

Dreamers With Shovels

How the first New Deal remade America

BY NELSON LICHTENSTEIN

In May of 1941, a New Deal agency, the Bonneville Power Authority, paid an itinerant left-wing songwriter \$266 for a month's work. BPA officials hired Woodrow Wilson Guthrie because they were in an extended battle with the private interests who'd denounced as "a socialist boondoggle" the New Deal's great public-power projects in the river valleys of the Tennessee and the Columbia. Maybe a few catchy jingles and folk songs would help tell the public-power story and humanize the BPA's image.

For the first week of his employ, Woody Guthrie was driven up and down the Columbia River to see the great dams, locks, spillways, generators, and irrigation systems still under construction by a federal government newly determined to get billions of kilowatt hours online for Pacific Northwest ship and warplane production. Thousands of workers were crawling over precipitous cliffs and giant concrete bulwarks from Portland to the Canadian border. Guthrie was awestruck and energized. In the back seat of his government car, he began to strum, and he scribbled lyrics on any scrap of paper he could find.

Back in Portland, nothing had prepared Guthrie's employers for the poetry that poured out of Woody's typewriter. At the height of his creative powers, and in an astonishing burst of inventiveness and discipline, he turned out 26 songs in 30 days. These included "Pastures of Plenty," "Hard Travelin'," "Roll on, Columbia," and "The Biggest Thing That Man Has Ever Done," his tribute to the Grand Coulee Dam. Guthrie saw little distinction between the BPA's vast government bureaucracy and

the working men and women who were making good money doing the hard and sometimes dangerous work. Guthrie loved the Northwest and liked feeling part of something big, important, and progressive.

*Roll on, Columbia, roll on.
Your power is turning our
darkness to dawn.*

Guthrie's "Grand Coulee Dam" captured one distinctive strand of the New Deal ethos: the mutually supportive linkages between grand governmental ambitions, the new technologies of the era, and the aspirations of millions of ordinary people for a better life.

*In the misty crystal glitter
of that wild and windward
spray / Men have fought the
pounding waters and met
a watery grave / Well, she
tore their boats to splinters
but she gave men dreams to
dream / Of the day the Coulee
Dam would cross that wild
and wasted stream.*

*Uncle Sam took up the chal-
lenge in the year of Thirty-
three / For the farmer and the
factory and all of you and me /
He said, "Roll along Columbia.
You can ramble to the sea / But
river while you're ramblin' you
can do some work for me."*

*Now in Washington and
Oregon you hear the factories
hum / Making chrome and
making manganese and light
aluminum / And there roars
a mighty furnace now to fight
for Uncle Sam / Spawned
upon the King Columbia by
the big Grand Coulee Dam.*

Though the songwriter had little in common with David Lilienthal, both men recognized the democratic power unleashed by the New Deal's great infrastructure projects. Lilienthal, a hard-driving lawyer and utility regulator, was a sharp-elbowed insider who rose to control the Tennessee Valley Authority in the 1930s and 1940s and then went on to run the Atomic Energy Commission and plunge into a lucrative career as an international businessman. But when he published *TVA: Democracy on the March* in 1944, his story of the TVA was not all that different from one Guthrie might have sung. "We are not carried irresistibly by forces beyond our control," wrote Lilienthal, "whether they are given some mystic term or described as the 'laws of economics.'" Like so many New Dealers, the architects of the TVA and other state-funded infrastructure projects were "Dreamers with Shovels," visionaries ready to get their hands dirty. "The physical achievements that science and technology now make possible may bring no benefits," Lilienthal



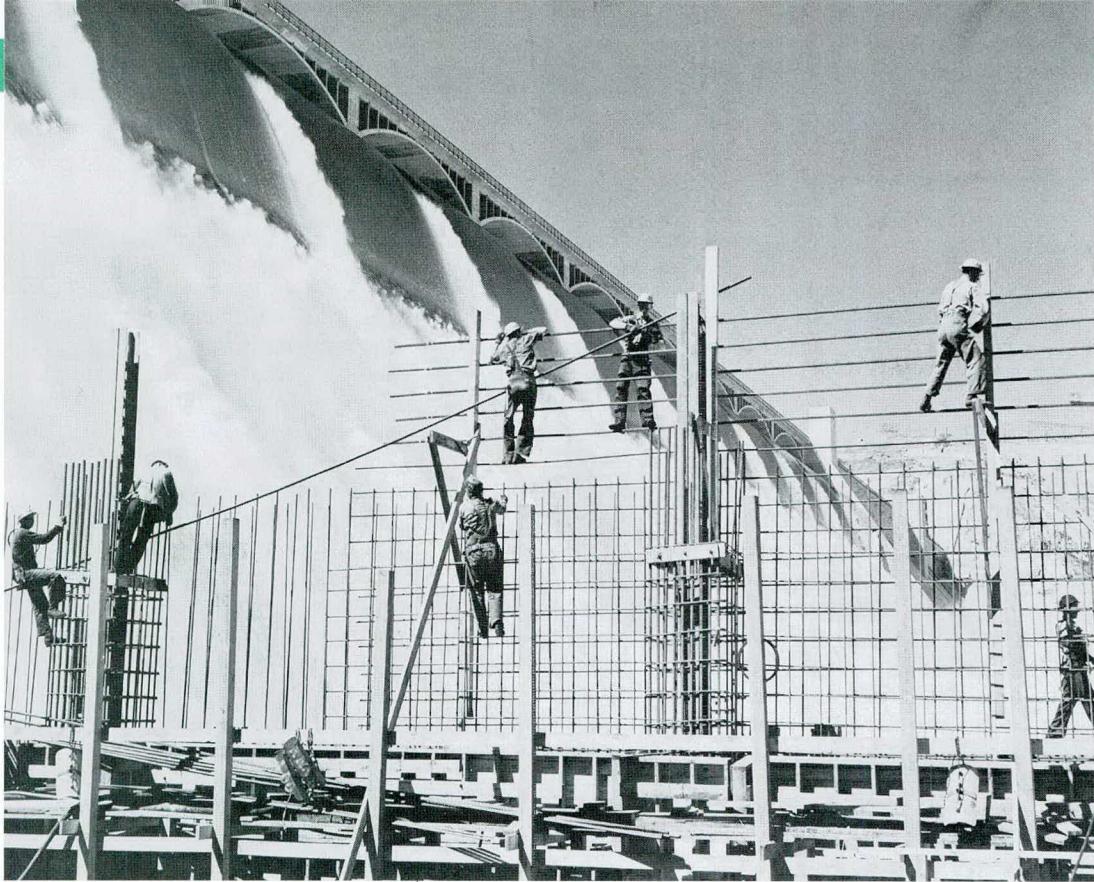
Woody Guthrie in 1943

wrote, "may indeed be evil, unless they have a moral purpose, unless they are conceived and carried out for the benefit of the people themselves."

It would be easy to make the case that the original New Deal, the one inaugurated by President Franklin Roosevelt and then celebrated by Guthrie and Lilienthal, was anything but green. New Dealers wanted to dam the nation's great rivers, build scores of coal-fired generating plants, drill for more oil, build thousands of miles of new roads, subsidize mortgages for energy-inefficient single-family houses, and in general, make the dirt fly. Remembering Woody long after the songwriter's death, both Pete Seeger and Studs Terkel recognized that giant, river-plugging projects were no longer in ecological favor. But as Terkel observed just before his own passing, "Twenty-six songs in 30 days. What were they about? They were about the possibilities ... About what man could do!"

This is why architects of the Green New Deal are not labeling their project a "Green New Frontier" or a "Green Great Society." The New Deal was the most important and progressive reconstruction of American life since the Civil War. It had many silences and failures—most notably in terms of the Faustian bargain Roosevelt struck with the white supremacists in the American South—but the memory of the New Deal remains a potent source of inspiration for all those who want to make a radical change in the structures of American capitalism. And this will be accomplished not merely as a protest movement prodding establishment centrists ever so slightly to the left, but as a new generation of progressives in power, women and men with the same kind of energy and ambition as those who flocked to Washington in 1933 and 1934.

That newly innovative federal power was sustained by its dialectical reliance on an energized



Construction of the Grand Coulee Dam

populace, above all those mobilized within a trade union movement that was both a bulwark of New Deal electoral power and a disruptive, plebian prod to its further advancement. Then and now, conservative opponents denounced the growth of federal authority as a “road to serfdom” or worse, but New Deal laws opened space and opportunity for millions of people to make their voices heard and collective power felt, transforming Depression-era statecraft into the basis for a new social and political order. As FDR put it in a 1932 campaign speech, “These unhappy times call for plans that build from the bottom up and not from the top down, that put their faith once more in the forgotten man at the bottom of the pyramid.” Historian Meg Jacobs has called this “state building from the bottom up.”

Our own idea of a Green New Deal is ambitious, and its costs, both for the nation’s transition to an entirely new energy infrastructure and for the social programs designed to make America a more egalitarian country, are considerable: Estimates range from 10 to 20 *trillion* dollars over the next decade. A lot of money! Perhaps 2 to 5 percent of the gross domestic product each year. But the New Dealers also spent big money, and they did

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it when both the entire economy and the federal budget were but a small fraction of that today.

The New Deal appropriated \$3.3 billion for public works construction, an enormous investment relative to the rest of the federal budget. It amounted to 165 percent of federal revenues in 1933, or 5.9 percent of the nation’s gross domestic product that year. The money was spent in two ways. Under the incorruptible leadership of Interior Secretary Harold Ickes, a Chicago progressive, the Public Works Administration built giant dams, bridges, schools, and other public buildings. Putting the unemployed to work was important, but actually building infrastructure that would last for decades was a prime focus of their work. Using private contractors, the PWA financed, in California alone, such iconic structures as the Oakland Bay Bridge, Shasta Dam, the Pasadena Freeway, and, following the Long Beach earthquake of 1933, the entire school system of Los Angeles County. In all, PWA had projects in almost every one of the nation’s 3,071 counties.

The second big spending program was for immediate job creation. Emergency job programs in 1933 and 1934 were followed in 1935 by the Works Progress Administration, ably administered by onetime social worker

Harry Hopkins, which did lighter construction work and employed men and women directly by the federal government. Although primarily intended as a vast relief effort for employing the unskilled, the WPA’s remarkable array of developments included more than 480 airports, 78,000 bridges, and almost 40,000 public buildings. During the Great Depression, the payrolls of the PWA and the WPA were much larger than those of the largest private enterprises. The WPA alone employed three million people in 1938, equal to about 7 percent of the entire labor force. That would come to nearly ten million today.

New Deal programs of direct job creation have often been devalued, even by latter-day liberals. There was too much leaning on shovels; and besides, it was World War II that really ended unemployment. But these critiques miss a lot. First, Depression-era economists held to a bizarre definition of employment. Those working for government relief and construction agencies were excluded from the count. Factor them in and unemployment was not 9.9 percent in 1941, but a far more respectable 6.6 percent.

Second, WPA and PWA employment had a huge and salutary impact on the labor market. African Americans were disproportionate beneficiaries of such projects, especially in places like Cleveland and Chicago where about a third of those working for the WPA were black. That’s an important reason African Americans shifted their political allegiance from Republicans to Democrats in the 1930s. Moreover, government work was sometimes higher-paid than in the private sector. FDR and other New Dealers wanted to keep WPA wages below private norms, but the American pay structure was so miserly and chaotic that there were millions of workers who saw even temporary government pay as a big step up. This was especially true in the rural South, which is one reason local white elites sabotaged these programs and turned so quickly against the New Deal.

A massive Green New Deal infrastructure program would have much the same impact today, even if official unemployment statistics stand below 4 percent. Many Americans currently

counted as employed have lousy, low-paying jobs, so any substantial employment opportunities paying an hourly \$15 or more would suck workers out of their part-time, minimum-wage jobs—thereby forcing thousands of employers to dramatically improve the jobs they have on offer.

Many of the New Deal's projects amounted to state capitalism. From FDR on down, New Dealers hated the holding companies that monopolized the nation's private power production and distribution. As with the Silicon Valley mega-firms of our day, vast fortunes were being made from the privatization of what were natural monopolies. Both the BPA and the TVA were experiments in regional planning that would stand athwart such a corporate expropriation.

The TVA was the most famous and fully realized of New Deal public works. It was a government-owned corporation designed to carry out the comprehensive development of an entire river watershed spanning seven Southern states. Building 20 new dams, the authority tamed the flood-prone rivers of the Tennessee Valley, and in the process became the largest producer of electric power in the United States. With FDR's staunch backing, Lilienthal led the battle against the private electrical utilities, including Wendell Willkie's Commonwealth and Southern, that wanted to curb TVA's dynamic growth. The New Dealers saw the TVA as accomplishing two things that corporate capitalism could not. First, it would provide a "yardstick" to measure the real cost of electrical power. During World War I, when FDR was assistant secretary of the Navy, he complained that he never knew the true cost of the metal plate the federal government bought in such quantity to build its battleships. But the TVA would know how to generate cheap electric power and thereby give state regulators the ammunition to lower rates.

Naturally, the utilities screamed murder: "It's not a yardstick; it's a club," complained a utility engineer. "They get their money from Uncle Santy and no interest charged ... And when they want to take a whole town of customers away from us, they lend the city fathers—or give it to

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them—the government's money."

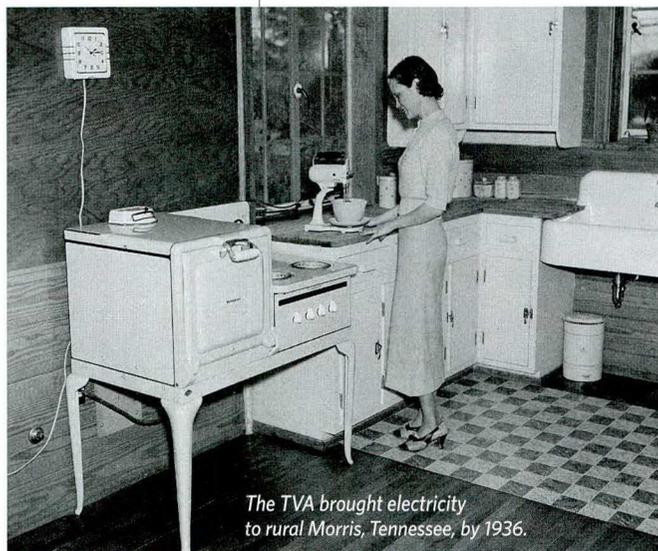
What the engineer was actually complaining about were the inefficiencies of private enterprise in an industry that was a natural monopoly. He was arguing private capitalism against state capitalism; corporate autonomy against social democracy. And in the Depression era he was losing the battle. "You can't blame the people," he admitted. "They don't care who freezes their ice cubes. If the government pays the Tennesseans' power bill, you can't expect the Tennesseans to complain."

Private power's second big failing was that it was just not profitable to extend electric power lines to much of rural America. The TVA would do that for a good slice of the mid-South, and a separate Rural Electrification Administration would provide loans and expertise for virtually every rural county in the nation. For those who benefited, this was a social revolution. One Wyoming ranch woman referred to the day when the electricity arrived "my Day of Days because lights shone where lights had never been, the electric stove radiated heat, the washer turned, and an electric pump freed me from hauling water. The old hand pump is buried under six feet of snow, let it stay there!" The author of this article grew up in rural Maryland in the 1950s. Adult neighbors remembered well the days before the local electric co-op strung power lines up our gravel road. They voted for FDR in the 1930s and the Democrats in each election afterward.

And finally, the TVA, BPA, and the other regional planning initiatives of the New Deal were designed to "develop" those rural, Southern, and Western parts of the country left behind by the dynamic growth of the industrial Midwest and the capital-rich Northeast. California and Texas got the most money, but New Deal developmentalism became national policy when FDR declared the American South "the nation's number one economic problem." A scarcity of capital and a paucity of governmental taxing power had generated misery and isolation there. By the time his administration released its widely noted "Report on the Economic Conditions of the South" in 1938, FDR and other New Dealers were not just trying to spread the wealth around. Southern Democrats were increasingly conservative, edging away from the New Deal on a variety of fronts, of which hostility to organized labor and maintenance of the Jim Crow order were paramount. Many New Dealers believed that if the federal government could help the South industrialize, opportunities for trade unionism would expand and white supremacy fade. They were more wrong than right about that, but their effort to bridge the rural-urban, North-South divide is one that advocates of a 21st-century Green New Deal should try to emulate.

Donald Trump's steadfast support in rural America has many sources, but a bleak, low-wage economy is one that might just be improved with a new round of governmental investment.

The New Dealers were planners. During the late 1930s and early 1940s the National Resources Planning Board, chaired by FDR's uncle, Fredric Delano, put out one increasingly radical plan after another, enough to put Elizabeth Warren to shame. There were 220 reports on everything from "Post-Defense Economic Development in Alaska" to "A Development Plan for Puerto Rico." The most ambitious of its reports was a comprehensive plan for the future, "Security, Work, and Relief Policies," was submitted to Roosevelt on the eve of the war. It was a fundamentally radical plan, envisioning a



The TVA brought electricity to rural Morris, Tennessee, by 1936.



In 1938, President Franklin Roosevelt inspected the Chickamauga Dam, a project of the Tennessee Valley Authority, near Chattanooga.

fully developed welfare state and the highly progressive taxes to pay for it. Congressional conservatives zeroed out NRPB funding in 1943, but FDR remained loyal to its expansive vision. This became clear in the president's 1944 State of the Union speech, which Roosevelt biographer James MacGregor Burns has accurately termed "the most radical speech of his life." Roosevelt proclaimed a "Second Bill of Rights," which included the right to a job, to food, clothing, medical care, education, and "protection from the economic fears of old age, sickness, accident, and unemployment." "True individual freedom," proclaimed the president, "cannot exist without economic security and independence."

The only problem with FDR's great speech was that he delivered it in the wrong country, or at least, at the wrong time. By the end of World War II, American politics were drifting steadily to the right, and despite the president's fourth-term victory, white Southerners and Republicans would be in effective control of Congress for a generation. In the United Kingdom,

on the other hand, the aggressively social democratic Beveridge Plan, which created the National Health Service and other welfare state provisions when the Labour Party took power in 1945, was clearly on offer. FDR complained to Labor Secretary Frances Perkins that the British planning scheme ought properly to be called the Roosevelt Plan.

FDR's speeches were memorable, but the New Deal resonates today because it was far more than a welfare state planning bureaucracy. The mobilization of millions of workers into trade unions proved the bedrock upon which a generation of reforms depended. State-sanctioned unionization was successful in the 1930s and 1940s not just because a staunch cohort of working-class radicals revolted against industrial autocracy, but because unionism was functional to the New Deal's larger purposes. And these were two. First, increasing plebian purchasing power would end the downward cycle of wage and price cuts that had turned an economic panic into a worldwide depression;

and second, unions would be the key institutions necessary to a democratization and therefore the ultimate legitimization of a refurbished American industrial order. In the early 20th century, the widely invoked phrase "industrial democracy" was not quite the same thing as socialism, but it nevertheless constituted a radical redistribution of power within the workplace and the larger economy.

Most New Dealers thought that "underconsumption" was why the Great Depression proved so devastating. The American economy was highly productive, but workers' wages were too low, so companies, even in the booming 1920s, were burdened by "overproduction," especially in "sick" industries like textiles, coal, and agriculture. As department store magnate Edward Filene put it, "the machinery of production choked with its own product, unemployment spread like pestilence, and the world starved in the midst of plenty." But even with all its spending plans and job creation programs, the New Deal state was simply too small to generate enough Keynesian stimulus to move the economy ahead. A revolution in the labor law would therefore be essential. The Wagner Act, argued Robert Wagner, the New York senator who pushed through Congress the law that bears his name, would ensure that the "fruits of industry must be distributed more bounteously among the masses of wage-earners who create the bulk of consumer demand."

But higher wages per se were not enough. A democratization of the world of work was also essential. FDR ratified this quest in his June 1936 speech accepting the Democratic National Convention's renomination. There, President Roosevelt denounced the "economic royalists" who had "carved new dynasties" and "created a new despotism." Decrying the pervasive influence of the corporations and banks, which had flourished since the late-19th-century merger movement, FDR saw concentrated industrial and financial power as a threat to democracy itself. But he was not only talking about electoral politics. "The hours men and women worked, the wages they received, the conditions of their

labor—these had passed beyond the control of the people, and were imposed by this new industrial dictatorship.” The metaphorical language deployed by FDR—citing royalists and despots—made clear to all who heard him that the object of presidential scorn was not an economic abstraction, like inequality, financial speculation, or an unpredictable market, but concrete institutions often led by men—Ford, Dupont, Morgan, Sloan, and Whitney—whose names were familiar to many a household. They presided over a set of giant, highly integrated institutions whose regulation and democratization was essential if the New Deal was to truly transform the nation and uplift forgotten America.

Against fear and dependency, the New Deal and the new unions counterposed “security.” This was an idea—if not a condition—that achieved near hegemony during the 1930s and 1940s. That idea has gotten a bad rap of late—it often is used to mean compliancy, laziness, and deadwood. But the New Dealers knew that security represented a sense of psychological liberation. Conservatives, then and now, condemn employment guarantees, work rules, and seniority rights as debilitating and inefficient fetters on the flexibility managers need to make their enterprises flourish. But from the workers’ point of view, the security achieved through union contracts or employment law represents a form of liberation that is founded on an assurance that their life chances are backstopped by a set of recognized work standards. “What do they want, these millions of newly organized workers?” asked labor journalist Mary Heaton Vorse. “Security first of all. They want the right to work.”

The cultural and ideological impact of the new unionism of the ’30s and ’40s cannot be underestimated. Today, Donald Trump and his base attempt to wrap themselves in flag and nation. But in the 1930s and 1940s, a huge proportion of all those who became

unionists were African Americans, Mexicans, or from European immigrant families. And these men and women “captured the flag” during the Depression decade. “Unionism is the spirit of Americanism,” announced a Woonsocket union newspaper that appealed to immigrant workers long marginalized by their Yankee “betters.” Strikers, picketers, and demonstrators almost always marched with large American flags in the van.

As I observed in my history, an emblematic moment came on the day in late 1933 when Secretary of Labor Frances Perkins visited the unorganized steelworkers of Homestead, Pennsylvania, to hear their grievances and explain to them the New Deal’s new labor laws. In a town tightly controlled by the United States Steel Corporation, the burgess (mayor) abruptly cut short a Perkins speech in the city hall when union militants—he called them “undesirable Reds”—sought to make their voices heard. Ushered onto the street, Perkins and her party were temporarily bewildered. Where to continue the meeting? The city park? “You can’t do that,” shouted the red-faced mayor, “there is an ordinance against holding meetings in a public park.” But the secretary of labor would not be stymied, and when she saw an American flag flying above the local post office she quickly led the working-class throng inside. There in the lobby of a federal institution, under a flag representing the power of a self-confident, reformist government, Perkins resumed her speech detailing for a largely immigrant audience their new rights. She later wrote, “We ended the meeting with hand-shaking and expressions of rejoicing that the New Deal wasn’t afraid of the steel trust.”

The Homestead Post Office meeting points to an even larger dialectic that linked New Deal political mobilizations to the union-building impulse of that era. In the United States today, it

is almost impossible to organize a union from scratch because of the intense and well-schooled opposition of local elites, be they factory managers, local politicians, or even elements of the working class fearful about or hostile to collective protest. This was true in the 1930s as well. Despite our vivid memories of the spectacular and sometimes violent strikes that convulsed San Francisco, Minneapolis, and the textile South, most workers, most of the time, feared to form a trade union. They needed the state on their side, not just in the form of a law—the Wagner Act remained in legal limbo for nearly two years after its passage until the Supreme Court upheld it—but in a far more tangible and mobilizing fashion. Thus, in Flint, Michigan, in the fall of 1936, one could hardly fill a living room with those who were committed unionists.

But those same autoworkers were wildly enthusiastic proponents of Roosevelt and the New Deal. When the president’s motorcade made its winding way through the factory districts of Flint, Pontiac, and Detroit in late October of that election year, workers downed their tools and crowded the windows for a look. A week later, FDR won a smashing victory—taking the largest proportion of the popular vote since the early 19th century—in an election that also saw turnout take a quantum leap upward. In some Midwestern industrial cities, Polish and Italian neighborhoods voted at a rate higher than 90 percent. For these immigrants and offspring of immigrants, a vote for Roosevelt and the New Deal was practically a rite of citizenship. Detroit socialists soon put out a leaflet: “You voted New Deal at the polls and defeated the Auto Barons. Now get a New Deal in the shop.” The sit-down strikes in Flint, Detroit, and elsewhere would do just that in the months that followed.

The labor movement was not just about power-sharing in the workplace. “Revolution, up and down the river!” headlined a Western

Pennsylvania news magazine after newly organized steelworkers and coal miners swept Republicans out of office in late 1937. In company-dominated towns and cities, the emergence of unions in steel, coal, auto, rubber, electrical products, textiles, and lumber had a transformative impact on the distribution of local political power. There laborite ethnics—“Roosevelt Democrats”—took over the Democratic Party and demolished the rule of the corporate-backed Protestant Republicans who had monopolized civic leadership for decades. Journalist Samuel Lubell called this “the revolt of the city.” In Western Pennsylvania steel towns like Aliquippa, Duquesne, Donora, Braddock, Homestead, and Clairton, working-class mayors and city councils now controlled the local police, defended freedom of speech and assembly for unionists, dismantled many Jim Crow traditions, increased taxes on corporate property, and spent those tax dollars paving streets and building schools in blue-collar neighborhoods. These “Little New Deals”—and one could also find them in Toledo, Gary, Wheeling, Kenosha, Tacoma, Lackawanna, Bridgeport, Flint, and Youngstown—not only made the Democratic Party powerful, but gave to its northern wing a social democratic flavor that lasted for two generations. When controversy arose in 1940 over FDR’s third-term bid, Lubell asked a Detroit auto unionist why he was so unconcerned. Came the reply: “I’ll say it even though it doesn’t sound nice. We’ve grown class conscious.”

This democratic current often infused New Deal programs with a highly participatory spirit. Despite conservative attacks on what they saw as an overweening federal government full of intrusive bureaucrats, the New Deal never had enough employees to directly implement and regulate the new order it sought to construct. The Wagner Act could not function without the active participation of tens of thousands of local trade unions that “policed”



Secretary of Labor Frances Perkins (far right)

the labor law and negotiated new contracts. Hundreds of rural co-ops were formed to take out government-backed loans, construct new electrical transmission systems, buy the power at wholesale prices, and then deliver it to rural households that were both customers and owners. And the Resettlement Administration built and operated scores of migrant labor camps, not unlike the democratically run California camp depicted in John Ford's *The Grapes of Wrath*.

During World War II, the Office of Price Administration sought to police nothing less than the retail costs millions of consumers would pay for tens of millions of products sold by hundreds of thousands of stores. The OPA employed 60,000, but alone no set of government officials could make such a vast regulatory apparatus actually work. The government therefore recruited and trained almost 300,000 volunteer "price checkers." They came from trade unions, women's clubs, and other civic organizations. OPA chief Chester Bowles, a spirited liberal, called the agency's housewife volunteers "as American as baseball," even as some merchants and conservative politicians denounced them as a "kitchen Gestapo," whose enforcement of government price controls at every sales

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counter and cash register bolstered working-class living standards and put a lid on merchant prices and profits.

And the New Deal did much to democratize American culture. In the 1930s, almost all newspapers were hostile to labor and the New Deal, and most of the Hollywood moguls were staunch Republicans. There was a radical student movement in some of the largest urban schools, but conservatives had a firm grip on what was taught in virtually every college and university. Still, there were a lot of economically desperate artists, writers, actors, and musicians, and the WPA soon found them jobs and projects that employed their talents. A Federal Writers' Project published guidebooks and collected folk songs. A Theatre Project employed nearly ten thousand actors who put on plays in both the largest cities and in towns and villages that did not even host a movie theater. Director Hallie Flanagan was a radical and an innovator: "The theatre can quicken, start things, make things happen. Don't be afraid when people tell you this is a play of protest. Of course, it's protest, protest against dirt, disease, human misery." Most of those social realist plays have been forgotten, but a Federal Art Project left a visual legacy that can still be seen across America. Employing as many as 6,000 painters and sculptors, this forerunner of the National Endowment for the Arts commissioned artists to create murals for the walls of federal and state buildings and establish public art centers in remote communities.

Today, when a government arts program funds a writer, musician, or painter, it is likely to award them with a monetary grant, but in the 1930s the WPA put them on its payroll, just like those workers who paved the roads, constructed the playgrounds, and built the schoolhouses. The idea that creative people should work directly for the government became anathema during the Cold War when intellectuals and propagandists in the West celebrated the singular artistic spirit and denounced as Stalinist or fascist any government efforts to deploy art and literature for a collective purpose. But such fears can stifle and privatize

artistic creativity and its popular reception. In contrast, the New Dealers saw no contradiction between their statecraft and its artistic depiction. The work of these government-paid muralists, architects, and sculptors embodied the hope of philosopher John Dewey that "our public buildings may become the outward and visible sign of the inward grace which is the democratic spirit."

World War II actually advanced the New Deal project. A generation ago, liberals like I.F. Stone thought that business took advantage of the war to bring social reform to an abrupt halt. He wrote a book entitled *Business as Usual* denouncing capital's allegiance to its profit-making prerogatives. FDR himself declared late in 1943 that Dr. Win-the-War had replaced Dr. New Deal for the duration of the conflict. Liberal complaints had a lot of validity. Dollar-a-year business executives—they got a dollar from the government but kept their corporate salaries—came to run many a government procurement agency; labor lost the right to strike and to bargain for higher wages; the Japanese were herded into internment camps; the Army remained segregated; and both the TVA and BPA generated the electricity that helped build the atomic bomb and sustain corporate behemoths like Alcoa and Boeing. Many American radicals thought the war helped create a security-conscious "garrison state" and the "military-industrial complex" that would so distort American democracy.

All this was true, but the war was hardly a pre-New Deal capitalist restoration. World War II ended the Depression with a massive dose of government-stimulated demand, doubling the gross national product within four years. At the peak of the war, the military commanded about 47 percent of all production and services. Unemployment virtually disappeared by early 1943. Fifteen million workers—a third of the prewar workforce—used their new power to change and upgrade their jobs. Some shifted from one factory department or office to another; at least four million—triple the prewar total—crossed state lines to find better jobs. Washington, D.C., was inundated by tens of thousands

of “government girls.” Factory work, especially in defense facilities, grew in prestige and earning power. An innovative “Training Within Industry” (TWI) program, largely pushed forward by liberals and organized labor, upgraded the skills of several million workers. Unlike other job-training programs, workers already held the job for which they were being trained or one very similar to it. This made TWI extremely successful. Thousands of women learned arc welding, an exclusively male trade before the war, and the TWI program taught hundreds of thousands of young people draftsmanship, tooling skills, and production-oriented mathematics. Despite a government-mandated set of wage controls, real wages rose by 27 percent between 1939 and 1945, with wages of those at the bottom of the social scale growing more rapidly than the highly taxed incomes of those at the top. The war boom inaugurated the most progressive redistribution of American wealth in the 20th century.

The modern civil rights movement began when railroad unionist A. Philip Randolph threatened FDR with a 1941 march on Washington unless the president signed an executive order advancing black and other minority employment in the booming defense industries; and throughout the war, the unions grew and grew, not just in the industrial heartland, but in the South and West as well. The War Labor Board prohibited strikes, but that board, composed of representatives from labor, management, and the government, wanted uniform wages in every industry over which it held jurisdiction. This was a kind of “sectoral bargaining” that raised Southern and small-town wages in dramatic fashion. Agricultural pay in Mississippi leaped upward far more than in any decade since Reconstruction. The historic North-South wage differential in the textile industry began to shrink. Despite rationing—an egalitarian social policy that limited the rich to the same quota of meat and sugar as the poor—people were eating much better during the war, which probably accounted for the dramatic growth in life expectancy: five years for African Americans and three for whites. Infant

Today's advocates of a Green New Deal are right to find in the first New Deal a radical and democratic template for a new set of social and ecological ambitions.

mortality declined by more than one-third between 1939 and 1945.

All this helps explain why World War II was the most popular mobilization in American history. Unlike every other multiyear conflict—the Civil War, World War I, Korea, Vietnam, Afghanistan, Iraq—public support for the war increased as each year went by. The popular, anti-fascist character of the military struggle explains part of this, but the successful battle on the home front, where working-class empowerment linked itself to a decline in social inequality and a material increase in living standards, also accounts for the golden glow in which subsequent generations have evaluated America’s “good war.”

One might think that American capitalists could live with all this. After all, during the war the government suspended antitrust laws, paid most of the cost of constructing new defense plants, and lent much of the rest at low interest rates. Cost-plus contracts guaranteed corporate profits on all defense business. The unions refrained from most strikes. And big business got bigger. In 1940, the top 100 companies turned out 30 percent of the nation’s total manufactured goods. By the end of the war, those same 100 companies held 70 percent of all civilian and military manufacturing contracts.

But the successful conversion of the U.S. economy into the “arsenal of democracy” owed as much to socialism, albeit military-administered, as it did to capitalism. Because of chronic shortages in machinery, raw materials, and labor, the government could not let the cost and pace of either military or civilian production be determined by the free market. That much became clear even in 1941, when I.F. Stone and other liberals denounced Detroit’s failure to convert its auto factories to military production of tanks and aircraft. Henceforth, the armed services would set overall production requirements. From FDR on down, government officials, military and civilian, concluded that the whole economy would have to be centrally planned, and controls placed on the cost of virtually everything, from steel and machine tools to chickens, chocolate, and clothing.

Investment in new plant and equipment was dictated by the government, not private enterprisers seeking to game the market.

The war economy was therefore full of state enterprise, ramped-up regulation, and other New Deal approaches to the administration of economic life. Far exceeding the wildest ambitions of the TVA’s Lienthal, the federal government purchased and owned countless new industrial plants; it built and administered its own shipyards and factories and managed complex national supply chains. It collected huge amounts of information about its contractors’ costs and business operations, which helped it to strictly control prices and profits. It enforced a set of labor laws and rules that helped to swell union ranks, sometimes by seizing the operations of the most intransigent employers. And this version of state socialism was hugely successful, not only arming U.S. allies and out-producing our enemies, but demonstrating that an effective and intrusive big government remained a potent rival to the economic and ideological hegemony of corporate capitalism.

At the end of the war, General Motors Chairman Alfred P. Sloan, like most businessmen, could see little distinction between the New Deal and the wartime mobilization effort. He declared, “It took 14 years to rid this country of Prohibition. It is going to take a good while to rid the country of the New Deal, but sooner or later the ax falls and we get a change.”

Sloan and his heirs got their wish, but today’s advocates of a Green New Deal are right to find in the first New Deal a radical and democratic template for a new set of social and ecological ambitions. It is time to make America over again. As FDR put it in the first hour of his presidency, “The only thing we have to fear is fear itself.” ■

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