

The New Deal

by Thomas Kessner



An enlistment poster for the Arizona Civilian Conservation Corps, 1938. (Gilder Lehrman Collection)

Franklin Delano Roosevelt's protean presidency from 1933 to 1945 (the longest term of leadership in this nation's history) has provoked many debates about the man and his policies. For some he is the brilliant tactician who wrestled mightily with the deadlocking forces of economic crisis and totalitarianism to save capitalism and liberal democracy in its time of grave danger. Others view him as a devious and unprincipled compromiser, a broker president who fragmented the national polity as he built electoral coalitions around self-serving interest groups. Yet others charge him with dramatically expanding the welfare state, undermining the free enterprise economy and sapping American initiative. Few disagree though that his response to the worst depression in American history is the defining feature of his presidency.

Well born and favored with an elite education, Franklin Roosevelt (1882–1945) was the only son of an aristocratic upstate New York family that had made its fortune in international trade. A distant relative of Theodore Roosevelt, he married the President's niece Eleanor Roosevelt in 1905, attracted by her active intellect and progressive conscience. Trained in the law, he soon made his way into New York Democratic politics, winning election to the state senate in 1910, where he helped lead the insurgent forces to oppose Tammany and later to support Woodrow Wilson's presidential candidacy in 1912. After the election Wilson appointed the charismatic patrician assistant secretary of the Navy.

Though they were of different parties and differed in their policies, Presidents Wilson and Theodore Roosevelt were shaping progressive influences on the ambitious FDR, but by 1920 when he ran for vice president on the Democratic ticket, the reform tide had passed, inaugurating a Republican ascendancy that would last till 1932. The thirty-eight-year-old Roosevelt returned to practicing law in New York only to be struck by polio the following year. Despite strenuous therapy he would never walk unassisted again, but for the rest of his life he managed to convey a vigor and exuberance that helped conceal his debilities, taking great care not to be seen publicly or photographed with crutches or in a wheelchair. Elected governor of New York State in 1928 by a narrow margin, he gained wide popularity through innovative reforms and, once the Depression hit, a series of activist measures that provided relief for the unemployed, a program of public works, and other important social

welfare measures. His willingness to experiment with new approaches and expand the reach of government attracted important progressives like Harry Hopkins and Frances Perkins to his administration.

In 1932, in the depths of the Depression the Democratic Party nominated him to run for the presidency. Promising a “new deal” for the stricken nation he easily defeated a vulnerable Herbert Hoover to become the thirty-second president of the United States. Little in the campaign foreshadowed the scope of his program for repairing the crippled economy and uplifting the nation. Nor did he hint at the greatly expanded role that he himself intended to play in directing the recovery. But the crisis had prepared the American people for change and experimentation and with his ebullient personality and crafty political instincts Roosevelt exploited this yearning for new departures. There was talk of revolution in these desperate days but for all the shifts and adjustments to come Roosevelt harbored no plans to alter the fundamental political economy of the United States, only to make it respond more capably to the crisis that he inherited.

With a blaze of bold executive action in his first 100 days, he dashed the torpor and malaise that enveloped Washington. Declaring that he intended to employ powers similar to those granted by the Constitution to fight a war, Roosevelt led a compliant Congress to enact legislation assigning him unprecedented responsibilities for economic planning and assistance to the unemployed. And while a fuller perspective reveals how bounded these changes were, the swift pace and broad scale of the reforms conveyed a resolute engagement with the people’s troubles.

Over the next eight years the New Deal erected the scaffolding for a federal welfare system providing relief, unemployment insurance, and old-age pensions. Through the National Recovery Administration, Agricultural Adjustment Act, Securities and Exchange Commission, Federal Deposit Insurance Corporation, Federal Housing Administration, and National Labor Relations Act—or the NRA, AAA, SEC, FDIC, FHA, NLRB—and other “alphabet agencies,” it regulated agriculture, industrial policy, labor, and banking and investment, vastly expanding federal authority over the daily lives of citizens. It utilized progressive taxing to moderate income disparities, fashioned a fresh urban policy granting new salience to metropolitan America, and undertook a massive, if uncoordinated, system of federal works projects designed to stimulate employment and inject federal funds into the economy. This program alone created a vast legacy of school buildings, post offices, airports, federal housing projects, and dams, as well as a disposition on the part of states and cities to look to Washington to underwrite large internal improvements.

One example of the colossal scale of these projects was the Tennessee Valley Authority, an immense initiative spread over seven states to modernize the depleted region through conservation and economic development. The Authority reclaimed endangered forests, built dams to protect lowlands against floods and brought electricity and running water to thousands of rural households that never had them before. TVA hydroelectric plants made electric power available at a reasonable cost and their experts taught farmers how to maximize production without depleting their lands. Another New Deal favorite, the Civilian Conservation Corps (CCC) placed millions of unemployed urban teenagers in rural camps to work on conservation projects and other improvements.

To consistency Roosevelt gave scant deference. If Herbert Hoover viewed American capitalism as a rigid system, in FDR’s hands it became a flexible set of guidelines that could be modernized and modified as the occasion dictated. Ever a pragmatist, he experimented with different solutions and readily abandoned those that failed to bring results or win voter support. At first the New Deal supported price fixing and corporate trade agreements to restore business vitality; a few years later after he lost confidence in this approach, Roosevelt’s Justice department carried out the most aggressive anti-trust offensive in American history. Early concerns about containing deficits made way for large spending programs only to be replaced by a sharp retrenchment in 1937, contributing to what many termed a “Roosevelt recession.” After this he adopted the theories of British economist

John M. Keynes, who advocated massive government spending to stimulate depressed markets. Roosevelt's equally shifting approach to work relief led to some hasty plans and jerry-built programs that critics denounced as wasteful boondoggles. More significantly, before the end of Roosevelt's first term the Supreme Court struck down critical parts of his keystone AAA and NRA agencies as unconstitutional extensions of federal authority.

The intractable economic crisis, adverse Supreme Court decisions, clamorous opposition on the political right and left, and growing popularity of splinter political movements led by Dr. Francis Townsend, Senator Huey Long, and Father Charles Coughlin pushed FDR to change course before the end of his first term. So different was his new approach that historians have referred to it as a second New Deal. In addition to establishing a safety net for the elderly and unemployed and what opponents labeled a "Soak the Rich tax," the new initiatives targeted monopolies, publicized big-business abuses, and strengthened the hand of labor unions. Later, he signed legislation for a minimum wage and the forty-hour work week.

The length of his tenure together with the expanded role of the federal government and the calculated use of popular "fireside chats" and press conferences inserted FDR into the daily lives of Americans as no other president before. But following his 1936 landslide victory, an emboldened FDR made a damaging miscalculation proposing to neutralize Supreme Court opposition to his activist policies by changing the Court's composition. This "Court packing" scheme failed, though even in this instance Roosevelt's efforts were not without a payoff as the Court did not overturn any other major New Deal legislation after this. Still the setback cost him dearly, opening a split within his own party.

A chastened Roosevelt turned more cautious and protective of his New Deal coalition composed of machine politicians, organized labor, blue-collar workers, intellectuals, city dwellers, farmers, marginalized minorities, and southerners. He now tempered his political enthusiasms, refusing to commit political capital to contentious moral campaigns. Even after African Americans transferred their vote to the Democratic Party, the New Deal did little to address systemic racial discrimination. Fearful of offending the white South FDR declined to back legislation that would make lynching a federal crime; and many of the New Deal programs tolerated Jim Crow practices. Women played a more visible role in the New Deal than in previous administrations, but women's rights remained a deferred dream in the Depression era when even Secretary of Labor Frances Perkins, the first female Cabinet member in history, favored giving jobs to men, who were presumably responsible for the household, over women.

If domestic policy and the Depression set the policy agenda for Roosevelt's first two terms, foreign affairs took over by the late thirties. After it became painfully clear to Britain and France that sacrificing smaller nations to the Nazi regime would not prevent war, an isolationist American Congress passed neutrality acts designed to prevent involvement in the European conflict. Unable to ignore British pleas for assistance, especially after the fall of France in June of 1940, FDR used a variety of subterfuges to begin sending arms to Britain. In 1940, he ran for an unprecedented third term, campaigning on keeping the US out of war.

But after his historic reelection, as the situation in Europe turned more grim, he moved decisively to equip the British forces, through programs like the Lend-Lease Act, and then provide patrols to protect the deliveries, abandoning any pretense of neutrality. After Hitler attacked Russia in June of 1941, Roosevelt extended this crucial assistance to help Russia as well. On December 7, 1941, a day that FDR declared would live "in infamy," Japan attacked Pearl Harbor (though historians have questioned how "surprised" the US was by the attack), and three days later Germany and Italy declared war on the United States.

In 1942, amidst the global crisis of the world war FDR was confronted by the horror of Nazi efforts to wipe out the Jewish population in all areas that fell under their control. Roosevelt failed to respond to the Holocaust with a sense of moral urgency, refusing the Jews haven and disregarding pleas to have American warplanes hamper the genocide by bombing the crematoria or the rail lines leading to the death camps.

During the war the United States and the Soviet Union became allies but disagreed about war aims. Russia's Joseph Stalin insisted that coming out of the war, Russia needed to surround itself with Communist nations. While the Allies met several times they could not come to an agreement on the face of postwar Europe beyond some vague generalities. Ill and close to death, FDR did not press the point and the Soviet Union established a cordon of Soviet-dominated Communist governments behind what would later be termed the Iron Curtain in central and Eastern Europe. But any account of these years must also credit FDR's leadership for ensuring the eventual Allied victory.

What he could not do, despite all the New Deal programs, was solve the complex Depression crisis. Only World War II with its relentless demand for production, manpower, and unchecked spending restored the economy. By then the progressive energy that kept experimenting with new plans and initiatives had been stilled by the burdens of war, a war that transformed America's international role. What the New Deal did accomplish was to recast the social contract, shape a mixed economy, dramatically expand federal authority, and firmly place the presidency at the center of American government.

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