What the New Deal Did
by David Kennedy*

So what was the Great Depression, and what did FDR do about it? The short answer is that the Great Depression was a rare political opportunity, and Roosevelt made the most of it, to the nation's lasting benefit. A longer answer would acknowledge that the Great Depression was a catastrophic economic crisis that Roosevelt failed to resolve, at least not until World War II came along, some eight years after he assumed office. A still longer answer would recognize the connection between FDR's short-term economic policy failure and the New Deal's long-term political success. Much misunderstanding surrounds these matters.

"At the heart of the New Deal," the distinguished historian Richard Hofstadter once wrote, "there was not a philosophy but a temperament." As a writer in The New York Times put it not long ago, "F.D.R. threw a bunch of policies against the wall, and the ones that stuck became the New Deal."¹

That view of the New Deal — as a kind of unprincipled, harum-scarum frenzy of random, incoherent policies that failed to slay the Depression demon — has become deeply embedded in our national folklore. It is badly mistaken. If we are to understand the Great Depression's relevance to our own time, it is imperative to understand the relationship between the economic crisis of the 1930s and that decade's signature political legacy, the New Deal.

Into the years of the New Deal was crowded more social and institutional change than in virtually any comparable compass of time in the nation's past. Change is always controversial. Change on the scale the New Deal wrought has proved interminably controversial. Debate about the New Deal's historical significance, its ideological identity, and its political, social, and economic consequences has ground on for three quarters of a century. Roosevelt's reforms have become a perpetual touchstone of American political argument, a talisman invoked by all parties to legitimate or condemn as the occasion requires, an emblem and barometer of American attitudes toward government itself. So just what, exactly, did the New Deal do?

It might be well to begin by recognizing what the New Deal did not do. It fell pathetically short of achieving full economic recovery. Roosevelt's programs made a substantial dent in the 25

percent unemployment rate of 1933, but unemployment averaged 17 percent throughout the 1930s and never went below 14 percent until World War II occasioned massive federal spending and effectively wrote finis to the Depression Decade. Among the reasons that the New Deal failed to overcome the Depression and World War II did was the simple fact that the war made intellectually conceivable and politically possible deficit spending on a level that was neither dreamed nor attempted before the war came. The biggest New Deal deficit was some $4.2 billion in 1936, largely because of the veterans' "Bonus Bill," which passed, not incidentally, over Roosevelt's veto. No New Deal deficit reached 6 percent of GNP. In 1943, by contrast, the federal deficit was $53 billion, more than an order of magnitude larger than in 1936, and as a share of GNP nearly six times the largest New Deal deficit, at 28 percent.

What is more, much mythology and heated rhetoric notwithstanding, the New Deal did not substantially redistribute the national income. America's income profile in 1940 closely resembled that of 1930, and for that matter 1920. The falling economic tide of the Depression lowered all boats, but by and large, they held their relative positions. What little income leveling there was resulted more from Depression-dimensional returns to investments, rather than redistributive tax policies. True, the so-called "wealth tax," or "soak-the-rich" tax, that Roosevelt pushed through Congress in 1935 imposed a 79 percent marginal tax rate on incomes over $5 million; but that rate applied to but a single taxpayer in all the United States—John D. Rockefeller. The basic rate remained 4 percent, and even that applied to a decided minority of Americans. Until the war-time Revenue Acts hugely expanded federal tax collections, fewer than one American household in twenty paid any income tax at all. A Depression-era couple with an income of $4,000 would have been in the top tenth of all income receivers; if they had two children, they would have paid a federal income tax of $16 in 1936. A similar family making $12,000 — placing them in the richest 1 percent of households — would have paid $600.

Nor, with essentially minor exceptions like the Tennessee Valley Authority's (TVA) electric-power business, did the New Deal challenge the fundamental tenet of capitalism, private ownership of the means of production. In contrast with the pattern in virtually all other industrial societies, whether communist, socialist, or capitalist, no significant state-owned enterprises emerged in New Deal America.²

It is also frequently said that the New Deal conformed to no pre-existing ideological agenda, that it never produced a spokesman, not even Franklin Roosevelt, who was able systematically to
lay out the New Deal's social and economic philosophy. Then and later, critics have charged that so many inconsistent impulses contended under the tent of Roosevelt's New Deal that to seek for system and coherence was to pursue a fool's errand. That accusation has echoed repeatedly in assessments that stress the New Deal's mongrel intellectual pedigree, its improbably plural constituent base, its political pragmatism, its abundant promiscuities, inconsistencies, contradictions, inconstancies, and failures. What unity of plan or purpose, one might ask, was to be found in an administration that at various times tinkered with inflation and with price-controls, with deficit spending and budget-balancing, cartelization and trust-busting, the promotion of consumption and the intimidation of investment, farm-acreage reduction and land reclamation, public employment projects and forced removals from the labor pool? "Economically," one historian concludes with some justice, "the New Deal had been opportunistic in the grand manner."

And yet, illumined by the stern-lantern of history, the New Deal can be seen to have left in place a set of institutional arrangements that constituted a more coherent pattern than is dreamt of in many philosophies. That pattern can be summarized in a single word: security. It is fitting that the New Deal's most durable and consequential reform bears that very word in its title: the Social Security Act of 1935. A measure of security was the New Deal's gift to millions of Americans—farmers and workers, immigrants and blue-bloods, children and the elderly, as well as countless industrialists, bankers, merchants, mortgage-lenders, and homebuyers, not to mention enormous tracts of forest, prairie, and mountain.

Forget about the colorful creations of the decidedly frenzied and much ballyhooed Hundred Days, like the Civilian Conservation Corps and the National Industrial Recovery Act. Most of them were short-lived and ultimately inconsequential. But all of the New Deal reforms that endured - The Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Federal Housing Administration, the National Labor Relations Board, the Fair Labor Standards Act, and above all the Social Security Act-had a common cardinal purpose: not simply to end the immediate crisis of the Depression, but to make life less risky and more predictable, to temper for generations thereafter what FDR repeatedly called the "hazards and vicissitudes" of life.

The New Deal provided more assurance to bank depositors (FDIC), more reliable information to investors (SEC), more safety to lenders (FHA), more stability to relations between capital and labor (NLRB), more predictable wages to the most vulnerable workers (FLSA), and a safety net for both the unemployed and the elderly (Social Security). Those innovations transformed
the American economic and social landscape. They profoundly shaped the fates of Americans born long after the Depression crisis had passed. With the exception of FDIC, none of them dates from 1933. Had economic health been miraculously restored in the fabled Hundred Days, a swift return to business as usual might well have meant politics as usual as well, and none of those landmark reforms would have come to pass. Indeed, there would have been no New Deal as we know it.

To be sure, Roosevelt sought to enlarge the national state as the principal instrument of the security and stability that he hoped to impart to American life. But legend to the contrary, much of the security that the New Deal threaded into the fabric of American society was often stitched with a remarkably delicate hand, not simply imposed by the fist of the imperious state. And with the notable exceptions of agricultural subsidies and old-age pensions, it was not usually purchased with the taxpayers' dollars.

* 

Nowhere was the artful design of the New Deal's security program more evident than in the financial sector. At the tip of Manhattan Island, south of the street laid out along the line where the first Dutch settlers built their wall to defend against marauding Indians, beats the very heart of American capitalism. Deep in the urban canyons of the old Dutch city sits the New York Stock Exchange, whence had come the first herald of the Depression's onset. As the great crash of 1929 reverberated through the financial system, annihilating billions of dollars in asset values and forcing bank closures, it raised a mighty cry for the reform of "Wall Street," a site that early and late has been beleaguered by threatening hordes incensed at its supposedly inordinate power. The New Deal heeded that cry. Among its first initiatives was the reform of the American financial sector, including the banks and the securities markets. What did it accomplish?

Faced with effectively complete collapse of the banking system in 1933, the New Deal confronted a choice. On the one hand, it could try to nationalize the system, or perhaps create a new government bank that would threaten eventually to drive all private banks out of business. On the other hand, it could accede to the long-standing requests of the major money-center banks - especially those headquartered around Wall Street-to relax restrictions on branch and interstate banking, allow mergers and consolidations, and thereby facilitate the emergence of a highly concentrated private banking industry, with just a few dozen powerful institutions to carry on the nation's banking business. That, in fact, was the pattern in most other industrialized countries. But the New Deal did neither. Instead, it left the astonishingly plural and localized American banking
system in place, while inducing one important structural change and introducing one key new institution.

The structural change, mandated by the Glass-Steagall Banking Act of 1933, was to separate investment banks from commercial banks, thus securing depositors' savings against the risks of being used for highly speculative purposes. The same Act created a new entity, the Federal Bank Deposit Insurance Corporation (FBDIC, later simply FDIC). Guaranteeing individual bank deposits up to $5,000 (later raised), and funded by minimal subscriptions from Federal Reserve member institutions, the FDIC forever liberated banks and depositors from the fearful psychology of bank "runs," or panics. These two simple measures did not impose an oppressively elaborate new regulatory apparatus on American banking, nor did they levy appreciable costs on either taxpayers or member banks. But they did inject unprecedented stability into the American banking system. Bank failures, which had occurred at the rate of hundreds per year even before the Depression's descent, numbered fewer than 10 per year in the several decades after 1933.

If speculation and lack of depositor confidence had been the major problems of the banking system, the cardinal affliction of the closely related securities industry had been ignorance. Pervasive, systemic ignorance blanketed Wall Street like a perpetual North Atlantic fog before the New Deal, badly impeding the efficient operation of the securities markets and leaving them vulnerable to all kinds of abuses. Wall Street before the 1930s was a strikingly information-starved environment. Many firms whose securities were publicly traded published no regular reports, or reports whose data were so arbitrarily selected and capriciously audited as to be worse than useless. It was this circumstance that had conferred such awesome power on a handful of investment bankers like J.P. Morgan, because they commanded a virtual monopoly of the information necessary to making sound financial decisions.\textsuperscript{5}Especially in the secondary markets where reliable information was all but impossible for the average investor to come by, opportunities abounded for insider manipulation and wildcat speculation. "It's easy to make money in this market," the canny speculator Joseph P. Kennedy had confided to a partner in the palmy days of the 1920s. "We'd better get in before they pass a law against it."\textsuperscript{6}

The New Deal did pass a law against it, and assigned Joseph P. Kennedy to implement that law, a choice often compared to putting the fox in the henhouse, or setting a thief to catch a thief. In 1934 Kennedy became the first chairman of the new Securities Exchange Commission, one of just four new regulatory bodies established by the supposedly regulation-mad New Deal.\textsuperscript{7} The SEC's
powers derived from statutes so patently needed but so intricately technical that Texas Congressman Sam Rayburn admitted he did not know whether the legislation "passed so readily because it was so damned good or so damned incomprehensible." Yet some years later, Rayburn acknowledged that the SEC, thanks in part to the start it got from Kennedy, was "the strongest Commission in the government." A study of the federal bureaucracy overseen by Herbert Hoover called the SEC "an outstanding example of the independent commission at its best." 8

For all the complexity of its enabling legislation, the power of the SEC resided principally in just two provisions, both of them ingeniously simple. The first mandated disclosure of detailed information, such as balance sheets, profit and loss statements, and the names and compensation of corporate officers, about firms whose securities were publicly traded. The second required verification of that information by independent auditors using standardized accounting procedures. At a stroke, those measures ended the monopoly of the Morgans and their like on investment information. Wall Street was now saturated with data that were relevant, accessible, and comparable across firms and transactions. The SEC's regulations unarguably imposed new reporting requirements on businesses. They also gave a huge boost to the status of the accounting profession. But they hardly constituted a wholesale assault on the theory or practice of free-market capitalism. All to the contrary, the SEC's regulations dramatically improved the economic efficiency of the financial markets by making buy and sell decisions well-informed decisions, provided that the contracting parties consulted the data now so copiously available. This was less the reform than it was the rationalization of capitalism, along the lines of capitalism's own claims about how free markets were supposed to work. To be sure, a later generation's financial prestidigitation eluded the SEC's capacity responsibly and effectively to exercise its regulatory functions; but that sorry development supported an argument for updating and upgrading the Commission, not for challenging its essential rationale. …

The New Deal's housing policies provide perhaps the best example of its techniques for stabilizing a major economic sector by introducing new elements of information and reliability — and offer another lesson in what can happen when government agencies fail to keep pace with changes in the private sector. By its very nature, the potential demand for housing was then and later large, widespread, and capable of generating significant employment in countless localities. John Maynard Keynes was not alone in recognizing that housing was a sector with enormous promise for invigorating the Depression-era economy. Well before Keynes urged Roosevelt to put
his eggs in the housing basket, Herbert Hoover had patronized the Better Homes for America Movement in the 1920s. In 1931, as new home construction plunged by 95 percent from its pre-1929 levels, he had convened a national presidential conference on Home Building and Home Ownership. Its very title, especially the latter phrase, advertised Hoover's preferred approach to the housing issue.9

As in the banking sector, the New Deal faced a choice in the housing field. It could take Keynes's advice and get behind proposals from congressional liberals like Robert Wagner for large-scale, European-style public housing programs. Or it could follow Hoover's lead and seek measures to stimulate private home building and individual home ownership. Despite its experimentation with government-built model communities like the so-called Greenbelt Towns (of which only three were built), and its occasional obeisance to public housing programs (as in the modestly funded Wagner-Steagall National Housing Act of 1937), the New Deal essentially adopted-and significantly advanced Hoover's approach. Two new agencies implemented the New Deal's housing program, the Home Owners' Loan Corporation and the Federal Housing Administration, later supplemented by the Federal National Mortgage Association (Fannie Mae) in 1938, the Veterans' Administration's housing program after World War II, and the Federal Home Loan Mortgage Corporation (Freddie Mac) in 1970.10

The HOLC began in 1933 as an emergency agency with two objectives: to protect defaulting homeowners against foreclosure and to improve lending institutions' balance sheets by re-financing shaky mortgages. With much publicity, the HOLC stopped the avalanche of defaults in 1933. But its lasting legacy was a quieter affair. Just as the SEC introduced standardized accounting practices into the securities industry, the HOLC, to facilitate its nation-wide lending operations, encouraged uniform national appraisal methods throughout the real estate industry. Its successor, the FHA, created in 1934 to insure long-term mortgages in much the manner that the FDIC insured bank deposits, took the next logical step and defined national standards of home construction. The creation of Fannie Mae completed the New Deal's housing program apparatus. Fannie Mae furnished lending institutions with a mechanism for reselling their mortgages, thus increasing the lenders' liquidity and making more money available for subsequent rounds of construction. Taken together, the standardization of appraisal methods and construction criteria, along with the mortgage insurance and re-sale facilities the New Deal put in place, removed much of the risk from home-lending. …
Before the New Deal, only about four Americans in ten lived in their own homes. Homeowners in the 1920s typically paid full cash or very large down payments for their houses, usually not less than 30 percent. The standard mortgage was offered by a local institution with a highly limited service area, had only a five to ten year maturity, bore interest as high as 8 percent, and required a large "balloon" payment, or refinancing, at its termination. Not surprisingly, under such conditions a majority of Americans were renters. The New Deal changed all that. Uniform appraisal procedures made lenders much more confident in the underlying value of mortgaged properties. F.H.A. insurance made them less nervous about loans going sour. Consequently, lenders began to accept down payments of ten percent, and to offer thirty-year fully amortized mortgages, with level monthly payments. Interest rates on mortgages also came down as the element of risk diminished. Finally, nationally standardized appraisal and construction standards, along with Fannie Mae's (and, later, Freddie Mac's) national market for mortgage paper, allowed funds to flow out of regions of historic capital surplus to regions of historic capital deficit—that is, from city to suburbs and from the Northeast to the South and West.

The New Deal, in short, put in place an apparatus of financial security that allowed private money to build post-war suburbia and the Sunbelt. Private money built private homes. Four decades after the New Deal, nearly two-thirds of Americans lived in owner-occupied houses. By the opening of the twenty-first century, nearly 70 percent were homeowners - a signal social achievement, though too many among the last increment of new owners proved unable to service their mortgages. Only one percent, usually the poorest of the poor, lived in public housing. By contrast, in John Maynard Keynes' England, nearly half the population lived in public housing in the early post-war years, as did more than a third of the population of France.¹¹

**

In the financial and housing sectors, the New Deal built structures of stability by the inventively simple devices of standardizing and promulgating relevant information, and by introducing industry-wide self-insurance schemes that calmed jittery markets and offered dependable safeguards to capital. In many other sectors, the New Deal's technique was somewhat less artful; it was, simply, to suppress competition, or at least to modulate its destructive effects. But everywhere the objective was the same: to create a uniquely American system of risk-reduced, or risk-managed, capitalism.

The New Deal applied its crudest version of the anti-competitive approach to the chronically
volatile agricultural sector. There it contained destabilizing competition with the ham-handed device of simply paying producers not to produce, keeping price-depressing surpluses off the market altogether. Some of the same logic of mandatory and even subsidized reduction of competition was also apparent in the New Deal's treatment of labor markets. Franklin Roosevelt declaimed about social justice in his campaigns for the Social Security Act and the Fair Labor Standards Act, and he achieved much justice, too. But those Acts also shaped a manpower policy that had nearly as much to do with stability, plain and simple, as it did with social justice. Prohibitions on child labor, combined with virtually obligatory retirement by age 65, statutorily shrank the size of the labor pool and therefore reduced wage-competition. Retirees were, in effect, paid not to work, just as farmers were paid not to produce (though all but the first generation of Social Security pensioners were ostensibly paid from their own forced-savings accounts, while farmers unapologetically drew their subsidies from general Treasury revenues). The Fair Labor Standards Act, as well as the industry-wide bargaining power of the new CIO unions, also built broad floors under wages and thereby further reduced the ability of employers and employees alike to compete by lowering labor costs.

In some sectors, new regulatory commissions provided orderly forums where the rules of competition could be agreed on and the clash of interests accommodated in a peaceful manner. The National Labor Relations Board constituted a compelling example of that technique. Elsewhere, as in large infrastructural industries like transportation, communications, and energy, as well as in the wholesale distribution and retail marketing sectors, the New Deal sought stability by directly curtailing price and cost competition, often by limiting new entrants. The Civil Aeronautics Board, created in 1938, performed those functions for the infant airline industry; the Interstate Commerce Commission for the older railroad industry, and, after the passage of the Motor Carrier Act of 1935, for truckers as well. The Federal Communications Commission, born in 1934, did the same for telephones, radio, and, later, television; the Federal Power Commission, though with more difficulty, for oil and gas production. The Federal Trade Commission, newly empowered by two New Deal "fair trade" laws, was charged with limiting price competition in the retail and wholesale trades. (The Robinson-Patman Act of 1936 prohibited chain stores from discounting below certain stipulated levels, a way of insulating "mom-and-pop" corner stores against aggressive price pressure from the high-volume giants. The Miller-Tydings Act of 1937 legalized price-maintenance contracts between wholesalers and their distributors, a way of stabilizing the prices of nationally
marketed name-brand goods.)

The creation of this array of anti-competitive and regulatory instruments has often been criticized as an inappropriate response to the Great Depression. The economic historian Peter Temin, for example, writes that "the New Deal represented an attempt to solve macroeconomic problems with microeconomic tools." Recent writers, including conspicuously Amity Shlaes, have leveled similar charges. But that kind of judgment about the New Deal not only ignores the substantial, if incomplete, economic recovery that Roosevelt's policies did achieve. It also rests on the assumption that solving the macroeconomic problem of insufficient demand and high unemployment by inducing economic recovery was the New Deal's highest priority. Certainly Roosevelt said on countless occasions that such was his goal. But if actions speak louder than words, then it may be fair to conclude that perhaps not in stated purpose, but surely in actual practice, the New Deal's premier objective, at least until 1938, and in Roosevelt's mind probably for a long time thereafter, was not economic recovery tout court but structural reform for the long run. In the last analysis, reform, not simply recovery, was the New Deal's highest ambition and its lasting legacy. Roosevelt signaled as much in his Second Inaugural Address on 20 January 1937. On that occasion he uttered one of his most-quoted and most-misunderstood lines: "I see one-third of a nation ill-housed, ill-clad, ill-nourished." He was emphatically not speaking in that passage about the victims of the Great Depression. Just moments earlier he had boasted about the return of at least a measure of prosperity since he had assumed the presidency in 1933. But then, in one of the most extraordinary and revealing remarks in the entire canon of presidential addresses, he said: "Such symptoms of prosperity may become portents of disaster!" Here was an unmistakable indication of Roosevelt's sensitivity to the relationship between economic crisis and political opportunity. Like a later president, Barack Obama, who told an interviewer in February 2009 that hard times are "when the political system starts to move effectively," Roosevelt knew that the Depression had created a rare moment of political and institutional malleability when the tectonic plates of American political life could be consequentially shifted. The pattern of economic restructuring that the New Deal put in place arose out of the concrete historical circumstance of the Depression, but it was not wholly or perhaps even mainly determined by that circumstance. It also had a more coherent intellectual underpinning than is customarily recognized. Its cardinal aim was not to destroy capitalism, but to de-volatilize it, and at the same time to distribute its benefits more evenly. New Deal regulatory initiatives were
precipitated from decades of anxiety about overcapacity and cut-throat competition, the very issues that had so disrupted the first great national industry, the railroads, in the nineteenth century, and led to the creation of the country's first regulatory commission, the Interstate Commerce Commission, in 1887. Against that background, the Depression appeared to mark the final, inevitable collapse of an economy that had been beset for at least fifty years by overproduction and an excess of competition. The regulatory regime that the New Deal put in place seemed, therefore, but a logical extension of the kind competition-controlling remedies that the ICC had first applied to the railroads half a century earlier, and a fitting climax to five decades of sometimes wild economic turbulence. …

When at last Roosevelt declared the New Deal's reform phase at an end, and when the war compelled government spending on an unexampled scale, capital was unshackled, and the economy energized, to a degree that he and other New Dealers could scarcely have imagined in the Depression decade. And ever after, Americans assumed that the federal government had not merely a role, but a major responsibility, in ensuring the health of the economy and the welfare of citizens. That simple but momentous shift in perception was the newest thing in all the New Deal, and the most consequential, too.

****

Humankind, of course, does not live by bread alone. Any assessment of what the New Deal did would be incomplete if it rested with an appraisal of New Deal economic policies and failed to acknowledge the remarkable array of social innovations nourished by Roosevelt's expansive temperament.

The world is not a finished place, the philosopher William James once said, nor ever will be. Neither was the New Deal a finished thing, though in later years some scholars lamented its incompleteness, its alleged political timidity, and its supposedly premature demise. But what needs emphasis, in the final accounting, is not what the New Deal failed to do, but how it managed to do so much in the uniquely plastic moment of the mid-1930s. That brief span of years, it is now clear, constituted one of only a handful of episodes in American history when substantial and lasting social change has occurred—when the country was, in measurable degree, remade. The American political system, after all, was purpose-built in the eighteenth century to prevent its easy manipulation from the national capital, to bind governments down from mischief, as Jefferson said, by the chains of the Constitution, especially by the notoriously constraining system of checks and
balances. It is hardly surprising, therefore, that political stasis defines the "normal" American condition. Against that backdrop, what stands out about the New Deal are not its limitations and its temerity, but the boldness of its vision and the consequent sweep of its ultimate achievement.

For all his alleged inscrutability, Franklin Roosevelt's social vision was clear enough. "We are going to make a country," he once said to Secretary of Labor Frances Perkins, "in which no one is left out."15 …

Perhaps the New Deal's greatest achievement was its accommodation of the maturing immigrant communities that had milled uneasily on the margins of American society for a generation and more before the 1930s. In bringing them into the Democratic Party and closer to the mainstream of national life, the New Deal, even without fully intending to do so, also made room for an almost wholly new institution, the industrial union. To tens of millions of rural Americans, the New Deal offered the modern comforts of electricity, schools, and roads, as well as unaccustomed financial stability. To the elderly and the unemployed it extended the promise of income security, and the salvaged dignity that went with it.

To black Americans the New Deal offered jobs with the CCC, WPA, and PWA, and, perhaps as importantly, the compliment of respect from at least some federal officials. The time had not come for direct federal action to challenge Jim Crow and put right at last the crimes of slavery and segregation, but more than a few New Dealers made clear where their sympathies lay, and quietly prepared for a better future. Urged on by Eleanor Roosevelt, the President brought African-Americans into the government in small but unprecedented numbers. By the mid-1930s they gathered periodically as an informal "black cabinet," guided often by the redoubtable Mary McLeod Bethune. Roosevelt also appointed the first black federal judge, William Hastie. Several New Deal Departments and agencies, including especially Ickes' Interior Department and Aubrey Williams' National Youth Administration, placed advisers for "Negro affairs" on their staffs.

In the yeasty atmosphere of Roosevelt's New Deal, scores of social experiments flourished. Not all of them were successful, not all of them destined to last, but all shared the common purpose of building a country from whose basic benefits and privileges no one was excluded. The Resettlement Administration laid out model communities for displaced farmers and refugees from the shattered industrial cities, though only a handful of those social experiments survived, and they soon lost their distinctive, utopian character. The Farm Security Administration maintained migrant labor camps that sheltered thousands of families like John Steinbeck's Joads. The Tennessee Valley
Authority brought electricity, and with it, industry, to the chronically depressed Upper South. The Bonneville Power Authority made a start on doing the same for the Columbia River Basin in the long-isolated Pacific Northwest. The New Deal also extended the hand of recognition to Native Americans. The Indian Reorganization Act of 1934 — the so-called Indian New Deal — ended the half-century-old policy of forced assimilation and alienation of tribal lands. The new law encouraged tribes to establish their own self-governing bodies and to preserve their ancestral traditions. Though some Indians denounced this policy as a "back-to-the-blanket" measure that sought to make museum pieces out of Native Americans, the Act accurately reflected the New Deal's consistently inclusionary ethos.

The New Deal also succored the indigent and patronized the arts. It built roads and bridges and hospitals. It even sought a kind of security for the land itself, adding some 12 millions acres of national parklands, including Olympic National Park in Washington State, Isle Royal in Lake Superior, the Everglades in Florida, and King's Canyon in California. It planted trees and fought erosion. It erected mammoth dams — Grand Coulee and Bonneville on the Columbia, Shasta on the Sacramento, Fort Peck on the Missouri — that were river-tamers and nature-busters, to be sure, but job-makers and region-builders, too.

Above all, the New Deal gave to countless Americans who had never had much of it a sense of security, and with it a sense of having a stake in their country. And it did it all without shredding the American Constitution or sundering the American people. At a time when despair and alienation were prostrating other peoples under the heel of dictatorship, that was no small accomplishment. …

In the last analysis, Franklin Roosevelt faithfully discharged his duties, in John Maynard Keynes's words of 1933, as "the trustee for those in every country" who believed in social peace and in democracy. He did mend the evils of the Depression by reasoned experiment within the framework of the existing social system. He did prevent a naked confrontation between orthodoxy and revolution. The priceless value of that achievement, surely as much as the columns of ciphers that recorded national income and production, must be reckoned in any final accounting of what the New Deal did.

The New Deal powerfully revitalized American life in the second half of the twentieth century. It built a platform for sustained economic growth, spread the benefits of prosperity widely, made more people more secure than they had ever been, and helped set the stage for the civil rights movement that brought at least a measure of long-delayed social justice for African-Americans.
Yet as the century waned and a new generation came to power, national attitudes toward risk, security, and the role of government shifted consequentially. "Government is not the solution to our problem," Ronald Reagan declared. "Government is the problem." The policies that flowed from that political theology did not fully dismantle the New Deal, but they badly compromised the capacity of government to adapt to the rapidly changing character of the global post-industrial economy. A new generation of political leaders … would do well to remember the enduring relevance of the New Deal: that government has not only a right, but an obligation, to make a country in which no one is left out, and in which all can live in safety and security.

ENDNOTES

7 The others were the National Labor Relations Board, the Civil Aeronautics Authority, and the Federal Communications Commission. Some existing agencies were also considerably strengthened, notably the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, and the Federal Reserve Board.
11 Jackson, Crabgrass Frontier, 224. Jackson also demonstrates that both the private and public housing programs encouraged by the New Deal frequently reinforced and even exacerbated racial segregation in housing. It is also worth noting that by the 1990s, Britain had substantially abandoned the public housing model, and a majority of Britons had become homeowners.
14 Works that generally share a critical posture toward the New Deal include Barton J. Bernstein, "The Conservative Achievements of Liberal Reform," in Bernstein, ed., Towards a New Past (New York: Pantheon, 1968); Howard Zinn, New Deal Thought (Indianapolis, IN: The Bobbs-Merrill Company, 1966); Paul Conkin, The New Deal (Arlington