

*Chapter Four*

A CHANGE OF GOVERNMENT

§ 1

IT BEGAN to look as if the job of saving the United States would fall into the willing hands of Franklin D. Roosevelt.

Early in June, 1932, the Republicans held a dull convention with their Old Guard in full control, wrote a dull and verbose platform, and nominated Herbert Hoover for re-election because they had to. Considering what was going on in the world, the general aspect of the Republican deliberations was ichthyosaurian.

When the Democrats went to Chicago for their convention—to a Chicago still reeling from a local panic in which nearly forty banks had gone under and the Dawes bank had been hard hit—Roosevelt had a long lead for the Democratic nomination. For his aides had been doing hard and effective work. Jim Farley—large, amiable, energetic, shrewd in the politics of friendships and favors—had been rushing about the country with glad hand outstretched and had been using to the utmost his incredible capacity for mass production of personal correspondence. He sometimes called in six stenographers at a time, spent eight consecutive hours signing letters in green ink; at night, when safe from interruption, he could sign at the rate of nearly two thousand letters an hour. While Farley commanded the Roosevelt forces in the field, the Roosevelt chief-of-staff was Louis McHenry Howe, a little wizened invalid with protruding eyes and unkempt clothes who worshipped Roosevelt and lived to further his career. Remaining in a shabby office

in Madison Avenue, New York, sitting at a desk littered with newspapers and pamphlets, or lying on an old day bed when his chronic asthma exhausted him, Howe studied the political map and gave Farley sage advice. "Louis would sit in front of me in his favorite pose," writes Farley, "his elbows resting on his knees, and his face cupped in his hands so that practically nothing was visible of his features except his eyes." A masterly strategist of politics, Howe thought out the plan of campaign.

While these men gathered delegates for Roosevelt, others gathered ideas for him. In March, 1932—the month of the Lindbergh kidnaping and the Kreuger suicide—Roosevelt's friend and adviser Samuel I. Rosenman had suggested to him that it might be a good idea to get a group of university professors to help him formulate his program; and, when Roosevelt smilingly agreed that it might, Rosenman had invited Professor Raymond Moley of Columbia to dinner and had thrashed the matter out with him over coffee and cigars. Moley had been working with Roosevelt for months on various New York problems and thus naturally became the recruiting officer and unofficial chairman of a group of advisers which included (in addition to Moley and Rosenman) Rexford Guy Tugwell and Adolph A. Berle, Jr., both of Columbia, and Basil O'Connor, Roosevelt's law partner. Roosevelt at first dubbed the group his "privy council"; in July, James Kieran of the *New York Times* christened it the "brains trust"; the general public took over this name but inevitably changed the awkward plural into a singular and spoke of the "brain trust." Members of the group would go to Albany, dine with Governor Roosevelt, talk with vast excitement for hours, and return to New York to study and report on national problems for the candidate and to draft memoranda and rough out speeches for him.

But at first Roosevelt was very cautious in his use of such

material or in taking a definite position upon anything. He was handsome, friendly, attractive; he had the smiling magnetism, the agreeable voice which Hoover so dismally lacked; he had not only had political and administrative experience as Governor of New York, but knew Washington as a former Assistant Secretary of the Navy. With Farley and Howe to help him, and with delegates flocking to him because of his political "availability," all he apparently needed in order to win the nomination—and the election, for that matter—was to exercise his charm, look just conservative enough to fall heir to the votes of Republicans who were sick of Hoover, look just radical enough to keep the rebellious from turning socialist or communist, and not make enemies. So he spoke kindly of "the forgotten man at the bottom of the economic pyramid" but failed to specify exactly how this man should be remembered; he said that "the country demands bold, persistent experimentation" but engaged, in his speeches, chiefly in the sort of experimentation practiced by the chameleon. So gentle was he with the Tammany graft being disclosed by Samuel Seabury, and so tentative was he in expressing economic ideas, that Walter Lippmann warned those Western Democrats who regarded Roosevelt as a courageous progressive and an "enemy of evil influences" that they did not know their man.

"Franklin D. Roosevelt," wrote Lippmann, "is an amiable man with many philanthropic impulses, but he is not the dangerous enemy of anything. He is too eager to please. . . . Franklin D. Roosevelt is no crusader. He is no tribune of the people. He is no enemy of entrenched privilege. He is a pleasant man who, without any important qualifications for the office, would very much like to be President."

On the first ballot for the nomination, taken in the Chicago Stadium in a sweltering all-night session after interminable nominating speeches, Roosevelt already had a

majority of the delegates. The only obstacles now remaining were the ancient rule which required a two-thirds vote for the nomination, and the possibility that the opposition forces of John Nance Garner of Texas or of Roosevelt's former friend and mentor, Al Smith, might be unbreakable. Two more ballots followed without important change as night gave way to day, and at 9:15 on the morning of July 1st the delegates—"stupefied by oratory, brass bands, bad air, perspiration, sleeplessness, and soft drinks," as Walter Lippmann said—stumbled out of the Stadium into the sunshine with no decision taken.

Only Huey Long, the Louisiana Kingfish, had seemed unwilted during that exhausting night: Heywood Broun saw him dash down to the aisles to soothe a swaying delegation, pause to greet a blonde stenographer with "How are you, baby?" and continue energetically on his political errand. When Farley got back to Louis Howe's room to report, he found Howe lying on the floor in his shirt sleeves, his head on a pillow, two electric fans blowing on him; Farley sprawled on the carpet beside him to confer on the strategy of the hour. The two men decided that Farley should look for Sam Rayburn of Texas and see if the Texas delegation could be persuaded to forsake Garner for Roosevelt, in return for aid in getting Garner the vice-presidential nomination. Farley then dragged himself to Pat Harrison's rooms in search of Rayburn; and when he found that Rayburn had not yet arrived, Farley sat down to wait and presently was snoring in his chair. Under such conditions do our statesmen make their vital choices.

But soon it was all over. Rayburn arrived at the Harrison suite. He did not commit himself definitely but said, "We'll see what can be done"; and Farley felt that victory was on the way. That afternoon Garner telephoned from Washington to recommend that his leaders should release their delegations. (What part Hearst, who had been backing



Garner, had in this surrender is uncertain.) When, that night, the delegates assembled once more, the opposition lines had broken. On the first ballot that night—the fourth for the nomination—Roosevelt was chosen. Garner thereupon got the vice-presidential nomination.

Dramatically, Roosevelt refused to wait weeks for a notification ceremony. Throwing aside tradition, he chartered a plane, flew to Chicago, and made an immediate speech of acceptance promising a "new deal." (This was the first public appearance of the phrase. Moley, perhaps thinking of Stuart Chase's book, *A New Deal*, had used it in a memorandum to Roosevelt six weeks before, and Roosevelt had seized upon it.)

The origin of this acceptance speech was a little drama in itself. For weeks Roosevelt and the Brain Trust had been working on a draft of the address. During the plane trip Roosevelt had made a few last-minute revisions. But at the airport at Chicago he was met by Louis Howe, who thrust another manuscript into his hand. Howe, in Chicago, had been shown a copy of the Brain Trust draft by Moley, had disliked it, and had written a revised version: it was this new version which he was now handing to the nominee. As Roosevelt rode to the Stadium through roaring crowds he had no chance to compare the two documents; not until he was on the platform, facing the Convention, could he lay them side by side. During the cheering he glanced them over. Then he began to speak. The beginning of his address was his faithful Howe's first page; the rest was the original Brain Trust draft!

Nothing in the speech was as bold as Roosevelt's flight to make it. "Taking note, apparently, of the charges of straddling that had been flung at him," wrote Elmer Davis, "he promised to make his position clear; and he did—upon the Prohibition plank [demanding Repeal] which the party had adopted by a vote of five to one. For the rest, you could

not quarrel with a single one of his generalities; you seldom can. But what they mean (if anything) is known only to Franklin D. Roosevelt and his God."

In the speech there were many passages which foreshadowed the subsequent vigorous measures of his Presidency, but they were vague in phrasing. In only one place, where he suggested that a force of unemployed men be put at conservation work, did he seem to have a really novel plan (this was the germ of the CCC). He endorsed some ideas which he was later to forsake, as when he said that government "costs too much" and that the Federal government should set an example of solvency. And he accepted "one hundred per cent" the new Democratic platform: a short specific document which, though it called for financial reforms such as Roosevelt was later to push through Congress, and called also for "control of crop surpluses," represented in the main an old-fashioned liberalism—a return to the days of small and simple business units and modest and frugal governmental units—and certainly gave no hint of any intention to expand enormously the Federal power.

Events were moving fast in that summer of 1932, ideas were boiling, and counsels were divided. The Democratic candidate was astute: he had less to lose by facing two ways than by standing fast; by talking about candor than by exercising it.

## § 2

Not only were ideas boiling; the country was losing patience with adversity. That instinct of desperate men to rebel which was swelling the radical parties in a dozen Depression-hit countries and was gathering stormily behind Hitler in Germany was working in the United States also. It was anything but unified, it was as yet little organized, and only in scattered places did it assume the customary Euro-

pean shape of communism. It had been slow to develop—partly because Americans had been used to prosperity and had expected it to return automatically, partly because when jobs were vanishing those men who were still employed were too scared to be rebellious, and simply hung on to what they had and waited and hoped. (It is not usually during a collapse that men rebel, but after it.) There had been riots and hunger-marches here and there but on the whole the orderliness of the country had been striking, all things considered. Yet men could not be expected to sit still forever in the expectation that an economic system which they did not understand would right itself. The ferment of dissatisfaction was working in many places and taking many forms, and here and there it was beginning to break sharply through the orderly surface of society.

In the summer of 1932 the city of Washington was to see an exciting example of this ferment—and a spectacular demonstration of how not to deal with it.

All through June thousands of war veterans had been streaming into Washington, coming from all over the country by boxcar and by truck. These veterans wanted the government to pay them now the “adjusted compensation” which Congress had already voted to pay them in 1945. They set up a camp—a shanty-town, a sort of big-scale “Hooverville”—on the Anacostia flats near the city, and they occupied some vacant land with disused buildings on it on Pennsylvania Avenue just below the Capitol. More and more of them straggled to Washington until their number had reached fifteen or twenty thousand.

Among such a great crowd there were inevitably men of many sorts. The Hoover Administration later charged that many had had criminal records, or were communists. But unquestionably the great majority of them were genuine veterans; though there was one small communist group, it was regarded with hostility by the rest; in the main this

"Bonus Expeditionary Force" consisted of ordinary Americans out of luck. They were under at least a semblance of military discipline and were on the whole well-behaved. Many brought their wives and children along, and as time went on the Anacostia camp took on an air half military and half domestic, with the family wash hanging on the line outside the miserable shacks, and entertainers getting up impromptu vaudeville shows.

General Pelham D. Glassford, the Washington superintendent of police, sensibly regarded these invaders as citizens who had every right to petition the government for a redress of grievances. He helped them to get equipment for their camp and treated them with unfailing consideration. But to some Washingtonians their presence was ominous. A group of the veterans—under a leader who wore a steel neck-brace and a helmet with straps under the chin, to support a broken back—picketed the Capitol for days while the Bonus bill was being considered; and on the evening when the bill was to come to a vote, the great plaza before the Capitol was packed with veterans. The Senate voted No. What would the men do? There were people looking out the windows of the brightly lighted Senate wing who wondered breathlessly if those thousands of ragged men would try to rush the building. But when their leader announced the news, a band struck up "America" and the men dispersed quietly. So far, so good.

Some of them left Washington during the next few days, but several thousand stayed on, hopelessly, obstinately. (Where had they to go?) Officialdom became more and more uneasy. The White House was put under guard, its gates closed and chained, the streets about it cleared, as if the man there did not dare face the unrest among the least fortunate of the citizenry. It was decided to clear the veterans out of the disused buildings below the Capitol (to make way for the government's building program); and on the morn-

ing of July 28, 1932, General Glassford was told that the evacuation must be immediate. He set about his task.

It began peacefully, but at noon somebody threw a brick and there was a scuffle between the veterans and the police, which quickly subsided. Two hours later there was more serious trouble as a policeman at whom the veterans had thrown stones pulled his gun; two veterans were killed before Glassford could get the police to stop shooting. Even this battle subsided. All Glassford wanted was time to complete the evacuation peacefully and without needless affront. But he was not to get it.

Earlier in the day he had told the District Commissioners that if the evacuation was to be carried out speedily, troops would be required. This statement had been needlessly interpreted as a request for military aid, which Glassford did not want at all. President Hoover had ordered the United States Army to the rescue.

Down Pennsylvania Avenue, late that hot afternoon, came an impressive parade—four troops of cavalry, four companies of infantry, a machine-gun squadron, and several tanks. As they approached the disputed area they were met with cheers from the veterans sitting on the curb and from the large crowd which had assembled. Then suddenly there was chaos: cavalrymen were riding into the crowd, infantrymen were throwing tear-gas bombs, women and children were being trampled and were choking from the gas; a crowd of three thousand or more spectators who had gathered in a vacant lot across the way were being pursued by the cavalry and were running wildly, pell-mell, across the uneven ground, screaming as they stumbled and fell.

The troops moved slowly on, scattering before them veterans and homegoing government clerks alike. When they reached the other end of the Anacostia bridge and met a crowd of spectators who booed them and were slow to "move on," they threw more gas bombs. They began burning the

shacks of the Anacostia camp—a task which the veterans themselves helped them accomplish. That evening the Washington sky glowed with fire. Even after midnight the troops were still on their way with bayonets and tear-gas bombs, driving people ahead of them into the streets of Anacostia.

The Bonus Expeditionary Force had been dispersed, to merge itself with that greater army of homeless people who were drifting about the country in search of an ever-retreating fortune. The United States Army had completed its operation “successfully” without killing anybody—though the list of injured was long. The incident was over. But it had left a bitter taste in the mouth. Bayonets drawn in Washington to rout the dispossessed—was this the best that American statesmanship could offer hungry citizens?

### § 3

The farmers were rebellious—and no wonder. For the gross income of American agriculture had declined from nearly 12 billion dollars in 1929—when it had already for years been suffering from a decline in export sales—to only 5¼ billions in 1932. While most manufacturing businesses dropped their prices only a little and met slackened demand with slackened production, the farmer could not do this, and the prices he got went right down to the cellar. Men who found themselves utterly unable to meet their costs of production could not all be expected to be philosophical about it.

Angry Iowans, organized by Milo Reno into a Farmers' Holiday Association, were refusing to bring food into Sioux City for thirty days or “until the cost of production had been obtained”; they blockaded the highways with spiked telegraph poles and logs, stopped milk trucks and emptied the milk into roadside ditches. Said an elderly Iowa farmer with

a white mustache to Mary Heaton Vorse, "They say blockading the highway's illegal. I says, 'Seems to me there was a Tea Party in Boston that was illegal too.' "

Elsewhere farmers were taking the obvious direct means to stop the tidal wave of mortgage foreclosure sales. All through the prairie country there were quantities of farmers who not only had heavy mortgages on their property but had gone deeply into debt for the purchase of farm machinery or to meet the emergencies of years of falling prices; when their corn and wheat brought to even the most industrious of them not enough money to meet their obligations, they lost patience with the laws of bankruptcy. If a man sees a neighbor of his, a formerly successful farmer, a substantial, hard-working citizen with a family, coming out of the office of the referee in bankruptcy stripped of everything but an old team of horses, a wagon, a few dogs and hogs, and a few sticks of furniture, he is likely to see red. Marching to the scene of the next foreclosure sale, these farmers would drive off prospective bidders, gather densely about the auctioneer, bid in horses at 25 cents apiece, cows at 10 cents, fat hogs at a nickel—and the next morning would return their purchases to the former owner.

In a quiet county seat, handbills would appear: "Farmers and workers! Help protect your neighbors from being driven off their property. Now is the time to act. For the past three and a half years we have waited for our masters, who are responsible for the situation, to find a way out. . . . On Friday the property of —— is to be sold at a forced auction at the courthouse. . . . The Farmers Committee has called a mass protest meeting to stop the above-mentioned sale." And on Friday the trucks would drive up to the courthouse and men by the hundreds, quiet, grim-faced, would fill the corridors outside the sheriff's office while their leaders demanded that the sale be not held.

They threatened judges in bankruptcy cases; in one case

a mob dragged a judge from his courtroom, beat him, hanged him by the neck till he fainted—and all because he was carrying out the law.

These farmers were not revolutionists. On the contrary, most of them were by habit conservative men. They were simply striking back in rage at the impersonal forces which had brought them to their present pass.

All through the summer and autumn of 1932—when the Olympic Games were being held with high pageantry at Los Angeles, when people were gathering in the open fields of Maine and New Hampshire to witness as much of a total eclipse of the sun as drifting clouds would permit, when Mayor Jimmy Walker of New York was being tried before Governor Roosevelt for misconduct in office and was resigning to seek a temporary exile in the south of France, when the report that a nudist camp had been established anywhere was enough to bring the reporters on the dead run, and when Roosevelt was campaigning against Hoover—all through that summer and autumn the ferment of ideas, plans, notions for defeating the Depression increased.

In July and August, barter schemes were going into effect in Dayton and Yellow Springs, Ohio, and soon they were being set up in numerous communities: men and women were organizing the dispossessed to pool their various abilities and make goods for one another—only to discover, after months or even years of heroic effort, that “mutual exchanges” and attempts to set up little systems of production within the existing system could be only makeshifts at best. Towns from which money had almost disappeared were adopting scrip currency—issuing local money good in the local shops. Huey Long, who had arrived in Washington as a Senator in January and had electrified the gentlemen of the press by receiving them in lavender pajamas, had proposed a Share-our-Wealth scheme in March; and although Huey now occupied an ostentatious position on the Roose-



vult band wagon, he had not forgotten his slogan: the time was ripe for it. Father Coughlin's big radio audience heard him excoriating both the New York financiers and the Hoover Administration and calling Morgan, Mellon, Meyer, and Mills the "Four Horsemen"; the radio priest was getting ready to come out for revaluation of the currency.

Magazine editors were being inundated with manuscripts explaining how the Depression could be ended—manuscripts proposing huge bond issues for public works, recommending inflation, recommending all sorts of other expedients, rational or ridiculous: "hot money" which would decline in value if unspent; the Douglas credit plan; other complex improvements in the banking and credit system; schemes for the general reduction of debts; "work-sharing" schemes for shorter hours of labor to soak up unemployment; proposals for the seizure and operation of industries by the government. Communism was notably gaining strength, both among the unemployed workers and—more rapidly—among the urban intellectuals: Edmund Wilson, John Dos Passos, Malcolm Cowley, V. F. Calverton, Theodore Dreiser, and other able writers were fighting the good fight for Marx, and young novelists by the dozens were sitting down to write proletarian fiction.

The yeast was slowly working, and with the advent of winter it suddenly produced an astonishing and significant phenomenon: the frenzy of interest in Technocracy.

#### § 4

To nobody was this frenzy more bewildering than to Howard Scott, the father of the Technocratic idea. He was an eccentric, boastful, haphazard young man who claimed to have had an important career in engineering and certainly had conducted a small paint and floor-wax business. For years he had been buttonholing people at The Meeting

Place or Van's Place or other Greenwich Village speak-easies and restaurants to expound his strange economic theories—and had been finding it difficult to get people to listen. But when the Depression routed economic orthodoxy, heterodox notions began to look less crazy; Scott got enough backing to put a squad of unemployed architects to work at Columbia University on an "Energy Survey of North America." Then the *Living Age* came out with an article about Technocracy; and then, abruptly—in December, 1932—the thing was everywhere: in the newspapers, in the magazines, in sermons, in radio-actors' gags, in street-corner conversation. The amazed Scott, who a little while before had been jubilant when a newspaper gave a few lines to Technocracy, was now pursued by interviewers ready to hang upon his lightest word.

Scott's theory—developed partly from the writings of Veblen and Soddy—had a basis of good hard sense. He argued that it was not necessary for our economic system to falter and slow down; our enormous scientific and technical progress and the vast potentialities of machine power offered a basis for unparalleled prosperity—if only our money and credit arrangements could be prevented from jamming the works. The trouble with the system, argued Scott, was that discoveries and improvements which should cause us to be able to enjoy the affluence of plenty did not do so, but added to the debt burden and stalled the economic machinery.

At this point the argument became more difficult. What was wrong, insisted Scott, was the price system. What we needed was a price system based on energy—in units like ergs and joules. And the people who could put such a system into effect and operate it were the technologists—the scientists and engineers.

To try to put into effect a new price system seemed a sufficiently hazardous proceeding—considering the vast number of changes it would necessitate in everyday transactions—even if Scott and his disciples had been able to explain how

this very difficult change was to be brought about. (No adequate explanation was forthcoming.) Practical men boggled at such a proposal. Practical men also smiled at putting the vital decisions in a society into the hands of scientific specialists. They remembered that politicians are always needed in the making of social decisions, because they know how to take account of human nature. Other critics of Technocracy pointed out that Scott's statements about the great potentialities of new engineering devices like the electric eye were optimistic at best. Still others were irritated by the abstruse language and the complicated mathematical formulae in which the Technocrats expressed themselves: when Scott himself wrote for publication he said of Technocracy that "its methods are the result of a synthetic integration of the physical sciences that pertain to the determination of all functional sequences of social phenomena," and he defined science as "the methodology of the determination of the most probable."

But the Technocratic idea fitted precisely the American mood of the moment. It offered an answer to the pervasive riddle of the times. This answer was new; it did not—as did communism—run head on into ingrained prejudices and emotional conflicts. It seemed to be scientific, and thus commended itself to a people who venerated science as the source of progress. As a new fad, it was as much fun as a round-the-world flight or Amos 'n' Andy. The very fact that it was abstruse, that it broke clean away from the world of practical problems and intelligible statements, gave it a mystical irresistibility to a nation searching for a magic key to recovery, for something which would both bring prosperity and serve as a religion. Technocracy was hopeful, too, looking forward as it did to an era of possible plenty; this fact helped to make it palatable to a public of habitual optimists. And its vogue came at the moment when millions of Americans had decided that they were sick of the old order and were ready for a new one—they didn't know what.

During the last month of 1932 and the first month of 1933 America took up the idea with a whoop. The columns of newspapers and magazines were full of it; bankers and taxi drivers alike argued its merits and fallacies; *The ABC of Technocracy* leaped into the best-seller lists, half-forgotten volumes by Soddy and Veblen suddenly met a lively demand, and several new books on Technocracy were hurriedly announced. When ship-news reporters boarded an incoming liner, the first question they asked a returning banker or movie star was "What do you think of Technocracy?" Howard Scott was invited by the largest apartment house in New York to act as Santa Claus at its Christmas tree celebration, quite as if he were a Channel swimmer or a non-stop flyer. A rift between Scott and his Columbia associates became a front-page news sensation.

Then the interest almost as quickly waned. Technocracy was too far removed from the practical issues of the day to remain in the forefront of attention. By the time the New Deal arrived, it was already *vieux jeu* to most Americans—like a memory of a half-forgotten folly.

Yet in the meantime it had offered an object-lesson in the readiness of the American people for a new messiah and a new credo. In a lesser degree they were exhibiting the same emotional willingness to get up and go, they knew not where, that was being exhibited in Germany by multitudes of men and women who were not convinced by Hitler but followed him because he was marching and seemed sure of his destination, and because they could face a hopeless future no longer.

## § 5

Poor Hoover!

In June he had made a bold disarmament proposal in the hope of ending a long European deadlock over arms limita-

tions, a deadlock which was deepening the bitterness in Germany—but French and British opposition brought it to nought, and the move had come too late anyhow. He labored with a recalcitrant Congress in the fervent hope of balancing the budget—and won only a partial victory. Anxiety sat heavy upon him. As he hurried from his desk to a quick luncheon and back again, he hardly spoke to members of the White House staff in the corridors, but passed them half-unseeing, a frown upon his face. Democrats like Garner who gave him scant co-operation he regarded with wrath; the White House correspondents found him suspicious, unwilling to hold press conferences, resentful of attacks upon him in the press. No man in the White House had ever struggled harder and seen his efforts so scantily rewarded.

In August things seemed to be looking better. The Bonus Army—that hateful reminder of a bitterness and distress of which he was already painfully conscious—had been driven from the city. Better still, the business index had turned upward. A conference in Lausanne, which had ended German reparations, appeared to have eased the financial tension in Europe. Gold was no longer leaving the United States; indeed, by the end of August over a third of the gold that had been frightened away in the latter months of 1931 and the early months of 1932 had returned. The RFC had slowed up the rate of bank failures. And once again the stock market was showing healthy plus signs. Perhaps at last the corner to prosperity had been turned, and even if Hoover lost the election he might go down in history as the man who had seen the United States through the crisis.

Already, however, the campaign was upon him, and to the terrific burdens of the Presidential office he had to add the burden of drafting long speeches in self-defense—dictating them in the Lincoln study to relays of stenographers, correcting the typewritten copy, rushing it to the printer,

and then laboriously going over the proofs sentence by sentence with his advisers. Every statistical evidence of improvement in the economic situation must be used to the utmost; every Hoover move against the Depression must be dramatized as a battle in a winning war; he must defend even the Smoot-Hawley tariff and warn his audience that if a Democratic tariff were put into effect "the grass will grow in the streets of a hundred cities" and "weeds will overrun the fields of millions of farms."

Sometimes, on his speech-making tours, he was heartened by roars of vigorous applause—but again there would be evidences of hostility, as when a group of jeering demonstrators gathered opposite a station when his train stopped and threw into a group of his aides a 150-watt electric-light bulb which exploded with a startlingly bomblike sound. So near was Hoover to complete exhaustion that on one of the last nights of the campaign, when he was on his way across the country to vote at Palo Alto, he lost his place repeatedly in his address at St. Paul, and throughout the address a man sat behind him gripping the arms of a chair and ready to push it under the President if he should collapse.

More debonair was Roosevelt as he went about the country preaching his New Deal. The Democratic candidate was less vague, now, than he had been. For his Brain Trust, now much enlarged and established in a suite in the Roosevelt Hotel in New York, was strenuously rounding out a program for him—or rather, a series of programs which sometimes conflicted with the plans of his more conservative advisers, if not with one another.

Roosevelt was explicit in his promise of financial reforms such as the regulation of securities and commodity exchanges, the regulation of holding companies, the separation of commercial and investment banking, the protection of investors through demands for full publicity about issues of securities. He was explicit about the need for a "competi-

tive tariff" and for reciprocal tariff negotiations. He demanded that the Federal government develop power projects on the Columbia and Tennessee Rivers, and elsewhere, and use them as "yardsticks" with which to measure the service given by private utilities. Calling for control of crop surpluses, he defined the objectives of what was later to be the AAA, and he promised that the Federal government would lighten the load of farm mortgages. He insisted that it owed its citizens the positive duty of stepping into the breach when the states were unable to meet the burdens of relief. He came out for old-age insurance and unemployment insurance. At the Commonwealth Club in San Francisco he gave a real indication of the attitude he was to take during his Presidency when he insisted that "private economic power is . . . a public trust," and that "continued enjoyment of that power by any individual or group must depend upon the fulfillment of that trust." Yet at the instance of his more conservative advisers he came out also for a "definite balancing of the budget," berated the Hoover Administration for its extravagance, and promised drastic Federal economies. Furthermore, he said definitely, when questioned, that he was for "sound money"—which was generally taken to mean the gold standard; he said that "no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant—embodied in these securities was . . . dubious. . . ." Needless to say, he was explicit about repeal of the Prohibition Amendment; on this point opinion had so clearly swung his way that there was next to no danger in being positive.

Those critics who had earlier been uneasy at Roosevelt's light-footedness were still uneasy. There were still ambiguities and contradictions in the program: how, for example, could a Federal government assume so many duties and obligations and simultaneously reduce expenses? And just what did "sound money" mean? It was difficult to judge the

real significance of a program which contained so many potential contradictions. But Roosevelt's confidence was infectious, his smile was winning, and the times were on his side. The business upturn which had so encouraged Hoover in the late summer was flattening out, the stock market was definitely turning down after its sally, and with every month of continued hard times the general desire for change became more intense.

Election Day came—and that night the rejoicing was not in Palo Alto but at the Democratic headquarters at the Biltmore Hotel in New York, where Roosevelt and Farley and one or two others heard the good news in a secluded room while happy crowds of Democrats milled about outside. For Roosevelt had won 472 electoral votes to Hoover's 59—had carried every state but Connecticut, Delaware, Maine, New Hampshire, Pennsylvania, and Vermont.

So Franklin D. Roosevelt was to be President. But what sort of President? That depended upon events to come as well as upon himself—upon circumstances which neither he nor anybody else could foresee.

## § 6

There followed a strange interregnum. Business recovery was stalled again (from fears of what Roosevelt might do, claimed the Republicans). Congress, meeting in December, was more definitely insurgent than ever, and turned a deaf ear to the defeated President. Nor was the President-elect co-operative. Hoover wished to make preparations for a world economic conference, and also to set up a debt-funding commission to deal with European requests for revision of the war debts, and he felt that he could not fairly do either of these things without the approval of Governor Roosevelt as the incoming President. He invited Roosevelt to a conference; Roosevelt politely came to the White House, where



he and Hoover sparred conversationally, each man being attended by a second as if for a verbal battle. But nothing came of the conference, nor of a second one, nor of other Hoover suggestions for joint action in "restoring confidence." Hoover suggested that Roosevelt issue a statement assuring the country that "there will be no tampering or inflation of the currency," and Roosevelt—after a long delay—replied that he doubted if a mere statement would do much good. The President-elect wouldn't play ball.

To Hoover it seemed perfectly clear that a recovery which he had helped to start was being dissipated through Roosevelt's refusal to co-operate. And his anger was all the more vehement because he believed that the bank panic which was developing was due to Roosevelt's silence (now that the campaign was over) about inflation of the currency, and to a general fear of what the wild men of the Democracy might do after March 4. There were explicit stories going about to the effect that Roosevelt had said he favored inflation. Hoover was told that Professor Tugwell had spoken jauntily of the danger of a general bank closing and had said, "We should worry about anything except rehabilitating the country after March 4," adding that one of the first Roosevelt moves might be "reflation if necessary." ("Reflation" was a current euphemism for inflation.) This was too much: Hoover wrote furiously to his informant that Tugwell "breathes with infamous politics devoid of every atom of patriotism." The unhappy President believed that Roosevelt was irresponsibly ready to see the country go to pot in order to get the credit for rescuing it.

On the other hand, Roosevelt felt that as a private citizen until March 4, he himself must not join in Presidential action; and also that it was unreasonable to expect him to tie himself to the policies of an unsympathetic and already discredited administration—especially when the situation was changing fast and his own plans, different from Hoover's

at many points, were still in flux. Both positions were natural under the circumstances; one need only add that the real villain of the piece was the antiquated political arrangement by which an administration had to remain in nominal power for nearly four months after it had been rejected at the polls.

Slowly and uncertainly the drama of Presidential frustration proceeded—and then suddenly, about the middle of February, 1933, when Hoover's term of office had less than three weeks to run, it went into double-quick time. The banking system gave way.

Again and again during the preceding year or two there had been local bank panics; the Federal Reserve had come to the rescue, RFC money had been poured in, and a total collapse had been averted. Now a new panic was beginning, and it was beyond the power of these agencies to stop. Perhaps the newspaper publication of the facts about RFC loans was a factor in bringing about this panic—though to say this is to beg the question whether a banking system dependent upon secret loans from a democratic government is not already in an indefensible position. Probably the banks would have collapsed anyhow, so widely had their funds been invested in questionable bonds and mortgages, so widely had they been mismanaged through holding companies and through affiliation with investment companies, so lax were the standards imposed upon them in many states, and so great was the strain upon the national economy of sustaining the weight of obligations which rested in their hands. At any rate, here at the heart of the national debt-and-credit structure a great rift appeared—and quickly widened.

On the 14th of February the condition of some of the banks in and about Detroit had become so critical that Governor Comstock of Michigan ordered an eight-day bank holiday for the State. All over the country there began a whispering, barely audible at first, then louder and louder:

"Trouble's coming. They say there's a run on the trust company down the street. Better get your money out of the bank." The murmur ran among the bankers: "Trouble's coming. Better sell some bonds and get cash before it's too late. Better withdraw your balances on deposit in New York." It ran among the men of wealth: "Better put everything into cash. Get gold if you can." It spread to Europe: "Better get gold out of the United States. Better sell the dollar." The financial machinery of the country began to freeze into rigidity, the industrial and commercial machinery to slow down. Nor was there anything that Hoover could do to stop the panic. Laboring ceaselessly, sleeping no more than five hours a night, he saw all the ground he had gained since June being lost.

## § 7

Faster moved the clock of history.

On the 15th of February—the day after the Michigan bank closing—the whole course of events in America was nearly altered by an assassin. In Miami a man named Zangara fired several shots at Roosevelt in a crowd, missed him, fatally wounded Mayor Cermak of Chicago.

The next day—the 16th—the Senate voted to repeal the Prohibition Amendment. Four days later—on the 20th—the House followed, and the issue of repeal went to the States for their action, which by the following December was to make the country legally wet again. (This change in the Constitution required not only a two-thirds vote in both Senate and House—which had been secured—but the approval of conventions in three-quarters of the states.) The supposedly impossible was happening, with consequences to be felt in every American community; another landmark was being quickly swept away by the tide of change.

During all these days there were continuous and feverish

attempts to set the Michigan banking situation straight. In Detroit the bankers and motor manufacturers labored over rescue plans; the wires between Detroit and New York and Washington hummed with anxious talk between the President, the RFC officials, the Federal Reserve officials, Ford and Chrysler and Sloan, Senator Couzens, and the Michigan bankers and officials—and no solution was found. Meanwhile armored trucks were running by night from city to city, carrying cash for beleaguered banks. The Federal Reserve figures were showing sharp increases in hoarding, sharp losses of gold by the United States, as the panic became intensified.

On Tuesday, February 21, Roosevelt announced that his Secretary of State would be Cordell Hull of Tennessee and his Secretary of the Treasury would be the smiling little manufacturer, William H. Woodin of New York. (Roosevelt had wanted Carter Glass for the Treasury, but Glass had realized that Roosevelt was ready if necessary to leave the gold standard and inflate the currency, and would not accept; Woodin, a comparatively unknown man, was a second choice.)

On the same day began the disclosure, by witnesses before a Senate committee, of some of the most disturbing facts yet revealed about the behavior of the lords of American finance during the preceding years. Charles E. Mitchell, chairman of the big National City Bank in New York, admitted under the questioning of Ferdinand Pecora that he had received bonuses totaling over three million dollars from his bank and its affiliates during 1927, 1928, and 1929—and yet, by selling some bank stock to a member of his family at a loss, he had avoided paying any income tax in 1929, even though he later repurchased the stock. The next day it was learned that after the Panic of 1929 the bank had protected its high officials who had been trading in its own stock, but that underlings in the bank's employ had had to

pay in full, in installments, for stock which had meanwhile lost most of its value. Though there was nothing criminal about these operations—there were worse things brought out by Pecora later—they were peculiarly infuriating to the sense of democratic fair play. The effect of such disclosures as these, at such a time, upon the attitude of the country toward the big bankers was profound; it was as if a smouldering fire of distrust and disapproval had burst suddenly into flame.

On Friday, the 24th, there were runs on Baltimore banks and Governor Ritchie declared a Maryland bank holiday. On Saturday and Sunday the panic became serious in three Ohio cities. On Monday, the 27th, Mitchell resigned from the chairmanship of the National City Bank; the champion of bull market banking had abdicated before a rising public opinion. The panic was now spreading through Ohio and Indiana into Kentucky and Pennsylvania.

Nor were the only dramatic changes in America. On the evening of the 27th the Nazis burned the German Reichstag, attributing the fire to the Communists; in that conflagration German democracy was effectively destroyed. The new Chancellor, Adolf Hitler, was now swiftly on his way to supreme dictatorship. At the other side of the world, the Japanese government, which had invaded Manchuria in 1931 when the Western world was distracted with financial panic, was marching on into Jehol in complete defiance of the disapproval of the League of Nations. Internationally as well as within the United States, an old order was giving place to new.

Faster, faster.

On Wednesday, the first of March, two more states declared state bank holidays; that evening another four were added to the list. On March 2, ten more fell in line. In numerous cities outside the bank-holiday states, banks were by this time remaining open only on a restricted basis. That

same day Roosevelt went by special train from New York to Washington—and spent most of the journey talking with Farley about men's need of religion in the crises of their lives. Jaunty and carefree as he seemed, he knew that he was riding into a hurricane which would presently confront him with the responsibility, not only for making instant and unprecedented decisions, but also for directing in America that insurgency which, the world over, was following upon economic collapse. The unrest which was spreading among the farmers and the unemployed; the anger which was rising against the financial overlords; the longing for a magic formula, manifested in the excitement over Technocracy—these resentments and hopes were his to satisfy. If he could not satisfy them . . .

By March 3—the eve of inauguration—the financial storm was battering at Chicago and New York, the financial strongholds of the country. The tie-up was almost complete. Hoover was making desperate last-minute efforts to work out a solution, but they were unavailing. And at 4:30 in the morning of March 4, the strongholds surrendered: Governor Lehman of New York proclaimed a state bank holiday, and almost simultaneously Governor Horner proclaimed one in Illinois. At 6 o'clock a worn and haggard Hoover got up to perform the last routine tasks of his Presidency. He was told that on his last morning of office the banking system of the United States had stopped functioning.

"We are at the end of our string," said he. "There is nothing more we can do."

The stage manager of history had been too cruelly precise. For all Hoover's asperities, his awkwardness, his political ineptitudes, he had been a resourceful and resolute soldier of a doomed order, and deserved no such personal humiliation. But now the curtain was coming down and he could do no more.