordan A. Schwarz, The Interregnum of Despair: Hoover, Congress, and the Depression (Urbana, Ill.: U. of Illinois Press, 1970), esp. pp. 230-8.

[2]Lindley, Roosevelt Revolution, pp. 47-8.

[3] *Ibid.*, pp. 304-8; Bernard Sternsher, *Rexford Tugwell and the New Deal* (New Brunswick, N.J.: Rutgers U. Press, 1964), p. 5, for poem, and chs. 2, 12; Carter, *New Dealers*, pp. 85-92.

[4] Tugwell, *Brains Trust*, pp. 422-3; Carter, *New Dealers*, pp. 91-2.

[5] Tugwell, *Brains Trust*, pp. 27, 139-40.

[6] Sternsher, *Tugwell*, chs. 6, 23; and Sternsher, "Tugwell's Appraisal of F.D.R.," *Western Political Quarterly*, XV (March, 1962), 67-79.

[7] Rollins, *Roosevelt and Howe*, pp. 371-5.

[8] Tugwell Diary, Jan. 21, italics added.

[9] *Ibid.*, Dec. 20, 1932.

[10] Sternsher, *Tugwell*, Chs. 5-7.

[11] Tugwell Diary, Dec. 25, 1932; also see Jan. 12, 31, 1933.

[12] *Ibid.*, Jan. 17.

[13] Moley, *Seven Years*, p. 95.

[14] Tugwell Diary, Jan. 23; Moley Diary, Jan. 23, 24; letter from L. W. Douglas, July 26, 1971.

[15] Moley Diary, Jan. 26; Schlesinger, *Old Order*, p. 451.

[16] Moley Diary, Jan. 27.

[17] Sternsher, "Tugwell's Appraisal," pp. 69-70.

[18] Tugwell Diary, Feb. 4, 6, 7, 12.

[19] *Ibid.*, Feb. 27, italics added.

[20] *Ibid.*, Feb. 10.

[21] *Ibid.*, Feb. 18.

[22] *Ibid.*, Feb. 26.

[23] *Ibid.*, Feb. 18.

[24] *Ibid.*, Feb. 15, and Dec. 29, 1932.

[25] Sternsher, *Tugwell*, p. 320.

[26] Anderson, *Presidents' Men*, pp. 38-9.

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[27]Tugwell Diary, Jan. 29. [28]Ibid., Jan. 31.

[29]John M. Blum, From the Morgenthau Diaries, I, Years of Crisis, 1928-1938 (Boston: Houghton Mifflin, 1959), 1-34.

[30]Schwarz, Interregnum, pp. 205-29.

[31]Blum, Morgenthau, I, 15-27, 35-40, 61; William I. Myers Oral History (OH), pp. 222-3, Cornell U.

[32]Moley, Seven Years, p. 84; Baruch to FDR, Dec. 15, 1932, Bernard M. Baruch Mss, Princeton U.; Myers OH, pp. 230-1, 237-8.

[33]J. Roosevelt, F.D.R., pp. 195-6; Marvin Jones COHC, pp. 481-3.

[34]Blum, Morgenthau, I, 39-40; M. L. Wilson COHC, 852-6; Myers memoranda I and II, both Dec. 3-4, 1932. William I. Myers Mss, in Myers' possession, Ithaca, N. Y. Myers later maintained that he and Morgenthau were "unenthusiastic" about production control legislation, but that "we did not oppose the bill at any time"; letter from W. I. Myers, Jan. 7, 1972.

[35]Myers OH, p. 245, and memorandum V, Dec. 29, 1932, Myers Mss; Tugwell Diary, Jan. 12.

[36]Myers OH, pp. 230-1, 237-8.

[37]Ibid., pp. 231-2, and memorandum IV, Dec. 16, 1932, Myers Mss; N. Y. Times, Dec. 13, 1932.

[38]Blum, Morgenthau, I, 39-40; Van L. Perkins, Crisis in Agriculture: The Agricultural Adjustment Administration and the New Deal, 1933 (Berkeley: U. of California Press, 1969), pp. 32-5; Jones COHC, pp. 483-90, 494, 509.

[39]Tugwell Diary, Dec. 25, 1932; Moley Diary, Jan. 4.

[40]Tugwell Diary, Jan. 13. [41]Moley Diary, Jan. 12.

[42]Tugwell Diary, Jan. 12.

[43]Myers memorandum, XIII, Jan. 12-17, Myers Mss.

[44]Ibid., XVI, Jan. 20 - Feb. 10, Myers Mss.

[45]Tugwell Diary, Jan. 31.

[46]*Ibid*., Feb. 18; Blum, *Morgenthau*, I, 31-2, 42.

[47]Blum, *Morgenthau*, I, 10, 61-2; Myers memoranda I and II, both Dec. 3-4, 1932, Myers Mss.

[48]Richard S. Kirkendall, "A. A. Berle, Jr.: Student of the Corporation, 1917-1932," *Business History Review*, XXXV (Spring, 1961), 45-58; Anderson, *Presidents' Men*, pp. 26-7.

[49]Kirkendall, "Berle," pp. 45-55.

[50]Lindley, *Roosevelt Revolution*, pp. 308-10; Schlesinger, *Old Order*, p. 400; Rosenman COHC, pp. 112-13; Warburg COHC, pp. 234-5.

[51]Tugwell, *Brains Trust*, p. 129; Berle and Faulker memorandum, n.d. [May 1932], A. A. Berle Mss, in Mrs. Berle's possession, N.Y.C.; and interview with Adolf A. Berle, June 1969, N.Y.C.

[52]Berle to "R.M.," Nov. 10, 1932, Moley Mss, Box 5; and Moley, *New Deal*, pp. 229-31, for paraphrase.

[53]Berle to Moley, Nov. 23, 1932, Moley Mss, Box 1; Berle to FDR, Dec. 22, 1932, OF 31; Moley Diary, Jan. 13.

[54]Berle to FDR, Jan. 31, Moley Mss, Box 5.

[55]Moley Notebook, n.d. [Feb. 1-3], and Diary, Feb. 8; Tugwell Diary, Feb. 15.

[56]Lindley, *Roosevelt Revolution*, pp. 309-10; interview with Berle, June 1969.

[57]Tugwell, *Brains Trust*, p. 520.

[58]Freidel, *Triumph*, pp. 362-3; Lewis H. Kimmel, *Federal Budget and Fiscal Policy, 1789-1958* (Wash., D. C.: Brookings Institution, 1959), pp. 175-6, 215.

[59]*N. Y. Times*, Feb. 24; Bernice Cosulich, "Mr. Douglas of Arizona: Friend of Cowboys and Kings," *Arizona Highways*, XXIX (Sept. 1953), 2-6; Morris Markey, "He's Got His Hand in Your Pocket," *American Magazine*, CXV (June, 1933), 22-3, 77; letter from L. W. Douglas, July 26, 1971.

[60]*Williams* (Ariz.) *News*, Sept. 30, 1932, Douglas to Moley, May 4, 1964, both Lewis W. Douglas Mss, U. of Arizona; and interview with Douglas, Feb. 1970.

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61 Tugwell Diary, Dec. 25, 1932; interview with Douglas, Feb. 1970; Douglas to FDR, Dec. 30, 1932, Douglas Mss.

62 FDR to John N. Garner, Jan. 26, in PL: 1928-45, 322-3; Moley, Seven Years, p. 84, and Diary, Jan. 3, 6; James F. Byrnes, All In One Lifetime (N.Y.: Harper, 1958), p. 70; Tugwell Diary, Jan. 13; Edmond D. Coblentz, William Randolph Hearst: A Portrait in His Own Words (N.Y.: Simon & Schuster, 1952), p. 149; interview with Douglas, Feb. 1970.

63 FDR to Sherley, Jan. 17, in PL: 1928-45, 321; Tugwell Diary, Dec. 29, 1932; Byrnes, Lifetime, p. 67; N. Y. Times, Feb. 24.

64 Douglas memorandum, Feb. 18, Douglas Mss; N. Y. Times, Feb. 24.

65 Interview with Douglas, Feb. 1970; longhand statement for press, Feb. 22, Douglas Mss.

66 Moley Diary, Jan. 22, 23; Tugwell Diary, Jan. 24.

67 Moley Diary, Jan. 22; James P. Warburg, The Long Road Home: The Autobiography of a Maverick (Garden City, N.Y.: Doubleday, 1964), pp. 105-6, and Warburg COHC, pp. 68-9.

68 Moley Diary, Jan. 23, 24; Warburg, Long Road Home, p. 106.

69 Carter, New Dealers, pp. 119-20; N. Y. Times, March 17; Tugwell Diary, Jan. 29.

70 Tugwell Diary, Jan. 29, Feb. 4, 7, 12; Moley Diary, n.d. [mid-Feb.]; Warburg, Long Road Home, pp. 106-7.

71 Warburg, Long Road Home, pp. 106-7, and COHC, pp. 90-2.

72 Richard Polenberg, Reorganizing Roosevelt's Government: The Controversy over Executive Reorganization, 1936-1939 (Cambridge: Harvard U. Press, 1966), esp. pp. 3-11, 191-5; Anderson, Presidents' Men, pp. 1-11.

CHAPTER IV (pages 116-117)

1 Tugwell Diary, March 31; PPA: 1933, 74; N. Y. Times, March 17.

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[2]Wilson COHC, pp. 940-1; Tugwell to FDR, March 17, OF 1; Frankfurter to FDR, March 18, PPF 140.

[3]Freidel, Triumph, p. 192.

[4]Moley Notebook, Jan. 19.

[5]Tugwell Diary, Feb. 18, italics added.

[6]Moley Diary, Feb. 21, 24.

[7]Tugwell Diary, Feb. 27; Frankfurter to Moley, Feb. 9, Felix Frankfurter Mss, Box 355, LC; Pittman memorandum to FDR, March 2, Key Pittman Mss, LC; Feis, 1933, pp. 117-19.

[8]Schlesinger, Old Order, p. 479, and note 29.

[9]F. G. Awalt, "Recollections of the Banking Crisis of 1933," Business History Review, XLIII (Autumn, 1969), 363-9; Wyatt to Ballantine, Aug. 1, 1944, Walter Wyatt Mss, in Wyatt's possession, Wash., D. C.; Moley, New Deal, pp. 214-20.

[10]Wyatt Contemporaneous Notes, March 2, Wyatt Mss.

[11]Moley, New Deal, pp. 145-53; Feis, 1933, pp. 80-6.

[12]Wyatt Notes, March 3-4, Wyatt to Moley, March 16, 1966, Wyatt Mss.

[13]Charles S. Hamlin Diary, March 2, and also March 1-2, Hamlin Mss, LC; E. A. Goldenweiser Diary, March 2, 3, Goldenweiser Mss, LC; Chester Morrill COHC, pp. 244-6; Wyatt Notes, March 2, 3, Wyatt Mss; interviews with Walter Wyatt, May 1970, Wash., D. C. These interviews have been transcribed and form part of the Wyatt COHC, in process.

[14]Warburg COHC, pp. 290-4.

[15]N. Y. Times, March 3, 5.

[16]Ibid., March 4, 5; Tully, F.D.R., pp. 68-9; E. W. Starling, Starling of the White House (N.Y.: Simon & Schuster, 1946), pp. 305-6; Feis, 1933, pp. 95-7; Literary Digest, CXV, March 11, pp. 5-7; Turnley Walker, Roosevelt and the Warm Springs Story (N.Y.: Wynn, 1953), pp. 213-14; PPA: 1933, 11-16, italics added; "The Hundred Days," Encyclopaedia Britannica film, U. of South Carolina Audiovisual Center.

[17]Feis, 1933, p. 96; F. W. Wile broadcast transcript, sent to Early, March 6, PSF 55; Literary Digest, CXV, March 11, p. 5; New Republic, LXXIV (March 15), 113-14.

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[18]N. Y. Times, March 5.

[19]Walker, Warm Springs Story, pp. 213-14; Daniel M. Roper, Fifty Years of Public Life (Durham, N.C.: Duke U. Press, 1941), p. 271; Starling, White House, pp. 305-7; and on confidence and atmosphere also see Jay P. Moffat Diary, April 26, in Moffat Mss, Harvard U.; Time, XXI, March 13, pp. 11-12.

[20]Awalt, "Recollections," 347-71, esp. pp. 360-3; Goldenweiser Diary, March 5; interview with Berle, June 1969. Berle quoted from his notes, some of which are cited, taken during the several days of bankers' conferences; and this interview has been transcribed and is part of the Berle COHC, in process. For other published accounts, see A. A. Ballantine, "When All the Banks Closed," Harvard Business Review, XXVI (March, 1948), 129-43; and Moley, New Deal, chs. 8-15.

[21]Interview with Ralph Robey, May 1970, Wash., D. C.; Moley Diary, March 15, and Seven Years, 149-50; Warburg Journal, March 15, 8:00 a.m., and COHC, p. 140.

[22]Moley Diary, March 5; John H. Sharon, "The Fireside Chat," F.D.R. Collector, I (Nov. 1949), 5-6.

[23]FDR Diary, March 5, Roosevelt Library.

[24]Moley Diary, March 5; Hamlin Diary, March 5.

[25]Wyatt Notes, March 5.

[26]Raymond C. Clapper Diary, March 5, in Clapper Mss, LC.

[27]George F. Warren Diary, March 5, italics added, in Warren Mss, Cornell U. Also see F. A. Pearson, W. I. Myers, and A. R. Gans, "Warren as Presidential Adviser," Farm Economics, CCXL (Dec. 1957), 5998-5610.

[28]Tugwell, Brains Trust, pp. 56-7, and Diary, Jan. 14; Coblentz, Hearst, p. 150; Warburg COHC, pp. 90-1.

[29]PPA: 1933, 17-18; N. Y. Times, March 6.

[30]Time, XXI, March 13, pp. 11-12.

[31]PPA: 1933, 19-20; N. Y. Times, March 4, on Morgenthau.

[32]FDR Diary, March 6; interview with Douglas, Feb. 1970; Caroline Bird, "Day the Money Stopped," Look, XXVII (March 12, 1963), 84; See Moley, Seven Years, p. 167, for another interpretation of the origins of the "Children's Hour."

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[33]James A. Farley, Jim Farley's Story (N.Y.: Whittlesey House, 1948), p. 39; Ickes, Diary, I, 5, italics added. The "again" refers to Sunday's informal Cabinet meeting.

[34]Moley Diary, March 7, and New Deal, pp. 171-2.

[35]Awalt, "Recollections," pp. 360-1.

[36]Goldenweiser Diary, March 4, italics added.

[37]Wyatt, "Skeleton Outline," March 5, Wyatt Mss.

[38]Awalt, "Recollections," p. 363, note 3.

[39]Warburg Journal, March 5-8; Gardner Jackson COHC, pp. 168-70.

[40]Goldenweiser Diary, March 6, "Monday Night," italics added; Awalt, "Recollections," pp. 362-3; Ballantine, "Banks Closed," pp. 138-9.

[41]Moley, Seven Years, pp. 151-2, and New Deal, pp. 171-2.

[42]Moley Diary, March 7.

[43]Wyatt Notes, March 6, 7; Hamlin Diary, March 7; Moley, New Deal, pp. 172-80.

[44]Lindley, Roosevelt Revolution, pp. 64-9; interview with Douglas, Feb. 1970; Literary Digest, CXV, Jan. 14, pp. 3-5, March 4, pp. 7-8, March 18, p. 9; N. Y. Times, March 15.

[45]Tully, F.D.R., pp. 89-91; PC #1, March 8, italics added; Lindley, Roosevelt Revolution, pp. 114-15.

[46]Jackson COHC, pp. 409-10; Literary Digest, CXV, March 25, p. 10.

[47]Byrnes, Lifetime, pp. 73-4; Tully, F.D.R., pp. 89-91; N. Y. Times, March 9.

[48]Douglas memo for McIntyre, March 7, OF 79; interview with Douglas, Feb. 1970; Douglas to Moley, May 4, 1964, Moley-Douglas draft of economy message, March 8, Douglas Mss; Moley Diary, March 8.

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[49]Tugwell Diary, March 31 (his only entry for March), and Democratic Roosevelt, pp. 272-3; Henry A. Wallace, New Frontiers (N.Y.: Reynal, 1934), p. 162; Russell Lord, The Wallace of Iowa (Boston: Houghton Mifflin, 1947), p. 327; George S. Peek Diary, March 9, Peek Mss, U. of Missouri; Jones COHC, 548.

[50]McIntyre memo, March 8, OF 259; LaFollette and Costigan to FDR, March 9, OF 230; Schlesinger, New Deal, p. 5.

[51]Jones COHC, pp. 623-4; Byrnes, Lifetime, p. 74; N. Y. Times, March 9.

[52]Wyatt Notes, March 8, Wyatt Mss; interview with Wyatt, May 1970.

[53]Coblentz, Hearst, pp. 146-51; Creel, Rebel, pp. 271-3; Frankfurter to Moley, Feb. 28, Frankfurter Mss, Box 355; F. Perkins, Roosevelt, pp. 278-9, confirmed Creel's mention of the social security idea, although like utilities control and major tax reform, it too was not enacted until 1935.

[54]FDR longhand memorandum, n.d. /March/, Moley Mss, Box 5. The likely date of this document is the evening of March 4, when FDR retired after the White House tea. The reasons for this are: (1) preparations for the Governors Conference were not begun until after FDR and Moley arrived in the capital on March 2; (2) Moley filed it away with his Governors Conference materials, which were last used on the morning of the 6th; (3) March 2 and 3 for FDR were jammed with callers and with ill-fated liaison efforts with the Hoover administration; and (5) FDR's Diary indicated that he had little time for such contemplative work on either March 5 or 6.

[55]Freidel, Triumph, pp. 60-2; Tully, F.D.R., pp. 88-9; and see Max Freedman, annot., Roosevelt and Frankfurter: Their Correspondence, 1928-1945 (Boston: Little, Brown, 1967), pp. 104, 105-6, 108-9, 122.

[56]On Morgenthau, see Jones COHC, pp. 544-6, and Myers OH, pp. 150-1; on Roper, see Michael E. Parrish, Securities Regulation and the New Deal (New Haven: Yale U. Press, 1970), p. 44, and Earl Latham, The Politics of Railroad Coordination, 1933-1936 (Cambridge, Mass.: Harvard U. Press, 1959), p. 37.

[57]E. P. Herring, "First Session of the Seventy-third Congress, March 9, 1933, to June 16, 1933," American Political Science Review, XXVIII (Jan. 1934), 65-70.

[58]Wyatt Notes, March 9; N. Y. Times, March 10.

[59]CCC's newspaper, Happy Days, Sept. 30, RG 35, NA; Rucker memorandum, March 11, OF 268; John A. Salmond, The Civilian Conservation Corps, 1933-1942: A New Deal Case Study (Durham, N.C.: Duke U. Press, 1967), esp. pp. 9-10.

[60]PPA: 1933, 45-7.

[61]Happy Days, Sept. 30, RG 35; Rucker memorandum, March 11, OF 268. Ickes, Diary, I, 5, mistakenly dated this meeting on the 10th, probably due to his having no entries on March 8-9.

[62]Walker, Warm Springs Story, pp. 67, 99, 304, 308-9; Wehle, Hidden Threads, p. 116; Blum, Morgenthau, I, 25-7; Salmond, CCC, pp. 6-9; E. Roosevelt, Remember, p. 135; Happy Days, Oct. 14, RG 35, NA; Harry Barnard, Independent Man: The Life of Senator James Couzens (N.Y.: Scribner's, 1958), p. 223.

[63]F. Perkins, Roosevelt, p. 177.

[64]Interview with Douglas, Feb. 1970.

[65]Moley, Seven Years, p. 153; PPA: 1933, 49-51; McIntyre memo for FDR, March 10, Early memo for FDR, March 11, /Douglas/ Memo for FDR, March 11, all OF 259; Literary Digest, CXV, March 25, pp. 5-6; Congressional Record, 73 Cong., 1st Sess. (March 11), p. 214.

[66]Ickes, Diary, I, 5. Probably this was the discussion referred to by Farley, Farley's Story, p. 39, which he remembered occurring on Tuesday.

[67]PC #2, March 10; N. Y. Times, March 11.

[68]V. Perkins, Agriculture, 36-8; Wilson COHC, pp. 902-4.

[69]Wilson COHC, pp. 920-2; Wallace, Frontiers, pp. 163-4.

[70]Ezekiel to Lee, to O'Neal, both March 7, RG 16, NA; Peek Diary, March 11-16. There is no contemporary evidence that Jerome Frank, later AAA's general counsel, participated in the drafting.

[71]Moley Diary, March 9, 14; Peek Diary, March 15, 16; Tugwell Diary, March 31; V. Perkins, Agriculture, pp. 28-9.

[72]PPA: 1933, 59-60. [73]Moley, New Deal, pp. 172-4.

[74]Sharon, "Fireside Chat," pp. 14-15.

[75]"Notes of a Conversation Aug. 1, 1944, with Goldenweiser Re the Bank Holiday," Wyatt Mss.

[76]Charles Michelson, The Ghost Talks (N.Y.: Putnam's, 1944), pp. 56-7; A. A. Ballantine, "The Ghost and the Banks," New York Herald-Tribune, Aug. 23, 1944; Moley, Seven Years, p. 155, and note.

[77]Awalt, "Recollections," pp. 369-70.

[78]Samuel Rosenman, Working With Roosevelt (N.Y.: Harper, 1952), pp. 92-3.

[79]Ibid.; Tully, F.D.R., p. 92; Sharon, "Fireside Chat," pp. 3-20; N. Y. Times, March 13; PPA: 1933, 61-5, italics added.

[80]N. Y. Times, March 29; PPA: 1933, 66-7. Lindley, Roosevelt Revolution, p. 91, placed these events before the broadcast and named Howe as the secretary; but since he wrote later in 1933 and was not present on March 12, Rosenman's version is more plausible--although he did not include it in his memoir.

[81]N. Y. Times, March 14, for Robinson's instructions; Lindley, Roosevelt Revolution, p. 91; Herring, "First Session," pp. 72-3; Schlesinger, New Deal, p. 13.

[82]N. Y. Times, March 6, for Rainey interview; Literary Digest, CXV, Feb. 25, p. 6, March 4, pp. 9-10. For legalized beer as an FDR objective during the interregnum, see Moley Diary, Jan. 3; and Lindley, Roosevelt Revolution, pp. 47-8.

[83]N. Y. Times, March 14-17; Baruch to Senator W. G. McAdoo, March 15, Baruch Mss.

[84]Giannini cable to Jesse Jones, March 14, McIntyre cable to Giannini, Giannini cable to McIntyre, both March 15, Roy Roberts to Early, March 13, all OF 230; Eugene Meyer COHC, A102; Ira T. Smith and Joe A. Morris, "Dear Mr. President...": The Story of Fifty Years in the White House Mailroom (N.Y.: Messner, 1949), p. 214; New Republic, LXXIV (March 22), 141; Clapper Diary, March 17. FDR's average mail per day soon dropped to between 4,000 and 8,000 pieces during the New Deal years, while Hoover's average for 1929-33 was 500-800 daily. See Leila A. Sussmann, "FDR and the White House Mail," Public Opinion Quarterly, XX (Spring, 1956), 5-6.

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[85] Literary Digest, CXV, Feb. 25, pp. 5-6, March 4, pp. 28-32; Lindley, Roosevelt Revolution, pp. 96-7.

[86] See Perkins, Wallace, Ickes, and Dern memorandum to FDR, March 15, Moley Mss, Box 60; F. Perkins, Roosevelt, pp. 183-4; Moley, New Deal, pp. 268-9.

[87] PC #4, March 17.

[88] New Republic, LXXIV (March 29), 169-70.

CHAPTER V (pages 180-189)

[1] Morgenthau to FDR, March 20, OF 27; Blum, Morgenthau, I, 43.

[2] PC #12, April 14.

[3] N. Y. Times, April 14.

[4] Ibid., April 12-14, and editorials; Literary Digest, CXV, April 12, pp. 5, 9; Georgia L. Peek Diary, n.d., p. 16, Peek Mss, U. Missouri.

[5] Coblentz, Hearst, p. 149; Schlesinger, New Deal, p. 10; V. Perkins, Agriculture, pp. 58, 191; Leuchtenburg, Franklin D. Roosevelt, pp. 36-8.

[6] Douglas transcript, "Economy and Human Values," March 18, Douglas Mss; FDR to Daniels, March 27, in PL: 1928-45, 339-40.

[7] N. Y. Times, March 21; Literary Digest, CXV, March 25, p. 6; New Republic, LXXIV (March 22), 141-2; interview with Douglas, Feb. 1970.

[8] N. Y. Times, March 16; The Nation, CXXXVI (March 22), 301; New Republic, LXXIV (March 22), 141-2, (March 29), 170.

[9] PC #10, April 7; FDR to House, April 5, Edward M. House Mss, Drawer 16, Yale U.; N. Y. Times, April 1, 3; Warburg COHC, p. 346; Ickes, Diary, I, 16; Tugwell Diary, April 3; Douglas memo to FDR, March 28, Douglas draft of reply, April 5, both OF 79, Douglas to Howe, May 1, OF 1-H.

[10] N. Y. Times, April 12, 23, May 11, 17; PPA: 1933, 168; Herring, "First Session," pp. 82-3.

[11] Moley, Seven Years, p. 162.

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[12]Moley Notebook, March 18.

[13]Moley, New Deal, pp. 230-2.

[14]N. Y. Times, March 14; Horace Albright COHC, pp. 521-3; J. J. Huthmacher, Senator Robert F. Wagner and the Rise of Urban Liberalism (N.Y.: Atheneum, 1968), pp. 93-102.

[15]N. Y. Times, March 11, 12; PC #2, March 10.

[16]Moley Diary, March 14, and Seven Years, pp. 172-5.

[17]FDR memo to Secretaries, March 14, OF 268; Moley, Seven Years, pp. 173-4, and New Deal, p. 268; Salmond, CCC, pp. 9-12.

[18]Secretaries memo for FDR, March 15, Moley Mss, Box 60; Moley Notebook, March 15, and New Deal, pp. 268-9; F. Perkins, Roosevelt, pp. 183-4.

[19]Douglas personal memorandum for FDR, June 30, Douglas Mss; interview with Douglas, Feb. 1970, letter from Douglas, Dec. 5, 1970.

[20]Moley, New Deal, pp. 268-70; PPA: 1933, 80-1; Salmond, CCC, pp. 10-13.

[21]F. Perkins, Roosevelt, p. 197; Warbourg Journal, March 19; Moley Diary, March 24.

[22]Moley, Seven Years, p. 173, and note; PC #3, March 15, #7, March 29, #12, April 14.

[23]Moley, Seven Years, p. 175. Moley was less than a go-between on issues, for example, like intranationalism. See F. Perkins, Roosevelt, pp. 197-8, 273, on FDR, Douglas and public works. Douglas pressed more for orderly spending than for a balanced budget; and the fact that Cabinet members like Perkins, Wallace, and Ickes had to "continually" urge FDR to back public works (p. 197) suggests that their arguments were less than convincing to him--which indicates both his cautious fiscal views as well as the influence of Douglas.

[24]N. Y. Times, March 13, 20; Huthmacher, Wagner, pp. 139-41.

[25]See Salmond, CCC, pp. 13-25, for an excellent analysis of CCC's passage; N. Y. Times, March 23-31; PC #9, March 29.

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26 W.H. memo, March 31, OF 259; N. Y. Times, April 1.

27 /Douglas/ memo for the Sec. of War, April 3, Howe Mss, Box 57, Roosevelt Library; FDR work chart, April 3, OF 268; Salmond, CCC, pp. 26-31.

28 Douglas memo for FDR and order draft, March 27, OF 285-C; FDR note on Order 6102, n.d., OF 161; Col. Duncan Major to Fechner, with FDR comment, April 5, Howe Mss, Box 59. On Howe, see Roper to Howe, April 4, OF 268; and Rollins, Roosevelt and Howe, pp. 402-6.

29 Salmond, CCC, pp. 31-45.

30 PPA: 1933, 93-4, 100-1, 122-3, 135-6; FDR memo to Garner, April 19, OF 12.

31 Michael E. Parrish, Securities Regulation and the New Deal (New Haven: Yale U. Press, 1970), pp. 43-4, and chs. 1-2 for the best background of securities legislation; and PPA: 1933, 94.

32 Parrish, Securities Regulation, pp. 44-52; Huston Thompson Diary, March 13, Thompson Mss, LC; Clapper Diary, March 20.

33 Thompson Diary, March 19; Moley, Seven Years, pp. 177-8.

34 Moley, Seven Years, p. 178. Also see Moley, New Deal, pp. 310-11; Parrish, Securities Regulation, pp. 46-7.

35 Warburg Journal, March 29.

36 PPA: 1933, 94-5; Parrish, Securities Regulation, pp. 47-57.

37 Lindley, Roosevelt Revolution, p. 105.

38 PC #7, March 29; and #8, March 31, for his later comment.

39 PPA: 1933, 122-3; W.H. memo for FDR, April 8, OF 259; N. Y. Times, April 11. Also see Literary Digest, CXV, April 22, p. 6.

40 Preston J. Hubbard, Origins of the TVA: The Muscle Shoals Controversy, 1920-1932 (N.Y.: Norton, 1961), esp. ch. 12, pp. 312-15; PPA: 1933, 123-9; Literary Digest, CXV, Feb. 18, pp. 5-6.

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[41]Eric F. Goldman, Rendezvous With Destiny: A History of Modern American Reform (N.Y.: Vintage, rev. ed., 1956), p. 263.

[42]N. Y. Times, April 12-14; Moley, New Deal, pp. 330-1; Roy Talbert, "Human Engineer: Arthur E. Morgan and the Launching of the Tennessee Valley Authority" (M.A. Thesis, Vanderbilt U., 1967), pp. 10-17.

[43]A. E. Morgan memorandum, "Statement of My Relations with the President," July 1, 1938, Morgan Mss, Antioch College.

[44]Morgan memo to FDR, April 12, PPF 290; Morgan, "Relations," pp. 4-5; Talbert, "Human Engineer," pp. 17-18.

[45]See PC #5, March 22, #6, March 24, #10, April 7; PPA: 1933, 135-6.

[46]Giese's to FDR, March 25, OF 266; McCormack to FDR, March 30, FDR to McCormack, April 4, Horace Russel to FDR, April 11, all OF-644-Misc.; Webb to Howe, March 31, April 6, both OF 644; Stevenson to FDR, April 5, W.H. /Morgenthau/ memo for Early, April 6, both OF 27; Huthmacher, Wagner, pp. 141-2; N. Y. Times, April 12-13.

[47]N. Y. Times, March 24; Fred Pasley cable to Early, March 26, OF 50-Misc.; J. Roosevelt, F.D.R., pp. 102-3.

[48]See above, pp. 188-91; Moley Notebook, March 18. Also see PC #4, March 17, on arms embargo.

[49]John A. Garraty, Interpreting American History: Conversations with Historians (N.Y.: Macmillan, 1970), II, 95. This problem of decision-making was not limited to the State Department in 1933. Rather, more evidence is available on foreign affairs than on other government departments.

[50]See ch. 2 on Moley; Morgenthau Diary, June 30; and see Pratt, Hull, I, 9, on political circumstances surrounding Hull's appointment.

[51]J. P. Moffat Diary, March 6, Moffat Mss, Harvard U.; Moley to Mrs. Sarah Hess, March 14, Moley Mss, Box 5; Warburg Journal, March 24.

[52]Feis, 1933, pp. 101-2, italics added; Sir Frederick Leith-Ross, Money Talks: Fifty Years of International Finance (London: Hutchinson, 1968), p. 165. Leith-Ross compared FDR's "Brains Trust" to Lloyd George's "garden suburb," noting that with Moley were Feis, Tugwell, and Taussig, "all

competent economists but with little practical experience of finance," and that the "most practical financial expert" was Warburg (pp. 165-6). Feis' memo, incidentally, was inspired by a remark which Warburg recorded in his Journal, March 25, 1:00 p.m. When Feis told Moley he should prepare for Monday's talk with the British, Moley jokingly replied "that an Irishman never needed to prepare to talk to an Englishman and that his grandmother would roll over in her grave if he should do any preparing."

[53]Wehle, Hidden Threads, pp. 115-16; Pratt, Hull, I, 27-9; Anderson, Presidents' Men, pp. 94-5, 8-11; and Warburg COHC, pp. 230-1.

[54]Moffat Diary, March 1. "Colonel Howe" may have been a misspelling of "Colonel House," who was affiliated with the other Wilsonians named, Welles and Davis. Howe was not. Moley's Diary entries at least as late as April 24 indicate that he and Howe worked closely together.

[55]Feis, 1933, p. 101; Moley Diary, March 25.

[56]Warburg COHC, pp. 225-7; Moley Diary, April 14. During this period Hull's desk diary (Hull Mss, Box 67, LC) recorded appointments for Moley on March 5, 10, 14, 15 (2), 20, 22, 24 (2), 27, 29, and April 3, 4, 7, 8, 15, 18 (2); and this pattern continued until late May.

[57]Moffat Diary, April 17; Sternsher, Tugwell, pp. 223-37.

[58]FR: 1933, 465-71.

[59]Moley Diary, March 6, 12, 13, 20.

[60]FR: 1933, 472-3; Moley Diary, March 22, and New Deal, pp. 411-14.

[61]Warburg Journal, March 13, 14, 15 (8:00 a.m., 5:15 p.m.).

[62]Warburg, Long Road Home, pp. 111-13, and Journal, March 19-23.

[63]Warburg Journal, March 24, 9:00 p.m. On Bullitt, see Moley Diary, March 14, 15, and FDR memo to Hull, n.d. /March 21/, Moley Mss.

[64]Feis, 1933, pp. 111-12; Moley Diary, March 25, and Notebook, n.d. /March 27/; Warburg COHC, pp. 253-6, "Memorandum for R. M. Silver," March 25; Tugwell Diary, April 2; Baruch to Byrnes, April 24, Baruch Mss.

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[65]Moley Diary, March 27; Warburg Journal, March 29.

[66]Moley Diary, March 30, and Notebook, March 29; Warburg Journal, March 29, 30.

[67]Moley Diary, March 31, and Notebook, March 31.

[68]FDR to Hull, April 1, in FDRFA: 1933-34, 31-2; PC #9, April 5.

[69]Warburg Journal, March 29; Feis to Frankfurter, April 3, Frankfurter Mss, Box 325; Tugwell Diary, April 2.

[70]FDRFA: 1933-34, 35-9; Warburg Journal, March 31, April 3--9:00 p.m.

[71]Warburg Journal, April 4, 9:00 p.m.

[72]Ibid., April 13, 8:00 p.m.; Feis, 1933, p. 112.

[73]Moley Diary, April 7, 17; Feis to Frankfurter, April 3, 13, 17, Frankfurter Mss, Box 325; Warburg Journal, April 10, 8:00 a.m.

[74]Moley Diary, March 25, April 10, 17, and Seven Years, p. 198; Warburg Journal, April 3, 13; Pratt, Hull, I, 1-12; PPA: 1933, 129-32.

[75]PPA: 1933, 116; FDRFA, 1933-34, 40; Moley, Seven Years, p. 198; Warburg Journal, April 7, 9:30 p.m.

[76]Phillips to Davis, April 8, Norman Davis Mss, Box 47, LC; Moffat Diary, April 7, for FDR comment to Phillips; Minister of Foreign Affairs (signed by Robert de la Baume) to the Minister of Finance, April 11, F^{30} 1412, French Ministry of Finance Archives, Paris; N. Y. Times, April 9.

[77]Feis to Frankfurter, April 13, Frankfurter Mss, Box 325.

[78]Coblentz, Hearst, p. 150.

[79]V. Perkins, Agriculture, p. 49; N. Y. Times, March 16, 20.

[80]V. Perkins, Agriculture, pp. 36-48, 49-78, presents an excellent analysis of AAA and its enactment, respectively.

[81]Moley Notebook, March 20; PC #3, March 15, #14, April 21; PPA: 1933, 74.

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[82]V. Perkins, Agriculture, pp. 65-9, 53-4; Literary Digest, CXV, April 1, pp. 6-7.

[83]N. Y. Times, March 23; Marvin Jones COHC, p. 562; Peek Diary, March 25, 28; V. Perkins, Agriculture, pp. 45-56.

[84]V. Perkins, Agriculture, pp. 62-71; Peek Diary, March 25; N. Y. Times, March 25-31; PC #5, March 22, #6, March 24; PPA: 1933, 74.

[85]N. Y. Times, March 4; Marvin Jones COHC, pp. 644-6; Myers OH, pp. 150-1, 302-3; Byrnes to Oliphant, March 13, Oliphant to Byrnes, March 15, Byrnes Mss, Misc. 1931-33, Clemson U.; Blum, Morgenthau, I, 42-5.

[86]V. Perkins, Agriculture, pp. 50, 70-1.

[87]N. Y. Times, March 14, 24; Myers Engagement Book, March 23.

[88]PPA: 1933, 84-5; N. Y. Times, March 27, 28; Wann, President as Chief Administrator, pp. 22-5; Literary Digest, CXV, April 8, p. 6.

[89]McIntyre memo for FDR, March 30, 9:15 a.m., OF 259; N. Y. Times, April 1.

[90]Letter from Myers, Sept. 23 and 28, 1970; Myers Engagement Book, March 22, 23, 28; N. Y. Times, March 30; PC #8, March 31; Guy Greer memo for McAdoo, March 30, William G. McAdoo Mss, Box 383, LC.

[91]N. Y. Times, April 3, 4; Literary Digest, CXV, April 15, p. 7; V. Perkins, Agriculture, pp. 10-13.

[92]Letter from Myers, Sept. 23 and Nov. 9, 1970; Myers Engagement Book, April 1.

[93]V. Perkins, Agriculture, p. 69; PPA: 1933, 100-1.

[94]N. Y. Times, April 7-14; Warren Diary, April 6, 6-12.

[95]Moley Diary, April 5, and Notebook, April 6; McIntyre memo for FDR, April 5, W.H. memo for FDR, April 6, both OF 259; Warburg Journal, April 10, 6:00 p.m.

[96]N. Y. Times, April 6, 8.

[97]FDR to House, April 5, House Mss, Dr. 16; PC #10, April 7, #11, April 12; Tugwell Diary, April 2, 3.

98See PC #6, March 24; Baruch to FDR, April 10 ("Not sent"), Baruch Mss; Freidel, Triumph, pp. 362-4; Kimmel, Federal Budget and Fiscal Policy, pp. 177-8, 214-15.

99On "Bunny," see Moley, Seven Years, pp. 202-3; Warburg Journal, April 12 memorandum (also, COHC, pp. 443-6), and April 14, 8:30 and 11:30 a.m.; Leith-Ross, Money Talks, p. 164.

100N. Y. Times, April 12, 15; Lindley, Roosevelt Revolution, pp. 116-19; Feis, 1933, pp. 122-4.

101Lindley, Roosevelt Revolution, p. 113.

CHAPTER VI (pages 252-259)

1Cordell Hull, The Memoirs of Cordell Hull, I (N.Y.: Macmillan, 1948), 226-7; Moley Diary, May 15; Thompson Diary, May 16; Moffat Diary, May 13-15.

2PPA: 1933, 185-8; Moffat Diary, May 14, 15.

3PC #21, May 16; Moffat Diary, May 15.

4N. Y. Times, May 17; Moffat Diary, May 16.

5N. Y. Times, May 13; FDRFA: 1933-34, 128, note 1.

6Morgenthau Diary, May 15.

7Warburg Journal, May 15, 10:00 p.m.

8Moley, Seven Years, pp. 213-15.

9Ibid., p. 189.

10N. Y. Times, May 17.

11See above, pp. 250-1, on inflation; and V. Perkins, Agriculture, pp. 49-78.

12Ibid., pp. 72-3.

13Elmer Thomas, "40 Years a Legislator," unpublished Ms, pp. 224-6, Thomas Mss, U. Oklahoma.

14Warburg Journal, April 17, 8:00 and 9:30 a.m.

15Moley Diary, April 18; N. Y. Times, April 18.

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[16]Byrnes, Lifetime, pp. 76-7; Moley, Seven Years, pp. 158-9.

[17]Moley Diary, April 18.

[18]Warburg Journal, April 18, 8:30 a.m.

[19]Moley Diary, April 18.

[20]Warburg Journal, April 18, 10:30 a.m.

[21]Warren Diary, April 12; and see above, pp. 137-8, on FDR and a managed currency or controlled inflation.

[22]Ickes, Diary, I, 23; Byrnes, Lifetime, p. 77; Thomas to FDR, April 17, with copy of amendment, OF 229, and Thomas, "40 Years a Legislator," pp. 229-30, Thomas Mss.

[23]Warburg Journal, April 18, 8:45 p.m.

[24]Moley Diary, April 19.

[25]Warburg Journal, April 18, 8:45 p.m., and COHC, pp. 502-8; Moley Diary, April 19; and interview with Douglas, Feb. 1970. Also see Feis, 1933, pp. 124-30; Moley, Seven Years, pp. 156-61, and New Deal, pp. 298-305.

[26]W.H. memo, April 19, OF 259; PC #13, April 19.

[27]Moley Diary, April 19.

[28]Warburg Journal, April 19; PPA: 1933, 141-3.

[29]Warburg COHC, p. 514.

[30]Lindley, Roosevelt Revolution, pp. 127-9; Warburg COHC, pp. 500-8. The Times, April 20-May 13, continually referred to the amended farm bill as the "Inflation Bill," or merely "Inflation." See Moffat Diary, April 19, on how quickly he reinvested away from bonds and utility stocks, because these were big losers during "real inflation."

[31]Feis, 1933, pp. 125-6; Jordan Schwarz, ed., 1933: Roosevelt's Decision: the United States Leaves the Gold Standard (N.Y.: Chelsea House, 1969), esp. pp. 105-8.

[32]V. Perkins, Agriculture, pp. 58-9.

[33]Ibid., pp. 73-8; Charles N. Cawley, "Campaign for Inflation: Thomas Amendment to the Agricultural Adjustment Act" (M.A. thesis, U. Oklahoma, 1970), pp. 66-79.

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[34]Feis, 1933, ch. 13; Pratt, Hull, I, 32-4; and see above, pp. 231-4, on U.S. program.

[35]Warburg Journal, April 21, 10:30 a.m., and COHC, pp. 525-32 for aide memoire on "MAJOR AMERICAN OBJECTIVES AND TACTICAL PROGRAM DIVIDED INTO THREE GROUPS, ECONOMIC, POLITICAL, DEBTS"; Moley Diary, April 21.

[36]Warburg, Long Road Home, p. 121.

[37]PPA: 1933, 145-52, 158-9, 174-5, 206-7, 211-13, 218. See Feis, 1933, pp. 134-7.

[38]N. Y. Times, April 24, 26; Literary Digest, CXV, May 6, pp. 6-7.

[39]N. Y. Times, May 8, italics added.

[40]Warburg Journal, April 22; Moley, Seven Years, pp. 205-6.

[41]Feis, 1933, pp. 142-4.

[42]Moley, Seven Years, pp. 203, 210-11, and Diary, May 1, 2; Warburg Journal, May 1, 3:30 p.m., May 2, 5:00 p.m.; British Foreign Policy: 1933, 797-803.

[43]Warburg Journal, May 3, 7:30 p.m.

[44]Moley Diary, April 24; Tugwell Diary, May 3.

[45]Warburg Journal, April 26, 1:00 p.m. See also Tugwell Diary, May 3, on stabilization fund.

[46]Feis, 1933, pp. 144-6.

[47]Pratt, Hull, I, 37-8; PPA: 1933, 158-9, 167, 186.

[48]Moley Diary, April 24, and April 17, May 6.

[49]Moffat Diary, May 12; and see above, pp. 222-3.

[50]See e.g., Peek Diary, March 12, April 5, 22; Wallace to Donald R. Murphy, April 20, Wallace Mss, U. Iowa; V. Perkins, Agriculture, pp. 79-90.

[51]V. Perkins, Agriculture, pp. 55-6, 87, makes this assumption. See Schlesinger, New Deal, pp. 46-8, for a different interpretation.

[52]Morgenthau Diary, May 1.

[53]Peek Diary, May 3; Morgenthau Diary, May 3.

[54]Paul Appleby COHC, pp. 41-3.

[55]Morgenthau Diary, May 3, 4.

[56]Peek to Wallace, May 12, Wallace to Peek, May 12, both Peek Mss, Box 11; N. Y. Times, May 14.

[57]Wallace to FDR, May 15, OF 1.

[58]Morgenthau Diary, May 15.

[59]V. Perkins, Agriculture, pp. 58-9.

[60]N. Y. Times, May 13. [61]Ibid., May 20.

[62]Schwarz, Interregnum, pp. 161-73; Huthmacher, Wagner, pp. 94-102; Searle F. Charles, Minister of Relief: Harry Hopkins and the Depression (Syracuse, N.Y.: Syracuse U. Press), pp. 25-37.

[63]Freidel, Triumph, pp. 217-27; Gertrude Springer, "The New Deal and the Old Dole," Survey Graphic, XXII (July, 1933), 347-51, 385, 388; Robert S. Sherwood, Roosevelt and Hopkins: An Intimate History (N.Y.: Grossett & Dunlap, 1948, 1950), pp. 45-6; PPA: 1933, 239-41.

[64]Sherwood, Roosevelt and Hopkins, pp. 46-55; Charles, Minister of Relief, pp. 34-9.

[65]Latham, Railroad Coordination, pp. 19-20, 28; Tugwell Diary, Jan. 11.

[66]Ibid., pp. 1-34; Howard Zinn, LaGuardia in Congress (N.Y.: Norton Library, 1969 ed.), pp. 254-5; Arthur Mann, LaGuardia: A Fighter Against His Times, 1882-1933 (Chicago: U. of Chicago Press, 1969 ed.), pp. 325-6, 331.

[67]PPA: 1933, 13; Latham, Railroad Coordination, pp. 35-46; Berle to "My Dear Caesar," March 17, PPF 1306; Warburg COHC, pp. 234-5. See also Berle to "Dear Caesar," March 11, Moley Mss, asking for RFC "retainer"; and above, pp. 133-4, on Berle's difficulties with the White House during early March.

[68]PC #4 through 8, March 17, 22, 24, 29, 31; N. Y. Times, April 3, 27, 28; W.H. memo, April 1, OF 259; Roper to McIntyre, April 15, Roper to FDR, April 19, Roper to McIntyre, April 25, all OF 31; H. P. Willis to Roper, April 7,

OF 31-B; Latham, Railroad Coordination, pp. 48-53, including Eastman quotes.

69N. Y. Times, April 29; Ropter to McIntyre, April 25, Roper to FDR, May 2, both OF 31; Moley Notebook, n.d. /May 3/; Latham, Railroad Coordination, pp. 52-5, 1-7; PPA: 1933, 153, italics added.

70N. Y. Times, May 11; Dill to FDR, May 12 and 13, W.H. memo, May 13, all OF 31.

71See Anderson Presidents' Men, pp. 26-7; Schlesinger, Old Order, pp. 400-1; Tugwell, Brains Trust, pp. 150-8; Freidel, Triumph, pp. 197-8; Moley, Seven Years, pp. 23-4, 184.

72V. Perkins, Agriculture, pp. 58-9; Huthmacher, Wagner, p. 137; Ellis W. Hawley, The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence (Princeton: Princeton U. Press, 1966), pp. 3-31; Moley, Seven Years, pp. 184-6; Leverett Lyon, et. al., The National Recovery Administration: An Analysis and Appraisal (Wash., D.C.: Brookings Institution, 1935), pp. 3-7.

73Warburg Journal, March 25, 12:15 p.m.; Moulton to Baruch, March 6, Baruch to Moulton, March 25, both Baruch Mss; McIntyre memo for Moley, March 28, OF 20; Walker D. Hines to McIntyre, March 23, OF 466; Moley Notebook, March 9, and Seven Years, p. 185; Wallace, New Frontiers, pp. 328-9.

74Warburg Journal, March 24 through April 5, and April 7, and COHC, pp. 378-80, "Memorandum for R.M. Industrial Rehabilitation by Reemployment."

75Black to FDR, March 10, OF 272, with FDR's pencilled notation: "Cabinet tomorrow." But he evidently did not discuss it; see Ickes, Diary, I, 5.

76N. Y. Times, April 7; Moley, Seven Years, pp. 185-6; Huthmacher, Wagner, pp. 142-6.

77F. Perkins, Roosevelt, pp. 197-200; Ickes, Diary, I, 19; Moley, Seven Years, p. 187; N. Y. Times, April 14, and see above, pp. 181-2.

78N. Y. Times, April 12, 13; F. Perkins, Roosevelt, p. 197.

79Delano to Howe, April 7, PPF 77; PC #12, April 14.

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80 N. Y. Times, April 14, 18; Hawley, Monopoly, pp. 21-3; Nation, CXXXVI (April 19), 432. Also see New Republic, LXXIV (May 3), 323-4.

81 Warburg Journal, April 18, 10:30 a.m.; and Lauck to Warburg, April 14, Warburg to Lauck, April 18, W. J. Lauck Mss, Box 3, U. Virginia.

82 Huthmacher, Wagner, pp. 145-7; Lauck, draft of NIRA, May 1, Lauck Mss, Box 3; N. Y. Times, April 29.

83 Hawley, Monopoly, pp. 24-5; Draft of "National Economic Recovery Act," April 21, and draft of NIRA, April 24, in Douglas Mss, contained no mention of public works--while NIRA draft dated April 29 had attached memo which found that $5 billion of public works to be excessive or unnecessary when combined with industrial rehabilitation, also in Douglas Mss; Tugwell Diary, April 21; Dickinson to Moley, April 26, Moley Mss, Box 10; F. Perkins, Roosevelt, pp. 198-9.

84 Ralph W. Robey, Roosevelt versus Recovery (N.Y.: Harper, 1934), pp. 89-94; /Hugh Johnson,/ "IS IT FUN TO BE FOOLED?", April, and Baruch to Byrnes, April 22 ("Not sent"), Baruch Mss; Warburg Journal, April 28, 12:30 p.m.; Moley, Seven Years, pp. 187-9; Sternsher, Tugwell, pp. 157-8. On labor's noninvolvement, see "From Fortune Magazine--Oct. 1933," Lauck Mss, Box 3.

85 N. Y. Times, April 30, May 1-5; Warburg Journal, May 1, 10:00 a.m.

86 Memo for the President, April 6, OF 259; N. Y. Times, May 5, PPA: 1933, 155-8; Literary Digest, CXV, May 13, p. 5.

87 Moley, Seven Years, p. 189, and New Deal, pp. 290-1; Douglas, "TENTATIVE MATERIAL," April 20, Douglas Mss.

88 PPA: 1933, 160-8, italics added.

89 Literary Digest, CXV, May 20, pp. 3-4; N. Y. Times, May 5, 9; Moffat Diary, May 7; Morgenthau Diary, May 7, 8.

90 Harold L. Ickes, Back to Work (N.Y.: Macmillan, 1935), p. 14.

91 Ibid., 13; Warburg Journal, May 9.

92 Ickes, Diary, I, 34; Warburg Journal, May 10, 3:30 p.m.; Donald Richberg, My Hero: The Indiscreet Memoirs of an Eventful but Unheroic Life (N.Y.: Putnam's, 1954),

pp. 164-5; Hugh Johnson, The Blue Eagle from Egg to Earth (Garden City, N.Y.: Doubleday, 1935), p. 224; N. Y. Times, May 10, 11.

[93]Tugwell Diary, May 30.

[94]Huthmacher, Wagner, pp. 147-8; Hawley, Monopoly, pp. 25-31; Donald Richberg, The Rainbow (Garden City, N.Y.: Doubleday, 1936), pp. 106-10.

[95]N. Y. Times, May 14-17; H. I. Harriman to FDR, May 11, OF 466; Baruch to FDR, April 10 ("Not sent"), Baruch Mss.

[96]PPA: 1933, 202-4, italics added. The Times, May 18, headlined this message: "ROOSEVELT OFFERS PLAN ON INDUSTRY; LINKS TO REPEAL."

[97]Feis, 1933, pp. 151-60.

[98]Literary Digest, CXV, April 1, pp. 3-4, 10-11, April 8, pp. 1-3, 9, April 22, pp. 10-11, April 29, p. 15, May 8, pp. 10-11; Fuller to FDR, May 11 (2 memoranda), Owen Johnson to FDR, May 12, both FDRFA: 1933-34, 172-6, 120-3; Moffat Diary, May 3, 6, 12.

[99]Frankfurter to FDR, May 9, in FDRFA: 1933-34, 101-2.

[100]See above, pp. 252-5.

[101]Moley Diary, May 10-13. On publicity, see Time, XXI, May 8, pp. 9-11, and N. Y. Times, April 14, 29.

[102]Moley, Seven Years, pp. 207-9, and article reprinted as Appendix D.

[103]See PC #19, May 10, #21, May 16.

[104]Warburg COHC, p. 230.

[105]N. Y. Times, May 11, 16; Rollins, Roosevelt and Howe, pp. 386-8.

CHAPTER VII (pages 314-317)

[1]Warburg Journal, June 13, and COHC, p. 913.

[2]Morgenthau Diary, June 12.

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[3]PC #30, June 16, and see #27, June 7, on stabilization.

[4]FDR to Long, June 16, in PL: 1928-45, 351-2.

[5]See e.g., Time, XXI, June 19, p. 11, June 26, pp. 9-10.

[6]William Phillips COHC, pp. 102-4.

[7]Talbert, "Human Engineer," pp. 17-19, 23-6; Thompson Diary, April 21; interview with A. E. Morgan, Oct. 1969, Yellow Springs, Ohio; Morgan, "Relations," pp. 4-5, Morgan Mss; FDR to Norris, April 20, OF 44; Ickes, Diary, I, 32-3; N. Y. Times, May 10, 12, 19.

[8]Talbert, "Human Engineer," pp. 27-33. On power policies, see Morgan, "Relations," pp. 5-8, Morgan Mss.

[9]David E. Lilienthal, The Journals of David E. Lilienthal, I, The TVA Years, 1939-1945 (N.Y.: Harper, 1964), 35-6.

[10]McIntyre memo for FDR, May 31, OF 42; Floyd Reeves to Hazel Reeves, June 17, Reeves Mss, personal possession, East Lansing, Michigan; Lilienthal, Journals, I, 38-9.

[11]Parrish, Securities Regulation, pp. 48-56.

[12]Ibid., pp. 56-66; FDR memo for Rayburn, n.d. /April 21/, Thompson Mss, Box 1; Frankfurter cable to FDR, April 14, Moley Mss, Box 11; Warburg Journal, April 17, 8:00 a.m.; James M. Landis COHC, pp. 161-9.

[13]Parrish, Securities Regulation, pp. 66-70; memorandum, "The Securities Act of 1933," esp. pp. 1-6 (unsigned), James M. Landis Mss, Box 149, LC; Moley Diary, May 3; Warburg Journal, May 3, 10:00 a.m.; N. Y. Times, May 6.

[14]Thompson Diary, May 5.

[15]N. Y. Times, May 9; Parrish, Securities Regulation, pp. 73-88.

[16]Ickes, Diary, I, 33, 42.

[17]Warburg Journal, May 9, 4:30 p.m.; Feis to Howe, May 10, with memorandum, OF 100-B.

[18]Morgenthau Diary, May 15.

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[19]W.H. memo for FDR, May 8, 5:00 p.m., OF 259; Frankfurter cable to FDR, May 8, 10:38 a.m., PPF 140; Frankfurter to Moley, May 10, Frankfurter Mss, Box 355; Richard W. Child to FDR, May 11, Feis memorandum to Phillips, May 12, both OF 242; Phillips to FDR, May 12, OF 212; Frankfurter cable to Moley, May 16, Frankfurter Mss, Box 260; FDR to Fletcher and Rayburn, May 20, OF 242.

[20]Landis COHC, pp. 169-72; W.H. memo from Rayburn, n.d. /May 20/, OF 242.

[21]_Literary Digest_, CXV, June 3, p. 7; FDR to Wallace B. Donham, May 19, OF 242; Parrish, _Securities Regulation_, pp. 71-2; Moley, New Deal, pp. 306-16.

[22]Parrish, _Securities Regulation_, pp. 43-4, 86.

[23]Warren Diary, April 12.

[24]Moley Notebook, n.d. /April 19-22/, May 3.

[25]See e.g., Warren to FDR, with copies for Morgenthau and W. I. Myers, April 24, OF 229, and FDR further sent copies to Woodin, Douglas, and Moley; Pearson _et. al_., "Warren as Presidential Adviser," p. 5601; Morgenthau Diary, May 2. On FDR and Thomas amendment, see above, pp. 263-9.

[26]Fletcher to FDR, May 6, OF 229; Morgenthau Diary, May 9, for quote, and May 15.

[27]Moley Notebook, May 9; Frankfurter cable to Moley, May 10, Frankfurter Mss, Box 355; Warren Diary, May 24; _N. Y. Times_, May 27; _Nation_, CXXXVI (May 10), 518-19.

[28]PC #24, May 26; _N. Y. Times_, May 30, June 4.

[29]_N. Y. Times_, June 1; _British Foreign Policy: 1933_, 816.

[30]J. H. Rand for FDR, June 8, OF 229; Warren to /Morgenthau/, June 10, Warren Mss; Pearson _et. al_., "Warren as Presidential Adviser," pp. 5621-57.

[31]Webb to McIntyre, April 24, OF 644; McCormack to FDR, April 21, FDR to McCormack, April 24, both OF 266.

[32]Webb to McIntyre, May 25, FDR to Hartley, May 27, both OF 644; _N. Y. Times_, June 6.

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[33]*N. Y. Times*, June 12, 14; C. L. Harris, *History and Policies of the Home Owners' Loan Corporation* (N.Y.: National Bureau of Economic Research, 1951), pp. 7-13.

[34]Marvin Jones COHC, pp. 623-4; Myers Engagement Book, April 25, 26, May 2, 8, 11, 12, 20, 22-25; Blum, *Morgenthau*, I, 44.

[35]Morgenthau Diary, May 22, 9:00 a.m., May 23, 25.

[36]*Ibid.*, May 29; *N. Y. Times*, June 1; Myers Engagement Book, May 27, 29-31, June 5, 6.

[37]Morgenthau Diary, June 5, 9, for quotes; also see Blum, *Morgenthau*, I, 47-8, which erroneously credited Morgenthau with "adamacy" over the salaries.

[38]Latham, *Railroad Coordination*, pp. 56-79; *N. Y. Times*, June 9.

[39]See PC #16, April 28, #17, May 3; W.H. memo "re Dill and the Railway Bill," May 13, OF 31.

[40]Dill to FDR, May 20, FDR memo for McIntyre, May 18, both OF 31; Latham, *Railroad Coordination*, pp. 73-4; *N. Y. Times*, June 9.

[41]*Literary Digest*, CXV, June 17, p. 6; Latham, *Railroad Coordination*, pp. 78-83.

[42]See Warburg Journal, e.g. May 8, 1:30 p.m., May 10, 3:30 p.m., May 15, 12:00 m., May 16, 2:30 p.m.; *N. Y. Times*, May 16; Hull to House, May 10, House Mss, Dr. 10.

[43]Feis, *1933*, pp. 172-4; Barnard, *Independent Man*, p. 268.

[44]Moley Diary, May 16.

[45]*Ibid.* Also see Warburg Journal, May 29, 3:00 p.m.

[46]*Time*, XXI, May 8, pp. 9-11.

[47]John Hanes to W. A. Harriman, May 18, Moley Mss, Box 18; Moley Diary, May 17. Also see *Literary Digest*, CXV, June 3, pp. 8-9, featuring as "brains trusters" Moley, Tugwell, Berle, Mordecai Ezekiel, John Dickinson, and Bullitt.

[48]Moley Diary, May 18 and 19; *N. Y. Times*, May 19.

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[49]Moley, Seven Years, p. 209, and Diary, May 18 and 19; N. Y. Times, May 24. Also see Hull, Memoirs, I, 49.

[50]Astor to Moley, May 31, Moley Mss, Box 4.

[51]Jonah J. Goldstein to Moley, June 2, with clipping, Moley Mss.

[52]Moley Diary, May 18 and 19, and Seven Years, pp. 211-13; Note by Monick, May 29, F[30] 1414, French Ministry of Finance Archives.

[53]See FR: 1933, 622-7.

[54]Warburg Journal, May 26, 10:30 p.m.

[55]Ibid., May 29, 10:30 a.m., and Long Road Home, p. 125; Feis, "NOTES BEFORE DEPARTURE FOR THE ECONOMIC CONFERENCE," May 28, and Feis to Douglas, May 29, Douglas Mss. On FDR's approval of pre-WEC stabilization talks, see FR: 1933, 627-8.

[56]Feis, 1933, 172-4; Schlesinger, New Deal, pp. 208-9.

[57]Tugwell Diary, May 6.

[58]Warburg Journal, May 29, 3:00 p.m., and COHC, p. 856.

[59]Miss Jedel continued to keep Moley's Diary in London, which is hereafter cited as Moley (London) Diary. Annette Pomeranz (Gettinger), his other assistant and secretary, now kept his Diary in Washington until June 21.

[60]See N. Y. Times, May 21; Cortland Smith to FDR, May 24, enclosing editorials from Midwest, OF 172; Perkins to Howe, June 14, OF 15 (published in Times, June 15); Morgenthau Diary, May 15, 22, 29; Warren to [Morgenthau], June 10, Warren Mss. Morgenthau spoke of a "revolution" over withheld patronage, as early as April 28 (Diary, April 28).

[61]Morgenthau Diary, May 22; N. Y. Times, May 19.

[62]Tugwell Diary, May 31.

[63]See N. Y. Times, esp. June 1-17, particularly the headlines; Lindley, Roosevelt Revolution, pp. 162-6.

[64]Memo for the President, May 28, 9:30 a.m., OF 259; Moley, Seven Years, pp. 164, 168.

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[65]Interview with Berle, June 1969, who quoted from his conference notes. Also see J. David Stern to FDR, March 22, OF 230; Woodin to Glass, April 9, McAdoo Mss, Box 9.

[66]Early memo for FDR, n.d. [filed March 12], OF 230; Chester Morrill COHC, pp. 237-9.

[67]Draft of Depositors' Insurance Bill, March 16, Box 381, Guy Greer memo for McAdoo, April 4, H. H. Cotton to McAdoo, April 7, both Box 383, all McAdoo Mss; N. Y. Times, April 8, 12; Irving Fisher to Margaret Fisher, April 12, Fisher Mss, Box 14, Yale U.

[68]N. Y. Times, April 25, May 5, 11, 20; Glass to McAdoo, April 25, Box 383, McAdoo to FDR, May 13, Box 384, both McAdoo Mss; McAdoo to FDR, May 10, OF 230; Moley Notebook, May 3; J. F. T. O'Connor Diary, May 10, 16, 17, O'Connor Mss, U. California, Berkeley; Bascom N. Timmons, Jesse H. Jones: the Man and the Statesman (N.Y.: Holt, Rinehart, 1956), pp. 193-5.

[69]Warburg Journal, June 2; O'Connor Diary, June 2; N. Y. Times, June 3, 6; FDR to Glass and Steagall, June 2, OF 21-B. Moley later denied telling Warburg that he would help kill the banking bill; "I was for the bill and I was persuaded that FDIC should be adopted." Letter from Moley, Jan. 22, 1972.

[70]O'Connor Diary, June 6, 7; N. Y. Times, June 7, 8; Memo for the President, June 6, 11:10 a.m., OF 259. Also see FDR to Clark Howell, June 6, OF 230-A.

[71]Lindley, Roosevelt Revolution, pp. 163-4; FDR (Douglas reply) to James O. Turner, April 15, Douglas to FDR, April 26, with enclosed memorandum from VA, all OF 95-D; Hines to FDR, May 6, Douglas to FDR, May 8, both OF 268; N. Y. Times, May 10, 11.

[72]N. Y. Times, May 17, 20, 22, 30, June 1; Hines to FDR, May 22, Douglas to FDR, May 23, both OF 95-C; W.H. memo for FDR, May 23, 4:15 p.m., OF 259; Sen. Carl Hayden to FDR, May 31, OF 95-D.

[73]Kimmel, Federal Budget and Fiscal Policy, pp. 176-7, 184 and note. On AAA and the recovery argument, see V. Perkins, Agriculture, pp. 41-3.

[74]N. Y. Times, June 2, 3; Literary Digest, CXV, June 17, pp. 3-4; interview with Douglas, Feb. 1970; FDR memo to Hines, May 24, OF 8; Hines to FDR, June 3, OF 95-D.

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[75]O'Connor Diary, June 1; N. Y. Times, June 4, 5.

[76]N. Y. Times, June 6-8; Hines to FDR, June 5, FDR (Douglas reply) to Hayden, June 6, both OF 95-D; PC #27, June 7.

[77]N. Y. Times, May 19, 23, 26, 27, June 2; Memo for the President, May 28, 9:20 a.m., OF 259; Ickes, Diary, I, 46-7.

[78]N. Y. Times, June 3, 6; Clapper Diary, June 4-10; Ickes, Diary, I, 49-51.

[79]Phillips to FDR, June 6, enclosing tariff bill and message dated June 1, all OF 66 (FDR pencilled on the bill that he wanted it rewritten to "3 pages"); Hull, Memoirs, I, 250-2; also see FDR to Sumner Welles, June 8, in PL: 1928-45, 349-50.

[80]PC #28, June 9.

[81]Howe to Pittman, May 26, Walsh to FDR, June 2, Basil Manly to FDR, June 3, all OF 156; Memo for the President, June 2, 9:45 a.m., OF 259; Gov. Paul V. McNutt cable to FDR, June 8, OF 66.

[82]N. Y. Times, June 7, 9; draft of St. Lawrence message, June 5, FDR to LaFollette, June 8, FDR handwritten note, n.d. /filed June 10/: "Sens. Robinson & Pittman--St. Lawrence Treaty 60 votes for it--46 Dems. 13 Repub 1 Farmer Labor Let F. Walsh and D. Cosgrove know--Willard Hotel," Vandenburg, LaFollette, and 6 other senators to FDR, May 18, LaFollette to FDR, June 29, all OF 156; PC #26, June 2.

[83]N. Y. Times, May 26, 28, 30; Hull to FDR, May 27, OF 404; Robert A. Divine, The Illusion of Neutrality (Chicago: Quadrangle, 1968 ed.), pp. 52-6; PC #26, June 2.

[84]See PPA: 1933, 225-6, for W.H. summary of orders.

[85]N. Y. Times, June 9-11; Clapper Diary, June 11.

[86]N. Y. Times, June 12-15; Moley Diary, June 11-15; British Foreign Policy: 1933, 813-39; Clapper Diary, June 14; PC #29, June 14; Time, XXI, June 26, pp. 9, 12-14; A. E. Morgan memoranda, June 7, 8, 10, Morgan Mss.

[87]N. Y. Times, June 12-15.

[88]On his veto message, see FDR to House, June 24, House to FDR, July 2, both PPF 222.

[89]*N. Y. Times*, June 16; FDR to Garner and Rainey, June 15, OF 12.

[90]See PC #25, May 31; Warburg Journal, May 25, 8:15 a.m.; Memo for the President, May 28, 9:30 a.m., June 8, 3:07 p.m., both OF 259.

[91]*N. Y. Times*, June 6, 8, 16; Norris to FDR, June 13, OF 400-Hawaii.

[92]*Literary Digest*, CXVI, July 1, p. 7.

[93]See *N. Y. Times*, June 2-5, 7, 8, on CCC kit imbroglio and how Howe shifted blame to the Budget Bureau and to CCC head Fechner. Also see Rep. Ross A. Collins to Howe, June 9, Sen. Morris Sheppard to Howe, June 15, both OF 268, for conflicting views on Howe's involvement; and Warburg Journal, July 23, 1:00 p.m., for Douglas' statement that Howe did not hesitate to "misrepresent the truth to the Senate Committee."

CHAPTER VII (pages 373-379)

[1]PC #31, July 5; *N. Y. Times*, July 6.

[2]FDR first publicly used the term "hundred days" in his third major radio broadcast on July 24, which Moley helped draft. See *PPA: 1933*, 295; Moley Diary, July 24.

[3]Fisher to FDR, July 5, PPF 431; *N. Y. Times*, July 4, 7.

[4]For the best published account of the WEC, see Robert H. Ferrell, *American Diplomacy in the Great Depression: Hoover-Stimson Foreign Policy, 1929-1933* (New Haven: Yale U. Press, 1957), ch. 15, a short analysis; Feis, *1933*, chs. 16-20, and Moley, *New Deal*, chs. 32-38, both detailed and fairly complete; and Schlesinger, *New Deal*, ch. 13; Pratt, *Hull*, I, ch. 3.

[5]*N. Y. Times*, June 8-10.

[6]Warburg Journal, June 13.

[7]Moley (London) Diary, June 13.

[8]Warburg Journal, July 22, 10:30 a.m.

[9]*Ibid.*, June 29, 2:30 p.m.

[10]Moley Diary, June 15.

[11]*N. Y. Times*, June 14-16; Feis, *1933*, 181-4; and see above, pp. 314-19, 365-72 from last chapter, 1st and last secs.

[12]Sprague cable to Woodin, June 16, 5:22 p.m., Moley Mss, Box 48. This document went only as far as part (a), clause (four) of the plan: "Both governments and banks of issue agree upon--"; see *FR: 1933*, 642-4. Section two, containing the heart of the Sprague plan, was received at 8:27 p.m., and section three at 8:40 p.m.; see Department of State, file 550.S1 Monetary Stabilization/18, at NA.

[13]PC #30, June 16.

[14]*N. Y. Times*, June 16; Tully, *F.D.R.*, pp. 76-7.

[15]*FR: 1933*, 642-4.

[16]*Ibid.*, 644-5.

[17]*N. Y. Times*, June 17, reported that FDR closed his office at 7:00 p.m., and he swam, dined, and met with his staff, all before departing on the 8:30 train.

[18]*Ibid.*, June 15-17; Feis, *1933*, pp. 183-4; Moley (London) Diary, June 15, 16; Warburg Journal, June 16, 10:00 p.m., and June 17.

[19]Moley, *New Deal*, pp. 427-8, italics added, and Moley Diary, June 16. That the "war council" ended by 7:00 is confirmed by Moley, *Seven Years*, pp. 231-2, when he stated that the last item of his talk with FDR was to have him invite Swope--who cabled his reply from New York at 7:46 p.m.; see Swope cable to FDR, June 16, Moley Mss, Box 48.

[20]*N. Y. Times*, June 17.

[21]*Ibid.*, June 18; Moley Diary, June 17.

[22]*FR: 1933*, 645-6, italics added.

[23]*N. Y. Times*, June 18; Moley Diary, June 18.

[24]Warburg Journal, June 18, 9:00 a.m.

[25]*FR: 1933*, 647-8, italics added; Moley (London) Diary, June 18.

[26]*N. Y. Times*, June 19, 20.

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27 Moley (London) Diary, June 18, 19; Warren D. Robbins to FDR, June 15, in FDRFA: 1933-34, 237-9; Warburg Journal, June 18, 19; Phillips cable to Hull, June 17, Moley Mss, Box 48 (not printed in FR: 1933); Feis, 1933, pp. 187-90.

28 Feis, 1933, pp. 186-8.

29 Warburg Journal, May 26, 10:30 a.m.

30 Moley Diary, June 14, 18, and New Deal, pp. 432-7.

31 Moley cable to FDR, June 18, Moley Mss, Box 49 (not printed in FR: 1933).

32 N. Y. Times, June 20; FR: 1933, 649.

33 Moley Diary, June 19.

34 FDRFA: 1933-34, 248-50, italics added.

35 Moley Diary, June 19.

36 Acheson, Morning and Noon, pp. 170-1.

37 Byrnes, Lifetime, p. 81.

38 Moley, Seven Years, p. 234.

39 N. Y. Times, June 20, 21.

40 FR: 1933, 650.

41 Moley, New Deal, pp. 439-42, and Notebook, n.d. /June 20/, and handwritten copies of cable and authorization, Moley Mss, Box 48.

42 Moley (London) Diary, June 12, 15, records two dates that Moley telephoned; N. Y. Times, June 18-20, on WEC, and June 23, on FDR daily scanning newspapers; Starling, Starling, p. 309.

43 Moley, Seven Years, p. 237.

44 F30 1415, June 23, Minister of Foreign Affairs to Minister of Finance, French Ministry of Finance Archives

45 Moley (London) Diary, June 21.

46 Warburg Journal, June 21, 9:00 a.m.

(pages 397-405)

47 *New Republic*, LXXV (June 28), 180.

48 *N. Y. Times*, June 22, 29; House to FDR, June 24, B. H. I. Brown to House, June 19, and clippings, all PPF 222.

49 *N. Y. Times*, June 23-30; Starling, *Starling*, pp. 309-11.

50 Baruch cable to Moley, Moley cable to Baruch, both June 21, Baruch Mss.

51 *Times* editorial of June 22, Moley memo, June 22, both Moley Mss, Box 48; *N. Y. Times*, June 24.

52 Phillips cable to Moley, June 27, 5:00 p.m., Moley Mss, Box 48. *FR: 1933*, 657, reprinted FDR's original to Phillips, containing the final sentence--which was not repeated to Moley: "You might suggest this to Moley and inform the Secretary."

53 *FR: 1933*, 660-1.

54 Warburg Journal, June 21; Feis, *1933*, pp. 190-7.

55 FDR to Welles, June 24, OF 470.

56 *N. Y. Times*, June 28.

57 Moley Diary, June 28 (London). Moley wrote the diary for June 28 through July 7, the date he sailed for the U.S. He wrote it on the trip back, with help from a pooling of memories of himself, Swope, Mullen, and Miss Jedel, as well as from notes taken by Moley. Although dismissed by Feis as a "memo" (*1933*, p. 350), this account appears as authentic as possible under the circumstances. In fact it is more reliable in places than the record kept by Warburg, himself too rushed to make daily entries; see Warburg Journal, e.g. June 30, 6:45 p.m.

58 *N. Y. Times*, June 29.

59 Moley Diary, June 28.

60 *FR: 1933*, 658-9.

61 *Ibid.*, pp. 653, 655.

62 Harrison Memorandum of transatlantic telephone conversation, June 27, 2:10 p.m., George Harrison Mss, Columbia U.

63 Warburg Journal, June 28 [actually the 27th], 7:30 p.m., italics added. This error in dating was probably due to the impossibility for Warburg to make daily entries; see note 57.

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[64]Acheson cable to FDR, June 27, OF 17 (not printed in FR: 1933).

[65]FR: 1933, 660-1, italics added.

[66]Ibid., p. 663. [67]Ibid., pp. 661-3.

[68]Ibid., p. 663, italics added.

[69]N. Y. Times, June 30.

[70]Moley Diary, June 29; Warburg Journal, June 29; Bullitt memorandum for Hull about his June 29 talk with Moley, n.d., with notation: "The above statement is correct--July 2, 1933 (signed) Cordell Hull," Hull Mss, Box 34; Hull memorandum of Moley meetings with other nations' representatives, July 15, Hull Mss, Box 77; and see Keith Feiling, The Life of Neville Chamberlain (London: Macmillan, 1946), pp. 222-3, which quotes Chamberlain's diary entry for the 29th. Moley later pointed out that the war debts and stabilization were Treasury responsibilities, and that neither the delegation nor Hull had the right to commit the Treasury without its consent; "This was admitted by Hull on the day when he said that Sprague and I would take charge of the negotiations on those subjects. In short, I represented in reality Woodin and not Hull, and I thoroughly understood Woodin and had his confidence and affection." Letter from Moley, Jan. 22, 1972; also see New Deal, pp. 455, 457.

[71]Moley Diary, June 29.

[72]Warburg Journal, June 29, 2:30 p.m. Also see June 30, 11:00 a.m., where Warburg and Moley settled their differences. Once before, in April, Warburg had confronted Moley about temperamental differences. He later believed that Moley resented his and Bullitt's closeness to FDR--while the professor's Diary recorded that he was irritated with Warburg's readiness to give concessions to the French (then in Washington), which he considered to be against American policy. See Warburg Journal, April 26, 10:00 a.m., and COHC, pp. 559-62; and Moley Diary, April 26. Tempers and nerves were strained by the pressure in London, even more so than during the Hundred Days.

[73]FR: 1933, 664-6.

[74]Ibid., p. 671; Moley Diary, June 30, July 1.

[75]FR: 1933, 667-8. [76]Ibid., p. 666.

[77]Ibid., pp. 667, 670-1; Moley Diary, June 30.

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[78]Morgenthau Diary, June 29, italics added. For an abbreviated version of this quote (although no ellipse appears), see Schlesinger, New Deal, p. 216, which omitted the last part: "but he was not very convincing about it." For examples of pressure, see Committee for the Nation cable to FDR, June 30, and earlier, all PSF 54.

[79]Charles Hurd, When the New Deal was Young and Gay (N.Y.: Hawthorne Books, 1965), p. 166.

[80]N. Y. Times, June 30.

[81]Morgenthau Diary, June 30, italics added; FR: 1933, 668. If telegrams Nos. 79 and 80 were "garbled," as FDR later said (FDRFA: 1933-34, 263-4), then it is not surprising that his reply was directed to Hull.

[82]Hurd, New Deal, pp. 166-71.

[83]N. Y. Times, July 1, italics added.

[84]FR: 1933, 669-70. The typed copy sent from Campobello was timed at 11:55 p.m. on the 30th; see PSF 54.

[85]FR: 1933, 667-8, 670-2.

[86]Ibid., p. 672, italics added; Moley Diary, July 1-3; Warburg Journal, July 1, 11:30 p.m.

[87]Morgenthau Diary, July 2; FDRFA: 1933-34, 268-70, and note.

[88]Warburg Journal, July 3, 10:15 a.m.; F^{30} 1415, July 5, Minister of Foreign Affairs to Minister of Finance, French Ministry of Finance Archives.

[89]N. Y. Times, July 4; New Republic, LXXV (July 26), 275-7.

[90]Moley Diary, July 3-5; FR: 1933, 688, 692-4; Warburg Journal, July 2, 2:00 p.m.; E. Roosevelt, Remember, p. 84. Also see FR: 1933, 655, for FDR's June 24 message to Hull and Cox following the Times' editorial on Moley and the White column: "Do not worry about the attitude of a few papers like the New York Times. Prestige of delegation is generally excellent at home and most people are saying you were all clever enough to avoid an obvious trap."

[91]Moley Diary, July 4; Moley cable to FDR, July 4, Hull Mss, Box 34; Feis, 1933, p. 194.

[92]F30 1416, June 6, Minister of Foreign Affairs to Minister of Finance, French Ministry of Finance Archives.

[93]FR: 1933, 680; Moley Diary, July 23, 24, 27. Beginning with the July 6-13 entry, Miss Jedel resumed the Diary.

[94]Hull cable to FDR, July 11, PSF 54; Warburg Journal, July 14, 7:30 p.m. Also see Hull's handiwork against Moley in Hull to Howe, July 8, Morrison to Hull, July 31, both Box 34, Hull memorandum, July 15, Box 77, Cummings memorandum for Hull, July 16, Box 78, all Hull Mss; Bingham to House, July 31 and Aug. 3, House to Bingham, Aug. 11, all Dr. 3, House Mss; Bullitt to FDR, July 8, in FDRFA: 1933-34, 289-94.

[95]Tugwell, "The World Economic Conference," unpublished article, pp. 11-12, Tugwell Mss, Box 21; and see Bingham cable to Howe, July 15, OF 491, telling of one such confidential and personal letter that is not available in the Roosevelt Library's files.

[96]Morgenthau Diary, July 30.

[97]Warburg Journal, July 14, 7:30 p.m.

[98]Swope cable to Baruch, July 8, Baruch Mss; Frankfurter to Moley, July 14, Moley Mss, Box 11.

[99]Warburg COHC, pp. 1084-5. James Roosevelt, F.D.R., p. 260, later stated that his mother and, by implication, his father were "considerably upset" by these divorce-remarriage plans, announced in N. Y. Times, June 9.

[100]Moley Diary, July 13.

[101]Warburg Journal, July 22, 9:30 a.m.

[102]*Ibid*., July 22, 1:15 p.m., and July 24, 1:00 p.m.

[103]O'Connor Diary, July 13.

[104]Moley Diary, July 14, 17.

[105]Interview with Douglas, Feb. 1970.

[106]Farley, Farley's Story, pp. 40-1.

[107]Frankfurter to Moley, April 12, Frankfurter Mss, Box 355.

[108]Feis, 1933, pp. 232-3.

[109]FR: 1933, 655.

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[110]*Ibid.*, 670, 673.

[111]Warburg Journal, July 20, 10:00 a.m.

[112]*Ibid.*, July 25, 1:00 p.m.

[113]Warren Diary, July 24; Douglas memorandum of first Public Works Board meeting, June 30, Douglas Mss.

CHAPTER IX (pages 442-458)

[1]Lindley, *Roosevelt Revolution*, p. 327; Schlesinger, *New Deal*, p. 21; Burns, *Roosevelt*, p. 179; Leuchtenburg, *Franklin D. Roosevelt*, p. 62.

[2]T. Harry Williams, *Huey Long* (N.Y.: Knopf, 1970), pp. 418-19; Freidel, *Triumph*, p. 371.

[3]Moley, *Seven Years*, ch. 7, esp. p. 268.

[4]Kimmel, *Federal Budget and Fiscal Policy*, pp. 171, note 6, 175-84, 190-7, 214-17; Louis Howe, "Balanced Government--The Next Step," *American Magazine*, CXV (June, 1933), 84-5; Donald C. Swain, "Harold Ickes, Horace Albright, and the Hundred Days: A Study in Conservation Administration," *Pacific Historical Review*, XXXIV (Nov. 1965), 455-7.

[5]Warburg Journal, April 4, 9:00 p.m.

[6]Leith-Ross, *Money Talks*, p. 177; Warburg COHC, pp. 1194-5.

[7]Charles O. Jackson, *Food and Drug Legislation in the New Deal* (Princeton: Princeton U. Press, 1970), chs. 1, 2, esp. pp. 381-406; Blum, *Morgenthau*, I, 35-68.

[8]Burns, *Roosevelt*, p. 179.

[9]See e.g. Moley, *New Deal*, pp. 338-9.

[10]*British Foreign Policy: 1933*, 813-15.

[11]Letter from Raymond Moley, April 22, 1969.

[12]Letter from Lewis W. Douglas, Nov. 12, 1969.

[13]Warburg Journal, May 30.

[14]*PPA: 1933*, 295-303, esp. p. 302.

COMMENTS ON SOURCES

COMMENTS ON SOURCES

Since all manuscript collections, primary and secondary works, and published documents are cited fully the first time they appear in the notes, these comments only deal with a brief evaluation of some of the major sources, rather than attempting a comprehensive analysis or a complete listing.

Any examination of the manuscript collections for the Hundred Days must begin with the Franklin D. Roosevelt papers at the Roosevelt Library in Hyde Park, New York. While these materials are voluminous and often peripheral, the Official File and the President's Personal File contain many of the documents that are revealing on legislative and policy issues; and the correspondence is useful for determining opinion on given issues. The press conferences are often candid, sometimes repetitive, and occasionally misleading; but used carefully, they give the best day-to-day record of Roosevelt's thinking and expressed views on current topics. Another essential source is the many series of published documents, the most recent being Edgar B. Nixon, ed., Franklin D. Roosevelt and Foreign Affairs (3 vols., Cambridge, Mass., 1969), which is now complete through 1936 but which will eventually cover all four administrations.

There are several indispensable manuscript collections of close Roosevelt advisers. The best of these is the papers and diary of Raymond Moley at Stanford's Hoover Institution, much of which substantiates his memoirs. The Lewis W. Douglas papers at the University of Arizona are recently opened and have some revealing items on this period, and they should be supplemented by the Douglas materials in the Roosevelt collection. James P. Warburg's oral history at Columbia contains a dictated version of his candid and almost hourly journal for 1933, most of which is valuable, and his comments on the journal which he made in 1951, which must be used with care. Rexford G. Tugwell's papers at the Roosevelt Library contain very few items of interest, but his "Notes From A New Deal Diary" is enlightening, although the bulk of it covers the interregnum. The Henry Morgenthau, Jr., Farm Credit Diary in the Morgenthau papers at the Roosevelt Library yields several insights on FDR, but the papers and the diaries prior to 1933 are closed. The Adolf A. Berle, Jr., papers are in the possession of Mrs. Berle and are presently unavailable, although my taped interview with him forms part of the Berle oral history at Columbia, in process. The Louis Howe papers at the Roosevelt Library offer only occasional references to the Hundred Days.

Several other personal manuscripts are useful. Walter Wyatt's contemporary notes in the possession of Mr. Wyatt are excellent on the banking crisis. Also useful on this topic are the E. A. Goldenweiser diary in the

Goldenweiser papers and the Charles S. Hamlin diary in the Hamlin papers, both at the Library of Congress. On securities, see Huston Thompson's diary in the Thompson papers at the Library of Congress. On monetary policy, see the George F. Warren diary and papers at Cornell. Cordell Hull's papers at the Library of Congress have but few items for 1933, and nothing on his relationship to FDR or Moley prior to the "bombshell" message. The Bernard M. Baruch papers at Princeton indicate some of Baruch's advising and some outside pressures. The George N. Peek diary in the Peek papers at the University of Missouri is useful on the events surrounding AAA, and Georgia Lindsey Peek's diary in the same collection is an interesting social commentary on the early New Deal. The Henry A. Wallace papers at the University of Iowa Library were recently opened, but have few items on early 1933; and the Wallace diary is closed until 1975, when the oral history at Columbia will also be opened.

Interviews and oral histories proved valuable in supplementing manuscripts and memoirs. I had many stimulating conversations with Raymond Moley, Lewis Douglas, Walter Wyatt, and Ralph Robey. I also interviewed Adolf Berle, Mordecai Ezekiel, James A. Farley, Marvin Jones, Malcolm Moley, Arthur E. Morgan, William I. Myers, and Floyd Reeves. I consulted numerous oral histories at Columbia, which has the most extensive and best organized collection, although the references for the Hundred Days were scattered. Those I examined included Horace M. Albright, Paul Appleby, Chester C. Davis, Edward J. Flynn, Jerome Frank, Gardner Jackson, Marvin Jones, Arthur Krock, James M. Landis, Eugene and Agnes Meyer, Chester C. Morrill, Edward A. O'Neal, William Phillips, Jackson Reynolds, Samuel I. Rosenman, Rexford Tugwell, and M. L. Wilson. Two of the potentially best memoirs are still closed: Frances Perkins and Henry Wallace. The W. I. Myers oral history in the Myers papers at Cornell is a good discussion of farm credit activities during the interregnum, based on his fine collection of memoranda covering those activities.

In addition to papers and oral history, several memoirs prove indispensable. The best of these included Raymond Moley, After Seven Years (N.Y., 1939), which should be supplemented with his The First New Deal (N.Y., 1966). Herbert Feis, 1933: Characters in Crisis (Boston, 1966), is good on FDR's casualness in foreign policy, although uneven in the treatment of some of FDR's close advisers. James Warburg, The Long Road Home: The Autobiography of a Maverick (Garden City, N.Y., 1964), has two interesting chapters on early 1933. Henry Wallace, New Frontiers (N.Y., 1934), has insights on AAA. Rexford Tugwell's The Democratic Roosevelt: A Biography (Garden City, N.Y., 1957), based on his many memories and articles, has his version of FDR's earlier life and career but has very little on the Hundred Days; and Tugwell's recent The Brains Trust (N.Y., 1968), while containing useful 1932 background on FDR, was evidently written almost entirely from memory. Eleanor Roosevelt's This I Remember (N.Y., 1949), is terse, and must be supplemented by biographies. Grace Tully, F.D.R., My Boss (Chicago, 1949), has perceptive comments on Roosevelt's daily life and White House routine. James Roosevelt and Sidney Shallett, Affectionately, F.D.R.: A Son's Story of a Lonely Man (N.Y., 1959), is revealing in the manner suggested by the subtitle. The best of the Cabinet memoirs is Frances Perkins, The Roosevelt I Knew (N.Y., 1946); it is sympathetic, generous, and perceptive about FDR, but not altogether reliable on judgments and events of early 1933. While Harold L. Ickes, The Secret Diary of Harold L. Ickes: The First Thousand Days, 1933-1936 (N.Y., 1954), has a few useful observations on Roosevelt and politics, James Farley's Behind the Ballots (N.Y., 1938) and his bitter Jim Farley's Story (N.Y., 1948) contribute little on the policies of this period. But two books by journalists, Ernest K. Lindley, The Roosevelt Revolution: First Phase (N.Y., 1933), and J. F. ("The Unofficial Observer") Carter, The New Dealers (N.Y., 1934), give excellent background and descriptions on personalities and policies in 1933.

Public opinion and contemporary assessments of events and policies can be gleaned particularly from the New York Times, the Literary Digest, the New Republic, The Nation, and Time magazine. Sometimes these topics were discussed or commented upon in Roosevelt's press conferences.

Several well-known biographies of Roosevelt must be read for background. Frank Freidel, Franklin D. Roosevelt (3 vols., Boston, 1952-6), carries FDR up to the election of 1932, and contains forthright and judicious assessments. Arthur M. Schlesinger, Jr., The Age of Roosevelt (vols. I and II, Boston, 1957-9), are excellent for the intellectual and social milieu of the times, although FDR is sometimes lost in the account of the age and the sources are not always judiciously used. James MacGregor Burns, Roosevelt: The Lion and the Fox (N.Y., 1956), is the best one-volume treatment of Roosevelt and his dual nature, although it is sparse on the interregnum and the Hundred Days. Alfred B. Rollins, Jr., Roosevelt and Howe (N.Y., 1962), sympathetically delineates the role of Howe in the creation of a President. By far the best volume to appear on FDR, particularly on his relationships with Eleanor and with friends and advisers, is Joseph P. Lash, Eleanor and Franklin: The Story of Their Relationship Based on Eleanor Roosevelt's Private Papers. (N.Y., 1971). Published too late to be used in my study, it reveals FDR to be more politically and personally expedient than other biographies have acknowledged, making the difficulty of advisers' relationships with him more easily understandable.

Last, the many biographies and monographs on the New Deal have made the task of evaluating Roosevelt's impact upon policies somewhat manageable. While there are no biographies of figures like Moley, Douglas, Warburg, or

Berle, Bernard Sternsher's comprehensive Rexford Tugwell and the New Deal (New Brunswick, N.J., 1964), and John M. Blum's authorized From the Morgenthau Diaries: Years of Crisis, 1928-1938 (Boston, 1959), J. J. Huthmacher's Senator Robert F. Wagner and the Rise of Urban Liberalism (N.Y., 1968), and Julius W. Pratt's Cordell Hull (N.Y., 1964) are helpful. Particularly useful are the following monographs: Ellis W. Hawley, The New Deal and the Problems of Monopoly: A Study in Economic Ambivalence (Princeton, N.J., 1966), which analyzes the divergent background of NRA; Lewis H. Kimmel, Federal Budget and Fiscal Policy, 1789-1958 (Wash., D.C., 1959), which discusses the prevalent fiscal orthodoxy as well as the emerging Keynesian trends; Earl Latham, The Politics of Railroad Coordination, 1933-1936 (Cambridge, Mass., 1959), which details the struggle for and emasculation of railroad reform; Michael E. Parrish, Securities Regulation and the New Deal (New Haven, Conn., 1970), an excellent treatment of the complicated securities legislation; Van L. Perkins, Crisis in Agriculture: The Agricultural Adjustment Administration and the New Deal, 1933 (Berkeley, Calif., 1969), the best of the case studies, which details the enactment of AAA as well as personal involvements in that process; and John A. Salmond, The Civilian Conservation Corps, 1933-1942: A New Deal Case Study (Durham, N.C., 1967), the best of many works on CCC.

In conclusion, while case studies of New Deal legislation and agencies proliferate, there are still many significant figures who lack biographies. And Lash's unique

Eleanor and Franklin indicates the possibilities in the areas of FDR's personal relationships, a topic too often slighted by those who have attempted to capture the elusive but magisterial character of Franklin D. Roosevelt.