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THE NEW DEAL EXPERIMENTS

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Historians have expressed impatience with Franklin Roosevelt at times. He was, they have complained, a man without an ideological core and thus unable to exercise genuine leadership. He was a compromiser, a trimmer. He "was content in large measure to follow public opinion," Richard Hofstadter once wrote, and thus charted no clear path. He allowed the existing political landscape to dictate his course, James MacGregor Burns lamented, instead of reshaping the Democratic Party to serve his own purposes. Such complaints were common among Roosevelt's contemporaries as well, most of all among those who had invested the greatest hopes in him. There seemed to be something almost slippery about the man—with his eagerness to please everyone with whom he talked, with his ability to persuade people expressing two opposing views that he agreed with them both, with his tendency to allow seemingly contradictory initiatives to proceed simultaneously. "When I talk to him, he says 'Fine! Fine! Fine!" Huey Long once complained. "But Joe Robinson [one of Long's ideological nemeses] goes to see him the next day and again he says 'Fine! Fine! Fine!' Maybe he says 'Fine' to everybody." Henry Stimson, Roosevelt's secretary of war from 1940 on, was constantly frustrated by this enigmatic man—so much so that not long after Roosevelt died, Stimson privately expressed relief that in Harry Truman, the new president, he finally had someone willing to make a clear-cut and unequivocal decision. Roosevelt's fundamentally political nature—his rejection of all but a few fixed principles and his inclination to measure each decision against its likely popular reaction—may have been a significant weakness, as some of his critics have claimed, or his greatest strength, as others insist. But it was the essence of the man.[1]

So, too, was the New Deal a confusing amalgam of ideas and impulses—a program that seemed to have something in it to please everyone except those who sought a discernible ideological foundation. "Take a method and try it," Roosevelt liked to say. "If it fails, admit it frankly and try another. But above all, try something." Such statements have sometimes led critics and admirers alike to conclude that the New Deal reflected nothing but pragmatic responses to immediate problems; that it was, as Hofstadter described, little more than a "chaos of experimentation." "To look upon these programs as the result of a unified plan," Roosevelt's erstwhile advisor Raymond Moley wrote in a sour memoir published after his falling out with the president, "was to believe that the accumulation of stuffed snakes, baseball pictures, school flags, old tennis shoes, carpenter's tools, geometry books, and chemistry sets in a boy's bedroom could have been put there by an interior decorator." But it also reflected Roosevelt's instinct for action—his belief in, if nothing else, the obligation of the leaders of government to work aggressively and affirmatively to deal with the nation's problems.[2]

Roosevelt was no ideologue; but neither he himself nor the New Deal he created lived in an ideological vacuum. The blizzard of experiments that coexisted, and sometimes clashed, within the Roosevelt administration were the product not just of short-term, pragmatic efforts to solve immediate problems. They were the product too of the well of inherited ideologies that he and other New Dealers had derived from the reform battles of the first third of the century and from which they felt at liberty to pick and choose as they saw fit. The New Deal may have had no coherence, but it did have foundations—many of them.

Roosevelt entered office convinced that he faced three urgent tasks. He needed to devise policies to end the Great Depression. He needed to create programs to help the millions in distress weather hard times until prosperity returned. And he needed, most New Dealers believed, to frame lasting reforms that would prevent a similar crisis from occurring again. He made strenuous efforts to fulfill all of these tasks. And while he succeeded fully at none of them, he achieved a great deal in the trying.

Roosevelt's first and most compelling task was to restore prosperity. But in truth the New Dealers had no idea how to end the Depression because they had only the vaguest idea of what had caused it. Some believed the Depression was a result of overproduction, which had driven down prices and launched the spiraling deflation. Others sensed that it was a result of underconsumption, of the inadequate incomes of working people and hence the inadequate markets for industrial goods. Some believed the problem was the composition of the currency, others that it was a lack of "business confidence." Few people in any of these groups (and in many others, with different diagnoses still) had any persuasive prescriptions for how to solve the problems they cited. Virtually no one yet understood the Keynesian economic ideas that would in later years inspire concerted, and at times effective, government efforts to fight recessions.

Just as the Federal Reserve Board in the first years of the Depression had raised interest rates at a time of massive deflation when rates should have gone down, Roosevelt entered office convinced that one of his most pressing tasks was to reduce federal spending to protect the government's solvency at a time when the most effective response to the crisis would have been substantial deficits. His first week in office, he won passage of the Economy Act, which slashed the federal payroll and reduced veterans benefits. And while he never succeeded in actually balancing the budget, for more than five years he never stopped trying. In time-honored fashion, Roosevelt also tinkered with the currency. First he sabotaged an international economic conference that was meeting in London to stabilize world currencies. (He sent his adviser, Raymond Moley, to represent him there. Then he repudiated the agreements Moley was attempting to forge by releasing what became known as the "bombshell" message, in which Roosevelt informed the conference that the United States would not abide by its results whatever they might be. The meeting quickly dissolved in failure.) Then he loosened the dollar's attachment to the gold standard. Later, he engaged in a fanciful program of buying gold on the international market in an effort to lower the value of the dollar and make American goods more attractive in world markets—an arcane panacea that may have done little harm but certainly did no good. Roosevelt did act effectively to stem the corrosive banking crisis that was his most immediate challenge on taking office. He declared a "bank holiday," passed emergency bank legislation to give the government authority to review the financial health of banks before allowing them to reopen, and then later won passage of more substantial banking reform that created federal insurance of banking deposits and strengthened the Federal Reserve System. That stopped the financial panic and saved the banks. But to the larger crisis in the nation's economy he had no effective solution.

Most historians and economists now agree that the best, perhaps the only, way to end the Great Depression quickly in 1933 would have been to increase total spending rapidly and substantially. And because the private sector was trapped in a deflationary spiral that made such increases virtually impossible for businesses and individuals, the only agent for doing so was the government. But during its first five years, most New Dealers recognized the need for public spending only dimly—and constantly sought to balance that recognition against their lingering commitment to fiscal orthodoxy. Not until 1938, after a premature effort to balance the budget had helped trigger a severe recession, did Roosevelt openly endorse the idea of public spending as a stimulus to economic growth—validating the core of what would soon be known as Keynesian economics in the process. Even then, the fiscal stimulus was much smaller than economic conditions required.[3] In the meantime, the New Deal had to content itself with a largely inadvertent contribution to purchasing power and total spending: its public works projects and its increasingly elaborate programs of relief to the distressed and the unemployed. Not until World War II did government spending increase dramatically enough to bring the Depression wholly to an end.

Perhaps Roosevelt's most important contribution to the nation's short-term economic fortunes was to dispel the broad sense of panic that was threatening to destroy not just the banking system, but the entire financial and industrial structure of the nation. He did so in part through the flurry of legislation he steered through a compliant Congress in his famous first "hundred days." But he did so as well by thrusting his own personality into the center of public life. His firm and confident inaugural address—with its ringing promise that "the only thing we have to fear is fear itself" and its stern warnings of quasi-military responses to the crisis if more conventional means did not work—established him as a leader determined to do whatever it took to avert disaster. His warm, comforting "fireside chats" over the radio, in which he patiently explained what the government was doing and what it meant to ordinary people, made him the first president whose voice and image became an ordinary part of everyday life. Soon portraits of Roosevelt were appearing in the living rooms and kitchens of farmers, working people, and others all over the country. Roosevelt did not end the Depression. But he challenged the despair that had gripped so many Americans in the last, lugubrious year of the Hoover presidency and helped them to believe that the government could do something about their problems.

In the absence of an effective program for ending the Depression, the New Deal's efforts to provide relief became all the more important. State, local, and private relief efforts were collapsing under the unprecedented demands placed on them, and Roosevelt stepped into the void with a series of new programs. In his first months in office, he created the Civilian Conservation Corps, which took young, unemployed, urban men and gave them jobs working in national parks and forests. This was a plan the president (who retained a preference for rural life despite his many years in New York City and who voiced his cousin Theodore's faith in the value of the "strenuous life"—a life, of course, now barred to him) particularly liked. He created the Federal Emergency Relief Administration, which offered financial assistance to state relief agencies, and some months later the Civil Works Administration, a federally managed jobs program administered by the former social worker Harry Hopkins. The New Deal launched other programs as well, offering financial assistance to imperiled homeowners, farmers, and small businesses. Even taken together, these early relief programs were modest when measured against the gravity of the problems they were trying to address. For the people they helped, they were a godsend. For millions of others, they were simply an alluring but unattainable promise.

These early experiments in providing relief revealed both the extent and the limits of the New Deal commitment to social welfare. Roosevelt and those around him clearly rejected the rigid conservative views of those who considered any aid to the poor dangerous and improper. In 1931, as governor of New York, Roosevelt had challenged that orthodoxy. Government had a clear responsibility, he told the state legislature, "when widespread economic conditions render large numbers of men and women incapable of supporting either themselves or their families because of circumstances beyond their control which make it impossible for them to find remunerative labor. To these unfortunate citizens aid must be extended by government—not as a matter of charity but as a matter of social duty."[4] As president, he continued to reject the conservative argument against social assistance.

But Roosevelt, Hopkins, and most of the other critical figures in shaping the New Deal welfare state also feared the debilitating effects of what was still widely known as "the dole." Harry Hopkins, looking at the effects of the FERA in 1933, said, "I don't think anybody can go on year after year, month after month accepting relief without affecting his character in some way unfavorably. It is probably going to undermine the independence of hundreds of thousands of families. . . . I look upon this as a great national disaster." The president himself proclaimed in 1934, "I do not want to think that it is the destiny of any American to remain permanently on the relief roles."[5] Instead, the New Deal turned to an approach with which it felt much more comfortable: work relief, providing the unemployed with jobs. "Give a man a dole, and you save his body and destroy his spirit," Hopkins said. "Give him a job . . . and you save both the body and the spirit. It saves his skill. It gives him a chance to do something socially useful."[6] Both the CCC and the CWA had been experiments in work relief. In 1935, with unemployment still a corrosive problem, the New Deal created a much larger experiment: the Works Progress Administration.

The mission of the WPA was to fund public works programs all over the country. Hopkins became its administrator; and while he hoped to provide useful and necessary work, his first priority was to provide immediate assistance to the unemployed. Hopkins spent the money allotted to him lavishly, rapidly, and with remarkable creativity. The WPA built hospitals, schools, airports, theaters, roads, hotels in national parks, monuments, post offices, and federal buildings all over the country. It created some of the most imaginative government projects in American history: the Federal Theater Project, which hired actors, directors, playwrights, and other unemployed theater people to write and produce plays, skits, and revues all across the country; the Federal Arts Project, which recruited unemployed artists, paid them a wage, and put them to work creating public art; the Federal Writers' Project, which hired writers to produce state and city guidebooks and to collect oral histories from ordinary men and women (including former slaves). Most of all, the WPA pumped desperately needed money into the economy. In the process, it raised popular expectations of government and helped legitimize the idea of public assistance to the poor. But it did not become the model for a lasting federal role in social welfare. Congress abolished it in 1943, and federally funded jobs programs have been rare and generally modest in the years since.

What did become important and lasting parts of the American welfare state were two forms of public assistance created by the Social Security Act of 1935, the single most important piece of social legislation in American history. The first was public assistance, which the framers of the Act considered to be the less important of the two—a relatively small, limited commitment, they believed, to help certain, specified categories of people who clearly were unable to help themselves. It institutionalized, in effect, the longstanding distinction in American attitudes toward poverty between the deserving and undeserving poor, or (as the New Dealers themselves described them) between employables and unemployables. New Dealers had opposed generalized relief because they feared giving a dole to people who could and should work. But the Social Security Act identified groups of people who, its framers believed, could not and should not work. Specifically, it provided direct assistance to the disabled (primarily the blind), to the elderly poor (people presumably too old to work), and most important (although no one realized at the time how important it would be) to dependent children. The Aid to Dependent Children program (later Aid to Families with Dependent Children) eventually achieved dimensions far beyond even the wildest imaginings of those who created it and struggled constantly for real legitimacy for over sixty years until finally succumbing to conservative opposition in 1996.

The Act also set up two important programs of social insurance: unemployment compensation and the old age pensions that we now associate most clearly with the name Social Security. Unlike ADC, these insurance programs had little difficulty achieving political legitimacy. Indeed, they remained through the end of the twentieth century among the most popular, even sacrosanct, of all the functions of the federal government. Unemployment insurance and old-age pensions were able to entrench themselves so successfully in part because they were universal—because virtually everyone who worked eventually stood to benefit from them. But they were also popular because they represented such a safe and conservative approach to welfare that many people (including many New Dealers) did not consider them welfare at all. They were, Americans came to believe, "insurance," much like private-sector insurance and pension plans. They were funded not out of general revenues, but out of special, separate taxes on employers and workers, whose revenues into separate and presumably inviolable trust funds. (Social Security was not even included in the official federal budget until the late 1960s.) Recipients would, in theory, receive benefits they had earned and paid for (although in fact the program was more redistributive than its popular image suggested, and many people received either much more or much less in benefits than they had paid into it in contributions).

The Social Security Act, in other words, set up two forms of welfare—separate and highly unequal. Public assistance (most notably ADC) was the product of assumptions about the difference between the deserving and the undeserving, and it was both stingier in its benefits and much more vulnerable to public hostility than its social-insurance partner in birth. Social insurance, which rested on no such distinction, was more generous from the beginning and enjoyed much greater public support. It is no coincidence that one of these programs—public assistance—was a program whose benefits went disproportionately to women and that the other—social insurance—was a program whose benefits went, at least at first, principally to white men. That was not because the Social Security program was devised by men; many women were centrally involved in shaping these programs as well. It was because both the men and the women who devised these programs agreed that women should be treated differently; that public policy should assume that married women would be supported by their husbands and that only when a man was absent from the home should a woman be eligible for assistance. Women, unlike men, would need public assistance when left alone, particularly when left alone with children. This was a system (in both its public assistance and social insurance elements) that was designed to preserve the traditional family wage system. Unemployment insurance and old-age pensions provided a safety net for the wage earner or retiree (although not, at first, to all earners, since until the 1940s the program excluded large categories of working people—including agricultural workers, domestics, and other groups that were largely black or female or both). ADC provided assistance, somewhat grudgingly, primarily to those unfortunate women and children who found themselves outside the family wage system.[7]

The most ambitious effort of the first hundred days was a series of measures to reshape the American economy in more basic and lasting ways. The reform effort took several different shapes. Some reflected the belief in government regulation of concentrated power that New Dealers had derived from the progressive reform crusades of the early twentieth century and from their suspicion of what Louis Brandeis had once called the "curse of bigness." Their inspiration was Woodrow Wilson's New Freedom, or at least those elements of it (mostly rhetorical) that warned of the power of large corporate institutions and envisioned a more decentralized and competitive economy. At the instigation of such self-proclaimed Brandeisians as Felix Frankfurter, Thomas Corcoran, and Benjamin Cohen, and with the enthusiastic support of the inveterate antimonopolist Sam Rayburn in the House of Representatives, the New Deal created a new agency to regulate the stock and bond markets—the Securities and Exchange Commission, which set out to prevent the kind of reckless speculation and occasional fraud that had created such instability in the financial markets in 1929. It produced the Federal Communications Commission, the Civil Aeronautics Board, and other agencies to supervise sensitive areas of the economy. Later, the same forces helped inspire a controversial (and only partially successful) effort in 1935 to break the power of utilities monopolies: the Utilities Holding Company Act. Later still, they won passage of the Fair Labor Standards Act of 1938, which created a minimum wage, a forty-hour work week, and a ban on child labor; and they pressed for the creation of the Temporary National Economic Committee—a highly publicized inquiry into monopoly power run jointly by the White

House and Congress that ran from 1938 to 1943, produced mountains of data, but failed to inspire any concrete reforms.

Other New Dealers envisioned a much more forceful kind of national planning, rooted in the progressive-era faith in system, process, and expertise. Implicit in their efforts was an acceptance of large-scale organization as the basic feature of the modern economy and a belief in the need for some kind of centralized coordination and control. "The essential conditions of efficiency," Herbert Croly had written early in the century, "is always concentration of responsibility." Among the New Dealers who shared that belief was Rexford Tugwell. He was certain that new administrative structures could be created, new techniques of management and control devised, that would allow a modern society to achieve what Walter Lippmann had once called "mastery" over the forces that threatened to overwhelm it. Among his heroes was Theodore Roosevelt, who had begun in 1910 to articulate the ambitious vision of state supervision of the economy he called the "New Nationalism." "We should," the earlier Roosevelt had declared, "enter upon a course of supervision, control, and regulation of these great corporations—a regulation which we should not fear, if necessary to bring to the point of control of monopoly prices."[8]

No effective, centralized planning mechanisms ever emerged out of the New Deal, to Tugwell's lasting chagrin—despite the efforts of a series of committed but politically ineffective agencies charged with "planning" that survived within the government from 1933 to 1943. But the Roosevelt administration did launch some important, if limited, federal planning efforts. The most prominent of them was the Tennessee Valley Authority, a dramatic experiment in flood control and public power that was also for a time an ambitious effort to plan the future of an entire region.

The TVA's most ambitious planning efforts ultimately came to naught. Its more lasting significance may have been as a spur to another New Deal approach to political economy: a wide-ranging experiment in what the historian Jordan Schwarz has called "state capitalism" and what in contemporary political discourse is known as "public investment."[9] The commitment to public investment was not new to the Roosevelt administration, as New Dealers were quick to point out in response to their critics. The federal government had invested in roads, waterways, railroads, universities, and other public projects throughout its history. It had built the Panama Canal. Herbert Hoover, whom New Dealers spent a generation demonizing as a reactionary, had created the Reconstruction Finance Corporation in 1932, which included among its many missions government investment in public works and which remained under Franklin Roosevelt one of the government's most important economic instruments. But the New Deal went much further than any previous administration in making the state an instrument of capitalist development. It spent billions of dollars constructing highways and bridges, building dams and other hydroelectric projects, creating irrigation systems and other water projects in California and the Southwest. Its Rural Electrification Administration carried electrical power to millions of rural Americans.

Federally financed infrastructure projects provided short-term stimuli to the economy by creating jobs and markets for industrial goods. But they had an even more important long-term legacy. The New Deal's public works projects were concentrated disproportionately in the Southwest and the West, in part because men committed to the development of those regions played critical roles in allocating resources—among them Jesse Jones of Texas, chairman of the RFC. As a result (and by design), they laid the groundwork for the postwar transformation of the American Southwest from an arid, sparsely populated region with limited economic growth into a booming "Sunbelt."

But most New Dealers considered their most important initiatives to be their efforts to reform the two major segments of the modern economy: industry and agriculture. In that effort, the most powerful traditions were not the great progressive battles between Roosevelt and Wilson, between the New Nationalism and the New Freedom, but the more immediate and more resonant legacy of World War I.

The historian William Leuchtenburg was among the first to note the critical role the war played in shaping the New Deal's approach to the Depression. The war, he noted, became the Roosevelt administration's principal metaphor. In his inaugural address, the new president promised to treat the task of fighting the Depression "as we would treat the emergency of war," and he called on the "great army of the people" to embrace the effort "with a unity of duty hitherto invoked only in time of armed strife."[10] But the war was not just a metaphor; it was a model. For the wartime experiments in economic mobilization had inspired bright dreams among many reformers of an "ordered economic world" that might be recreated in peacetime. The War Industries Board of 1918, many liberals fervently (and not entirely accurately) believed, had rationalized and coordinated industrial activity under the supervision of the "super-manager" Bernard Baruch. Surely, influential New Dealers argued (just as many aspiring reformers had argued through the

1920s), something similar could work comparable miracles now. The most important result of such beliefs was the National Industrial Recovery Act of June 1933.[11]

The origins of the NIRA were inauspicious. It was drafted hastily and pushed through Congress suddenly—a response not just to longstanding visions of reform, although it was that, but also to several alternative industrial-recovery measures moving through Congress that the president did not like: a wages and hours bill, sponsored by Senator Hugo Black of Alabama, which proposed imposing a thirty-hour work week on industry as a way to spread work around and reduce unemployment; and a number of proposals for "vast public works programs," programs much vaster than Roosevelt was willing to consider. The NIRA was, in part, an effort by Roosevelt to forestall these measures.

It was, many New Dealers believed, the most important piece of legislation in American history. And it was packed with provisions designed to placate the many warring factions who had a stake in reform. It created the Public Works Administration, to satisfy the many demands for new job-creation measures—a large and important program that built dams and other major infrastructure projects, but that proceeded so carefully and punctiliously under the directorship of Secretary of the Interior Harold Ickes that it failed to provide much in the way of short-term economic stimulus. The NIRA also tried to protect small businesses from monopoly power, but with regulations too weak to have any real impact. And it provided a legal guarantee of organized labor's right to organize and bargain collectively with employers (Section 7a, the first such guarantee the government had ever provided, albeit one with no effective enforcement mechanisms). At its heart, however, was the effort to impose on the Depression economy the same kind of enlightened coordination that New Dealers liked to believe Baruch and his War Industries Board had imposed on the wartime economy. As such, it was a victory for an industry-led trade-association movement, led by Gerard Swope of General Electric, which had been arguing for two years that if businesses could be released from antitrust pressures and allowed to cooperate in setting production levels, prices, and wages, they could break the deflationary spiral and restore prosperity.[12]

The act created a new federal agency, the National Recovery Administration, with authority to work with representatives of business and labor to produce wage and price codes to stabilize various industries. Within each major industry, a new code authority would set floors below which no one could lower prices or wages; it would also set quotas for production; and it would have the power to enforce compliance. Government administrators would play a role in the process, but the real authority would lie with the business leaders themselves. The NRA would, in effect, allow industries to operate as cartels. It has often been described, with considerable justification, as an effort to create an American form of corporatism. "Many good men voted this new charter with misgivings," Roosevelt said in signing the bill. "I do not share their doubts. I had a part in the great cooperation of 1917 and 1918 and it is my faith that we can count on our industry once more to join in our general purpose to lift this new threat."[13]

The NRA swung into action quickly and impressively. Within weeks, almost every major industry had drawn up a code and had agreed to abide by its provisions; and the agency's energetic director—General Hugh Johnson, former director of the World War I draft—succeeded in whipping up broad popular excitement about the experiment and its iconography. The famous NRA Blue Eagle seemed to be everywhere—in shop windows, and on posters, emblazoned on banners carried in "Blue Eagle" parades (one of which, in New York, was the largest parade in the city's history—larger than the great celebration that had greeted Charles Lindbergh on his return from Paris nearly a decade before). Thousands of school children in San Francisco celebrated the NRA by assembling on a playing field for photographers in the shape of an eagle. The owner of the Philadelphia professional football team renamed it the "Eagles" in honor of the NRA.

But the initial enthusiasm could not disguise the fundamental problems at the heart of the experiment. And within a year, the entire effort was a shambles. There were many reasons for this. The codes served the needs of large economic organizations reasonably well. They allowed big industrial firms to keep their prices up without having to fear being undercut by competitors. But small businesses often could not compete with larger firms *unless* they undercut them in price; forcing small businesses to charge the same as large ones, which the codes tried to do, often meant robbing them of their only access to the market. Despite Section 7a, the code authorities permitted labor virtually no role at all in setting their guidelines. Workers organized, but companies continued to refuse to bargain with them. And the codes, therefore, became vehicles not just for keeping prices up, but for keeping wages down. Perhaps most damningly, the NRA catered to industry fears of overproduction; and it became a vehicle that helped manufacturers move in the direction of lower production, lower wages, and higher prices at a time when the economy needed just the opposite. Criticism mounted, and the government attempted to correct the problems; but its efforts to intervene more forcefully in the process produced opposition from business leaders, who resented this government interference in their internal affairs and who were, in any case, becoming disillusioned with the codes, which didn't seem to be working as well as they had hoped. By the end of 1934, the NRA was in chaos. And in the spring of 1935, it was ruled unconstitutional by the Supreme Court and abolished. The administration made no attempt to replace it.

The NRA was a failure, but it was not without legacies. It had emerged out of the efforts of businessmen to achieve one of their most cherished goals (cartelization), and it did help create some longstanding cartels in a few particularly troubled sectors of the economy, including oil, lumber, and aviation. On the whole, however, the NRA ended up contributing to the development that many of its supporters from the corporate world had most feared: the creation of an organized movement of independent labor unions sanctioned and protected by the government. The one aspect of the NRA that Congress did move to revive after the 1935 Supreme Court decision was Section 7a—the provision guaranteeing collective bargaining rights to workers. In 1935, it passed the National Labor Relations Act (the Wagner Act)—along with Social Security one of the two most important pieces of New Deal legislation—which not only restored, but greatly strengthened that provision and added many others. It created the National Labor Relations Board to police labor-management relations and use federal authority to stop unfair labor practices. The framers of the NIRA had accepted the provisions that led to the mobilization of trade unions, assuming that within the harmonious economy they believed the NRA would create unions would work cooperatively with management. But once the NRA was gone, the unions remained—not as partners in an effort to coordinate the industrial economy, but as adversarial organizations challenging the prerogatives of business. The effort to create a cooperative economy had, inadvertently, contributed to creating a more competitive one: an economy increasingly characterized by the clash of powerful interest groups.

In May 1933, a month before Congress passed the NIRA, the administration won passage of legislation creating the Agricultural Adjustment Act. The agricultural economy had been in something like a depression since the mid-1920s. And in an age when agriculture played a much larger role in the nation's economy than it later would, and when farmers were a much more important political force than they would later become, the crisis of the agrarian economy seemed almost as urgent to New Dealers as the crisis of the industrial one. The principal problems facing farmers were excess production and falling prices. The AAA, therefore, was an effort to end the chronic agricultural overproduction and lift inadequate prices by limiting production and subsidizing farmers. It embodied the demands of the so-called McNary-Haugenites—representatives of agricultural interests who had battled throughout the 1920s to create federal protection for farm prices. But it went in some ways much further than these earlier proposals had done.

The AAA paid farmers to take acreage out of production. In the meantime, the government would guarantee them an equitable price for the goods they did produce. Like the NRA, the AAA included provisions for protecting small producers (in this case family farmers, tenants, and sharecroppers); and it contained provisions for guarding against excessive concentration or monopoly. But also like the NRA, the AAA in practice largely ignored those provisions. Roosevelt had insisted that farmers themselves take the lead in designing and administering any effort at reform. And the AAA soon came to be dominated by the American Farm Bureau Federation, which represented larger farmers and whose leaders had, in fact, helped draft the bill. The Farm Bureau played a major role in administering the AAA, (much as trade associations had inspired and later dominated the NRA). The National Farmers Union, a rival organization representing mostly small producers, was largely shut out. Most landowners simply ignored the provisions requiring them to keep tenants on the land and to share AAA benefits with them. The program was particularly hard on African Americans, who formed a large proportion of the landless farmers in the South and who had even less political leverage than their white counterparts. The workings of the AAA became part of the process that drove many black farmers off the land and into towns and cities.

But in other respects the AAA was a striking success. It stabilized farm prices; it limited production; it won and retained the support of most commercial farmers. By 1936, farm prices had risen significantly for most major commodities, and American farmers had become a much better organized and more powerful interest group than ever before. The American Farm Bureau Federation, in particular, had expanded dramatically and was able to put great pressure on Congress on behalf of its demands. When the Supreme Court struck down the AAA as unconstitutional in 1935 (at about the same time it struck down the NIRA), farmers were able to get is major provisions re-enacted in slightly different form to meet the Court's objections. The essential AAA programs thus survive and became the basis for the system of federal subsidization of farming that continued into the 1990s.

The NRA and the AAA were efforts—very similar efforts in many ways—to introduce order, harmony, and coordination into the two major sectors of the American economy. Both tried to stabilize unstable economies through restrictions on production and floors under prices. Both relied heavily on representatives of the private sector (the NRA on trade associations, the AAA on the Farm Bureau) to design and administer the programs. Both gave the government authority to enforce cooperation and punish violations. Both contained provisions to protect weaker members of the economy: workers and small businessmen in industry; tenant farmers and sharecroppers in agriculture. And both largely ignored those provisions.

And yet the results of these two experiments were dramatically different. The NRA utterly failed to stabilize industrial prices and production; its administrative structure dissolved in chaos; its legal authority was struck down by the Supreme Court and never revived; and the most important remnant of the experiment was the one element that businessmen had most opposed: the elevation of organized labor. The AAA, on the other hand, succeeded impressively in stabilizing farm prices and production; its administrative bodies worked reasonably effectively and attracted wide support; when the Court struck them down, they were quickly replaced; and the one area where the AAA did not live up to its original goals was the only area where the NRA did: the protection of the working class of the agricultural world, the sharecroppers and tenant farmers.

There are several reasons for this difference in results. Perhaps the most basic was that the agricultural and industrial economies were not at all alike. American industry was highly diverse, deeply fragmented, with large and perhaps irreconcilable divisions between the interests of large organizations and small ones, and between management and labor. No one element within the industrial economy was capable of dominating and bringing order to it; big business, small business, labor were all too powerful to be subordinated entirely to the others and too diverse and internally divided to be entirely dominant on their own. The agricultural economy was considerably more homogeneous. There were important competing factions within the agricultural economy to be sure—between large and small farmers, between landlords and tenants—but the large interests were relatively more powerful, and the smaller interests relatively weaker, than their counterparts in industry. The agricultural economy could work reasonably harmoniously on the basis of cooperation among its most powerful members; the industrial economy could not.

Another difference, as Theda Skocpol, Kenneth Finegold, and other scholars have argued, was in the administrative capacities of the two agencies. Both the NRA and the AAA required elaborate bureaucracies to supervise the complex economic arrangements they envisioned. The NRA was established more or less from scratch, outside any existing department. There were no existing institutions, no experts, no reliable information on which those running the agency could rely. It really had no choice but to turn to the industries and their trade associations to run the program. But the industries were themselves so fragmented that they couldn't bring order to the economy either. Given the absence of administrative capacity within the government, it is difficult to imagine how the NRA could possibly have worked. The AAA, by contrast, was part of the Agriculture Department, and it benefited from the beginning from that department's elaborate institutional network of statisticians and administrators. Agriculture was the only sector of the American economy that had already developed a public-policy elite of government experts, schooled in agricultural economics, experts with long experience in various federal farm programs, some of which had been in existence for twenty or thirty years. There was a tradition of government involvement with agriculture, even if a limited one; and the AAA built on and profited from that tradition.[14]

In retrospect, the New Deal has often seemed as significant for its failures and omissions as for the things it achieved. It did not end the Great Depression and the massive unemployment that accompanied it; only the enormous public and private spending for World War II finally did that. It did not, the complaints of conservative critics notwithstanding, transform American capitalism in any genuinely profound way; except for relatively limited reforms in labor relations and the securities markets, corporate power remained nearly as free from government regulation or control in 1945 as it had been in 1933. The New Deal did not end poverty or produce any significant redistribution of wealth; there was a significant downward distribution of wealth and income between 1929 and 1945—the first in more than a century and, as of the 1990s at least, also the last. But virtually all of that shift occurred during (and as a result of) World War II. Many of the New Deal's most prominent and innovative efforts—its work-relief programs, its community and national planning initiatives, its community-building efforts, its public works agencies—did not survive the war.

Nor did the New Deal do very much to address some of the principal domestic challenges of the postwar era. Roosevelt was not unsympathetic to the problems of African Americans, and he made sure that his relief programs offered benefits (even if not always equal ones) to blacks as well as whites. But he was never willing to challenge the central institutions of racial oppression in American life, fearful that to do so would damage the Democratic Party in the South and lose him the critical support of powerful southerners in Congress. Nor did the New Deal make any serious effort to address problems of gender inequality. Roosevelt appointed the first woman cabinet member, Secretary of Labor Frances Perkins, and he named more women to secondary positions in government than any president had ever done. Eleanor Roosevelt, through the prominent role she played in her husband's administration, helped serve as a symbol to many women of the possibilities of active public service. But New Deal programs (even those designed by New Deal women) continued mostly to reflect traditional assumptions about women's roles and made few gestures toward the aspirations of those women who sought economic independence and professional opportunities. The interest in individual and group rights that became so central to postwar liberalism—the source of both its greatest achievements and its greatest frustrations—was faint, and at times almost invisible, within the New Deal itself.

For all its limitations, however, the Roosevelt administration ranks among the most important of any presidency in American history. The New Deal created a series of new state institutions that greatly, and permanently, expanded the role of the federal government in American life. The government was now committed to providing at least minimal assistance to the poor, the unemployed, and the elderly; to protecting the rights of workers and unions; to stabilizing the banking system; to regulating the financial markets; to subsidizing agricultural production; and to doing many other things that had not previously been federal responsibilities. As a result of the New Deal, American political and economic life became much more competitive ever before, with workers, farmers, consumers, and others now able to press their demands upon the government in ways that in the past had been available only to the corporate world. (Hence the frequent description of the government the New Deal created as a "broker state," a state brokering the competing claims of numerous groups.) The New Deal literally transformed much of the American landscape through its vast public works and infrastructure projects. It revolutionized economic policy (although not until near its end) with its commitment to massive public spending as an antidote to recession. And it created broad new expectations of government among the American people, expectations that would survive—and indeed grow—in the decades that followed.

The New Deal also produced a new political coalition that sustained the Democrats as the majority party in national politics for more than a generation after its own end. After the election of 1936, the Democratic Party could claim the support of its traditional constituencies in the white South and the urban immigrant cities of the East and Midwest. It could also claim a much larger share than in the past of the working-class and farm votes, the vast majority of the African American vote in the North, and the overwhelming support of liberals and progressives of all stripes—many of whom had once found a home in the Republican Party.

And the Roosevelt administration generated or gave new life to a broad set of political ideas. Some of them faded from the New Deal even before Roosevelt's death and have played a relatively small role in American political life in the years since—but they resonate, if perhaps only faintly, with the impulses of many Americans in the early twenty-first century. There were experiments in fostering new forms of community—through the Tennessee Valley Authority, the Farm Security Administration, the Resettlement Administration, and other agencies, that sought to provide alternatives to the harsh, competitive individualism of the staggering capitalist economy of their day. There were innovative forms of social assistance, most notably the work relief programs of the Works Progress Association, which rested on a notion of the government as employer of last resort. And there was the continuing and at times impassioned effort to control the effects of monopoly—to keep the issue of concentrated economic power where it had been, at least intermittently, since the late nineteenth century and where it would not be again for at least a half century after Roosevelt's death: at the center of American political life. Roosevelt was the last president to talk openly about the power of the "money-changers in the temple," the "economic royalists," and the "new industrial dictatorship." No leading political figure since has spoken so directly about the power of "organized money," who were—he said in his extraordinary speech accepting the Democratic nomination in 1936—"unanimous in their hatred for me, and I welcome their hatred." "I should like to have it said of my first Administration," he continued, "that in it the forces of selfishness and lust for power met their match. . . . I should like to have it said of my second Administration that in it these forces met their master."[15]

That language—a language only rarely dominant and more rarely decisive even within the New Deal itself—has since become almost entirely lost to American politics, even though the problems it attempted to address—the problems associated with highly concentrated economic power and widening disparities of wealth and income—have survived.

But the Roosevelt administration also produced other, more hardily enduring ideas—ideas known to later generations as New Deal liberalism, ideas that sketched a vision of a government that would compensate for rather than challenge the limitations of capitalism, ideas that embraced Keynesian economics and a vision of a sturdy welfare state—that remained a source of inspiration and controversy for decades and that helped shape the next great experiments in liberal reform in the 1960s. Roosevelt may have had no coherent philosophy of his own. The New Deal may have been an amalgam of inconsistent and even contradictory measures. Its experiments may have seemed no more than what Rexford Tugwell once dismissively described as "pitiful patches" on an inadequate government, an exercise in "planting protective shrubbery on the slopes of a volcano." But the cumulative effect of Roosevelt's leadership and the New Deal's achievements was a dramatically changed political world that continues, more than half a century later, to define our own.

NOTES

1. Richard Hofstadter, *The American Political Tradition and the Men Who Made It* (New York: Alfred A. Knopf, 1948), 316; James MacGregor Burns, *Roosevelt: The Lion and the Fox* (New York: Harcourt Brace Jovanovich, 1956), 287–288; Alan Brinkley, *Voices of Protest: Huey Long, Father Coughlin, and the Great Depression* (New York: Alfred A. Knopf, 1982), 58. 2. Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York: Alfred A. Knopf, 1955), 307; Raymond Moley, *After Seven Years: A Political Analysis of the New Deal* (New York: Harper & Row, 1939), 369–370.

3. See Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War* (New York: Alfred A. Knopf, 1995), chaps. 4–5.

4. Frank Freidel, *Franklin D. Roosevelt: The Triumph* (Boston: Little, Brown, 1956), 216.

5. Arthur M. Schlesinger Jr., *The Coming of the New Deal* (Boston: Houghton Mifflin, 1959), 267; Samuel I. Rosenman, ed., *Public Papers and Address of Franklin D. Roosevelt,* 13 vols. (New York: Random House, 1938), 3:420.

6. Anthony J. Badger, *The New Deal: The Depression Years, 1933–1940* (New York: Hill & Wang, 1989), 200–201.

7. Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge, Mass.: Harvard University Press, 1992), and Linda Gordon, *Pitied but Not Entitled: Single Mothers and the History of Welfare* (New York: Free Press, 1994), are the two most important studies of the gendered quality of the early welfare state. Skocpol's study ends before the New Deal but describes the pre-1930s history of gendered social provision. Gordon's study includes the creation of the Social Security Act itself.

8. Alan Brinkley, "The New Deal: Prelude," *Wilson Quarterly* 6 (1982): 50–61.

9. Jordan Schwarz, *The New Dealers: Power Politics in the Age of FDR* (New York: Alfred A. Knopf, 1993).

10. William E. Leuchtenburg, "The New Deal and the Analogue of War," originally appeared in 1964 and has been republished in Leuchtenburg, *The FDR Years: On Roosevelt and His Legacy* (New York: Columbia University Press, 1995), 35–75.

11. See Robert D. Cuff, *The War Industries Board: Business-Government Relations during World War I* (Baltimore: Johns Hopkins University Press, 1973), and David M. Kennedy, *Over Here: The First World War and American Society* (New York: Oxford University Press, 1980), 126–143, for descriptions of the War Industries Board and its legacy.

12. The best account of the origins, structure, and operations of the NRA is Ellis Hawley, *The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence* (Princeton: Princeton University Press, 1967), especially 19–146.

13. Rosenman, ed., *Public Papers and Addresses,* 2:252.

14. Kenneth Finegold and Theda Skocpol, "State Capacity and Economic Intervention in the Early New Deal," *Political Science Quarterly* 97 (1982): 255–278; Kenneth Finegold and Theda Skocpol, *State and Party in America's New Deal* (Madison: University of Wisconsin Press, 1995).

15. Rosenman, ed., *Public Papers and Addresses,* 5:568–569.