

HARD TIMES

anything else, the NRA changed the climate. It served its purpose. Had it lasted longer, it would not have worked in the public interest. Although toward the end, the consumer group was making progress.

Had the NRA continued, it would have meant dangerously diminishing the role of the market in limiting prices. You see, there was little Governmental regulation of the NRA. The Government handed industry over to industry to run, and offered some minor protection to others in the form of Labor and Consumer Advisory Boards. Industry became scared of its own people. Too much power was being delegated to the code authorities. It was business' fear of business rather than business' fear of Government, though they wouldn't quite put it that way. You might say, NRA's greatest contribution to our society is that it proved that self-regulation by industry doesn't work.

Laissez faire as such certainly did not come to an end with the New Deal. We still have a tremendous amount of freedom of decision-making in the individual corporate enterprise. The new element is the government's positive responsibility for making our economy run.

As for those first New Deal days, much of the excitement came from improvisation. Nothing was fully set in the minds of the people there. They were open to fresh ideas. Always. We wouldn't have been where we are now, were it not for Washington improvisations. . . .

This outflowing of people felt they were somehow on the way—though they were not sure how. A surprising number, we discovered, were sons of ministers, rabbis, missionaries. Yes, there was an evangelical quality, though it was non-religious. People who were personally concerned about a better world, came to Washington, were drawn to it. Even though where we were going was still to be worked out. There was an élan, an optimism . . . an evangelism . . . it was an adventure.

Raymond Moley

He is seated, on this Indian summer day, at his desk: one of Roosevelt's original Brain Trust. "I had served him in various ways, from the time he ran for Governor. I wrote my first speech for him in '28.

"My interest, as was his, was restoring confidence in the American

Concerning the New Deal

people, confidence in their banks, in their industrial system and in their Government. Confidence was the buoyant spirit that brought back prosperity. This has been, always, my contention."

DURING THE WHOLE '33 one-hundred days' Congress, people didn't know what was going on, the public. Couldn't understand these things that were being passed so fast. They knew something was happening, something good for them. They began investing and working and hoping again.

People don't realize that Roosevelt chose a conservative banker as Secretary of Treasury² and a conservative from Tennessee as Secretary of State.³ Most of the reforms that were put through might have been agreeable to Hoover, if he had the political power to put them over. They were all latent in Hoover's thinking, especially the bank rescue. The rescue was done not by Roosevelt—he signed the papers—but by Hoover leftovers in the Administration. They knew what to do.

The bank rescue of 1933 was probably the turning point of the Depression. When people were able to survive the shock of having all the banks closed, and then see the banks open up, with their money protected, there began to be confidence. Good times were coming. Most of the legislation that came after didn't really help the public. The public helped itself, after it got confidence.

It marked the revival of hope. The people were scared for a little while—a week. Then, Congress passed the bill, and the banks were opened. Roosevelt appealed to them on Sunday night, after the week of the closing. It was his very first fireside chat. They put their money back in the banks, the people were so relieved.

A Depression is much like a run on a bank. It's a crisis of confidence. People panic and grab their money. There's a story I like to tell: In my home town, when I was a little boy, an Irishman came up from the quarry where he was working, went into the bank and said, "If my money's here, I don't want it. If it's not here, I want it."

The guarantee of bank deposits was put through by Vice President Garner, Jesse Jones (a Texas banker), and Senator Vandenberg—three conservatives. They rammed it down Roosevelt's throat, and he took credit for it ever after. If you can quiet the little fellows, the big fellows pretty much take care of themselves. If you can cover it up to \$10,000,

² William H. Woodin.

³ Cordell Hull.

HARD TIMES

all the little fellows are guaranteed. So it's O.K. You didn't have any bank trouble after that.

Now that wouldn't be agreed to by some liberals. But, after all, I was never a real liberal. I was an old-fashioned Democrat. I was a believer in our industrial system. It didn't need a complete rehauling. I thought if we could get it back into operation and normal conditions return, we'd be all right. This happened.

Tugwell thinks we should have gone much further in shaping the economy, but I don't. What we did accomplished its purpose. We don't know what would have happened if something else had been done.

The first New Deal was a radical departure from American life. It put more power in the central Government. At the time, it was necessary, especially in the farm area of our economy. Left to itself, farming was in a state of anarchy. Beyond that, there was no need to reorganize in industry. We merely needed to get the farms prospering again and create a market for the industrial products in the cities.

The second New Deal was an entirely different thing. My disenchantment began then. Roosevelt didn't follow any particular policy after 1936. Our economy began to slide downhill—our unemployment increased—after that, until 1940. This is something liberals are not willing to recognize. It was the war that saved the economy and saved Roosevelt.

We had a slight recession in 1937, which was occasioned by his attack on copper prices, specifically, and on business, generally. Of course, his Supreme Court packing plan shocked the people. They resented it. It was his first great defeat. Then he tried to purge Congress in '38. Everyone he tried to purge was re-elected, except one Congressman in New York.

I think if it weren't for the war, Roosevelt probably would have been defeated in 1940. You would probably have had a more business-minded Administration: less centralizing on the part of Washington. More normal conditions would have prevailed.

During those first hundred days, wasn't there a slight fear in some quarters that our society . . . ?

I never had any doubt that our society would survive—and survive in much the way that it had existed before. As Dirksen recently said: our society was not sick, it was mismanaged.

Remember, Roosevelt at the start was a very conservative President.

Concerning the New Deal

People didn't realize that. In the first place, he was a very prudent Governor of New York. He balanced his budget. He was not a spender. We resisted all the efforts of radicals, like La Follette and Tugwell, to spend a lot of money in public works. Roosevelt said: there aren't more than a billion dollars of public works that are worth doing. They wanted five billion dollars. So he compromised on three billion . . . a split between what he said and what they wanted.

What led to Roosevelt's shift from prudence to . . . ?

I think he was tired of reform. He began to bring in the radical elements, who up to that time had not been in support of him. Business went along with him in his early reforms, but after 1937, it began to be nervous about where he was going. He was improvising all the time. Hit or miss.

Unemployment insurance was unsound the way it was financed. When I wrote the original message in '34, the idea was to invest the receipts from the tax in municipal and state bonds and high grade industrials. Congress created a phony trust fund, which was composed of IOU's of the Government. It's unsound. You collect money from the taxes, then you spend it and you put your IOU's in the trust fund. If you did this in private industry, you'd be put in jail.

Unemployment insurance is a welfare measure. It isn't insurance in any sense of the word. More and more people were living off fewer and fewer people. That's when the unsound practices began. Until now, we've got it in a big way . . . even in a period of prosperity.

In 1935, I took a firm stand. I said welfare is a narcotic, because it will never end. We'll have to stop this business and put people to work. The best way to put people to work is to encourage the development of industrial science. The Government can't put people to work.

I began to have my doubts in 1935. I had many arguments with him. There were a lot of radicals. I had them in my group. Tugwell, for instance. He expressed sorrow that Roosevelt didn't turn more radical in 1932. As a matter of fact, he doubted very much whether he'd vote for Roosevelt.

The whole city, Washington, began to fill up with these young radicals. They stayed down, many of them there, with Frankfurter. They were scattered all over the lot. Still, it was conservative until '35.

Finally, in '36, in the middle of the year, I quit. I never went back to him again.

HARD TIMES

Was he trying to persuade you to stick with him?

Yes. He was a proud man, and it was very difficult for him to make the request, yet I couldn't do it. I didn't like the direction in which he was going. He was turning into a demagogue. He was out-Huey Longing Huey Long. He was afraid of Huey.

Huey was a good friend of mine. He was threatening to run for President in 1936. The poll showed that Huey would take ten percent of the vote. I'm sure Farley could confirm this. He would have cut into the Democratic vote all over the country. Roosevelt, in order to counteract that, moved toward the Long program. His tax program in '36 was pure Huey: soak the rich. Roosevelt was using the same demagogic tactics. It's possible Huey Long—if he weren't killed—would have busted open the Democratic Party even then. As George Wallace is doing now.

Of course, Huey had a much finer brain than Wallace. Only he abused his power. He was arrogant and he drank too much. You'd go to see Huey after three o'clock in the afternoon, and he didn't make much sense. He made sense in the morning. He had a rather contemptuous attitude toward Roosevelt. He didn't think Roosevelt was very smart.

I used to go up and see Huey in his apartment at the Mayflower. I said, "Huey, you have a great capacity. Watch out for the people around you." He said, "I haven't got any money. This is the way I live. I live simple." I don't think he enriched himself. But he did have a lot of thieves around him.

He spent himself. He tore his passion to tatters, as Shakespeare would put it. He didn't need to do that. He had too much brains to get violent. But that was his way of dealing with the people down South. One of the things he destroyed was himself. He didn't need to go swaggering around. He was much too good for that. It was one of the great tragedies.

I think Roosevelt was a product of his time, his environment, that sort of thing. He had all that with him. Huey didn't. He came from a poor family, sought power and got it. Roosevelt hated him because he was so different. It was the aristocrat distrusting this farm boy.

POSTSCRIPT: "Huey Long came up to my office, one hot day in August, '33. He said: 'I want you to get a dean for my law school.' I had been teaching Public Law at Columbia. He said: 'I'll pay anything you say. I got a damn good medical school. I want a good law school.' I said:

Concerning the New Deal

'I suppose the dean at Harvard gets \$15,000.' 'Well, that's nothing.' I thought for a while. I had a student two years before at Columbia. His name was Wayne Morse. He was Dean of the Law School at the University of Oregon. 'Call him up,' says Huey. Huey talked to him and said, 'How much you getting? I'll double your salary.'

"Wayne sent me a telegram: 'What is this all about? Is the Senator able to appoint a law school dean?' I sent back a telegram: 'If he offered you the job, you can have it.' So he went to the President of the University of Oregon, who doubled his salary. Now what would have happened had Wayne Morse gone to Louisiana?"

C. B. (Beanie) Baldwin

He came to Washington from Virginia in 1933, as an assistant to the Secretary of Agriculture, Henry Wallace. He served in the Administration until the death of Roosevelt in 1945.

"When he first met me, Wallace said, 'We've been lookin' for someone with a southern accent in this office.'" (Laughs.)

THE NEW DEAL was an uneasy coalition. Fights developed very early between the two factions: one, representing the big farmers, and the other, the little farmers. The Agricultural Adjustment Administration came into being shortly after I got to Washington. Its purpose was to increase farm prices, which were pitifully low. All the farmers were in trouble, even the big ones. There was a proposal that it be set up independent of the Department. Wallace and Tugwell⁴ were able to thwart that.

You might say there were three interests involved. There was the consumer thing, too. Rex brought Jerome Frank in as General Counsel for the Triple-A. To protect them. George Peek, the head of the agency—he resented bein' under Wallace—was only interested in high farm prices. They would never admit it, but George represented the big

⁴ Rexford G. Tugwell, Under Secretary of Agriculture. It was he who suggested Henry Wallace as Secretary of Agriculture. A political scientist: "Rex was my intellectual mentor."