

IN HIS OWN WORDS

How FDR's First 100 Days Set The Basis for Future Progress

by Nancy Spannaus

June 11—On the eve of the 80th anniversary of the June 16 signing of President Franklin D. Roosevelt's Glass-Steagall Act, which occurred on the last day of his famous 100 Days, the U.S. Congress desperately needs to recall, and act on, the principles that Roosevelt re-established in those days of crisis. Despite the bold initiatives of a relative few, who have initiated and supported bills to restore Glass-Steagall (H.R. 129 and S. 985), the majority remains caught up in brawls over stop-gap, ludicrous, or even criminal measures to deal with what is clearly a systemic economic crisis threatening the survival of the nation.

What FDR understood, and acted on, was the fundamental commitment of the U.S. Constitution, as expressed in its unique Preamble, namely, that the immediate measures required to bring people out of the misery of the Depression, had to simultaneously lay the basis for long-term progress. He put it this way:

“From the first day of my Administration permanent security was just as much in the front of our minds as the temporary bolstering of banks, the furnishing of immediate jobs and the increase of direct purchasing power. Recovery has come far and with reasonable speed; reform has come less far in the same period of time. But reform is just as important to permanent security in the spring of 1938 as it was in the spring of 1933.”

That evaluation by President Roosevelt was uttered in his introduction to the second volume of his *Public*

Papers and Addresses, edited by his longtime speechwriter Samuel Rosenman, and published in 1938. That volume was dedicated to the events of 1933, which it called “The Year of Crisis,” and he used the introductory essay to provide an overview of his thinking about what had been accomplished.

FDR's words address one of the fundamental problems our lawmakers face today: how a specific emergency financial measure, Glass-Steagall, is part of a coherent program for returning the United States to its traditional credit system—not the British monetarist system of usury—as the only basis for durable and constant economic progress. While destroying Wall Street's power, Glass-Steagall opens the door to massive investment in the physical economy, whose collapse is otherwise in the process of killing millions. It meets an immediate need, and builds the foundation for the future.

Listen now to FDR:

“We were determined to help all that needed help for recovery: We were equally determined to reform wherever reform was necessary to insure permanence in recovery.

“That determination was expressed during those ‘Hundred Days’ by our efforts in the Banking Acts of 1933 [those include Glass-Steagall—ed.] to restore confidence in our banks, and to make our entire banking system sounder and more honest; in the Securities



President Franklin Roosevelt at the signing of the Glass-Steagall Act, June 16, 1933. On the far left is Sen. Carter Glass, and on the far right, Rep. Henry Steagall.

Act of 1933, to safeguard legitimate investors from questionable promotions; in the various laws and Executive actions with respect to gold, silver and foreign exchange, to insure a sound and adequate currency; in the reinvigoration of the Federal Power Commission, to protect investors in public utility stocks and consumers of public utility services; in the Deposit Liquidation Board, to make loans to closed banks throughout the Nation to help the depositors obtain a substantial portion of their frozen deposits; in the Foreign Bondholders Protective Council, to help American holders of defaulted foreign bonds; and in the Federal Deposit Insurance Corporation, to insure future deposits in case of bank failures.

“That same determination was expressed during those ‘Hundred Days’ by our efforts in the Agricultural Adjustment Act, to restore and stabilize agricultural income; in the Emergency Farm Mortgage Act of 1933, to save the farms of the Nation from wholesale foreclosure; in the promotion of a good-neighbor policy and in our conferences with representatives of foreign powers, to bring about closer international understanding and relationships and promote our foreign trade; in the Home Owners Loan Act, to save city and village homes from foreclosure; in the Emergency Railroad Transportation Act, to help the great railroad systems of the country; in our action to restore the oil and petroleum industry of the Nation from a

state of almost complete collapse; in the National Industrial Recovery Act and in the establishment of the National Labor Board and other special labor boards, to help the cause of labor and industrial peace by encouraging collective bargaining, mediation, and arbitration between employers and employees; in the establishment of the Commodity Credit Corporation, to help the farmers of the Nation by lending them money on their surplus crops so that they might continue to hold them instead of dumping them on already saturated markets.

“And in the same way, that determination was expressed during those ‘Hundred Days’ by our efforts in establishing the Civilian Conser-

vation Corps, to give several hundred thousand boys and veterans a chance to get off the streets and tramp-trains and out of hobo jungles, into useful outdoor work in the forests of the Nation; in the establishment of the Federal Emergency Relief Administration, to furnish food and clothing for those who were hungry and destitute through lack of jobs which they sought in vain to find; in setting up the Tennessee Valley Authority, to provide an example of proper planning and use of natural resources of soil and water for the benefit of the average men and women in the Tennessee River Valley; in the National Industrial Recovery Act, to provide jobs for the unemployed, to improve wage income and working conditions, and to eliminate unfair competition and trade practices in business; in the creation of the Public Works Administration, to provide work relief on large projects of public works; in setting up the Federal Surplus Relief Corporation, to help the farmers as well as the hungry unemployed by purchasing surplus foodstuffs and distributing them to those who might otherwise not have had food; and in setting up the Civil Works Administration, to inaugurate a widespread program of work relief for those who could not find jobs in private industry. . . .

“All of these examples of the use of the authority of Government, as an organized form of self-help for all classes and groups and sections of our country, were

adopted during those first famous ‘Hundred Days,’ or during the balance of that year of crisis as a result of legislation of the first hundred days. Many other instances came in the succeeding years. These of 1933 form the nucleus of the new activities; they are all included in discussion in this volume.

“They were the New Deal in action—Government acting to bring about not only immediate recovery, but its long-range objectives in reform. For underlying all of the immediately effective provisions of these laws and all the activities of the agencies under them, was the ever-directing purpose of permanence of objectives.

“We knew that a leadership system of economy had produced and would again produce economic and social disaster. Private leadership had been non-existent from the point of view of seeking the objectives of national welfare; Government leadership was the only method left.

“Briefly, the objectives were, have always been, and still are:

“A chance for men and women to work in industry at decent wages and reasonable hours; or to engage in farming at a decent return.

“A chance to keep savings in *banks safe from speculative use of other people’s money* [cf. Glass-Steagall—

ed.]; and to make investments without danger of deception or fraud by greedy promoters and speculators.

“A chance for adequate recreation, better housing and sounder health.

“A change to make a reasonable profit in business protected against monopolies and unfair competition, but organized so as to provide fair prices for the consuming public.

“Planning and use of natural resources for the benefit of the average men and women.

“Security against the hardships of old age.

“Security against unexpected or seasonal unemployment.

“Security against new as well as old types of criminals.

“Security against war.”

“The task of reconstruction which we undertook in 1933 did not call for the creation of strange values. It was rather finding the way again to old, but somewhat forgotten, ideals and values. . . .”

And those ways, as FDR had said at the outset, are what are enshrined in the Preamble to our Constitution: a more perfect union, justice, domestic tranquillity, the common defense, the general welfare and the blessings of liberty to ourselves and our posterity.

Glass-Steagall On the Agenda

June 11—There are presently two bills to reinstate FDR’s Glass-Steagall regulations before Congress, one in the House (H.R. 129), and one in the Senate (S. 985). The House bill, introduced Jan. 3, 2013, has 64 sponsors in all, including the initiating sponsors Marcy Kaptur (D-Ohio) and Walter Jones (R-N.C.). The Senate bill, introduced May 16, still only has its initiating sponsor, Sen. Tom Harkin (D-Iowa).

Memorials in support of Congressional action have been passed in four state legislatures (South Dakota-both houses; Maine-both houses; Indiana-House; and Alabama-House), and are pending in five others (Rhode Island, Pennsylvania, North Carolina,

Delaware, New Jersey, and New York). Intensive efforts are still underway in several other states where Memorials have not been yet introduced.

The House and Senate bills have nearly identical language, and match the key provisions of FDR’s Glass-Steagall. These are: 1) Commercial bank holding companies must divest themselves of all non-commercial banking units; 2) The remaining commercial banks could not use more than 2% of their capital for the creation, sale, or distribution of securities; 3) Commercial banks cannot make loans into vehicles, such as hedge funds, that would create securities; and 4) No securities of low, or potentially low value—like derivatives—can be placed by a bank in its insured commercial bank units.

In sum, banking units devoted to speculation are *cut off* from government support—and the way open for reestablishing a sound banking system based on credit for *production of real wealth*.