The History of the Twentieth Century
Episode 282
"One Hundred Days"
Transcript

[music: Fanfare]

"If I prove a bad President, I will also likely prove the last President."

Franklin Delano Roosevelt, private remark on the day of his inauguration in 1933.

Welcome to *The History of the Twentieth Century.*

[music: Opening Theme]

Episode 282. One Hundred Days.

Today I'm going to pick up where we left off last time, on Monday, March 6, 1933. In the wee hours of that Monday morning, Franklin Roosevelt, who officially became President just two days earlier, exercised powers granted under the wartime Trading with the Enemy Act to order a four-day bank holiday.

We will pick up from that moment, but first an observation. Economics isn't only about numbers and statistics; it is also about attitudes and mood. The challenge for an historian is that financial data, such as GDP growth or the size of the US gold reserve, is easy enough to uncover and report. Public mood, on the other hand, is not quantifiable and is difficult to assess objectively.

Nevertheless, public mood is central to our narrative today, and we have to consider it, whether it is quantifiable or not. When Herbert Hoover ran for President in 1928, he positioned himself as the champion of the status quo, and that was smart politics…for 1928. The USA seemed to be chugging along just fine. Economic growth and the standard of living were at an all-time high. Hoover's campaign message boiled down to this: if you want more of the same, vote for me, and you'll get it. In an uncharacteristically intemperate moment, Herbert Hoover even dangled the prospect of a coming day in which poverty in the United States would be entirely eliminated.

Ah, well. Unfortunately for Herbert Hoover's political fortunes, not to mention his historical reputation, who lives by the status quo dies by the status quo. When the US economy began its downturn, just half a year after he took office, Hoover maintained that the troubles were transient and that the US economic and political system was fundamentally sound. All that was needed was patience.

But three and a half years later, he was still saying the same thing. And here we can observe a vivid, real-world example of what John Maynard Keynes meant by his dictum that “in the long run, we are all dead.” Telling people who are losing their homes, or who can’t afford shoes for their children, or who can’t feed their families, that prosperity will return eventually, someday, is no comfort at all. As the US economy got worse, Hoover seemed if anything to become more rigid in his conviction that taking bold action to remediate the economic downturn was not only unnecessary, but counterproductive.

Economic growth can increase public confidence in the economy which can in turn further increase economic growth. Similarly, bad economic times can erode confidence in the economy which can make the bad times worse. During the Hoover Administration, bad economic news drove even Americans who had some money to withdraw their savings from banks and stash it in their mattresses, and no, that’s not a metaphor. The resulting slowdown in spending led to deflation and economic contraction, which created even greater economic insecurity until, by the final days of the Hoover Administration, the public no longer even regarded cash in the mattress to be safe enough, and Americans began hoarding gold. Those with the means were shipping it abroad.

At that point, even the United States, the country with the world’s largest gold reserve, was in danger of depleting it.

Enter Franklin Roosevelt. I’m struck by how often contemporary accounts of people close to him, people working for him, report how cheerful he was even in these gravest moments of economic crisis, how he smiled even as he signed the emergency order closing every bank in America for four days. No wonder he became so closely associated with the song, “Happy Days Are Here Again.”

This may also explain how so many people, especially Roosevelt’s political enemies, grossly underestimated him and dismissed him as a dilettante, a shallow rich kid, born with a silver spoon in his mouth, who thought everything in life was easy, just because it had always been that way for him.

But it is clear that Roosevelt had far more depth than that. A person who saw all his dreams and ambitions shattered after a bout with polio, and who afterward spent years painstakingly piecing it all back together again would have to. It would also give a person perspective on what it feels like to be a marginalized American, someone brushed aside as having nothing to contribute even though you feel so strongly that you do.

When he became President, he surely understood the stakes. The US economy was shrinking at a dramatic rate, while the economy of the Soviet Union was growing at a dramatic rate, persuading many that liberal democracy was a 19th-century relic and that Communism, or maybe fascism, was the future. And remember that long and eventful transition period between Roosevelt's election and inauguration that I described last time? Let me remind you that over that same period of time, in Germany, a nation experiencing economic pain comparable to America's, Adolf Hitler became Chancellor. As Franklin Roosevelt sat at home in Hyde Park the last week in February, drafting his inaugural address, in Germany, the Reichstag building burned, President Hindenburg signed a decree suspending civil liberties, and the Hitler government began rounding up Communists and socialists and interning them in concentration camps. On Sunday, March 5, Roosevelt's first full day in office, the day his Administration drafted the bank holiday declaration, Germans were going to the polls in an election that would increase the power of the Nazi Party enough to allow for the Enabling Act that ended German democracy.

So Franklin Roosevelt understood full well what was at stake: nothing less than the success or failure of America's democratic experiment, which was endangered in a way it had not been since the administration of Abraham Lincoln. You can see that in the quote I read to you at the top of the episode. The lesson of Germany was plain. And yet, even understanding all this, Roosevelt set to work with a confidence that impressed those who worked closely with him as much as it impressed the nation.

Herbert Hoover had demonstrated conclusively that doing nothing was no answer. The public yearning for a President who would do…anything was palpable. And when the newly inaugurated President Roosevelt set to work at once doing…something, the public sense of relief was equally palpable.

As America awoke Monday morning to learn that the banks would be closed for at least the next few days, there emerged the teensy little problem of how to conduct business when your customers didn't have any cash and there was as yet no such thing as a credit card. Across the US, businesses announced they would accept checks or IOUs for the duration of the emergency. Even so, it only took until Tuesday before the Administration began to allow exceptions. Businesses were permitted to withdraw funds to pay their employees' wages or for purchases of foodstuffs and medical supplies, but only in the form of paper currency. At America's borders, customs officers blocked the export of millions of dollars in gold.

One clear sign that the panic was already beginning to ease: people who had withdrawn gold from their banks were now bringing it back to deposit. The Administration was fine with this; no one was allowed to withdraw gold, but deposits of gold were welcome. Americans who had converted their assets to gold began to realize that they merely had made their life savings easy to steal and otherwise useless. It's not as if you can eat it, now can you?

Congress came into session on Thursday. Now, in the past couple of episodes, as we covered Roosevelt's election and the transition period, there were a couple of important developments I skipped, so that I could focus on the American economy. One of them was the composition of this new Congress. In the House of Representatives, the Democrats had won a narrow majority in 1930. The Roosevelt landslide of 1932 had carried 97 new Democrats into the House of Representatives, and four new members of Minnesota's leftist Farmer-Labor Party, meaning the Republicans lost 101 seats, the only time in the twentieth century when a political party would suffer triple-digit losses in that chamber. Overall, this gave the Democrats a staggering 200-seat advantage. In the Senate, which had been tied in the previous Congress, with Vice President Curtis wielding the tie-breaking vote, Democrats picked up twelve seats and took solid control. Among the eight Republican incumbents defeated were Senate Majority Leader James Watson of Indiana. This was the first time in Senate history a Majority Leader lost a bid for re-election. Also going down to defeat in 1932 was five-term Utah Republican Reed Smoot, he of the Smoot-Hawley tariff bill.

So Roosevelt had a strong Democratic majority in Congress to work with. Still, he was careful to brief Congressional leaders the night before on the terms of the Emergency Banking Act he would be submitting the next day, even though it was not yet fully drafted.

The new Congress would convene on Thursday, as scheduled, and remain in session until June 15, a period of exactly one hundred days, and it would be the most productive one hundred days in the body's history. Eleanor Roosevelt came to the House gallery for the opening of the session. When she arrived, the House gave her a standing ovation. Eleanor broke with tradition by not wearing a hat and by bringing along her knitting, which she worked on while the House worked on the bill.

As soon as the House was sworn in and its leaders elected, Majority Leader Joseph Byrns of Tennessee introduced the Act under a special rule which prohibited amendments. Minority Leader Bertrand Snell of New York spoke briefly, asking Republicans to support the Act. Chairman Steagall of the House Banking Committee began to read the act aloud. At 4:00, the Speaker called for a vote. The House answered with a roar of approval. There was no roll call taken. There had been no committee hearings, no debate, no caucus meetings to discuss the bill.

In the Senate, the only opposition to the bill came from the left, people like Wisconsin Progressive Senator Bob LaFollette, Jr., who called for the nationalization of the banks, and Louisiana Senator Huey Long, who complained the bill didn't do enough for rural banks. The final vote there was 73-7, with most of those opposing the bill, like LaFollette and Long, protesting that it didn't go far enough.

At 8:30 that evening, President Roosevelt signed the bill at the White House, less than six hours after it had been introduced, which has to count as some kind of record. The bill retroactively ratified the bank holiday and set terms under which banks could reopen: only after their balance sheets had been reviewed and approved by the Treasury Department. And it authorized the Federal Reserve to issue new currency, solving the deflation problem in the most direct way possible, by authorizing the printing of more money. These notes would be backed by Federal

Reserve assets, but not exclusively by gold. In this way, they resembled the Rentenmarks issued by Germany in 1924.

Sunday evening, Roosevelt went on nationwide radio for his first Presidential fireside chat. Since banks would begin reopening on Monday, he wanted to do everything possible to keep the public calm. He explained the banking crisis and the steps his Administration had taken to deal with it. He told the public he could not promise there would be no losses, but he did pledge that "there will be no losses that possibly could be avoided."

It was a new experience in 1933, for the entire nation to listen to the President all at once in their living rooms. Roosevelt was already experienced in speaking over the radio, and his frankness and his careful explanation reassured the nation. Humorist Will Rogers joked that President Roosevelt had explained the banking crisis so clearly that even a banker could understand it.

When the banks reopened on Monday, not only were there no bank runs, but Americans collectively deposited twice as much money as they withdrew, even though many people had to have been short on cash by then. And depositors were lining up to return gold. Stories were told of customers who needed help lugging the heavy metal to the bank. Because the reality is, people don't really want to keep all their assets in the form of cash in the mattress, and even less do they want to stockpile gold in their cellars. The cash withdrawals had been sparked by a crisis in confidence in the banking system, and the gold withdrawals by a crisis of confidence in the US dollar. Roosevelt turned that around, and things quickly went back to normal. Economist Raymond Moley marveled, "Capitalism was saved in eight days." The New York Stock Exchange had also closed during the bank holiday. When it reopened, the Dow Jones Industrial Average increased by more than eight points on the first day, a 15% increase, which stands to this day as the largest ever single-day percentage gain in the Dow.

Roosevelt was praised everywhere in the press. Newspaper magnate William Randolph Hearst summed up the mood when he jokingly suggested that the next Presidential election would be unanimous.

[music: Tyers, "Panama"]

As soon as the Emergency Banking Act had been signed, that very evening in fact, before the banks had reopened, Roosevelt invited Congressional leaders to the White House to brief them on his next proposal. To the shock of many of them, he wanted legislation to authorize cuts in Federal expenditures in order to balance the budget. Roosevelt had in fact campaigned in part on a call for a balanced budget; now, he told Congressional leaders, the Federal government had to get its regular budget under control before he could consider emergency programs to deal with the Depression.

In Roosevelt's view, the two areas in need of attention were government salaries and veterans' benefits. He sought an across-the-board 15% cut in the salaries of all Federal employees, beginning with himself. Under Roosevelt's plan, his own salary would be reduced from $90,000 per year to $75,000. Congressional salaries would be reduced from $10,000 per year to $8,500. Roosevelt justified the pay cut on the grounds that there had been considerable deflation in the US dollar since 1929, meaning government employees were effectively getting paid much more today than they were four years ago.

More conservative lawmakers in both parties applauded the move, while Progressives hated it. Cuts in government spending were deflationary, at a time when deflation was public enemy number one. And everyone remembered last year's Bonus Army marching on Washington. Does the new President want to see a repeat of that?

Roosevelt got his law, the Economy Act of 1933. A number of Democrats and Progressive Republicans opposed the bill, but more conservative Republicans joined with the Democrats to pass it.

On Sunday night, March 12, immediately after concluding that first fireside chat, Roosevelt told his dinner guests, "I think this would be a good time for a beer." He didn't mean that literally; he was talking about Prohibition.

During the long and difficult transition period we talked about last week, the previous, lame duck Congress, as one of its last acts and after a couple of near misses, finally put together enough votes to submit to the states a Constitutional amendment repealing the Eighteenth Amendment, the one that made Prohibition possible. This would be the first, and so far only, occasion in US history that a Constitutional amendment would be proposed to repeal an earlier Constitutional amendment. It would also be the first, and so far only, occasion in US history when a Constitutional amendment would be submitted, not to state legislatures, but to conventions in each of the states for approval. Congress chose this alternative method, which is written into the Constitution but which had never before been invoked, because of a widespread view that state legislatures were so beholden to the temperance movement that it would be impossible to get enough of them to approve this amendment.

The 21st amendment was sent to the states on February 20, 1933, less than two weeks before Roosevelt's inauguration, and would be ratified on December 5, 1933, when three state conventions—Pennsylvania, Ohio, and Utah—all approved it on the same day. This meant that the Eighteenth Amendment was still in effect for the first nine months of the Roosevelt Administration. Nevertheless, if you think back to our episodes on Prohibition, you'll recall I said then that the Eighteenth Amendment speaks of "intoxicating liquors." A lot of people, even a lot of temperance supporters, believed the amendment would only apply to distilled spirits, not to beer or wine, and were surprised when Congress passed the Volstead Act, which banned any beverage with more than a trace of alcohol.

The 1932 Democratic Party platform had included a call to amend the Volstead Act to permit sales of beer. That Sunday night, following his fireside chat and his quip about "time for a beer," Roosevelt sent a message to Congress calling for it to act on the Democratic platform. This proved to be a shrewd political move; it brought liberal and conservative Democrats, who had split over Roosevelt's Economy Act proposal, back together again. By Thursday of that week, and over the objections of the Anti-Saloon League and the Women's Christian Temperance Union, Congress approved the change.

Less than three weeks into his Presidency, Roosevelt had gotten three major bills enacted into law, and his Administration was receiving praise from every quarter. Initially, Roosevelt had intended this special session of Congress to deal only with emergency matters, but now he decided to take advantage of this tremendous political momentum he had gathered to push farther.

On March 16, Roosevelt sent to Congress the first of a series of bills that would define the New Deal. It was an act that would provide relief to farmers. Farmers have been having a bad time of it for a couple of decades now, and not only in the United States. During his time in New York, as a state senator and as governor, Roosevelt was attentive to the needs of farmers. He regarded their economic wellbeing as fundamental to a prosperous economy. Since the Great War, farmers had been reeling. Modern technology had increased yields, but it cost a lot of investment capital. Farmers were borrowing to invest in equipment that increased harvests yes, but when everyone's harvest increased, commodity prices fell, putting farmers on a treadmill, where they were spending more and more and working harder and harder for harvests that were bigger than ever, but selling for so little they had trouble making ends meet.

The bill was drafted by Secretary of Agriculture Henry Wallace and Columbia University economics professor Rexford Tugwell, a member of Roosevelt's so-called "Brain Trust." The bill folded the Hoover Administration's Federal Farm Board into a new agency, the Agricultural Adjustment Administration, or AAA. The new agency would offer farmers up-front payments to limit the acreage they planted of certain basic crops, including wheat, rice, corn, and cotton. Farmers are used to making all their money at harvest, so getting a cash payment up front in the spring was a boon for them. Limiting everyone's planting meant smaller yields and higher prices in the fall. The AAA would raise the money for these payments by taxing the entities the farmers sold their crops to: mills, brokers, food processors, and textile plants. These entities would also be regulated by the AAA to insure they treated farmers fairly. A follow-up bill offered US government refinancing of farm mortgages in cases where farmers were in default.

Roosevelt was particularly proud of the Agricultural Adjustment Act, because of his longstanding concern for the welfare of farmers. He regarded it as the centerpiece of the New Deal, although most people would likely point to the Civilian Conservation Corps as the signature New Deal program.

Roosevelt had promised a Federal jobs program in conservation during the campaign. Just a week after submitting the AAA to Congress, Roosevelt sent over the Emergency Conservation

Work Act. This would create a program that would eventually be called the Civilian Conservation Corps, or CCC. It wouldn't be known by that name until 1937, but that's the name under which it is best known, so I'll start using it now. Roosevelt's bill would allocate $500 million in Federal funding to create a program available to young men 18-25 years old, the age group with the highest unemployment rate. The CCC was deliberately organized like the military, although it was not a military program. Enrollees would be sent to work locations around the country, mostly in rural areas, to do conservation work such as planting and thinning trees, building trails and bridges, fighting forest fires, and digging reservoirs.

CCC workers lived in military-style encampments of about 200 people each in the isolated locations where they worked. They slept in barracks or tents and ate in mess halls. The camps were organized and administered by military officers, although again, the workers themselves were not members of the military. Workers were paid $30 per month, with the stipulation that they had to send $25 of that money to their families.

Labor unions protested the proposal. The low dollar-a-day wage would put downward pressure on wages elsewhere, they argued. William Green, who became head of the American Federation of Labor in 1924, following the death of Samuel Gompers, denounced the CCC as both fascist and communist. Roosevelt responded by pointing out that besides the wage, the government was providing food, clothing, shelter, and health care to members of the CCC, which cost the government an additional dollar per day, so the workers were effectively earning $2 per day, which was not bad for the time. As for the rest of it, well, this may have been the first time in history an American President was accused of being a fascist and a communist in the same breath, but it will not be the last time.

The leadership of the US military also had some reservations about being drafted—if you'll pardon the expression—drafted into administering this program, but the military would later find that the experience gained from setting up and operating these camps would be helpful in wartime.

I told you about the 1932 Bonus Army march on Washington a couple of episodes ago. There was a second, smaller Bonus Army that assembled in Washington in May 1933. The Roosevelt Administration, in sharp contrast to its predecessor, set up an encampment for the marchers at Fort Hunt in Virginia, where the veterans were fed and housed. President Roosevelt sent his wife Eleanor to meet with the Bonus Army as his personal representative. Afterward, the First Lady told the press she'd felt perfectly safe and comfortable among the Bonus Army, which contrasted sharply with last year's accusations that the Bonus Army was a band of criminals and Communist revolutionaries. One Bonus Army member, in comparing the treatment they had gotten under two different Presidents, famously told a newspaper reporter, "Hoover sent the Army; Roosevelt sent his wife."

But the Roosevelt Administration would not give in to the main Bonus Army demand for immediate payment of their bonus certificates, but it did offer to amend the entry requirements for the CCC to allow for the admission of veterans, irrespective of age or marital status, which offered some relief to the most desperate of them. Three years later, in 1936, Congress would override Roosevelt's veto to enact legislation allowing for immediate payment of veterans' bonuses.

The CCC program also had a separate branch called the Indian Division, available to indigenous Americans. Unlike the encampment model used by the main CCC program, Native CCC workers usually worked on conservation programs in their own communities and lived with their own families or with a rental allowance, rather than in a barracks. In 1934, Congress would pass the Indian Reorganization Act, reversing the Federal policy of encouraging Native assimilation and instead increasing Indigenous control over Native lands and in the organization of tribal government. Some historians speak of these measures as the "Indian New Deal."

As for African Americans, after a couple years of experimenting with integrated CCC camps, the program began segregating African-American members into separate camps, which were carefully located. This was due to disapproval of integration among many white Americans, especially in the South, racial friction in the camps, and discomfort in many small, rural white communities at the sudden appearance of young African-American men in their towns.

Even so, Americans of all ethnic backgrounds got the same pay and the same treatment from the CCC, and the program would become the most popular part of the New Deal. Roosevelt urged rapid passage of the bill, which allowed some 200,000 young men to become employed by the summer of 1933. Overall, three million Americans would work for the program at one time or another, including my uncle. The CCC was widely perceived as making its young men stronger, healthier, instilling character, and encouraging literacy. Employers regarded previous experience in the CCC as a plus when hiring.

The CCC was disbanded in 1942, after the United States entered the Second World War.

You'll recall I told you about the Temporary Emergency Relief Administration, which Roosevelt had set up in New York while he was governor. As President, Roosevelt sent Congress legislation to create the Federal Emergency Relief Administration, which became law in April. To head the new agency, Roosevelt appointed Harry Hopkins, the social worker whose performance as head of the New York agency had been exemplary. Its role would be to send Federal money to the state governments, which would use it to hire new workers and fund public projects. This new spending was meant to restart the economy, so time was of the essence. On his very first day as head of the new agency, Hopkins wired money to Texas, Ohio, Michigan, Illinois, and three other states. In its first year, Hopkins would disburse a total $1.5 billion to the 48 states.

The Administration was also interested in funding Federal public works projects, and Labor Secretary Perkins was assigned the task of creating a "wish list." The initial list included $5 billion in public projects, which was more than the entire Federal budget of that year. The list was pared back to a little over $3 billion, submitted to Congress in May, and passed in June. These projects, such as construction of new dams, roads, and schools, were administered by the Public Works Administration, or PWA, headed by Interior Secretary Ickes.

Before Roosevelt came to office, if you had tried to talk to someone about "the hundred days," what most likely would have come to their mind would have been either Napoleon's Hundred Days, the period in 1815 that began with Napoleon's triumphant return to Paris from his exile on the island of Elba through the War of the Seventh Coalition, the Battle of Waterloo, the Restoration of Louis XVIII, and Napoleon's final surrender. Or else they would have thought of the Allied offensive in the autumn of 1918 that broke the German Army and helped precipitate the end of the Great War.

But no more. From now on, at least in the United States, The Hundred Days will usually refer to the opening weeks of the Roosevelt Administration. It was Roosevelt himself who first framed it this way, during a Fireside Chat in July 1933 in which he offered reflection on the period.

It was a remarkable historical moment. For a major bill to be introduced in Congress and passed in a matter of hours is hard to imagine today, in a country where the system of government was deliberately and expressly designed to be slow. But it was a unique set of events that made this possible. The country was in an unprecedented crisis and had just gone through an election campaign in which the relative merits of staying the course versus making a radical change of direction had been debated and the latter had won decisively.

The public expected dramatic changes. The public demanded dramatic changes. When they got it, the public responded with overwhelming support and a new show of confidence in the American economy. The parallels with Germany are striking. Both countries saw a change in leadership and a sudden change in direction at almost exactly the same time. In both countries, the public response was a surge of approval and a newfound faith in the future. But the contrast between Adolf Hitler's politics of resentment and retribution and Franklin Roosevelt's politics of relentless optimism and "Happy Days Are Here Again" is as stark as the contrast between midnight and noon.

We'll have to stop here for today. I thank you for listening, and I'd especially like to thank Asha and Anthony and Alan for their kind donation, and thank you to Justin for becoming a patron of the podcast. Donors and patrons like Asha and Anthony and Alan and Justin help cover the costs of making this show, which in turn keeps the podcast available free for everyone, so my thanks to them and to all of you who have pitched in and helped out. If you'd like to become a patron or make a donation, just visit the website, historyofthetwentiethcentury.com and click on the PayPal or Patreon buttons.

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Next week is a bye week for the podcast, but I hope you'll join me in two weeks' time, here on *The History of the Twentieth Century,* as we, hey, talk some more about the Hundred Days because there are a couple other items I haven't gotten to yet, and also take a broader look at changes in the US economy, the effect on the gold standard, and ask the burning question, "Where are the customers' yachts?" That's in two weeks' time, here, on *The History of the Twentieth Century*.

Oh, and one more thing. One of the less welcome changes Franklin Roosevelt brought to the American system of government is the use of the metric of the "first hundred days" by political journalists to take an early read on the success of a new Presidential administration in the United States.

Franklin Roosevelt was an uncommon politician, to be sure, but it was also a unique and unprecedented set of events that made the hundred days possible. To use Roosevelt as a yardstick to measure modern Presidents would be like comparing every new rookie baseball player's performance to Babe Ruth's first year with the Yankees, or evaluating the box office of every new film by comparing it to *Avengers: Endgame.*

In other words, it's silly and it's pointless and it needs to stop.

[music: Closing Theme]