tions of financial promotion, and harmful conduct of holding companies had been rebuked and restrained, while labor unions were recognized in law and in practice.

However, these tangible accomplishments, excellent in themselves, were not as significant as the hope, indeed self-confidence, which the New Deal had aroused in the nation. The New Deal proclaimed, and went a distance to prove, that we need not be frustrated by inscrutable misfortune, but could be masters of our future. This mental candor and moral lift formed the true contribution, and for them all praise is due.

5 FROM *Louis M. Hacker* *The Third American Revolution*

By 1957, both Louis Hacker and the national and international situations had changed significantly since 1938. He had moved up in the academic world, having become a professor at Columbia in 1948 and a dean of its School of General Studies in 1952, and the situation had moved from depression to prosperity and from threat of war with Germany and Japan to Cold War with Communist nations. Hacker's attitude toward capitalism had changed from negative to positive, while his appraisal of Marxism had moved in the opposite direction, and he had become critical of "The Anti-Capitalist Bias of American Historians," a criticism that he expressed with characteristic vigor in Capitalism and the Historians, *a book edited by F. A. Hayek in 1954.*

Hacker's interpretation of the New Deal had changed substantially. He no longer denied that it was a revolution. In fact, he now insisted that it was. And he did so even though he continued to maintain that it had not rejected capitalism. The changes in the economic activities of government seemed to him to constitute a revolution. Also, his appraisal of the New Deal was more favorable. He found defects in it that limited capitalism's success in the 1930's, but he believed that it strengthened and improved the economic system.

SOURCE. Louis M. Hacker, *American Capitalism: Its Promise and Accomplishment*, Princeton: D. Van Nostrand Company, Inc., pp. 78–87. Copyright © 1957 by Louis M. Hacker. Reprinted by permission of Van Nostrand-Reinhold Company.

REVOLUTIONS IN AMERICAN HISTORY

There have been three great turning points in the American economy and these have notably occurred as a result of positive action by government. The first stemmed from the adoption of the Hamiltonian program (1791–1795), the second from that of the Republican party program (1861–1865), and the third from that of the New Deal (1933–1939). In every instance, responsibilities assumed by government toward business—in directing, supporting, even subsidizing—gave a new direction to enterprise and started it off on hitherto unexplored paths.

The Hamiltonian program put its emphasis on finance: the integrity of public and private credit would encourage accumulation and the investment functions in America by both domestic and foreign risk-takers; at the same time, it was willing to participate, as in the federal government's purchase of a part of the stock of the First Bank. The Republican program sought to encourage industrialization and the expansion and diversification of the domestic market: by high tariffs, large-scale railroad construction, easy land and immigration policies. It, too, was ready to participate, as in the case of the subsidizing of many of the trunk railroads through land grants and loans.

THE NEW DEAL AS REVOLUTION

The New Deal went further than its two predecessors: for not only did it regulate and direct, but it also put government into business. Following the adoption of the Hamiltonian and Republican party programs, a great burst of new energy and enterprise occurred, indeed, whole companies of new innovators made their appearance. Fresh avenues for investment were explored, oppor-

tunities for employment were opened up, new fortunes appeared: economic change and economic progress went hand in hand. The New Deal's contribution, perforce, was different. The country was confronted by collapse; revival was the prime necessity of the time; and every sort of expedient—if not plan—restorted to to put men back to work and to start the wheels of industry revolving once more.

A new enterpriser now appeared, the government functionary who headed a public corporation which could buy and sell, lend and borrow, produce and distribute; and this obviously was intervention of an entirely different order. In time, the directors of the New Deal referred to their activities as the "Welfare State": its purpose was as much to assure security as it was to promote economic progress. And the chief method? It was that of "deficit financing": government expeditures, by making possible the resumption of the normal industrial processes, would encourage private enterprise to take up the burden of advance. Only in part did this tactic succeed, for private companies were slow in following government's lead. Indeed, it was not until 1940—and in the midst of war preparations—that the economy began to leap ahead, increasing employment, capital formation, real income.

Nevertheless, a revolution had occurred and it was one that turned out to be permanent. It was this: government was assuming responsibility for the security and welfare of its working populations and for the stability of the whole economy. High employment, from thence on, was to be a concern of government; so was social security as regards old age and dependency; agriculture was to be protected against the mischances of the market; saving deposits were to be guaranteed. Even more profoundly, government accepted responsibility in these areas: it was to use its great weight to prevent too sharp swings in the business cycle (by monetary and fiscal controls, public-works planning and outlays); and it was to help in a more equitable distribution of the annual national product (by maintaining high real wages and by taxation). Here, in this last, the great lesson of the depression had been learned: the economy, associated with private enterprise, could endure and grow only if the purchasing power of its own producers was maintained at high levels.

NEW DEAL ANALYSIS OF THE ECONOMY

The New Deal planners and managers operated upon certain theoretical assumptions: some were true, some false; some were maintained up to the end, and some were quickly abandoned.

1. It was assumed that, in many areas, capital plant had been overexpanded; it was imperative, in consequence, to limit new investment and production. This was true of agriculture, petroleum, and coal, and special authorities in each instance were set up to control production. The same idea was extended to all industry under the short-lived National Recovery Act of 1933–1935, under which many industries, in the process of self-policing by the writing of "codes," were permitted to supervise the use of existing plant and new-plant expansion. John Maynard Keynes' ideas concerning limiting opportunities for investment (the existence already of a so-called "mature economy") were accepted by many New Deal economists; they looked, therefore, to social investment by government rather than to private investment by companies for the revival and rejuvenation of the economy.

2. Prices were being "managed," or they were "sticky" in important areas of enterprise, notably among the heavy-goods industries. This was due to imperfect competition; a frontal attack on monopoly practices was in order to reduce such rigidities.

3. Labor's position in the economy was an unequal one. Higher incomes would restore purchasing power; recognition of trade unions and collective bargaining would create checks on management vis-à-vis profits. Government also was to guarantee a minimum wage and maximum hours of work.

4. Debt burdens—notably onerous as prices continued to fall—had to be lightened. This was true of agriculture, municipalities, many industrial companies, privately owned homes.

5. The public-utilities industry was managed by holding companies on the one hand and was incapable of financing large-scale programs of new power installations on the other. Holding companies were to be dissolved; government was to help (particularly in rural areas) the financing of power transmission and the purchase of appliances; a great program of expansion in the

Tennessee Valley was to be undertaken by a public corporation, the TVA.

6. Social security—against unemployment, old age, dependency—was a legitimate interest of government.

7. There were dark areas in cities and the countryside that required public concern: low-cost housing had to be built to help in the battle against the slums; marginal and submarginal farmers had to be helped; youth had to be put to work—on conservation projects if nothing else offered.

8. The whole banking system needed overhauling. Commercial banking had to be taken out of the investment banking business; the investor needed protection through supervision over houses issuing securities and the securities markets. Notably, central-banking needed strengthening to give government greater controls over the monetary and fiscal mechanisms.

9. The United States had to return to the world market on a sound footing. Freer trade had to be restored, at the same time that an orderly movement of American surpluses of cotton, cereals, tobacco, oil, and copper into foreign markets was devised.

TACTICS OF THE NEW DEAL

The programs of the New Deal planners, flowing from the above analysis, were pursued along the following lines:

1. Prices were to be restored and maintained. To accomplish this, the dollar was devalued; gold and silver were purchased from abroad; limitations on the production of agricultural products, petroleum, and coal were imposed; industrial "codes of fair competition" (under the NIRA) were permitted to fix prices. In the case of agriculture, crop loans and subsidies were also required to make production control work.

2. Debt was to be reduced. The problem of debt was to be handled by price rise and by writing down debt. For agriculture, a public corporation, the Federal Farm Mortgage Corporation, made possible the exchange of privately held farm mortgages for semipublic (or public-guaranteed) mortgages. The Home Owners' Loan Corporation permitted the same kind of conversion in

the case of residential mortgages. Bankruptcy laws were rewritten to give relief to businesses and municipalities.

4. Credit was to be revived and expanded. The Reconstruction Finance Corporation (created in 1932) was given large sums and vast powers to make loans to public bodies and private businesses. Virtual public control over the Federal Reserve System was established so that the expansion (and contraction) of credit would now be a concern of government. The Board of Governors of the Federal Reserve System now had the power to lower (and raise) the legal reserve requirements of banks and the right to raise (or lower) the margin requirements for the purchase of securities. As the New Deal resorted increasingly to deficit financing, with public securities flowing into banks, it was ready to accept the thought that the monetization of debt would take place and thus the way would be eased for the expansion of business credit.

5. Labor's purchasing power was to be raised. First in the codes written under the NIRA and then through the Fair Labor Standards Act of 1938, minimum wages and maximum hours were fixed and child labor was abolished. It was assumed that with the recognition of trade unions and the acceptance of collective bargaining, organized labor would be able to raise its own standards. The National (Wagner) Labor Relations Act of 1935 compelled bargaining with unions, once they had been established by election as the workers' representatives, but it also outlawed so-called unfair practices on the part of management.

6. Social security—against unemployment, invalidity, old age, dependency—was a responsibility of government. Many government agencies—Works Progress Administration, Public Works Administration, Civilian Conservation Corps—were set up to create jobs or induce public bodies, by loans, to embark on programs of public works. Unemployables were to be taken care of by local authorities, with financial assistance from the federal government. Funds were established to provide for the unemployed and the aged after retirement.

7. New homes were to be built with the help of federal subsidies.

8. The investor and saver were to be protected. The Securities

and Exchange Commission was given wide authority over new corporate security issues and the activities of security exchanges. The Federal Deposit Insurance Corporation was set up to guarantee savings deposits in banks up to $5,000 (later raised to $10,000).

9. The electric power and light industry was to be brought under closer public control. The Tennessee Valley Authority was created and with public funds it built a series of dams for the creation of power which in turn was to be sold to municipalities and farm cooperatives for transmission. Unnecessary holding companies in electric light and power were to be eliminated.

10. Foreign trade was to be revived. An Export-Import Bank was devised to finance the flow of goods and to extend credit to foreign governments if need be. Reciprocal trading agreements, written by the State Department, were to be used to effect the lowering of tariff barriers everywhere, largely through the employment of the device of most-favored-nation treatment.

DEFICIT FINANCING

Lending and spending were the chief resorts of the New Deal in creating employment and revitalizing the economy. This resulted in deficit financing, for debt was augmented to obtain the required funds. It loaned to distressed banks, railroads, insurance companies, mortgage corporations, and industrial concerns. It loaned to farmers, home owners, municipalities. It loaned—or authorized them to raise funds directly—to the newly established public authorities. It spent, by appropriation, subsidy, and grant-in-aid, to rehabilitate marginal farmers, to finance the building of ships, to put up low-cost housing, to construct public buildings, to provide flood control, roads, and reforestation, to launch writers, painters, and theater-arts projects. All this gave people work, added to the social assets of the nation—and increased the public debt. Debt did not trouble the New Deal planners as long as the national income was increased. But what if debt and fiscal policy generally (through taxation) did not revive private investment; then how permanent could such accomplishments really be? This was the question that began to be raised notably after 1938.

POSITION OF AGRICULTURE

On many fronts, the problems of agriculture were explored and remedies sought. To increase farmer purchasing power, the concept of "parity prices" (later, "parity income") was devised in an effort to bringing farm purchasing power back to the levels of 1909–1914, when presumably agriculture was in balance with the rest of the economy. Farm production was to be adjusted to meet the needs of the market. Production was to be curtailed, and where surpluses appeared, they were to be held off the market by loans made to farmers. Also, soil conservation was to be pushed, mortgage debt was to be reduced, and efforts were to be made to rehabilitate marginal farmers.

The Agricultural Adjustment Act was passed in 1933 and continued on the statute books until 1936, when it was declared unconstitutional by the Supreme Court. Because overproduction was the difficulty, farmers were to receive "benefit payments" to encourage them to restrict plantings; funds for this purpose were to come from "processing taxes" on millers, cotton ginners, meat packers, and the like. It was this latter provision that the Supreme Court found illegal.

To continue controls and subsidies, the temporary Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938 were passed. Both based government action on the necessity for protecting the land resources of the nation; subsidies—this time from government revenues—and loans were to continue. Both devices succeeded and agricultural prices —and the net income of farmers—began to rise. Net farm income stood at $6.1 billions in 1929, had fallen to $2 billions in 1932, and went up to $6 billions in 1937, dropping, however, to $4.5 billions in 1939. The parity ratio (percentage ratio of prices received by farmers to parity index) stood at 92 in 1929, had fallen to 58 in 1932, in 1937 stood at 93 and in 1939 at 77.

POSITION OF LABOR

The worker of the nation, to assure the establishment of collective-bargaining agencies and to create national minimums

for wage and maximums for hours, received support from the National Labor Relations Act of 1935 and the Fair Labor Standards Act of 1938. The first required that employers bargain collectively with trade unions and surrender unfair labor practices; to enforce these requirements, a National Labor Relations Board was created which could decide which were the appropriate units for collective-bargaining purposes, conduct trade-union elections. and issue orders against the unfair conduct of management. The Fair Labor Standards Act established a 40-hour week (with time and a half for overtime), fixed 40 cents an hour as a minimum wage (raised to $1 an hour in 1956) and made possible the elimination of child labor by governmental order.

Trade unionism expanded under the AFL and the CIO (Committee, later Congress, for Industrial Organization). The latter, making its appearance in 1935, met with immediate successes in the unionization of the mass-production industries. The AFL also grew; in consequence, by 1941, each federation was claiming 4 million dues-paying members. The unions had direct impacts on salary increases and the adoption of fringe benefits (vacations with pay, retirement benefits, health insurance). It may very well be that during the 1930s, wages increased beyond productivity, reducing the marginal return of capital and therefore slowing down private investment. Thus, according to Professor Sumner H. Slichter, during 1921–1926, physical productivity per manhour in manufacturing increased 4.3 per cent a year, while hourly earnings increased 8.4 per cent. On the other hand, during 1933–1937, productivity per man hour went up only 1.7 per cent a year, while hourly earnings rose 40 per cent.

COURSE OF RECOVERY

As a result of all these efforts on the part of government—but largely due to deficit financing—recovery was of a mixed character, production moving up from 1933 to 1937 but slipping back badly in that year. With 1947–1949 as 100, the index of industrial production stood at 59 in 1929, 31 in 1932, 61 in 1937, and 48 in 1938. The figures for GNP [Gross National Product] (in billions of dollars, 1947 prices) were for the same years:

1929, $149.3 billions; 1932, $107.6 billions; 1937 $153.5 billions; 1938, $145.9 billions. On the other hand, the total labor force had increased from 49.4 millions in 1929 to 55 millions in 1938; in consequence, there continued to be sizable unemployment, possibly as much as 10 millions out of work. If recovery has been complete, and taking into consideration population increases and improvements in productivity during the decade (as much as 25 per cent), real GNP should have been fully 30 per cent higher.

Many factors contributed to the slowness of recovery. Higher labor costs, higher taxation, the mounting public debt bred no business confidence. There were charges being made that there was a "strike of capital," and this was probably so, because, despite all "easy money" efforts on the part of government, there was little significant increase in business loans.

The New Deal successes, as a result, were linked not so much with businss expansion as with government spending. When deficit financing slowed down, as it did in 1937, recession at once set in, and only the resumption of public spending in 1938 and 1939 brought back revival.

DEBT AND TAXES

Deficit financing was being pursued during the whole of the 1930s, and by the end of the decade the government debt had grown to more than $40 billions. This was largely due to an increase in expenditures. During 1931–1935, federal expenditures were in the neighborhood of $4 billions annually; in 1934, they were $6 billions; and in 1937, $8.4 billions. For the years 1931–1938, the total deficit was $20 billions.

Taxes mounted at the same time. Income taxes were pushed up, and in 1936, as a further tax on corporations, an undistributed-profits tax was levied. While this was abandoned in 1938, corporations nevertheless had little relief as far as losses were concerned. Federal taxes in 1931 came to $2.7 billions; in 1938, they were at $5.9 billions. The Revenue Acts, from 1932 to 1936, raised the maximum rate of the personal income tax from 25 to 79 per cent, the estate tax rate from a maximum of 20 to

70 per cent, imposed a new gifts tax with a maximum rate of 52 per cent, and increased the tax on capital gains. Arthur F. Burns, Chairman of the Council of Economic Advisers, commenting on this situation in 1956, pointed out: "These onerous taxes reduced the spending power of both individuals and businesses. Worse still, by coming in quick succession and creating uncertainty about the objectives of governmental policy, they weakened the incentives of businessmen and consumers to undertake capital expenditures. Innovation, private enterprise, and private investment languished."

All this was so. The other side of the shield was a willingness on the part of Americans to use the normal processes of discussion and action as they faced up to their difficulties. There was no widespread rejection of capitalist institutions as such. It was assumed, as a result of striving and experimentation, the American economy once more would begin its rise. This in fact, it did, from 1945 on. The Second World War intervened first.

6 FROM *Carl N. Degler*
The Establishment of the Guarantor State

Carl Degler, now a professor of history at Stanford University, represented the rise of a new generation in New Deal historiography—a generation that came of age during New Deal years. Born in Orange, New Jersey, in 1921, Degler was educated at Upsala College and Columbia University. After teaching in several eastern schools, he joined the history department at Vassar College, and while serving as an assistant professor there, he wrote the broad essay on American history from which the following selection is taken. Seeking to answer the question "How did Americans get to be the way they are in the middle of the twentieth century?" Degler regarded the American story as a success story and the New Deal as one of the successes.

The selection that follows is from the 1970 edition of the book. His interpretation and presentation of the New Deal, however, had not changed since the essay's first appearance in 1959. Like Hacker, he labeled it "The Third American Revolution." His interpretation stressed several developments, including the rise of Big Labor, but placed heaviest emphasis on the establishment of Big Government, especially the "guarantor state."

SOURCE. Abridged from pp. 379, 384–391, 400–413 of *Out of Our Past: The Forces that Shaped Modern America*, Revised Edition, by Carl N. Degler. Copyright 1959, 1970 by Carl N. Degler. By permission of Harper & Row, Publishers, Inc.

Twice since the founding of the Republic, cataclysmic events have sliced through the fabric of American life, snapping many of the threads which ordinarily bind the past to the future. The War for the Union was one such event, the Great Depression of the 1930's the other. And, as the Civil War was precipitated from the political and moral tensions of the preceding era, so the Great Depression was a culmination of the social and economic forces of industrialization and urbanization which had been transforming America since 1865. A depression of such pervasiveness as that of the thirties could happen only to a people already tightly interlaced by the multitudinous cords of a machine civilization and embedded in the matrix of an urban society.

In all our history no other economic collapse brought so many Americans to near starvation, endured so long, or came so close to overturning the basic institutions of American life. It is understandable, therefore, that from that experience should issue a new conception of the good society.

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Perhaps the most striking alteration in American thought which the depression fostered concerned the role of the government in the economy. Buffeted and bewildered by the economic debacle, the American people in the course of the 1930's abandoned, once and for all, the doctrine of laissez faire. This beau ideal of the nineteenth-century economists had become, ever since the days of Jackson, an increasingly cherished shibboleth of Americans. But now it was almost casually discarded. It is true, of course, that the rejection of laissez faire had a long histo-

sional conservatism. For all his power and prestige, the President was unable to dominate state political parties, and nominations of Democrats on the state level continued to be matters for state bosses to determine. Because even the disastrous Depression was slow to destroy American attitudes toward such matters as bal- anced budgets, federal power, and labor unions, state and local machines, reflecting this attitudinal inertia, continued to nomi- nate and elect congressmen whose views were either moderate or business-oriented. Or they nominated men whose liberalism ex- tended only to tapping the Treasury for purely local gains. The result was the election of many congressmen whose sense of loy- alty to the New Deal was limited and who depended for reelec- tion upon the powerful groups in their constituencies. Against this kind of situation presidential resources were of limited value.

12 FROM *Barton J. Bernstein*
The Continuation of Corporate Capitalism

A contemporary of Patterson's and also a student of Freidel's, Barton J. Bernstein was much more critical of the New Dealers and the New Deal. Born in New York City in 1936 and educat- ed at Queens College, Washington University, and Harvard Uni- versity, he now teaches at Stanford and is a major contributor to the literature on the Truman administration. The book from which the following selection was taken was designed to make New Left interpretations of American history available to the public. New Left scholars were profoundly dissatisfied with American historiography in the postwar period; they were con- vinced that its dominant assumptions had been shattered by the major events of the 1960's, and Bernstein challenged the histori-

SOURCE. Barton J. Bernstein, "The New Deal: The Conservative Achieve- ments of Liberal Reform," in Bernstein, ed., *Towards a New Past: Dissent- ing Essays in American History*, New York: Pantheon Books, 1968, pp. 264–265, 267–272, 273–278, 280–282. Copyright © 1968 by Random House, Inc. Reprinted by permission of the publisher.

ans of the New Deal who had written "from a liberal democratic consensus" and "praised the Roosevelt administration for its nonideological flexibility and for its far-ranging reforms."

The liberal reforms of the New Deal did not transform the American system; they conserved and protected American cor- porate capitalism, occasionally by absorbing parts of threatening programs. There was no significant redistribution of power in American society, only limited recognition of other organized groups, seldom of unorganized peoples. Neither the bolder pro- grams advanced by New Dealers nor the final legislation greatly extended the beneficence of government beyond the middle classes or drew upon the wealth of the few for the needs of the many. Designed to maintain the American system, liberal activi- ty was directed toward essentially conservative goals. Experi- mentalism was most frequently limited to means; seldom did it extend to ends. Never questioning private enterprise, it operated within safe channels, for short of Marxism or even of native American radicalisms that offered structural critiques and struc- tural solutions.

All of this is not to deny the changes wrought by the New Deal—the extension of welfare programs, the growth of federal power, the strengthening of the executive, even the narrowing of property rights. But it is to assert that the elements of continuity are stronger, that the magnitude of change has been exaggerat- ed. The New Deal failed to solve the problem of depression, it failed to raise the impoverished, it failed to redistribute income, it failed to extend equality and generally countenanced racial dis- crimination and segregation. It failed generally to make business more responsible to the social welfare or to threaten business's pre-eminent political power. In this sense, the New Deal, despite the shifts in tone and spirit from the earlier decade, was pro- foundly conservative and continuous with the 1920s.

Using the federal government to stabilize the economy and ad- vance 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 consistuency 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 failing and Americans had lost faith in the financial system, the President could have 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 objections 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 fair 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 regulation increased. After the Great Crash, important business leaders including Henry I. Harriman of the Chamber of Commerce and Gerard 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 unions—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 businessmen, 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 businessmen with Section 7a, the NRA reaffirmed and consolidated their power at a time when the public was critical of industrialists and financiers.

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 pre-eminence 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 not 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." 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 were following their own inclinations and pushing the government in directions of their own design. 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 Min-

nesota 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 re-create 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.

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, homes 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 payments 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 not wishing to transform the system, sought for workingmen 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 MacGregor 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 assitance 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.

Those historians who have characterized the events of 1935 as the beginning of a second New Deal have imposed a pattern on those years which most participants did not then discern. In moving to social security, guarantees of collective bargaining, utility regulation, and progressive taxation, the government did advance the nation toward greater liberalism, but the shift was exaggerated and most of the measures accomplished far less than either friends or foes suggested. Certainly, despite a mild bill authorizing destruction of utilities-holding companies, there was no effort to atomize business, no real threat to concentration.

Nor were so many powerful businessmen disaffected by the New Deal. Though the smaller businessmen who filled the ranks of the Chamber of Commerce resented the federal bureaucracy and the benefits to labor and thus criticized NRA, representatives of big business found the agency useful and opposed a return to unrestricted competition. In 1935, members of the Business Advisory Council—including Henry Harriman, outgoing president of the Chamber, Thomas Watson of International Business Machines, Walter Gifford of American Telephone and Telegraph, Gerard Swope of General Electric, Winthrop Aldrich of the Chase National Bank, and W. Averell Harriman of Union Pacific—vigorously endorsed a two-year renewal of NRA.

When the Supreme Court in 1935 declared the "hot" oil clause and then NRA unconstitutional, the administration moved to measures known as the "little NRA." Reestablishing regulations in bituminous coal and oil, the New Deal also checked wholesale price discrimination and legalized "fair trade" practices. Though Roosevelt never acted to revive the NRA, he periodically contemplated its restoration. In the so-called second

New Deal, as in the "first," government remained largely the benefactor of big business, and some more advanced businessmen realized this.

Roosevelt could attack the "economic royalists" and endorse the TNEC investigation of economic concentration, but he was unprepared to resist the basic demands of big business. While there was ambiguity in his treatment of oligopoly, it was more the confusion of means than of ends, for his tactics were never likely to impair concentration. Even the antitrust program under Thurman Arnold, concludes Frank Freidel, was "intended less to bust the trusts than to forestall too drastic legislation." Operating through consent degrees and designed to reduce prices to the consumer, the program frequently "allowed industries to function much as they had in NRA days." In effect, then, throughout its variations, the New Deal had sought to cooperate with business.

Though vigorous in rhetoric and experimental in tone, the New Deal was narrow in its goals and wary of bold economic reform. Roosevelt's sense of what was politically desirable was frequently more restricted than others' views of what was possible and necessary. Roosevelt's limits were those of ideology; they were not inherent in experimentalism. For while the President explored the narrow center, and some New Dealers considered bolder possibilities, John Dewey, the philosopher of experimentalism, moved far beyond the New Deal and sought to reshape the system. Liberalism, he warned, "must now become radical. . . . For the gulf between what the actual situation makes possible and the actual state itself is so great that it cannot be bridged by piecemeal policies undertaken *ad hoc*." The boundaries of New Deal experimentalism, as Howard Zinn has emphasized, could extend far beyond Roosevelt's cautious ventures. Operating within very safe channels, Roosevelt not only avoided Marxism and the socialization of property, but he also stopped far short of other possibilities—communal direction of production or the organized distribution of surplus. The President and many of his associates were doctrinaires of the center, and their maneuvers in social reform were limited to cautious excursions.

Usually opportunistic and frequently shifting, the New Deal was restricted by its ideology. It ran out of fuel not because of the conservative opposition, but because it ran out of ideas. Acknowledging the end in 1939, Roosevelt proclaimed, "We have now passed the period of internal conflict in the launching of our program of social reform. Our full energies may now be released to invigorate the processes of recovery in order to preserve our reforms. . . ."

The sad truth was that the heralded reforms were severely limited, that inequality continued, that efforts at recovery had failed. Millions had come to accept the depression as a way of life. A decade after the Great Crash, when millions were still unemployed, Fiorello LaGuardia recommended that "we accept the inevitable, that we are now in a new normal." "It was reasonable to expect a probable minimum of 4,000,000 to 5,000,000 unemployed," Harry Hopkins had concluded. Even that level was never reached, for business would not spend and Roosevelt refused to countenance the necessary expenditures. "It was in economics that our troubles lay," Tugwell wrote. "For their solution his [Roosevelt's] progressivism, his new deal was pathetically insufficient. . . .

Clinging to faith in fiscal orthodoxy even when engaged in deficit spending, Roosevelt had been unwilling to greatly unbalance the budget. Having pledged in his first campaign to cut expenditures and to restore the balanced budget, the President had at first adopted recovery programs that would not drain government finances. Despite a burst of activity under the Civil Works Administration during the first winter, public works expenditures were frequently slow and cautious. Shifting from direct relief, which Roosevelt (like Hoover) considered "a narcotic, a subtle destroyer of the human spirit," the government moved to work relief. ("It saves his skill. It gives him a chance to do something socially useful," said Hopkins.") By 1937 the government had poured enough money into the economy to spur production to within 10 percent of 1929 levels, but unemployment still hovered over seven million. Yet so eager was the President to balance the budget that he cut expenditures for public works and relief, and plunged the economy into a greater depression. While renewing expenditures, Roosevelt remained cautious in his fiscal policy, and the nation still had almost nine million unemployed in 1939. After nearly six years of struggling with the depression, the

Roosevelt administration could not lead the nation to recovery, but it had relieved suffering. In most of America, starvation was no longer possible. Perhaps that was the most humane achievement of the New Deal.

Its efforts on behalf of humane *reform* were generally faltering and shallow, of more value to the middle classes, of less value to organized workers, of even less to the marginal men. In conception and in practice, seemingly humane efforts revealed the shortcomings of American liberalism. For example, public housing, praised as evidence of the federal government's concern for the poor, was limited in scope (to 180,000 units) and unfortunate in results. It usually meant the consolidation of ghettos, the robbing of men of their dignity, the treatment of men as wards with few rights. And slum clearance came to mean "Negro clearance" and removal of the other poor. Of much of this liberal reformers were unaware, and some of the problems can be traced to the structure of bureaucracy and to the selection of government personnel and social workers who disliked the poor. But the liberal conceptions, it can be argued, were also flawed for there was no willingness to consult the poor, nor to encourage their participation. Liberalism was elitist. Seeking to build America in their own image, liberals wanted to create an environment which they thought would restructure character and personality more appropriate to white, middle-class America.

It was not in the cities and not among the Negroes but in rural America that Roosevelt administration made its (philosophically) boldest efforts: creation of the Tennessee Valley Authority and the later attempt to construct seven little valley authorities. Though conservation was not a new federal policy and government-owned utilities were sanctioned by municipal experience, federal activity in this area constituted a challenge to corporate enterprise and an expression of concern about the poor. A valuable example of regional planning and a contribution to regional prosperity, TVA still fell far short of expectations. The agency soon retreated from social planning. ("From 1936 on," wrote Tugwell, "the TVA should have been called the Tennessee Valley Power Production and Flood Control Corporation.") Fearful of antagonizing the powerful interests, its agricultural program neglected the tenants and the sharecroppers.

To urban workingmen the New Deal offered some, but limited, material benefits. Though the government had instituted contributory social security and unemployment insurance, its much-heralded Fair Labor Standards Act, while prohibiting child labor, was a greater disappointment. It exempted millions from its wages-and-hours provisions. So unsatisfactory was the measure that one congressman cynically suggested, "Within 90 days after appointment of the administrator, she should report to Congress whether anyone is subject to this bill." Requiring a minimum of twenty-five cents an hour ($11 a week for 44 hours), it raised the wages of only about a half-million at a time when nearly twelve million workers in interstate commerce were earning less than forty cents an hour.

More important than these limited measures was the administration's support, albeit belated, of the organization of labor and the fight of collective bargaining. Slightly increasing organized workers' share of the national income, the new industrial unions extended job security to millions who were previously subject to the whim of management. Unionization freed them from the perils of a free market.

By assisting labor, as well as agriculture, the New Deal started the institutionalization of larger interest groups into a new political economy. Joining business as tentative junior partners, they shared the consensus on the value of large-scale corporate capitalism, and were permitted to participate in the competition for the division of shares. While failing to redistribute income, the New Deal modified the political structure at the price of excluding many from the process of decision making. To many what was offered in fact was symbolic representation, formal representation. It was not the industrial workers necessarily who were recognized, but their unions and leaders; it was not even the farmers, but their organizations and leaders. While this was not a conscious design, it was the predictable result of conscious policies. It could not have been easily avoided, for it was part of the price paid by a large society unwilling to consider radical new designs for the distribution of power and wealth.

In the deepest sense, this new form of representation was rooted in the liberal's failure to endorse a meaningful egalitarianism which would provide actual equality of opportunity. It was also

the limited concern with equality and justice that accounted for the shallow efforts of the New Deal and left so many Americans behind. The New Deal was neither a "third American Revolution," as Carl Degler suggests, nor even a "half-way revolution," as William Leuchtenburg concludes. Not only was the extension of representation to new groups less than full-fledged partnership, but the New Deal neglected many Americans—sharecroppers, tenant farmers, migratory workers and farm laborers, slum dwellers, unskilled workers, and the unemployed Negroes. They were left outside the new order. As Roosevelt asserted in 1937 (in a classic understatement), one third of the nation was "ill-nourished, ill-clad, ill-housed."

Yet, by the power of rhetoric and through the appeals of political organization, the Roosevelt government managed to win or retain the allegiance of these peoples. Perhaps this is one of the crueller ironies of liberal politics, that the marginal men trapped in hopelessness were seduced by rhetoric, by the style and movement, by the symbolism of efforts seldom reaching beyond words. In acting to protect the institution of private property and in advancing the interests of corporate capitalism, the New Deal assisted the middle and upper sectors of society. It protected them, sometimes, even at the cost of injuring the lower sectors. Seldom did it bestow much of substance upon the lower classes. Never did the New Deal seek to organize these groups into independent political forces. Seldom did it risk antagonizing established interests. For some this would constitute a puzzling defect of liberalism; for some, the failure to achieve true liberalism. To others it would emphasize the inherent shortcomings of American liberal democracy. As the nation prepared for war, liberalism, by accepting private property and federal assistance to corporate capitalism, was not prepared effectively to reduce inequities, to redistribute political power, or to extend equality from promise to reality.

13 FROM *Jerold S. Auerbach*
Radical Change Far Short of Revolution

Not all of the New Deal historians who came of age in the late 1950's discarded the generally positive appraisal of the New Deal that had dominated historical writing on it when they had reached the graduate schools. Jerold S. Auerbach was born in Philadelphia in the same year in which Bernstein was born in New York City (1936) and was a graduate student at Columbia University while Bernstein studied at Harvard. Also like Bernstein, Auerbach studied with one of the leading historians of the New Deal in the postwar period. Auerbach's mentor was William E. Leuchtenburg, author of the widely acclaimed survey Franklin D. Roosevelt and the New Deal *(1963). In it, Leuchtenburg recognized shortcomings but emphasized accomplishments and called the New Deal a revolution—or at least a "halfway revolution." As the following essay indicates, Auerbach, then a historian at Brandeis University and now at Wellesley College, was closer to Leuchtenburg than to Bernstein in his estimate of the New Deal's significance. The author of* Labor and Liberty: The La Follette Committee and the New Deal *(1966), Auerbach regarded the legal protection that the New Deal gave to the industrial worker as one of its most significant and valuable accomplishments.*

In a time of rampant social criticism, when American verities seem precarious, the past no less than the present falls under scrutiny. Indeed, past and present lose their very separateness. Present issues guide research into the past; historians call upon

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the past to speak to present needs; strident demands are heard for a "new" or "usable" past. Just as turn-of-the-century progressive ferment provided the setting for Charles A. Beard's reinterpretation of the Founding Fathers and the Depression elicited Matthew Josephson's discovery of the "robber barons," so current social issues promise to leave new eddies of historical revisionism in their wake. Revisionist historians, like automobile drivers, learn to keep one eye on the rearview mirror while the other scans the road ahead.

Given the focus of current protest—against racism, imperialism, liberalism, the power elite, bureaucratic centralization, and the very nature of corporate capitalism—it is understandable that the New Deal should become a prime target for revisionist fire. In a dual sense the particular achievements and failures of the Roosevelt administration become both compelling and galling. First, because it is so alluring to consider March 1933 as *tabula rasa*, after which New Dealers quickly dissipated the last best hope for a drastic restructuring of American society. And second, because presumably we are now reaping the noxious harvest of welfare capitalism whose seeds the New Dealers sowed three decades ago. As historian Irwin Unger has observed, "the New Deal is the immediate source of the liberal welfare state, and they [New Left critics] despise it as much as they do the flaccid, self-satisfied society that they hold is its direct descendant." Thus one critic complains: "Most of the time America is an ugly place to live in. All the 'reforms' only seem to have made it uglier. And more sophisticated in its evil. . . . In the long run, what *did* the New Deal do? Besides the Smith Act?" Another laments the reluctance of historians to discuss "in what way and to what extent the New Deal . . . contributed to the rise of the political, economic, and social conditions we are familiar with today." According to a third, the New Deal "launched the American welfare state, a brand new, large, ungainly infant, destined to survive all the hazards of childhood and a maladjusted adolescence, eventually to mature in the Great Society . . . ."

The bill of grievances compiled by New Left critics against the New Deal makes the Roosevelt administration seem more ominous even than the reign of George III, which prompted an earlier declaration of independence. Manifold causes impel the critics to their separation from previously favorable estimates of the New Deal. These include the absence of any philosophy of reform; the consequent failure of New Dealers even to attack, much less resolve, fundamental social problems; a commitment to the salvation of corporate capitalism; destruction of the Left; remoteness from popular authority and indifference to participatory democracy. Running through this jeremiad is the refrain made explicit by Paul Conkin: "The story of the New Deal is a sad story, the ever recurring story of what might have been."

Conkin, more than any of the critics with whom he is here associated, concedes that the New Deal initiated "some important modifications of the American economic system." Considering what might have been, however, its record was spotty and disappointing: ". . . no core of political principles, no clear economic philosophy, no new clarification of the dilemmas of liberal democracy" emerged from the New Deal. Without them, apparently, little else matters. Conkin is especially eager to smite the canard that the New Deal was pragmatic, or even experimental. "Above all," he writes, "Roosevelt was not a pragmatist." And experimentalism, Conkin adds, means "the advocacy, in terms of what is known, of a tentative solution, as comprehensive, as systematic, as consistent, as formally perfect as possible, and then as careful a testing of the tentative answer as circumstances permit . . . ." The New Deal, Conkin complains, "denied the idea of experimentation—clear hypotheses and controlled verification."

The flaw in this model—as Conkin himself concedes—is that in politics circumstances do not very often permit careful tests of tentative answers. Because political leaders are not scientists, because people are not chemicals, and because life is not a test tube, laboratory metaphors are deceptive. Scientists are not necessarily compelled to dilute their experiments in order to complete them, nor must they submit their results to a national electorate for approval. In tearing the mantle of pragmatism from the shoulders of New Dealers, Conkin and others have only demonstrated the incompatibility of pragmatism, defined as a formal system of thought, with politics. By their definition, *no* political administration can be pragmatic; the term is without

meaning in a political context. Instead of waving the "bloody shirt" of pragmatism, therefore, both defenders and critics of the New Deal would do well to pass beyond pragmatic shadows to substance.

Far more serious is the allegation that the New Deal failed to resolve, or even to attack, fundamental social problems. It is around this proposition that a cluster of New Left critics of the New Deal have directed their most concentrated assault. Lloyd C. Gardner asks: "How many of the society's fundamental problems had really been corrected, or even attacked? How real had the recovery been? How dangerous the path taken?" Howard Zinn suggests that the New Deal failed to solve the most fundamental problem confronting it: "how to bring the blessings of immense natural wealth and staggering productive potential to every person in the land." Barton J. Bernstein complains that "The New Deal failed to solve the problem of depression, it failed to raise the impoverished, it failed to redistribute income, it failed to extend equality and generally countenanced racial discrimination and segregation."

The premise upon which these criticisms rest is the impossibility of solutions to "fundamental problems" short of "a radically new economic equilibrium" and a "significant redistribution of power in American society. . . ." Yet this is a slippery premise at best, with several concealed semantic traps. By definition, "fundamental" problems become those which the New Deal did not solve. A "radically new economic equilibrium" seems tantamount to any equilibrium that the New Deal failed to attain. And "significant redistribution of power" means any redistribution beyond the one actually achieved. Of course, if total repudiation of capitalism becomes the sole test by which to measure the New Deal, obviously it (like every preceding and subsequent administration) failed. But critics who apply this test should at least begin to indicate its relevance within the context of a political system whose voters and leaders have persistently refused to sanction the destruction of capitalism as a goal.

If any point short of total repudiation is acceptable, then the issue may be fairly joined. New Left critics concede a new legal framework for labor-management relations; new controls over banks, stock exchanges, and other institutions of private enterprise; social security; relief; public housing and public works; the restoration of jobs to at least half the jobless; legitimization of a new economic role for government; and a profound political and constitutional shake-up. Yet, according to Bernstein for example, "seemingly humane [reform] efforts" by New Dealers only "revealed the shortcomings of American liberalism." One is compelled to inquire: Did they seem humane because they *were* humane, in which case Bernstein's point is lost; or did they seem humane despite the fact that they were *not* humane, in which case we desperately need a new definition of "humane." Furthermore, against what standard of the thirties are liberalism's "shortcomings" measured? How fruitful is it to label New Deal efforts at slum clearance and public housing (or other reforms) as "faltering and shallow," when the point of reference for this judgment clearly is 1968, not 1938?

The subject of race relations, a pressing current concern but for many and legitimate reasons *not* a paramount New Deal issue, understandably attracts attention from New Left critics. Black Americans, Bernstein concedes, did receive (minimal) aid and (cautious) recognition. But Roosevelt should not be too quickly praised, for even if the results were commendable, bad reasons negate them. Rather than making color the basis of assistance, the New Deal dispensed aid on the basis of need. This distinction seemed less important to Negroes than to Bernstein, who uneasily balances his judgment that "the New Deal left intact the race relations of America" with the fact that it was able "to woo Negro leaders and even to court the masses." According to Conkin Negro support for the New Deal arose from that fact that Negroes were "politically purchased by relief or by the occasional concern of bureaucrats. . . ." Unless one assumes, as Bernstein, Conkin, and others elsewere assume, that the New Deal was so diabolically clever that it won the support of those whom it did *not* help, one must conclude that most black (and white) Americans found much in the New Deal to command their allegiance.

In addition to social welfare and race, labor relations can serve as a useful litmus test of the New Deal record. Surprisingly, New Left critics have little to say about the single most vital issue for Old Leftists. In manifold ways, the resolution of capi-

tal-labor discord represented the most enduring and compelling need in American public life. This vexing problem, with its serious economic, political, and constitutional ramifications, had lingered since the nation's earliest years as an industrial power. Without legal protection for the right to organize and bargain collectively, industrial workers were helpless in the face of concerted employer power. It was precisely this legal protection that the New Deal provided, albeit with reluctance in presidential circles.

The New Left critics demur, insisting *Plus ça change, plus c'est la même chose*. Bernstein concedes change but insists that its significance was merely "the institutionalization of larger interest groups into a new political economy. . . . It was not the industrial workers necessarily who were recognized, but their unions and leaders. . . ." Brad Wiley, noting the forces of industrial unionism unleashed by New Deal laws, complains that the CIO merely "furthered the process of rationalization of the economy by disciplining the working class through containing the militancy of the workers, eliminating the threat of strikes, and generally mediating between the boss and 'his' workers." This line of argument, of course, creates a neat whipsaw effect. Whether the New Deal ignored labor or succored it, New Deal culpability is assured. Criticized for only slowly awakening to workers' grievances and aspirations, the New Deal is criticized equally strenuously for eradicating the major sources of their discontent.

Bernstein and Wiley carry their portable whipsaw one step further. Each feels compelled to note New Deal reforms, but neither will accept mere reform as sufficient. In fact, reform becomes destructive—more destructive, paradoxically, than failure to reform. According to Bernstein: "The liberal reforms of the New Deal did not transform the American system; they conserved and protected American corporate capitalism, *occasionally by absorbing parts of threatening programs*." Wiley maintains: "The New Deal's *recognition of potentially antagonistic social groups* served a conservative integrating purpose. If these groups could be led to cooperate with the dominant economic and political elite on the basis of the rules of corporate capitalism, any possibility that their demands for reform might begin to question fundamental property relations was eliminated."

What especially seems to perturb the New Left critics is the very willingness of the New Deal to absorb radical proposals into its own program. This might be interpreted to reveal both the viability of many radical demands and New Deal responsiveness to pressure from the Left. New Left critics have, however, taken a different sounding. Conkin observes sadly that Roosevelt's 1936 landslide "almost destroyed the political left in American politics, whether dogmatic fringe groups or the terribly honest and flexible American Socialist Party." Bernstein seems to regret New Deal assistance to the needy, because "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." Zinn notes the emergence of a plethora of protest groups and complains that "there was no political program around which these disparate groups could effectively unite. And many of them began to lose their thrust *when their demands were partially met*."

Implicit in this critique is an assumption that the New Deal undercut radical reform. This assumption is highly questionable; at the very least it requires more documentation and less assertion. It is more than conceivable that a depression without the New Deal would have produced no reform at all. Such was the American experience between 1930 and 1932. The New Deal may well have made radical reform, to the extent that it existed, possible. We know that radicalism flourished more in the wake of New Deal reforms of 1933 and 1935 than in anticipation of them. A sense of possibilities, elicited by the Roosevelt administration, repeatedly galvanized the Left. Tocqueville's insight that endured evils become intolerable when avenues of escape are opened is especially relevant in this context. This certainly was true in labor-management relations: radicals launched their most successful forays from the legal fortifications erected under the National Industrial Recovery Act and the National Labor Relations Act, Radicals, like factory workers and sharecroppers, waged a revolution of rising expectations. The success (unintended, of course) of the New Deal in stimulating and even legitimizing radical ferment would seem to warrant more attention from New Left critics than it has received.

Instead, in a pamphlet entitled *Historians and the New Deal*, published by the Madison Students for a Democratic Society,

Brad Wiley plays the most dissonant variation on this theme. Wiley, who distinguishes between economic recovery and social reform, properly maintains that "the stabilization of the capitalist system as a political objective is in no way a necessary precondition for effective social reform." The New Deal, he concedes, may have represented "a new *form* of government intervention in the economy," but the results were predictable: "the role of the state continues to subordinate the problems of reform and reorganization of urban-industrial society to those of recovery and stabilization in the corporate-capitalist system of production." Whether emphasis is placed on recovery or reform, the New Deal record was dismal. Incredibly, however, Wiley cites its very failure to generate recovery as "symptomatic of the fact that the 1930s were not as severe a social crisis as historians have characterized it." The basis for this sweeping *non sequitur* is Wiley's observation that "no major social group or class . . . felt themselves sufficiently threatened to commit themselves to more extreme forms of political and economic action." Reasoning from his conclusions back to the evidence, Wiley extrapolates from the absence of "extreme forms of . . . action" the absence of any severe crisis at all after 1929. The Depression seemingly is but a figment of the historical imagination, contrived to delude the gullible into believing that massive unemployment, starvation, and suffering had some social significance. Since the objective situation, according to Wiley, was only a mirage, the entire welfare-state apparatus of the New Deal, instead of representing a real response to a real need, served merely as "an ideological tool in the baggage of modern capitalism."

From the perspective of the 1960's, which for New Left critics provides the only relevant standard, one of the most serious of New Deal deficiencies was its alleged remoteness from sources of popular authority—four presidential and numerous congressional victories to the contrary notwithstanding. A curious ambivalence pervades New Left analysis of this issue. Wiley, for example, argues that New Deal centralizing tendencies served "to isolate government further from popular authority. . . ." Concentration of power in executive agencies meant that policies were formulated and implemented "by Presidential advisers and . . . technicians none of whom are ever directly answerable to the

commonwealth they ostensibly serve." Zinn moves one step further to claim that "Only the aggrieved themselves can provide the motive power to create that new deal which neither FDR nor JFK nor LBJ gave us." Yet Zinn himself asserts that "the boldest programs" and "the largest expectations" came not from the aggrieved, but "from intellectuals not closely associated with the White House, from those whose ideological reach is not impaired by their clinking glasses with the mighty." New Deal half measures, Conkin concurs, were repudiated by "the more alienated, more sensitive, and more analytic intellectuals," who were "too honest and too clear-headed" to "master the soothing art of the fireside . . . ."

Again, the categories are so neat and functional: the New Deal allegedly shunned participatory democracy, yet the most innovative alternatives came not from the demos but from a powerless intellectual elite. *Ipso facto,* intellectuals who held power were corrupted by it; intellectuals without power could only wallow in their own sensitivity and alienation. Conveniently, so long as they remained remote from power their ideas retained force and energy. But the moment they arrived in Washington to apply these forceful ideas energetically they were guilty of a sell-out. So loud was the noise of "clinking glasses" that serious intellectual discourse was obliterated. By definition, intellectual contributions could be made only by those who opted for purity over power.

Imprisoned by their assumption that the New Deal offered so little to so many, New Left critics find themselves hard-pressed to explain why the Roosevelt administration received such enthusiastic popular mandates. Bernstein proposes that "the marginal men trapped in hopelessness were seduced by rhetoric. . . ." Conkin conjectures that downtrodden Negroes were "politically purchased." Again the whipsaw: Had marginal men *not* voted for Roosevelt, it would prove New Deal programmatic deficiencies. That they *did* vote for him indicates only the power of rhetoric—or relief. (It is revealing that Bernstein's application of the notion of rhetorical seduction does not extend to radicals like Huey Long or Father Coughlin, whose slogans, "Every Man a King" and "Social Justice," certainly were far more seductive—in the dictionary meaning of leading someone

astray—than Roosevelt's program.) Since opposition to the New Deal is the only posture consistent with New Left interpretations of New Deal defects, support of the New Deal, in a somewhat patronizing fashion, becomes a measure of the folly of those who failed to appreciate where their true interests lay. Indeed, Conkin even argues that opponents "misconstrued the direction of the New Deal. . . . The enemies of the New Deal were wrong. They should have been friends." Rather than assume, as the evidence warrants, that enemies and friends of the New Deal realistically pursued legitimate conceptions of their own self-interest, New Left critics transform ardent admirers into "real" enemies and vigorous critics into misguided friends.

Perplexity mounts when one recalls Conkin's assertion regarding the New Deal as "a sad story . . . of what might have been." This refrain resounds throughout Conkin's essay: Roosevelt "might have" acted differently during the 1932–1933 interregnum; the administration "might have" encouraged recovery and "might have" restored confidence in 1933. "*If* Roosevelt had not, by 1936, turned in devastating fury upon business. . . . *If* Roosevelt . . . had really turned toward increased federal direction and ownership. Of *if* the government . . . had pumped such enormous sums of borrowed money into the economy that it had to respond." But one sour note mars the crescendo. In his penultimate paragraph Conkin asserts: "The plausible alternatives to the New Deal are not easily suggested, particularly if one considers all the confining and limiting circumstances." The hypothesizing, then, was for naught; the critic has become tacit defender, leaving the New Deal imprisoned by circumstance and thereby implicitly exonerated for its deficiencies.

It should by now be apparent that the New Left critique of the New Deal—spirited, controversial, and provocative though it may be—is occasionally illogical and consistently ahistorical. This dour estimate is in no way intended as a blessing for all that the New Deal did or failed to do—or for all that its defenders have said or left unsaid about it. Nor, most emphatically, does it imply that all criticism of the New Deal is unwelcome, for the uniformly favorable treatment of the New Deal which has prevailed for two decades is indeed in need of revision. Rather, it is an assertion that the New Left critique is sterile because New

Left critics have applied irrelevant standards and a protean vocabulary to reach a priori conclusions. It is hardly necessary for them to display surprise (or indignation) at their "discovery" that the New Deal saved capitalism and refused to abandon private property. No one has seriously doubted this; indeed, the New Deal received no mandate to do otherwise. Its Old Left critics were numerically overwhelmed by those who wanted little more than the reshuffling of an old deck. Its New Left critics are trying to win a verdict in the history books that was decisively rejected thirty years ago. Lloyd C. Gardner, referring to Roosevelt's defenders, has observed: "Any incongruities which turned up in the legend of the New Deal were carefully tucked away in chapters called 'Behind the Mask,' where human errors and failings all became part of the 'enigma' that was Franklin Roosevelt." Yet it is equally true that Roosevelt's detractors have applied to the New Deal ex post facto standards of judgment that would render every administration since Washington's equally culpable. It is, in fact, the search for culpability rather than the quest for understanding that looms as the most prominent—and characteristic—defect of the New Left critique.

Howard Zinn, for example, would have historians "consider present needs at the expense, if necessary, of old attachments." If these were the sole alternatives, Zinn's position would have more to recommend it. But they are not. The historian who is a partisan for or against the present deprives himself of the insights that only come after he permits the present to frame his questions and insists that the past alone provide his answers—on *its* terms, not his. If it is understandable that the interest of historians in the abolitionists should be rekindled in an era of intensive civil rights activity, it would nonetheless be a betrayal of the historian's function to berate ante-bellum egalitarians for pursuing *their* goals and tactics rather than those of the freedom riders and black nationalists of the 1960's. Similarly, while generations of New Deal historians predictably will be guided by the questions and methodology of *their* present, their evaluations of the New Deal will remain suspect so long as they judge New Dealers harshly (or indeed kindly) for misbehaving in the thirties according to the gospel of the New Left in the sixties. Historians blessed with twenty-twenty hindsight who flail their forebears for

lacking twenty-twenty foresight are themselves plagued by myopia. If men in public life today are imprisoned by New Deal categories and solutions, it is they who are the proper targets of criticism, not those who innovated so successfully thirty-five years ago that their program set the terms of political discourse not only for their generation but for succeeding ones.

To speak of innovation is not, of course, to speak of revolution. At the very least, New Left critics have demonstrated the futility of debating—as historians did until fairly recently—whether the New Deal was evolutionary or revolutionary. Yet if it is now apparent that those who endured the Depression (especially those who suffered least) tended from the perspective of their own past to magnify change, it is equally apparent that New Left critics have jumped to the opposite extreme. Not only have they occasionally played with words in an effort to transform liberal reform into conservatism; in the process they have also slighted those changes which, measured by this country's past (although not by our present), substantially reallocated power in American society. In so doing they have refused to grapple with the difficult analytical problem of the nature of revolutionary, or even radical, change.

Recent theoretical literature suggests that revolution constitutes one stage along a continuum of social change. "Revolutionary" change denotes nothing less than a change of the established political order by violence; according to one student of the process it is *"an illegal change of the conditions of legality."* Under this definition nonviolent revolution would be a contradiction in terms. "Rebellion" is a less extreme form of social change, in which the essential ingredient is an illegal change of persons in authority rather than of the system itself. Clearly, the New Deal constituted neither a revolution nor a rebellion. But, as political scientist Chalmers Johnson suggests, basic change can occur without resort to violence; he cites the New Deal as one example of radical, albeit nonrevolutionary, change. Johnson conjectures that the United States may well have avoided a revolution during the Depression because Roosevelt inaugurated "a drastic program of reform to restore confidence in the system. . . ." Given the Depression as a form of severe disequilibrium, the New Deal becomes comprehensible as radical change to restore an old

equilibrium. "Creative political action," Johnson writes, "is the specific antidote to revolutionary conditions. . . ." But New Deal efforts to restore the old equilibrium could not always be contained; its creative action impelled political and social currents to overflow old channels. By 1937 the result was radical change far short of revolution. Precisely this fact, needless to say, enrages New Left critics.

William E. Leuchtenburg has written that "the changes wrought in the 1930's—the growth in power of the national government, the advance toward a Welfare State, the unionizing of industrial America, the subsidization of the farmer, the Supreme Court 'revolution,' the upheaval in political alignments—make the decade one of the most significant periods in American history." Unless one is prepared to defend the proposition that by definition any change short of revolution is meaningless change, this is indeed an impressive record, one which few administrations before or since can match. To concede this is hardly to imply that all was done that could, or should, have been done. Contemporary critics, even within the administration, knew otherwise. Rexford G. Tugwell recently has written: "At some moments I thought Roosevelt saw how radical a reconstruction was called for; at others I guessed that he would temporize. . . . I was right in this last. The New Deal was a mild medicine." Roosevelt, Tugwell complains, "could have emerged from the orthodox progressive chrysalis and led us into a new world. He chose rather rickety repairs for an old one."

New Left critics would agree: Americans lived by the tenets of corporate capitalism before Roosevelt came into office; by shoring up discredited capitalist institutions the New Deal perpetuated a corrupt, destructive system which brought the nation logically and inevitably to the brink of international and national cataclysm—in the streets of Saigon and in the streets of American cities. Such absolute moral judgments can neither be proved nor disproved; hence their appeal. Furthermore, they are quite irrelevant to historical analysis if history is to remain distinct from propaganda for or against current policies. This is not to insist, however, that the New Deal (or any era) be measured only against its past. Although the configurations of the future were not, and could not have been, even dimly perceptible in the

1930's, historians retain the freedom, denied to contemporaries, to measure an era against both its subsequent and its antecedent developments. But historians who concentrate exclusively on either, as the New Left critics have done, take an implicit vow to write one-dimensional history. They repudiate the subtle interaction of the historical past and the historian's present for the sharp thrust of current political protest. Historians of the *post*-New Deal era, along with Paul Conkin, may properly maintain that "The United States has neither moved beyond it [the New Deal] nor searched for valid alternatives." This fact will disappoint New Left critics, and others, but it is incumbent upon them to recognize that the onus of responsibility devolves upon those who have governed since 1941, not upon the New Dealers. Even historiographical victories cannot be won against the wrong enemy in the wrong place at the wrong time.

Suggestions for Further Reading

Some of the most important surveys of the New Deal have already been mentioned. See especially the large work by Arthur Schlesinger, Jr., *The Age of Roosevelt* (3 vols., New York, 1957–1960); and the shorter study by Leuchtenburg, *Franklin D. Roosevelt and the New Deal* (New York, 1963). Also valuable are Basil Rauch, *The History of the New Deal* (New York, 1944, 1963); Dixon Wecter, *The Age of the Great Depression 1929–1941* (New York, 1948); and Dennis Brogan, *The Era of Franklin Roosevelt* (New Haven, 1950). On the debate that Rauch opened up over the ways in which the New Deal developed, see Otis L. Graham, Jr., "Historians and the New Deals, 1944–1960," *Social Studies*, 54 (1963), 133–140; and William H. Wilson, "The Two New Deals: A Valid Concept?" *Historian*, 28 (1966), 268–288. On the performance of the economic system during the 1930's see Robert Aaron Gordon, *Business Fluctuations* (New York, 1961); John Chamberlain, *The Enterprising Americans: A Business History of the United States* (New York, 1963); and Douglas C. North, *Growth and Welfare in the American Past: A New Economic History* (Englewood Cliffs, 1966).

There are several very valuable books on Franklin Roosevelt. The most impressive and thorough account of his pre-presidential years is found in the three-volume work by Frank Freidel,