

Carlsbad 1819

Like another Chouannerie

Rough edges of the New Deal revolution

August 19, 2017 by Nulle Terre Sans Seigneur

You know, the post office in every community ought to be the people's contact with the government. We ought to make more of it. The post office is a natural for co-operation between the people and the Federal Government.

— FDR as quoted by Frances Perkins in *The Roosevelt I Knew* (1947) [[source](http://www.unz.org/Pub/PerkinsFrances-1947-00213) (<http://www.unz.org/Pub/PerkinsFrances-1947-00213>)]

Selig Perlman was one of the great labor historians in the institutionalist tradition of Richard T. Ely and John R. Commons. Unlike theorists focusing on class struggle, he viewed unionism as creating a “job and wage consciousness” instead, which intersected with a so-called “scarcity consciousness” on part of the psychology of the wage worker, in which his perception of limited economic opportunity precludes him both from entrepreneurialism and any grand scheme of socializing production, instead focusing on immediate pragmatic goals of raising wages, reducing hours, reducing workplace hazard, etc. Impressive, given that Perlman was a Russian-born Jew drunk on the Marxist theory of Plekhanov, until he got deconverted at the University of Wisconsin-Madison... deconverted into something no less peculiar.

Three of his brief lectures were compiled in 1943 as *Labor in the New Deal decade*. Notably, Perlman makes the point that many of the industrial unions (e.g. the AFL) had the consciousness of being an *imperium in imperio*, as what he calls a “job empire” not subordinated to any plebiscitary or popular legitimation. Yet this conflicted with the governmental view of unions, who treated them as any other fraternal lodge, rather than a political machine per se. For instance, he points out the general tendency for unions to secure their “turf” by pushing for closed shops, whereas the War Labor Board of 1942-45 under the New Deal instead came up with a “membership maintenance device” clause to allow individual workers to bail out of the labor jurisdiction set by the union boss, treating it as a voluntaristic rather than what Perlman calls a “nationalistic” phenomenon as he sees unionism.

One of the premier voices in the 20th century American school of realism in IR, Hans Morgenthau, made many related observations in his 1960 work *The Purpose of Politics*. Indeed, in many aspects they mirror modern theories of the “deep state,” but they're stated in such a highbrow dispassionate manner characteristic of the Arthur Schlesinger brand of “consensus liberalism.”

The two main paradoxes of American democracy are, according to Morgenthau, the paradox of the thwarted majority and the paradox of the thwarted government. In a nutshell, these are the theses that, respectively, greater democratization leads to decreasing popular influence and that the increasing power of the state in relation to the populace weakens the constitutional authorities within the state itself.

The fragmentation of the executive branch into many semi-autonomous agencies governed under a parallel constitution (namely the Administrative Procedure Act of 1946) coupled with the capability of popular revolution being made obsolete by technologically modern standing armies under civilian control have made congressional and popular pressures frequently irrelevant. The primary outcome of popular pressure is not so much to shift policy as to shift public presentation of policy.

The quantitative proliferation of independent regulatory agencies has created a situation featuring lots of government, but little real governing. Morgenthau calls this a “new feudalism,” though that term is rather inappropriate. Nonetheless, he points out that this prevents any coherent consensus of a “national interest” from emerging. He even notes the weaponization of selectively leaking documents to the press (<https://archive.org/stream/purposeofamerica010600mbp#page/n293/mode/2up>), already by 1960. With the revolutions of the New Freedom, Square Deal, New Deal, etc. the federal government is effectively in a permanent state of emergency relative to the republican expectations of the framers, and thus the principle of separation of powers has become obsolete.

Collusion is inevitable:

The most effective political influence is exerted by the direct control of government personnel. The economic organization which has its representatives elected to the legislature or appointed to the relevant administrative and executive positions exerts its political influence as far as the political influence of its representatives reaches. In so far as the representatives of these economic organizations cannot decide the issue by themselves, the competition for political influence and, through it, economic advantage will be fought out within the collective bodies of the government by the representatives of different economic interests. While this relationship of direct control is typical in Europe, it is by no means unknown in the United States. State legislatures have been controlled by mining companies, public utilities, and railroads, and many individual members of Congress represent specific economic interests. Independent administrative agencies have come under the sway of the economic forces they were intended to control. The large-scale interchange of top personnel between business and the executive branch of the government cannot help but influence, however subtly and intangibly, decisions of the government relevant to the economic sphere.

This is a Bad Thing to him, of course. He goes on to fault the Truman and Eisenhower administrations for failing to “perform [their] most elemental function: to defend the public interest and more particularly the public peace against the war, industrial or physical, of private governments.” In contrast, he sees in both presidential leadership and in the federal budget’s character as “mission statement” a unifying national purpose.

Notably, he declares that government ought to be the molder and not the agent of public opinion, otherwise it “cannot help setting in motion that fatal mechanism through which influence over public opinion is being surrendered by default to the counter-elite of the private governments,” and therefore, instead of public opinion becoming the ally of public power, it becomes “the instrument with which the private governments disarm the public power.”

All of these are typical American liberal bugbears, though expressed with a now atypical openness that was more common in those times.

But is it right for a liberal to bemoan this as a Bad Thing?

Morgenthau thought that the fragmentation of the executive branch and the corporatist maneuvering between governmental, labor and business interests was harmful to a cohesive national interest. But, in 1938, the Communist Party of Texas thought otherwise, and called to "Bring the New Deal to Texas! For democracy, security, jobs, peace!" (<https://archive.org/details/FreeTexasFromMonopolyControlBringTheNewDealToTexasForDemocracy/>):

The A. F. of L., C.I.O., and farmers were not united. Corporation politicians — who claimed to be for the people but who actually have been and are fighting bitterly against the interests of the common people — would have been defeated if a progressive coalition of the trade unions, farmers, New Deal Democrats, and the Negro and Mexican people had been forged, prior to the primaries.

This motley democratic front was thought to be the popular voice of public power, but by Morgenthau's stricter standards, it could be construed as an assembly of private countervailing powers.

So did Frances Perkins, the Secretary of Labor under Roosevelt during his entire run from 1933 to 1945, and by proxy much of the public administrator intelligentsia.

Indeed, the National Recovery Administration, with its trademark Blue Eagle, very much suppressed these "private powers" and unified them behind a national vision as desired. How?

By suppressing antitrust directives (<http://www.unz.org/Pub/PerkinsFrances-1947-00197>):

At the earliest opportunity I reported to the President that two fairly complete plans were being mapped out—one by Wagner and Jacobstein, the other by Tugwell and Johnson. They both rested on the idea of suspending the effect of the anti-trust laws in return for voluntary agreement by industries for fair competition, minimum wage levels, and maximum hours. I told him that the plans were not very different and both apparently had gotten around constitutional difficulties.

The "feudal barons" greatly enjoyed being functional organelles in the greater national will led by the NRA. Among the many names listed: Edward Stettinius, chairman of U.S. Steel; Averell Harriman, of the Union Pacific Railroad; Frank Graham, President of the University of North Carolina; Alexander Sachs, economist to Lehman Brothers; William H. Davis, leading patent attorney of New York, etc.

In particular the steel industry was crazy over it (<http://www.unz.org/Pub/PerkinsFrances-1947-00213>): "General [Hugh] Johnson, working through his friendship with Bernard Baruch and others in the group of industrialists whom the President had persuaded to agree to this experiment in planned recovery, made consistent efforts to get early agreements from the steel industry to enter into a code."

Others who trusted Roosevelt's objectives according to Perkins included Gerard Swope of the General Electric Company, Thomas J. Watson of the International Business Machines Company, Ernest Draper of the Hills Brothers Company, Donald and Hugh Comer, southern textile manufacturers. Indeed, the NRA itself was an outgrowth of the earlier Swope Plan.

An interesting way of dealing with "private governments" and "economic royalists." Now, what about disbursing the federal funds for all that pork? It turns out that state-federal cooperation during the 1930s was jealously hogged as a senatorial prerogative, rather than a gubernatorial one. When Perkins

encountered resistance while forming a gubernatorial conference for discussing projects and personnel of the New Deal, FDR told her (<http://www.unz.org/Pub/PerkinsFrances-1947-00166>): "I understand, now that I think of it. Every governor, particularly in states where the governor's salary is about \$3,000, looks forward to being United States Senator. No United States Senator, even if he belongs to the same party, likes to be ousted by the superior prestige and patronage which the expenditure of federal money may get for the governor. Well, *that* is something to remember."

All of this because of FDR's attitude that *people mattered*, we are reassured.

Now, I want to introduce you to what is probably the most outrageous New Deal propaganda tract out there. It was so nonchalant, brazen and it completely unironically used such phrases as "Uncle Sam to the rescue," that when I first encountered it, I assumed it was a brilliant satire written by some Old Right Republican.

Alas, it is all too real, and the Library of Congress confirms it. (<https://www.loc.gov/rr/business/businesshistory/March/newdeal.html>).

This is Ervin Eugene Lewis' *Primer of the New Deal; a Friendly but Nonpartisan Interpretation of the Measures Adopted by the Roosevelt Administration* (1933).

I can't find biographical information on him, but I did deduce he was a theoretician of school administration in the vein of Ellwood Patterson Cubberley, and at one point was Superintendent of Schools for Flint, Michigan.

Unit III is titled "The President Becomes the Big Boss," and starts off by affirming the NIRA as tantamount to the "Third American Revolution" (the War Between the States being the second). He quotes Walter Lippmann and Nicholas Murray Butler. Enough said.

One of the questions he responds to: "Is the President a dictator?" His answer (<https://archive.org/stream/primerofnewdealf00lewi#page/8/mode/2up>):

If the President is a dictator he is in every sense a constitutional dictator, unlike Hitler in Germany, Mussolini in Italy, or Stalin in Russia, in that he must answer to the people's freely-elected representatives.

FDR? Constitutional dictator and friend of the people against business interests. Donald J. Trump? *Fucking fascist*.

The "old bogies" (as he calls them) of states' rights and home rule are dismissed, and he quotes James Bryce's *The American Commonwealth* to remind us that democracy is a very *flexible* form of government – indeed, so flexible it can withstand a Louis-Napoleon in the White House, evidently.

Immediately afterwards, he enumerates 8 powers (<https://archive.org/stream/primerofnewdealf00lewi#page/10/mode/2up>) over the economic system that POTUS has, again with remarkable casualness. My favorite is definitely point 5: "By such manipulation [currency inflation] he can reapportion private wealth and income as his judgment dictates, taking from the rich and creditor class and giving to the poor and debtor class."

Robin Hood but with Cantillon effects. It's beautiful.

The root cause necessitating all of this is explained by Lewis as:

Roughly speaking, we have two systems of government in the United States, a political system and an economic system. [...] Uncle Sam doesn't do anything about patching the roof before it rains and then when it does rain he can't do it. Will he never learn to patch it as soon as it needs it? That is what planning would do. Two systems of government existing side by side are in constant conflict. One is always trying to dominate the other. That is the cause of much of the present uncertainty, inefficiency, confusion, and insecurity. **The two systems must be fused into one.** This Congress and the President are attempting to do.

Even better, his obvious corporatist leanings are revealed in that he openly admits business is not merely an ally but an instigator: "When things are going well private business tries to keep the government out of business, but when things are going badly it rushes to the government for aid. That is what happened in March, 1933. Business demanded that the national government *do something* and this demand was echoed by the masses."

Unit VIII, introducing us to the AAA, is titled "[Robbing Peter to Pay Paul](https://archive.org/stream/primerofnewdealf00lewi#page/24/mode/2up)" (<https://archive.org/stream/primerofnewdealf00lewi#page/24/mode/2up>). Again, he is not cracking a joke, as far as I can tell.

Lewis is so excited by the idea of licensing businesses and forcefully keeping down supplies, you would think Al Goldstein just started publishing SCREW Magazine or something:

Thus the fun begins with (1) power to make agreements with all industries engaged in buying, processing, and marketing of farm products of any kind and (2) power to license persons handling these agricultural commodities, compelling them to observe the agreement made. Refusal or failure to conform will bring about the loss of their license and their business will be ruined.

It is estimated that one-third of all the business done in this country is thus subject to license by Uncle Sam on terms laid down by the Department of Agriculture. This Department is only 44 years old and until very recently has been only a minor Cabinet office. What a world of authoritative power it now has! **Will farmer-editor-politician, Henry Wallace, Jr., find the way to rob Peter to pay Paul to put Peter back to work, and, at the same time, to satisfy 90,000,000 consumers, 70,000,000 of whom are not dependent on the farm for their livelihood?**

Will he, indeed?

By the time we get to "Uncle Sam, the friend in need," and are introduced to the Federal Emergency Relief Administration (later superseded by the WPA), not only do we get an explanation of "Why We Are Asking for Uncle Sam's Help," but we are also told the duties and prerogatives of FERA administrator Harry L. Hopkins. He can appoint and fix salaries as he wills, "without regard to the civil service laws." But that's alright, Lewis reassures us, since Uncle Sam has capped administrative expenditures at \$350,000. Which means that they are (<https://archive.org/stream/primerofnewdealf00lewi#page/50/mode/2up>). "trying to eliminate the possibility of graft or exploitation." Why, it's foolproof, goy!

Donald Trump is a fucking fascist.

Let's go back to Perkins and the Blue Eagle. What was its most significant achievement? Well:

For the first time in years young people — under forty-five and even under thirty — were used in government policy-making and administration. This was an advance where Roosevelt's daring gave a lift to the new generation. Responsibility and leadership developed among these younger groups, to our advantage in later war leadership, economic progress, and social justice.

There you have it.

Ambitious status-seeking youths can do it all while marching for progress: speak truth to power (with the help of a constitutional dictator), promote economic justice (by robbing Peter to pay Paul; New Dealer's words, not mine), impose fair competition standards on predatory corporations (while inviting them to help draft the codes, and without regard to no goddamned civil service laws, fam).

No matter how much they make things worse, to them every day is March 24, 1933; the fascists are in charge; the "new feudalism" of corporate collusion is strangling democracy. None of it is their doing, in fact they're the only ones taking a stand against it. Keynesian, social democrat, communist, anti-communist, liberal, fascist — they can play all roles and always be the underdog.

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