

The new deal saving liberal democracy politics essay



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In 1932, in the midst of the economic depression Franklin D. Roosevelt was elected American president. He won the election with outstanding success, receiving 472 out of the possible 531 votes with the Electoral College and inflicting the worst defeat since 1912 upon his Republican rival¹. The reason for this was the enthusiastic support given by the general population to his proposal of a “ New Deal” - a highly experimental programme of legislative reforms with no defined ideology, intended at stimulating economic recovery. Having to face a continuously worsening economic depression, with over 13 millions unemployed, Roosevelt acted quickly, and within the first hundred days of his presidency passed “ startling bursts of reform legislation” ² which in effect prevented the collapse of the economy and began to tackle some of the most pressing social problems, primarily - unemployment.

Though, as Conkin states, the New Deal did not provide any “ new clarification of the dilemmas of liberal democracy” ³, if one assumes that the prime basis for liberal democracy is a prosperous society, then he is justified to claim that by preventing economic collapse, Roosevelt thus saved liberal democracy in America. For the purpose of this essay, let us accept the encyclopedic definition of liberal democracy as a representative democracy where the ability of elected representatives to exercise decision-making power is subject to the rule of law and moderated by a constitution which emphasizes the protection of the rights and freedoms of individuals and minorities (also called constitutional liberalism), and which places constraints on the extent to which the will of the majority can be exercised. Recently, the term “ liberal democracy” came to acquire a socialist, or perhaps event

communist undertone in America, but since this can be rather classified as a misunderstanding of the term, it will be neglected.

Essentially, the question posed consists of two major issues; firstly, one must consider the extent to which the New Deal policies corresponded with the liberal democratic ideology, and secondly - whether the New Deal actually saved American liberal democracy. The second question essentially consists of several issues; the extent to which the liberal democracy was under threat in America, the role of the New Deal in saving it, the role of other factors, and the extent to which the New Deal was a radical innovation as opposed to being simply a natural continuation of previous policies, in which case it could not be honored for saving liberal democracy.

Effectively, the aim of the following essay is to suggest that the New Deal was not liberal democratic in its nature and that if it did support liberal democracy in America, which incidentally was not critically threatened, it did so as a by-consequence of trying to improve the economic situation and solely from an economic, as opposed to a political, perspective. In addition, the importance of the Second World War as a contributive factor to economic recovery will be underlined.

So let us address the first question: How Liberal was the New Deal itself?

From a political perspective the New Deal can hardly be classified as Liberal Democratic in nature since it did not aim to promote a "representative democracy where the ability of elected representatives to exercise decision-making power is subject to the rule of law and moderated by a constitution".

In fact, it did the exact opposite when Roosevelt proposed the Court reform <https://assignbuster.com/the-new-deal-saving-liberal-democracy-politics-essay/>

bill⁴ by which he was planning to allow for the packing of the Supreme Court and which also presumed a reduction of the Court's power. Since the Court was the principal guard against the government's violation of the constitution, it clearly went directly against the liberal democratic principles. The problem was that the Court declared unconstitutional several of Roosevelt projects, and he saw it as one of the main obstacles in his way to pass legislation; he was thus determined to reform it thus overcoming its opposition. The New Deal on the whole saw an expansion of the presidential functions⁵ and a decline of the party system, since Roosevelt "considered traditional party politics an obstacle to the modernization of American government"⁶. Since this meant weakening the power

1 Leuchtenburg p. 17

2 Badger p. 7

3 Auerbach p. 19

4 Leuchtenburg p. 237

5 Ibid. p. 327

6 Milkis p. 480

of elected representatives of the people, in also stood in contradiction with democratic principles; instead of democratic liberalism Roosevelt was aiming at "militant liberalism"⁷.

In the economy, a rather pragmatic as opposed to ideological approach was adopted, and Roosevelt clearly diverged from the liberal Keynesian policies of creating full employment by means of public work schemes; one of Roosevelt's main convictions was the necessity to balance the budget, and thus, governmental spending was minimized⁸. Hence, to help cover the costs of the emerging welfare system, taxes were increased⁹.

So in what sense was the New Deal Liberal Democratic? The bases for the argument promoting such a view were the welfare policies - one of the basic pillars of liberal democracy - since " more progress was made in public welfare and relief than in the [previous] three hundred years" ¹⁰. However, this area too was not without controversy since on the one hand as Irwin Unger argues that " New Deal [was] the immediate source of the liberal welfare state" ¹¹, but on the other, C. Gardner stresses the fact that it did not solve any of the fundamental problems ¹². Numerous welfare policies were introduced, namely the National Youth Association which was a considerable success helping young people find work¹³, the Home Owners' Loan Corporation which protected Americans who have been hit by depression from losing their property and relief programmes such as the Federal Emergency Relief Administration, the Civil Works Administration and the Civilian Conservation Corps. The greatest single reform however was the Social Security Act which included unemployment compensation, old-age and survival insurance, public assistance programs for dependant children and the blind¹⁴, housing projects, economic relief programs¹⁵. Though overall liberal, it had several flaws; national health insurance was absent and family allowances, public assistance and unemployment insurance remain "

ungenerous by international standards” 16 whilst many categories of workers were excluded from the Act all together¹⁷. Excluded too was the black population, which became another controversial issue, since liberalism actively promotes the protection of minorities. The NRA saw the blacks being paid less than the white, the TVA largely avoided employing blacks and the AAA was not effective in protecting the interest of black sharecroppers and tenant farmers. On the whole, Roosevelt did attempt to promote racial equality - as for example by promoting blacks to secondary posts in government¹⁸; yet as many of his critics point out, he did not introduce a Civil Rights Legislation¹⁹ fearing opposition from the Southern states, and hence only few welfare projects, namely the NYA, benefited the black population. Similarly, the promotion of women’s rights was undertaken - women being included in government for the first time²⁰, but only on a small scale.

Hence, it is debatable whether the New Deal can be classified as liberal democratic, since only from a social perspective can it truly be considered such. So how could it save liberal democracy? In order to assess that, let us first identify the threats that were present.

When the New Deal was first introduced, the economy was continuously declining; the banking system was collapsing as banks were failing, demand was falling, agricultural overproduction depreciated prices and droughts further undermined the income of the farmers who were struggling to pay their taxes and debt obligations, in towns - unemployment rose to 15.9% in 1931²¹ and wages were cut, production was shrinking in most fields and workers suffered from malnutrition and destitution. In we accept that <https://assignbuster.com/the-new-deal-saving-liberal-democracy-politics-essay/>

economic prosperity or at least minimal wage available to the majority of the population is a necessary requirement for Liberal Democracy, then one could easily claim that from an economic perspective the latter was increasingly under threat in America at the beginning of the 1930s, as economic plight was severe and conditions were only deteriorating. One could go as far as claiming that unless a series of effective economic reforms was introduced, the economic system would collapse bringing an end to liberal democracy; the scale of the economic plight was reflected in the general mood of despair and the belief that depression was “ permanent”²² as well as increasingly emigration of workers and a drastic fall in birth rate.

7 Ibid. p. 486

8 Skocpol p. 40

9 Louchheim p. 150

10 Leuchtenburg p. 332

11 Auerbach p. 18

12 Auerbach p. 20

13 Louchheim p. 296

14 Skocpol p. 38

15 Louchheim p. 260

16 Skocpol p. 37

17 Louchheim p. 151

18 Ibid. p. 260

19 Leuchtenburg p. 186

20 Ibid. p. 33

21 Badger p. 18

22 Leuchtenburg p. 29

However, surprisingly perhaps, the democratic government itself was not political threatened in any significant way. Whilst in Europe extremist parties made enormous gains in parliament and their popularity boosted up, America saw no such development and in the elections of 1932, Communists -the most extreme party prepared to challenge liberal democracy - only polled 120 000 votes²³. Moreover, general mood idleness prevailed and no major protests parallel to those in Europe were seen. Farm strikes, communist demonstrations and miners' strikes did occur²⁴, yet did propose an alternative communist political system, but rather - simply expressed their grievances. In there was a threat, it came from the suggestions to strengthen the powers of the executive, radical enough to propose dictatorship; a dictatorial of twelve men, a supercouncil or simply a single dictator²⁵. However, these suggestions did not generate violent opposition to the present democratic government. Though Hoover's government was blamed for the depression and as William Dodd put it - " both political parties have been bankrupted" ²⁶, the American people did not seem to lose faith in democracy as a political system and when Roosevelt proposed a new

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proposed a new program, they supported it with faith and enthusiasm. The reason why extremism did not threaten liberal democracy in America as it did in Europe was mainly due to the fact that America was founded upon the principles of liberty and freedom, and never experienced effective dictatorial rule as did most European countries under their monarchs.

Hence, in the political sense, the New Deal cannot claim to have saved liberal democracy, since no critical threat actually existed. Ironically however, one could claim that New Deal created such a threat when in 1934 when strikes and riots began to spread²⁷. The protests acquired a much strong communist inclination and Long's "Share Our Wealth" organization - promoting wealth redistribution - attracted increasing support²⁸ whilst on Labour Day the textile workers carried out the largest strike ever in America. However, these threats were effectively handled by the government - by force in the case of major strikes²⁹; and the general public continued to fear Communist, which meant that no critical threat developed. Also, by adopting a more left-wing approach to the economy, the New Deal managed to "undercut radical reforms" ³⁰ destroying the attractiveness of radical parties. The development of left-wing radicalism can be explained by de Tocqueville's theory that "evils become intolerable when avenues of escape are opened" ³¹; when the workers were given certain privileges, they began to want more. Hence, if the New Deal is to be acclaimed for handling a political threat to Liberal Democracy, it can only be with respect to the threat it generated itself. This is further supported by the argument that the New Deal created a real threat of dictatorship on Roosevelt part, since, as James Farley notes - the president's "attempt to dominate his party indicated his

thirst for personal power” 32 and some congress members genuinely feared his “ despotism” 33.

Hence, major threat to Liberal Democracy was that of economic collapse, and it is by preventing such a development that the New Deal can claim to have saved the system. However, the issue is far more controversial, so let us now examine the economic policies of the New Deal and determine their influences.

During the first hundred days, Roosevelt passed several important pieces of economic legislation; first was the Emergency Banking Act. This in effect revived the collapsing banking system and induced confidence in the population that banks were now safe³⁴, thus being a crucial development as it inspired the general population with faith that the economic depression was about to end and re-established normal monetary relations within the country. Roosevelt’s next move was to balance by budget by means of the Economy Act; this reassured the business community of Roosevelt’s fiscal conservatism, and thus promoted the restoration of business relations. He then managed to counter deflation by taking America off the gold standard³⁵, passed the National Recovery Act proposing minimal wages and maximum working hours, established the U. S. Securities and Exchange Commission to oversee the stock market and introduced the Tennessee Valley Authority which was aimed at generating both electricity for the South and employment opportunities³⁶.

23 Ibid. p. 26

24 Ibid. p. 25

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25 Ibid. p. 30

26 Ibid. p. 27

27 Badger p. 303

28 Leuchtenburg p. 98

29 Ibid. p. 113

30 Auerbach p. 23

31 Auerbach p. 24

32 Leuchtenburg p. 278

33 Milkis p. 483

34 Leuchtenburg p. 43

35 Ibid. p. 51

36 Ibid. p. 54

Since one of the major problems caused by the depression was the plight in agriculture, the first hundred days also saw the introduction of the Agricultural Adjustment Act; this aimed to increase crop prices³⁷, and protect farmers from uncertainties by subsidies. Though successful in bringing relative stability and prosperity to the farming community – farm income rose by 50% during Roosevelt's first term³⁸ and rural debt decreased – the Act was a controversy due to the methods it employed. Crop

destruction and the slaughtering of livestock to raise prices³⁹ at a time when many families could not afford food, was seen by some as anti-social and overly-capitalist.

In general, the first hundred days brought economic recovery, and saved the economy from collapse. However, not all projects were completely successful, e. g. the National Recovery Act was violated by many enterprises, and most of the changes did not in any way permanently alter the economic structure, which allowed for the same problems that caused the depression to arise later. Also, the withdrawal of capital from the economy into reserve funds may be helped to prologue the depression⁴⁰. It did however induce a variety of stabilizers into the economy⁴¹ and introduced one lasting strategy - the establishment of the federal government in the role of a “ broker” and arbitrator between the different competing interest groups thus promoting private enterprise and competition, as well as succeeded in improving the overall working conditions⁴².

One can claim that by saving America from collapse the first hundred days of the New Deal proved that “ democratic reform represented a viable alternative to totalitarianism” ⁴³ thereby saving liberal democracy. However, one must keep in mind that it was economic recovery, not the saving of liberal democracy which was the main driving force behind the legislations.

One must also consider that the success of the first hundred days was however short-lasting, and in 1937 the economy again plunged into recession after a period of revival. The economic situation deteriorated to such an extent that some of the population faced starvation⁴⁴ and the

problems of unemployment, though reduced, persisted. This was partly due to the failure of certain policies in the long-term, which were rather successful in the short term; in other words, the New Deal did not introduced any economic changes that would be far-reaching enough as to “ change the cyclic nature of the economy” 45 and thus did not prevent the “ natural” recession of mid-1937. At this point it is vital to stress the importance of the Second World War for the American economy. Since the New Deal largely failed in the long term, one could easily expect that the economic problems and unemployment would persist unsolved for many years to come; the sole reason why this did not happen was the start of the Second World War. The war forced the government to allow large expenditures and provided an impetus for economic activity, growth and recovery (for the first time unemployment figures fell to less than 2 million) ultimately, the economic demands of the war provided demand for many industries, rising their levels of production and dragging capital into the economy. Final recovery from the depression was thus only achieved during the war, and many argue that without the opportunities that it presented, the economy under the New Deal would not be able to fully recover; A. L Hamby claims that “ had not World War II intervened ... the New Deal might well have been considered a failure” 46. However, one must not underestimate the importance of the New Deal in developing the economy to a stage where it could take effective advantage of the opportunities provided by the war. In effect, the New Deal and the Second World War were two essential steps towards total recovery which could only be completely when coupled.

Now let us briefly look at the relation between the New Deal and policies that preceded it; many argue that the New Deal was a continuation of the Progressives policies from the before the First World War; this argument is supported by the fact that the government included many old progressives – such as Roosevelt himself, and many of the policies, namely the Social Security Act carried a great degree of resemblance to the welfare policies that were being introduced under the progressives⁴⁷. However, this view by and large

37 Louchheim p. 237

38 Ibid p. 237

39 Leuchtenburg p. 73

40 Louchheim p. 151

41 Hamby p. 4

42 Leuchtenburg p. 69

43 Hamby p. 5

44 Leuchtenburg p. 249

45 Ibid. p. 265

46 Hamby p. 8

47 Ibid. p. 2

incorrect since the Progressives were closely associated with the laissez-faire which the New Deal abandoned, and were motivated in their welfare policies by “Victorian humanitarianism” 48, whereas the New Deal politicians adopted their policies out of economic necessity and liberal considerations. The New Deal differed from the programs of the Hoover administration too, since it was not limited by “narrow ideological vision” and could embark on rather more radical policies⁴⁹ which was essential if the economy was to be saved from collapse.

Now let us conclusively assess the influence of the New Deal on Liberal Democracy. The New Deal was introduced as response to an economic depression and its policies were thus targeted at solving immediate economic problems rather than saving Liberal Democracy; thus the aims of the New Deal were not liberal. It was only the welfare policies introduced under the New Deal which were of a liberal nature, and even those were adopted out of necessity rather than because of ideological considerations.

However, it is correct to acknowledge that the New Deal clearly saved the faith in liberal democracy by proving that a democratic government can fight an economic crisis successfully; it significantly revived the economy and in W. Leuchtenburg’s view – saved capitalism⁵⁰ in America.

Saying that the New Deal saved Capitalism rather than Liberal Democracy more correct also for the reason that whilst capitalism was threatened by the deteriorating economic depression, Liberal Democracy did not face any significant political threats thanks to the firm democratic tradition. However, if you accept the assumption that capitalism and a prosperous economy are

essential foundations for a liberal democratic society, then it is fair to claim that to a large extent the New Deal helped prevent the collapse of the liberal democratic system in America.