

March 5-March 9, 1933

In the first days after the Inauguration, and with FDR making a connection with the American people, he began contemplating his New Deal strategy. Jonathan Alter, in *The Defining Moment: FDR's Hundred Day Triumph of Hope*, explains: "It didn't much matter to the American people which specific policies Roosevelt had in mind for them. It was enough to know that something was happening that had not happened before. The American people wanted their government to do something, anything, so long as it acted with assurance and vigor."

The first, main crisis of that week was to deal with the banking crisis. FDR's decision to close all of the banks for a four-day "cooling off" period proved to be an easy decision. At the time the banking crisis had reached all of the 48 states. Banks were either closed or had placed restrictions on the amount of money people could withdraw. Alter states: "While the Inaugural Address prepared the American people for the shock of the bank holiday," the reality of it was something else. The magnitude of the bank holiday affected everyone, even the Roosevelts. Eleanor worried that the family did not have enough cash to settle their large bill from staying at the Mayflower Hotel before the Inaugural".

On March 5, 1933 more than a dozen of the financial elite met in Washington to figure out how to solve the banking crisis. Seated in these meetings were incoming Treasury Secretary, William Woodin, and outgoing Treasury Secretary Ogden Mills (FDR's neighbor north of the Vanderbilts). "These meetings proved to be inconclusive, but they had a purpose. It got the bankers out of their communities, where the problems loomed, which improved their moods," says Alter.

Meanwhile, the day before FDR's Inauguration Ogden Mills, working with William Woodin, had written a memo on how to proceed with the crisis.

"Ogden Mills' blueprint of how to rescue the banks was adopted by FDR, with FDR never acknowledging the author. In essence it was the Hoover men that designed the Banking Plan for FDR," Alter wrote.

During this same time Treasury Secretary William Woodin advised FDR that it was essential to get Congress back in special session by Thursday, March 9. He believed the necessary banking legislative package could be put together by then.

FDR's Declaration of Emergency to deal with the banking crisis got Congress back into the Capitol. Without that emergency, Congress would not have returned until December 1933. With Congress now in emergency session, this led the way for FDR to get Congress to take up other pieces of his New Deal legislation as well.

Alter explained, "In the late hours of March 9, 1933 shortly after the bill was finished, the House passed the bill 302-110. The bill had not even been printed or distributed before it was voted on. But the urgency of the moment trumped any interest in reading it, much less debating it."

“The Senate was a little more complicated. With some debate the Emergency Banking Relief Act was passed 73-7, and was sent to FDR and signed a mere seven hours after it was introduced”.

The Emergency Banking Relief Act allowed banks to close down and to reopen banks that were strong enough to survive. The bill also gave the Secretary of the Treasury the right to confiscate the gold of private citizens, in exchange for an equivalent amount of paper currency which was subject to later devaluation in relation to gold.

Within 300 days of the act's passage, 5,000 banks had passed inspection and were reopened. Roughly two-thirds of U.S. banks quickly reopened under this act, and faith in banking institutions was somewhat restored.

This was the beginning of the New Deal.

Quoted text from *The Defining Moment: FDR's Hundred Day Triumph of Hope* by Jonathan Alter.

To read FDR's Proclamation No. 2038 Calling Congress into Extraordinary Session or to listen to FDR's "Fireside Chat" on the banking crisis, please go to our website www.nps.gov/hofr and click *On With History*.