Where Historians Disagree -

For many years, debate among historians over the nature of the New Deal mirrored the debate among Americans in the 1930s over the achievements of the Roosevelt administration. Historians struggled, just as contemporaries had done, to decide whether the New Deal was a good thing or a bad thing.

The conservative critique of the New Deal has received relatively little scholarly expression. Edgar Robinson, in *The Roosevelt Leadership* (1955), and John T. Flynn, in *The Roosevelt Myth* (1956), attacked Roosevelt as both a radical and a despot; but few other historians have taken such charges very seriously. By far the dominant view of the New Deal among scholars has been an approving, liberal interpretation.

The first important voice of the liberal view was Arthur M. Schlesinger Jr., who argued in the three volumes of *The Age of Roosevelt* (1957-1960) that the New Deal marked a continuation of the long struggle between public power and private interests, but that Roosevelt moved that struggle to a new level. The unrestrained power of the business community was finally confronted with an effective challenge, and what emerged was a system of reformed capitalism, with far more protection for workers, farmers, consumers, and others than in the past.

The first systematic "revisionist" interpretation of the New Deal came in 1963, in William Leuchtenburg's *Franklin D. Roosevelt and the New Deal*. Leuchtenburg was a sympathetic critic, arguing that most of the limitations of the New Deal were a result of the restrictions imposed on Roosevelt by the political and ideological realities of his time—that the New Deal probably could not have done much more than it did. Nevertheless, Leuchtenburg challenged earlier views of the New Deal as a revolution in social policy and was able to muster only enough enthusiasm to call it a "halfway revolution," one that enhanced the positions of some previously disadvantaged groups (notably farmers and factory workers) but did little or nothing for many others (including blacks, sharecroppers, and the urban poor). Ellis Hawley augmented these moderate criticisms of the Roosevelt record in *The New Deal and the Problem of Monopoly* (1966). In examining 1930s economic policies, Hawley challenged liberal assumptions that the New Deal acted as the foe of private business interests. On the contrary, he argued, New Deal efforts were in many cases designed to enhance the position of private entrepreneurs—even, at times, at the expense of some of the liberal reform goals that administration officials espoused.

Other historians in the 1960s and later, writing from the left, expressed much harsher criticisms of the New Deal. Barton Bernstein, in a notable 1968 essay, compiled a dreary chronicle of missed opportunities, inadequate responses to problems, and damaging New Deal initiatives. The Roosevelt administration may have saved capitalism, Bernstein charged, but it failed to help—and in many ways actually harmed—those groups most in need of assistance. Ronald Radosh, also in 1968, portrayed the New Deal as an effective
agent for the consolidation of modern corporate capitalism. Several essays by Thomas Ferguson in the 1980s and Colin Gordon's 1994 book *New Deals* took such arguments further. They cited the close ties between the New Deal and internationalist financiers and industrialists; the liberalism of the 1930s was a product of their shared interest in protecting capitalists and stabilizing capitalism.

Except for the work of Ferguson and Gordon, the attack on the New Deal from the left has not developed very far beyond its preliminary statements in the 1960s. Instead, by the 1970s and 1980s, most scholars seemed less interested in the question of whether the New Deal was a "conservative" or "revolutionary" phenomenon than in the question of the constraints within which it was operating. The sociologist Theda Skocpol, in an important series of articles, has emphasized (along with other scholars) the issue of "state capacity" as an important New Deal constraint; ambitious reform ideas often foundered, she argues, because of the absence of a government bureaucracy with sufficient strength and expertise to shape or administer them. James T. Patterson, Barry Karl, Mark Leff, and others have emphasized the political constraints the New Deal encountered. Both in Congress and among the public, conservative inhibitions about government remained strong; the New Deal was as much a product of the pressures of its conservative opponents as of its liberal supporters.

Frank Freidel, Ellis Hawley, Herbert Stein, and many others point as well to the ideological constraints affecting Franklin Roosevelt and his supporters. Alan Brinkley, in *The End of Reform* (1995), described a transition in New Deal thinking from a regulatory view of government to one that envisioned relatively little direct interference by government in the corporate world; a movement—driven in part by the need to adapt to a conservative political climate—toward an essentially "compensatory" state centered on Keynesian welfare state programs. David Kennedy, in *Freedom from Fear* (1999), argues by contrast that the more aggressive strands of early New Deal liberalism actually hampered the search for recovery, that Roosevelt's embrace of measures that unleashed the power of the market was the most effective approach to prosperity.

The phrase "New Deal liberalism" has come in the postwar era to seem synonymous with modern ideas of aggressive federal management of the economy, elaborate welfare systems, a powerful bureaucracy, and large-scale government spending. The "Reagan Revolution" of the 1980s often portrayed itself as a reaction to the "legacy of the New Deal." Many historians of the New Deal, however, would argue that the modern idea of "New Deal liberalism" bears only a limited relationship to the ideas that New Dealers themselves embraced. The liberal accomplishments of the 1930s can be understood only in the context of their own time; later liberal efforts drew from that legacy but also altered it to fit the needs and assumptions of very different eras.


*THIS source summarizes, with some critical commentary following, one of the major interpretations of the New Deal and FDR's role.*
Lastly,


II.

A charismatic leader and a brilliant politician, his successor expanded federal activities on the basis of Hoover's efforts. Using the federal government to stabilize the economy and advance the interests of the groups, Franklin D. Roosevelt directed the campaign to save large-scale corporate capitalism. Though recognizing new political interests and extending benefits to them, his New Deal never effectively challenged big business or the organization of the economy. In providing assistance to the needy and by rescuing them from starvation, Roosevelt's humane efforts also protected the established system: he sapped organized radicalism of its waning strength and of its potential constituency among the unorganized and discontented. Sensitive to public opinion and fearful of radicalism, Roosevelt acted from a mixture of motives that rendered his liberalism cautious and limited, his experimentalism narrow. Despite the flurry of activity, his government was more vigorous and flexible about means than goals, and the goals were more conservative than historians usually acknowledge.

Roosevelt's response to the banking crisis emphasizes the conservatism of his administration and its self-conscious avoidance of more radical means that might have transformed American capitalism. Entering the White House when banks were falling and Americans had lost faith in the financial system, the President could hive nationalized it—"without a word of protest," judged Senator Bronson Cutting. "If ever there was a moment when things hung in the balance," later wrote Raymond Moley, a member of the original "brain trust," "it was on March 5, 1933—when unorthodoxy—would have drained the last remaining strength of the capitalistic system." To save the system, Roosevelt relied upon collaboration between bankers and Hoover's treasury officials to prepare legislation extending federal assistance to banking. So great was the demand for action that House members, voting even without copies, passed it unanimously, and the Senate, despite objection by, a few Progressives, approved it the same evening. "The President," remarked a cynical congressman, "drove the money-changers out of the Capitol on March 4th—and they were all back on the 9th."

Undoubtedly the most dramatic example of Roosevelt's early conservative approach to recovery was the National Recovery Administration (NRA). It was based on the War Industries Board (WIB) which had provided the model for the campaign of Bernard Baruch, General Hugh Johnson, and other former WIB officials during the twenties to limit competition through industrial self-regulation under federal sanction. As trade associations flourished during the decade, the FTC encouraged "codes of competition" and some industries even tried to set prices and restrict production. Operating without the force of law, these agreements broke down. When the depression struck, industrial pleas for regulations increased. After the Great Crash, important business leaders including Henry Harriman of the Chamber of Commerce and Gerald Swope of General Electric called for suspension of antitrust laws and federal organization of business collaboration. Joining them were labor leaders, particularly those in "sick" industries—John L. Lewis of the United Mine Workers and Sidney Hillman of Amalgamated Clothing Workers.

Designed largely, for industrial recovery, the NRA legislation provided for minimum wages and
maximum hours. It also made concessions to pro-labor congressmen and labor leaders who demanded some specific benefits for union-recognition of the worker's right to organization and to collective bargaining. In practice, though, the much-heralded Section 7a was a disappointment to most friends of labor. For the shrewd Lewis, however, it became a mandate to organize. "The President wants you to join a union.") To many, frustrated workers and their disgusted leaders, NRA became "National Run Around." The clause, unionists found (in the words of Brookings economists), "had the practical effect of placing NRA on the side of anti-union employers in their struggle against trade unions. . . . [It] thus threw its weight against labor in the balance of bargaining power. And while some far-sighted industrialists feared radicalism and hoped to forestall it by incorporating unions into the economic system, most preferred to leave their workers unorganized or in company unions. To many business-men, large and independent unions as such seemed a radical threat to the system of business control.

Not only, did the NRA provide fewer advantages than unionists had anticipated, but it also failed as a recovery, measure. It probably even retarded recovery by supporting restrictionism and price increases, concluded a Brookings study. Placing effective power for code-writing in big business, NRA injured small businesses and contributed to the concentration of American industry. It was not the government-business partnership as envisaged by Adolf A. Berle, Jr., nor government managed as Rexford Tugwell had hoped, but rather, business managed, as Raymond Moley had desired. Calling NRA "Industrial self-government," its director, General Hugh Johnson, had explained that "NRA is exactly what industry organized in trade associations makes it." Despite the annoyance of some big business men with Section 7a, the NRA reaffirmed and consolidated their power at a time when the public was critical of industrialists and financiers.

III.

Viewing the economy. as a "concert of organized interests,""The New Deal also provided benefits for farmers-the Agricultural Adjustment Act. Reflecting the political power of larger commercial farmers and accepting restrictionist economics, the measure assumed that the agricultural problem was overproduction, not underconsumption. Financed by a processing tax designed to raise prices to parity, payments encouraged restricted production and cutbacks in farm labor. With benefits accruing chiefly to the larger owners, they frequently removed from production the lands of sharecroppers and tenant farmers, and "tractored" them and hired hands off the land. In assisting agriculture, the AAA, like the NRA, sacrificed the interests of the marginal and the unrecognized to the welfare of those with greater political and economic power."

In large measure, the early New Deal of the NRA and AAA was a "broker state." Though the government served as a mediator of interests and sometimes imposed its will in divisive situations, it was generally the servant of powerful groups. "Like the mercantilists, the New Dealers protected vested interests with the authority, of the state," acknowledges William Leuchtenburg. But it was some improvement over the 1920s when business was the only interest capable of imposing its will on the government. While extending to other groups the benefits of the state, the New Deal, however, continued to recognize the preeminence of business interests.

The politics of the broker state also heralded the way of the future-of continued corporate dominance in a political structure where other groups agreed generally on corporate capitalism and squabbled only about the size of the shares. Delighted by this increased participation and the absorption of dissident groups, many liberals did riot understand the dangers in the emerging-organization of politics. They had too much faith in representative institutions and in associations to foresee the perils of leaders not representing their constituents, of bureaucracy diffusing
responsibility, of officials serving their own interests. Failing to perceive the dangers in the emerging structure, most liberals agreed with Senator Robert Wagner of New York: "In order that the strong may not take advantage of the weak, every group must be equally strong.² His advice then seemed appropriate for organizing labor, but it neglected the problems of unrepresentative leadership and of the many millions to be left beyond organization.

In dealing with the organized interests, the President acted frequently as a broker, but his government did not simply express the vectors of external forces. The New Deal state was too complex, too loose, and some of Roosevelt's subordinates following their own inclinations and pushing the government in directions of their own design.² The President would also depart from his role as a broker and act to secure programs he desired. As a skilled politician, he could split coalitions, divert the interests of groups, or place the prestige of his office on the side of desired legislation.

In seeking to protect the stock market, for example, Roosevelt endorsed the Securities and Exchange measure (of 1934), despite the opposition of many in the New York financial community. His advisers split the opposition. Rallying to support the administration were the out-of-town exchanges, representatives of the large commission houses, including James Forrestal of Dillon, Read, and Robert Lovett of Brown Brothers, Harriman, and such commission brokers as E. A. Pierce and Paul Shields. Opposed to the Wall Street "old guard" and their companies, this group included those who wished to avoid more radical legislation, as well as others who had wanted earlier to place trading practices under federal legislation which they could influence.

Though the law restored confidence in the securities market and protected capitalism, it alarmed some businessmen and contributed to the false belief that the New Deal was threatening business. But it was not the disaffection of a portion of the business community, nor the creation of the Liberty League, that menaced the broker state. Rather it was the threat of the Left-expressed, for example, in such overwrought statements as Minn Governor Floyd Olson's: "I am not a liberal . . . I am a radical . . . I am not satisfied with hanging a laurel wreath on burglars and thieves . . . and calling them code authorities or something else." While Olson, along with some others who succumbed to the rhetoric of militancy, would back down and soften their meaning, their words dramatized real grievances: the failure of the early New Deal to end misery, to recreate prosperity. The New Deal excluded too many. Its programs were inadequate. While Roosevelt reluctantly- endorsed relief and went beyond Hoover in support of public works, he too preferred self -liquidating projects, desired a balanced budget, and resisted spending the huge sums required to lift the nation out of depression.

IV.

For millions suffering in a nation wracked by poverty, the promises of the Left seemed attractive. Capitalizing on the misery, Huey Long offered Americans a "Share Our Wealth" program-a welfare state with prosperity, not subsistence, for the disadvantaged, those neglected by most politicians. "Every Man a King": pensions for the elderly, college for the deserving, home and cars for families-that was the promise of American life. Also proposing minimum wages, increased public works, shorter work weeks, and a generous farm program, he demanded a "soak-the-rich" tax program. Despite the economic defects of his plan, Long was no hayseed, and his forays into the East revealed support far beyond the bayous and hamlets of his native South. In California discontent was so great that Upton Sinclair, food faddist and former socialist, captured the Democratic nomination for governor on a platform of "production-for-use"-factories and farms for the unemployed. "In a cooperative society promised Sinclair, "every man, woman, and
child would have the equivalent of $5,000 a year income from labor of the able-bodied young men for three or four hours per day." More challenging to Roosevelt was Francis Townsend's plan-monthly pay - merits of $200 to those past sixty who retired and promised to spend the stipend within thirty days. Another enemy of the New Deal was Father Coughlin, the popular radio priest, who had broken with Roosevelt and formed a National Union for Social Justice to lead the way to a corporate society beyond capitalism.

To a troubled nation offered "redemption" by the Left, there was also painful evidence that the social fabric was tearing-law was breaking down. When the truckers in Minneapolis struck, the police provoked an incident and shot sixty-seven people, some in the back. Covering the tragedy, Eric Sevareid, then a young reporter, wrote, "I understood deep in my bones and blood what fascism was." In San Francisco union leaders embittered by police brutality, led a general strike and aroused national fears of class warfare. Elsewhere, in textile mills from Rhode Island to Georgia, in cities like Des Moines and Toledo, New York and Philadelphia, there were brutality and violence, sometimes bayonets and tear gas.

Challenged by the Left, and with the new Congress more liberal and more willing to spend, Roosevelt turned to disarm the discontent. "Boys-this is our hour," confided Harry Hopkins. "We've got to get everything we want -a works program, social security, wages and hours, everything-now or never. Get your minds to work on developing a complete ticket to provide security for all the folks of this country up and down and across the board." Hopkins and the associates he addressed were not radicals: they did not seek to transform the system, only to make it more humane. They, too, wished to preserve large-scale corporate capitalism but unlike Roosevelt or Moley, they were prepared for more vigorous action. Their commitment to reform was greater, their tolerance for injustice far less. Joining them in pushing the New Deal left were the leaders of industrial unions, who, while also riot wishing to transform the system, sought for working men higher wages, better conditions, stronger and larger unions, and for themselves a place closer to the fulcrum of power.

The problems of organized labor, however, neither aroused Roosevelt's humanitarianism nor suggested possibilities of reshaping the political coalition. When asked during the NRA about employee representation, he had replied that workers could select anyone they wished-the Ahkoond of Swat, a union, even the Royal Geographical society. As a paternalist, viewing himself (in the words of James MaeGregor Burns) as a "partisan and benefactor" of workers, he would not understand the objections to company unions or to multiple unionism under NRA. Nor did he foresee the political dividends that support of independent unions could yield to his party. Though presiding over the reshaping of politics (which would extend the channels of power to some of the discontented and redirect their efforts to competition within a limited framework), he was not its architect, and he was unable clearly to see or understand the unfolding design.

When Senator Wagner submitted his labor relations bill, he received no assistance from the President and even struggled to prevent Roosevelt from joining the opposition. The President "never lifted a finger," recalls Miss Perkins. ("I, myself, had very, little sympathy, with the bill," she wrote.) But after the measure easily passed the Senate and seemed likely to win the House's endorsement, Roosevelt reversed himself. Three days before the Supreme Court invalidated the NRA, including the legal support for unionization, Roosevelt came out for the bill. Placing it on his "must" list, he may have hoped to influence the final provisions and turn an administration defeat into victory.

Responding to the threat from the Left, Roosevelt also moved during the Second Hundred Days to secure laws regulating banking, raising taxes, dissolving utility-holding companies, and
creating social security,. Building on the efforts of states during the Progressive Era, the Social Security Act marked the movement toward the welfare state, but the core of the measure, the old-age provision, was more important as a landmark than for its substance. While establishing a federal-state system of unemployment compensation the government, by making workers contribute to their old-age insurance, denied its financial responsibility for the elderly. The act excluded more than a fifth of the labor force leaving, among others, more than five million farm laborers and domestics without coverage?

Though Roosevelt criticized the tax laws for not preventing "an unjust concentration of wealth and economic power," his own tax measure would not have significantly, redistributed wealth. Yet his message provoked an "amen" from Huey Long and protests from businessmen. Retreating from his promises, Roosevelt failed to support the bill, and it succumbed to conservative forces. They removed the inheritance tax and greatly reduced the proposed corporate and individual levies. The final law did not "soak the rich." But it did engender deep resentment among the wealthy, for increasing taxes on gifts and estates, imposing an excess profits tax (which Roosevelt had not requested), and raising surtaxes. When combined with such regressive levies as social security and local taxes, however, the Wealth Tax of 1935 did not drain wealth from higher-income groups, and the top one percent even increased their shares during the New Deal years.