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ABSTRACT

DONALD RICHBERG AND REXFORD TUGWELL:
CAPITALIST PLANNING IN THE NEW DEAL

By

Michael Vincent Namorato

In the late 1920s and early 1930s, planning meant different things to different people. Conservatives, liberals, and radicals alike interpreted it according to their individual ideological predilections. As the Rooseveltian New Deal was implemented, moreover, the concept of planning inherited a political dimension as well. Planners, whether of the left or the right, modified their thinking to coincide with their evaluation of Franklin Roosevelt. In many respects, these planners, despite their earlier pronouncements, began to characterize the New Deal, and New Dealers, according to their personal, political preferences rather than according to their conceptual beliefs. And in so doing, they confused the concept of planning even more. From a personal, individual perspective, this was particularly unfortunate because New Dealers like Donald Richberg and Rexford Tugwell were misunderstood in what they themselves were saying about planning. More

importantly, as time went on, the stereotypes created during the New Deal years lingered on, affecting not only what their contemporaries said of them, but also what later historians would, and did, write. Today, Richberg and Tugwell, and especially their planning programs, have been lost in the maze of political labelling and historical disagreements.

In analyzing both men's planning conceptions, however, there is little doubt that they evolved in their thinking. Prior to and during the New Deal, both were remarkably similar in the way they defined planning. Consistently reluctant to specify planning theoretically, both tended to identify certain characteristics which, they believed, a planned economy possessed. Specifically, whenever they wrote about and/or spoke of planning, they meant cooperation between business, labor, and government; coordination between industry and agriculture; expertise in formulating policy; the service ideal; balance and/or equilibrium within industry, among industries, and between industry and agriculture; and, experimentation in approach and method. This latter characteristic was particularly important because both men felt that planning could only be effected in the long-run and that the experience gained in implementing it would be vital to determining whether or not the United States could transform from a laissez-faire economic system to a planned one. They also repeatedly emphasized that planning would assure the survival of the

United States in the twentieth-century and that it was in and of itself a democratic process. In effect, both men, by utilizing the concept more as a general philosophical approach to the American economic system, ignored the theoretical implications of the principle itself. They were in many ways pioneers in the theory of planning, but not much else.

All of this, of course, is not to deny the differences which existed between them. From a conceptual and practical viewpoint, Tugwell was consistently more inclined to define planning in terms of the governmental-industrial relationship, to favor governmental coercion, and to offer, however vaguely, suggestions for the implementation of planning. In a similar vein, although both men agreed on the causes and cures for the Depression, Tugwell was relatively more precise in suggesting programs to achieve recovery. And, finally, while both utilized their personal and political experiences in the 1920s as guidelines for developing their economic philosophy, Tugwell was more familiar with the intellectual currents of the times, such as Taylorism, pragmatism, and institutionalism. Still, by March, 1933, neither he nor Richberg was capable of offering Franklin D. Roosevelt a feasible alternative to the Depression in any form of planning.

During their tenure in the New Deal, however, both men tried to correct this by developing their concepts all the more. Whereas Richberg eventually refined his thinking

on planning so that balance became a prerequisite to implementation, Tugwell concentrated on the practical problems involved in implementing agricultural and industrial planning. As New Deal administrators, moreover, both men consistently tried to conform their individual agencies to their own understanding of planning. In many ways, this explains Richberg's approval of price-fixing in some of the major NRA codes, his interpretation of section 7(a), and his approval of the automobile code's extension. As for Tugwell, his commitment to planning goes a long way in explaining his actions in the Pure Food and Drug controversy and his handling of the Resettlement Administration. By 1936, both men believed that a start had been made toward the planned economy and that more would follow, given the time and the opportunities necessary.

While Richberg and Tugwell had already begun drifting apart during the New Deal in their understanding and commitment to planning, it was in the post-1936 period where this was explicitly demonstrated. Where Richberg continued to define planning in terms of balance, especially between business, labor, and the government, Tugwell developed his conception of planning along the lines of "The Fourth Power" Not only did he utilize a different terminology in discussing planning, but he even conceptualized it in a more sophisticated way. More importantly, he consciously attempted to implement it while he was Chairman of the New York City Planning Commission and later Governor of Puerto

Michael Vincent Namorato

Rico. And in doing so, he learned so much more about planning theoretically and practically that, in the post-1946 period, he has continued to refine his programs, emphasizing in recent years the United States' need to re-write the Constitution.

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By

Michael Vincent Namorato

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Dedicated To
Mom, Dad, and Karen

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CHAPTER I

"CAPITALIST PLANNING IN THE NEW DEAL: AN INDIVIDUAL APPROACH"

Economic planning is the systematic appraisal, management, and utilization of societal resources, both human and natural, for future alternatives. It may be private or governmental in its approach, voluntary or coercive in its program, general or specific in its purpose. It may be utilized in any type of political environment, whether totalitarian, socialistic, or democratic. And, depending on that political environment, it may result in a regimented society, a socialized economy, or a democratic entity. In the United States, for example, economic planning has today become a highly sophisticated approach to the problems of a highly industrialized economy. Private enterprise as well as government on all levels have adopted this approach as a means to securing their objectives.¹

¹See John K. Galbraith, The New Industrial State (New York: Signet Books, 1967), chapters 1-7 for an excellent discussion of the use of planning in the technostructure; for planning on the federal level, see Seymour Melman, Pentagon Capitalism: The Political Economy of War (New York: McGraw-Hill Book Co., 1970), chapters 1-2.

The planned obsolescence of the products we buy, the urban renewal projects which our taxes pay for, the federal natural resources conservation programs all demonstrate the extent to which our economy has come to rely on planning. This was not always the case, however. Neither was planning as sophisticated in its essentials as it is today. The principle developed and evolved as America became more and more industrialized.

In the 1920s, when America's economy of abundance was reaching its artificially high levels of productivity, a small group of disheartened liberals were erecting the intellectual framework for planning. John Dewey, Thorstein Veblen, Simon Patten, Herbert Croly, and Charles Beard all recognized the changing character of American capitalism with its advances in technology and business consolidation. Using the Soviet example, they argued that man had the capacity to plan, that planning was technically feasible, and that history itself had demonstrated the beneficent consequences of preparing for the future.² Few people at first paid much attention to them until the Depression of 1929 validated their arguments. As fear, unemployment, and human suffering increased, "business executives, prominent churchmen, and noted educators, no less than labor leaders,

²Arthur M. Schlesinger, Jr., The Age of Roosevelt: The Crisis of the Old Order, 1919-1933 (Boston: Houghton Mifflin Co., 1957), pp. 130-144; Arthur A. Ekirch, Jr., Ideologies and Utopias: The Impact of the New Deal on American Thought (Chicago: Quadrangle, 1969), pp. 36-72.

progressive economists, and popular journalists became the proponents of planning for a new social order."³ By late 1929, even a political party, headed by such liberals as Dewey, Villard, and Paul Douglas, was formed to advance the principles of a planned economy. Although the League for Independent Political Action would never attract a large following in subsequent years, its mere creation at this time illustrated the popular attraction which the planning principle began to receive after the Depression started. From 1929 to 1932, numerous programs to institute planning in the American economy were introduced, ranging from the liberal ideas of a George Soule to the conservative viewpoint of a Gerard Swope.⁴

In the 1932 campaign, planning had even become a political issue. Although both candidates spoke of planning, Roosevelt, on the advice of people like Donald Richberg and Rexford Tugwell, tried to be more specific about it. In view of the Depression and the novelty of planning, however, he could only say so much, despite the disapproval of his

³ Ekirch, Ideologies and Utopias, p. 49.

⁴ See, for example, George Soule, A Planned Society (New York: The Macmillan Company, 1932), pp. 184-285; Stuart Chase, A New Deal (New York: The Macmillan Company, 1932), pp. 194-253; Charles Beard, "A 'Five Year Plan' for America," Forum LXXXVI (July, 1931), 5-6; Howard Scott and others, Introduction to Technocracy (New York: John Day Company, 1933), pp. 39ff.; J. G. Frederick, ed. The Swope Plan: Details, Criticisms, Analysis (New York: Business Bourse, 1931), chapter 2. Although other programs were proposed, these give a fairly good cross-section of planning at this time.

advisors. Once the election was over, though, he believed that he had the mandate he needed for the "bold, persistent experimentation" which his Oglethorpe speech had expressed. What he did not realize was that planning would soon become a catch-word, a label which his opponents particularly would use for political identification purposes. By 1935, when the NRA-AAA program had reached its climax, planning meant many things to many people. Confusion over the substance of planning resulted. Conservative newspapers, such as The New York Times and The New York Herald Tribune, considered planning alien to the American tradition and typical of the Rooseveltian approach. Liberal journals, such as The New Republic, reacted to this type of stereotyping by defending the principle of planning as well as by emphasizing the conservative character of Rooseveltian planning. And individuals, within and outside of the political realm, characterized planning and the New Deal in an unique way.

Herbert Hoover, for example, believed the phrase "planned economy" had its origins in Mussolini's corporatism and was often proposed as a program by "the Communists and the Socialists." The New Deal had used it as a disguise to institute "governmental execution and dictation" in its attempt to "cross-breed Socialism, Fascism, and Free Enterprise." New Deal planners were merely "totalitarian liberals" who were bent upon destroying the very

foundations of American capitalism.⁵ Hoover, however, did not categorically condemn all planning, only New Deal planning. In his philosophy, planning was acceptable as long as it sought to preserve the initiative of individuals.⁶

Former New Dealers seemed to agree with Hoover's analysis. Raymond Moley, a disenchanted New Dealer by 1935, admitted that, much to his dismay, Roosevelt had utilized planning in the National Recovery Administration, the Agricultural Adjustment Administration, and the Tennessee Valley Authority. There was nothing worse than this because planning was then and now "a modern version of socialism" which had its origins in Walter Rathenau's discussion of Germany in the First World War. Not only was planning alien to the American political tradition, but it also represented everything the New Deal and Roosevelt should not have done.⁷ Like Hoover, though, Moley too felt that planning was permissible. His conditions, however,

⁵Herbert Hoover, The Memoirs of Herbert Hoover: The Great Depression, 1929-1941 (New York: The Macmillan Company, 1952), pp. 354-355.

⁶Herbert Hoover to Wesley C. Mitchell, October 26, 1934; Herbert Hoover to Wesley C. Mitchell, December 17, 1934, Herbert Hoover papers, Herbert Hoover Presidential Library, Post-Presidential Individual File, "Folder-Mitchell," West Branch, Iowa.

⁷Raymond Moley, The Republican Opportunity in 1964 (New York: Duell, Sloan and Pearce, 1964), pp. 23-24; Raymond Moley, The First New Deal (New York: Harcourt, Brace and World, Inc., 1966), p. 291.

emphasized the need for business to carry on the planning function, not the federal government.

This disillusionment with New Deal planning and the consequent confusion which it entailed was not confined to conservatives like Hoover and Moley alone. Even Walter Lippmann was infected with it by 1937. This one-time national planner rejected his earlier fascination with the planning principle once his fascination with Roosevelt's New Deal began to fade. Lippmann believed that planning was not a feasible alternative because it was simply "devoid of meaning, and there is, speaking literally, nothing in it." Planning for production implied planning for consumption and, in an economy of abundance, no such planning was possible unless a dictatorial oligarchy which would "tolerate no effective challenge to their authority" existed.⁸ If it did, it would be outside of the American political tradition. All in all, what people like Hoover, Moley, and Lippmann were saying was that New Deal planning was not acceptable, but that planning, in some self-defined form, was. They failed, moreover, to recognize what R. H. Montgomery saw as the crux of the planning problem in the early 1930s--the difference between the technical, engineering aspects of planning and the institutional planning which most planners were calling for.

⁸Walter Lippmann, "Planning in an Economy of Abundance," The Atlantic Monthly CLIX (1937), 39-46.

[illegible]

According to Montgomery, planning had become a highly confused term. Most opponents, and even proponents, of planning failed to recognize that planning was at once ". . . a matter of facts and figures and blueprints" as well as an institutional matter, dealing with the "underlying set of rules by which we live." The term itself seemed to possess magic: "By some process of rubbing this Aladdin's lamp we are suddenly to make an end of our aimless wanderings." But planning was not so simple. It implied redefining American economic values, accepting the "Huey Longs, and Coughlins, and Sinclairs, and LaFollettes . . ." as well as trying to answer the who, how, and why of planning.⁹ It meant in reality a process of experimentation and trial-and-error which would take a long time. Time would make planning a feasible alternative although, in reality, Montgomery failed to recognize that time was the enemy of planning. From 1935 on, planning would no longer be popular either among the people or with Roosevelt himself, certainly not to the extent that it had been in March, 1933. Roosevelt had shifted his ground and was assuming a new approach to the depression, one characterized by welfarism and counter-organization. New Deal planning, in

⁹R. H. Montgomery, "Planning the New Deal," Plan Age I (November 1935), 6-11. This journal was the official Organ of ESPA (National Economic and Social Planning Association) which began its operations in 1934 for the specific purpose of advocating, analyzing and pursuing planning in the United States.

other words, had died, despite the desperate medicinal efforts of Mordecai Ezekiel and others in the Department of Agriculture in the post-NRA period.

Historians, looking back, have recognized this and have attempted to resolve the initial confusion which existed in the early New Deal concerning planning. Their method is distinctive since, instead of concentrating on individual New Deal planners, they have emphasized and identified "groups" of planners who were within the New Deal administration. Two historians are particularly important in this regard: Arthur M. Schlesinger, Jr. and Ellis Hawley.

Schlesinger divided the New Deal into a First and Second New Deal.¹⁰ The First, dominated by the heirs of the New Nationalism, emphasized the inevitability of bigness in business as well as the need for planning in the economy. Agreeing on the goals of planning, these New Dealers could not agree on the means to achieve them. "The co-ordination boys--Moley, Berle, Tugwell, Johnson, Richberg, Frank, Charles Beard--were . . . brilliant but anarchic," lacking the teamwork necessary to foster and institute their central planning ideas. Although their programs were designed for both reform and recovery, it was this lack of

¹⁰Arthur M. Schlesinger, Jr., The Age of Roosevelt: The Politics of Upheaval, 1935-1936 (Boston: Houghton Mifflin Company, 1960), pp. 214 ff. Basil Rauch, The History of the New Deal, 1933-1938 (New York: Capricorn Books, 1944) was perhaps the first major historian to divide the New Deal into two distinct programs.

co-ordination which eventually resulted in their losing to the Brandesians in the Second New Deal. In the post-NRA era, their planning programs were still alive in Ezekiel's Industrial Expansion Plan, but dead in terms of Roosevelt's utilizing them.¹¹

What Schlesinger did was to define planning in the First New Deal in terms of what the New Dealers agreed on and not in terms of what the individual planners thought. By concentrating on the First New Deal as a whole, he inadvertently minimized the differences among the early New Deal planners and confused the problem of New Deal planning even more. Finally, instead of analyzing why there was such a lack of co-ordination among the First New Dealers in their planning proposals, he concentrated on comparing them to the Brandesian Second New Dealers. All this is not to deny the value of Schlesinger's study, but rather to point out the problems which it causes. Analyzing the New Deal as an entity, it is understandable why these problems exist in Schlesinger. The same, however, cannot be said of Ellis Hawley who distinctly concentrated on the New Deal and the problem of monopoly.

According to Hawley, the New Deal's depression program consisted of three distinct, contradictory approaches: a government-sponsored business commonwealth

¹¹Schlesinger, The Politics of Upheaval, p. 235.

exemplified by the NRA, a democratic collectivistic philosophy exemplified by economic planning in the immediate post-Schechter period, and a reversion to anti-trustism exemplified by the Thurmond Arnold movement. Each approach was tried until it proved itself incapable of alleviating the depression and capable of stimulating political opposition.¹² The planning approach, moreover, was utilized in the First New Deal to a degree and was still alive in the Second, particularly in the Department of Agriculture.

The National Recovery Administration, symbol of the business commonwealth for Hawley, was the first formal attempt by the New Deal to use planning in its program to solve the Depression. More the product of conservative business planners like Raymond Moley, Hugh Johnson, and Donald Richberg with some participation by the more intellectual planners like Rexford Tugwell and Jerome Frank, it proved to be ineffective because of internal conflicts and its inability to define a consistent line of policy. Despite its failure to effect expansion or recovery, which was inevitable anyway, the NRA did recognize the "desirability of planning," did accept the "underconsumptionist theory" emphasizing the need for economic balance, and did slightly encourage the growth of strong labor and consumer

¹²Ellis W. Hawley, The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence (New Jersey: Princeton University Press, 1966), p. viii.

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organizations.¹³ In this, it achieved something, although planners like Tugwell were disappointed. This disappointment, however, did not result in despair among the intellectual planners. In the post-NRA period, people like George Galloway, Arthur Dahlberg, Lewis Lorwin, Harold Loeb, Walter Polakov, John Dewey, Stuart Chase, and others continued to emphasize the need for planning. What is more important is that in the Department of Agriculture and the Natural Resources Committee, people like Mordecai Ezekiel, Rexford Tugwell, Jerome Frank, and Gardiner Means were continually developing new planning schemes and programs.

These post-NRA New Deal planners agreed that competition within the economy was fast disappearing, that business price-fixing had caused America's problems, and that anti-trustism was the wrong approach to solve the depression. Although disappointed with the New Deal generally, they still believed that planning was a feasible alternative for American democracy.¹⁴ Their planning proposals usually called for a central board or council to think about national economic problems, to formulate objectives, and to establish central policy guidelines; group or functional representation on policy-making agencies; and a neutral fact-finding secretariat.¹⁵ In

¹³ Ibid., pp. 133-134.

¹⁴ Ibid., pp. 169-186.

¹⁵ Ibid., pp. 174-177.

Ezekiel's Plan for Industrial Expansion, their proposals were given concrete reality in vain because by that time planning was no longer a realistic alternative within the New Deal for political, economic, and ideological reasons. Hawley, in fact, argued that for the same reasons planning had never been a realistic alternative after 1933. Only partial, piecemeal, haphazard planning was possible and only in certain situations and under certain circumstances as illustrated by agriculture, labor, and industries like bituminous coal, oil, and transportation.¹⁶

Hawley's analysis, unlike Schlesinger's, examined New Deal planning thoroughly. Like Schlesinger, though, Hawley's approach to planning was group-conscious and administratively-oriented. In his discussion of the First New Deal, for example, he consistently distinguished between the business planners like Hugh Johnson and Donald Richberg and the intellectual planners like Rexford Tugwell and George Soule. Where the business planners were more conservative in their goals and mechanisms to effect planning, the intellectuals were more liberal. Business planners trusted businessmen and were less inclined to utilize governmental coercion; the intellectuals distrusted businessmen and were more inclined to use the government. A conflict resulted and a spectrum of planners developed

¹⁶Ibid., pp. 272ff.

with those on the right favoring business, those in the middle hoping businessmen would become more socially conscious, and those on the left emphasizing the need for governmental coercion.¹⁷

The inherent weakness in this form of reasoning was Hawley's failure to define those planners within the New Deal and those with no political or administrative connection with it. This is particularly serious in his discussion of the intellectual planners in the First New Deal. Hawley grouped the planning ideas of the Soule's, Chase's, Dewey's, and Beard's, with the Tugwell's, Frank's and Ezekiel's despite their academic, not administrative, ties to the New Deal. In analyzing the Second New Deal, Hawley also implied that people like Ezekiel were in politically significant positions to influence Roosevelt when, in reality, they were not. Finally, Hawley's categorization of the New Deal caused him to discuss sparingly the evolution of planning from March, 1933 to 1938. A good illustration is his detailed discussion of Ezekiel's planning schemes in the post-NRA era with little or no mention of what Ezekiel had been saying in the pre-NRA era. Nor did he compare the Ezekiel program with Tugwell's planning proposals in the First and Second New Deal. Although he recognized the differences among groups of planners, he did little to analyze the differences among

¹⁷Ibid., pp. 44-46.

the planners within those groups, except for the business-intellectual planners of the First New Deal and, then, only slightly. Hawley's approach to the problem of New Deal planning, therefore, was so guided by his general, synthetic categories that he did not adequately resolve the confusion over New Deal planning. Instead of this type of approach, it would have been better to analyze New Deal planning in terms of the individual planners.

The individual approach has at least three distinct advantages. First, it offers an opportunity to examine the specific aspects of planning regarding goals and the mechanisms to achieve them. Second, it offers an opportunity to determine if planning evolved, at least within the individual's thought. For the New Deal years, this is important because what an individual was saying in 1936 and subsequent years may have been clearer and/or different from what he had been proposing in 1933. Third, it provides an opportunity to study the individuals themselves, before, during and after the New Deal. But, particular individual planners may not be sufficiently representative of New Deal planning. To avoid this, the individual selected should be a New Dealer who held a politically significant position, especially in the 1933-35 period when planning was seriously considered as an alternative. In such a position, he would have had Roosevelt's "ear" as well as the opportunity to express his ideas. Also, the individual should have been a consistent advocate of planning before and during the

New Deal. This identified him as a planner and not someone who accepted a program which was popular in the early 1930s. By March, 1933, he would have given much consideration to planning and, probably, had some ideas on how to effect it. Finally, the individual should have attempted to apply his ideas concretely within the New Deal, either on a general scale or in a specific instance. This made him not simply an advocate of planning, but also a practitioner. Conditions such as these certainly limit the choice of New Dealers who represented New Deal planning. Yet, there are at least two New Dealers who satisfy them: Donald Richberg and Rexford Tugwell.

Although other New Dealers like Raymond Moley, Hugh Johnson, and Adolph Berle conceivably satisfy these conditions, substantive problems still exist. In each instance, the primary problem is the lack of papers available. Also, the choice of these men would raise serious questions. Moley, for example, as Assistant Secretary of State, did not have much opportunity to concentrate on planning within the New Deal. In fact, he himself has consistently argued in later writings that planning was not applicable to the United States, but rather socialistic. Hugh Johnson, on the other hand, has been considered a planner because he wanted to recreate the War Industries Board, making it a permanent aspect of the American economic decision-making process. Beyond that, his sophistication as a planner is seriously limited, especially

in view of his actions as NRA director. Berle, finally, has been considered more important for his attempts to define the relationship between business and government than for any planning program and/or mechanism that he devised. Although an expert on business, he never did much in terms of planning. This is not the case, however, with Donald Richberg and Rexford Tugwell.¹⁸

Prolific authors who had grown up in the same political-cultural environment, they showed marked similarities in their economic philosophy and conceptions of planning (see Appendix). Throughout the 1920s, both were progressive reformers with distinctly anti-business attitudes. Arguing that cooperation, planning, and a stronger federal government were necessary to replace the obsolete laissez-fairism of the 1920s, they were outspoken critics of the Harding-Coolidge-Hoover New Era programs. When the Depression struck, they emphasized similar causes and cures to restore American prosperity. Averse to dogmatism and blue-print planning, they also believed that experimentation was of the utmost importance. By March, 1933, then, they had some ideas and programs to resolve the Depression through planning.

Once in the New Deal, they devoted their efforts to instituting these ideas and programs. As general counsel

¹⁸Moley, The Republican Opportunity, chapter 4; Hugh Johnson, The Blue Eagle From Egg to Earth (Garden City: Doubleday, Doran and Co., 1935), pp. 190ff.

of NRA, chairman of the National Emergency Council, and advisor to Roosevelt in the post-NRA era, Richberg consistently strove to make his planning approach feasible within the New Deal. Tugwell, as a Brains Truster, Assistant and Undersecretary of Agriculture, and director of the Resettlement Administration, pursued his planning program in general and specific areas. In both cases, experimentalism was seen as the key to planning. The National Recovery Administration and the Agricultural Adjustment Administration, moreover, were examples of such experimentalism. They were emergency, temporary planning mechanisms through which the New Deal was learning how to achieve a balanced, planned economy. The Schechter decision, which declared the NRA unconstitutional, therefore, not only destroyed NRA but also hindered this "learning by experience." In the post-Schechter period, they continued to encourage Roosevelt in terms of national planning, but their advice went unheeded despite their support of court-packing. Opposed to anti-trustism, their influence as such declined. They remained proponents of planning, but planning in an American economy that they had known in the 1930s, not the federally-sponsored welfare economy of the post-1945 United States.

Throughout their careers, differences in their planning proposals did exist. While Richberg was ambivalent in defining the role of the government in a planned economy as well as its relation to business, Tugwell was consistently

more inclined to utilize the government in his planned economy. As they drew farther away from the New Deal, those differences between them became more pronounced since both men defined their planning conceptions more thoroughly. But this was not the case in March, 1933. Substantively, their approaches to planning, similar in many respects, remained consciously ill-defined. Both recognized that time was needed for their ideas to develop. But, time was not on their side. By the end of 1935, Roosevelt had turned to another approach to solving the Depression. More importantly, by that time, Donald Richberg and Rexford Tugwell had been cast in a certain stereotype that affected not only what their contemporaries thought of them, but also what later historians would say about them. And the ones primarily responsible for creating this stereotype were the newspapers of the 1930s.

To the newspapers of the 1930s, few New Dealers seemed as diverse in personality, background, and economic philosophy as Donald Richberg and Rexford Tugwell. They characterized them according to the political preferences of their editors. Some conservative papers and journals pictured Richberg as a "dreamer of dreams," a crusader whose extreme ideas gave ". . . shivers to apostles of the older, individualistic order."¹⁹ He was a communist working

¹⁹Ray Tucker, "Gusty Crusader," Collier's (December 2, 1933), 24 in Donald R. Richberg papers, Library of Congress (LC), Box 51.

within the government, and one who was threatening to destroy the American capitalistic structure.²⁰ A radical, he typified the Rooseveltian entourage.²¹ More reliable conservative papers were not so certain as to the validity of these charges. Enamored with Richberg's alleged shift to a more conservative policy in NRA, they saw him as ". . . suave, able, cautious and popular. . . ." A philosophic liberal, he sought to create a balanced, democratic economy, not a planned, Marxist system.²² Even such liberal journals as The New Republic seemed to accept this characterization, albeit with some disappointment in Richberg's change of heart. An "amicable woodchuck" in appearance, Richberg was praised for his tenaciousness and industry. He was a planning crusader, but one "who cannot permit himself to revolt. . . ."²³ He wanted change and fought for it. For that, he was a plus in the Rooseveltian administration.

²⁰"Commissar Richberg," New York Herald Tribune (July 8, 1933); "Comrade Richberg's Issues Another Threats," Crow's Coast Lumber Digest (April 5, 1935), news clippings, Richberg papers, LC, Box 48.

²¹Richberg papers, LC, miscellany, Box 58.

²²"Suave Richberg Follows Johnson Who Came in Like a Lion," The Washington Post (September 30, 1934), news clippings, Raymond Clapper papers, LC, Box 183; Frank L. Kluckhohn, "Balance, Not Planning, Is Richberg's Aim," New York Times, magazine section (September 9, 1934), p. 3.

²³Jonathan Mitchell, "Grand Vizier: Donald R. Richberg," New Republic LXXXII (April 24, 1935), 301-304.

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Rexford Tugwell, on the other hand, received a more uniform press reception. Where ambivalence characterized Richberg's press reception, Tugwell's was characterized by opposition from left and right. From Mark Sullivan's columns in The New York Herald Tribune to the Saturday Evening Post, Tugwell was painted as the New Deal subversive revolutionary who secretly planned to destroy American capitalism.²⁴ He was the Columbia professor who frightened conservatives and liberals alike.²⁵ His critics, moreover, motivated by their patriotism, tried desperately to convince the public that "Rex the Red," "Tugwell, Rex," "Rex, the Sweetheart of the Regimenters" was dangerous.²⁶ With an

²⁴Bernard Sternsher, Rexford Tugwell and The New Deal (New Jersey: Rutgers University Press, 1964), pp. 337-356. Sternsher's discussion is excellent, especially in identifying Tugwell's critics and the fallacies in their attacks on him. See also T. W. Koch, Telegram, to Franklin D. Roosevelt, February 21, 1935; H. T. Collord to Franklin D. Roosevelt, December 17, 1935; Frederick Sullen to Franklin D. Roosevelt, October 10, 1933 all in Franklin D. Roosevelt papers, Franklin D. Roosevelt Library (FDR Library), Official File 1--Misc. for examples of popular and business reactions to Tugwell.

²⁵"We Shall Make America Over," Saturday Evening Post (October 29, 1938) in Raymond Clapper papers, LC, Box 107; Alva Johnston, "Tugwell, The President's Idea Man," Saturday Evening Post (August 1, 1936), 9. In another article, Tugwell and Richberg are closely identified with one another--Edward Angly, "By Their Words," Saturday Evening Post (February 1, 1936), 36ff. in Clapper papers, LC, Box 107.

²⁶Blair Bolles, "The Sweetheart of the Regimenters: Dr. Tugwell Makes America Over," The American Mercury 39 (September 1936), 77-86 is an excellent example of Tugwell's hostile reception by the press.

arrogant personality which caused him more harm than good, Tugwell tried to placate the press in vain. Even after he announced his resignation, his critics refused to call a cease-fire.²⁷ There were of course some Tugwellian supporters. Ernest K. Lindley, for example, considered him ". . . the philosopher, the sociologist, and the prophet of the Roosevelt Revolution, as well as one of its boldest practitioners." Despite Tugwell's trip to Russia and his unguarded talk, Lindley argued that Tugwell-phobia was asinine because Tugwell was not a dangerous radical, but rather a practical liberal who was trying to reform America.²⁸ Drew Pearson and Robert Allen agreed, arguing that Tugwell's ". . . radicalism ends with his belief that every man should have a home and a garden."²⁹ Unfortunately, no one seemed to listen. When Tugwell submitted his resignation in 1936, The New Republic editorialized that Roosevelt had thrown him to the wolves, thus ending the controversial governmental career of a controversial man.³⁰

²⁷ Paul W. Ward, "The End of Tugwell," Nation 143 (November 28, 1936), 617-618.

²⁸ Ernest K. Lindley, "War on the Brains Trust," Scribner's Magazine XCIV (November, 1933); The Roosevelt Revolution: First Phase (New York: Viking Press, 1933), pp. 304-314; Half Way With Roosevelt (New York: Viking Press, 1936), p. 42.

²⁹ "The Daily Washington Merry Go-Round," n.d., in Henry A. Wallace papers, LC, scrapbooks, reel 41.

³⁰ "Tugwell to the Wolves," New Republic LXXXV (December 25, 1935), 186-187.

Actually, it did not. By 1941, Tugwell returned to government service as governor of Puerto Rico. More importantly, when he returned, the radical stereotype cast on him in the early 1930s still remained to affect what his contemporaries and later historians would think of him. Richberg also was affected, but with the image of a liberal-turned conservative who betrayed his former friends.

Contemporary opinions of both men were influenced by other factors as well, especially the individual's opinion of the New Deal and his personal relationship with the two men. J. Franklin Carter, the anonymous New Deal sympathizer, openly confessed his biases in the preface to The New Dealers. An associate and friend of most of his subjects, he still believed his opinions were trustworthy and valuable.³¹ For him, Donald Richberg was an enigma in the New Deal. A logical choice for general counsel of NRA, he at first frightened conservatives and terrified the Old Guard by declaring the New Deal the "long-awaited revolution." Eventually, though, this Richbergian radicalism unconsciously petered out by 1934 to such a degree that even businessmen told Richberg he was "not an uncouth, hairy agitator." This transformation, in Carter's view, illustrated ". . . the almost inevitable tendency of the

³¹J. Franklin Carter, The New Dealers (New York: Simon and Schuster, Inc., 1934), preface. Carter published the study as being written by an "Unofficial Observer."

aging radical, when entrusted with responsibility and power, to go conservative." Richberg, however, had earned his "vacation from progressivism" since he had done as much ". . . as any one man, not entrusted with political power, could do to advance the principles of liberalism. . . ." Others, like Rexford Tugwell, could and would carry on the crusade.³²

If any New Dealer was misunderstood, Carter believed it was Tugwell. Labelled a Bolshevik, radical, and clever revolutionary, he was genuinely a conservative "who would save the profit system and private ownership of property by adapting them to the technical conditions of the power age." Tugwell was not a utopian of the socialistic stripe nor a dogmatic laissez-fairist. He was as much a collectivist as "J. P. Morgan is a collectivist. . . ." The reason he is seen as such is because he is "too honest" and incapable of keeping his ideas to himself.³³ In short, he was politically naive and, as a result, paid the price of being stereotyped as a radical.

Writing years later, one of the original Brains Trusters took a somewhat different view than Carter. Raymond Moley, disenchanted New Dealer in 1935 who confessedly had turned conservative, saw Richberg and Tugwell in terms of his own political philosophy and view of the New Deal. To him, Richberg was a "sponsor of free

³²Ibid., pp. 38-41.

³³Ibid., pp. 85-91.

enterprise" who, by 1936, shared his own doubts about Roosevelt's anti-business turn, while Tugwell was a statist and a planner who always supported Roosevelt.³⁴ In the First New Deal, Moley believed Tugwell's economic thinking "closely resembled that of the British socialists who as time went on submerged their socialism under the guise of national planning."³⁵ Tugwell, moreover, was impractical and "ignorant of politics." Although he stimulated people "like a cocktail," his ideas were consistently dangerous and alien to the American way.³⁶ For Moley, Richberg the conservative was preferable to Tugwell the radical.

Other New Dealers were not as politically motivated in their preferences for Richberg or Tugwell as Moley was. Samuel I. Rosenman, for example, believed both men were planners and capable individuals within the Rooseveltian

³⁴Raymond Moley, correspondence with author, July 21, 1972. Moley also indicated that he was not sure of any planning ideas that Richberg may have had, although he (Richberg) probably developed some type of philosophy of planning while serving in the NRA. Moley and Richberg became "good" friends according to Mrs. John H. Small, the former Mrs. Richberg (Mrs. John H. Small, correspondence with author, July 26, 1972). This probably affected Moley's opinion of Richberg.

³⁵Moley, The First New Deal, p. 356.

³⁶Ibid., pp. 356-358; Raymond Moley, After Seven Years (New York: Harper and Brothers, 1939), p. 15. James A. Farley, Jim Farley's Story: The Roosevelt Years (New York: McGraw-Hill Co., Inc., 1948), indirectly indicated his agreement with Moley by his actions in the 1936 campaign. He was instrumental in having Tugwell kept silent and out of the campaign. Farley believed that Tugwell usually said too much and frightened people by the way he said it.

administration, although he conceded that Richberg had undergone a change of heart in the mid-1930s.³⁷ Felix Frankfurter, on the other hand, thought neither one was acceptable. Whereas Richberg was "incredibly short-sighted" at times and terribly ambitious, Tugwell was outspoken and "a pain" in the neck.³⁸ Frankfurter preferred a Cohen, Corcoran or Lilienthal within the New Deal since they were his protégés and links with Roosevelt, especially in the Second New Deal. One of his protégés, David E. Lilienthal, ironically had links with these two men.

Lilienthal, Richberg's one-time law assistant in Chicago, had felt a strong affection for his employer of the 1920s. To him, Richberg was a brilliant lawyer with a social philosophy permeating his every action.³⁹ By the

³⁷ Samuel I. Rosenman, correspondence with author, September 28, 1972; Samuel I. Rosenman, Working With Roosevelt (New York: Harper and Brothers, 1952), pp. 145-146. Ironically, Rosenman doubted Moley's influence in the First New Deal--see Samuel I. Rosenman to Rexford Tugwell, January 16, 1969, Samuel I. Rosenman papers, FDR Library, Box 31. A copy of this letter is in Working With Roosevelt, p. 81.

³⁸ For Frankfurter's opinions of Richberg, see Louis Brandeis to Felix Frankfurter, March 25, 1935; Felix Frankfurter to Louis Brandeis, March 15, 1935; Frankfurter to Brandeis, April 27, n.d.; Frankfurter to Brandeis, November 27, n.d. all in Felix Frankfurter papers, LC, Boxes 28 and 29. For his views of Tugwell, see Frankfurter to Brandeis, February 9, 1934; Philip Kurland to Felix Frankfurter, November 11, 1953; Frankfurter to Kurland, November 13, 1953 all in Frankfurter papers, LC, Boxes 29 and 72.

³⁹ David E. Lilienthal, The Journals of David E. Lilienthal: The TVA Years, 1939-1945 (New York: Harper and Row, 1964), pp. 14-16.

late 1930s, this was no longer true. Richberg the progressive crusading for labor had transformed into Richberg the business lawyer opposed to labor.⁴⁰ For Lilienthal, he was an ironic disappointment. The same was true of Tugwell. Lilienthal, as TVA director, was a practitioner of planning in the piecemeal, regional sense. It was only natural for him to seek Tugwell's support for his TVA programs. Support, however, was not the reception he received. Tugwell opposed TVA piecemeal planning because, Lilienthal believed, he ". . . never quite understood it; was temperamentally unable to really sympathize with it."⁴¹ Tugwell the national planner could not understand Lilienthal the regional planner nor the entire Brandeisian program of the Second New Deal. The Lilienthals and Brandeisians, in turn, could not understand nor accept Tugwell.

There were, however, other New Dealers who could understand Tugwell and accept him, such as Harold Ickes and Jerome Frank. Honest Harold, outspoken and irascible, considered Tugwell a "man of real vision and ability," although an incompetent executive.⁴² Like Carter, Ickes believed Tugwell was continually under attack because he did not "guard himself" carefully in what he said and did. He was not a radical, but a reformer who, like Ickes,

⁴⁰Ibid., pp. 104-106.

⁴¹Ibid., p. 480.

⁴²Harold Ickes, The Secret Diary of Harold Ickes: The First Thousand Days, 1933-1936 (New York: Simon and Schuster, Inc., 1953), pp. 241, 474-475.

possessed a truly progressive social vision of America's future. Saddened by Tugwell's resignation in 1936, Ickes wanted him to have another chance so much so that he was instrumental in Tugwell's appointment as governor of Puerto Rico.⁴³ Ickes liked Tugwell, identified with him. He neither liked Donald Richberg nor identified with him. Despite their earlier Chicago law partnership, Ickes considered Richberg an untrustworthy, ambitious power seeker who was highly susceptible to flattery. Although an "exalted messenger boy," Richberg in the NRA acted temperamentally and was ". . . likely to go off at half cock." What was do distressing, though, was that Richberg could have been a significant administrator had he not been so vain. In Ickes' view, he caused his own downfall.⁴⁴

Like Ickes, Jerome Frank believed that Richberg's appointment as general counsel of NRA showed much promise initially, but, eventually, became a bitter disappointment by 1935. Richberg, too susceptible to flattery, let Johnson "overawe" him. He also refused to accept responsibility to make his own decisions. The result was his own inevitable

⁴³Harold Ickes, The Secret Diary of Harold Ickes: The Lowering Clouds, 1938-1941 (New York: Simon and Schuster, Inc., 1954), p. 6; Harold Ickes to Franklin D. Roosevelt, July 28, 1941, Franklin D. Roosevelt papers, FDR Library, Official File 6-S.

⁴⁴Ickes, The First Thousand Days, pp. 210, 220-221, 375.

downfall.⁴⁵ Tugwell, however, was quite different.

Decisive and self-reliant, he was the Harry Hopkins of 1932-1933.⁴⁶ Tugwell was a reformer who understood the changes in American capitalism and tried to do something about it. Unfortunately, no one, not even in the Department of Agriculture, would let him.

Whether they agreed or disagreed with Frank, each of the above-mentioned contemporaries of Richberg and Tugwell had one aspect in common--they all were influenced by what the news media had said of these two men. Their own general positions on the New Deal and their personal relationships with both men also affected them but in such a way that they still either defended and/or attacked the men in the stereotypes which had been already established. More importantly, these contemporary opinions affected what later historians would say about planning, the New Deal, and these two individual planners.

Generally, historians have treated Richberg and Tugwell in a characteristic fashion. Discussing them sparingly, they have continued to utilize the stereotypes in either offensive or defensive manners. Donald Richberg,

⁴⁵Jerome Frank, "The Memoir of Jerome Frank," Oral History Research Office, Columbia University, pp. 29-34. H.L. Rogers also agreed with Ickes and Frank, see Lindsey Rogers, "The Memoir of Lindsey Rogers," Oral History Research Office, Columbia University, p. 90.

⁴⁶Frank, "The Memoir of Jerome Frank," pp. 25 and 143.

not as popular as Tugwell, is usually seen as the conservative, Bull Mooser who betrayed his earlier liberal inclinations. Sometimes he is recognized as a planner, sometimes he is not. Tugwell, however, is consistently seen as a planner, although some historians believe him to be radical, while others feel he was not so radical. Tugwell's popularity has even increased almost in proportion to the decline of Roosevelt's, particularly with the New Left historians of the 1960s. This was not always the case, however.

According to Barton Bernstein, the liberal historians of the 1950s and early 1960s, Arthur Schlesinger, Frank Freidel, William Leuchtenburg, and James M. Burns (political scientist) "wrote from a liberal democratic consensus viewpoint."⁴⁷ Generally favorable to the New Deal, they argued that Roosevelt had replenished democracy, rescued the federal government "from the clutches of big business," and redistributed political power within the American system.⁴⁸ Their disagreements centered on the degree of the New Deal's success as well as Roosevelt's responsibility for that success. They also disagreed

⁴⁷Barton J. Bernstein, "The New Deal: The Conservative Achievements of Liberal Reform," in Barton J. Bernstein, ed. Towards a New Past: Dissenting Essays in American History (New York: Vintage Books, 1967), p. 264.

⁴⁸Ibid.

somewhat in their characterizations of Richberg and Tugwell.

Freidel, Burns, and Leuchtenburg believe that Tugwell was a radical planner who advocated the "drastic overhauling of the economic system," while Richberg, only in Leuchtenburg's case, was a conservative Bull Mooser who never had any intention of instituting extensive planning within the American economy.⁴⁹ To them, the dichotomy was clear and definite. Arthur Schlesinger, on the other hand, was not so certain. He argued that Richberg was a planner who could be militant and radical if he were in the mood.⁵⁰ Schlesinger wondered, though, how much of Richberg's radical militancy was rhetoric and how much reality, especially during the early New Deal days.⁵¹ His ambiguous actions while counsel of NRA are difficult to explain. It seemed that Richberg, susceptible to flattery, by late 1934

⁴⁹ Frank Freidel, Franklin D. Roosevelt: The Triumph (Boston: Little, Brown and Co., 1956), pp. 263, 265, 351, 53; James MacGregor Burns, Roosevelt: The Lion and The Fox (New York: Harcourt, Brace, and World, Inc., 1956), pp. 177, 88, 193, 153-154, 372; William Leuchtenburg, Franklin D. Roosevelt and The New Deal (New York: Harper and Row, 1963), pp. 35, 68-69, 84, 85, 197-108, 248, 75-76. Quote is from Freidel, p. 263. Neither Freidel nor Burns analyzed Richberg as a planner.

⁵⁰ Schlesinger, The Crisis of the Old Order, pp. 147, 278, 458; The Coming of the New Deal, pp. 92-93.

⁵¹ Schlesinger, The Coming of the New Deal, pp. 106-107. Schlesinger felt that as Richberg rose in power, he became more insecure (p. 164).

and early 1935, began to listen more to his business friends than the liberals with the result that there was a noticeable change in him to a conservative stance by the end of NRA. He had changed and was inconsistent, while Tugwell remained staunch in his progressivism. Always a consistent planner with well-defined programs, Tugwell demonstrated the fundamental conflict between "the theorist and the activist," one being radical and the other realistic. He was audacious and shocking, but not so radical.⁵² He was essentially a practical planner whose "occasional cockiness or condescension of manner" got him into trouble and eventually caused his own decline.⁵³ In short, Tugwellian planning offered an alternative to Roosevelt, but an unacceptable alternative as long as Tugwell proposed it. Schlesinger thereby placed the responsibility on Tugwell, not Roosevelt. New Left historians, especially Howard Zinn and Paul Conkin, have reversed this.

Unlike the liberal historians of the late 1950s and early 1960s, New Left historians are quite critical of Roosevelt and the New Deal. They generally agree that Roosevelt was too conservative to institute the radical measures necessary to have made America more democratic, that the New Deal failed to help the underprivileged groups

⁵²Schlesinger, Crisis of the Old Order, pp. 196ff. and 400.

⁵³Schlesinger, Coming of the New Deal, pp. 351, 360-361.

in American society, and that Roosevelt simply restored the undemocratic capitalistic structure which had existed before 1929. More importantly, they also agree that Tugwell knew what had to be done since he was the only true radical in the New Deal. He was a "bold advocate of national planning" which was designed to help the lower-income groups.⁵⁴ An embittered reformer, he also pointed the way to recovery and a new America. But, Roosevelt was too conservative in his philosophy and experimentalism to heed his advice. In Tugwell's thinking, ". . . there were faint echoes of technocracy, a hint of a corporate state, and a near arrogant contempt for such traditional values as competition, small economic units, and free simply property . . ." which caused Roosevelt to ignore Tugwell's designs for America. It was Roosevelt's fault, not Tugwell's, for not employing planning on a grand scale. Roosevelt, not Tugwell, therefore, failed to achieve a better American Society.⁵⁵ The alternative was there, but Roosevelt refused to accept it.

What the New Left historians like Zinn and Conkin are saying is that they prefer the radical Tugwell to the conservative Roosevelt. They have exaggerated Tugwell's

⁵⁴Howard Zinn, ed., New Deal Thought (New York: Bobbs-Merrill Co., Inc., 1966), p. xxii. For the most part, the New Left completely ignores Donald Richberg.

⁵⁵Paul Conkin, The New Deal (New York: Thomas Y. Crowell Co., 1967), pp. 32, 39.

role in the New Deal as well as the pervasiveness of his planning programs. Without verifying their hypotheses, they seem simply to have reacted to the favorable analyses of the liberal historians. And, they have accomplished this without analyzing Tugwellian planning in any detail. In this last respect, Ellis Hawley is accountable too.

Obsessed with categories and labels, Hawley described Richberg and Tugwell in terms of the "typical" business planner and the "typical" intellectual planner. He did not analyze either man's planning conceptions individually or in any detail. Instead, he simply characterized them. Whereas Richberg was a conservative business planner who "stood essentially for a policy of business-government cooperation, under which the government would aid businessmen in planning and coordinating their future activities," Tugwell was an intellectual planner who favored strong governmental supervision of the planning function out of distrust for businessmen.⁵⁶ Did both men consistently support these programs? Did their planning ideas evolve before, during, or after the New Deal? Were their programs substantively operational in March, 1933 or thereafter? Hawley does not answer since his categorization prevents him. And, by refusing to do so, he not only failed to resolve the confusion over New Deal planning, but he also

⁵⁶Hawley, pp. 45-46, 401-402. The latter pages are the location of the quote.

failed to step beyond the stereotypic labels which these two New Deal planners had been shackled with. Fortunately, at least two historians have not failed to step beyond this labelling process: Bernard Sternsher and Thomas Vadney. Biographers of Tugwell and Richberg respectively, they specifically directed their analyses to dispelling the myths which surrounded these men.

According to Sternsher, Tugwell was neither a socialist nor a communist, but rather a democrat who ". . . criticized the capitalistic system not because he wanted to destroy it, . . ., but because he wished to improve it." His proposals were in the pragmatic-idealistic American tradition.⁵⁷ His critics, however, people like Alva Johnston, Frank Kent, David Lawrence, Mark Sullivan, and Blair Bolles deliberately created a distorted image of him.⁵⁸ They believed Tugwell was the clever revolutionary in the New Deal who was seeking to overthrow the American Capitalistic system and, as such, they felt compelled to warn the American public about him. Despite their false accusations, Tugwell was eventually forced to resign in 1936 and to go through life with this image of a radical. As for his planning and collective proposals, Sternsher argued that there was simply ". . . no apparatus available in the 1930s for executing a collectivistic scheme in the

⁵⁷ Sternsher, p. 400.

⁵⁸ Ibid., pp. 337-356.

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general interest" and Tugwell knew it.⁵⁹ Such a scheme required popular acceptance, careful pre-planning, and competent personnel, none of which were available at that time. Time would make them operational, but time was one ingredient lacking in Tugwell's program. Tugwell the planner, in short, was an idea man with limited influence.

Although Sternsher adequately dispelled the myth of Tugwellian radicalism, his treatment of Tugwellian planning leaves something to be desired. Not only did he fail to analyze Tugwell's planning programs chronologically, but he also simply assumed that they were always substantive and complete, even in March, 1933. He did not recognize the evolution of Tugwellian planning. This is understandable, though, since his primary interest was a political biography of Tugwell the New Dealer, not an economic analysis of Tugwell the planner. The same is true of Vadney's biography of Donald Richberg.

According to Vadney, Richberg's story was not simply the story of a liberal who turned conservative, but rather ". . . that of a persistent faithfulness to outdated concepts of liberalism. . . ." ⁶⁰ Essentially consistent in his Progressive beliefs, Richberg failed to change even though liberalism itself was changing. Ambitious,

⁵⁹ Ibid., p. 400ff.

⁶⁰ Thomas E. Vadney, The Wayward Liberal: A Political Biography of Donald Richberg (Kentucky: University Press of Kentucky, 1970), p. ix.

personally insecure, and susceptible to flattery, he became a tragic figure in a world he no longer understood. His planning proposals, moreover, were conservative and business-oriented. Designed to achieve a business-government commonwealth, they relied more on business as the motivating partner than government. They were in brief what Hawley called typically conservative planning programs.⁶¹

Not as impressive as Sternsher, Vadney's biography of Donald Richberg is disappointing in two respects. First, his explanation of Richberg's political development is unoriginal and polemical.⁶² Instead of approaching his subject in a novel framework, he tried to answer other historians' charges. Also, Vadney, by presenting his psychological analysis of a Richberg who needed recognition, tends at times to sound like Richberg. This is most clearly illustrated by his reliance on Richberg's autobiographies. Second, and more serious, Vadney accepted Hawley's analysis of New Deal planning without any reservations. There was no attempt to analyze Richbergian planning chronologically or on its own. What Vadney has done here is not fundamentally different from what other historians have done in their discussion of New Deal planning.

⁶¹Ibid., pp. 170-181.

⁶²Christopher Lasch, "Donald Richberg and The Idea of a National Interest" (M.A. thesis, Columbia University, 1955).

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Concentrating on either a group approach to planning or a administrative one, historians have not adequately resolved the confusion over planning which existed in the 1930s. Only an individual approach can do this, as for example, in the case of Donald Richberg and Rexford Tugwell. And, that is what this dissertation is attempting to do. In the following pages, it raises some old and new questions about New Deal planning, specifically did planners like Richberg and Tugwell propose substantive programs to achieve a planned economy?; did their planning ideas evolve before, during, or after the New Deal?; and, was planning an operationally feasible alternative in the 1930s, especially in the years 1933-1935? In answering these questions, moreover, it offers some old and new explanations, specifically that planning was not operationally feasible for substantive reasons; that Richberg and Tugwell were consciously vague in the 1930s in terms of their planning ideas; and, that that vagueness caused them to clarify their planning philosophy so much in the post-New Deal period that the Richberg and Tugwell of the 1940s and 1950s were not the same Richberg and Tugwell of the 1930s. In short, it is an individual approach to capitalist planning in the New Deal.

CHAPTER II

THE PREPARATION OF A PLANNER

The dawn of the twentieth-century was an exciting time for the United States. Between the Populist revolt of the 1890s and the normalcy of Warren Harding, change was the keynote of the times, with the old ways of thinking and doing being challenged by the new. Domestically, progressivism was striving to create a more industrially-oriented value system for an America that was technologically advancing. The gospel of efficiency was replacing the classical individualistic creed of the nineteenth-century. Intellectually, institutionalism in economics, pragmatism in philosophy and Taylorism in industrial relations re-enforced this changing character of the American lifestyle. Even internationally, the rationale of change prevailed. The Big Stick diplomacy of Theodore Roosevelt, the dollar diplomacy of William Taft and the missionary idealism of Woodrow Wilson demonstratively informed the Old World what the New World's attitudes toward foreign affairs entailed. World War I, in fact, was a climax in that it enabled the United States to prove in

reality what it suspected in theory--that it was the most powerful nation in the world. It had saved the world for democracy, thereby allowing it to withdraw triumphantly complacent in its accomplishment. By 1920, the United States had matured. Its years of formative change had ended, but not without affecting those, like Donald Richberg and Rexford Tugwell, who had grown up in them.

For both men, these were years in which their political beliefs, social outlook, and economic philosophy developed. Although both grew up in the same political-social milieu, they matured in their own ways. Donald Richberg gradually defined his purpose in life and his function as a lawyer, developed his literary talents, and involved himself in the political arena on the national and local level. By the early 1920s, the basic rudiments of his planning conception were visible. Rexford Tugwell, ten years younger than Richberg, on the other hand, matured in a different fashion. His life centering in academia, he had little practical experience in the world. He was neither as politically active as Richberg nor as productive in his writings. Still, by the early normalcy years, he too had begun to develop his planning approach. His academic life introduced him to institutionalism, pragmatism, and Taylorism all of which later exerted a profound influence on his thinking. These intellectual influences affected him in much the same way as Theodore Roosevelt's progressivism affected Richberg. In both cases, their

preparations as planners were well under way. Both had begun to question the existing industrial system; both had displayed an anti-business attitude; and both had recognized the need for instituting planning in the American economic process.

Donald Randall Richberg was born on July 10, 1881 in Knoxville, Tennessee.¹ His parents, John C. Richberg and Eloise O. Randall, were strong-willed individuals with reformist inclinations. Serving a short time in the Civil War, his father later became a lawyer of some influence in Chicago. A "militant reformer," he was responsible for eliminating Bible reading in the public schools as well as bringing the compensation of women teachers up to the level of men while a member of the Board of Education. His reformism was tinged, however, with an ambition to make money. Inheriting a "small fortune" from his father, John Richberg invested his time and money in a zinc mining and smelting operation in East Clinton, Tennessee. Within two years, however, the operation failed. With little money left and with the added responsibility of taking care of his wife and new-born son Donald, he returned to Chicago where he rebuilt his law practice with businessmen and the

¹Donald Richberg papers, Chicago Historical Society (CHS), "Data Reference," Box 1; Donald Richberg, My Hero: The Indiscreet Memoirs of an Eventful but Unheroic Life (New York: G. P. Putnam's Sons, 1954), p. 10.

city of Chicago as clients.² As his practice prospered, family problems developed.

Eloise Randall Richberg had been content as a housewife and mother while her husband solidified his law practice. A proud and independent woman, she inherited a reformist inclination from her mother who was a militant reformer in her advocacy of women's rights. As a doctor, she instilled in her daughter, Eloise, a desire to follow her in the medical profession. By the time John Richberg revitalized his law practice, Eloise decided that the time had come to fulfill that life-long dream. Although in her fifties, she entered medical school and completed the prescribed four-year course. Eventually, she established her own practice in Springfield, much to the dismay of her proud husband who believed his wife's activities gave the impression that he could not support her. To dispel any suspicion of this, she moved to San Francisco, California and established a new practice. The physical separation from his wife, the mental strain caused by her ambition, and his working too hard gradually resulted in a paralyzing stroke in 1909. Eloise immediately gave up her practice so as to nurse her husband back to health.³ Their difference of opinion had been resolved, but not without affecting their young son, Donald. The clash of his two strong-willed parents was indicative of the family environment in

²Richberg, My Hero., pp. 9-11. ³Ibid., pp. 11-15.

which he matured. Independence, individuality, marital understanding--these were the values instilled in him by his parents.

As a youth, Donald Richberg had been something of a prodigy. Learning to read at an early age, he exploited every opportunity to demonstrate his ability. In grammar school, his intellectual superiority, bordering on arrogance, resulted in his being advanced one year so that he graduated shortly before his twelfth birthday. Entering high school, the young prodigy gradually transformed into an average student partly because of his age and physical appearance. In later years, Richberg indicated that he felt uncomfortable and could not, as a result, excel.⁴ By the time he entered the University of Chicago in 1897, however, he had grown physically and mentally. College life would prove to be a more pleasant experience.

For Richberg, college was more a social event than an academic endeavor. He concentrated only on those subjects, such as English and history, which interested him. He enmeshed himself in extracurricular activities, such as sports and glee club, so much that he cut classes and chapel services frequently. Fortunately, by the time he was to graduate, the faculty waived a special requirement for students like him who believed attending chapel and class were

⁴Ibid., pp. 16-18.

only secondary concerns of the student.⁵ Like most college students, though, Richberg found time to philosophize about life in general. Together with other "flaming youths," he considered "questions of abstract right and wrong, debating about creation and evolution and God and eternity." Years later, Richberg described these encounters as the rumblings of "healthy young materialists, just beginning to question the value of ideas that had come with mother's milk and father's money."⁶ He had, in other words, begun to mature and one of the first signs of that maturing was his decision to follow in his father's footsteps. In 1901, he entered Harvard Law School.

Richberg had chosen law as his profession to satisfy his father. Graduating in 1904, he began his practice in his father's law firm. Although he felt law was more his livelihood than his ambition, his decision to be a lawyer started his life-long search to define the function of the lawyer in society.⁷ By working in his father's firm, moreover, he gained his first access to the world of politics. In the early 1900s, his father's firm

⁵H. P. Judson to William Rainey Harper, May-June, 1901; Harper to James Tufts, May 21, 1901; Tufts to Harper, June 7, 1901, The President's Papers, 1889-1925, University of Chicago Library, Donald Richberg Folder; My Hero, pp. 18-20.

⁶Donald Richberg, Tents of the Mighty (Chicago: Willett, Clark and Colby, 1930), pp. 11-12.

⁷Donald Richberg to Dr. Harper, October 20, 1904, Donald Richberg papers, LC, Box 1.

represented both private and public interests. It represented "coal companies, insurance companies, newspapers, department stores, estates, and individuals both rich and poor" as well as serving as counsel for the city treasurer and the Board of Assessors.⁸ Donald Richberg was particularly interested in the latter since it involved political and moral issues. He saw the darker, inefficient side of public administration and the parasitic, efficient operations of big business at close hand. Profoundly affected, he gradually concluded that "government and politics should be a cleaner, sweeter thing than it seemed to be."⁹ The one governmental activity which especially caused him to reach this conclusion was the relationship between the city treasurer and the banking institutions in Chicago.

In the early 1900s, the city treasurer was "legally permitted to retain the interest on public funds as compensation for his services. . . ." Although the treasurer would pay his own office expenses, he still could make sizable profits by making agreements with those banks in which the public monies were deposited. The most disheartening aspect of the whole affair was that Richberg as a lawyer had to be the watchdog of the treasury as well as the protector of his client's interests. He felt that the

⁸Richberg, Tents of the Mighty, p. 18.

⁹Richberg, My Hero, p. 31.

law firm was engaged "in efforts either to milk the public or to protect it . . ." and, as a young lawyer, he was not pleased with the situation.¹⁰ Eventually, he began to develop an anti-business attitude tinged with reformism. This was not a sudden nor all-encompassing concern, however. Richberg was still more interested in "nights of smoking and drinking and dancing . . ." than in serious reform efforts.¹¹ From 1904 to 1909, he was concerned with the amenities of life, writing only periodically. As a member of the Quadrangle Club, the faculty club, and an ardent tennis player, he developed intimate associations with the physicists Michelson and Millikan as well as such literary notables as Robert Herrick, Robert M. Lovett, and William Vaughn Moody. His friendships with Michelson and Millikan were particularly important because they affected his economic thinking. As his planning conception developed, he began to emphasize the need for scientific research and the use of experts in understanding the complexities of the economic process more as a result of these associations than any detailed, formal training in institutionalism or Taylorism.¹² What happened in this respect was typical of

¹⁰Richberg, Tents of the Mighty, pp. 14-16; My Hero, p. 30.

¹¹Richberg, Tents of the Mighty, p. 20.

¹²Richberg, Tents of the Mighty, pp. 20-21; My Hero, p. 31.

Richberg. Affected by friendship, he based his economic ideas, especially on planning, more on his practical experience as a lawyer than on any formal educational training. He was, in short, continually utilizing John Dewey's pragmatic approach to education without consciously recognizing it.

In 1906-1907, Richberg published articles on the corporation which were symptomatic of his growing concern with business. Unlike the then-current Rooseveltian method of handling corporations, he proposed the imprisonment of offending corporations as his solution. Since corporations were capable of committing crimes, they should be treated as criminals and punished accordingly. The punishment would entail placing the guilty corporation in receivership and under governmental control. All financial assets would be frozen, although the government would be permitted to use those assets for the public benefit. The effects of such a drastic treatment would, in his view, be highly beneficial. Commercial offenses would decline; the influence of corporate investors upon corporate management would increase; and, the public interest would be served.¹³ Coerced by the government, the corporation would be a more socially-conscious institution in the economic process.

¹³ Donald Richberg, "Why Should Not Corporations Be Imprisoned?" and "The Imprisonment of Criminal Corporations," in The Imprisonment of Criminal Corporations (August, 1907), pp. 3-9, 20-32, Richberg papers, LC, Box 5.

Thinking of correcting these economic abuses through governmental action, Richberg still had not defined his own purpose in life, whether as a lawyer or reformer. By 1911, though, he resolved that difficulty. His law practice, marital difficulties, and growing disillusionment with big business resulted in his taking a more active part in politics. Reform was going to give his life meaning as well as to help him correct the inequities he saw.¹⁴ Richberg's first political activity occurred on the local level. In 1911, he supported the progressive Charles E. Merriam in the Chicago mayoralty race. Professor Merriam won the Republican nomination, but lost the election. Despite Richberg's plea to start a third party movement, Merriam's campaign manager, Harold Ickes, established the Progressive-Republican League of Illinois.¹⁵ In 1912, Richberg agreed to run for the state attorney's office on this ticket. He believed that it had been run inefficiently and was too dependent on other county and city officials. In his opinion, the office needed a man who would be in "absolute control of the office" and who would serve as "the chief investigator and administrator" of the public. In short, the attorney would have to be a representative of the

¹⁴Thomas Vadney, The Wayward Liberal, p. 15; Richberg, My Hero, p. 29.

¹⁵Vadney, The Wayward Liberal, p. 18; My Hero, p. 36.

public, not simply a spoils politician.¹⁶ Although he lost the election, it did serve a twofold purpose. First, the election provided him with an opportunity to express his political reform views openly. Also, the election signified Richberg's gradual resolution of his problem of defining the lawyer's function. He made it clear that the lawyer was to serve the public, not business. He was to exercise independent moral judgments whether or not they supported his clients' interests. And, he was to serve the law whether or not it supported the objectives of his business clientele.¹⁷ Richberg the lawyer had been transformed into a political reformer.

Politics was not the only medium through which Richberg expressed his criticism of business and reformist ideas. He also used the literary genre to achieve this objective. In 1911, he published a melodramatic story of a man who suffered at the hands of big business. Strongly anti-business, The Shadow Men attempted to explain "the devious activities of so many so-called captains of industry. . . ."¹⁸ They were the ones lurking behind the

¹⁶Donald Richberg to Dr. Judson, n.d., The President's Papers, 1889-1925, University of Chicago Library, Donald Richberg folder, Tents of the Mighty, p. 22; My Hero, p. 38.

¹⁷See Donald Richberg, "The Lawyer's Function," The Atlantic Monthly (October 1909) for an earlier statement of these views.

¹⁸Donald Richberg, The Shadow Men (Chicago: Forbes and Company, 1911); quote is from My Hero, p. 40.

scenes, exploiting and victimizing the innocent. These evil men were the representatives of the "bad ideals" which the American people had fostered. To Richberg, it was not simply big business which was culpable, but the commercial philosophy on which they based their activities. Instead of upholding the ideal of service, this philosophy epitomized the "thief ideal," or the belief that to take more than one gives is desirable and acceptable. Change would follow only when the service ideal replaced the thief ideal.¹⁹ Here, Richberg was not simply expressing his own purpose in life, but also the temper of progressivism. Newton Baker and Theodore Roosevelt were especially pleased with the novel because it expressed the progressive faith so well.²⁰

In his second novel, Richberg expressed this faith again. In The Dark was a romantic adventure story in which he moralized about love, marriage, and life in general, while also commenting on the evils of big business.²¹ In this instance, Richberg did not offer any optimistic prognosis for the future primarily because he had used the

¹⁹Donald Richberg, The Shadow Men, pp. 301-304.

²⁰Newton D. Baker to Donald Richberg, October 7, 1912, Richberg papers, CHS, Box 1; Theodore Roosevelt to Donald Richberg, September 28, 1917, Richberg papers, LC, Box 1 and unprocessed materials. The Roosevelt letter is also located in Richberg papers, CHS, Box 1.

²¹Donald Richberg, In The Dark (Chicago: Forbes and Company, 1912), pp. 262-263.

novel for personal fulfillment rather than some reform crusade. Within a short time, though, he did become involved in a national reform crusade because the year he published his novel was also the year when Theodore Roosevelt decided to battle for the Lord.

The 1912 presidential election was a watershed in Richberg's life. It launched him into the national political arena, committed him to a reformist political philosophy, and opened up new vistas for his law practice. Richberg was not originally impressed by Roosevelt, considering him the "Apostle of the Obvious" who could not "leave the Bible and the Lord" out of the political campaign of 1912.²² But this attitude changed quickly to one of admiration and respect. For him, Roosevelt seemed to express more accurately the sentiments of the people than "the evangelic Bryan, the uncompromising LaFollette or the erudite Wilson." Although Roosevelt's progressivism was not well-defined as to the means to achieve its objectives, it still offered an acceptable alternative with its demands to curtail special privileges and end political favoritism.²³ It accepted the fundamentals of the existing system and did not attempt to revolutionize what America had traditionally

²²Richberg, Tents of the Mighty, p. 31; My Hero, p. 44. Richberg said that he became a Progressive "not because of Roosevelt, but at the outset almost in spite of Roosevelt." Quote is from My Hero, p. 45.

²³Richberg, My Hero, pp. 43-45.

stood for. It was a reform movement, not a revolutionary upheaval. But, in seeking reform, Richberg later felt that progressivism, particularly the Bull Moose brand, limited itself. Its proposed legislative changes sought to compel men to be good and mindful of the general welfare. It tried to alter men's natures and, for him, that was not possible.²⁴ Effective reform dealt with institutions, not men. In 1912, though, few people realized this. Even Theodore Roosevelt, who was "practical, impatient of Utopians, (and) annoyed by panacea promoters," did not. He too, as far as Richberg was concerned, still "dreamed great dreams."²⁵

The defeat of Roosevelt and the Bull Moose party did not dishearten Richberg. He had had "little expectation of electing Roosevelt" in view of the Republican party split. Instead, the election returns stimulated Richberg and other Progressives to carry on their campaign. Between 1912 and 1914, the party concentrated on building a "grass-roots, organizational level" from which to operate. To achieve this, a Progressive National Service was established and Richberg, as a reward for his 1912 campaign services, was appointed director of the Legislative Reference Bureau in New York. Designed as an educational and legislative arm

²⁴Ibid.; Tents of the Mighty, pp. 34-36.

²⁵Donald Richberg to Editor of the Chicago Tribune, February 9, 1922, Richberg papers, LC, Box 1; Richberg, "New Stories of Roosevelt," The Daily News (February 6, 1919), p. 6 in Richberg papers, LC, Box 5.

of the party, the Bureau prepared model legislation and issued propaganda for mass consumption.²⁶ With one assistant, Richberg prepared bills on such items as child labor, workman's compensation, the eight-hour day, tariffs, and the trust question. Typical of Rooseveltian progressivism, these bills also expressed Richberg's evolving economic beliefs.²⁷

For Richberg, business consolidation was inevitable. Without it, the American economy would not progress, although, with it, the problem of monopoly became a paramount issue. Rejecting the Brandeisian, small-unit approach, he preferred to resolve the question by having the federal government assume a stronger position vis-à-vis big business. The President and Congress, not the Court, moreover, had the authority to effect this by utilizing the "police power" clause of the Constitution.²⁸ He believed the federal government could coerce business into being more socially conscious by imprisoning offending corporations, as he suggested earlier, or by establishing a Federal Trade Commission with sufficient power to prevent unfair

²⁶Vadney, pp. 21ff.

²⁷Donald Richberg papers, LC, "Subject File: Political File," Box 41.

²⁸Donald Richberg, "The First Law," circa 1914; "The Guarantee of Freedom," circa 1915; "Constitutional Growth Through Recall of Decisions," The Annals (March 1914), 25-36 all in Richberg papers, LC, Box 5.

competition and monopoly, or by utilizing experts and scientific techniques when dealing with such problems as the tariff.²⁹ All that was necessary was for the federal government to accept this responsibility. And, that was what the Progressives would do if elected. The only problem here was to elect these Progressives and to do that, the party needed money and man-power. Richberg was practical enough to realize that his Legislative Service was "wasting a good deal of money" that could have been used to garner votes, although he also felt his job of educating the public was still important.³⁰ In 1914, Progressive party leaders disagreed and, as a result, Richberg's Bureau was abolished for financial reasons. Without a job, his only recourse was to return to Chicago.

On his return, Richberg re-joined his father's law firm and continued his political activities on the local level. He supported Raymond Robins' campaign for the Senate, opposed William Hale Thompson's election as mayor, and even unsuccessfully sought a judgeship for himself.³¹ In 1915, he was appointed Special Counsel for the city of Chicago in gas matters, an appointment that would involve him in public utilities matters for some time. The local concerns, however, did not stifle his interest in the Progressive party and its future. In 1915-1916, he

²⁹Richberg, My Hero, p. 52. ³⁰Ibid., p. 54.

³¹Richberg, Tents of the Mighty, pp. 52-54.

sustained his relationship with Theodore Roosevelt, supporting Roosevelt's preparedness position as well as encouraging him to seek the Presidency again on the Bull Moose ticket. Although Richberg knew Roosevelt would not run again, he did not blame him for the party's disintegration.³² George Perkins and others, in his view, were the culprits.

Richberg never was pleased with Perkins' relationship with the Progressive party, since he usually disagreed with him on policy and since Perkins was identified with big business interests.³³ In 1916, Perkins had decided to fuse the Bull Moose party with the Republicans and support Hughes' nomination because he felt Roosevelt was no longer a popular leader. People like Richberg and Harold Ickes disagreed, however. They believed Roosevelt was popular and that fusion meant disaster for their third party independence. At the Progressive convention, then, the Ickes-Richberg forces were able to garner enough support to assure Roosevelt's nomination. But, their efforts were in vain. Roosevelt refused the nomination and supported

³²Donald Richberg to Theodore Roosevelt, September 1, 1915; Richberg to Roosevelt, November 5, 1915; Richberg to Roosevelt, November 21, 1915 all in Theodore Roosevelt papers, LC, reels 201, 202, and 216; Theodore Roosevelt to Donald Richberg, September 4, 1915; Richberg papers, LC, Box 1 and unprocessed materials.

³³George Perkins to Donald Richberg, December 18, 1913, Richberg papers, LC, Box 1 is a good example of their strained relations.

Hughes.³⁴ Progressives like Richberg and Ickes had, therefore, little choice but to follow Roosevelt's lead which they "reluctantly" did. In Richberg's view, Roosevelt's decision was simply the coup de grâce since the Bull Moose party had been "desperately ill" from 1914 on. There was little anyone could do to save it.³⁵ Besides, Richberg believed Wilson had already instituted many of the Progressives' legislative proposals. With "jealous eyes," he had watched Wilson create a tariff commission, a federal reserve system, and a federal trade commission. The Second New Freedom, moreover, was just as beneficial in its legislation promoting "the welfare of wage-earners," protecting merchant seamen, and prohibiting child labor.³⁶ Even Wilson, however, stopped being progressive by 1917. The World War had arrived and its effects would be devastating.

³⁴Harold Ickes, "Who Killed the Progressive Party?" American Historical Review 46 (January 1941), 308-322; Donald Richberg, Who Wins in November? The "Inside Politics" That Will Decide The Presidency in 1916 (Chicago: Frederick J. Drake and Co., 1916), pp. 57-70.

³⁵Richberg, Who Wins in November?, pp. 59-61.

³⁶Richberg, Tents of the Mighty, p. 64; My Hero, pp. 80-84. Another reason why Richberg liked Wilson was that he was considered for a seat on the Federal Trade Commission by the President. See Donald Richberg to David A. Robertson, Esq., June 6, 1917, the President's Papers, 1889-1925, University of Chicago Library, Donald Richberg folder. Theodore Roosevelt disliked the idea. See Theodore Roosevelt to Donald Richberg, July 31, 1917, Richberg papers, LC, unprocessed materials.

In many respects, World War I stimulated Richberg's thinking about industrial relations. Serving as a patriotic speaker, he "absorbed all the propaganda put out from Washington," some of which, he later wrote, "was reliable and some mere fiction. . . ." ³⁷ What impressed him most, though, was the powerful position big business occupied in the war effort. Enjoying enormous profits, big business showed little or no concern for the laborer. Their actions toward him reflected the need for some form of union protection as well as some form of business re-organization. Business exploitation had to be stopped, although he believed neither socialism nor anarchism offered an acceptable alternative. ³⁸ Instead, Richberg preferred a "democratization of industry" to achieve a more equitable system of industrial relations.

In Richberg's opinion, the War had established authoritarianism in industry in its reliance on such agencies as the War Industries Board. This authoritarian character undermined the position of labor and he feared that it might become permanently instituted once the war ended. To avoid this, he proposed democratizing industry internally so that the equality of management and labor would be recognized. If accomplished, business-government

³⁷ Richberg, My Hero, p. 92.

³⁸ Donald Richbert to J. Ogden Armour, Esq., December 3, 1917; Donald Richberg to J. Ogden Armour, December 15, 1917 both in Richberg papers, LC, Box 1.

relations would be more harmonious and less autocratic on either side.³⁹ The weakness, however, in his plan was the lack of specificity as to how to achieve this democratization. He tried to rectify this problem somewhat in 1919 when the Industrial Conference was in session.

In late 1919 and early 1920, Richberg carried on a short-lived, yet revealing, correspondence with Herbert Hoover who had expressed his views on industrial re-adjustment in a short article in the Saturday Evening Post. Emphasizing the need to accomplish American industrial re-adjustment along the lines of America's traditional values, Hoover rejected European socialism and industrial nationalization arguing instead that American individualism and competitive beliefs offered a more plausible alternative. Industrial relations would be equitably re-created once those values were re-instituted in the economic decision-making process.⁴⁰ Richberg disagreed, especially with Hoover's stand on the union.

Richberg believed the American industrial system was not conducive to labor's interest. The workingman was at the mercy of big business which exploited him and

³⁹ Donald Richberg, "The Democratization of Industry," New Republic (May 12, 1917), 49-51 in Richberg papers, LC, Box 5.

⁴⁰ Herbert Hoover, "Some Notes on Industrial Re-adjustment," Saturday Evening Post 192 (December 27, 1919), in Richberg papers, CHS, Box 1.

prevented him from receiving his "just reward."⁴¹ The government, moreover, did little or nothing to alleviate this situation. Whatever labor laws existed were made in the courts and the courts had consistently interpreted those laws at labor's expense.⁴² In this situation, the worker had little alternative but to submit. He could not even seek the support of his fellow laborers since the American working force had not yet "become a permanent class." Lacking a class consciousness, each worker still hoped to become "the bourgeois, the organizing executive, or the capitalist of tomorrow."⁴³ The union was successfully combating this mentality, but only gradually. Throughout World War I, it had utilized the strike successfully to achieve some practical gains, but, in doing so, it also endangered its position in the long run. What the Industrial Conference would do, then, in Richberg's view, would be to determine the fate of the laborer in American industrial relations. And he, as a proponent of labor, felt that labor should receive just treatment.

⁴¹Donald Richberg, "The Fight Against Ignorance," Life and Labor (February, 1918), pp. 32-33ff in Richberg papers, LC, Box 5.

⁴²Donald Richberg, "How Labor Law is Made," The Train Dispatcher (1918), pp. 82-86 in Richberg papers, LC, Box 5.

⁴³Donald Richberg, "Christians and the World at Peace," Life and Labor (December, 1918), p. 265 in Richberg papers, LC, Box 5.

In corresponding with Hoover in January, 1920, Richberg defended labor's wartime strikes as justified. The strike, although "as vicious a weapon as the machine gun," helped the unions combat "a weapon of equal violence in the hands of the employer--the irresponsible right of discharge." More importantly, it was symptomatic of an industrial system that itself was essentially unsound. Instead of cooperation, the "controllers of capital and labor" competed unnaturally within individual industries, thereby hurting their own competitive position vis-à-vis other industrial units in that particular industry. This was what the War proved to be unsound "when natural co-operation, instead of unnatural competition, became necessary for self-preservation." In Richberg's view, the root cause of this unnatural competition had been "the survival of the autocratic theory in industry despite the triumph of the democratic theory in government." State socialism, "essentially reactionary," should not replace this autocratic theory since it would merely institute autocracy in government for autocracy in industry. Rather, the industrial problem of establishing cooperation within industrial units and allowing the competitive nature of the American system to govern industry would be solved only by "creating conditions under which a man's individual interest will be found in rendering his best service to the

community." And, to do this, the internal corporate form would have to be democratized.⁴⁴

Richberg believed there was a disequilibrium of power within the corporation which favored business. In seeking to increase the "interest on the capital invested," business had consistently tried to obtain "the labor investment at the lowest rate of interest." Not only did this cause conflict, but it also failed to recognize that capital and labor "have joint interests" in making the business as profitable as possible. Should labor be given the opportunity to share in the control and profits of the corporation, industrial unity would increase, the cost of obtaining capital would decrease, and the industrial unit would increase its power position within the general economic process.⁴⁵ Harmony and cooperation would then replace conflict and competition. And, the industrial system would be productive and just generally.

Although Richberg believed these results would naturally follow, Hoover was not so certain. He noted a fundamental weakness in this particular program which was characteristic of all of Richberg's programs--it lacked specific implementation procedures.⁴⁶ Richberg believed

⁴⁴Donald Richberg to Herbert Hoover, January 21, 1920, Richberg papers, CHS, Box 1.

⁴⁵Ibid.

⁴⁶Herbert Hoover to Donald Richberg, January 21, 1920, Richberg papers, CHS, Box 1.

that detail, however, was not as important as the principles involved. Accept the principles first, then the details could be worked out, or, at least, that is what he hoped would happen.⁴⁷ In this instance, he did attempt to resolve this problem by being more specific. In his "Outline of Suggested Industrial Reform," he argued that "the principal job of an industrial leader is to attract and organize men into a co-operating machine of production wherein their self-interest will be in the efficiency and profitableness of the business."⁴⁸ Since capital depended on labor, the industrial leader should seek to satisfy labor by representing its interests as well as those of capital.⁴⁹ To do this, the corporation had to be organized democratically so that capital and labor would control the industry in all its aspects. This did not imply socialism in Richberg's view. Instead, it recognized that cooperation and coordination were the natural characteristics of America's industrial system and, as such, had to be instilled in the corporate character. This could only be

⁴⁷ Donald Richberg to Herbert Hoover, January 28, 1920, Richberg papers, CHS, Box 1. Richberg cited the Plumb Plan as an example of what happens to specific programs.

⁴⁸ Donald Richberg to Edward D. Kneass, April 6, 1920, Richberg papers, CHS, Box 1. According to his secretary, Hoover never received a copy of the program.

⁴⁹ Donald Richberg, "Outline of Suggested Industrial Reform," Richberg papers, LC, Box 5. Richberg even suggested federal incorporation for this democratic corporation.

done by establishing two classes of shareholders--capital and labor. Each would receive a proportionate amount of stocks, depending on their contributions. Labor dividends, paid weekly or monthly at a fixed percent, would be paid first and, then, the capital dividends which would be paid "up to the current rate commanded by capital in similar investments."⁵⁰ Whatever dividends remained would be distributed proportionately between capital and labor. In such a corporation, capital and labor would cooperate for production without governmental interference on an extensive scale. The government's role would merely be to assure that capital and labor were justly represented and that the rewards of the industry were fairly distributed. If done properly, strikes would end as would the discriminatory discharge of workers simply because natural competition would be re-established; the anti-social class organization of industry would be abolished; and, efficiency and coordination would provide industrial harmony. In essence, Richberg was proposing inter- and intra-industry planning on a general scale in the American economy. Although still vague in its implementation procedures, his proposal did emphasize the characteristics of planning in its reliance on cooperation, coordination, efficiency, and institutional corporate reform. Within a short time, he even began to call his industrial programs planning programs, defending

⁵⁰Ibid., p. 5.

them as democratic solutions to the problems of the American economic system.⁵¹ By the early 1920s, then, his questioning of the industrial system had resulted in a strong anti-business attitude as well as a reliance on planning to achieve a more equitable equilibrium in the economic process. What is so ironic is that Tugwell, younger and more academically-oriented, had also begun to argue in this fashion (see Appendix).

Rexford Guy Tugwell was born on July 10, 1891 in Sinclairville, New York. His parents, Charles Tugwell and Dessie Rexford Tugwell, were a unique couple. His mother, a high school teacher in nearby Chautauqua before her marriage, was an artistic person who wrote verses often, read avidly, and generally appreciated the finer aspects of life. A nature buff, she was moody, humorous, and over-protective. She so influenced her son that, years later, he admitted that he was more his mother's than his father's child.⁵² She was, in many ways, responsible for Tugwell's desire to write as well as his later concern for conservation of America's resources. But young boys are usually influenced by their father as well and Tugwell was no exception.

⁵¹For examples of this defensive attitude, see Donald Richberg, "Industrial Failure and a Remedy," First Draft, 1920 and "The Key to Knowledge," Address to the Law Club of Chicago (February 25, 1921), both in Richberg papers, LC, Box 5.

⁵²Rexford Tugwell, The Light of Other Days (New York: Doubleday and Co., Inc., 1962), p. 26.

Charles Tugwell was a businessman in every sense. Practical and ambitious, he began his career as a junior partner in his father's cattle business. His entrepreneurial spirit later led him into banking and, finally, into the canning business where he proved to be quite successful.⁵³ A compassionate and understanding man, he provided his son with a model for his later economic theories. Like most businessmen of his time, his values were outmoded in the modern industrialized economy. He believed in labor paternalism and an iron law of wages, much to the dismay of his son.⁵⁴ He emphasized the role of the small businessman in an economy designed to help the big businessman. And, he suspected the government's intentions when only the government could have provided him with the economic stability and security he wanted. In short, his value system as a businessman belonged to the nineteenth-century, not the twentieth-century economic process. In old age, he became confused and broken in spirit, a typical occurrence among his fellow businessmen.⁵⁵ His son realized this and later attempted to resolve this situation with his planning programs. Institutionally-oriented, they were designed to help the businessman adjust to the new economic process. They were compassionate and understanding, practical and

⁵³Ibid., p. 394.

⁵⁴Ibid., p. 220.

⁵⁵Ibid., pp. 62, 220; Rexford Tugwell, The Stricken Land: The Story of Puerto Rico (New York: Doubleday and Co., Inc., 1947), p. 660.

idealistic--and indicative of the values his parents instilled in him as a young boy.

Young Tugwell had a "singularly-fortunate childhood." An only child for some time, he was free to develop his interests and enjoy his surroundings. He went fishing and hunting, skating and sledding, and played baseball, although not as much as he wanted since he was frequently ill with asthma. To compensate for this, he learned to read at an early age. From dime novels to classical literature, he enmeshed himself in the world of books, eventually nurturing an ambition to write. His academic performance did not reflect this, however. He did the minimum amount of work necessary to pass his examinations, except in those subjects, like history and English, which interested him.⁵⁶ Even in high school, when he wrote for the Buffalo Courier, he refused to work hard. Bored with formal education, he believed his life experiences and his environment were more instructive.⁵⁷

Between 1891 and 1911, Tugwell's family was somewhat mobile, living in Sinclairville, Wilson, and Buffalo, New York because of the changing business prospects of his

⁵⁶Tugwell, The Light of Other Days, pp. 34-39, 80-82, 174ff., 208-209.

⁵⁷Bernard Sternsher, Rexford Tugwell and the New Deal, p. 3; Blair Bolles, "The Sweetheart of the Regimenters: Dr. Tugwell Makes America Over," American Mercury 39 (September 1963), 79ff.

father and his own asthmatic condition. In retrospect, he, however, seemed to prefer Sinclairville over the other family residences. There, the people were "more like the past than the future." Although isolated and rural, no one "ever went hungry or was cold. . . ." It provided its residents with a simple life, based on neighborliness, hard work, and individual initiative. Politics and government were distant realities, even though the community was strongly Republican in its political preferences and desire for law and order.⁵⁸ Satisfying as this life was, Tugwell also felt it "was no preparation for the future." The ideals it upheld, the values it treasured, the economics it emphasized--all were dangerously anachronistic in the modern industrialized economy. It failed to change when change was necessary and, in so doing, it was partly responsible for the tragedies of the twentieth-century.⁵⁹ Here, Tugwell's ambivalence reflected an internal conflict between the practical economist and the idealistic intellectual, a conflict which lasted many years. He argued for and defended the industrial process, while simultaneously

⁵⁸ Tugwell, The Stricken Land, p. 663; The Light of Other Days, pp. 52, 64, 68, 84, 119, 125-134. The Tugwells were Democrats in Sinclairville.

⁵⁹ Tugwell, The Light of Other Days, pp. 58-59, 192. In many respects, Sinclairville was one of Wiebe's isolated communities. See Robert Wiebe, The Search For Order, 1877-1920 (New York: Hill and Wang, 1967), Chapter 2.

brooding over the passing of such simple, rural life as Sinclairville offered. Desiring a "machine in the garden," he believed only planning could achieve it. Years later, Tugwell felt that his life in Buffalo was the first time he recognized this need to plan in society.

In high school, Tugwell had learned the classical, laissez-fairist economics which attempted to justify industrial progress through the business ideal. According to this reasoning, progress was inevitable as long as businessmen were free to act in the economic sphere. Industries would grow, the standard of living would be higher, and prosperity for all would ensue. Tugwell soon learned that this was not necessarily true. Instead of the inevitable progress promised by the advocates of laissez-faire, he saw in Buffalo an industrial city that was filthy and "getting uglier every year." The factories were primitive in technology; the laborer was degraded; and the business elite was greedily increasing its profits at everyone's expense. There was no rational ordering or planning of the productive process, only makeshift arrangements which depended on manpower and not machines.⁶⁰ In his view, Buffalo was not progressing, but simply remaining static. Its future was its present and its progress was

⁶⁰Tugwell, The Light of Other Days, Chapters 36 to 38, pp. 142-145. At this time, Tugwell worked in his father's canning factory during the summers and he felt that even here he saw the need for planning (p. 142).

its wasteful exploitation of men and resources. Buffalo, moreover, was typical of the country. Few people seemed to recognize the need for planning in the industrial system and those who did were at the Wharton School in Pennsylvania. Anxious to learn more about managing society, Tugwell decided to go there in 1911.

The first two years of Tugwell's college life were socially-oriented. Involved in extracurricular activities, he devoted most of his time to serving on the prom committee, being editor of the school paper, and taking part in Delta Upsilon. In his third year, though, all this changed due to the influence of Scott Nearing, Simon Patten, and Clyde King.⁶¹ They advised him to stop wasting his time on "the frivolous side of college life" and to concentrate on his future, which Nearing believed was in economics.⁶² Tugwell agreed and decided to end all his extracurricular activities so as to work diligently on his studies, especially his chosen field of economics. Although impressed with Nearing's experimental approach to economics, it was Patten who exerted the most profound influence on him.⁶³

⁶¹Sternsher, p. 3ff; Bolles, p. 79ff; Russell Lord, The Wallaces of Iowa (Boston: Houghton Mifflin Co., 1947), pp. 348-350.

⁶²Sternsher, p. 5.

⁶³Tugwell later admitted that Patten's views "were the greatest single influence on my thought." Quote is from a letter to Gruchy, in Allen G. Gruchy, Modern Economic Thought: The American Contribution (New York: Augustus M. Kelly Publishers, 1967), p. 408.

Simon Nelson Patten was one of the leaders of the growing institutional movement in economics during the early 1900s. "A brilliant personality," he led the attack on the classical economics developed by Ricardo, Malthus, and Mill. Rejecting their economics of scarcity, he emphasized the abundance of nature and man's ability to exploit it.⁶⁴ In his view, economics was not a dismal science "foretelling disaster and showing the fundamental limitations that are set on progress. . . ." It was, rather, a science of optimism which pointed the way to unending progress by showing men how to multiply nature through his intelligence.⁶⁵ As such, it had to concentrate on society and man, using other disciplines, such as psychology, to understand human motivation. In the modern industrialized economy, man had been unable to adjust psychologically to the new environment because he still believed in outmoded laissez-fairist ideas, like competition and profit. He had to learn to harness industrialism as well as to "co-adapt" to the societal changes caused by it. An experimental

⁶⁴ Simon N. Patten, The New Basis of Civilization (New York: The Macmillian Co., 1907), Chapters 9 and 10; Rexford Tugwell, "Some Formative Influences on the Life of Simon Nelson Patten," American Economic Review, Supplement (March, 1923), 282-285; Gruchy, Modern Economic Thought, pp. 408-415.

⁶⁵ Rexford Tugwell, "Notes on the Life and Work of Simon Nelson Patten," Journal of Political Economy 31 (April 1923), 175-176. See also Rexford Tugwell, "A Bibliography of the Works of Simon N. Patten," The Annals 107 (May 1923), 358-367.

attitude was, therefore, necessary on his part and economics had to help develop that attitude by studying the operation of the market scientifically. Although Patten was not a "rigid inductivist," he did believe the test of fact was the ultimate criteria for any economic analysis.⁶⁶ He also felt that economic theory should deal with institutional reform, not man's nature. To him, economics had to be functional, experimental, and institutionally-oriented as well as inter-disciplinary if it was going to comprehend the economic system and man's relation to it.

As a student of Patten, Tugwell absorbed these ideas completely. His own view of institutional economics, in fact, would later strongly resemble what he had learned from his mentor. But, Patten was not the only one who influenced the collegian at this time. While at Wharton, Tugwell was also introduced to the ideas of Thorstein Veblen, Frederick W. Taylor, and the instrumental pragmatists. To Tugwell, Veblen was a "strange creature" whose economic studies were animated by a racial bitterness and a need for intellectual revenge. Impressed by his scientific insight and reliance on social science, he felt Veblen painted capitalism as it was and not as economists wanted it to be. The dominance of the machine process, the barbaric origins of business, and the fallacious

⁶⁶Tugwell, "Notes on the Life and Work of Simon Nelson Patten," 185.

governmental policies sustaining the capitalistic system--all Veblenian themes--demonstrated the brilliance of the Veblenian critique. Tugwell, however, later concluded that Veblen was too much of a theorist, relying on broad and vague generalizations without ever attempting to verify them.⁶⁷ An institutionalist, he refused to accept the implications of experimentalism and quantitative analysis, thereby diminishing the efficacy of his arguments. Veblen's one saving factor, though, was that his idea on the domination of business in industry and all its implications was true. And Tugwell, just like Patten, later absorbed that idea into his own economic philosophy.

If the Veblenian system lacked a methodology, Tugwell found one by studying Taylorism and instrumental pragmatism. Although pragmatism would exert a significant influence on his thinking in the 1920s, he, at least, had some knowledge of it at this time. Both Patten and Nearing had emphasized it in their classes and in their economic theories so much so that Tugwell could not help but learn about it.⁶⁸ By the time he met John Dewey at Columbia, he

⁶⁷ Thorstein Veblen, The Theory of the Leisure Class (New York, 1899) and The Theory of Business Enterprise (New York, 1904) are the works Tugwell was particularly influenced by. Quoted materials are from Rexford Tugwell, "The Theory of Occupational Obsolescence," Political Science Quarterly 46 (1931), 170-227, and Rexford Tugwell, "Veblen and Business Enterprise," New Republic (March 19, 1939), 215-219.

⁶⁸ Sternsher, p. 13.

was favorably disposed to the pragmatic approach as well as willing to incorporate it into his own system, something he readily did in the 1920s. Taylorism, however, offered a different approach. Tugwell had a good knowledge of Taylorism and its implications while in college since it had been brought to the public's attention in 1911 during the Interstate Commerce Commission's investigation of the railroads. By 1912, the Taylor Society had been formed and became the focus of the whole movement.⁶⁹ Concerned with progress through efficient industrial management, Taylorism sought to increase industrial productivity by using technology and scientific labor policies. Tugwell was particularly impressed by its experimental attitude as well as its reliance on experts, although he did believe Taylor himself had erred in "trying to confine his procedure to a set of principles." If Taylorism were thoroughly applied in the industrial system, Tugwell believed that industry in general would progress rapidly. But, in the early twentieth-century, this was not happening because organized labor opposed it; the Taylorites themselves had not yet perfected their techniques; and, business still refused to accept the machine completely.⁷⁰ The economy was, therefore, not reaching its potential and exploiting the

⁶⁹Rexford Tugwell, Industry's Coming of Age (New York: Harcourt, Brace and Co., 1927), pp. 120-121.

⁷⁰Ibid., pp. 123-124.

abundance of the United States. Later, in the 1920s and 1930s, Tugwell developed this idea further, calling it planning in an economy of abundance. He had taken what he learned at this time and incorporated it into his economic thinking. All of his later economic thinking, in fact, followed this pattern of relying on these intellectual currents which he absorbed in college. It had provided him with a theoretical preparation for planning which he later made more practically applicable.

Between 1915 and 1920, however, Tugwell did try to apply this training in a concrete way. From 1915 to 1917, he served as an instructor at Pennsylvania while earning a master's degree; was a special investigator for the Governor's Tri-State Milk Commission and a fact-finder for Gifford Pinchot, then president of the Pennsylvania Rural Progress Association; and, an assistant professor at the University of Washington. In 1918, he went to Paris as business manager of the American University Union. Poor health forced him to return home shortly. After assisting his father as a manager in the Niagara Preserving Corporation, Tugwell returned to academic life in 1920 as an instructor at Columbia University.⁷¹ Throughout all of this, he was verifying what he had learned in college as

⁷¹ Sternsher, pp. 5-6; Bolles, pp. 80ff.; Lord, p. 350.

well as developing his own economic philosophy, especially his planning principles.

Although teaching occupied most of his time, he was observant of what was going on around him, particularly with the progressive movement and the World War. In his opinion, progressivism had developed out of the reactionary Populist revolt of the 1890s. Obsolete in its economic reasoning, it sustained a business system that was wasteful, corrupt, and exploitative. It sought to protect atomism in the economy instead of promoting cooperation and integration. It was not a reform movement, but merely a self-centered attempt on the part of business to increase its profits. And, what was so disillusioning is that the Presidents of the time seemed to aid business in doing this. Although Roosevelt and Wilson increased the powers of the executive, they failed to lead the country properly. The United States needed to change its values during their administrations and adjust to the modern industrialized system.⁷² It could have become more "socialized," but it did not primarily because of these two men. The unfortunate result was that the American people suffered, especially the farmer.⁷³

⁷²Tugwell, The Light of Other Days, pp. 230-255; Rexford Tugwell, "The New Deal: The Progressive Tradition," Western Political Quarterly 3 (September 1950), 390-427.

⁷³Tugwell, The Light of Other Days, pp. 288, 235. For his views on Roosevelt and Wilson extending executive

Instead of enjoying the prosperity of the times, the farmer was continually in debt and facing poverty. Not understanding the operation of the market, he sought governmental help in vain. Frustrated and depressed, his only recourse was violence, as in the case of the milk strikes of 1917. These farmers had not yet recognized the benefits of cooperation and organization, depending on their own individual initiative and strength to face all their economic crises. When this failed, they became desperate and went on strike. In Tugwell's opinion, this was unwise. Strikes were ineffective in dealing with the primary problem the farmer had consistently been facing--the disparity between his costs and income. While prices for feed and livestock, farm equipment, and farm labor rose, the price for milk remained the same. The milk farmer was simply not receiving enough for his product to meet his cost. To resolve this, Tugwell believed these farmers had to learn to consider their costs in fixing prices as well as to cooperate in sales organizations so that they could bargain with milk dealers as equals. Their future, in short, depended on cooperation, not individual enterprise.⁷⁴ This also seemed to be true of the economy in general.

power, see Rexford Tugwell, The Enlargement of the Presidency (New York: Doubleday and Co., Inc., 1960), Chapters 33 to 38.

⁷⁴Rexford Tugwell and Charles Reitel, "Meaning and Making of Milk Strikes," Pennsylvania Farmer 42

Despite the enormous waste and bloodshed caused by World War I, Tugwell believed that it served a useful purpose in modifying the erroneous laissez-fairism of the people. America's war-time socialism had been predicated on the assumption that coordination within business and between business and government would lead to increased productivity.⁷⁵ Not only did productivity increase, but the economy in general functioned quite smoothly. The War Industries Board had run the industrial system like a "well-oiled machine" more on a voluntary basis than a forced one. Control of production, price, and consumption had been achieved to a large degree, although Tugwell did feel more enforcement in the consumptive sector was necessary. All in all, the War had accelerated American economic growth greatly while allowing business to experiment with "a kind of voluntary socialism," which it liked.⁷⁶ We became more "socially-minded" as a nation, while our "organization became functional and experimental."⁷⁷ We had, in short, recognized the benefits of planning, at least for a short time.

(September 22, 1917), 1, 4ff; Rexford Tugwell, "Marketing Farm Products," Pennsylvania Farmer 42 (December 22, 1917), 12.

⁷⁵Rexford Tugwell, "America's War-Time Socialism," Nation CXXIV (April 6, 1927), 365.

⁷⁶*Ibid.*, pp. 365-366.

⁷⁷Rexford Tugwell, "The Paradox of Peace," New Republic LIV (April 18, 1928), 264.

Tugwell soon learned, however, that the lessons of the War would be easily forgotten. The United States resurrected their laissez-fairism and discarded planning. But, neither he nor Richberg did. Having grown up in the same political-cultural milieu where Progressivism, the New Nationalism, and the New Freedom occupied everyone's attention, they reacted in a similar way. Although both were influenced by the events and the personalities around them separately and individually and although both pursued different careers, they still began to question the industrial system along the same lines, to display a critical attitude towards the way business acted, and to suggest that a new approach to economic decision-making be instituted. The early signs of planning, defined as cooperation, coordination, efficiency, experimentalism, and the service ideal were visible in their thinking. In time, their theoretical and practical conception of planning would develop even more. Nevertheless, by the early 1920s, their preparations as planners were well under way and both believed themselves ready to suggest ways to "make America over."

CHAPTER III

TWO PLANNERS IN THE NEW ERA

Between the inauguration of Warren Harding in March, 1921 and the Democratic national convention of July, 1932, the American economy experienced a phenomenal transformation. In the decade following World War I, the United States, disillusioned with Wilsonian messiahism, decided that a "chicken in every pot and two cards in every garage" was more important than "saving the world for democracy." Adopting normalcy, it attempted to create a Babylon in the New Era. Welfare capitalism, laissez-fairism, stock market manipulation, maintenance of business confidence--all were seen as essential to achieving this utopia. Progress seemed inevitable, given America's abundant resources and creative ingenuity. But, in October, 1929, the stock market collapse changed all this. The dreams of the New Era soon became the horrors of the Depression. Overproduction, underconsumption, and economic disequilibrium produced mass unemployment, factory closings, and soup kitchens. By the election of 1932, the American people, once optimistic, despairingly questioned the values

which had sustained the normalcy system. Demanding action, they looked to Franklin D. Roosevelt for answers and he, in turn, looked to his advisors among whom were Donald Richberg and Rexford Tugwell.

For both men, the 1920s were years in which their economic thinking, especially in terms of planning, developed. They saw the paradoxical effects of a technology which reduced costs and increased unemployment; a trickle-down theory which increased productivity and decreased mass purchasing power; and, a laissez-faire government which sustained business and ignored farmers and workers. Recognizing the potential of the United States, they concluded that it was the economic system, not technology nor business nor government alone, which was responsible for the Depression. And, to correct the flaws in that system, they advocated experimental planning, each in his own way.

A labor lawyer in the 1920s, Donald Richberg had first-hand experience in dealing with the problems of industrial relations, particularly in the railroad industry. There, he saw autocracy in industry, an inequitable industrial system favorable to the employer interests, and a labor force at the mercy of welfare capitalists. Rejecting the Harding-Coolidge attitude, he enmeshed himself in fighting for a reasonable valuation of railroad properties culminating in the O'Fallon case, an equitable employer-employee relationship provided by the Railway Labor Act, and a restrictive system of court injunctions as guaranteed

by the Norris-LaGuardia Act. Still politically active on the national and local level, he campaigned for an industrial program which emphasized cooperation, coordination, expertise, and planning in the economy. Rexford Tugwell, on the other hand, strove to achieve a similar program in a different manner. Although participating slightly in the 1928 presidential campaign, his life still centered in academia. He defined the role of the economist in modern society, wrote prolifically on the problems of the farmer, worker, and the economy in general, and attacked laissez-fairism in the normalcy system, suggesting that America learn from the Russian experiment. Consistent and tenacious, he argued that planning was a democratically feasible alternative for the United States. Complementing the American political tradition, it would facilitate the nation's achieving an economy of abundance. The primary problem, however, for Tugwell as well as Richberg, was how to implement a planning program, a difficulty both tried to resolve by relying on their experiences in the 1920s.

For Donald Richberg, the New Era was neither "normal" nor prosperous. Believing that it was characterized by a materialistic mentality, excessive individualism, and an obsession with property rights, he concluded that it sustained an economic power structure conducive to business.¹ Big business was so powerful that the prosperity of the

¹Richberg, Tents of the Mighty, pp. 104-105.

1920s entailed excessive business profits at everyone's expense.² Even technological advances, he thought, added to this situation by reducing costs, maintaining high prices, and increasing unemployment.³ Instead of unlimited progress, the economy only advanced the interests of a small commercial elite. This elite, moreover, developed huge industrial corporations which "increased the production and distribution of almost everything except law and justice" so as to insure its dominance.⁴ Profit-oriented and amoral, it was responsible for the primitive character of American capitalism. Richberg did not believe, though, that this brutal system was inevitable or permanent. A new "industrial civilivation" could and would be established once the law of cooperation replaced the law of profit, business accepted the union, and scientific expertise dominated industry and government alike.⁵

²Donald Richberg, "The High Cost of Low Thinking," New Republic (October 18, 1922), 8 in Donald Richberg papers, LC, Box 5.

³Donald Richberg, "The Future of Power and the Public," Address to American Academy of Political and Social Science (Philadelphia, November 6, 1931) in Donald Richberg papers, CHS, Box 12.

⁴Richberg, Tents of the Mighty, p. 209; Donald Richberg, "Cooperating With Competitors," Address to American Academy of Political Science (New York, March 9, 1925) in Richberg papers, CHS, Box 4.

⁵Donald Richberg, "Industrial Civilization," Address to Northwestern University (Illinois, December 16, 1931 in Richberg papers, LC, Box 6; Richberg, "The Future of Power and the Public," 15; Richberg, Tents of the Mighty, pp. 244-246.

In Richberg's view, this new industrial system would strive to achieve a balance within the economic decision-making process between "producing and consuming power" as well as capital and labor in order to establish a truly competitive, yet sophisticated, American capitalistic structure which would be neither ruthlessly competitive, as in the New Era, nor totally socialistic, as in Russia or Italy.⁶ Based on a legal foundation "continually responsive to the ethical demands of the people," it would transform the corporation internally and big business generally into serving the interests of the general welfare. Even lawyers, primarily spokesmen of the industrial rulers, would serve the general interest by organizing "majorities to restrain minorities" and offering "minorities protection against the tyranny of temporary majorities."⁷ Public servants, they would assist the government in establishing "a machinery of cooperative power" designed to "socialize industry . . . in such a manner as to broaden and preserve the dignity and freedom of the individual. . . ."⁸

⁶ Richberg, "The Future of Power and the Public," 15; Donald Richberg, "Fact-Finding in Labor Disputes," Address to Academy of Political Science (April 11, 1928) in Richberg papers, CHS, Box 6.

⁷ Donald Richberg, "Developing Ethics and Resistant Law," Yale Law Review XXXII (December 1922), 109-122; Donald Richberg, "The Key to Knowledge," Address to the Law Club of Chicago (Chicago, February 25, 1921), 5 both in Richberg papers, LC, Box 5.

⁸ Donald Richberg, "Seeking the Intelligent Voter," Draft of an Address to the League of Women Voters, n.d.;

Although individual rights had to be protected, Richberg believed that it should be done neither at the expense of others nor by an autocratic government.⁹ Neither extreme was acceptable, particularly the latter since autocracy in government implied socialism which, Richberg felt, assured the end of all liberty.¹⁰ Preferring a voluntary cooperative system, he saw governmental coercion as a last resort in implementing a planned economy. To facilitate this cooperative spirit as well as to "improve the machinery and operation of government," he believed the scientist and/or expert should be utilized in policy formulation. Non-partisan and concerned with the public interest, the expert would instill a scientific attitude toward public service in the political realm. He would also encourage experimentation and scientific planning for the future. And, finally, he would replace the thief ideal of commercialism with the service ideal of planning.¹¹ A man of purpose, he would facilitate the establishment of the new industrial civilization.

Donald Richberg, "Lawless Lawyers," Address to University of Arizona (April 9, 1931) both in Richberg papers, CHS, Boxes 8 and 13 respectively.

⁹Donald Richberg, "Legal Barriers to Social Progress," Address to California Conference of Social Work (May 15, 1930), pp. 11-12 in Richberg papers, CHS, Box 9.

¹⁰Richberg, Tents of the Mighty, pp. 254-257.

¹¹Ibid., pp. 226, 240ff, 263. For a different interpretation of Richberg's planning ideas, see Vadney, pp. 40-43.

In 1922, Richberg wrote a novel indicative of this evolving economic philosophy. Autobiographical in scope, A Man of Purpose displayed a strong anti-business attitude as well as a sympathetic view of the labor movement.¹² As the title implies, it was a romantic story of a young lawyer, Rodney Merrill, who sought to give his life meaning. Torn between the issue of whether serving oneself or serving others was more important, he eventually concluded that individual freedom implied service to others and that the service ideal needed to be incorporated into the American value system.¹³ This was particularly true in the area of industrial relations where workers encountered "the tyranny of economic power" in the hands of the employers. Instead of exploitation and ruthless competition, business and labor had to accept each other as equals and recognize that their "mutual interest" lay in cooperation. Merrill himself realized this when he defended striking coal miners against an injunction issued by a prejudiced judge who found him guilty of contempt and sentenced him to three months in jail.¹⁴ What is significant about this incident

¹²Donald Richberg, A Man of Purpose (New York: Thomas Y. Crowell Co., 1922), pp. 285ff. For reviews of the novel, see "Review of A Man of Purpose," St. Louis Times, n.d.; "Attorney's Life Story Contains Much Interest," Philadelphia Record (April 9, 1922); and "Review of A Man of Purpose," New York Herald (April 16, 1922) all in Richberg papers, CHS, Box 1.

¹³Richberg, A Man of Purpose, pp. 323-329.

¹⁴*Ibid.*, pp. 292-300ff.

is that it reflected Richberg's identification with Merrill. Like Merrill, he disliked the tyrannical authority of the courts in interpreting the law, especially when applied to labor unions. Like Merrill, he also recognized the mutuality of business and labor in the industrial system. And, finally, like Merrill, he defined his own purpose in life in terms of a service ideal.¹⁵ Implementing these beliefs so as to correct the flaws in the economic system, however, was not an easy task, something Richberg quickly learned as a labor lawyer.

Throughout the 1920s, Richberg was involved in the resolution of railroad valuation, the enactment of the Railway Labor Act and the Norris La-Guardia Act, and the creation of the Railway Labor Executives Association. Each of these activities were important because they provided him with an opportunity to confront the problems inherent in his economic thinking. Defining the government's role in the economic system, devising a way to instill the cooperative ideal into industrial relations, and justifying planning in American political terms all were problems that Richberg needed to solve. Despite his efforts, he was not

¹⁵ Other evidence exists to prove the identification of Richberg with Merrill. For example, both were child prodigies; both had law careers; and both had "love" problems. Richberg admitted that "In some ways I am my principal character, and in some ways I am not." Donald Richberg to Paxton Hibben, January 17, 1922, Richberg papers, CHS, Box 1. Richberg's biographer, Vadney, sees the novel as Richberg's justification for his labor activities.

very successful in resolving them. Still averse to detail, he relied more on general principles than specific programs with the result that ambivalence characterized his thinking. And, nowhere was this more true than in the case of railroad valuation and public utilities.

Richberg's involvement in public utility regulation had begun in 1915 when he was appointed special counsel for the city of Chicago in a litigation suit against Samuel Insull's Peoples Gas Light and Coke Company. With Glen E. Plumb as his assistant, he was responsible for the 1917 contract between Insull and the City Council in which gas rates were lowered and the quality of gas improved. Within a year, Insull reneged on the agreement, only to discover eventually that his chief adversary was appointed Special Counsel in Gas Matters for the city of Chicago.¹⁶ From that point on, Richberg's campaign against Insull intensified greatly, with Richberg accusing Insull of everything from political collusion with mayor William H. Thompson to obstructing justice. At one point, Richberg even believed Insull was seriously considering "rubbing him out."¹⁷ By 1925, the climax of this campaign came when the Illinois Commission ruled that Insull's Gas Company was worth \$85 million in value, approximately \$35 million less than Insull

¹⁶ Richberg, My Hero, pp. 72-74, 103-111; Tents of the Mighty, pp. 109-113.

¹⁷ Richberg, Tents of the Mighty, p. 116.

felt was acceptable.¹⁸ Still dissatisfied, Richberg attacked the Insull-Thompson interests in the 1927 mayoralty campaign and, later in 1930, publicly opposed a proposed traction ordinance which the City Council was presenting to the voters in a referendum.¹⁹

What is significant about Richberg's sustained opposition to Insull is that it indicated his strong anti-business attitude as well as his ambivalence on the question of public ownership of utilities. To Richberg, Insull symbolized the inefficiency, corruption, and political power of big business, at least on the municipal level. Amoral, big business simply could and usually did exploit the community for its own benefit. But Richberg was not definitely committed to a governmental take-over of such utilities either. Not "an advocate of public ownership," he consistently argued that "if forced to make a choice" he "might prefer to have the government run the Insull utilities, rather than to have Insull run the government." To Richberg, inefficiency and corruption were bad, but

¹⁸Ibid., pp. 113ff.; My Hero, p. 110.

¹⁹Donald Richberg to Henry Rathbone, December 10, 1926; Donald Richberg to Charles Dennis, March 31, 1927; Donald Richberg to Edward Keating, June 25, 1930 all in Richberg papers, CHS, Boxes 5 and 9. For Richberg's view of the Traction ordinance, see also "D. R. Richberg Denounces Trolley Franchise . . .," St. Louis Post Dispatch (June 19, 1930), Richberg papers, CHS, Box 9.

tyranny and greed were worse.²⁰ Some form of state regulation was necessary on the local and national level and, in Richberg's opinion, the issue of railroad valuation provided an indication as to how to achieve it.

Originating in the heyday of progressivism, the question of railroad valuation had been dealt with in two laws amending the Interstate Commerce Act of 1887. The LaFollette Valuation Act of 1913 and the Transportation Act of 1920 directed the Interstate Commerce Commission to determine "the original investment and the cost of reproduction at current prices of all railroads and to use these findings as a base for regulating rates so as to allow a return on capital of approximately 6 percent."²¹ Although successful in gathering information on the reproduction cost, the Commission could not determine original cost since the railroad companies lacked complete records and usually watered their stocks. Proponents of valuation, like LaFollette and the railway unions, however, believed the railroad companies were obstructing the investigation so as to exploit the values of their properties. Determined to prevent this as well as to garner popular support, LaFollette and the railway unions established the National

²⁰Donald Richberg, "Proposed Release to Newspapers on Traction Ordinance," June 20, 1930, Richberg papers, CHS, Box 9; "Richberg's Fable of the Big-Hearted Gas Man," Labor (March 24, 1929), Richberg papers, CHS, Box 7.

²¹Vadney, pp. 66-67.

Conference on Valuation of American Railroads. Richberg, moreover, having already replaced Plumb as counsel for the railway unions in cases before the ICC, was appointed general counsel of the Conference.²² As such, he argued the Conference's position on valuation in cases before the ICC, eventually culminating in the famous O'Fallon case of 1929.

In 1926, the ICC filed suit against the St. Louis and O'Fallon Railroad for violating the Transportation Act of 1920 by receiving profits in excess of the 6 percent allowed. Basing its claim on original cost estimates, the ICC argued that the company had to relinquish its excess profits so that they could be distributed to those roads operating at a loss. The O'Fallon company disagreed, arguing that its profits were not excessive when based on the theory of reproduction cost. In the ICC hearings that followed, Richberg, representing the Valuation Conference, supported the original ICC case successfully. By a vote of 6 to 4, the ICC upheld its own decision. O'Fallon thereupon took the case to court for a final decision.²³ Since the ICC commissioners were divided on the issue of original vs. reproduction cost, Walter Fisher was selected as the

²² Richberg, Tents of the Mighty, pp. 121-123, 142ff; My Hero, pp. 112-121.

²³ Hugh Fraser, "The People Win--One Man Beats 150," LaFollette's Magazine (January 1, 1928), 8-9 in Richberg papers, LC, Box 5.

counsel for the ICC, with Richberg allowed only to submit briefs.²⁴ In March, 1928, however, Richberg turned to Senator Norris for help, requesting that he support him in his efforts to argue the O'Fallon case before the Supreme Court.²⁵ Richberg's plea for help soon evolved into a Senate resolution appointing him as its "amicus curiae" in the case.²⁶ Despite this unusual Senate action, however, the Court eventually ruled in favor of O'Fallon, thereby reversing the ICC decision. Although the outcome undermined Richberg's efforts to secure reasonable valuation, the question itself had provided him with an opportunity to develop his ideas on public utility regulation in general.

Throughout his activities in behalf of railroad valuation, Richberg consistently argued that the railroad industry, and public utilities in general, exerted tremendous influence without any governmental regulation. Spending "vast amounts of money for advertising and bribery," they continually ignored the public interest.²⁷ Railroads

²⁴Vadney, p. 71.

²⁵Donald Richberg to Senator George Norris, March 20, 1928; Norris to Richberg, March 26, 1928; Richberg to Norris, May 6, 1928 in George Norris papers, LC, Tray 8, Box 8.

²⁶Richberg, Tents of the Mighty, pp. 154ff.

²⁷Donald Richberg, "Regulation of Public Utilities," Address to Convention of Women Voters (Flint, Mich., November 13, 1929) later reproduced in Labor (November 23,

over-charged their customers, over-valued their properties, and under-paid their employees.²⁸ In his opinion, valuation could and would limit the excessive authority of these utilities by restricting their profits to a reasonable return on investments. By relying on the theory of original cost, the actual amount of private investment would be determined and would be used as a basis for rate regulation.²⁹ Even labor's interests would be directly affected by this since the efficiency of the public utility actually depended on the efficiency of the worker. In the 1920s, though, this had not been the case because railroad companies refused to share their profits with their workers in terms of higher wages.³⁰ With the courts as their guardians, the railroads could and did safely ignore their employees.

Instead of measuring value in terms of service, Richberg believed the courts had consistently relied on cost to measure value and, in doing so, encouraged the railroad companies in their exploitation of employees and

1929), Richberg papers, CHS, Box 8; Donald Richberg, "The Great National Railroad Swindle: Gift, Graft, Guarantee," Address to Conference for Progressive Political Action (St. Louis, February 12, 1924), Richberg papers, LC, Box 19.

²⁸ Donald Richberg, Draft of "Railroads Wages and Profits," n.d., Richberg papers, CHS, Box 4.

²⁹ Richberg, Tents of the Mighty, p. 145.

³⁰ Donald Richberg, "Labor's Investment in Public Utilities," Public Affairs (March, 1925), 15-16, Richberg papers, LC, Box 19.

consumers.³¹ The courts, moreover, were not only protecting the profit-making motive, but also interfering with the commissions established to regulate the utilities.³² Such commissions as the ICC were practically ineffective to begin with, and, with the court's interference, had become totally ineffective. As a result, all attempts at regulation, particularly by commissions, had failed miserably.³³ Richberg believed this situation could be alleviated, however, by adopting a different attitude toward such public utilities as the railroads.

In his opinion, the problem of valuation depended on determining the actual value of the service rendered. Since railroad rates had to consider production costs as well as reasonable returns on investments, all that was necessary in determining the service value was to add "the current rate of interest on capital to the operation cost."

³¹Donald Richberg, "The Supreme Court Discusses Value," Harvard Law Review 37 (January 1924), 289-300; "Value--By Judicial Fiat," Harvard Law Review XL (1927), 567-582; "The Public Utility Bedlam: Reflections of an Out-Patient," Address to Law Club of Chicago (December 19, 1919), Richberg papers, LC, Box 5.

³²Donald Richberg, "Regulation of Public Utilities," Address to Illinois League of Women Voters (May 28, 1928); "Richberg's 'Masterpiece of Irony' Cites Public Rights," Journal of Electrical Workers and Operators (April 1930), 213-214 both in Richberg papers, CHS, Boxes 6 and 9 respectively.

³³Donald Richberg, "Regulation of Public Utilities," Radio Address in National Grange Farm and Home Hour (August 15, 1931), Richberg papers, CHS, Box 12.

When done, the earning power of the public utility would equal the cost of the service plus sufficient returns on the capital invested.³⁴ Scientific expertise would, then, replace the property-oriented court determinations as well as the selfish greediness of the individual railroad owners. Richberg also believed that a public utility service made those operating the utilities public servants and, as such, subject to public control. Regulation could be effective only if the legislature assumed the responsibility to make certain that these public servants operated the public utilities in the public interest.³⁵ And, one way to do this was to organize these corporations under laws "providing that the proprietary capital shall be furnished by and donated to the State." The state, moreover, would appoint some of the corporate directors as well as insure that competition between such state corporations and private enterprises would be fair and equitable.³⁶

Here, Richberg was advocating limited state ownership, along the lines of the later TVA, as well as internal corporate reform. When applied to railroads, he was

³⁴Donald Richberg, "A Permanent Basis for Rate Regulation," Yale Law Journal 31 (January 1922), 267ff.

³⁵Donald Richberg, "Critical Issues in Public Utility Regulations," Statement in Testimony Before the New York State Commission on Revision of Public Service Commission Law (January 13, 1930), 5-10, Richberg papers, LC, Box 19.

³⁶*Ibid.*, pp. 15ff.

advocating governmental financing of weaker companies so as to insure competition in the industry.³⁷ Richberg did not believe, though, that this implied socialism nor a firm commitment on his part to government ownership of public utilities. Extreme in nature, it was the only alternative left as regulatory efforts failed.³⁸ It could, and would be, avoided once the public utility companies accepted their responsibilities in serving the public interest. Valuation, in his opinion, was one step in achieving this. Another, and more important one was the Railway Labor Act.

The Railway Labor Act of 1926 originated in the railway unions' dissatisfaction with the Railway Labor Board. Established in 1920, the Board had not only approved wage cuts in the depression of 1921-1922, but it also sanctioned the railroad's policy of distributing railroad

³⁷ Donald Richberg to Philip LaFollette, August 29, 1931, Richberg papers, CHS, Box 12. In 1930-31, Richberg supported the Couzens resolution prohibiting the ICC from sanctioning rail consolidations. He also supported the Howell bill amending the ICC by taking excess rail profits and distributing them to the public and investors. See, for example, Donald Richberg to James Couzens, Telegram, April 12, 1930 and Memorandum Brief in Support of S. J. Res. 161 (April 16, 1930) both in Richberg papers, CHS, Box 9. For Howell bill, see Richberg, Statement of Views Upon S. 4005, Committee on Interstate Commerce, US Senate (August 15, 1930), Richberg papers, CHS, Box 10.

³⁸ Donald Richberg to Carl Thompson, September 23, 1930; Richberg to Keating, November 15, 1929; Donald Richberg, Address to National League of Women Voters (Chicago, April 23, 1928); Richberg to Amos Pinchot, August 6, 1931 all in Richberg papers, CHS, Boxes 10, 8, 6, 12 respectively.

repair work to shops not under the Board's jurisdiction.³⁹ In mid-1922, a climax was finally reached when the railway shopmen went on strike in protest against another wage reduction approved by the Board. President Harding and Commerce Secretary Herbert Hoover immediately sought to settle the strike through mediation, but their efforts proved fruitless since the railroad companies refused to negotiate with the strikers. At this point, Attorney General Daugherty, convinced that the strike was a Communist conspiracy, entered into the dispute by seeking a restraining injunction from Judge James H. Wilkerson. On September 1, Wilkerson responded by issuing an order preventing the workers from doing or saying anything in furtherance of the strike.⁴⁰ The railway unions naturally reacted by protesting the injunction in the courts. Eventually, though, they refrained from pursuing this course of action on the advice of their general counsel, Donald Richberg.

Although he himself had initially protested the Wilkerson injunction, Richberg gradually concluded that the primary issues in the dispute were the union's right to exist as well as its right to strike. Neither of these had been protected by the Railway Labor Board nor by the

³⁹Irving Bernstein, The Lean Years: A History of the American Worker, 1920-1933 (Baltimore: Pelican, 1960), pp. 211-221; Richberg, My Hero, pp. 124-125; Vadney, pp. 44-47.

⁴⁰Bernstein, p. 212.

courts.⁴¹ The railway unions, moreover, could not financially afford to fight the Board or the courts in such cases as the Daugherty-inspired injunction. In Richberg's opinion, a new system of employer-employee relations was needed and the best way to achieve it was by amending the Transportation Act of 1920.

Acting on this advice, the railway unions, once the shopmen's strike ended in January, 1923, set up a "Special Legislative Committee Representing the Recognized Railroad Labor Organizations" to prepare a statement of their objectives in the industry. In February, 1923, the Committee completed its report which was then approved, a few months later, by the union executives.⁴² Richberg, moreover, was given the task of revising the report and putting it into legislative form, something he did readily with his assistant David Lilienthal.⁴³ By November 1923, Richberg's draft was completed. Before it was introduced in Congress, however, Richberg and the union executives decided to campaign for the support of both the railroads

⁴¹ Richberg, My Hero, pp. 124-125; Samuel Gompers to Donald Richberg, September 13, 1923 and Donald Richberg to Samuel Gompers, October 4, 1923, both in Richberg papers, CHS, Box 2.

⁴² H. E. Wills, J. G. Luhrsen, J. J. Dermody, J. F. Anderson to Warren Stone, February 7, 1923, Richberg papers, CHS, Box 2.

⁴³ David Lilienthal to Glen L. Warders, January 7, 1924; David Lilienthal, "A Practical Plan for Railroad Peace," n.d., both in Richberg papers, CHS, Box 3.

and the Republican administration, particularly the Secretary of Commerce, Herbert Hoover. Although Hoover proved cooperative, the railroad companies did not, with the result that when the Howell-Barkley bill was introduced in February, 1924, it faced stiff railroad opposition.⁴⁴ For the next two years, Richberg and the unions negotiated with the railroad companies until cooperative agreements on the issues were reached. Passed on May 20, 1926, the Railway Labor Act had been transformed into a joint-product of both the unions and management.⁴⁵

In its final form, the Act imposed the duty on carriers and their employees "to exert every reasonable effort to make and maintain agreements" as well as settle disputes between them. In cases of dispute, authorized representatives of both parties would confer to reach an agreement. If they failed, the Act then provided for a Board of Mediation, composed of five presidential appointees, to mediate the dispute and to induce the parties to voluntary arbitration. Should both sides agree, an arbitration board would be set up and a decision given. In those cases where no such agreement was possible and where the dispute

⁴⁴Richberg, My Hero, p. 128; Tents of the Mighty, p. 180.

⁴⁵See, for example, Donald Richberg to Ralph Easley, September 3, 1924; "Listing of Senate," February 19, 1925; or, Report of Sub-Committee of Chief Executives of Railway Labor Organizations Supporting the Howell-Barkley Bill, February 16, 1925 all in Richberg papers, CHS, Boxes 3 and 4. Both boxes are filled with material on the Howell Bill.

threatened to interrupt substantially interstate commerce, the Board of Mediation would assume a different role. Instead of mediation, it would inform the President of the situation and he, in turn, could order an investigation to report in thirty days. During that time, employers could not change the conditions of employment nor could workers, for an additional thirty days, go on strike. In such cases, cooperation, not compulsion, would settle the dispute peacefully without any loss of production.⁴⁶ The Act, in fact, was so designed that voluntary cooperation was the primary resort in all disputes between labor and management in the railroad industry. Cooperation, by replacing the competition between labor and management, would increase the efficiency in the operation of the railroads, or at least that is what the proponents of the law, like Donald Richberg, hoped would happen.

In Richberg's opinion, the Railway Labor Act was a "vitally important experiment in social cooperation" designed to achieve "self-government in industry." It illustrated how industry generally could "eliminate the waste of conflict" between labor and management by promoting "the economies of abundance in the work of an industrial machine wherein the brains, muscles and

⁴⁶Bernstein, pp. 217-220; Vadney, pp. 55-64; "Minutes of Grand Division Officers and General Chairman of the Order of Railroad Telegraphers" (St. Louis, May 26-28, 1926), Richberg papers, CHS, Box 5.

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properties of several million individuals are utilized and coordinated."⁴⁷ By simply codifying existing industrial law, moreover, he hoped the Act would avert any radical or socialistic measures.⁴⁸ Voluntary in essence, it recognized that industrial problems could be resolved democratically by creating an equilibrium between business and labor in the economic process. Where management had once dominated industrial relations, the law now assured labor that it had "the right to control" its service and "to fix the terms upon which it will be contributed."⁴⁹ Acting as equals, both labor and management could now cooperate, coordinate, and plan their activities in operating the railroads efficiently and scientifically. Richberg, however, did not believe all this would come about automatically. Labor, in particular, had to emphasize this cooperative ideal to assure the operation of the law as well as to protect itself from the courts and company unions.⁵⁰ And, he felt

⁴⁷ Richberg, Tents of the Mighty, pp. 190, 197, 201-202.

⁴⁸ Donald Richberg, Statement to U.S. Congress, Senate, 68th Congress, Committee on Interstate Commerce, on Bill to provide for the expeditious and prompt settlement, conciliation and arbitration of disputes between carriers and their employees, March 18, 1924, 53ff; "Railway Labor Act Presented to Congress," Machinists Monthly Journal (April 1924), 149-153, both in Richberg papers, CHS, Box 3.

⁴⁹ Donald Richberg to Russell Weisman, February 25, 1927; Donald Richberg to L. E. Sheppard, January 7, 1927, both in Richberg papers, CHS, Box 5.

⁵⁰ Donald Richberg, "Labor and the Law," Brotherhood of Locomotive Firemen and Engineer's Magazine, n.d., 3;

the best way to do this was to have the unions cooperate among themselves in exerting their political and economic power, something the railway unions had already begun when the Railway Labor Executives Association was formed.⁵¹

Established in August, 1926, the RLEA was designed to defend the Railway Labor Act and to promote the "goals of railway labor through the courts, legislation, and publicity."⁵² Having played a pivotal role in its formation, Richberg was appointed its general counsel. It was in this capacity that he successfully defended the constitutionality of the Railway Labor Act in the Texas and New Orleans court case, promoted the objectives of the railway labor unions politically, and formulated the RLEA's economic program once the Depression came.⁵³ A rewarding relationship for

Interpretation of the Railway Labor Act in Light of the Opinion of the Supreme Court of the United States in T. and N.O.R. Co. et al. . . . (Washington, D.C., 1930), both in Richberg papers, CHS, Boxes 13 and 11 respectively.

⁵¹Donald Richberg, "A Memorandum for the Railway Labor Executives Association," August 16, 1926, Richberg papers, CHS, Box 5.

⁵²Vadney, p. 76; Richberg, My Hero, p. 142.

⁵³Richberg, My Hero, pp. 133, 141-142. Financially, Richberg's association with the RLEA was quite rewarding. See, for example, the numerous "Memorandum of Legal Services" in his papers at the Chicago Historical Society. Also, see Donald Richberg to D. B. Robertson, June 1, 1926; Donald Richberg to D. B. Robertson, January 24, 1931 both in Richberg papers, CHS, Boxes 5 and 11 respectively. In 1931, Richberg sought a permanent, full-time position with RLEA, but no agreement was reached on salary. See Donald Richberg to Dave Robertson, January 23, 1931; Martin Ryan to Donald Richberg, February 14, 1931; and, B. M. Jewell to Martin Ryan, March 10, 1931 all in Richberg papers, CHS, Box 11.

both sides, Richberg's work for RLEA enhanced his personal reputation as a labor lawyer as well as providing him with another opportunity to develop his economic philosophy. It was this association, moreover, that was responsible for his involvement in one of organized labor's most important legislative victories in the New Era--the passage of the Norris-LaGuardia Act.

Initially introduced in May, 1928, the bill was the product of the so-called Norris group, consisting of Richberg, Felix Frankfurter, Francis Sayre, E. E. Witte, and Herman Oliphant.⁵⁴ The bill basically outlawed the yellow-dog contract, restricted the courts' use of injunctions in labor disputes, and protected union officials and members from prosecution for unlawful acts in strikes, unless deliberately performed. Designed to help organized labor, the bill was ironically opposed by the AFL at first on the grounds that it was not strong enough. It was at this point that Richberg played a crucial role as a mediator. Although critical of the AFL's amendments, he, along with Norris, was eventually able to persuade the AFL to accept a revised version of the bill.⁵⁵ Richberg's

⁵⁴Felix Frankfurter to Max Lowenthal, March 10, 1928, Felix Frankfurter papers, LC, Box 160.

⁵⁵Donald Richberg, "Memorandum Concerning Amendments to Anti-Injunction Bill Suggested by the American Federation of Labor," n.d.; Felix Frankfurter to George Norris, March 11, 1930 both in Frankfurter papers, LC, Boxes 161 and 160 respectively. Frankfurter was somewhat critical of Richberg's handling of this matter. See

mediating role did not end here, however. In January, 1931, he attended a conference, suggested by Secretary of Labor William Doak, with management representatives. When it appeared that no compromise was possible, Doak subtly offered Richberg a federal judgeship in return for his support to defeat the bill in Congress. Angered by the attempted bribe, both he and Norris capitalized on this "affair" in the press to such an extent that it helped in the final passage of the bill.⁵⁶ On March 23, 1932, their efforts were rewarded when Hoover signed the Norris-LaGuardia Act into law.

Although Richberg subsequently felt the Norris Act was not his "personal program," but rather a "composite of views," it did typify his adverse attitude towards the courts.⁵⁷ Property-oriented, the courts had consistently interpreted the law to serve business' interests, especially at labor's expense. Company unions, yellow-dog contracts, and the right of arbitrary dismissal of employees--all were

Felix Frankfurter to George Norris, January 23, 1930, Frankfurter papers, LC, Box 160.

⁵⁶Donald Richberg to Senator George Norris, September 27, 1932; John P. Robertson to R. J. Hunt, October 28, 1932; John P. Robertson to R. J. Hunt, December 31, 1932 all in George Norris papers, LC, Tray 1, Box 3.

⁵⁷Donald Richberg to George Norris, September 27, 1932, Richberg papers, CHS, Box 15. Also in Norris papers cited above.

protected by "judge-made law."⁵⁸ More importantly, it was this judge-made law that was continually applied to unions in a hostile manner. In this situation, labor's only recourse was to organize itself more thoroughly and to seek legislation capable of restricting the court's prerogatives.⁵⁹ The Norris Act had done just this, while simultaneously showing the unions that political activity could prove useful, something Richberg himself had been preaching and practicing since 1912.

Despite his activities as a labor lawyer, Richberg, the former Rooseveltian Progressive, remained politically active throughout the 1920s. On the local level, he opposed Bill Thompson's re-election in the 1927 mayoralty campaign, supported progressive candidates for municipal offices, and campaigned against the proposed Insull traction ordinance.⁶⁰ Nationally, his activities were more involved. As general counsel for the railway unions, he helped in establishing

⁵⁸ See, for example, Donald Richberg to B. M. Jewell, December 9, 1923; Donald Richberg, "Labor and the Law," 3 both in Richberg papers, CHS, Boxes 2 and 13 respectively.

⁵⁹ Donald Richberg, "Looking Ahead and Facing the Facts," Draft of Address to Convention of Locomotive Firemen and Enginemen (Detroit, July 15, 1925), 4 and Donald Richberg, "Laborism in this Changing World," Address to Brotherhood of Locomotive Firemen and Enginemen (Pennsylvania, August 28, 1932), 6ff both in Richberg papers, LC, Box 19; Richberg, Tents of the Mighty, pp. 162ff.

⁶⁰ Donald Richberg to Philip Randolph, March 23, 1927; Donald Richberg to Clarence Darrow, June 14, 1930 all Richberg papers, CHS, Boxes 5 and 9.

the Conference for Progressive Political Action, served as chairman of the resolutions committee during the Progressive party's convention of 1924, represented labor's interests in the 1928 presidential campaign, and chaired the public utilities committee of the Progressive Conference in 1931. Reminiscent of his Bull Moose career, Richberg used the political forum again to express his economic views.

In 1922, his first opportunity materialized when the railway unions and the AFL formed the Conference for Progressive Political Action. Initially designed to enhance labor's political interests through non-partisan activity, it soon was transformed into a third-party movement supporting the presidential aspirations of Senator Robert M. LaFollette, Sr. in 1924. Since Richberg had played an important role in the formation of the Conference, it was only natural that his personal friend LaFollette would appoint him to a key position in the campaign that followed. As a legal advisor to LaFollette and chairman of the Progressive party's resolution committee, Richberg formulated a platform strongly resembling the Bull Moose program of 1912 in its emphasis on cooperation in industry, the use of scientific expertise in industrial relations, and the extension of governmental activity in the economy.⁶¹ Although typical of Richberg's

⁶¹Vadney, pp. 73-74; Richberg, Tents of the Mighty, pp. 133ff; My Hero, p. 136. LaFollette asked Richberg to run for a Senate seat from Illinois, but Richberg refused for personal reasons. He had just gotten a divorce and remarried.

economic thinking, the program did not satisfy the desires of the American electorate which opted for Coolidge's laissez-fairism rather than LaFollette's progressivism. In doing so, Richberg believed that the American people had dealt a staggering blow to progressive third-party movements while simultaneously sustaining the dominance of big business in the economic decision-making process. In this situation, the progressives only hope was to re-organize scientifically into a political party with a philosophy that emphasized cooperation, service, and democracy as its ideals and evolutionary change as its method. Neither traditional nor revolutionary, it would provide the people with an alternative to the business-oriented normalcy system.⁶² For Richberg, that alternative even seemed near realization when Herbert Hoover announced his intention to run for the Presidency.

Prior to the 1928 election, Richberg, as well as organized labor in general, considered Hoover a friend of the workingman. His mediating efforts in the 1922 shopmen's strike, his cooperation during the negotiations on

⁶²Donald Richberg, Address to Electrical Workers (Chicago, October 16, 1924), p. 7, Richberg papers, LC, Box 19; Donald Richberg, "Can Progressives Cure Political Evils," n.d., "Where are the Progressives Going--And How?" n.d., "Tests for Progressivism," n.d., all in Richberg papers, CHS, Boxes 4 and 6; Donald Richberg, "The Future of Political Parties in the United States," Address to National League for Women Voters (Washington, April 25, 1925), Richberg papers, CHS, Box 7; Richberg, My Hero, p. 139.

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the Howell-Barkley bill in 1924-1925, and his general advocacy of collective bargaining principles--all demonstrated his favorable disposition towards the union. As the Republican national convention approached, therefore, it was almost inevitable that the labor movement, and particularly the railway brotherhoods, would support Hoover's bid for the Republican presidential nomination.

To sustain that support, Hoover cooperated closely with the RLEA. Seemingly open-minded and sincere, he discussed Vice-Presidential possibilities with RLEA President D. B. Robertson, maintained a liaison with its representatives, and even accepted the RLEA-endorsed Richberg-Jewell labor plank for the Republican platform.⁶³ All this activity, however, took place before the Republican convention. After it, Hoover's close rapport with RLEA gradually subsided. Instead of relying on Robertson as head of RLEA or Donald Richberg as its general counsel for advice, Hoover placed William Doak of the Brotherhood of Railroad Trainmen in charge of labor matters. Desiring the position of Secretary of Labor in Hoover's future cabinet, Doak did everything in his power to isolate Hoover from the RLEA and its leaders because he considered Robertson and

⁶³ B. M. Jewell to Members of RLEA, June 13, 1928, with attached letters Donald Richberg to Martin F. Ryan and J. A. Franklin, June 4, 1928, Martin F. Ryan to Donald Richberg, June 6, 1928, plus "Proposed Labor Plank for Republican convention," all in Richberg papers, CHS, Box 6.

Richberg as potential obstacles to his appointment.⁶⁴ As a result of Doak's activities, the RLEA was disillusioned by Hoover's campaign and its leaders blamed Hoover for not considering labor's interests in the campaign.

As general counsel of RLEA and an initial promoter of Hoover's candidacy, Richberg was particularly incensed by the way Hoover ignored the labor vote as the campaign progressed. By late August, 1928, he believed that Hoover had become excessively desirous "of not offending ultra conservative people" in his bid to win business support. Not only was Hoover refusing to appeal to labor, but he even ignored the progressive vote. His philosophy of individualism and laissez-faire seemed to extol the virtues of the New Era instead of condemning its excesses and abuses. In Richberg's opinion, Smith, not Hoover, seemed to offer an alternative to the domination of big business and, in so doing, deserved the support of labor and progressives alike. Annoyed and dismayed, Richberg followed his own advice and cast his vote for Smith on election day.⁶⁵

⁶⁴D. B. Robertson to Donald Richberg, July 4, 1928, Robertson to Richberg, August 5, 1928, Robertson to Richberg, August 31, 1928 and Robertson to Richberg, September 19, 1928 all in Richberg papers, CHS, Box 7.

⁶⁵Frederick C. Howe to Donald Richberg, August 27, 1928, Richberg to Howe, August 30, 1928, Howe to Richberg, September 13, 1928, Richberg to Howe, September 24, 1928; Donald Richberg to D. B. Robertson, August 28, 1928, Richberg to Robertson, September 24, 1928; Donald Richberg to John Marrinan, September 27, 1928, Marrinan to Richberg, October 1, 1928, Richberg to Marrinan, October 31, 1928, Richberg to Marrinan, November 5, 1928 all in Richberg papers, CHS, Boxes 6 and 7.

Richberg's annoyance with Hoover was soon transformed into complete disillusionment with the onset of the Depression. Instead of relying on massive deficit spending so as to increase purchasing power, Hoover consistently sought to solve the depression by encouraging cooperation between business and labor, by implementing a limited, self-liquidating public works program, and by sustaining business confidence through such agencies as the Reconstruction Finance Corporation. Although in retrospect those programs typified the general misunderstanding of the crisis even among experts, to those living in the depression, Hoover's policies indicated inactivity, failure, and callousness. Something had to be done and, to many like Donald Richberg, Hoover was not doing it.⁶⁶

To Richberg, the Depression sustained in reality what he had consistently argued theoretically. As the culmination of normalcy, it had been caused by the primitive capitalism which the New Era sustained. Big business, ruthless in its selfish pursuit of profit, had so dominated the economy that a disequilibrium and imbalance between production and consumption resulted. Profits increased

⁶⁶Harris Warren, Herbert Hoover and the Great Depression (New York: Norton, 1959), pp. 293-305; Albert Romasco, The Poverty of Abundance: Hoover, the Nation, the Depression (New York: Oxford University Press, 1965), pp. 230ff.; Carl Degler, "The Ordeal of Herbert Hoover," Yale Review LII (Summer 1963), 563-583; Donald Richberg, My Hero, pp. 150-152; Donald Richberg, "My Hero: Draft No. 2--The Unfortunate Mr. Hoover," pp. 3-12 in Richberg papers, LC, Box 14.

greatly at the expense of wages and prices. Technology, while lowering costs and demonstrating America's capacity to achieve abundance, was so distorted by business that unemployment increased, prices remained high, and mass purchasing power declined. Overproduction and underconsumption inevitably characterized the economy until the entire system collapsed in 1929.

Richberg did not, however, believe that business alone was responsible for the depression. The federal government also had to bear some of the responsibility. Under Harding and Coolidge, the government had failed to alleviate the devastating condition of the farmer, refused to sustain labor's interests, and had consistently ignored its obligation to regulate industry.⁶⁷ Under Hoover, moreover, the government was still pursuing these policies in spite of the Depression. In Richberg's view, Hoover's balanced budgets, self-liquidating public works, and theories of business confidence were tragic mistakes because they had little or nothing to do with the causes of the Depression. Instead of attempting to re-create the normalcy system, Richberg believed the crisis could only be solved by increasing the purchasing power of farmers and workers, by establishing an equilibrium within industry and the economy between business and labor, and by instituting experimental

⁶⁷ Donald Richberg, "Industrial Civilization," pp. 265-269; Richberg, "The Future of Power and the Public," pp. 3-7; Richberg, Tents of the Mighty, pp. 226-236.

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planning. Designed to salvage the American economy, all these proposals could and would be achieved without any resort to revolutionary violence or fundamental, structural changes.⁶⁸

Specifically, Richberg believed that purchasing power could be increased by massive governmental spending on public works programs and/or by establishing credit through the LaFollette-Costigan bill. Assuming that credit should be used to increase mass purchasing power and that the only remedy for unemployment was to put men to work, the bill authorized the establishment of a United States Exchange Corporation, consisting of a board of directors including the Secretaries of Treasury, Commerce, and Labor as well as six presidential appointees. Within thirty days of its establishment, the USEC would conduct a survey "of the existing demands upon essential industries for the necessities of life which are not being satisfied because of a lack of purchasing power." Once completed, the USEC would then arrange through local agencies to extend credits to cover six months necessary purchases in amounts "not exceeding \$300 for an individual, plus \$100 for each dependent, but not exceeding \$500 per household." All Producers, distributors, and transportors would be

⁶⁸ Donald Richberg, "Legal Barriers to Social Progress," Address to California Conference of Social Work (May 15, 1930), pp. 13-18; Richberg, "Labor and the Law," 6; Richberg, "Industrial Civilization," 274; Richberg, My Hero, p. 152.

licensed by the USEC and all purchases made from them.⁶⁹

Neither a dole nor a form of socialism, USEC would promote industry by extending credits to individuals.⁷⁰

Richberg did not believe that public works and USEC alone would solve the Depression. As special counsel to RLEA, he also recognized that the federal government would have to assume more responsibility vis-à-vis industry. In terms of the railroad industry, for example, the federal government would have to pass legislation providing for old-age pensions, unemployment insurance, compensation, and a shorter work week without a reduction in wages in order to stimulate recovery.⁷¹ In terms of the public utilities in general, the federal government would have to exert more regulatory supervision than it had done previously. As chairman of the committee on public utilities at the

⁶⁹Robert Wagner to Donald Richberg, April 20, 1932; Donald Richberg to Senator Costigan, July 15, 1932 both in Richberg papers, CHS, Boxes 14 and 15 respectively; Donald Richberg, Testimony Before a Subcommittee of the Committee of Manufactures, U.S., Congress, Senate, July 6, 1932, pp. 8-20, pamphlet in Richberg papers, LC, Box 43. Quotes are from this testimony.

⁷⁰Donald Richberg, "Extracts of Address to Women's City Club" (Cleveland, July 13, 1932), in Richberg papers, LC, Box 43.

⁷¹"Richberg Tells Senators of Plight of Unemployed Rail Workers," Labor (January 19, 1932), 1-2; Donald Richberg to D. B. Robertson, March 1, 1932 both in Richberg papers, CHS, Box 14. As general counsel to RLEA, Richberg helped to formulate RLEA's depression programs. See, for example, Donald Richberg, "Report of Old Age Pensions to the RLEA" (July, 1931), Richberg papers, CHS, Box 12.

Conference of Progressives, Richberg had even formulated a program defining the federal government's role in this area. Demanding federal and state regulation of the electrical industry, federal operation of weak and bankrupt railroads, and federal regulation of the communications industry, Richberg argued that the government had "to adopt the policy of public competition as a policy of regulation." Still averse to complete public ownership, he felt a yardstick theory might work effectively.⁷² If it did not, governmental ownership would be the only alternative.⁷³

To avoid this alternative in public utilities as well as to establish the proper relationship between government and industry generally, Richberg hoped that businessmen would heed the advice he had been giving all along. If business would accept the service ideal and reform the corporation internally so that an equilibrium between business and labor would be established, and, if labor would recognize the mutuality of its interests with

⁷²G. W. Norris to Donald Richberg, February 27, 1931; Donald Richberg to G. W. Norris, March 13, 1931, both in Richberg papers, CHS, Box 11; Donald Richberg, "Confidential Draft Report of the Committee on Public Utilities" (Washington, March 11-12, 1931), dated October 1, 1931, in Richberg papers, CHS, Box 12; Donald Richberg to George Norris, August 15, 1931, Richberg papers, CHS, Box 12. The quote is taken from this last letter.

⁷³Donald Richberg to Carl Thompson, September 23, 1930; Donald Richberg to Amos Pinchot, August 6, 1931, both in Richberg papers, CHS, Boxes 10 and 12 respectively; Donald Richberg to Philip LaFollette, August 29, 1931, Richberg papers, CHS, Box 12.

business, then, not only would the Depression be resolved, but a new American capitalism would be created.⁷⁴ With experimental planning as the basis of economic activity, moreover, the United States could balance production and consumption, preserve its individualistic tradition, and achieve an economy of abundance.

Basically, Richberg was saying that planning, by definition, implied the acceptance of the service ideal, the cooperation and coordination of business and labor within the corporation and economy, and the use of scientific experts in formulating policy. The fundamental weakness of the normalcy system was that business, completely dominant in the economy, planned things that could be done to help it instead of "things that should be done" for the public welfare.⁷⁵ The Depression destroyed the foundations of this system, while simultaneously providing the United States an opportunity to implement a planned economy without resorting to socialism or a governmental take-over of industry.

Ideally, Richberg felt business could implement a Planned economy through self-government. As long as business recognized workers and consumers' right to a voice

⁷⁴Donald Richberg, "Critical Issues in Public Utility Regulation," Testimony before New York State Commission on Revision of the Public Service Commission Laws (January 13, 1930), pp. 15-17, pamphlet in Richberg papers, LC, Box 19; Richberg, Tents of the Mighty, pp. 236ff.

⁷⁵Richberg, Tents of the Mighty, pp. 209, 240ff.

"in controlling production" through such agencies as worker's councils or, perhaps, a national council, the government's responsibility in the economy would be limited to insisting on standardized accounting for statistical purposes, informing the people of the dangers of over-production, compiling reliable labor figures, and mediating disputes within and between industries. In the event that business failed to plan properly, on the other hand, the government's responsibility would extend beyond these activities to such an extent that planning, once a private function, would be transformed into a public one.⁷⁶

Despite the possibility of this happening, Richberg ironically failed to provide any details as to what the government's role in public planning would be. Neither did he offer any details as to who would decide on business' failure to plan properly. Typical of his ambivalence and aversion to detail, he hoped that experimentalism and scientific expertise would contribute to the smooth implementation of planning in the American economy. More importantly, he believed the principle of planning, whether private or public, had to be accepted before any program could be worked out. As the campaign of 1932 approached, he was optimistic that this was about to happen.

⁷⁶"Memorandum to D. B. Robertson," 1931 undated, pp. 2-3, Richberg papers, CHS, Box 13. Although the memo is unsigned, the writing, examples used, and themes indicate that Richberg wrote it. More importantly, this memo is practically identical to his statement to the Senate Committee in 1933.

While Richberg developed these ideas as a labor lawyer and political activist,⁷⁷ Rexford Tugwell formulated his planning program in the quiet of the campus (see Appendix). As a "favored member" of the faculty at Columbia University, he concentrated on building his reputation as an economist.⁷⁸ Teaching a light schedule, writing prolifically on the economic situation in the United States, traveling to Russia in 1927, and participating indirectly in the 1928 presidential campaign--all contributed to his attaining this goal. More importantly, in recognition of this reputation, Professor Raymond Moley asked him to join Brains Trust, where he had the opportunity to suggest his theoretical proposals as concrete policy programs for the Democratic candidate.

Among the many problems Tugwell analyzed in his writings throughout the 1920s, the role of the economist in modern society was paramount. Rejecting the classical theorists who made economics a dismal science, Tugwell preferred the institutionalism of Patten and his contemporaries. Whereas the classicists like Smith, Malthus, and the Mills were primarily moral philosophers who infused natural law into economics in order to develop a logical body of general laws, the institutionalists, like Patten,

⁷⁷ Richberg, Tents of the Mighty, pp. 263-265.

⁷⁸ Sternsher, p. 7; Lord, p. 350; Bolles, pp. 80ff.

recognized the importance of human behavior in its effects on economic theory.⁷⁹ To Tugwell, this was particularly important. An economic determinist, he consistently argued that economists, as social scientists, were "imperatively required . . . to say what it is the industrial system does to men and to define what it is men have a right to expect from industry." Economics, moreover, is the only social science which predicts the future by determining what the economic system can and should do since it alone provides "the plans for its doing."⁸⁰ By developing a "psychological theory of man" and by accepting an experimental attitude in its approach to societal problems, Tugwell believed economics could meet this obligation as well as dispel its traditional image.⁸¹ Also, modern, experimental economics, by analyzing industrial forces with quantitative tools, discovering new bases for policy, and developing a body of relevant principles, would help man subject nature

⁷⁹Rexford Tugwell, ed., The Trend of Economics (New York: F. S. Crofts and Co., 1930), pp. 390ff; Rexford Tugwell, "Economics and Ethics," Journal of Philosophy 21 (December 4, 1924), 686; Rexford Tugwell, "Human Nature in Economic Theory," Journal of Political Economy 30 (June 1922), 318-325; Rexford Tugwell to Henry G. Leach, September 11, 1930 and Rexford Tugwell to Willard Atkins, January 21, 1931, Tugwell papers, FDR Library, Box 1.

⁸⁰Rexford Tugwell, "Human Nature in Economic Theory," 343; Rexford Tugwell, "Economics As the Science of Experience," Journal of Philosophy 25 (January 19, 1928), 40; Rexford Tugwell, "The American Economic System," Lecture Notes, Tugwell papers, FDR Library, Box 50; Tugwell, Trend Of Economics, p. 384.

⁸¹Tugwell, "Human Nature in Economic Theory," 320; Tugwell, Trend of Economics, pp. 413ff.

to his will, confront the inevitable problem of change in modern society, and sustain the basic human impulses of exploration, experimentalism, and cooperation. In the age of surplus which the twentieth-century represented, all this would make man's life more pleasant and fruitful.⁸²

Throughout the 1920s, Tugwell applied this approach in his own writings to the economic problems of the United States. Regarding the worker, for example, Tugwell felt man's basic impulse to wander and seek adventure was being repressed by the "modern mode of life." Working in the gloomy interior of a factory, men were continually coerced to lead monotonous lives, surrender their freedom, suffer "disastrous psychic maladjustments," and observe the disruption of their home life.⁸³ His wages, although high in comparison to European wage levels, could not sustain him in a life-style equivalent to his productive contribution. Even the security of his job was uncertain because technology, while enhancing his efficiency potential,

⁸²Tugwell, Trend of Economics, pp. 384 and 415; Tugwell, "Economics as a Science of Experience," 37; Rexford Tugwell to Horace Taylor, March 12, 1929, Tugwell Papers, FDR Library, Box 3; Alan Gruchy, Modern Economic Thought: The American Contribution, pp. 418-430; Tugwell, "Economics and Ethics," 690, Tugwell, "The Distortion of Economic Incentive," International Journal of Ethics XXXIV (April 1924), 280ff.

⁸³Rexford Tugwell, "The Gipsy Strain," Pacific Review 2 (September 1921), 177-183; Tugwell, "The Hired Man," Nation CXXI (August 5, 1925), 164; Tugwell, "The Distortion of Economic Incentive," 280.

simultaneously threatened him with occupational obsolescence.⁸⁴ Frustrated and insecure, he was developing into a potentially disruptive force in American society.

In Tugwell's thinking, the masses of the American labor movement could be divided into three groups, each more or less inclined to utilize revolutionary violence to ameliorate their living condition. First and foremost, were the "bread and butter men" who were typically good unionists or possessed the characteristics of good unionists. Physically sound and psychologically normal, they were uneducated, yet skilled in their occupations. "Of good basic stuff," they could be "easily moulded into an effective and courageous, if slow-moving, army" which would eventually and peacefully move toward the acquisition of industrial control. All they needed was effective leadership. The second group, the migratories or industrial nomads, on the other hand, were neither as pliable nor as peaceful as the unionists.⁸⁵ Mentally inept and consistent wanderers, they were the casuals. Although Tugwell distinguished between the upper casual who periodically gave way under industrial pressure and the lower casual who continuously lacked any social roots, he still believed

⁸⁴Rexford Tugwell, "Wage Pressure and Efficiency," New Republic LV (July 11, 1928), 196; Tugwell, "The Theory of Occupational Obsolescence," Political Science Quarterly 46 (1931), 171ff.; Tugwell, "Occupational Obsolescence," Journal of Adult Education 3 (January 1931), 19.

⁸⁵Tugwell, "The Gipsy Strain," 183-184.

both represented dangerous threats to the American economic system, the latter in particular. Victimized by industry and ignored by society, they comprised about 38 percent of the American work force. Alone and isolated, the casual was primarily a social illness. Under the authority of labor leaders, the third group in Tugwell's classification, they could become revolutionaries.⁸⁶

Tugwell generally believed American labor leaders possessed the "qualities of leadership men value." Combining the characteristics of demagogue, prophet, politician, and idealist, most labor leaders fought effectively for the rights and privileges of the average workingman. There were, however, some, like those in the I.W.W., who were not so trustworthy nor deserving of praise. Self-appointed martyrs, they were agitators and outlaws who offered "the dream of a worker's empire" as an escape for the casual. Preaching violence and revolution, they were responsible for "I.W.W.-ism" and its philosophy of despair as well as the tragic occurrences which Centralia symbolized.⁸⁷ Unless their influence were neutralized, Tugwell feared they would affect the entire American work force.

To accomplish this, Tugwell suggested that industry approach the problem rationally. In the short-run, he

⁸⁶Ibid., 183-184.

⁸⁷Ibid., 185-186; Tugwell, "The Outlaw," Survey XLIV (August 16, 1920), 641-642; Tugwell, "The Casual," 472-473.

believed industry would have to provide the casual with better working conditions, shorter hours and higher wages so as to diminish the appeal of revolutionary leaders and the discontent they fed upon. In the long-run, industry, and American society, would have to develop a broad, social program involving "the job, the home, the city environment, the possible uses of leisure, and the relation of men in industry to political authority" so as to eliminate the fundamental causes of casualty. Although Tugwell admitted he could not offer any specific suggestions to implement such a program, he did feel this was the only way the dangers of the casual could be eliminated. The United States simply had to make an honest attempt to fit him into a "producing niche where he can function with reasonable efficiency, happiness, and permanency."⁸⁸

As for the rest of the labor force, Tugwell felt the conservative union, although weak, could promote and protect labor's interests by fighting for bread and butter goals.⁸⁹ In this way, the union could at least improve the worker's immediate standard of living. Tugwell, however, did not believe that these policies could or would resolve the weak position of labor vis-à-vis industry. Symptomatic of the inequities in the normalcy system, its position could only be enhanced by fundamental changes in

⁸⁸Tugwell, "The Gipsy Strain," 196; Tugwell, "The Outlaw," 641.

⁸⁹Tugwell, Wage Pressure and Efficiency," 198.

America's economic philosophy and societal institutions.⁹⁰ Long-range in scope, these changes would establish the necessary equilibrium in the decision-making process between industry and labor as well as between industry and farming so that the United States could achieve its economic potential.

While the normalcy system exploited labor, Tugwell also argued that it sustained industrial domination at the expense of the farmer. Unlike the worker who confronted psychological frustration and job insecurity, the farmer encountered more serious threats to his lifestyle. To him, industrialization and urbanization spelled disaster. His family life, once closely-knit and cooperative, became distant and isolated as his wife and children and his neighbors migrated to the cities. His self-sufficiency, once dependent on the "diurnal rhythms" of nature, transformed into a dependence on economic forces he could not understand. And, even his traditions, once respected and valued by all, deteriorated into obsolete goals no one cared about. Alone and confused, he had become a tragic figure in a society committed to industrial progress.⁹¹

⁹⁰Tugwell, "The Theory of Occupational Obsolescence," 223-226. The details of his program will be presented shortly in the section on industry.

⁹¹Rexford Tugwell, "The Problem of Agriculture," Political Science Quarterly 39 (December 1924), 549-551; Tugwell, "The Woman in the Sunbonnet," Nation CXX (January 21, 1925), 73-74; Tugwell, "Country Life for America," Pacific Review (March 1922), 566-577; Tugwell, "The Man

To Tugwell, what these changes meant in practical terms was clearly illustrated throughout the 1920s. During this period, he consistently argued that the farmer confronted three critical problems. First and foremost, the agricultural-industrial relationship was imbalanced. Although World War I had witnessed an abnormal increase in farm prices, the general price decline beginning in 1919 affected the farmer almost immediately. Between 1919 and 1924, farm prices continued in a downward spiral, and remained that way for the rest of the decade, despite the general rise in industrial prices and the overall standard of living. In view of his relatively stable costs, this constant price decline signified that the farmer's purchasing power was not keeping pace with "the increased purchasing power of the townsman's dollar." His goods undervalued, he was forced to accept low prices for his own goods, while paying more for the industrial products he needed.⁹²

To complicate matters, the basic inelasticity of agriculture, his second problem, intensified his already depressed condition in a distinctive way. Unlike industry which could manipulate the supply and price of its products according to market demands, Tugwell felt agriculture was

With the Hoe," Nation CXXI (October 21, 1925), 467; Tugwell, "Distortion of Economic Incentive," 280.

⁹²Tugwell, "The Problem of Agriculture," 554-557. Quotes are from pages 558 and 554 respectively.

inherently incapable of making any adjustments. In times of prosperity and rising prices, farm prices would rise high above the general price level, while, in times of depression, they would fall significantly because farmers had to deal with nature, not people. Immune to market fluctuations, farmers could not easily and quickly control their supply of products either to exploit or resist price changes. Tugwell did believe, though, that this phenomenon could be alleviated if the farmer confronted his last problem, i.e., organization.⁹³

Adamant in economic thinking, the farmer had consistently refused to recognize that the more organized an economic group is, the more it could adjust to market changes. A staunch individualist, he let his physical isolation, dependence on weather, and occupational diversity distort his thinking about the economy, until the technological revolution of the twentieth-century. With the growing use of automobiles and telephones, farmers began to communicate more frequently, learning that not only was there little or no difference between the problems of a wheat farmer and a corn farmer, but also that cooperation could help them. In the 1920s, it was this realization that was laying the foundations for an agrarian revolt which, Tugwell hoped, would go beyond the activities of

⁹³Ibid., 566-568.

legislative farm blocs and farmer-labor movements in its demands for agricultural relief.⁹⁴

To provide that relief, Tugwell suggested that the basic causes of farm distress be removed. In the short-run, farmers' incomes would have to be increased by diminishing the farm surplus, even at the expense of the consumer, while, in the long-run, a "delicately balanced system" would have to be established in which "not only farmers' production and consumption schemes but also those of other groups of the community (would) be brought into some kind of harmonious operation that would yield a balanced, orderly, and sane system of economic life." A concert of interests, this equilibrium would not only assure an equitable price-relationship between industry and agriculture, but it would also guarantee continuous progress for the American economy as a whole.⁹⁵

As an economist, Tugwell felt that the implementation of this concert implied introducing fundamental changes in agriculture itself. A long-range process, agriculture would have to undergo a basic reorganization in which its technical efficiency would be increased, the costs and prices of its products lowered, and the extent of

⁹⁴Ibid., 570-575; Rexford Tugwell, "What Will Become of the Farmer?" Nation CXXIV (June 15, 1927), 666.

⁹⁵Tugwell, "The Problem of Agriculture," 576-581; Rexford Tugwell, "Reflections on Farm Relief," Political Science Quarterly XLIII (December 1928), 486.

its markets widened. Involving immense research and extensive capital outlays, such a program would enhance the farmers' purchasing power and provide agriculture with the foundation to stand on its own feet.⁹⁶ More importantly, it would ostensibly demonstrate the importance of planning in the modern economic process since planning would be the means through which the concert of interests and agricultural reorganization would be realized.

In all of his writings on the farm question in the 1920s, Tugwell consistently emphasized that planning was the only way to effectively help the farmer, both in the long- and short-run. All-inclusive, it implied production and price controls, revision of the tariff structures, the possible consolidation of farm units, the use of scientific experts in policy-making, and the adoption of an experimental attitude. Agricultural planning, however, did not necessarily imply ruthless collectivization and revolutionary violence as in the case of Russia. Based on the cooperativeness of farmers as well as the extension of governmental authority, it could and would succeed in a democratic country.⁹⁷

⁹⁶Tugwell, "What Will Become of the Farmer?" 666; Tugwell, "Reflections on Farm Relief," 481 and 489.

⁹⁷Rexford Tugwell, Stuart Chase, and Robert Denn, ed., Soviet Russia in the Second Decade (New York: John Day Company, 1928), p. 100.

Specifically, Tugwell suggested that planning could be implemented in a number of ways. In the 1928 presidential election, for example, he proposed the Advance Price Ratio Plan to Governor Smith. The purpose of this plan was to determine scientifically the number of acres, the amount of production per acre, and the amount of consumption of farm goods so that a ratio price for farm produce could be established a year in advance. By adjusting farm production to the actual consumption, farmers could be guaranteed a base price proportionate to industrial prices. To administer the program, Tugwell suggested that a corporation be established to distribute the contracts and funds to farmers cooperating in the plan. Although difficult to administer, the scheme would at least make the farm surplus problem more manageable.⁹⁸ In the long-run, moreover, it would demonstrate the feasibility of restricting production.

If this scheme proved unacceptable, Tugwell also suggested that the government conduct a survey of the amounts of land necessary to meet normal consumption needs at profitable prices. Notices of limitations on planting, on a basis of ten-year averages, could then be given by the local or county agents of the Farm Board to individual farmers. If any farmer produced more than his allotment,

⁹⁸Rexford Tugwell, "The Reminiscences of Rexford G. Tugwell," Oral History Research Office, Columbia University, p. 1; Rexford Tugwell, "Continuing and Strengthening the Work of the Department of Agriculture," n.d., pp. 6ff, Tugwell papers, FDR Library, Box 53.

he could be penalized by denying him the use of railways and warehouses.⁹⁹ In either scheme, though, Tugwell emphasized that the government would have to play a stronger role than it had in the past. The government would have to conduct the statistical surveys, restrict production accordingly, control prices, and experiment in its programs. If the evidence indicated, the government would also have to facilitate the consolidation of farm units.¹⁰⁰ Although Tugwell was convinced that the family farm idea should be abandoned in the future, he believed that the farmers' individualism and the general, laissez-faire philosophy of the United States would oppose it. More importantly, it was these forces that were opposing the implementation of planning as well as suggesting tariff revision and McNary-Haugenism as the prime solutions to the farm problem.

Despite their popularity in the 1920s, Tugwell did not consider them as primary amelioratives for farm distress. In the case of the tariff, Tugwell felt that, if selectively used, the most it could accomplish was to "artificially" raise domestic prices, restrict markets, and make the problem of overproduction worse. With the Hawley-Smoot Tariff, nothing was accomplished since it neither

⁹⁹Tugwell, "Reflections on Farm Relief," 490.

¹⁰⁰Tugwell, "The Problem of Agriculture," 576; Tugwell, "Reflections on Farm Relief," 491; Tugwell, "Farm Relief and a Permanent Agriculture," Annals CXLII (March 1929), 275-277; Rexford Tugwell to John D. Black, December 19, 1930, Tugwell papers, FDR Library, Box 1.

helped American industry nor promoted the "cause of international harmony."¹⁰¹ McNary-Haugenism, on the other hand, proved much more promising, although it too left much to be desired.

In an effort to help the farmer, four McNary-Haugen bills were passed by the Congress between 1924 and 1928. Although each differed in detail, they all contained the basic feature of a federal farm board. Established to buy up the surplus of designated farm commodities at a price based on pre-World War I averages, this board could either sell the surplus abroad or store it in warehouses until prices rose. An equalization fee, moreover, would be placed on the producers of the respective commodities so that the government would not incur any financial losses. Essentially a combination of price-fixing and dumping, the bills were consistently vetoed by Coolidge who applied, what Tugwell called, his "Vermont shop-keeping economics" to agriculture.¹⁰²

Seeing McNary-Haugenism as a step in the right direction, Tugwell believed that it offered only mild palliatives for a serious problem. By concentrating on the surplus, it failed to recognize the basic weaknesses in

¹⁰¹Rexford Tugwell, "The Tariff and International Relations," circa 1930, p. 6, Tugwell papers, FDR Library, Box 47; Rexford Tugwell to Milledge Bonham, December 29, 1930, Tugwell papers, FDR Library, Box 1.

¹⁰²Tugwell, "Reflections on Farm Relief," 488; Tugwell, "What Will Become of the Farmer?" 665.

agriculture itself, failed to provide for the extension of governmental authority in assuring general price regulations, and failed to develop a cooperative structure for those farmers affected by it.¹⁰³ Planning, mechanization, and consolidation, with all they implied--these were the answers to the farm question. Eventually, they could and would be applied in agriculture and industry once the American people discarded their philosophy of laissez-faire and recognized the inequities produced by an industrially-dominated system.

More than anything else, Tugwell consistently emphasized that industrial reform was the key to the American economy's functioning properly. As the twentieth-century progressed, Tugwell felt that technology and Taylorism in industry had begun to characterize American economic growth. Life was becoming more and more dependent on machines. In and of itself, this was good because not only were machines "accurate, tireless, and self-operative," but they also were enhancing America's productive potential to the point that it was within a "stone's throw" of abolishing human work and labor.¹⁰⁴ Taylorism, moreover,

¹⁰³Tugwell, "Reflections on Farm Relief," 482; Tugwell, "Farm Relief and a Permanent Agriculture," 280; Rexford Tugwell, "A Memorandum Concerning the Problems of Agriculture, A Summary Outline," n.d., Tugwell papers, FDR Library, Box 53.

¹⁰⁴Rexford Tugwell, The Industrial Discipline and the Governmental Arts (New York: Columbia University Press, 1933), pp. 25, 44, 7.

by expertly studying better means to increase productivity, was enabling industry to mature in such a way that, by the 1920s, the United States had arrived at an era of economic surplus and maintenance.¹⁰⁵ Theoretically at least, an economy of abundance had been achieved. In reality, however, this was not the case.

In spite of this phenomenal potential, Tugwell argued that "the most puzzling phenomenon associated with this efficiency is that it has not made us wealthier than we are." The United States still confronted the problems of poverty, overwork, and illness. Industries, over-equipped with plant, machinery, and men, still produced more than the market could absorb and the economy in general still failed to distribute its wealth equitably. Instead of letting the machines work for him, man in effect was working for the machine.¹⁰⁶ An intolerable situation, Tugwell believed there was only one explanation for it. A cultural lag had developed in the United States.

As an institutional economist, Tugwell believed that man, although incapable of altering his nature, could and usually did change his environment. In changing his environment, he would also have to adjust his thinking accordingly in order to reap the full benefits of those

¹⁰⁵Rexford Tugwell, Industry's Coming of Age, pp. 245-246.

¹⁰⁶Tugwell, The Industrial Discipline, pp. 19-28, 203; Rexford Tugwell, "An Economist Reads Dark Laughter," New Republic XLV (December 9, 1925), 87-88.

changes. When he refused to do so, then a cultural lag or imbalance developed, as in the case of the United States. What happened here is that, as technology increased America's productive potential, American values remained constant. Her social and political institutions simply failed to adapt themselves to the complexity of modern life so that she fell behind the technology which was inevitably taking place. Intellectually, spiritually, and morally, the United States continued to adhere to a nineteenth-century value system in a twentieth-century world. And, nowhere was this more clearly illustrated than in the case of technological unemployment.¹⁰⁷

Traditionally, the classicists had argued that technological improvement, by reducing costs and consequently prices, would increase incomes, which, when spent, would create a demand for more products. This increased demand, moreover, would eventually cause business to invest its income in more plant capacity and this, in turn, would create more jobs. A cyclical phenomenon, the economy would continue to grow because the technological improvement was helping everyone.¹⁰⁸ In Tugwell's thinking, nothing could be further from the truth. Despite the simplicity of its

¹⁰⁷Tugwell, Industry's Coming of Age, pp. 244ff.; Tugwell, The Industrial Discipline, pp. 3ff.; Sternsher, p. 11; Gruchy, p. 455.

¹⁰⁸Tugwell, "Occupational Obsolescence," 20ff; Tugwell, The Theory of Occupational Obsolescence, 183ff.

cause and effect analysis and its general acceptance by the American people, Tugwell emphasized that there were fundamental flaws in the argument itself.

First and foremost, Tugwell believed that technological improvement did not automatically reduce costs because capital was needed to implement the change and business, uncertain as to whether the new machine would be profitable, would ordinarily be reluctant to introduce it. Although businessmen in the 1920s were optimistic about the advantages machines would incur, this still did not necessarily imply that prices would be lowered. In Tugwell's thinking, business would lower prices only when there was a promise of full continuity in the productive process. In light of the individualistic character of American industry, this meant that businessmen would reduce prices only if and when they were certain that consumers would buy more of their products and not their competitors. More importantly, businessmen, instead of re-investing their profits in industry, continually sought to increase their surplus reserves for several purposes. In the 1920s, Tugwell felt that those reserves were being used for investing in other corporate securities, buying on the open market, advertising, foreign loans, speculation on the stock exchange, and, only minimally, for plant expansion. In short, businessmen were not doing in reality what the classical theory said they would naturally do theoretically. And, as a result, technological unemployment worsened.

To resolve the problem, Tugwell suggested that the United States adjust itself to the inevitable changes taking place as well as recognize that unemployment is only incidental to, not caused by, technology. In the short-run, this implied alleviating occupational obsolescence by re-educating the worker for a new job and by establishing a social security system in which both the government and business would pay to support the displaced worker until he could find a new position. In the long-run, this meant that the United States, and business in particular, would have to learn to adjust demand to supply and cost to price through planning.¹⁰⁹ Although convinced that planning was the only solution, Tugwell was not certain that it would be adopted because its implementation depended upon America's discarding its philosophy of laissez-faire.

As the traditional business theory, Tugwell felt laissez-faire was responsible for all the problems confronting the United States in the modern world, ranging from the cultural lag to the basic disequilibrium within the economic decision-making process. A simplistic theory, it emphasized that the national welfare was best served by the individual businessmen who competed among themselves for profit without restrictive governmental interference. The government's function, in fact, was simply to sustain

¹⁰⁹ Tugwell, "Occupational Obsolescence," 21; Tugwell, "The Theory of Occupational Obsolescence," 181-182, 216, 218-223ff.

business interests within the economy by preventing monopolization and by keeping "economic affairs in a continual state of conflict."¹¹⁰ To go beyond that was unacceptable, even if the government considered regulation to be necessary. Competition, profits, and individualism--these were the means by which the economy would grow, at least theoretically.

Although useful in the revolt against mercantilism and divine right monarchy, Tugwell felt this theory was not applicable to the economic conditions of the modern world. Even its assumptions, "that men, businesses, and regions are free to volunteer for any activity, that they possess a perfect mobility in seeking out the most effective occupation . . . , [and] that men's economic activities are dominated solely by this single self-interest motive . . . ," were highly questionable. In Tugwell's thinking, history had shown that the "free competitive order" had never existed in pure form, that employers had always had the upper hand over their employees, and that perfect mobility never existed because men had to work wherever they could. Monopolies, moreover, had destroyed whatever competition there was even before the twentieth-century.¹¹¹ Still, in spite of all this, the theory of laissez-faire had adherents, especially in the United States where it not only sustained

¹¹⁰Tugwell, The Industrial Discipline, pp. 19, 32-33, 41-46.

¹¹¹Ibid., pp. 46ff.

the inequitable normalcy system, but also was responsible for the disastrous Depression of 1929.

Specifically, Tugwell argued that the American economy in the 1920s presented a deceiving façade. Seemingly prosperous, it had experienced a period of expansion between 1922 and 1929 due to increased mechanization and scientific management. "Factories ran, railways were busy, . . . , and credit remained liquid." But, as industrial efficiency increased, business neither lowered the prices for their products nor increased the wages of their workers proportionate to their own increased profits and reduced costs.¹¹² Keeping their profits in reserve, expending some of them uselessly in speculation, and investing in unplanned expansion, they failed to realize that "what consumers had to buy with had become disproportionate to the goods being produced."¹¹³ To make matters worse, technological unemployment and the depressed condition of farmers further reduced mass purchasing power. Although business sought to stifle this decline by overextending credit to sell its products, the process of overproduction and underconsumption

¹¹²Rexford Tugwell, A. T. Cutler, and G. S. Mitchell, "Flaws in the Hoover Economic Plan," Current History 35 (January 1932), 525ff; Rexford Tugwell, "Hunger, Cold and Candidates," New Republic LIV (May 2, 1928), 324.

¹¹³Rexford Tugwell, Diary (Expanded Form), 1932-1934, pp. 6-7, Tugwell papers, FDR Library, Box 19.

had already gone too far. A spiral of decline had set in and the Depression inevitably followed.¹¹⁴

Since the Depression had been caused by a disruption of the price-wage-profit relationship, Tugwell suggested in 1932 that "values had to retreat until goods could issue from the industrial process priced so that their purchase was possible with the available funds of consumers." In the immediate post-1929 period, this meant that a policy of deflation, "of capital values, of securities, of retail prices, of industrial excrescences such as advertising and hugh reserves . . .," would have to be implemented, along with public works programs for the unemployed workers and relief for the farmer.¹¹⁵ In the long-run, this meant that the United States would have to learn to maintain an equilibrium between industry, labor, and agriculture through planning. In short, what Tugwell was suggesting was not only that the tenets of laissez-faire be rejected, but also that Hoover's approach to the depression be re-evaluated.

Although his ideas mellowed with time, Tugwell consistently criticized Hoover between 1928 and 1932. Seeing him as a life-long exponent of laissez-fairism, Tugwell believed that Hoover fundamentally remained in the tradition of Harding and Coolidge. Like them, he was

¹¹⁴Tugwell et al., "Flaws in Hoover's Economic Plan," 525ff.

¹¹⁵Rexford Tugwell, Mr. Hoover's Economic Policy (New York: John Day Co., 1932), p. 24.

orthodox in his economics, inflexible in his approach to problems, and committed to the American capitalistic system.¹¹⁶ Unlike them, he presented the image of being "the engineer pragmatist, the examiner of reality, (and) the man of action guided by fact." Superficially, Hoover was the businessman par excellence in government. Realistically, however, Tugwell felt he was quite different. A dogmatic personality, Hoover always assumed that the facts supported his ideas and that his economic programs were theological in origin and form, especially the ones he developed during the Depression crisis.¹¹⁷

In analyzing those programs, Tugwell emphasized that Hoover sought to resolve the crisis in an unrealistic, traditional way. Assuming that business units had to remain small and independent, that the government had to protect business in every way possible, and that competition had to be maintained, Hoover formulated policies designed to restore prosperity through business confidence.¹¹⁸ For that reason, he supported such programs as the

¹¹⁶Rexford Tugwell, "Platforms and Candidates," New Republic LV (May 30, 1928), 44; Rexford Tugwell, "What is a Scientific Tariff?" New Republic LV (June 13, 1928), 93. In later years, Tugwell modified his thinking to show that Hoover, in many respects, foreshadowed the Roosevelt presidency. See, for example, Rexford Tugwell, "The Protagonists: Roosevelt and Hoover," Antioch Review (December 1953) among many others.

¹¹⁷Tugwell, Mr. Hoover, p. 5.

¹¹⁸Ibid., pp. 6-7, 17.

Hawley-Smoot Tariff, despite the experts' opposition to it; the Reconstruction Finance Corporation, the National Credit Corporation, and the War Finance Corporation for business and banking, not worker or farmer relief; all attempts to balance the budget; and, the moratorium on debts. This also explained why he refused to support direct federal relief, whether in the form of non-self-liquidation public works or outright doles.¹¹⁹ To do any more or go any further, whether in terms of extending governmental authority or coercing businessmen to cooperate, would be dangerous in Hoover's thinking because such policies smacked of communism and socialism. More importantly, he believed such policies would be useless anyway because prosperity was "just around the corner." It simply had to be since Hoover, as President, said so. Even when the facts on unemployment and productivity demonstrated that the promised recovery was not in sight, that his programs were not working, and that the crisis was deepening, Hoover continued to believe this. And, in Tugwell's thinking, the only reason why he did was because he had no other alternative. Having gone far within his own ideological limits, he concluded that there was little or nothing he could do. By 1932, then, Hoover, once the

¹¹⁹Ibid., pp. 8-9, 14-18, 25; Tugwell et al., "Flaws in Hoover's Economic Plan," 528ff. Ironically, Tugwell tended to be critical of Hoover's failure to balance the budget.

Horatio Alger of the twentieth-century, was transformed into Hoover, the tragic Canute. His dignity "lost in a spate of ridicule," he could not understand why the American people constantly criticized him. Tugwell, of course, could.¹²⁰

In assessing Hoover's performance, Tugwell emphasized that Hoover failed to resolve the Depression because he had too much faith in the laissez-faire, American system and too much trust in the business community. Instead of attempting to sustain the normalcy system which caused the Depression, Tugwell felt Hoover should have sought to change it by initiating policies which would have diminished business domination, while enhancing the influence of the other groups in American society. This could have been easily accomplished, moreover, by approaching the crisis in a more realistic manner. In the short-run, Tugwell argued this meant restoring mass purchasing power and creating an equilibrium between industry, labor, and farming as soon as possible, not by reducing wages through work-sharing schemes or by adopting inflation and/or taxation as the only approach to alleviating distress within the economy, but rather by forcing down retail prices to equal wholesale prices, by organizing federal relief programs in the form of public works, by

¹²⁰Tugwell, Mr. Hoover, pp. 22-28; Tugwell et al., "Flaws in Hoover's Economic Plan," 529; Tugwell, Diary (Expanded Form), "The New New: The Contributions of Herbert Hoover," 5-6, Tugwell papers, FDR Library, Box 19.

instituting income and inheritance, not sales, taxes, by avoiding budgetary deficits, and by the governmental "take-over of any necessary enterprises which refuse to function when their profits are absorbed by taxation."¹²¹ A deflationary process, these programs, when combined, would at least stabilize the economy and allow recovery to begin. Tugwell, however, did not believe that these policies could or would eliminate the fundamental weaknesses in the economic system which had caused the Depression. A long-range program, involving the abandonment of laissez-faire and the implementation of planning, was necessary to do that.

In offering planning as the primary solution to the crisis, Tugwell was simply reiterating what he had been consistently saying throughout the 1920s. To him, planning, in fact, was so important that he believed it alone offered the United States the opportunity to adjust to the realities of the twentieth-century and, thereby, achieve its economic potential. Implying cooperation, not conflict, consolidation, not competition, the public interest, not

¹²¹Rexford Tugwell, "Discourse in Depression," Teachers College Record 34 (1932), 6, draft in Tugwell papers, FDR Library, Box 47; Rexford Tugwell, "The Principle of Planning and the Institutions of Laissez-Faire," American Economic Review, Supplement (March 1932), 12-13, draft in Tugwell papers, FDR Library, Box 36; Rexford Tugwell and R. F. Ford to W. P. Wilson, May 11, 1931, Rexford Tugwell to Frank O. Lowden, October 5, 1931, Rexford Tugwell to Basil O'Connor, July 9, 1932, all in Tugwell papers, FDR Library, Boxes 3 and 2 respectively.

selfish profit-making, experimentalism, not blue-prints, and institutional change, not revolution, it was the logical alternative to America's philosophy of laissez-faire.¹²² As such, therefore, it required changes in the traditional attitudes of business and government before it could work.

In practical terms, Tugwell believed this meant that the United States would have to recognize that business had been immoral, irresponsible, ruthlessly selfish, and unsportsmanlike throughout the 1920s and even after the onset of the Depression. If planning were to be instituted, all this would have to change.¹²³ Instead of competing against one another for selfish profit, businessmen would have to learn to cooperate for the general, public interest. Instead of planning within their own individual concerns where they had little or no conception of the entire economy, they would have to learn to plan for all industry, emphasizing the whole over the parts. And, instead of relying on small, obsolete units of organization, they

¹²²Tugwell, "Discourse in Depression," 8, 14-16; Tugwell, Industry's Coming of Age, pp. 255-256, 266-267; Tugwell, "High Wages and Prosperity: Discussion," Bulletin of the Taylor Society (February 1928), 19-21; Tugwell, Diary (Expanded Form), 11, Tugwell papers, FDR Library, Box 21; Rexford Tugwell to J. R. Brachett, April 11, 1931, Felix Moley to Rexford Tugwell, Attached "Responsibility and Economic Distress," January 18, 1932, both in Tugwell papers, FDR Library, Box 1.

¹²³Tugwell, "Principle of Planning," 2; Tugwell, "Discourse in Depression," 10.

would have to consolidate in the interest of efficiency.¹²⁴ Once this was done, the problems of overexpansion, overproduction, and unwise investment--characteristics of the normalcy system--would be resolved and a coordinated, balanced economy would be established.

To make certain that all this would happen, moreover, Tugwell also emphasized that the government would have to assume a different role in the decision-making process. Instead of the traditional policeman of the Wilson-Brandeisian school, it would have to exert more authority over capital uses, profits, and prices so as to assure an equitable adjustment of production to consumption, cost to prices, and profits to wages.¹²⁵ This could be accomplished by the government's cooperating with business in coordinating planning, by its sanctioning of consolidation through incorporation laws, and by its taxing undistributed, excess profits. In Tugwell's thinking, none of this activity on the part of the government implied either a governmental take-over of industry or a revolutionary break with the tenets of American democracy. Industry would be primarily responsible for planning, with the government simply supervising the process and exercising

¹²⁴Tugwell, "Principle of Planning," 17-20.

¹²⁵Tugwell, "High Wages and Prosperity," 19; Tugwell, "Governor or President?" 381; Tugwell, The Industrial Discipline, pp. 199-202; Tugwell, "Responsibility and Economic Distress," 4-5.

its constitutional right "of surveillance of services and prices" to protect the general welfare.¹²⁶ As long as business governed itself in such a way that prices were low, wages high, and profits reasonable, Tugwell believed there would be no need for more extensive governmental interference, as was the case in Russia.

Although he admired the Russian form of planning for its reliance on experimentalism and scientific techniques, Tugwell never argued that it was a viable and/or acceptable form for the United States. Ruthless in its implementation, political in purpose, and suppressive in action, it was totally alien to American democratic traditions.¹²⁷ It could not, nor should it, be transplanted to the United States where democratic liberties were highly valued and where problems were resolved without resort to violent tactics. Evolution, not revolution, was the American way and, Tugwell hoped, that, in terms of planning, that method of change and adjustment would prevail. If, however, it did not, if the United States failed to adopt planning, then, Tugwell feared the United States would be in serious trouble. Not only would the economy of abundance fail to

¹²⁶Rexford Tugwell, The Economic Basis of the Public Interest (Wisconsin: George Banta Co., 1922), reprinted by August Kelley Co. (1968), pp. v-ix, 101ff; Tugwell, "The Economic Basis For Business Regulation," American Economic Review XI (December 1921), 643-658.

¹²⁷Rexford Tugwell, "Experimental Control in Russian Industry," Political Science Quarterly XLIII (June 1928), 161-187.

materialize, but the United States would also have to face recurring depressions and the possibility of revolution.¹²⁸ By 1932, Tugwell thought even businessmen, the staunchest opponents of the planning idea, recognized this and sought to avert it by suggesting their own proposals for instituting planning.

Despite the popularity of these proposals, Tugwell felt the programs offered, such as the Swope Plan, were ineffective because they were like a "Gosplan without power." Doing little or nothing to effect the institutional adjustments necessary to the success of the planning principle, they tended to sustain business dominance without governmental supervision or regulation. Instead of doing that, he suggested a procedure he felt was more in line with the implications of planning.¹²⁹

In this planning program, Tugwell recommended that associations within each industry be set up by the businessmen of those industries. These associations would then establish a planning board for the entire industry, composed of employers, workers and consumers. This board would be responsible for centralizing management, "maintaining standards of competition," and controlling maximum

¹²⁸Tugwell, Industry's Coming of Age, pp. 244, 247, 261-262.

¹²⁹Tugwell, "Principle of Planning," 2ff., 6-8, 9-11.

prices and minimum wages.¹³⁰ Voluntary in essence, they would deal with all intraindustrial matters. For inter-industrial affairs, these boards would create a central planning board which would serve as "a mediating and integrating body for the coordination of the several industries' plans and policies respecting production, prices, division of markets, working conditions, and the like."¹³¹ The United States Industrial Integration Board would primarily be an investigative and coordinating body with authority to control the allocation of capital and the pricing policies of the industries. It would also have the power to "lay fines on corporations or members" who were not in line with the industry or even expel those who refused to cooperate.

With the boards so constituted, the government could exercise its authority by placing an undistributed profits tax on industry so as to channel capital into the right places. It could also incorporate industry so as to provide some control over new capital issues.¹³² The revenues

¹³⁰Tugwell, The Industrial Discipline, p. 212. See Sternsher, pp. 91ff. for another interpretation. The primary weakness with Sternsher's analysis of Tugwellian planning is that he does not seem to recognize the evolution in Tugwell's thinking. This is most clearly illustrated in his use of articles written by Tugwell in the late 1930s and early 1940s as if they were applicable to Tugwell's ideas in the 1920s.

¹³¹Tugwell, The Industrial Discipline, pp. 212-215.

¹³²Ibid., pp. 212-213.

received from this, moreover, could be placed in an Industrial Reserve Fund. Administered by a board composed of representatives from the government and the central integrating board, the Fund would be divided annually into three parts: one-third would be returned to those industries which adhered to the plan, one-third would be retained in the fund until its size equaled twice the paid-in capital of the member industries, and one-third would be used for unemployment insurance benefits. In allocating the fund in this way, Tugwell felt that compliant industries would be rewarded, surplus funds of corporations would be eliminated, and money for workers without jobs would be available.¹³³ The entire planning mechanism, in fact, would be so administered that everyone, from industrial managers to workers to consumers, would benefit.

Essentially planning "from the bottom up" with the central integrating board overseeing interindustrial affairs from "the top down," its success would depend upon business cooperation, governmental exercise of its authority in the area of price and capital investment, and the protection and recognition of the interests of weaker businesses, technicians, workers, consumers, and farmers.¹³⁴ More importantly, Tugwell emphasized that the plan was only suggestive. Experience would provide the details for its

¹³³ Ibid.

¹³⁴ Ibid., pp. 218ff.

effective implementation.¹³⁵ Once that was accomplished, the benefits incurred from it would be astounding.

It was with this sense of optimism and hope that Tugwell, therefore, proposed his planning program to Franklin Roosevelt in 1932. Like Richberg, he believed planning was democratically feasible, that it implied cooperation, coordination, experimentalism, the service ideal, and expertise. Like Richberg, he also emphasized that planning was only a suggestive remedy, not a detailed solution to the crisis. Time was needed before the principle itself could be worked out. And, finally, although more sophisticated in his analysis and more definite in defining the government's role, he, like Richberg, felt it would work, given the opportunity.

¹³⁵Ibid., pp. 227ff.

CHAPTER IV

THE GRAND EXPERIMENT, 1932-1936

By the time of the 1932 election, Donald Richberg and Rexford Tugwell had come to believe that Franklin D. Roosevelt was America's only hope. With the hardship and misery caused by the Depression intensifying and with Hoover's programs demonstratively failing, both men believed that only the Democratic candidate would and could act quickly and decisively to confront the crisis. They also felt that he alone would be bold enough to break with tradition and implement what, in their thinking, was the primary solution to the Depression--planning. Entailing fundamental changes in the relationship between government, industry, and labor, they optimistically expected him to inaugurate the grand experiment that their planning conceptions implied. In this sense, they were inadvertently committing Roosevelt to planning, while they, in turn, committed themselves to him. Although hard work, frustration, and, in some respects, disappointment would eventually characterize their own commitments, by the end of 1936, they still believed that what had happened in the First

New Deal laid the foundation for what could be accomplished in the future. The planned economy, once an unacceptable alternative, had become a distinct possibility and each felt a sense of satisfaction in the part he played in that transformation (see Appendix).

For Donald Richberg, the presidential election of 1932 provided another opportunity to continue his political activity while remaining close to the "tents of the mighty." Although minimal in comparison to his Bull Moose days, his activity in the campaign consisted of arranging a conference between Roosevelt and the RLEA so that the union executives could express their views on the economic issues affecting their membership.¹ Meeting in August, the conference proved especially fruitful for the general counsel of the RLEA who impressed Roosevelt so much that he reportedly remarked that he wanted Richberg near him in Washington.²

This growing Richberg-Roosevelt rapport was further enhanced by Richberg's service as an "associate" member of the Brains Trust. In this capacity, he advised the candidate on various labor-related issues, wrote with others a speech on the railroad industry, and offered suggestions on the subject and content of speeches Roosevelt should give, usually suggesting that he speak in general terms because a

¹Donald Richberg to Colonel Louis McHenry Howe, July 14, 1932, Richberg papers, CHS, Box 15; Richberg, My Hero, p. 154.

²Richberg, My Hero, p. 155.

"program of specific remedies" would simply "invite attack upon detail."³ Here, Richberg was suggesting a policy he himself had been consistently following, especially in regard to planning. In his thinking, as long as Roosevelt promised to act immediately in confronting the Depression, the problem of how he would act could be postponed until the election was over. The principle, not the details, was important, and, it was on that basis that Richberg sought to sell the Democratic candidate to the people in general and to the progressives in particular.

Toward the end of the campaign, Richberg became the executive chairman of the National Progressive League which had been organized by Senator George Norris. Non-partisan in policy and oriented primarily toward economic issues, the League was designed to attract bipartisan progressive support for Roosevelt in the election. Initially, Richberg had opposed the idea of the League on the ground that it would not attract the old-time progressives away from Hoover who might even use the League for his own purposes. Instead, Richberg preferred publishing a list of progressives who supported Roosevelt in the hope that this might

³ Donald Richberg to Raymond Moley, July 12, 1932; Raymond Moley to Donald Richberg, July 13, 1932; Donald Richberg to Raymond Moley, September 30, 1932; Raymond Moley to Donald Richberg, October 18, 1932; Donald Richberg to Franklin D. Roosevelt, attached Memo on Unemployment, October 18, 1932, all in Richberg papers, CHS, Boxes 15 and 16; Richberg, "My Hero," Draft No. 2, pp. 3-5, Richberg papers, LC, Box 14; Richberg, My Hero, pp. 155-156.

have a "bandwagon" effect. This initial reluctance on his part, however, changed once he realized that the League could serve as a vehicle for him to continue his own political activity. From that point on, he worked and campaigned diligently to garner progressive support for the Democratic candidate; and, in doing so, he not only solidified his own position vis-à-vis Roosevelt, but he also guaranteed that he would play a role in the New Deal that the President-elect promised the American people after November, 1932.⁴

During the four-month interregnum between election and inauguration, Richberg testified before the Senate Finance Committee which, in February, 1933, was investigating the causes and the solution to the Depression. Appearing as an individual and not as one representing any organization, he made the most complete statement he had ever made up to that time on the causes of the economic crisis as well as on the feasibility of planning in the American economic system. Vigorously denouncing the normalcy system, he told the committee to ignore the advice being offered by the bankers, railroad presidents, manufacturers, monetary experts and financeers appearing before it. Having caused the Depression by their "greedy and

⁴Donald Richberg to Basil Manly, September 3, 1932; Donald Richberg to Basil Manly, September 30, 1932, both in Richberg papers, CHS, Box 15; Vadney, pp. 108ff.

ignorant misuse of money," they simply could not be trusted any longer. Paying large dividends occasionally and low wages regularly, they were the ones responsible for the "brief periods of prosperity" and the "long periods of general depression" that the United States had always experienced. They were also the ones who had created a system of primitive capitalism and who now were "too ignorant of facts, too stupid in comprehension, . . . [and] too viciously selfish in [their] short-sighted philosophy," to understand and recognize America's "bitter need for honest, intelligent and public spirited planning" which alone could rehabilitate "our crumbling civilization."⁵

For Richberg, this system of primitive capitalism was probably well adapted to serve as a transitional stage "during the development of man from the status of a producing distributing machine to the status of a master of producing and distributing machinery." As technology facilitated mass production and labor specialization, this system, by emphasizing selfish individualism, ruthless competition, and the "constant extension of individual control over natural resources . . .," encouraged those in control to exploit the growing "interdependence of man upon man" for their own purposes. Under the control of these private monopolists, farmers and workers, instead of

⁵ Donald Richberg, "Depression Causes and Remedies," Draft of Testimony before the Committee on Finance, U.S., Congress, Senate, February 23, 1933, pp. 1-4, 6 in Richberg papers, CHS, Box 17.

enjoying prosperity, suffered privation and destitution. The balance of production and distribution, instead of being maintained, had been gradually destroyed. And, the economy of abundance, instead of being equitably proportioned, was experienced only by the industrial rulers. By 1929, the disparities between what industry produced, what farmers and workers made, and what stockholders received had become so great that the depression had set in and the economic system collapsed.⁶

In light of this, Richberg told the committee the only way to restore prosperity and prevent a recurrence of 1929 was to reorganize the American political economic system so that "our industries may be operated and must be operated for the primary purpose of employing as many workers as possible at the highest possible wages, while paying the lowest possible compensation for the use of money and property consistent with the inducement of all necessary investment." Industry would simply have to learn that mass purchasing power had to be maintained, that production had to be planned in the general interest, and that the government's prime responsibility was to protect the public interest. Considering the industrial leaders of the normalcy system, Richberg believed that this implied placing a new industrial leadership in power which would owe its allegiance to the people and "whose individual ambitions

⁶Ibid., pp. 9-11.

and success [would] depend upon the good faith and ability with which the interests of the masses are promoted and the average standard of living is maintained and advanced."⁷ More importantly, this also meant providing workers and farmers with the opportunity to organize themselves so that they could cooperate and work with this new industrial leadership.

Once the workers were organized, industrial councils composed of managers, investors and workers could be formed within each industry to create a national council. Because the workers on the councils would also represent their consuming interest, the national council would represent all producing and consuming interests so that one group could hardly obtain sanction for a policy clearly contrary to the general welfare. To eliminate excess profits, Richberg suggested that the government place an excess profits tax on all corporations so that "the prime incentive for reducing wages and increasing prices would be curbed."⁸ A responsibility of the government, the tax would also represent the new role the government would play vis-à-vis industry.

Although the organization of workers, the creation of councils, and the extension of governmental authority

⁷Ibid., pp. 12, 13, 17.

⁸Ibid.; pp. 14-15. Richberg suggested that a constitutional amendment might prove useful in this respect.

would eventually facilitate the establishment of a planned economy, Richberg realized that all of this would take time, perhaps too much time in view of the problems created by the Depression. People had to be put back to work immediately. To do that, he suggested that the federal government appropriate enough money for direct relief on a basis, "not of furnishing bare subsistence, but of providing nourishing food, decent clothing and shelter and the essential comforts for those who are now in want." In this respect, he believed that a \$500 million appropriation was not enough, much more was necessary. He also recommended that credit be extended through the LaFollette-Costigan program and that a civil mobilization of natural resources take place through "the immediate creation of a national planning council composed of those who recognize the necessity of a planned economy." From this council, "an emergency, experimental program" should be developed and enacted into legislative form immediately. Whether it be public works, direct relief, and/or a combination of both, Richberg demanded that something be done to increase purchasing power and start the economy rolling again.⁹ Unless something were done soon to relieve the distress among the unemployed, he feared that a revolutionary ferment would develop and threaten the very institutions of American

⁹Ibid., pp. 20-22; Donald Richberg to Raymond Moley, March 27, 1933, Richberg papers, LC, Box 1.

government and society. Action--in any form--was needed and he felt that his program provided the committee with a means to do just that.

In retrospect, Richberg's testimony before the Senate committee was significant because it not only summarized everything he had been saying, up to that time, about the economy and planning, but it also clearly illustrated the problems inherent in his thinking. Strong in its anti-business tone, it emphasized the feasibility of planning as a workable alternative to unrestrained individualism and state socialism. Coordination, cooperation, the service ideal, the need for expertise in formulating policy, and the equality of business and labor all characterized the planned economy that he envisioned. Experimentalism, moreover, was seen as the key to implementing this type of planning.¹⁰ But, as for the problems of detail concerning the government's function in planning, the responsibilities of the planning councils, the relationship between business-labor-government, and the implementation

¹⁰Richberg interpreted his statement and called it "a sort of manifesto, . . ." summarizing "the fundamental principles of a practical, but necessary, political movement, swinging sufficiently far to the left to be a clear challenge to the existing order, but developing an American radicalism which will grow vigorously in our sail to get away from those efforts to transplant European radicalism . . ." Donald Richberg to Paul Y. Anderson, February 21, 1933, Richberg papers, CHS, Box 17. For other interpretations of this statement, see Vadney, p. 116; Schlesinger, Coming of the New Deal, pp. 92-93, Crisis of the Old Order, pp. 458.

program itself--the who, what, and how of planning--these problems still remained unresolved and, in Richberg's thinking, there was no reason why they should be resolved at that point in time. Once the principle was accepted, experience would fill in the details or, at least, that is what he hoped would happen as he entered the New Deal. At the very most, he could offer Roosevelt an idea and a vague program as a possible solution to the economic crisis confronting the nation. And, after March, 1933, that is precisely what he did.

Richberg's entry into the New Deal as an official administrator was neither sudden nor surprising. Having campaigned for Roosevelt in 1932, worked with LaFollette and Costigan on measures to alleviate the Depression, and aided in the drafting of the Emergency Transportation Act of 1933, he was in a rather favorable position.¹¹ More importantly, his ideas on the causes and the solution to the Depression coincided and agreed with those New Dealers, like Raymond Moley, who were exerting influence over the new President. Resolutely cautious, he bided his time, waiting for an opportunity. By April, a situation

¹¹The Emergency Transportation Act, enacted June 16, 1933, established the office of Federal Coordinator of Transportation. Designed to facilitate consolidation in the railroad industry, the law also protected workers and created regional Adjustment Boards for collective bargaining purposes. As the general counsel for RLEA, Richberg played an active role in drafting and fighting for the legislation. See Irving Bernstein, The New Deal Collective Bargaining Policy (Berkley: University of California Press, 1950), pp. 43ff.

requiring his services developed and he answered the call unreservedly.

On April 6, 1933, the Senate passed Senator Hugo Black's AFL-sponsored bill prohibiting interstate shipment of goods produced by labor working more than thirty hours a week. Although designed to spread the available employment, it was in direct opposition to Roosevelt's ideas on facilitating recovery. Upset and determined to prevent its enactment, the President responded by sending Secretary of Labor Frances Perkins to the House labor committee with instructions to urge the House to adopt a measure providing for a thirty to forty-hour work week, minimum wage scales, and the relaxation of antitrust laws. The President also assigned Raymond Moley the task of contacting the Brookings Institution and the Chamber of Commerce to determine what recovery plans were currently being offered by businessmen and others.¹² Moley, already overworked, thereupon enlisted the services of General Hugh Johnson who was not only associated with Bernard Baruch and the War Industries Board, but who also had aided in drafting agricultural legislation for the New Deal. It was Moley's commandeering of Johnson that eventually resulted in Richberg's entry into the administration.

¹² Raymond Moley, After Seven Years, pp. 185-187, The First New Deal, pp. 288ff; Hugh Johnson, The Blue Eagle From Egg to Earth (New York: Doubleday, Doran & Co., Inc., 1935), p. 193; Richberg, My Hero, p. 164.

Feeling rather weak on "the labor point of view," Johnson, on Moley's advice, asked Richberg to help him in drafting a recovery bill.¹³ Together, they set about preparing the legislation.¹⁴ No sooner had they begun working on the bill than they learned that Roosevelt had commissioned several others to work on a similar project, including Senator Robert Wagner of New York and Under-secretary of Commerce John Dickinson.¹⁵ By the time the Johnson-Richberg draft was complete, a common Dickinson-Wagner draft also was. Different in some respects, both measures needed to be reconciled.

Although both drafts contained provisions for a public works program to relieve unemployment, their primary differences lay in how the recovery process would be implemented. The Dickinson proposal called for inter-industry cooperation through trade associations,

¹³Johnson, The Blue Eagle, p. 201. Johnson related that Richberg was recommended "as a brilliant unknown" who was "a subtle and astute lawyer reported to be a progressive on the radical side, a successful lobbyist, associated with the Railroad Brotherhood rather than the Federation, but was thought to possess the confidence of labor."

¹⁴Donald Richberg, The Rainbow (Garden City: Doubleday, Doron & Co., Inc., 1936), p. 107.

¹⁵Moley, After Seven Years, p. 188; Johnson, p. 204; Ellis Hawley, The New Deal and the Problem of Monopoly, p. 42; Vadney, pp. 113ff. In drafting his bill, Wagner was assisted by Meyer Jacobstern, Harold Moulton, David Podell, Gilbert Montague, Fred Kent, Malcolm Rorty, James Rand, W. J. Lauck, and members of Congress. Dickinson received assistance from Jerome Frank, Rexford Tugwell, and Frances Perkins.

governmental relaxation of the anti-trust laws, and the writing of codes for labor, covering female-child labor, minimum wages, maximum hours, and collective bargaining. The Johnson plan, on the other hand, emphasized suspending the anti-trust laws, "empowering the president to sanction business agreements on labor and competitive standards, and providing for federal licensing as a means of insuring compliance with the law."¹⁶ Unlike Dickinson's reliance on voluntary industrial self-government, the Johnson plan demanded a more active role for the federal government in the recovery process generally and in the code-making process particularly.

When the drafts were finally presented to Roosevelt, he ordered the sponsors of both measures to hold a conference and develop a coherent program to relieve the Depression. Meeting with Budget Director Lewis Douglas in his office, Frances Perkins, Rexford Tugwell, John Dickinson, Robert Wagner, Hugh Johnson, and Donald Richberg undertook to reconcile the texts. After a few preliminary sessions, Perkins, Tugwell, and Wagner "ceased active participation, all being excessively burdened with administrative work." The remaining four, including Douglas, continued the work until the bill was completed. After a

¹⁶Moley, The First New Deal, p. 288ff.; Schlesinger, The Coming of the New Deal, pp. 96-98; Johnson, pp. 196ff.; Vadney, p. 115. Quote is from Vadney.

few minor revisions, this joint-product became the National Industrial Recovery Act in June, 1933.¹⁷

In its final form, the NIRA consisted of two parts. Title I provided for establishing codes of fair competition by industry, governmental licensing of such codes, suspension of the anti-trust laws for those codes which received presidential approval, and the protection of labor by section 7(a) which guaranteed minimum wages, maximum hours, and the right of collective bargaining. Title II, on the other hand, established the Public Works Administration with an appropriation of \$3.3 billion for unemployment relief. With a life-span of 2 years, the NRA would confront the economic crisis through a program of business-government cooperation, or at least that is what the sponsors of the bill hoped would happen.¹⁸

Having played an important role in the final drafting of the NRA, especially section 7(a), it was only natural that Johnson, who was appointed administrator of the program, would select Richberg as his general counsel on legal matters. Both men had compatible personalities, agreed on the basic principles and objectives of NRA, and were definitely committed to making the program a success.

¹⁷Johnson, p. 204; Moley, The First New Deal, p. 290. Richberg, The Rainbow, p. 107 and My Hero, pp. 164-165; Schlesinger, Coming of the New Deal, p. 97, Hawley, p. 42ff. Quote is from My Hero, p. 165.

¹⁸U.S., Statutes At Large (1933), 48:195.

More importantly, Johnson felt that Richberg would adequately represent the labor point of view since he was generally identified with organized labor.¹⁹ Little did Johnson know, though, that Richberg perceived his role quite differently.

Although he neither campaigned for a position for himself in the administration nor supported the aspirations of others like Harold Ickes, Richberg was hopeful that something would come up. At one time, he even thought that Roosevelt was considering him for the cabinet.²⁰ When nothing in this regard materialized, he gradually resigned himself and, eventually, accepted Johnson's offer to serve

¹⁹Johnson, p. 212; Felix Frankfurter to Miss Abbot, May 30, 1933, Frankfurter papers, LC, Box 159; Lilienthal, Journals, pp. 28-32, 154-155; (J. Franklin Carter), The New Dealers, p. 38; Schlesinger, Coming of the New Deal, pp. 106-107. On writing 7(a), Richberg later claimed the authorship with Johnson. See Donald Richberg to Natasha von Hoershelman, September 26, 1933, with "Memorandum concerning Section 7(a)," National Recovery Administration papers, Record Group 9, Series 47, National Archives (NA), Box 581.

²⁰Donald Richberg to Walter White, October 3, 1932; Donald Richberg to A. F. Whitney, November 21, 1932; Donald Richberg to David Lilienthal, November 21, 1932; Donald Richberg to Bernard Flexner, November 21, 1932; David Lilienthal to Donald Richberg, December 8, 1932; Donald Richberg to David Lilienthal, December 19, 1932; Donald Richberg to David Lilienthal, December 19, 1932--all in Richberg papers, CHS, Box 15-16; Richberg, The Rainbow, p. 111 and My Hero, p. 158. For the Richberg-Ickes dispute, see Donald Richberg to Harold Ickes, February 24, 1933, Richberg papers, CHS, Box 17; Harold Ickes to Donald Richberg, April 7, 1933; Donald Richberg to Harold Ickes, April 9, 1933 both in Harold Ickes papers, LC, Series 2, Box 4.

in the NRA. In doing so, Richberg believed that his position would be unique. Since he agreed to be general counsel at "the dire request" of Roosevelt, he felt that he would be directly responsible to the president and not General Johnson. Also, instead of merely being a representative of labor within the NRA, he believed that he would be an impartial defender and exponent of the general, public interest.²¹ Of all Richberg's attitudes, this one proved to be tragic because it, in time, caused a split within the NRA between the administrator and his general counsel, thereby impairing the overall efficiency of the recovery program as well as subjecting the NRA to the hostile criticisms of its opponents. Fortunately, the internal dissension within the NRA did not manifest itself openly for some time. Until it did, Richberg used his position as general counsel to express his views on the New Deal, and particularly the NRA, in terms of his own planning conception.

In all his speeches and writings as general counsel, Richberg consistently defended the NRA and the New Deal. During the initial code-making process, he characterized the NRA, and the New Deal generally, as a revolution in method, not structure or objectives. A

²¹Richberg, My Hero, pp. 162-166; Donald Richberg to Editor of "Chicago Journal of Commerce," July 8, 1933, Richberg papers, LC, Box 1; Vadney, pp. 119-123.

voluntary experiment in self-government, he explained that the NRA was not "trying to establish public management of private business," nor "trying to fix prices or wages by governmental orders," nor "trying to unionize labor by federal commands."²² Rather, the objectives of the NRA, and the New Deal, were "to put more people to work; to give them more buying power; to insure just rewards for both capital and labor in sound business enterprizes by eliminating unfair competition"--all of which would only be achieved by establishing a "machinery of cooperation" between industry and government. The federal government's role, in fact, was simply to facilitate the achievement of these objectives by coordinating the programs of the various industries, by protecting and promoting the general welfare "in all phases of this industrial self-government," and by powers which may now be exercised for the benefit of industry, as will make sure that these powers will not be abused but will be utilized in a manner consistent with the public interest." In this way, business, not the government, would assume the primary responsibility for the success or failure of the entire recovery program, and if

²²Donald Richberg, Address over National Broadcasting Company (July 31, 1933), NRA Release No. 145, pp. 3-4; Richberg, Address to the American Legion (August 3, 1933), p. 2 both in Richberg papers, LC, Box 19; Richberg, Draft of "Is it Revolution?" (circa 1935), pp. 3, 7, 13-14, Richberg papers, LC, Box 6; Richberg, Address to Luncheon of the Merchants Association of New York (July 6, 1933), p. 1, Richberg papers, LC, Box 19. Quotes are from latter address.

business failed to fulfill that obligation properly, if it failed to be "sufficiently socialized by its private owners and managers," then, the "advance of political control over private industry" would be inevitable. Although Richberg felt that such an extension of governmental authority implied socialism, he also felt that, unless industrial self-government worked, there would be no other alternative for saving the American economic system. Business simply had to learn to think in terms of the public interest as well as recognize the rights of labor. If it did not, the government would have to act out of "powers of self-preservation."²³

Specifically, Richberg believed that business had to recognize that the codes of fair competition were designed not only to prevent unfair industrial practices, but also to protect and promote the rights of the worker.²⁴ Since the Depression had been caused by a disruption in the scheme of production and consumption, since the NRA had been established to provide industrial self-government through cooperative efforts, and since the primary purpose of the New Deal was "not to reduce the quantities of goods and services available, but to increase the number of

²³Richberg, Address to the Merchants Association of New York, pp. 1-2, 7, 9, 10.

²⁴Donald Richberg, Address over the Columbia Broadcasting System (July 26, 1933), NRA Release No. 93, p. 2, in Richberg papers, LC, Box 19.

people able to purchase those things which can be produced and which they need," Richberg emphasized that the most important policy for business and government to follow was one which would "re-adjust hours of work and wages in the endeavor to insure that the major benefits or reduced costs and increased efficiencies in trade or industry shall be transferred to the workers of those industries" in the form of higher wages and better working conditions. Section 7(a) was designed to do this, as well as provide employers and employees an opportunity to exercise "a corrective influence" on each other. It did not guarantee nor imply that the grand experiment of the NRA would allow or sanction labor unions to become so powerful that the relationship between industry and labor would be upset.²⁵ Rather, Richberg argued that 7(a) was seeking to stimulate voluntary cooperation without compulsion either in the form of employers forcing workers to join company unions or unions forcing employers to accept a closed shop. Cooperation and coordination, in Richberg's thinking, was the key to the recovery program, and, business and labor simply had to recognize that.²⁶

²⁵ Donald Richberg, "Address to the Babson Institute" (Massachusetts, September 8, 1933), NRA Release No. 628, pp. 4-6, Richberg papers, LC, Box 19; also, Richberg, Address to the Annual Meeting of the National Consumers' League (New York, December 13, 1933), NRA Release No. 2233, p. 1, Richberg papers, LC, Box 19.

²⁶ Donald Richberg to Henry Hilton, October 23, 1933, Richberg papers, LC, Box 1; Donald Richberg, "Address over

In light of this, Richberg felt that the government need not, nor would it, coerce either labor or management to fulfill their proper obligations in the recovery process unless it was forced to do so. In some instances, such as the Agricultural Adjustment Administration and even certain industries, Richberg recognized that the government was exerting quite a bit of authority and/or allowing monopolistic practices to be followed. These, however, were necessary extensions of governmental authority because the emergency situation demanded it. Neither permanent nor precedent-setting, they would be re-evaluated once the NRA and its personnel gained more experience in dealing with the problems of industrial-labor-governmental relations.²⁷ In time, Richberg felt that the NRA would not only resolve these difficulties, but it would also institutionalize the planned economy he thought was so necessary for the industrialized United States.

National Broadcasting Company" (August 29, 1933) and "Address to the Fifteenth Annual Convention of the American Bottlers of Carbonated Beverages" (Kentucky, October 12, 1933), both in Richberg papers, LC, Box 19; Donald Richberg, "Labor Provisions of N.I.R.A." draft (October, 1933), Richberg papers, LC, Box 45.

²⁷ Donald Richberg, "Address to the Sunday Breakfast Club" (Philadelphia, November 5, 1933), pp. 5-12, Richberg papers, LC, Box 19. Although Richberg spoke of the New Deal generally, he concentrated primarily on the industrial, not the farm, recovery program. As for the discrepancies in NRA policy, these will be covered in detail in the next chapters. In this instance, the "certain industries" refer to oil and steel.

As a planning mechanism, Richberg argued that the NRA represented the "half-way" alternative between "the anarchy of irresponsible individualism and the tyranny of state socialism." A first step in the right direction, it neither created a "Presidential Dictatorship" nor operated outside the constitutional limitations of American democracy. Instead, the NRA was exercising the government's right "to regulate interstate commerce for the purpose of furnishing relief from an intolerable disorganization of commerce, caused by the failure of private commercial enterprises to provide those opportunities for employment and those exchanges of goods and services which were necessary to sustain at least one-third of our population."²⁸ By creating a "machinery for the self-government of industry, with a limited measure of public supervision which is carefully designed to provide only those restraints and compulsions which are essential to protect private rights and to safeguard fundamental public interests," it was facilitating the transformation of the United States "from industrial anarchy toward industrial government," "from laissez-faire economics toward a planned economy."²⁹

²⁸ Donald Richberg, "Address Before the Academy of Political Science" (New York, November 8, 1933), NRA Release No. 1604, pp. 1, 3; Richberg, "Address to the Cleveland Bar Association," broadcasted over NBC (November 10, 1933), NRA Release No. 1592, pp. 1-2, both in Richberg papers, LC, Box 19.

²⁹ Donald Richberg, "Are the Provisions of the National Industrial Recovery Act Constitutional?, Arguments

Specifically, Richberg argued that this meant that the NRA, and the New Deal generally, was refining the profit motive, not destroying it as well as qualifying the rights of private property by placing public obligations on it. Industry, and the economy, was being organized effectively so that a balance between production and consumption would follow, competitive waste would be eliminated, and an economy of abundance would be realized.³⁰ Although time would be needed for the NRA to achieve all these objectives and although problems, especially in regard to price-fixing, were developing in administering the program, the NRA was working successfully to confront the Depression and to implement the planned economy which, in Richberg's thinking, still implied cooperation, coordination, experimentalism, the service ideal, and an equilibrium in industrial relations between business and labor.³¹

Favoring" Congressional Digest (December 1933), pp. 300-304, Richberg papers, LC, Box 6; Donald Richberg, "Opening Statement in a Debate with Norman Thomas," draft, broadcast over NBC (December 16, 1933), p. 2.

³⁰ Richberg, Debate with Thomas, pp. 4-5; Richberg, Address to Massachusetts State Recovery Board (Massachusetts, December 27, 1933), excerpts, NRA Release No. 2454, pp. 5-6, Richberg papers, LC, Box 19.

³¹ Donald Richberg, Address to the American Legion, broadcast over NBC (October 21, 1933), p. 2; Richberg, Address to Democratic Women's Luncheon Club (Philadelphia, November 4, 1933), extracts, NRA Release No. 1534, both in Richberg papers, LC, Box 19; Richberg to L. H. Arnold, October 25, 1933, Richberg papers, LC, Box 1; Donald Richberg to Senator Norris, December 18, 1933 and Richberg, "The Aims, Methods and Results of the NRA," Address to Sunday Breakfast Club (circa 1933-34) both in National

As the code-making process ended and as the NRA encountered increasing administrative difficulties, however, Richberg's characterization of the NRA as a planning mechanism began to change somewhat. Instead of arguing that the NRA was an emergency-oriented, experimental program, operating within American constitutional limitations and attempting to establish a voluntary, cooperative system of industrial relations for the promotion of the public welfare, after January, 1934, he began to emphasize the permanent contributions of the NRA as well as the need to maintain a balance between industry and labor before the planned economy could be institutionalized. Balance, in short, once identified with planning, now became a prerequisite to planning and, in Richberg's thinking, until it was achieved, problems and discrepancies in administering the NRA would continue and even intensify.

In an article entitled, "Six Months of NRA," this change in Richberg's thinking was first made apparent. He argued that the NRA, as an emergency measure, sought to bring about "the reemployment of millions of workers in trade and industry," while, in the long-run, it was seeking to bring about "a stabilization and improvement of industrial operations which will retain the gains of emergency relief and provide a sound basis for a continuing industrial advance." The codes of fair competition were, therefore,

necessary because they protected and promoted the interests of both business and labor by developing a "cooperative machinery for the purposeful, planned organization of the business of the nation to serve the needs of the nation." Whereas industry was allowed to govern itself with minimal governmental interference, labor was guaranteed through section 7(a) the right to share in the gains of industry. And, what was even more important, in Richberg's view, was that this system of cooperative relations was working. Business was increasing its production, industrial disputes were prevented and the workingman was enjoying better wages and working conditions.³² By establishing a "socially planned economy brought about and administered by a democratic organization of mass interests," Richberg believed the NRA was saving American capitalism without resorting to the dangers of "class-conscious government."³³

Richberg also believed that the NRA went further vis-à-vis planning. In assuming that "trade and industry are best promoted by a healthy competition between individually managed enterprises," that "under the Constitution

³²Donald Richberg, "Six Months of the NRA," Harvard Business Review 12 (January 1934), 130-132, 135-138 in Richberg papers, LC, Box 6.

³³Donald Richberg, Address to Northwestern University (Illinois, January, 1934), NRA Release No. 2765, p. 1; Richberg, Address to the Annual Banquet of the Northeastern Retail Lumbermen's Association (New York, January 24, 1934), broadcast over W.O.R., NRA Release No. 2912, p. 3 both in Richberg papers, LC, Box 19.

of the United States individual freedom of action and individual rights of property must be preserved, and are to be subjected only to those restraints necessary to provide the maximum freedom and security for the maximum number of people," and that "government under the Constitution will leave business men free, as individuals, to make private gains out of fair competition, but that government must prevent individuals from competing unfairly, and must supervise all combinations of competitors so as to prevent them from eliminating competition and exacting monopolistic profits from consumers," the NRA was establishing the two fundamental requirements of any program of a planned economy, i.e., the standards and methods of industrial cooperation and the trained personnel to carry out the program.³⁴ As the NRA became more permanent, these standards and personnel would be so perfected that the problems facing the NRA could and would be resolved with little or no difficulty. In a speech entitled, "N.R.A. and Its Future Problems," Richberg expounded on this theme in some detail.

Explicitly recognizing that the NRA had been inconsistent and contradictory in its approval of the codes, he argued that the organization had now become "in fact the admintrator [sic] of an industrial reorganization which has

³⁴Donald Richberg, Address to the Economic Club of New York (February 8, 1934), NRA Release No. 3181, pp. 1-3, Richberg papers, LC, Box 19.

been planned and implemented to make permanent the gains of a business revival to which it has already given a powerful impetus and a definite direction." During the code-making process, the NRA was experimenting and pursuing a policy of trial-and-error which inevitably led to "inadequacies and injustices, easily subject to public misunderstanding."

Criticism from all quarters grew to such an extent that,

Employers could accuse us of unduly favoring organized labor because we upheld the statutory right of self-organization of labor. Labor could protest bitterly that we permitted employers to exercise the right of industrial self-government by management, which was clearly affirmed in the law. Producers could argue that we were imposing increased labor costs through minimum wages and maximum hours and we must prevent unfair price cutting and protect necessary price increases or they could not meet their higher production costs. Consumers could argue that higher prices were being imposed through combinations of producers and insist that in some miraculous manner we should elevate the workers' standard of living without increasing the prices of his products.³⁵

Even small businessmen objected that the NRA, by allowing price-fixing, was sanctioning monopoly and threatening their very survival. Still, in spite of all this criticism, Richberg believed the NRA would succeed now that its emergency objective had been fulfilled.³⁶ In the future,

³⁵Donald Richberg, "N.R.A. and Its Future Problems," National Radio Forum, NBC (February 26, 1934), no page numbers, Richberg papers, LC, Box 19.

³⁶Donald Richberg, Address to the National Wholesale Lumber Association (Washington, May 23, 1934), NRA Release No. 5288, p. 1, Richberg papers, LC, Box 19. In referring to the critics of NRA, Richberg was trying to answer the criticisms of the Darrow Review Board, established in the spring of 1934. According to the Darrow Report, a conspiracy against small business was being

the NRA would plan for the general welfare, not by regimenting or standardizing business "through the arbitrary imposition of uniform requirements," but by laying down, "on the basis of private experience analyzed with public impartiality, certain broad rules of fair competition which can be almost universally applied." Wages and hours would not be "inflexibly fixed without regard to the varying capacities of trades and industries to utilize labor and to absorb labor costs," but, "maximum hours and minimum wages [would] be generally established so as to provide for the absorption of as many workers as possible at the best possible wages, with further provision for the constant readjustment of working conditions as will permit labor to obtain progressively its fair share of its increased productivity." And, finally, Richberg felt that, although "it is theoretically an exercise of individual freedom for employer and employee to agree upon and to maintain employment relations free from outside coercion," it was a practical necessity "for every group of economic interests . . . to organize itself for self-government and for the

promoted by the NRA. See Hawley, pp. 82-85, 95-97 and Vadney, pp. 135-136. For Richberg's reaction, see Donald Richberg to H. L. Mencken, June 2, 1934 and H. L. Mencken to Donald Richberg, June 7, 1934, both in NRA papers, Series 47, NA, Box 582; and, Donald Richberg, Address by Telephone to the Annual Dinner of the Trade and Commerce Bar Association (New York, April 10, 1934), broadcast from Miami on NBC, pp. 4ff. This is better known as the "Stuffed Shirt" address.

protection of its special interests . . ."³⁷ In practical terms, this meant that an equilibrium between industry and labor would have to be maintained in order for the NRA to continue its efforts in constructing the "half-way" house of planning, and, on a broader scale, it implied that the economy itself would have to maintain a balance between industry and agriculture.

Although Richberg had consistently declared that the NRA, and the New Deal, were attempting to maintain an equilibrium between industry and agriculture, it was only after January, 1934 that he explicitly emphasized it. In a speech entitled, "Industrial Civilization," he told his audience that the United States had two alternatives in implementing planning:

One is to plan the whole economy of a nation, to think of individuals as serving the state, to organize a social advance and to provide for the individual a sharing of social gains. The other is to plan primarily to maintain an economic balance, leaving the national good to flow from the individual gains, resulting from the voluntary association of individuals in private enterprises and a competitive pursuit of private interests, subject only to the minimum of public restraint necessary for the protection of the general welfare.³⁸

³⁷ Donald Richberg, Address to the General Conference of Code Authorities and Trade Association Code Committees (Washington, D.C., March 5, 1934), NRA Release No. 3623, pp. 2, 7-8, in Richberg papers, LC, Box 19.

³⁸ Donald Richberg, "Address to the University of Virginia" (Charlottesville, July 9, 1934), pp. 5ff., Richberg papers, LC, Box 19.

The first alternative was one which implied socialism, while the second was what the NRA and the New Deal were trying to do. Constantly encountering the problem of "maintaining a balance between production and consumption [and] a balance between the opportunities for employment and the number of persons who must be employed," this program was leading the United States "to a balanced rather than a planned economy."³⁹ Instead of the government determining what should and should not be done, the New Deal was establishing "a permanent system to permit private initiative to do the work, but at the same time to maintain a balance between industry and agriculture." Without such a balance, Richberg felt that the Depression would continue and intensify. But, with that balance, with coordination between industry and agriculture as well as cooperation between industry and labor, the American capitalistic system would be saved and a new era of sustained economic growth would follow.⁴⁰

In retrospect, this change in Richberg's thinking from a planned to a balanced economy was significant because it indicated that his planning conception was still evolving and maturing even after the New Deal had begun. Planning was still a theoretically vague idea, although he

³⁹Ibid., p. 5; Frank L. Kluckholn, "Balance, Not Planning, Is Richberg's Aim," New York Times, magazine section (September 9, 1934), p. 3.

⁴⁰Kluckholn, p. 3; Donald Richberg, Address over CBS (August 28, 1934), pp. 5ff., Richberg papers, LC, Box 19.

was now certain that balance within industry, between industry and labor, and between industry and agriculture was necessary before it could be implemented. Experience, moreover, would facilitate the implementation of the balance itself. In time, Richberg would conclude that this meant restraining the growth of the union as well as the government's responsibility in the economic process, but, in 1934-1935, he felt that it meant reorganizing the NRA internally. And, the best way to do that, in Richberg's opinion, was to replace Johnson as the administrator.

Although publicly optimistic that the planned, balanced economy would be implemented and although denying, as the critics of the NRA charged, that the NRA was on its way out by the end of 1934, maintaining instead that the principles of the program were sound and that business was not living up to its responsibility, privately, Richberg felt that organizational changes within the NRA were necessary.⁴¹ This was not, however, a sudden or spontaneous judgment on Richberg's part. As early as April, 1934, he had considered that the NRA needed "a drastic reorganization" and that General Johnson, overworked and

⁴¹Donald Richberg, "The Future of the NRA: The Importance of Maintaining Production, Volume and Price Competition," Fortune (October, 1934), 67, 172, 178; Richberg, "Address to Harvard Business School Club" (New York, October 25, 1934), NEC Release; "Address to Convention of Paint, Varnish, and Lacquer Industry (Washington, D.C., November 2, 1934), NEC Release; "Address to Southeastern Development Board" (Atlanta, November 19, 1934), p. 4, NEC Release--all in Richberg papers, LC, Box 20.

overstrained, needed to be replaced.⁴² In reporting to the President, Richberg made it clear that not only was Johnson's one-man rule hurting the NRA, but Johnson himself, by his drinking, temper tantrums, and "unexplained absences from work," was undermining the administration of the program itself.⁴³ To rectify this situation, he asked Roosevelt to issue an executive order reorganizing the NRA. Specifically, Richberg believed this entailed having Johnson take a thirty day vacation and having a board of three men, appointed by Johnson, run the NRA during that time. Also, the National Emergency Council, established in 1933 to coordinate all recovery activities, would be suspended for 90 days, except insofar as its duties were transferred to a new Industrial Council which would be composed of the Attorney General, the Secretaries of Interior and Labor, the Administrator for Industrial Recovery, the Federal Emergency Relief Administrator, and a director appointed by the President. This new director would be responsible for carrying out the "specific directions" of the President in approving codes, prescribing regulations, and other related measures. Finally, Richberg would resign, on a temporary basis, as general counsel

⁴²Richberg, My Hero, p. 173 and The Rainbow, p. 113. Richberg was not alone in this judgment. See Raymond Moley to Felix Frankfurter, March 27, 1934, Frankfurter papers, LC, Box 117.

⁴³Vadney, p. 136.

to the NRA in order to assume the directorship of the new Council.⁴⁴ On June 30, 1934, Roosevelt acceded to Richberg's request and the executive order was issued.

Despite this change in organization, Richberg was still not satisfied. Convinced that Johnson's presence within the NRA was dangerous, he badgered the President to act again in reorganizing the program. In his opinion, such action was necessary because confusion was growing within the NRA, resistance to the NRA was intensifying especially among recalcitrant businessmen, the quality of personnel operating the NRA was declining, and many people felt that Johnson needed a rest for mental and physical reasons. There was simply no doubt in his mind that:

At present one man by personal obstinacy and for personal reasons is absolutely blocking a reformation that every other informed person knows is necessary to save the NRA. Despite my personal liking for him and appreciation of his feelings, I think the success of the Administration is more important than the private interests of any individual.⁴⁵

Less than one month later, Richberg again informed the President that the NRA was "in a mess and no one knows what

⁴⁴Donald Richberg to Franklin D. Roosevelt, June 26, 1934, Attached Executive Order and "Outline of a Program," Richberg papers, LC, Box 2. Richberg, early in June, had submitted his resignation because he felt he was ineffective due to his relation with Johnson. See Donald Richberg to F.D.R., June 4, 1934, Richberg papers, LC, Box 2; My Hero, pp. 174-175, 183. As Richberg's biographer points out, Richberg's ideas on reorganizing the NRA were similar to Johnson's. Vadney, pp. 140-141.

⁴⁵Donald Richberg to Marvin McIntyre, August 16, 1934; Donald Richberg to Marvin McIntyre, August 18, 1934, Richberg papers, LC, Box 45.

is going to happen." Unless Johnson were removed immediately and a new reorganization scheme implemented, he feared that the NRA would "disintegrate into chaos."⁴⁶ With Richberg pressuring him from one direction and with prominent New Dealers like Tugwell, Wallace, Hopkins, Ickes and Perkins agreeing that Johnson had outlived his usefulness, Roosevelt again acceded to Richberg's request and issued another executive order reorganizing the NRA.⁴⁷ This time, a new National Industrial Recovery Board was established under the chairmanship of Clay Williams. More importantly, the order also authorized the board to administer the NRA under the general authority of the Industrial Emergency Committee, chaired by Richberg. Although the reorganized NRA no longer had the "benefit of the national acclaim which aided General Johnson as Administrator," Richberg, himself nationally acclaimed as

⁴⁶ Donald Richberg to Marvin McIntyre, September 5, 1934, Attached Memorandum dated September 4, 1934; Richberg papers, LC, Box 45. In August, Richberg suggested that he, Johnson and F.D.R. meet and discuss a permanent reorganization plan--F.D.R. agreed and the conference took place. Johnson, believing Richberg had betrayed him and successfully destroyed his influence, thereupon offered his resignation to the President. Roosevelt refused, deciding to keep Johnson on and run the NRA himself. A stopgap measure, Johnson was actually through. In September, he offered his resignation again and F.D.R. accepted it.

⁴⁷ Rexford Tugwell to Franklin Roosevelt, September 5, 1934; Tugwell to Roosevelt, September 7, 1934; F.D.R. papers, OF 466, FDR Library, Box 3. Tugwell was asked by F.D.R. to poll officials. He did and all agreed Johnson had to go.

Assistant President, was convinced that the recovery program would now proceed smoothly.⁴⁸

Although in retrospect Richberg's actions to oust Johnson can not be definitively justified, it is significant that his new position within the NRA, first as director of the NEC and later as chairman of the NIRB, provided him with an opportunity to see at first hand the operations of the NRA and its effects on the economy generally. From this perspective, he could, and did, determine what else needed to be done not only to achieve recovery, but also to implement the balanced economic system he was so committed to. From September 1934 on, he became relatively more specific in offering recommendations to implement planning as well as more tenacious in fighting to have those suggestions enacted into legislative form.

In a speech delivered to the Associated Grocery Manufacturers of America in November, Richberg, as director of the NEC, re-evaluated the NRA after more than one year's performance. Recognizing that the NRA probably had

⁴⁸Richberg, My Hero, pp. 184-185; Vadney, pp. 144-145; Donald Richberg, "Press Conference Statements" (September 28, 1934), IEC Release, Richberg papers, LC, Box 19. A third reorganization of the NRA took place in late October, with the Executive Council merging with the NEC and the IEC becoming a subcommittee of the NEC. Richberg, as director of NEC, coordinated all the activities of the NRA and served as a go-between for the President and the different agencies. A fourth and final reorganization took place in March, 1935. This time, the IEC was abolished and Richberg was appointed temporary chairman of the NIRB.

attempted "to accomplish too much in too short a space of time," he told his audience that the one great value of the NRA had been its effect in "awakening . . . the entire country to the need for, and the possibilities of, more planning and direction and self-discipline in the pursuit of our individual ambitions for business success." Although the NRA had not been uniformly successful in administering the codes, the fact that it was flexible in the code-making process was all important. In the future, as well as in any legislation seeking to reform the NRA, this flexibility had to be maintained if the program were to succeed. Richberg, however, also believed that certain regulations and policies would have to be incorporated into all the codes. Specifically, he felt that minimum wages and maximum hours had to be fixed; child labor had to be outlawed; and, section 7(a), especially in its espousal of collective bargaining, had to be enforced. With a more scientific use of statistics, he suggested that a National Code Administration could be established to enforce the codes and the anti-trust laws, with its decisions subject to judicial review.⁴⁹ If this were done, and, if business fulfilled its proper responsibilities, then, the ideal of economic planning would harmonize with "political planning

⁴⁹ Donald Richberg, Address to the Associated Grocery Manufacturers of America (New York, November 21, 1934), NEC Release, pp. 2-4, 6 in NRA papers, Series 235, NA, Box 7402. Also in Richberg papers, LC, Box 20.

for self-government."⁵⁰ By cooperation, not compulsion, business and labor, with governmental supervision, could exploit the process of reconstruction which the NRA completed for laying the foundations "for a political-economic system wherein private enterprise can compete for individual profit and at the same time co-operate to maintain a proper balance between the interests of agriculture, trade, industry, management, labor, and the consumer." And, it all could be done without resorting to socialism, communism or any other system alien to the American traditions.⁵¹

⁵⁰ Donald Richberg, Address to the New England Council (Boston, November 23, 1934), NEC Release, p. 5, Richberg papers, LC, Box 20. Richberg still felt business was not reaching its potential in the NRA. See, Address to the Annual Dinner of the National Association of Manufacturers (New York, December 5, 1934), broadcast over NBC, NEC Release, pp. 4ff., Richberg papers, LC, Box 20.

⁵¹ Donald Richberg, "The Challenge of Tomorrow," Real America V (March 1935), 9-12, in Richberg papers, LC, Box 6; Donald Richberg "New Organization of the N.R.A.," Encyclopedia Britannica II (February 1935), 3-4, Richberg papers, LC, Box 6. Donald Richberg, "Reconstructed Individualism," Address to Rutgers University (New Jersey, March 27, 1935), NEC Release, pp. 1-6, Richberg papers, LC, Box 20. Richberg also emphasized that, although labor needed adequate organization, this did not mean labor had the right to compel workers to join or compel employers to accept closed shops. See Donald Richberg, Address to Town Hall (Washington, D.C., January 6, 1936), NEC Release, p. 8 and Donald Richberg to Major George Berry, January 9, 1935, both in Richberg papers, LC, Boxes 20 and 2 respectively. Richberg, sensitive to charges that he was betraying labor, defended himself by arguing that the public interest dictated his actions. See Donald Richberg, "Public Statement," February 4, 1935, NEC Release, p. 1, Richberg papers, LC, Box 20.

In an effort to accomplish these objectives, Richberg, in late 1934, began a campaign to renew the NRA for two years. Focusing his attention on the White House, he persistently told Roosevelt that, in light of the administrative difficulties and policy uncertainty within the NRA as well as the June, 1935 expiration date, action had to be taken immediately. People generally had to recognize that "the emergencies which produced the Recovery Act have been alleviated, but have not disappeared" and that the NRA was still developing "those methods of cooperation between business enterprises . . . and between associations of employers and employees which are essential to a reconstruction of the "[American" industrial system." An administration program for a two-year extension, publicized at an early date, would help the people recognize this as well as strengthen the NRA in its administration of the existing codes. In Richberg's opinion, such a program would also "clear the air of propaganda" which implied that the NRA was dead or about to die.⁵²

⁵²Donald Richberg to F.D.R., December 23, 1934 and Donald Richberg, "Memorandum to Marvin McIntyre," February 15, 1935, both in F.D.R. papers, FDR Library, PPF 1820; Donald Richberg Memorandum to Marvin McIntyre, January 31, 1935, F.D.R. papers, FDR Library, OF 788; and, Blackwell Smith to Donald Richberg, Memo, January 10, 1935, NRA papers, Series 6, NA, Box 13. Two months later, in March, 1935, Richberg suggested the fourth reorganization of NRA which made him temporary chairman of NIRB in the hope of strengthening the program and securing its renewal. See Donald Richberg to F.D.R., March 4, 1935 with attached Memorandum, Richberg papers, LC, Box 2 and Donald Richberg to Marvin McIntyre, March 19, 1935, F.D.R. papers, FDR Library, OF 466.

In suggesting that the President act on the renewal of the NRA, Richberg offered relatively specific ideas on what needed to be done. In addition to a two-year renewal, he felt that Congress' power to regulate interstate commerce should be more clearly defined and that the code-making process should apply only to those industries engaged in interstate commerce. The President's power, moreover, should be extended vis-à-vis the codes to the extent that he be given the power not only to approve codes, but also to impose "a limited code" where none existed. In the latter situation, Richberg believed Congress would set the standards for minimum wages, maximum hours, and the right of collective bargaining, although section 7(a) would have to be redefined in a more acceptable way. He also felt that the anti-trust exemption would have to be restricted and voluntary agreements on labor accepted. In short, what Richberg was calling for was specific legislation enacted by Congress to deal with the problems the NRA encountered in its first two years of existence.⁵³ Until that was

⁵³ Donald Richberg, "Outline of statement to be presented to the Senate Finance Committee on hearings upon the extension of the NRA," draft (March 7, 1935), pp. 19-25, in Richberg papers, LC, Box 20; Donald Richberg, "Outline of presentation to Ways and Means Committee of the House of Representatives," n.d., NRA papers, Series 6, NA, Boxes 13-14. Richberg appeared before both houses of Congress to offer these suggestions for NRA renewal. See Richberg, "Testimony on extending the NRA," U.S. Congress, Senate, 74th Congress, Committee on Finance, Investigation of the National Recovery Administration, Pursuant to S. Res. 79 (1935), I, 1-163 and U.S. Congress, House, 74th Congress, Committee on Ways and Means, Extension of the National Industrial Recovery Act (1935), 10-183.

accomplished, and the NRA was permanently reorganized, he felt that neither he, as chairman of the NIRB, nor the NIRB itself should institute any new policies for carrying out the recovery program.⁵⁴

With the NRA in a state of "suspended animation" from March, 1935 on, Richberg continued to pressure the President to act on the renewal question. Fearing that the anti-monopoly ideas of Senators William Borah and Gerald Nye were gaining prominence, he consistently warned Roosevelt that their programs, if enacted, would destroy the fundamental principles of the NRA and undermine everything it had accomplished.⁵⁵ He also feared that a short extension of the NRA for nine months, as suggested by the Senate Finance Committee, was futile because the NRA would not be able to maintain adequate personnel to operate the program nor would it be able to enforce code compliance. At the very least, Richberg believed that legislative policies and standards of administration would have to be defined; a two-year extension would have to be enacted; codes would have to be limited to interstate industries; and, effective

⁵⁴Donald Richberg, "Statement to the Press," NRA Release No. 10625 (March 22, 1935), Richberg papers, LC, Box 20. Also in NRA papers, RG 9, National Archives. To Richberg, the NIRB would serve two functions: to determine broad questions of administrative policy and to recommend action by the President or Chairman of NIRB.

⁵⁵Donald Richberg to F.D.R., April 12, 1935, with attached Memo; Donald Richberg, Memorandum to F.D.R., April 13, 1935 both in F.D.R. papers, FDR Library, OF 466.

enforcement facilities for trade violations, labor provisions, and industrial malpractices would have to be established--if the NRA were to remain respectable and succeed in coordinating the American economic system.⁵⁶

Although Roosevelt eventually responded to Richberg's overtures for renewal, by the time he did act, it was too late. In May, 1935, the Supreme Court entered the controversy and, in doing so, transformed the question of renewal for the NRA to one of survival.⁵⁷

Richberg's role in bringing a test case to the Court on the constitutionality of the NRA was somewhat transitory. In the early stages of the program, he opposed testing the law because he felt the New Deal was "acting under a broad mandate in a new field of administrative law." Mistakes would be made, discrepancies probably would appear, and the Court would not look favorably on that. As the NRA gained more experience and as the organization itself was re-organized, however, Richberg began to argue that a test

⁵⁶Donald Richberg, "Memo to the President," April 26, 1935; "Memo to the President," May 1, 1935, both in Richberg papers, LC, Box 45; Richberg, "Minimum Requirements of Amendments to NIRA in Extending Same," May, 1935, Richberg papers, LC, Box 47; Donald Richberg to Senator Joe T. Robinson, May 10, 1935, NRA papers, Series 47, NA, Box 582. In this respect, Richberg suggested that the Federal Trade Commission or a similar agency could enforce the codes.

⁵⁷In February, 1935, Roosevelt asked Congress to renew NRA for two years and later on May 16, 1935, he publicly approved Richberg's suggestions on NRA extension. See NRA News Release No. 11297, May 16, 1935, Richberg papers, LC, Box 46.

case might help the NRA in the long-run, if the Court upheld the constitutionality of the law.⁵⁸ Considering the changes taking place within the NRA as well as the legislative proposals being offered to reform the program, he felt that a favorable decision by the Court was now possible.

To effect such a decision, Richberg, in March, 1935, suggested that the Belcer case, involving the lumber code, be allowed to go to the Supreme Court.⁵⁹ Although this particular code contained provisions for price-fixing and production allocation, he felt that, if the case were dropped by the Administration, "the dismissal of the appeal might put the Administration in the position of seeking to exercise illegal authority" without any recourse to the courts. He also feared that, without a test of the law, code compliance would continue to break down drastically.⁶⁰ Apparently, no one else within the administration shared his views and, as a result, Attorney General Cummings, on

⁵⁸ Donald Richberg, "The Truth About Schecter," n.d., pp. 1-4, Richberg paper, LC, Box 8; Richberg, The Rainbow, pp. 215ff.

⁵⁹ Richberg, "The Truth About Schecter," pp. 5-6; Schlesinger, The Politics of Upheaval, pp. 276ff.; Vadney, pp. 162-163. Members of Richberg's staff also favored using the Belcer case. See Blackwell Smith to the National Industrial Recovery Board, February 13, 1935 and L. C. Marshall to F.D.R., February 18, 1935, both in NRA papers, Series 6, NA, Box 14; A. G. McKnight to Donald Richberg, Memorandum, March 30, 1935, NRA papers, Series 49, NA, Box 567.

⁶⁰ Richberg, "The Truth About Schecter," pp. 5-6; Vadney, p. 163.

March 26, announced that the Belcer case would be dropped because the lumber code was too unique and atypical.⁶¹

It was not very long, however, before a new case developed. In view of the growing opposition to the NRA and in spite of the objections of prominent New Dealers like Felix Frankfurter, Richberg, with Cummings' concurrence, "convinced" the President to let the Schechter case, involving the poultry code, go to the Supreme Court.⁶² Involving the application of a code to a recalcitrant member, Richberg felt that this

was a case in which there was a complete record of a trial in the lower court, a verdict and judgment in favor of the government and affirmance by the Circuit Court of Appeals on all questions except the right to enforce minimum wages and maximum hours, which was denied by the Circuit Court of Appeals on the ground that in this instance there was a regulation of intrastate commerce outside the power of the Federal Government.⁶³

⁶¹Department of Justice Press Release, March 25, 1935, NRA papers, Series 49, NA, Box 567.

⁶²Telegram, Donald Richberg to FDR, April 3, 1935, FDR papers, FDR Library, OF 466; Telegram, Stephen Early to FDR, April 4, 1935 and April 5, 1935; Naval Message, FDR to Early, April 4, 1935; Corcoran to FDR, April 4, 1935, all in FDR papers, FDR Library, OF 200-M. Specifically, Frankfurter objected to Schechter because he felt the administration would lose the case in light of the press opposition and the make-up of the Court. Roosevelt, on April 5, 1935, relayed a message from the Nourmahal to hold a decision on the case until he returned from vacation. It did not arrive in time, however. The Justice Department announced its decision to argue the Schechter case on April 4. See Department of Justice Press Release, April 4, 1935, NRA papers, Series 49, NA, Box 568.

⁶³Richberg, "The Truth About Schechter," pp. 6-7.

In Richberg's thinking, this latter objection could be answered by referring to precedents in which the government had regulated hours and wages with court approval. Convinced that this strategy would succeed and that the NRA stood a fair chance with Schechter, he appeared before the Supreme Court to defend the program he was so committed to.⁶⁴

Basically repeating what he had been saying all along about the NRA, he told the Court that the NRA was originally an emergency measure designed to prevent the economic system from collapsing. With people losing their jobs, businesses going bankrupt, and production levels falling drastically, the federal government assumed its constitutional powers under the commerce clause to confront the crisis. In doing so, it established a program in which Congress defined the general rules for the codes of fair competition, while industry filled in the details. The President, moreover, was empowered not only to enforce the codes, but also to make certain that the competitive standards and labor provisions of the bill were applied uniformly throughout industry. In this sense, the President was merely carrying out the will of Congress. The entire

⁶⁴In view of his position with the NRA since 1933, it was only natural that Cummings would ask Richberg to argue the case. Richberg, moreover, felt that the Solicitor General, Stanley Reed, was not well-versed about the NRA. See Homer Cummings to Donald Richberg, April 22, 1935, NRA papers, Series 3, NA, Box 5; Richberg, The Rainbow, pp. 219ff.; My Hero, pp. 193-195.

recovery program, in fact, was designed to sustain the Congressional-Executive relationship as well as to stimulate cooperation between the government and industry.⁶⁵ In Richberg's opinion, cooperation and coordination, not compulsion or usurpation of authority, was the key to the NRA as well as the decisive factor in its long-term success.

Although convinced that the NRA would succeed, Richberg acknowledged to the Court that problems and discrepancies had appeared in administering the program and approving the codes. Not only was price-fixing taking place under some codes as well as other monopolistic practices, but the labor provisions of the bill were not being implemented by industry. Given the experimental nature of the NRA, Richberg felt that these problems would be resolved as the program developed and as trained, qualified personnel became more available. All that was needed was time, and, he asked the Court to give the NRA more time to develop.⁶⁶ Despite this request and his arguments in defense of the NRA, the Supreme Court, on May 27, 1935, declared the NRA was unconstitutional on the grounds that the federal government had exceeded its

⁶⁵Donald Richberg, "Oral Argument of Honorable Donald R. Richberg on Behalf of the United States, United States vs, A.L.A. Schecter Poultry Corp, et al.," pp. 1-20ff. pamphlet in Richberg papers, LC, Box 47.

⁶⁶Ibid., pp. 21ff.

authority under the commerce clause and Congress had delegated too much authority to the President for implementing the legislation. For all practical purposes, the decision killed the NRA and ended the grand experiment of planning.

Considering the role he had played in the NRA, it was only natural that Richberg would react in a hostile manner to the Court's decision. Traditionally distrustful of justices, he felt that the Schechter decision was based more on their "political and economic predilections" than on the evidence presented in the case. Staunch opponents of much of the New Deal, the Court justices interpreted the commerce clause so narrowly that they destroyed a governmental "experiment" of lasting importance.⁶⁷ Richberg, however, did not believe that the decision was so definitive that it could not be circumvented. Since the Court had said that the government could not regulate intrastate commerce and that the Congress could not delegate its legislative power so freely, it also had upheld indirectly the government's right to regulate interstate commerce and its power to set wages and hours. In light of this, all that needed to be done, in Richberg's opinion, was to have the Congress lay down "more definitely its policy and standards for administrative application" of the recovery program.⁶⁸ If

⁶⁷ Richberg, My Hero, pp. 193-196.

⁶⁸ Richberg, "The Truth About Schechter," p. 9.

this were done, not only would the NRA be re-established, but America's progress toward a planned, balanced economic system would continue at, perhaps, an accelerated rate.

Convinced that this ideal could be realized, Richberg continued to express his own ideas on implementing planning and reviving the NRA. Although the Schechter decision ended his official administrative career, he still remained politically active within the administration. From June, 1935 to November, 1936, he privately offered suggestions to Roosevelt on how to implement planning within the Court's limitations, while publicly he defended the accomplishments of the NRA and the New Deal generally.⁶⁹ As the election of 1936 approached, moreover, he played an active role in the President's re-election campaign by serving as a campaign writer and speaker, while privately helping in the drafting of the Democratic platform.⁷⁰ In all these efforts, however, Richberg sought to achieve his primary objective of institutionalizing planning in the United States. Although he would fail in the long-run, the

⁶⁹In order to maintain continuity, Richberg's suggestions to Roosevelt as well as his views on the NRA after the Schechter case will be presented in the chapter on the post-New Deal.

⁷⁰Donald Richberg, Guilty! The Confession of Franklin D. Roosevelt (Garden City: Doubleday, Doran & Co., Inc., 1936); Richberg, My Hero, pp. 203-206. He also found time to write about his experiences as an NRA administrator in The Rainbow.

efforts he exerted in this direction were significant because they indicated that he was still developing his ideas on planning. Where in 1932-33 he offered Roosevelt an idea and a vague program, refining both in 1934-1935, after the Schechter decision, he would become relatively more specific and sophisticated in understanding the meaning and implications of the planned, economic system he was committed to. The grand experiment, far from over, had only begun and, in Richberg's thinking, what happened in the First New Deal had laid the foundation for what could happen in the future.

CHAPTER V

THE POLITICAL EDUCATION OF AN ACADEMIC, 1932-1936

For Rexford Tugwell, the years 1932-1936 represented something more than a grand experiment. As an academic, he had devoted himself to studying the American economic process, analyzing the intricacies of its operation, and suggesting alternatives which he felt would make the system more equitable and efficient. He had had little or no opportunity, however, aside from the 1928 presidential campaign, to discuss these ideas with political leaders who could apply them in a concrete, legislative fashion--at least not until he met Franklin D. Roosevelt. After that, everything changed. As an original member of the Brains Trust and, later, as a New Deal administrator, Tugwell not only discussed his ideas with Roosevelt, but he even had the chance to implement some of them. The political novice of 1932 soon learned, though, that what he thought was necessary for the American political, economic system might not be politically feasible and nowhere was this more true than in the case of planning. Although Tugwell

consistently advocated the need for planning within the United States during the First New Deal, it would take him some time, even after the New Deal ended, before he would develop a program more appropriate to the realities of American political life. In this sense, the New Deal, and especially Roosevelt, educated him as much as he had sought to educate the American people before and after 1932. It was a difficult and disillusioning experience at times, but Tugwell would not easily forget the practical lessons he had been taught by his political mentor (see Appendix).

In retrospect, Tugwell's entry into the Roosevelt coterie was quite natural. A reputable economist, he had continuously spoken out against Hoover's depression programs, publicly offered his own explanations for the economic crisis confronting the nation, and confidentially suggested his own solutions for restoring prosperity. More importantly, as a faculty member of Columbia University, he was in a unique position to attract the attention of his colleague Raymond Moley who, in 1932, was a close advisor of the Governor of New York and who, along with Samuel Rosenman and Doc O'Connor, was responsible for organizing the group of advisors later known as the Brains Trust.¹

¹Raymond Moley, After Seven Years, pp. 1-24; The First New Deal, pp. 11-16; Samuel Rosenmann, Working With Roosevelt, pp. 59ff.; Tugwell, Diary (Expanded Form), 1932-1934, Introduction, p. 3 in Tugwell papers, FDR Library, Box 19; Rexford Tugwell, The Brains Trust (New York: Viking Press, 1968), pp. xi-xiii, 6, 9.

Although the idea of recruiting university professors for advice on campaign issues originated with Rosenman and O'Connor, it was Moley's task to locate these experts, assist in screening them for possible use in the upcoming campaign and, if acceptable, introduce them to Roosevelt himself for final approval. Since everyone agreed that agricultural policy would play a prominent role in the campaign, Moley suggested in March that Rexford Tugwell be considered as a possible advisor in this field. Although he knew Tugwell only casually as a colleague at Columbia, Moley had been impressed enough by his writings on agriculture and the depression generally that, after a few preliminary meetings, he invited Tugwell to meet with Rosenman and O'Connor for further discussions.² Considering his academic background as well as his disillusionment with the Hoover programs, it was not surprising that Tugwell grasped this opportunity and agreed to meet with these other members of the Roosevelt family.

Meeting in Rosenman's apartment, Tugwell spoke convincingly on the plight of the farmer, the causes of the Depression, and on what he believed was necessary to restore prosperity. Reiterating much of what he had already said in his writings and speeches, he related in detail how

²Moley, After Seven Years, p. 15; Tugwell, The Brains Trust, pp. 12-18; Rexford Tugwell, "The Reminiscences of Rexford G. Tugwell," pp. 4-5, Oral History Research Office, Columbia University; Sternsher, pp. 39-40.

the discrepancies in costs-prices-wages-profits had caused the economic breakdown. Businessmen, moreover, had to bear the primary responsibility for what had happened and, in the future, Tugwell believed that they would have to be disciplined. Specifically, Tugwell argued that business had taken advantage of the wartime productivity by refusing to lower prices and/or significantly raise wages in relation to their savings in cost. Eventually, as the 1920s progressed, "what consumers had to buy with had become disproportionate to the goods being produced." Some industrial production had increased so much without a corresponding increase in purchasing power that these goods could not be sold. Instead of accepting lower profits and/or decreasing prices, businessmen generally reacted to this situation by laying off workers. As unemployment increased and purchasing power diminished, Tugwell argued that it was inevitable that a "spiral of decline" set in. To make matters worse, banks, consistent in their overinvestment and speculative activity throughout the post-war period, began to demand repayment on their loans, thereby squeezing the life out of commercial credit. "With loaning stopped, production restricted, [and] unemployment growing," Tugwell concluded that "there was only one possible means of relief--to reestablish consumers' buying power."³

³Tugwell, Diary (Expanded Form), 1932-1934, pp. 6-7, Tugwell papers, FDR Library, Box 19; Tugwell, The Brains Trust, pp. 12-18.

In Tugwell's opinion, the only way to accomplish this objective was for the federal government to assume more authority in the economic system. Relying on its power to issue currency as well as its responsibility to represent the national interest, it could discipline business to act in the public interest and supervise the economic process so that a balance between production and consumption would be created. Farmers, moreover, would also have to be helped in such a way that the relationship between industry and agriculture could be restored. Since the Depression had fundamentally originated from this disruption, Tugwell concluded that the government would need to forego the traditional farm remedies and adopt more modern ones, such as crop reduction and restriction. All in all, what Tugwell was saying to Moley, Rosenman, and O'Connor was that a concert of interest had to be established and one in which "everybody could employ everybody else and everybody work for everybody else." With business refusing to do this in 1931 and 1932, Tugwell emphasized that the government would now have to.⁴

In some respects, this was a stark and revealing exposition for the Governor's advisors. Impressed by his "profound" understanding of the economy and by his "progressive," not radical, suggestions for reactivating it,

⁴Tugwell, "The Reminiscences of Rexford Tugwell," pp. 4-5.

they decided to bring Tugwell to Roosevelt for final approval.⁵ A meeting was arranged and Tugwell, escorted by the others, went to Albany. Looking back at this meeting with the Governor, Tugwell recalled that he was nervous and somewhat unnerved by the Roosevelt personality. As the conference progressed, however, his confidence was restored and he restated practically everything he had told the Governor's advisors in their meeting regarding the depression, his suggestions for a concert of interest, and his belief that the government would have to act decisively and quickly to confront the crisis.⁶ More importantly, he even suggested to Roosevelt that the latter's ideas on retiring submarginal lands and resettling farmers was simply not enough to restore the farmer to his rightful position in the economy. Instead, Tugwell argued that much more was necessary in terms of agricultural-industrial balance if the farmer, and the economy in general, were to revive.⁷ Without explicitly agreeing or disagreeing with this, Roosevelt, for his part, listened to the rest of the young professor's disquisition and, by the end of the evening, concluded that

⁵Moley, After Seven Years, p. 15; Tugwell, The Brains Trust, p. 19.

⁶Tugwell, The Democratic Roosevelt, pp. 212ff.; Sternsher, pp. 40-41.

⁷Tugwell, The Brains Trust, pp. 21ff. Tugwell recalled that here he had touched a nerve and that it was his objective to show Roosevelt that agriculture and industry together needed help.

he would be a valuable asset to him in the upcoming campaign. With the Governor's final blessing, then, Tugwell was admitted into the Brains Trust.⁸

Since 1932, Tugwell has been consistent in emphasizing that the purpose of the Brains Trust was to help Roosevelt understand the causes of the depression as well as what needed to be done to restore prosperity. As a source of information both during the convention and national campaigns, it was designed to serve the candidate by preparing background information on the issues, statements for the candidate to make, including speeches, and memoranda on campaign topics all of which would "arm [Roosevelt] for emergence into a public forum he had not yet to content in." Through innumerable informal meetings, discussions, and conferences, Tugwell believed that the Brains Trust succeeded in its primary objective. However, Tugwell also felt that he and Adolph Berle were serving another purpose--to educate Roosevelt so that he would reject many of his obsolete ideas, such as balanced budgets, tariffs, and atomism, and adopt those which were more conducive to the realities of the twentieth-century, such as the recognition of the inevitability of consolidation, the need for extensive governmental activity within the economic process, and, above all else, the necessity for planning

⁸Tugwell, Diary, 20 December 1932, pp. 2ff., Tugwell papers, FDR Library and Tugwell, "Reminiscences," p. 19. Also, see Tugwell, The Brains Trust, pp. xi-xiii.

and its implementation. By the end of the 1932 campaign, and even the New Deal itself, Tugwell believed that he and Berle had failed, that Roosevelt had not gone far enough in reforming the system in the way it should have been. But neither did he believe that their failure was complete because not only had Roosevelt started the process of change which they dreamed of, but he even accepted many of those changes himself, although political considerations prohibited him from espousing them publicly or implementing some of them legislatively.⁹ It was a bittersweet failure and Tugwell, then and later, accepted it because he believed it was the American system, not Roosevelt, that was responsible for it. In 1932, though, Tugwell was not thinking along these lines. Hope, not disillusionment, characterized his thinking and it was with a sense of expectancy that he approached his work as a Brains Truster.

In the pre-nomination campaign, Tugwell was assigned to work on the farm problem, providing background memoranda on the causes of the farm depression and any possible solutions which could be implemented to restore the farmer to a more prosperous position, as well as on a scheme to implement industrial cooperation for overall recovery purposes.¹⁰ In the former capacity, Tugwell consistently

⁹Tugwell, The Brains Trust, pp. 32-33, 76-77, 153, 216, 268ff., 373, 520-522.

¹⁰Ibid., pp. 128-129; Sternsher, p. 41.

advised Roosevelt that farm production would have to be adjusted to consumer demand and that the only way this could be done was through some system of crop reduction and control. In Tugwell's opinion, the problem here was not whether controlled production and the reduction of surpluses was necessary, but rather whether "a plan for control that was politically feasible" could be devised. If one could be developed, he was convinced that it would not only help the farmer immediately with emergency relief, but it would also establish the foundation for a permanent land-use program which, in the long-run, would prevent the farmer and the country generally from ever experiencing another catastrophic depression.¹¹ Although Tugwell did not offer any such program himself, he did suggest that the domestic allotment ideas of Beardsley Ruml, M. L. Wilson, Henry Wallace and others might be just what was needed. To find out more about them, he, at Roosevelt's request, attended an agricultural conference in Chicago and talked personally with the sponsors of the proposal. It did not take Wilson and Wallace long to convince Tugwell that their program was what he was looking for. After the conference ended, Tugwell returned to Roosevelt and became an outspoken exponent of the domestic allotment plan, even serving as a medium through which the sponsors of the idea could meet

¹¹Tugwell, "The Reimniscences of Rexford Tugwell," p. 12; The Brains Trust, p. 206.

with Roosevelt himself. In doing so, however, Tugwell encountered the opposition of Henry Morgenthau, Jr. who was also assigned to work on the farm problem and advise the Governor of his suggestions.¹²

Representing the Cornell group, Morgenthau believed that agricultural recovery depended on such things as "tax relief, credit reform, reduction of distribution costs, and monetary measures. . . ."¹³ By inflating the prices of his products, Morgenthau felt that the farmer's purchasing power would be so increased that recovery would subsequently follow, at least theoretically. Tugwell argued that realistically no such thing would happen. Although he agreed with Morgenthau that changes in the tax and credit policies were necessary and desirable, he was appalled by Morgenthau's suggestion that inflation be used as the primary means to restore farm prosperity. In Tugwell's opinion, permanent inflation would neither restore the necessary agricultural-industrial balance within the economy nor would it do anything "toward mitigating the disparities which existed" in the system. A sound money man, Tugwell argued that much more was necessary in both the

¹²Tugwell, "The Reminiscences of Rexford Tugwell," pp. 10, 13, 14-15, 20, 24-25; The Brains Trust, pp. 206-210. Tugwell freely admitted that he did not know specifically how to control production.

¹³Sternsher, p. 186.

long-and-short-run, particularly if a concert of interest were to be established.¹⁴

Although the Tugwell-Morgenthau dispute would be resolved by the passage of the Agricultural Adjustment Act in 1933, Tugwell was still worried in 1932 that Governor Roosevelt was not saying or doing what he should. In agriculture, for example, Tugwell believed that Roosevelt was not committing himself to domestic allotment publicly and openly. Nor was he willing to give up his ideas on subsistence homesteads despite Tugwell's arguments. And, finally, Tugwell was particularly upset by Roosevelt's refusal to outline specifically a program for industrial recovery based on a concert of interest foundation. Although Tugwell suggested the program he had outlined in The Industrial Discipline as a starting point for a scheme of industrial cooperation, the farthest Roosevelt would go was to announce his acceptance of a concert of interest in a speech he gave at St. Paul on April 18.¹⁵

Tugwell was pleased that Roosevelt had used part of a draft speech he himself had written on the economy, calling for the implementation of planning and the action necessary to carry it out. But, just as there was hope in

¹⁴Tugwell, "The Reminiscences of Rexford Tugwell," p. 9; The Brains Trust, pp. 44ff.

¹⁵Tugwell, The Brains Trust, pp. 69, 71, 176ff., 192. Although The Industrial Discipline was not published until 1933, Tugwell said he told Roosevelt of it in 1932.

the speech, Tugwell also felt that there was disappointment. Without offering any specific program, Roosevelt simply indicated that some form of planning would be necessary in the future if the United States were to survive.¹⁶ In Tugwell's thinking, the Governor should have gone beyond that. Specifically, Tugwell wanted him to say that "modern concentrations could be taken advantage of, . . . , [and that] government could become a senior partner in industry-wide councils [where it could] maneuver their member elements into such arrangements that fair exchanges could go on continuously." In doing so, moreover, the government would make certain that a new price structure was established, that new incentives for producers were developed, and that protection of the consumer would be paramount. Above all else, Tugwell wanted the Governor to say that all this would be accomplished, not by adhering to either blueprint planning or by the traditional atomistic approach to industrial relations with its concomitant reliance on balanced budgets and tariffs, but, by experimentation in approach and policy. A long-range process, it could and would resolve the depression and create an American economy of abundance if given the chance.

¹⁶ Ibid., pp. 47-50; Sternsher, p. 42. For the complete text of the speech see Samuel Rosenman, ed., The Public Papers and Addresses of Franklin D. Roosevelt, I: "The Genesis of the New Deal, 1928-1932" (New York: Random House, 1938), pp. 623-639.

Although Tugwell was convinced that Roosevelt was privately committed to this approach even in April, 1932, he did not believe that the Governor was willing to publicly admit it for political reasons.¹⁷ At first, this situation proved to be a problem for Tugwell because, as a political amateur, he did not understand nor accept the Roosevelt strategy of not alienating anyone. But, as time went on and as Roosevelt patiently instructed him on the basic facts of political life, he acquiesced in the approach of expediency and quietly resigned himself to the personal disappointment it entailed. For the rest of the pre-nomination campaign, he continued to advise the Governor on what he wanted him to say, but never to the point of endangering his personal relationship with Roosevelt nor the campaign strategy which was being pursued.

Between the St. Paul speech in April and the Democratic convention in July, Tugwell's dislike of Roosevelt's expediency strategy intensified. With the exception of the Oglethorpe speech where the Governor had called for "bold, persistent experimentation," Tugwell felt that Roosevelt's speeches were becoming more vague, meaningless, and even openly contradictory. More importantly, he began to worry that the Governor might use the Presidency for "Wilsonian purposes," attempting to complete the

¹⁷Tugwell, The Brains Trust, pp. 59, 63, 93-97, 123, 158; Tugwell, Diary (Expanded Form), 1932-1934, p. 11, Tugwell papers, FDR Library, Box 21.

program of orthodox progressivism, especially in terms of the anti-trust tradition, instead of seeking to reform the American economic system itself. In Tugwell's thinking, not only was this Wilsonian philosophy dangerous and obsolete as a policy for handling the Depression, but it might even cost the Governor votes among the progressives in the country. Hoping to prevent that, Tugwell advised the Governor to be more explicit in offering a recovery program as well as more firm in rejecting orthodox progressivism. Although he failed to affect Roosevelt in this matter, his failure eventually proved to be innocuous. In July, Roosevelt won the Democratic nomination at Chicago and his national campaign for the Presidency was begun.¹⁸

At the Chicago convention itself, Tugwell was merely a spectator. Confident that Roosevelt would win the nomination, he watched the delegates play politics without actually understanding what was going on. When Roosevelt gave his acceptance speech, Tugwell was pleased that he had used some draft paragraphs he had written on agriculture and the theme of the concert of interest, but he was still disappointed that Roosevelt had not explicitly committed himself to domestic allotment nor specifically outlined a recovery program. What disturbed him even more, however,

¹⁸Tugwell, The Brains Trust, pp. 104, 112, 126-127, 144ff. Although Tugwell liked the Oglethorpe address, he latter felt that it failed to recognize that planning in the methods, not the objectives, was needed. For a complete text of the speech, see Rosenman, pp. 639-647.

was the platform adopted by the party. Instead of advocating the need to bolster purchasing power, to bring the price structure into balance, or to foster the growth of large-scale industry, it simply gave an "old-fashioned free-enterprise, balanced-budget pronouncement" without recognizing the obvious contradictions in such a program. There was little doubt in Tugwell's mind that such a platform would be a serious liability in the forthcoming campaign.¹⁹

Angered and worried by what had happened at the convention, Tugwell renewed his individual campaign to have Roosevelt confront the issues head-on. In a memorandum presented to the nominee, Tugwell suggested that Roosevelt publicly endorse the creation of a national Economic Council to deal with the problems caused by the Depression. In clear and unobtrusive language, Tugwell told Roosevelt that integrated "industrial planning is necessary if we are not periodically to suffer from inflation, wrongly directed productive efforts, waste of capital resources, and consequent periods of stagnation for the redressing of past mistakes." Although industry generally had recognized this need to plan its production schedules, industrialists were implementing their programs in such a way that Tugwell felt economic disaster was inevitable. Instead of coordinating

¹⁹Tugwell, "The Reminiscences of Rexford Tugwell," pp. 27-31; The Brains Trust, pp. 255ff., 233, 378-379; Sternsher, p. 42.

their planning programs, each industry planned only for itself with the result that "surpluses are built up during failing demand and . . . excessive advertising budgets are maintained in the futile hope of persuading consumers to buy." This distressing situation, Tugwell believed, could be alleviated if a more national course of action were followed. In practical terms, this meant that the "average of demand must be gauged in advance by experts, co-ordinated production programs must be based on them, and it must be made certain that the amount of goods flowing into the markets is proportional to the purchasing power of consumers." With present-day industry so constituted that private self-interest is paramount and with nation-wide monopolies outside the accepted realm of American democracy, Tugwell concluded that a Federal Economic Council would have to be created to implement this integrated planning program.²⁰

Attached to the Executive and "operating under his direction to secure the needed co-ordination, the Council would be composed of economists and representatives from industry." Including twenty-one members, moreover, it would have nine subordinate divisions:

1. Statistical, with the duty of gathering and interpreting information relative to current production, distribution, capital issues, monetary supplies, domestic and foreign trade, and consumption;

²⁰Tugwell, The Brains Trust, pp. 525-526.

2. Production, with the duty of planning the national output of staple goods, agricultural and manufactured;
3. Consumption, with the duty of estimating future needs of the population;
4. Domestic trade, with the duty of estimating the ability of distributive resources to care for the streams of commerce;
5. International trade, with the duty of formulating policies with respect to our international economic relations;
6. Prices, with the duty of watching and advising concerning the general and specific relationships among various prices for the preservation of balance;
7. Capital issues, with the duty of encouraging or discouraging the flow of capital into various industries;
8. Natural resources, with the duty of estimating the rate of use and the efficiency with which resources are used;
9. Finance, with the duty of co-ordinating the work of the Council with that of the national banking system.²¹

Once the Council was established, Tugwell then suggested that the federal government "press for a reorganization of industry somewhat on the model of the Federal Reserve System in banking." The anti-trust laws would subsequently be repealed and "each industry [would] be encouraged to divide itself into suitable regional groups on which will sit representatives of the Economic Council."²²

Since the creation of the Council would take some time, Tugwell emphasized that, "in its experimental stages," its powers should be restricted to advisory ones only. Later, he thought it might be necessary to enhance those powers "by constitutional change and enabling legislation."

²¹Ibid., p. 526.

²²Ibid.

Whether or not that happened depended on business. In Tugwell's thinking, if reasoned planning and expert persuasion was executed with sufficient care and if American businessmen at the executive levels would "sink [their] differences in a national program of expansion and stabilization," the enhancement of the Council's powers would neither be necessary nor desirable. But, if they did not, "if business continued to display the divisive policies of self-interest in spite of governmental cooperation and administrative leadership," then, he warned that "resort to compulsion in the public interest" would have to follow. Until that happened, and Tugwell hoped that it would not, he believed that his conservative program could and would succeed, if given the chance.

To make certain that Roosevelt understood what he was saying, Tugwell concluded his memorandum by flatly stating that,

It is not proposed to have the government run industry; it is proposed to have the government furnish the requisite leadership; protect our resources; arrange for national balance; secure its citizens' access to goods, employment and security; and rise to the challenge of planning . . .²³

Together, both government and business could overcome the administrative, financial, and constitutional difficulties which the proposal entailed. More importantly, both, through cooperation and sacrifice, could assure that the

²³Ibid., p. 527.

United States would achieve its destiny of well-being and abundance. For Tugwell, America's course of action was clear. All he asked now was that Roosevelt take the first step by calling a group of economists and industrialists together to determine how this course would begin and how his proposal would be implemented.²⁴

Although Roosevelt apparently did not consider the Tugwell memorandum seriously, it was, and still is, a significant document by itself, indicating what Tugwell was thinking and suggesting in 1932.²⁵ It explicitly demonstrated that Tugwell was still defining planning in terms of cooperation, experimentation, balance, expertise, and the service ideal; that he was not radical, but relatively conservative, in his ideas on planning, calling for business to assume its responsibility or else face the consequence of governmental compulsion and authority; and, finally, that he was not yet certain in his own mind on how the planned economy would be implemented. Like the Industrial Integration Board of The Industrial Discipline, Tugwell's Federal Economic Council was only a suggestion, a brief outline of a possible program and not a detailed procedure of implementation. In retrospect, it is ironic that, while he consistently demanded that Roosevelt be specific in offering industrial and agricultural recovery programs, that he himself was not doing so at least in

²⁴ Ibid., p. 528.

²⁵ Ibid., pp. 277-278.

regard to planning. To call for experimentation in the midst of the Great Depression was simply not a feasible alternative and/or method for implementing a new, all-inclusive approach to economic affairs. Much more was necessary, at least in terms of institutional structure. Detail, in short, was just as important as the principle and, although Tugwell himself realized that, he still was not willing nor even capable of doing anything about it. He needed more time and experience to develop and understand planning in its theoretical and practical aspects, and time was the one commodity Roosevelt did not have.

Throughout the national campaign, Tugwell continued to voice his opposition to Roosevelt's policy of ambivalence and uncertainty on the issues. Frustrated and disappointed, he pleaded with Roosevelt to talk of specific remedies, to emphasize the need for planning and balance within the economy, and to offer an alternative to the Hoover policies. Although Roosevelt refused to do so in every case, he did assign Tugwell the task of writing a speech "outlining the causes of the depression, attacking the Republican position, and presenting an alternative plan for recovery." Eagerly grasping this opportunity, Tugwell wrote the speech only to discover that, when Roosevelt gave it on August 20 in Columbus, Ohio, it was modified considerably in its final form.²⁶

²⁶Ibid., pp. 294-295, 299, 345, 304, 309, 392-393. For a complete text of the Columbus speech, see Rosenman, pp. 669-684.

If the Columbus address was disappointing in its failure to be specific, Tugwell felt that Roosevelt's speeches at Pittsburgh and Baltimore towards the end of the campaign were disastrous. In both instances, Roosevelt actually committed himself to the wrong policies, calling for reductions in the government's budget, the restoration of business confidence, and the strengthening of the tariff.²⁷ He also felt that these speeches indicated the growing influence of people like Bernard Baruch in the Roosevelt circle. By catering to these more conservative influences and by advocating many of their obsolete programs, Tugwell was afraid that Roosevelt might be limiting his freedom of action after the election, that he might find it harder to listen to those advocating planning, like Harri- man, Swope and Kent, all of whom Tugwell agreed with, and that he might alienate the progressives in the country who daily were expressing their disillusionment with the Roosevelt pronouncements.²⁸ Even though he knew that Roosevelt was privately committed to planning and the principles of Oglethorpe, Tugwell was not certain that anyone else could, based on what the candidate had been saying. His only hope was that, once the election was over, Roosevelt's actions would dispel any doubt about his

²⁷ Tugwell, The Brains Trust, pp. 473, 481-484; Rosenman, pp. 795-812, 831-842.

²⁸ Tugwell, The Brains Trust, pp. 512, 416, 417, 446-447, 404-405, 496-497.

belief in and commitment to planning. In November, the American electorate gave him the opportunity he was looking for, and Tugwell looked longingly to the inauguration for his satisfaction.²⁹

Having fulfilled its responsibilities, the work of the Brains Trust ended on election day. As an advisory group, it did help Roosevelt understand the Depression's impact on the country as a whole, but, as a policy-making group, it failed to convince him that offering specific remedies or rejecting many of his old-line progressive ideas was either necessary or desirable. Tugwell particularly believed that he failed personally in this respect, and, as a result, he decided to continue his efforts in helping Roosevelt overcome his conservative inclinations and views of public opinion. In Tugwell's view, Roosevelt would eventually implement planning, even if, in 1932 and early 1933, "it was not all clear how it could be done or how far we would have to go."³⁰ With Roosevelt's victory assured in November, Tugwell, therefore, turned his attention to helping the President-elect fill in the details of this program.

²⁹Tugwell, Diary (Expanded Form), 1932-1934; "The New Deal: The Contributions of Herbert Hoover," pp. 10ff.; Tugwell papers, FDR Library, Box 21; The Brains Trust, pp. 422-434.

³⁰Tugwell, Diary (Expanded Form), 1932-1934, "Introduction," p. 10 and "Herbert Hoover," pp. 30-31, Tugwell papers, FDR Library, Boxes 19 and 21 respectively; The Brains Trust, pp. 444, 464-466, 405, 430. Quote is from the latter, p. 430.

Between the November election and the March, 1933 inauguration, Tugwell's responsibilities changed somewhat. In addition to advising the new President on agricultural and industrial policies, he was assigned to work on the preparations for the forthcoming London Economic Conference and a program for dealing with the deteriorating banking situation. In the former instance, Tugwell initially took a nationalistic economic position. Since the London Conference was designed to deal with the Depression from an international perspective, he believed that it would have to deal with three separate areas: the war debts, disarmament, and "the general regularization of commodity production throughout the world to reduce surpluses, the problem of stability of exchanges . . . , the matter of negotiated tariffs, and other matters which could be said to be much more strictly economic and less involved in controversies of a political nature." Considering Europe's abandoning of the gold standard as well as its general desire to use the United States for its own purposes, especially in monetary policy, Tugwell recommended to Roosevelt that he support the payment of the debts, that he isolate the question of disarmament from the debt problem, and that he foster the acceptance of bi-lateral agreements on commodity production and tariffs instead of an international, free-trade policy. Although this program was in opposition to what businessmen and Cordell Hull were advocating, Tugwell, along with Moley and Berle, felt that

no other alternative existed. In the midst of the Great Depression, the United States had to resolve its own problems first, without much regard to the rest of the world.³¹

In a similar vein, Tugwell suggested that Roosevelt approach the banking situation resolutely and in terms of the national interest. Since the Federal Reserve system had not operated in a manner to prevent the banking problems confronting the country, he felt that the government might now have to. Arguing that the government would probably be a better banker than the private owners of these institutions, he recommended that Roosevelt utilize the post offices, establish a corporation to issue script, and establish a national bank if possible. Such a program would not only relieve the currency problem, but it would also provide more stability for the banking system itself. Tugwell, however, was not certain that the President had

³¹Tugwell, Diary, 20 December, 1932, pp. 8-10, Tugwell papers, FDR Library; Tugwell, Diary, January 22, 1933, p. 70; Tugwell, Diary, January 24, 1933, p. 78; Tugwell, Diary (Expanded Form), "Addendum to the Hundred Days," pp. 9-10, Tugwell papers, FDR Library, Box 19; Tugwell, The Brains Trust, pp. 475-476; Sternsher, pp. 54-56; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 57-58. Later, after the London Conference failed and once the New Deal was under way, Tugwell did support an international approach to the Depression. See Tugwell, Diary (Expanded Form), "The World Economic Conference," pp. 2-6, Tugwell papers, FDR Library, Box 21 and Tugwell, "The New Course of International Trade," Address to the International Institute of Agriculture at Rome (October 24, 1934), pp. 4, 9, 17, Tugwell papers, FDR Library, Box 46. Tugwell was responsible for changing the date of the Conference from April to June, 1933.

the authority to do this. He was also uncertain as to whether the President could close the nation's banks under the terms of the 1917 Trading-With-The-Enemy Act. In view of the crisis developing in banking in February, 1933, Tugwell concluded that the President might have to act regardless of the constitutional questions involved.³²

Although Tugwell had made these suggestions privately and although he knew of other proposals being offered to Roosevelt at this time, he made a serious "tactical" error when he indirectly revealed these tentative policies publicly. On February 25, 1933, he had lunch with James H. Rand, Jr., who was the Chairman of the Board of Remington Rand, Incorporated. Without knowing that Rand intended to report their conversation to President Hoover, Tugwell told Rand not only what the President-elect had in mind vis-à-vis the banking situation, but he also inadvertently stated that Roosevelt realized the banking structure would collapse shortly and that this would place the responsibility on Hoover. In Tugwell's own words, Roosevelt would worry about rehabilitating the country

³²Tugwell, Diary, February 18, 1933, p. 99, Tugwell papers, FDR Library; Tugwell, "The Reminiscences of Rexford Tugwell," p. 38; Sternsher, p. 124. For a detailed summary of the events leading to the February-March, 1933 crisis in banking, see Susan E. Kennedy, The Banking Crisis of 1933 (Lexington: University of Kentucky Press, 1973); Tugwell, Diary, April 21, 1933, p. 14, Tugwell papers, FDR Library; Tugwell, The Battle for Democracy (New York: Columbia University Press, 1935), pp. 29-33; Sternsher, p. 125.

after March 4.³³ It was a foolishly arrogant remark which Rand, and later Hoover and the press, exploited for all it was worth politically. Depicting Roosevelt as callously political in his motivation, they tried to place the responsibility for the banking system's inevitable collapse on his shoulders. Successful in the short-run, they embarrassed the President-elect and diverted attention away from the basic weaknesses in the banking structure itself. For Tugwell, on the other hand, the Rand incident had longer-lasting effects. Newspaper reporters, like Mark Sullivan and Frank Kent, used it, in conjunction with their Pure Food and Drug campaign, to sustain their unjustified allegations that Tugwell was a radical Bolshevik seeking to overthrow the American system of government. Employing every talent at their disposal, they tried to convince the American people that "Tugwell, Rex," "Rex the Red," and "Rex, the Sweetheart of the Regimenters" was dangerous, sinister, and highly influential in government circles. By 1936, their anti-Tugwell campaign was so incessant that they contributed to his resignation.³⁴

Although Tugwell would eventually regret incidents like the Rand episode for the effects they would have on Roosevelt, in early 1933, he did not have much to worry

³³Tugwell, The Democratic Roosevelt, pp. 261ff.; Sternsher, pp. 73-76.

³⁴For an excellent discussion of Tugwell's treatment by the press, see Sternsher, pp. 223-251.

about. In light of his past service as a Brains Trustee as well as his activity during the interregnum, his relationship with the President-elect was still strong and friendly. Roosevelt in fact considered Tugwell so valuable that he was considering him for a possible position within the administration. As early as December, 1932, Moley was the first to suggest that Tugwell be appointed to the Commerce Department as an Under-Secretary. Apparently, Roosevelt agreed because, within two months, Moley informed Tugwell that his appointment as an Assistant Secretary of Commerce was certain. What was not so certain, however, was whether or not Tugwell would accept the position.³⁵

Initially, Tugwell's reaction to the news of his pending appointment was mixed. Although happy at the prospect of serving Roosevelt, he was worried that his official position would force him to compromise too much, that his commitment to Columbia University might be endangered, and that his political naiveté might continue to embarrass the President. More importantly, Tugwell indicated that changes in the Commerce Department would have to be implemented before he could accept an appointment. Specifically, he felt that business would have to be brought under closer "general government direction" and that the government would have to "change over from the old anti-trust law repressions to recognition and control of

³⁵Tugwell, Diary, December 30, 1932, p. 32 and February 10, 1933, pp. 91-92, Tugwell papers, FDR Library.

present trends and scale." One way to do this was for the government to revive the Bureau of Corporations, place the investigative staff of the Federal Trade Commission under its authority, and begin carrying out the planning program he had outlined in The Industrial Discipline. If that was done and if an acceptable Secretary of Commerce were placed in charge, then, he could accept the appointment in good conscience and work to accomplish the goals that Roosevelt stood for.³⁶ If not, he concluded that he would probably serve the President better by being a critical, outside observer.

In retrospect, what Tugwell was saying in this regard was highly revealing and significant. By laying down conditions for his acceptance of a position in the Department of Commerce, he was again clearly demonstrating that he felt that the primary responsibility for planning remained with business; that the government's role would be supervisory and regulatory rather than compulsory and all-inclusive; and that cooperation between business and the government was the key to success in implementing a planned economy. His suggestion for a revived Bureau of Corporations, moreover, also indicated his basic conservative inclinations. While serving the old Rooseveltian purpose of being a "watchdog" over business, Tugwell now demanded

³⁶Tugwell, Diary, February 12, 1933, p. 92; February 13, 1933, p. 94; and February 1, 1933, p. 95, Tugwell papers, FDR Library.

that it act in the public interest and not for the benefit of private industry. Along with the intra- and inter-industrial councils of The Industrial Discipline, he was confident that planning would be implemented within the American democratic system and without any resort to more extreme measures.

Although his appointment to the Department of Commerce never materialized, Tugwell continued to advise Roosevelt on the importance of planning as well as on the need to adopt a specific program to confront the immediate problems caused by the Depression. In the latter instance, he was particularly emphatic. With a profound sense of uneasiness gripping the country as the crisis worsened, Tugwell feared that a revolutionary sentiment might be developing in the midst of widespread unemployment and hunger. If left unchecked, not only would the American government be endangered, but there was also the possibility that American society could be undermined. To prevent this, he recommended that a program to increase purchasing power be enacted immediately once Roosevelt took office and that he pursue it diligently once the New Deal was under way.³⁷

Specifically, Tugwell emphasized that such a program had to encompass relief, fiscal, and monetary policy. Designed primarily to achieve a short-term objective, he

³⁷Tugwell, Diary, December 24, 1932, p. 18, Tugwell papers, FDR Library; Tugwell, The Industrial Discipline, pp. 228-229; Sternsher, pp. 143-146.

felt that a \$5 billion public works program and direct federal relief through the RFC or some other agency was necessary. In Tugwell's opinion, the Wagner-LaFollette-Costigan proposals could serve as a beginning in this direction.³⁸ In fiscal matters, he suggested that redistribution of income through graduated income and undistributed profits taxes would be beneficial, forcing industry to invest its money where it was most needed. As an emergency measure, moreover, he reluctantly encouraged the government to institute deficit spending. Here, Tugwell felt that, in the short-run, unbalancing the budget would stimulate the recovery process, but, in the long-run, it would be "a crude device for correcting" the permanent disparities within the economy itself. Also, he feared that permanent deficit spending would create too much social unrest, particularly among industrial and higher income groups.³⁹ To Tugwell, what Roosevelt had to do was

³⁸Tugwell, Diary (Expanded Form), 1932-1934, "Roosevelt Advisor Outlines Seven-Point Program For Recovery," New York World Telegram (January 29, 1933), pp. 94-95, Tugwell papers, FDR Library, Box 19; Schlesinger, The Crisis of the Old Order, pp. 449ff.; The Coming of the New Deal, p. 95; Sternsher, p. 149.

³⁹It is important to remember that what Tugwell was saying during the interregnum coincided with what he said once the New Deal was actually under way. See Tugwell, Diary, April 3, 1933, pp. 6-7 and April 14, 1933, p. 11, Tugwell papers, FDR Library; Tugwell, "Economy or Efficiency," n.d., Tugwell papers, FDR Library, Box 47; Sternsher, pp. 107-108, 133-139, 316-319; Schlesinger, Politics of Upheaval, p. 506. Tugwell did not completely understand Keynesian deficit spending in February-March, 1933. One man who saw that was Mariner Eccles. See Marriner Eccles, Beckoning Frontiers, pp. 114-115, 134.

to "make a grand effort toward the resumption of industrial activity in normal ways," and permanent deficit spending was simply not one of them.

In a similar vein, Tugwell suggested that Roosevelt "ought to take over immediately large blocks of paralyzed industries" which were operating at "15 to 25 percent of capacity." Either by outright nationalization or, at the very least, by lease, he felt that this expanded fiscal policy would support and further the initial stages of the recovery process. He did not, however, suggest that this be a permanent policy, especially in view of the constitutional, financial, and practical problems involved. Just like his suggestions for public works and deficit spending, Tugwell felt that here short-term objectives were more important than long-term considerations.⁴⁰ The same was true for monetary policy as well.

Throughout 1931 and 1932, Tugwell had consistently opposed outright inflation as a policy for relieving the economic crisis. Instead of helping the farmer or worker, he felt it hurt those on fixed incomes, depreciated the value of fixed investments, and actually endangered the recovery process by perpetuating a rising price level, something no society could afford. More importantly,

⁴⁰Tugwell, Diary, April 12, 1933, p. 14, Tugwell papers, FDR Library. Tugwell did feel, then and later, that certain industries, such as public utilities, would be more efficiently operated if run by the government.

inflation did not increase purchasing power which, in Tugwell's thinking, was the key to the economy's revival.⁴¹ With Hoover's refusal to adopt policies which would have lowered prices and increased purchasing power, however, a new situation developed. By late 1932 and early 1933, Tugwell felt that the economy had become so deflationary that the only way to resolve the crisis was for the government to implement a policy of reflation and a managed currency. In practical terms, this meant that selective price adjustments would have to take place with some prices going up, while others went down and that the United States would have to go off the gold standard internationally so that it could manage its currency at home.⁴² Later, when Roosevelt did institute reflationary policies and abandoned the gold standard, Tugwell supported them only as emergency measures and not as permanent, long-term programs.⁴³ In and

⁴¹Rexford Tugwell to Frank O. Lowden, October 5, 1931, Tugwell papers, FDR Library, Box 2.

⁴²Tugwell, Diary, December 20, 1932, p. 4, December 28, 1932, pp. 27-30, and January 14, 1933, p. 60, Tugwell papers, FDR Library; Rexford Tugwell to Clyde King, January 23, 1933 and F. LaGuardia to Rexford Tugwell, March 13, 1933, both in Tugwell papers, Box 2.

⁴³Rexford Tugwell, "The Process of Recovery," August 15, 1933, pp. 6-10, Tugwell papers, FDR Library, Box 46; Tugwell, Address to Adult Education Association (October 29, 1933), USDA Press Release, Tugwell papers, Box 46; Tugwell, "The President's Monetary Policy," November 5, 1936, p. 3, Tugwell papers, Box 47; Tugwell, "Managing Money," November 14, 1933, pp. 1-7, Tugwell papers, Box 46; Tugwell, Diary (Expanded Form), April 24, 1934, p. 3, Tugwell papers, Box 19; Tugwell, Diary (Expanded

by themselves, he did not believe that they could restore recovery, although they could contribute to it.

Essentially, what Tugwell was saying was that the Depression was a complex phenomenon and one which could not be resolved with simple, utopian formulas. Public works programs, direct federal relief, deficit spending, progressive taxation, governmental operation of depressed industries, reflation, and currency management--all of these suggestions, if implemented simultaneously, could alleviate the symptoms of the economic crisis. In doing so, moreover, they would not only prevent a revolutionary ferment from developing any further, but they would also help in creating a more viable economic framework in which the causes of the Depression could be dealt with. In Tugwell's thinking, only planning could eliminate those causes by correcting the basic disparities within the American economic system and by restoring the fundamental balance between industry and agriculture. A long-range program, he was convinced, had to be adopted because it represented America's only alternative for surviving in the twentieth-century. With this sense of urgency, it was not surprising, therefore, that he persisted in his efforts to convince Roosevelt of

Form), 1932-1934, pp. 20-21, Tugwell papers, Box 19; Tugwell, "Prices and Dollars," and "Our Weight in Gold," both in Rexford Tugwell, The Battle For Democracy, pp. 48-51, 25-28; Sternsher, pp. 59-61, 62, 71, 314-315.

the need for planning, especially after the President-elect took office on March 4, 1933.

After Roosevelt's inauguration, Tugwell's role as an advisor changed again. Instead of merely offering proposals for dealing with the agricultural and industrial crisis, he now became actively involved in formulating and administering policies adopted by the President for overcoming the Depression. This was particularly true in the case of the Agricultural Adjustment Administration and the National Recovery Administration. In both instances, Tugwell aided in drafting the legislation, worked to make the programs effective, and advised the President on alternatives after the Supreme Court declared them unconstitutional. More importantly, in both instances, he publicly defended the principles on which they were based, while, in private, he criticized their administrators. For Tugwell, the AAA and the NRA represented America's first steps towards the planned economy and, being so, he felt a personal responsibility for their survival in the American system.

In many respects, Tugwell was one of the men most responsible for the creation of the AAA in 1933. As a professional economist in the 1920s, he had written prolifically on the farmer's problems stemming from World War I and the basic inelasticity of agriculture. As an advisor in the 1928 presidential campaign, he had unsuccessfully suggested his Advance Ratio Plan to Governor Smith. And,

as a Brains Truster, he had persistently advised Governor Roosevelt on the importance of re-establishing an equilibrium between industry and agriculture in confronting the crisis of the Depression. In all these activities, however, Tugwell had not been able to offer a politically acceptable and an economically feasible farm program because he believed that the resolution of the farm problem depended on long-term, land-use policies involving planning and not short-term, "fly-by-night" panaceas, such as McNary-Haugenism and other dumping schemes. Based on political considerations and "negative" policies, he felt these proposals sought to deal with the symptoms of farm distress, not its causes.⁴⁴ Tugwell did not believe, thought, that this was true of all the farm proposals offered in the early 1930s, especially the voluntary domestic allotment plan.

Although he had heard of the plan in late 1931, Tugwell did not seriously acquaint himself with its principles until the spring of 1932. At first, he met with three of the sponsors of the proposal, Beardsley Ruml, M. L. Wilson, and Henry Wallace, in April-May, and then, at Roosevelt's request, he attended an agricultural conference in June where the domestic allotment idea was explained

⁴⁴Tugwell, Diary, December 31, 1932, p. 35 and January 6, 1933, p. 46, Tugwell papers, FDR Library.

to him in detail.⁴⁵ From that point on, Tugwell became the chief exponent of the plan among the Governor's advisors as well as the primary medium through which the sponsors of the idea could meet with Roosevelt. In retrospect, it is not surprising that he acted in this way because the domestic allotment plan coincided with many of the suggestions he was making throughout the 1920s and early 1930s.

Like Tugwell's own Advance Ratio Plan, the purpose of domestic allotment was to equalize farm supply with consumer demand through a system of voluntary agreements among farmers. However, unlike the ARP, the domestic allotment proposal was more detailed and specific. According to this proposal, agricultural experts, "using historical amounts of production as base figures," would calculate "the total prospective sale of export crops in the domestic market" and then allocate specific amounts of production for each cooperative farmer. In return for his agreeing not to plant more than his specific allotment, the farmer would receive "payments which, when added to the selling price," would give him a parity return "on the domestically

⁴⁵Tugwell, The Brains Trust, pp. 453, 457, 459; Sternsher, pp. 46 and 174. The actual originators of the plan were John Black, William J. Spillman, M. L. Wilson, Beardsley Ruml, Mordecai Ezekiel, and Henry Wallace--all working cooperatively for the most part. See Edward L. and Frederick Schapsmeier, Henry A. Wallace of Iowa: The Agrarian Years (Iowa: Iowa State University Press, 1968), pp. 125ff.; Sternsher, pp. 183ff. Also, see Mordecai Ezekiel, "Facts On the Domestic Allotment Act," January 15, 1933, p. 1, Tugwell papers, FDR Library, Box 3.

consumed portion of his product." If, however, the same farmer produced more than he agreed to, his excess production would receive only the prevailing world prices and nothing else.⁴⁶ Completely dependent on his cooperation, the domestic allotment idea was designed to convince the farmer that the less he produced, the more money he would make. It also attempted to demonstrate to the farmer that the problem of the surplus could only be resolved by himself.⁴⁷ In view of Europe's inability to buy American goods in the midst of the world depression and the saturation of the American market itself, the advocates of domestic allotment hoped to convince the farmer that his only hope lay in cooperation and restricted production, at least in the immediate future. Cooperation, planning, and expertise --these were the keys to farm prosperity as far as they, and Tugwell, were concerned.

In Tugwell's thinking, domestic allotment was impressive because it was specific in its implementation procedures and politically feasible in its voluntarism. By making the farmer socially conscious, he felt that it would relieve the immediate burden of farm distress, aid in laying the foundation for a long-range land-use program, and facilitate the establishment of a "regulated and balanced" economy. At the same time, however, he also

⁴⁶Sternsher, p. 173.

⁴⁷Ezekiel, "Facts On the Domestic Allotment Act," pp. 7-10.

believed that it would encounter quite a bit of opposition. A new approach to the farm question, it ignored the traditional remedies of tariffs and McNary-Haugenism and in doing so, it could incur the wrath of the more conservative farm leaders.⁴⁸ To prevent that, Tugwell, therefore, began a vigorous campaign to sell the domestic allotment idea to the American people.

Between November, 1932 and March, 1933, he collaborated closely with M. L. Wilson, Mordecai Ezekiel, and Frederick Lee, a Washington attorney, in writing propaganda supporting domestic allotment, in drafting legislation incorporating its principles, and in encouraging the lame-duck Congress to act quickly. In view of the deteriorating farm situation, Tugwell was particularly adamant in demanding that the Congress implement domestic allotment.⁴⁹ With farm prices declining, foreclosures increasing, and farm discontent intensifying, he feared that violence might erupt and spread quickly throughout the country. Unfortunately, political considerations were more important to the Congress than actual conditions and, as a result, nothing was done.

After Roosevelt's inauguration on March 4, however, the status of domestic allotment changed drastically.

⁴⁸Tugwell, Diary, January 6, 1933, pp. 46-52, Tugwell papers, FDR Library.

⁴⁹Schapsmeier, pp. 169ff.; Lord, pp. 326ff.; Sternsher, pp. 185ff.

Under the supervision of Henry Wallace, the new Secretary of Agriculture, the supporters of the proposal held conferences and produced a compromise draft bill for congressional consideration. Introduced on March 16 in the House of Representatives, the bill immediately ran into the opposition of inflationists and conservative farm leaders. Objecting to the restrictive production features of the bill as well as its taxing provisions, they sought to kill it in committee. By early April, this strategy seemed to be working so well that President Roosevelt intervened. Having committed himself to domestic allotment, he sought to salvage as much of it as it could. To placate the inflationists, he accepted the Thomas amendment to the AAA which allowed him, as President, to expand the currency. To placate the opponents of controlled production, moreover, he ordered Wallace, Tugwell, Jerome Frank and Frederick Lee to meet with George Peek, the prominent McNary-Haugenite, to work out their differences. Although several conferences were held in April and May, Peek refused to compromise on production control, arguing instead for marketing agreements. On May 3, though, he agreed to accept those provisions of the bill for restrictive production as a last resort only, while simultaneously agreeing to be the chief administrator of the program. Within ten days of his

decision, opposition to the bill subsided and the Agricultural Adjustment Act was enacted into law.⁵⁰

In its final form, the AAA was a hodgepodge of ideas and methods designed to satisfy everyone. Purporting to bring about a balance between the production and consumption of farm goods so that farm income would have the same relative purchasing power that existed from 1909-1914, it empowered the Secretary of Agriculture to do any of several things. For the basic farm products, such as wheat, cotton, corn, hogs, tobacco, milk, and rice, the AAA could enter into agreements with individual farmers by which the AAA would pay the farmer to limit his production. The AAA could also buy up agricultural surplus and/or lend money to farmers, accepting their crops as collateral until prices rose. In this instance, the Commodity Credit Corporation, created in the fall of 1933, was to act as the lending agency. Finally, the AAA, through the Secretary of Agriculture, could subsidize agricultural exports if it so desired. The entire program was to be financed from revenues acquired from a special tax on food and fiber processors, who, in turn, could pass the tax on to the consumer.⁵¹

⁵⁰For a detailed discussion of the Peek-Wallace et al. conferences, see Schapsmeier, pp. 170-173 and Sternsher, pp. 188-190. Tugwell never denied that he was one of the authors of AAA. See Tugwell, "The Reminiscences of Rexford Tugwell," pp. 42-43.

⁵¹Schapsmeier, pp. 173-174; Sternsher, p. 190. Tugwell later stated that he and Jerome Frank conceived

Although the AAA was legally supposed to be administered by Secretary of Agriculture Henry Wallace and AAA Administrator George Peek, this did not happen once the AAA was in operation. As Assistant Secretary of Agriculture, and later as Under-Secretary, Tugwell played a prominent role in the overall and daily operation of the program. The reason for this was quite simple. Tugwell was appointed to Agriculture because he had helped Roosevelt in the campaign; he had consistently championed domestic allotment before its passage; and, he got along rather well with Wallace. More importantly, Wallace himself had requested that Roosevelt appoint him his Assistant because he needed help in dealing with the administrative details of running his Department. Recognizing his own limitations in this area, Wallace simply believed Tugwell would be a valuable asset to him. For his part, Roosevelt agreed and he offered Tugwell the position. In accepting the appointment, Tugwell naturally defined his responsibilities very broadly, believing that he would assist the Secretary in all activities within the Department, including the AAA. Although this interpretation of his authority would eventually lead to serious problems within Agriculture, Tugwell, in May, 1933, was justified in thinking the way he did. For all practical purposes, the AAA was within his

the Commodity Credit Corporation. Tugwell, "The Reminiscences of Rexford Tugwell," pp. 50-51.

jurisdiction and, as such, subject to his influence and direction.⁵²

In all his speeches and writings as Assistant, and later Under-Secretary of Agriculture, Tugwell consistently defended the AAA. Emphasizing its voluntary, experimental nature, he continuously characterized it as a temporary program seeking to achieve a dual purpose. In the short-run, it was attempting to assist the farmer by reducing the "spread between operating costs and retail prices" as well as the "spread between the prices which farmers receive and those which consumers pay." In the long-run, moreover, it was laying the foundation for the permanent land-use planning necessary to sustain agriculture's survival in the twentieth-century.⁵³ Although the short-run objective conflicted in some instances with the longer-range goal, Tugwell did not believe that the clash seriously endangered

⁵²Tugwell, Diary, January 7, 1933, p. 48, January 24, 1933, p. 77, February 17, 1933, p. 97, February 18, 1933, p. 99, Tugwell papers, FDR Library; H. A. Wallace to Rexford Tugwell, January 28, 1933 and H. A. Wallace to Franklin D. Roosevelt, Memorandum, May 14, 1934, both in Tugwell papers, FDR Library, Box 3 and FDR papers, FDR Library, OF-1 respectively; Sternsher, pp. 86-89, 190-191, 251-261. Tugwell, of course, supported Wallace's appointment as Secretary of Agriculture in February, 1933.

⁵³Rexford Tugwell, "Our Lands in Order," USDA Press Release (August 4, 1933), pp. 1-3 and Tugwell, "Diversified Attack," column (October 15, 1933), p. 3 both in Tugwell papers, FDR Library, Boxes 46 and 47 respectively. Also, Tugwell, "Taking the Initiative," column (October 28, 1933), pp. 2-3, both in Tugwell papers, FDR Library, Boxes 47 and 46 respectively.

the effectiveness of the overall program. Many of the shorter-term devices being employed, such as crop reduction, would eventually be abandoned once the more permanent land policies were adopted and implemented.

In many respects, Tugwell believed that the explanation for it lay in past governmental land policies. Between the founding of the republic and the onset of the Depression, Tugwell felt that the government, especially on the federal level, had pursued reckless, wasteful, and irrational programs in distributing the public domain. Without any concern for the future, the government gave the land away to anyone who would settle it, whether individual farmers or, in the late nineteenth-century, industrial concerns. By 1900, land exploitation by private interests had reached such alarming proportions that a conservation movement was started to salvage what was left. Demanding that the government assume its responsibility in protecting the nation's most abundant resource, the conservationists successfully coerced the government on all levels to adopt a more scientific and efficient approach to land utilization. But, Tugwell also felt that their success was temporary because, with World War I and the return to normalcy in the 1920s, private interests again took control of the public domain and exploited it for their own benefit. Encouraged by the federal government particularly, these private interests speculated in wild-eyed enterprises, ruthlessly stripped the land of its wealth, and ignored the

basic principles of land-use to such an extent that they contributed to the outbreak of the Depression. More importantly, Tugwell believed that this private exploitation forced the American people generally to re-examine their attitudes towards the land and to demand that the federal government devise new programs for developing it in the general interest. With the Hoover administration refusing to do this, Tugwell concluded that the New Deal had to, and, it was in this context that it implemented the AAA.⁵⁴

For Tugwell, the basic principles underlying the AAA, and the New Deal farm program generally, were the simple assumptions that land is a commodity affecting the entire economic system, that the federal and state governments can "go a long way in planning the use of the public domain," and that an agriculture-industrial balance had to be established before the Depression could be resolved. In attempting to reduce acreage so that "probable production" would be brought more closely in line "with probable consumption," the AAA, moreover, was trying

to persuade the American farmers to work together so as to cultivate the soil of the United States as though it were one single farm, to keep out of certain kinds of production fifty million acres of land, to assure the production of food and fibres we need, with ample

⁵⁴Rexford Tugwell, "The Place of Government in a National Land Program," Address to a joint Meeting of the American Economic Association, American Statistical Association, and the Farm Economic Association (Philadelphia, December 29, 1933), USDA Press Release, Department of Agriculture, NA, Box 293. Also in Tugwell, The Battle For Democracy, pp. 143-164.

reserves both for export and carryover, to protect drainage and water supplies through a great program of reforestation, and through special credit and financial institutions to keep the farmer on his farm and the farm family in the farm home during a period of terrible economic insecurity throughout the world.⁵⁵

In this sense, the New Deal and the AAA were trying to save American capitalism, not destroy it. More importantly, Tugwell argued that the methods employed by the government to achieve this objective were in the American democratic tradition. Without coercing the farmer to do anything, the government was simply asking him to cooperate in its grand planning effort to restore the economic system.⁵⁶ If it succeeded, everyone would share in the results, but, if it failed, then, the farmer would have to assume some of the responsibility for that failure.

In a similar vein, Tugwell also felt that the processing tax used in the AAA was constitutional and within the American framework. Although representing "a shift in purchasing power from one group [the consumer] to the other [the farmer]" it still did not imply class

⁵⁵Rexford Tugwell, Remarks as Assistant Secretary of Agriculture in the NBC Farm and Home Hour (February 2, 1934), p. 4, Tugwell papers, FDR Library, Box 46; Rexford Tugwell, "Address over CBS" (July 31, 1934), USDA Press Release, Department of Agriculture, NA, Box 302.

⁵⁶Rexford Tugwell, "Renewed Frontiers," New York Times (January 14, 1934), pp. 1, 3, 7, Tugwell papers, FDR Library, Box 46; Rexford Tugwell, "Address Before the Niagara County Pioneer Association" (New York, August 8, 1934), pp. 2-3, 11 and Rexford Tugwell, "Address at Clemson College" (South Carolina, August 15, 1934), pp. 3ff., USDA Press Release, Department of Agriculture, NA, Box 302.

legislation. In Tugwell's opinion, there were two reasons why this was so:

First, no recovery can occur until farmers are able to buy industrial products on an ample scale, so that the temporary disadvantage to the consumer will be overcome just as fast as an increased farm buying power gets to work. Second, an increase in farm income means a direct expansion of purchasing power--much of it, as in the case of farm machinery, of special importance to the capital-goods industries.⁵⁷

In practical terms, Tugwell argued this meant that there was a direct correlation between mass production and mass consumption. Each depended on the other, and, considering the effect the Depression had on the farmer, it was of the utmost importance to make certain that farm income were increased proportionately. The AAA, through the processing tax, was doing that and, therefore, it was justified in attempting to shift purchasing power from one group to another.

In defending the AAA in this way, Tugwell was saying that the devices employed by the program were temporary expedients which, in the short-run, would facilitate the restoration of the farmer to a more equitable position within the economic system while, in the long-run, they would have little or nothing to do with eliminating the basic causes of farm distress. To accomplish that, more permanent policies would have to be implemented and those policies would have to deal with the basic problem of the

⁵⁷ Rexford Tugwell, "The Price Also Rises," Fortune IX (January 1934), 108.

land itself, especially in terms of retiring sub-marginal land, re-orienting the family farm, and revising the American value system.

Despite arguments to the contrary, Tugwell emphasized that the American individualistic philosophy contributed to the outbreak of the Depression generally and the agricultural crisis particularly. By promoting the individual's rights, this philosophy encouraged the government to pursue lax land policies which, in turn, encouraged private interests to abuse the land. Individual farmers especially were responsible for this land misuse because they planted more land than they had to. In doing so, moreover, they not only created a surplus problem, but they also contributed to soil erosion. By 1933, Tugwell felt that so much of the land had been damaged that a significant portion of the farm population migrated to the cities in order to escape the poverty-ridden existence they were leading--all to no avail. Ill-prepared for industrial occupations, they could not adjust to urban life and, as a result, their situation got even worse. More importantly, those who stayed on the farm were also suffering because the land could no longer produce a livelihood. Desolate and barren, the land, in short, had lost much of its productive power and, in Tugwell's opinion, until that power was restored, the farm depression would continue

indefinitely--regardless of any short-term artificial means employed to sustain the farmer.⁵⁸

In light of this, Tugwell recommended that the federal government act quickly to initiate a permanent land-use program. Specifically, he suggested that the government withdraw approximately one-seventh of the public domain from use, including the submarginal lands of the Appalachian highland, the Piedmont Plateau, the Great Lakes, and the Great Plains. Here, the government would restore the soil through massive reforestation projects. In addition, the government would have to move people from the submarginal lands to better, more productive lands. By relocating these farmers, the government would be providing a "real alternative to poverty living" while simultaneously making them more productive in the economic system generally. And, finally, the government would have to consider seriously whether or not consolidated farms should replace the more inefficient individual ones. In Tugwell's thinking,

If individual agricultural workers are to operate at a high level of productivity, if at the same time agricultural production is to be limited to the effective demand for agricultural products, there must be a very appreciable reduction in the proportion of American workers engaged in commercial agriculture--preferably by the gradual transference of some farm laborers and tenants who are now operating at a low level of

⁵⁸Rexford Tugwell, "National Significance of Recent Trends in Farm Population," Social Forces 14 (October 1935), pp. 1-7, in Tugwell papers, FDR Library, Box 70.

productivity, with low incomes, and some farm operators who are working on submarginal lands, into at least part-time production of goods and services for which there is a more elastic demand. Part of these goods and services may be directed toward retaining the population remaining in agriculture, resulting in better housing for rural families, better schools for rural children, more nurses, doctors, telephones, books, and clothes, and more adequate diets both for farm families and for city families.⁵⁹

More importantly, fewer commercial farmers might be the only way to sustain an equitable, lasting balance between industry and agriculture. With technological efficiency daily enhancing industrial productivity, Tugwell emphasized that it was essential for agriculture to follow suit and, considering the sophistication of the American economic system, farm consolidation might be the only way to do it.

Although land withdrawal, resettlement, and farm consolidation were the initial steps in a land-use program, Tugwell did not believe they were the only ones. Much more would be necessary, although he was not certain what specifically would have to be done. In this respect,

⁵⁹Tugwell, "The Place of Government in a National Land Program," pp. 158ff.; Tugwell, "The Planned Use of the Land," Today I (January 20, 1934), 7, 23-24, Tugwell papers, FDR Library, Box 69; Tugwell, "The Farmers Control of Industry" (June, 1934), p. 5 and "Nature and Agricultural Adjustment," Address to Annual Farm and Home Picnic (South Dakota, June 29, 1934), pp. 4ff., both in Tugwell papers, Boxes 47 and 46 respectively; Tugwell, "National Significance of Recent Trends," p. 6. Quote is from the latter. Tugwell's ideas on resettlement will be developed further in the next chapter in the discussion of the Resettlement Administration. As early as March, 1934, Tugwell had intimations of such an agency. See Tugwell to the President, March 3, 1934, FDR papers, FDR Library, OF 1, Box 2. See also Tugwell, Diary (Expanded Form), "From An Administrator's Notebook: The Outlines of a Permanent Agriculture," pp. 53-63, Tugwell papers, Box 21.

Tugwell argued that experience would fill in the details and that farmer-government cooperation would determine how successful the program was progressing. Like any long-term planning program, land-use needed time and Tugwell was hoping that it would get it.

In spite of Tugwell's public optimism that the New Deal through the AAA was striving to help the farmer in the short-and long-run, he privately expressed serious reservations about the way in which the program was being administered by the Washington bureaucrats, especially George Peek. Here, the irony of Tugwell's concern was that he had initially supported the appointment of Peek as Administrator of the AAA, only to find that, within a very short time, he would become his chief opponent.

Before the passage of the AAA, Tugwell believed that Peek was the most logical choice for Administrator. Although disagreeing with him on several critical issues, he considered Peek to be a forceful, intelligent personality who had the "best grasp of anyone" of the AAA potential, even though he did tend to be too conservative in philosophy and too international-minded in temperament. More importantly, Tugwell and Wallace both felt that Peek, a veteran of McNary-Haugenism and a close friend of Bernard Baruch, was the only one who could quash congressional opposition to the AAA and assure its passage.⁶⁰ In May,

⁶⁰Tugwell, Diary, April 3, 1933, p. 8, Tugwell papers, FDR Library.

1933, this was a valid assumption on the part of Tugwell and Wallace. Considering the novel features of the proposed AAA as well as the strong adherence to traditional farm remedies within the Congress, the probable appointment of Peek as Administrator would, and eventually did, facilitate the acceptance of the program. What neither one realized, however, was that Peek was determined to implement only those provisions of the AAA which coincided with his own ideas on farm recovery.⁶¹

A strong-minded individual, Peek believed the primary way to restore agricultural recovery was to treat agriculture as a separate, integral unit within the economic system and to give it every possible advantage. In terms of the AAA, he felt this meant implementing the marketing agreements as soon as possible. Specifically, these agreements were designed to allow the processors and middlemen an opportunity to develop codes of fair competition and, in return, to receive anti-trust exemption. Like their counterparts in the NRA, they also implicitly served as the basic vehicles for price-fixing. In Peek's thinking, this latter characteristic of the codes was particularly important because it assured high prices for American farm goods, facilitated the maintenance of high levels of production, and prevented lower-priced foreign competition

⁶¹Ibid.

from infiltrating the American market.⁶² If the codes, moreover, proved successful operationally, they would eliminate any need for restrictive crop control. As far as Peek was concerned, the domestic allotment provisions of the AAA were unnecessary and dangerous, and he was determined to avoid implementing them at all costs. Little did he know that, in doing so, he would eventually cause his own downfall.

Of all those in the Department of Agriculture who opposed Peek's refusal to institute domestic allotment, no one was more critical than Tugwell. Using every talent at his disposal, he publicly and privately criticized Peek for not seeing the economy in holistic terms as well as for accepting marketing agreements, tariffs, and dumping as the primary means for resolving the agricultural crisis. Tugwell was even more disturbed by Peek's resistance to the AAA's Consumers' Council's attempts to establish standards of "quality, identity, [and] labelling" for farm products and to have them written into the marketing agreements themselves.⁶³ Indicative of the monopolistic-orientation of the marketing codes, Tugwell believed that there was no

⁶²Schapsmeier, pp. 175ff.; Sternsher, pp. 194-195.

⁶³Tugwell, "The Reminiscences of Tugwell," p. 66; Tugwell, "Consumers and The New Deal," Address to Consumers' League of Ohio (Cleveland, May 11, 1934), in Battle for Democracy, pp. 280ff.; Sternsher, pp. 180, 181, 194, 196.

justification for any such action. Peek seemed to be sacrificing the farmer and the consumer for the processor's benefit and perverting the basic principles underlying the AAA. Sooner or later, he would have to be stopped and, in September, 1933, Tugwell was convinced that the time had come to do just that.

By September-October, 1933, the AAA had split into two opposing groups. The liberal faction, headed by Tugwell and Wallace, "wanted to exploit the sense of crisis to push through long-needed reforms to relieve the poverty of sharecroppers, tenant farmers, and farm laborers, and to crack down on packers, millers, and big milk distributors to make sure that increased farm prices came out of middlemen and not the consumer." Supported by Jerome Frank, Frederick Howe, Paul Appleby, C. B. Baldwin, Mordecai Ezekiel, and Louis Bean, it stood solidly behind the principles of domestic allotment. The conservative faction, on the other hand, was headed by Peek and included Chester Davis and Charles Brand. Unlike the liberals, it was favorable inclined towards the big farmer and processor as well as more limited in the scope of its approach. Up to the fall of 1933, neither faction openly feuded with the other, although privately each sought to gain an advantage. This situation changed drastically, however, when the

sugar-tobacco marketing agreements were being formulated and when Peek proposed his butter-export scheme.⁶⁴

In the former incident, the Legal Division of the AAA, headed by Jerome Frank, advised Wallace to reject the sugar marketing agreement because it did not provide enough protection for the growers, while, in the tobacco agreement, it suggested that the AAA be given permission to check all company books. As Secretary of Agriculture, Wallace had the authority to either approve or disapprove a code and, in these instances, he agreed with the Legal Division and acted accordingly. Upset and angry, the processors thereupon appealed to Peek for some help. Sensing that the agreements were really a test of strength, Peek reprimanded the Legal Division, especially Frank, and appealed to the President for approval. Recognizing the appeal for what it was, Roosevelt decided to support Peek so as to prevent an open break between Wallace-Tugwell-Peek. The tobacco code was accepted without the provisions for access to company books and the sugar code was sent back to the processors for further consideration. All in all, the controversy appeared to have resulted in a significant victory for Peek.

Encouraged by what had happened here, Peek then decided to move against Jerome Frank. In a memorandum to

⁶⁴Leuchtenburg, pp. 75-76; Sternsher, p. 198; Louis Bean, "The Reminiscences of Louis Bean," pp. 154ff., Oral History Research Office, Columbia University.

Wallace, he demanded that Frank be removed immediately as general counsel. When Wallace refused to do so, Peek prepared himself for a final showdown. In late November and early December, instead of re-opening the Frank question, he decided to make his butter-export scheme the final test case. According to this proposal, the United States would export a large quantity of butter to Europe in order to resolve the surplus problem at home. Since this would probably involve a loss to the American farmer, Peek requested that the Secretary of Agriculture subsidize the export and advance \$500,000 out of processing tax revenues to make up the difference between the foreign and domestic prices. Essentially a dumping scheme, Peek was convinced that it would prove to be a highly beneficial endeavor.

Although Peek had proposed the idea in a memorandum to Wallace, it was Tugwell who actually considered it. With Wallace in Warm Springs, Tugwell was the Acting Secretary and, as such, responsible for handling all departmental business. In this instance, however, he felt it was wiser for him to discuss the memorandum with the Secretary before making any decision. Contacting Wallace by telephone, he told the Secretary of the Peek request and, together, both decided that he should turn it down. On December 2, Tugwell informed Peek of his decision not to advance \$500,000 because the scheme was too costly and involved

dumping.⁶⁵ Without even considering the reasons behind the decision, Peek responded by threatening to go directly to Roosevelt for final approval. He also indicated that, as far as he was concerned, the President's decision would resolve once and for all the power struggle between the AAA Administrator and the Secretary of Agriculture.

Although Roosevelt had consciously avoided interfering in the Wallace-Tugwell-Peek disputes in the past, there was no way he could get around this one. The controversy was widely publicized by the press and the authority of his Secretary of Agriculture was being challenged. In light of this, he decided that Peek had outlived his usefulness and, on December 7, he asked for his resignation. More importantly, he publicly announced his support of the Wallace-Tugwell opposition to the butter scheme as well as their decision to re-direct the AAA away from the marketing agreements.⁶⁶ By supporting Wallace and Tugwell in this way, the President hoped that the controversy within the AAA and between the USDA and the AAA would subside and that the implementation of the New Deal farm program would be smoother and more coordinated, at least in the immediate future.

⁶⁵Tugwell, "The Reminiscences of Rexford Tugwell," pp. 46, 65-66; Jerome Frank, "The Reminiscences of Jerome Frank," pp. 76ff., Oral History Research Office, Columbia University; Sternsher, pp. 200-202.

⁶⁶Sternsher, p. 201. Roosevelt, after accepting Peek's resignation, appointed him as a Special Advisor on Foreign Trade.

If Tugwell and Wallace construed the Peek resignation as a victory, they soon learned that it was only a shallow, temporary one. Events were about to unfold which not only would disrupt the Tugwell-Wallace rapport, but also would result in the decline of Tugwell's influence in the USDA and AAA. Weakened and ineffective, Tugwell would then turn his attention to the Resettlement Administration.

After Peek resigned on December 11, 1933, Roosevelt appointed Chester Davis as his successor. A mild-mannered, shy personality, Davis had been a close advisor of Peek, a member of the conservative faction in the AAA, and an experienced agriculturalist. Unlike his predecessor, he was a good administrator and a convert to the principles of domestic allotment. Although still committed to marketing agreements, tariffs, and dumping, Davis believed that anything that helped the farmer was acceptable if it could be implemented properly. On taking office, moreover, he told the AAA personnel that he would seek to resolve the differences among them and, thereby, make the AAA an effective, efficient agency within the New Deal.⁶⁷

Throughout most of his first year as Administrator, Davis did not encounter any problems either with the young liberals in the Legal Division or with Tugwell who originally supported his appointment as Peek's successor. Aside from a few skirmishes over marketing agreements, the

⁶⁷ Ibid., p. 203.

AAA carried on its business in an orderly, routine way.⁶⁸ All of this changed, however, in the beginning of 1935. In January and February, the young liberals in the Legal Division took it upon themselves to re-interpret an agreement the AAA had worked out with Southern landlords employing tenant farmers. Originally, the agreement was that landlords who signed acreage-adjustment contracts would agree not to reduce the number of their tenants during the first year's operation. While Davis and Tugwell were away on trips, however, the Legal Division re-interpreted the provisions of the AAA and ordered state AAA administrators to force the Southern landlords to keep the same tenants on the same land for the second year of operation. Without consulting Davis, the liberals had, in effect, acted on their own and, in doing so, they caused a tremendous uproar throughout the South.

On hearing the news, Davis returned to Washington immediately. Furious over their insubordination, he was convinced that the Legal Division had gone too far in re-interpreting the AAA and that his own authority as Administrator had been seriously challenged. To deal with the situation, he, therefore, requested permission from Secretary Wallace to handle the liberals in any way he saw

⁶⁸Tugwell, "The Reminiscences of Rexford Tugwell," pp. 65-66 and Chester Davis, "The Reminiscences of Chester Davis," pp. 34lff., Oral History Research Office, Columbia University.

fit. In an awkward position himself, Wallace did agree with Davis and, for that reason, he granted the request. On February 4, Davis made his move. He fired Jerome Frank, Lee Pressman, Victor Rotnem, Francis Shea, and Alger Hiss of the Legal Division and removed Frederick Howe as head of the Consumer Council. In a press conference the next day, moreover, both he and Wallace justified the purge by saying that it was the only way to preserve harmony within the AAA, while simultaneously denying that the economic and social views of Frank and his colleagues had anything to do with it.⁶⁹ When asked what effect the purge would have on Under-Secretary Tugwell, neither one would comment. For all practical purposes, Wallace and Davis did not have to offer any opinions simply because Tugwell did that himself.

Bitterly upset by the firings, Tugwell returned to Washington in a hostile mood. Accusing Davis of planning to "rid the Department of all liberals and to give the reactionary farm leaders full control of policy," he demanded that Wallace overrule Davis or, at the very least, transfer Frank and his colleagues to other positions within the government. When Wallace refused to do so because of his relationship with farm leaders and his own political ambitions, Tugwell then went to Roosevelt and submitted his

⁶⁹Chester Davis, "The Reminiscences of Chester Davis," pp. 372ff., 412ff.; Jerome Frank, "The Reminiscences of Jerome Frank," pp. 149ff.; Sternsher, p. 204.

resignation.⁷⁰ In a somewhat dramatic way, he told the President that he had no other alternative. The purge had been directed against him; Wallace had publicly assumed that he (Tugwell) would no longer have anything to do with the AAA; and, the Wallace-Davis rapport would create more problems for him in the future. More importantly, Tugwell related that he preferred being transferred to the Department of Interior where he could work with Secretary Ickes in implementing a long-range conservation program. Although Roosevelt agreed that Tugwell's usefulness in the USDA was in question and that a transfer to Interior might help everyone involved, he was not certain that it could be done since no funds had been appropriated for the position. Without ruling out the possibility, however, he told Tugwell to talk with Wallace and just sit tight until he could get back to him.⁷¹

While waiting for the President, Tugwell did consult with Wallace about his future within the USDA and the AAA. In clear and direct language, Wallace told Tugwell that he wanted him to remain as the Under-Secretary of Agriculture only if he (Tugwell) were willing to relinquish all his authority over the AAA. In light of his relationship

⁷⁰Tugwell, Diary, February 10, 1935, pp. 45ff., Tugwell papers, FDR Library, Box 14; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 46, 67-69.

⁷¹Tugwell, Diary, February 10, 1935, p. 45, Tugwell papers, FDR Library, Box 14; Tugwell, Diary, February 16, 1935, p. 50, Tugwell papers, FDR Library, Box 14; Sternsher, pp. 204-205.

with Davis, Wallace argued that this would be the only way to preserve any harmony within the New Deal farm program. In Tugwell's opinion, however, nothing could have been further from the truth. As Davis' technical superior, he felt that he had the right and the obligation to participate in the operation of the AAA whether or not overall coordination were achieved. Considering Davis' inclination to cater to the interests of the conservative farm leaders, Tugwell was particularly adamant on this score. As far as he was concerned, Wallace would either have to accept him as he was or else find a new Under-Secretary to replace him. Disagreeing over fundamentals, neither Tugwell nor Wallace was willing to compromise and, as a result, a stalemate set in. More importantly, Tugwell's hopes for a position within the Interior Department were soon dashed after Ickes informed him that he was unable to secure the necessary Congressional approval. Without any authority in the USDA and without any possibility of being transferred, Tugwell, therefore, resigned himself to the defeat that the purge had inflicted on him.⁷²

In evaluating the purge and its effects, there is little doubt that Tugwell has to assume some of the responsibility for what happened. Almost from the very beginning, he had created ill-feeling among the bureaucrats

⁷²Sternsher, pp. 205-206.

in the USDA by his activity in the Peek resignation and by his shielding of the young liberals in the Legal Division. His refusal either to dissociate himself from the petty quarreling within the AAA or, at the very least, to exert some influence over the Frank group also hurt him because it created a situation in which he became the target for those in the USDA seeking a scapegoat. And, finally, his unwillingness to compromise on the objectives of the AAA either with Peek or Davis made it seem as if he were interfering in something that was not his business. To many in the USDA and the AAA, Tugwell was a radical social reformer who was trying to use the AAA for his own purposes without any regard for the objectives they were striving to achieve. A distorted, unreal image, it was nevertheless the one that Tugwell had helped to create and the one which contributed to his own downfall.

Although the purge seriously undermined Tugwell's influence within the USDA and the AAA, it did not completely destroy him as a New Dealer. He still had a good enough rapport with Roosevelt that, after February, 1935, he was able to divert his attention from the USDA and the AAA and concentrate on establishing the Resettlement Administration, an agency he hoped would fill in some of the gaps left by the New Deal farm program.⁷³ At the same time, moreover,

⁷³The RA will be discussed in detail in the next chapter which deals with Richberg and Tugwell as New Deal administrators.

he also worked diligently to preserve the New Deal's attempt to institute industrial planning through the NRA. In this respect, Tugwell was particularly concerned because the AAA had proven a disappointment and he believed that salvaging the NRA might be the only way to assure the survival of planning in the New Deal and the American economy generally.

Despite his appointment to the USDA in 1933, Tugwell did play a pivotal role in formulating the NRA. Throughout April and May, he collaborated closely with Assistant Secretary of Commerce Dickinson and Senator Wagner in drafting their proposal for industrial recovery, while simultaneously maintaining a liaison with the Johnson-Richberg study group. After both drafts were presented to the President, moreover, he attended the conference ordered by Roosevelt to iron out the differences between the two. Here, Tugwell acted more as a mediator between the two groups than as a sponsor of either one. More importantly, it was at the conference in Lewis Douglas' office that he offered his own suggestions for implementing industrial recovery through planning.⁷⁴

Tugwell believed that those who attended the conference--Wagner, Dickinson, Johnson, Perkins, Richberg,

⁷⁴Tugwell, Diary, May 30, 1933, p. 26, Tugwell papers, FDR Library; Tugwell, Diary (Expanded Form), "Addendum to Diary for the Hundred Days," pp. 2, 40, Tugwell papers, FDR Library, Box 19; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 47-40; Sternsher, pp. 157ff.

Douglas, and himself--all had one thing in common. They were realists who

thought the Anti-trust acts had failed and that a change was long overdue. They proposed to recognize that there were technical reasons for concentration; and they felt that public policy ought to be so arranged that large scale organization could go on to its natural apotheosis. Their idea was that control had been exercised at the wrong level. It had sought to prevent the development of large scale industries. If combinations, consolidations or associations were recognized, then it would be possible to secure the public interest in reduced costs and prices, and progress could be encouraged rather than suppressed.⁷⁵

They also believed that the trade association movement of the 1920s had been the first step in this direction. By fostering consolidation, it did enable industry to reduce costs. But trade associationism did not result in lower prices or higher wages because industry abused its rights and refused to accept its responsibilities. In the future, that would have to be stopped, although neither the Dickinson-Wagner nor Richberg-Johnson group could agree on how to do it. It was a fundamental disagreement which Tugwell, for his part, believed was the crux of their problem.

Although he liked the cooperative features of the Dickinson proposal, Tugwell felt that it would not work. Calling for inter-industry cooperation through trade associations, the plan contained no compulsory provisions to make certain that industry would act in the public

⁷⁵Tugwell, Diary (Expanded Form), "Herbert Hoover," p. 16, Tugwell papers, FDR Library, Box 21.

interest. The Johnson plan, on the other hand, did provide for federal licensing of all codes and, in so doing, it guaranteed the government an active role in the recovery process generally and in the code-making process particularly. "With more teeth in the penalties," Tugwell believed that the plan would work and, for that reason, he supported Johnson over Dickinson. This did not imply, however, that Tugwell was completely satisfied with the Johnson plan. Even here, he demanded that more be done and he offered two suggestions which he believed would make the proposal stronger.⁷⁶

Specifically, Tugwell recommended that the conferees incorporate into the Johnson draft a "tax and reserve fund scheme" as well as a Bank for Corporate Surpluses. In the former instance, he suggested that a processing tax be placed on industrial goods so that a reserve fund could be built up which would "be distributed periodically to those who had complied with the code provisions." A disciplinary device, it would reward the compliant businessmen while punishing those who refused to cooperate. The Bank for Corporate Surpluses, on the other hand, would coerce businessmen into investing their profits. According to this proposal, all undistributed industrial surpluses would be deposited in a special bank--the BCS. Once there, an industry could borrow from the bank for expansion purposes

⁷⁶Tugwell, "The Reminiscences of Rexford Tugwell," p. 48; Sternsher, p. 158.

at reasonable interest rates, but, if it sought to withdraw its money, it would then have to give a 60 day notice as well as pay a tax of up to 25 percent. The revenue from the tax, moreover, would be returned to the BCS for use by more productive industries.⁷⁷

In offering these suggestions and in supporting the Johnson proposal, what Tugwell was saying was that planning could and would resolve the Depression, that business would have to assume the primary responsibility for implementing it, and that the government would have to make certain that industry acted in the public interest. More importantly, his tax and reserve fund and BCS scheme still indicated that he identified planning with cooperation, the service ideal, and economic balance. Together, both industry and the government would institute planning, but, if industry refused to do its part, then, the government would coerce it. Business, in short, had a choice and, if it made the wrong one, it would have to face the consequences.

Although the conferees rejected Tugwell's specific proposals to bolster the Johnson plan and although Tugwell himself was forced by his administrative duties to withdraw from the conference, the final compromise bill was still very much in line with his basic ideas on planning. The establishment of the codes, the suspension of the

⁷⁷Tugwell, Diary, May 30, 1933, pp. 26ff., Tugwell papers, FDR Library; Tugwell, Diary (Expanded Form), "Addendum," pp. 2, 40, Tugwell papers, Box 19.

anti-trust laws, and the provisions for federal approval and supervision of industry were all acceptable as far as he was concerned. The fundamental principles of the NRA, in fact, were so agreeable that Tugwell consistently defended them in all his speeches and writings between 1933 and 1935.

Generally, Tugwell persistently characterized the NRA as a cooperative, experimental program designed to restore recovery and maintain an economic equilibrium or balance within the American economic system. Depending upon a contractual partnership between industry and government, it sought to establish "fair wages and working conditions for the employed, fair prices for consumers," fair profits for businessmen, and a secure foundation for continuous prosperity. By giving businessmen everything they had always wanted vis-à-vis trade associationism, it was also trying to "show that the competitive system which requires heaped-up corporate surpluses and an overconcentration of wealth is not the life of trade, but the death of trade." Instead of the traditional laissez-faire philosophy which emphasized conflict, scarcity, and self-interest, the NRA promulgated cooperation, abundance, and the public interest. Prices, wages, and profits would be brought into proportion not by the operations of the market, but by the codes of fair competition and by industry's enforcement of those codes. The government's

role in this process, moreover, would be just as important as industry's.⁷⁸

Instead of the "policeman doctrine" of progressive days, Tugwell argued that the government's role in the NRA was "to coordinate and control private enterprise" in order to "eliminate the anarchy of the competitive sytem [and] to ameliorate the recurrence of our spirals of inflation and deflation . . ." Neither dictatorial nor all-imposing, it was the senior partner in the NRA, making certain that the codes were written fairly, enforced properly, and designed to serve the public interest. More importantly, Tugwell felt that the government was the only one that could lead and guide industry and the country generally towards the planned economy which the NRA and the AAA were designed to achieve.⁷⁹

Seeing the NRA as a planning mechanism, Tugwell was emphatic in pointing out that it, and for that matter

⁷⁸Tugwell, "From An Administrator's Notebook: Partnership with Industry," pp. 15-17; "Codes and Agreements," pp. 18-20; "Protecting the Public Interest," pp. 11-14 all in Tugwell papers, FDR Library, Box 21; Tugwell, "The Prospect for the Future," Address to Chicago Forum (October 29, 1933), in Battle For Democracy, pp. 55-72; Tugwell, "The Senior Partner," in Battle For Democracy, pp. 17-20.

⁷⁹Tugwell, "Design For Government," Address to the Eight Annual Meeting of the Federation of Bar Association of Western New York (June 24, 1933), and "Freedom and Business," both in Battle For Democracy, pp. 3-16 and 43-47 respectively; Tugwell, An Interview Between Mrs. Isabella Greenway, CBS (October 30, 1933), AAA Press Release, R 145 #2, USDA, NA; Tugwell, "Paying the Recovery Debt," American Magazine (December, 1933), Tugwell papers, FDR Library, Box 46.

the AAA, was only the first step towards the planned economy. In seeking to bring about "a balance between production and purchasing power as will maintain the freest interchangeability" between industry and agriculture, it did not regiment industry, create a governmental dictatorship, or resort to any socialistic devices outside the realm of American democracy. Instead, the NRA fostered cooperation and experimentalism as well as expertise and coordination.⁸⁰ In Tugwell's thinking, the experimental aspect of the NRA was particularly important because it was the key to planning itself. In a speech entitled, "The Responsibilities of Partnership," he developed this theme in some detail.

In his opening remarks, Tugwell argued that "planning" was a rather confused word, meaning many different things to many different people. Some, for example, believed it implied a blue-print "laid out for a long time in advance upon some theory of what ought to happen in the future." Used in this sense, it demanded that the

⁸⁰Tugwell, "Taking Stock," Address to Business and Professional Men's Group (University of Cincinnati, January 26, 1934), p. 2 and "Shall We Consent to Idleness?" Address to the Commonwealth Club of San Francisco (1934), p. 9, both in Tugwell papers, FDR Library, Boxes 46 and 47 respectively; Tugwell, "The Road to Economic Recovery," Extension Service Review V (March 1934), 33-34; Tugwell, Address to the American Society of Newspaper Editors (Washington, D.C., April 21, 1934), printed in U.S. News and World Report (April 23, 1934), p. 15; Tugwell, "The Social Responsibility of Technical Workers," Address to the Organization of Government Employees (Washington, D.C., May 1, 1934), USDA Press Release, RG-16, NA, Box 298.

government direct the nation's activity "toward making the blue-print a reality." Rigid and theoretical, it took no account "of the creative possibilities of the human mind." Others, however, believed that planning was a loosely-defined concept which assumed that society evolved, that human events were fluid and flexible, and that human creativeness was vitally important. To these people, planning, or social management, involved the democratic process itself--"a living and changing thing, built up out of our own characteristic materials, not borrowed, not preconceived, highly practical and constantly revised." In direct contrast to Marxism, this conception of planning looks to the future and recognized that, for the United States, the future looms bright with the possibility of achieving an economy of abundance. More importantly, Tugwell emphasized that the NRA and the AAA were the product of this idea of planning and no other. In no way involving planning in the "forced sense," the NRA and the AAA

provide the opportunity for it in the democratic sense. Both are voluntary; but both provide certain compulsions for minorities when cooperation is withheld. Both take advantage of our own institutions; and both compel recognition of the need for widely social as against individual and group action. Both will result in considerable change; and both ought to raise the level of ordinary living. They represent, therefore, social management. They are, in that sense, planning.⁸¹

⁸¹Tugwell, "The Responsibilities of Partnership," Address to the Iowa Bankers Association (Des Moines, June 27, 1934), in "From an Administrator's Notebook," pp. 21-30, Tugwell papers, FDR Library, Box 21.

As a social machinery, moreover, Tugwell felt the NRA was a forum where "producing groups can cooperate and work out their differences," where industrialists could learn that "the interests of all can be the interests of each," and where government, industry and labor could approach the problems of the economy with an open, experimental attitude.⁸² In adopting this experimental approach, the NRA, in fact, was simply following the general direction that the New Deal itself was taking. Having rejected the tenets of laissez-faire as well as the principles on which the New Era had been based, it was breaking new ground, challenging old institutions, and offering the United States an alternative through planning to what had gone on before. In light of this, Tugwell believed that it was not surprising why the New Deal generally did not "lay down too specifically the structure of new things," and why the NRA particularly was experimental in its approach and policy. Relying on industrial cooperation, it would eventually "restore a workable exchangeability among the separate parts of our economic machine," provide the balancing mechanism for the economy "which the market itself use to do a century ago," sustain the economic process once the crisis of the Depression had passed, and create a "Third

⁸²Ibid., pp. 25-29. See also Tugwell, "The Prospect for the Future," pp. 71-72.

Economy" for the unemployed and displaced worker.⁸³ In Tugwell's thinking, the NRA, in short, could and would assure the economic survival of the United States in the twentieth-century as long as industry cooperated with it and as long as it were given time to develop and adjust to the realities of American life.

Although Tugwell was consistent in expressing publicly his confidence in the future of the NRA, he was privately concerned about the way the program was being administered. Instead of the government supervising the operation of the NRA, he believed that the administrators of the program were relegating the government to an innocuous position and allowing business to dominate the code-making process. In his thinking, this was most clearly seen in big business' domination of the codes, the price-fixing provisions incorporated into the codes themselves, and the almost complete refusal by industry generally to consider the rights of the consumer, thereby undermining the basic principles of planning and governmental-industrial cooperation. Not only were such policies dangerous for the

⁸³Tugwell, "America Takes Hold of its Destiny," Today I (April 28, 1934), 6-7, Tugwell papers, FDR Library, Box 69; Tugwell, "From An Administrator's Notebook," pp. 31-46, Tugwell papers, FDR Library, Box 21; Tugwell, "Relief and Reconstruction," Address to the National Conference of Social Work (Kansas City, May 21, 1934), in Battle For Democracy, pp. 302-321; Tugwell, "A Third Economy," Address to Rochester Teachers' Association (New York, April 9, 1935), USDA Press Release, NA, Box 310.

effects they would have on the economy, but Tugwell also believed that they would eventually alienate those groups, such as small businessmen and labor, on whom the NRA depended for its success and survival. In criticizing these policies, however, Tugwell did not argue that all the NRA administrators were responsible for what was happening. As far as he was concerned, there was only one man who was culpable--Hugh Johnson.⁸⁴

In much the same way as he had supported the initial appointment of Peek to the AAA, Tugwell approved of Johnson's appointment as administrator of the NRA in June, 1933. Having worked closely with him during the drafting of the NRA, Tugwell came to feel that Johnson, despite his intimate relationship with Bernard Baruch, was a sincere, honest and strong-minded individual who not only believed in social change, but also was determined to make the program a success. More importantly, Tugwell was convinced that Johnson believed in the necessity for and the feasibility of planning. Although he had a "tendency to be gruff in personal relations," and had a habit of going on "occasional drunken sprees," Tugwell still felt that Johnson would "do a good job." However no sooner had

⁸⁴R. G. Tugwell to Secretary of Commerce, November 18, 1933, USDA, RG-16, NA, Box 59; Tugwell, Diary (Expended Form), March 28, 1934, p. 1, Tugwell papers, FDR Library, Box 19; Sternsher, p. 162; Schlesinger, The Politics of Upheaval, pp. 214ff.; J. Franklin Carter, The New Dealers, pp. 89-90; Paul Conkin, The New Deal, p. 37.

Johnson begun to implement his interpretation of the NRA than Tugwell began to oppose him.⁸⁵

Between July, 1933 and September, 1934, Tugwell argued with and criticized Johnson for attempting to codify all of industry with the Blue Eagle campaign, for interpreting section 7(a) in such a way that industry was allowed to openly disregard labor's rights with impunity, and for allowing and encouraging business to fix prices through the codes. By April, 1934, Tugwell, in fact, felt that Johnson's policies had created such a chaotic situation that the NRA had to re-orient its position or else face total disaster. Specifically, he recommended that the NRA crack down hard on those industries which were fixing prices while, at the same time, "perfecting a series of industry boards which can . . . have a council among themselves for creating policy." Unless these things were done, Tugwell feared that the NRA would become the primary medium through which "a closed, restrictive industrial system" would be created and one in which "businesses maintain high prices, manipulate their production to maintain them, and in which taxes are imposed to take care of the unemployment" caused by industry itself. The choice, in short, was clear--either the NRA coerced business into acting in the public interest or else it would be coerced

⁸⁵Tugwell, Diary, May 30, 1933, Tugwell papers, FDR Library; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 62-63.

by business into serving its interest.⁸⁶ Although preferring the former, Tugwell was eventually convinced that Johnson was implementing the latter course of action. By the fall of 1934, then, it was not surprising that he joined the chorus of other New Dealers who sought to salvage the NRA by having Johnson resign.

Unlike his activities in the Peek resignation, Tugwell did not initiate nor lead those who opposed Johnson's remaining as administrator of the NRA. Instead, he acted more as an errand boy for the President than as a leading character in the unfolding plot. In August, 1934, Roosevelt asked him to consult with leading officials in the administration in order to determine what they thought should be done about Johnson and the NRA in general. Following the President's directions, Tugwell talked to Frances Perkins, Donald Richberg, Henry Wallace, Harold Ickes, and Harry Hopkins. What he found, and what he reported to Roosevelt in September, was that all agreed that Johnson had to be relieved, that his resignation should be accepted in such a way as not to create any subsequent problems with him, and that a National Industrial Recovery Board should be created to direct the NRA. As for the membership of the Board, Tugwell found and reported that all agreed on having Clay Williams,

⁸⁶Rexford Tugwell to Hugh Johnson, November 14, 1933, USDA, RG-16, NA, Box 59; Tugwell, Diary (Expanded Form), April 13 and 23, and May 19, 1934, pp. 8-11ff., Tugwell papers, FDR Library, Box 19; Sternsher, pp. 163 and 308.

Averell Harriman, Leon Marshall, Sidney Hillman, Donald Richberg, W. H. Hamilton, W. H. Davis, and Leon Henderson serve, and, out of those, either Marshall, or Hamilton, or Davis should be appointed as chairman.⁸⁷ In reporting to Roosevelt, moreover, Tugwell added that he himself agreed with these recommendations and that they would have to be put into effect immediately before Johnson created any more trouble. The President, for his part, agreed with Tugwell's report and, by the end of September, he decided to ask for Johnson's resignation. Realizing how much his own position had deteriorated in the NRA, Johnson acquiesced and resigned as Administrator.

Although Tugwell interpreted the Johnson resignation as a presidential endorsement of planning and although he was pleased with the President's decision to establish the NIRB, he was disgruntled and upset with Roosevelt's selection of Donald Richberg as chairman of the board. In Tugwell's thinking, Richberg was just as bad as Johnson--"muddle-headed in his economics, shifty in practice, and indecisive in action." Although an advocate and believer in planning, he was incapable of supervising the NRA and, for that reason, Tugwell felt he should not have been appointed. More importantly, Tugwell felt that Robert Hutchins, a personal friend and colleague, was more qualified and had

⁸⁷Rexford Tugwell to the President, September 5 and 7, 1934, FDR papers, OF 466, Box 3; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 60-61.

the support of people like Ickes and Hopkins. Here, what Tugwell was really saying, and what he really wanted, was to have his man appointed as chairman of the Board so that he could exert some influence over policy. Richberg, for his part, realized what Tugwell was trying to do and, as a result, he threatened to resign should Hutchins' appointment materialize. In the end, Roosevelt, desirous of keeping Richberg in the NRA, acceded to his (Richberg's) threat and did not appoint Hutchins as chairman.⁸⁸

Between Richberg's appointment to the NIRB and the Schechter decision in May, 1935, Tugwell's role in formulating policy and administering the NRA was minimal. He continued to publicly support the program, while, privately, he offered his own ideas on how to make the NRA more effective. In late November, 1934 and January, 1935, he recommended, for example, that the NRA be kept flexible, that the labor provisions in the program be separated from the NRA and placed within the Department of Labor, that special legislation be enacted to deal with price-fixing, monopolies, and unfair trade practices, and that "government ownership in power and similar industries" be extended.⁸⁹ Having entered a new stage of development, Tugwell believed that

⁸⁸Tugwell, Diary (Expanded Form), November 22, 26, and 28, December 6 and 12, 1934, Tugwell papers, FDR Library, Box 19; Tugwell, "The Reminiscences of Rexford Tugwell," p. 61.

⁸⁹Tugwell, Diary, November 29, 1934 and January 29, 1935, Tugwell papers, FDR Library, Boxes 19 and 14 respectively.

the NRA had to restrict some of its activities in certain areas, while solidifying its authority in others. Although officials of the NRA like Richberg agreed with some of Tugwell's proposals, they were more concerned with renewing the NRA legislation after January, 1935 and, for that reason, they did not pay much attention to what he (Tugwell) was advising. All of this changed drastically, however, when the Supreme Court declared the NRA unconstitutional in May. After the Schechter decision, NRA officials were concerned with protecting and preserving the principles on which the program had been based and, since Tugwell sought to do the same thing, they enlisted him in their campaign to convince Roosevelt of the need to re-create the NRA in one form or another.

In Tugwell's opinion, the Court's decision in the Schechter case was politically motivated. The justices were more influenced by their own opposition to Roosevelt and the New Deal than by any concern for separation of powers and constitutional limitations. By declaring the NRA unconstitutional, he believed the Court had clearly demonstrated its refusal to accept and adjust to the economic realities of the twentieth-century. In light of this, he strongly recommended that the President "clip the wings" of the Court by having a constitutional amendment passed which would increase the government's power over the economy and that he immediately re-create the NRA so as to

protect and preserve the principles on which it had been passed.

Specifically, Tugwell suggested that Roosevelt ask the Congress to pass an Industrial Adjustment Act as a corollary to the AAA. Designed to place a "premium on the expansion of production on large volume and low price and at the same time [to protect] competition where it is appropriate," the bill would levy a tax on all industry in such a way that the revenues from the tax could be returned to all those industries "which would sign voluntary adjustment contracts" specifying "certain conditions of type and volume as well as conditions of labor and hours and the like." Since the program would be voluntary and since the government already had the right to tax, Tugwell believed that the Court would be unable to challenge it in any way, at least theoretically. Realistically, however, that might not be the case and, for that reason, Tugwell was not surprised when Roosevelt rejected the proposal.⁹⁰ In spite of this, he continued to advise the President on reviving the NRA, even suggesting that the name "NRA" be dropped from any program and that the staff and personnel of the original NRA be transferred to the FTC. In this way, he hoped that the principles of planning would be maintained

⁹⁰Tugwell, Diary-Journal, May 30 and 31, 1935, pp. 97-104, Tugwell papers, FDR Library, Box 14. Tugwell recognized that the IAA was vague and incomplete as well.

and that the New Deal could gain some time in working out the details for its new policy.

In offering these suggestions, what Tugwell was saying was that business had failed to fulfill its obligations vis-à-vis planning and that now the federal government would have to act more decisively. But, at the same time, this did not imply that Tugwell felt the government would have to take over the planning process without any regard to business. Instead, he believed that the government would have to exert more compulsory influence over industry and the economy so that the public interest would be served. Business would still play a role in the planning process, but one which would neither be as free nor as cooperative as had been the case in the NRA. Regimentation through governmental planning, in short, was not the goal of Tugwell's suggestions and he hoped that a situation like that would never develop.

Although nothing materialized in regard to his suggestions for the Industrial Adjustment Act and a constitutional amendment, Tugwell still continued to advise the President on giving planning another chance, albeit in a different way. Instead of offering his own personal ideas, he began, by 1936, to endorse and support the recommendations being made by Mordecai Ezekiel and others in the Department of Agriculture, especially their Industrial Expansion Plan. According to this proposal, written and formulated by Ezekiel and Louis Bean between

1934-1936, industrial authorities, similar to the NRA codes, would be established and would act as the primary planning agencies for individual, cooperating industries. Consisting of representatives from labor, industry, consumers, and the government, these authorities would be responsible for working out a program of expansion for each cooperating industry on an annual basis. Once the plans were drawn up, they would then be forwarded to an inter-industrial planning board which would coordinate the plan with the rest of industry. After that was done and the plan was put into operation, the government would contract with industry to buy all surplus production at reduced prices. This surplus would be placed in a warehouse and would be considered in the production planning for the following year. The entire program, moreover, would be paid for by a processing tax, the proceeds of which would be placed in a reserve fund for benefit payments to those who cooperated with the plan. To make certain that industry would cooperate, the government, finally, would establish minimum and maximum price levels and production quotas.⁹¹

⁹¹Mordecai Ezekiel, \$2500 A Year: From Scarcity to Abundance (New York: Harcourt, Brace and Company, 1936), pp. 160-268; Hawley, pp. 179-181; Schlesinger, Politics of Upheaval, pp. 216-218. Ezekiel expanded and developed his plan even more in his Jobs For All Through Industrial Expansion (New York: Alfred Knopf, 1939). Tugwell's role in writing the Ezekiel plan was not as clear-cut as Hawley and Schlesinger imply. Circumstantial evidence indicates that he consulted with Ezekiel on the proposal and later endorsed it. He did not, however, write it even though it was similar to his own IAA and plans in The Industrial

Essentially a re-creation of the AAA in a different form, the Ezekiel program was designed to stimulate American recovery by scientifically calculating production and consumptive needs. Although voluntary in nature, it assumed that, if the program worked, all industry would eventually be forced into expanding simultaneously and in balance "so that the market for one product would be provided by the increased output of the others."⁹² Full prosperity, therefore, would follow, the United States would eventually be able to sustain an economy of abundance, and a new system of governmental-industrial relations would be established, at least in theory. Even Tugwell believed that this would happen, that the theoretical possibilities of the plan would be realized because it was based on the primary ingredients of any planning program. Like his own Industrial Integration Board and IAA proposal, the Ezekiel program depended on cooperation, coordination, and balance within the economic system as well as on the willingness of the federal government to make certain that industry acted in the public interest. What he did not recognize, however, was that the plan was so complicated and so bureaucratic that it would probably create more problems in administration than even

Discipline. One of the authors of the plan, Louis Bean, even indicates that Tugwell was more of an advisor than originator. See Louis Bean, "The Reminiscences of Louis Bean," pp. 103-104.

⁹²Schlesinger, Politics of Upheaval, p. 217.

the original NRA had done.⁹³ More importantly, Tugwell did not appreciate how much Roosevelt had shifted his policy-orientation by 1936 and how much that shift reflected on him personally.

Although Tugwell was able to survive the AAA purge in February, 1935 and although he did convince the President to create the RA, his influence in policy-making was being seriously eroded. This was in fact clearly demonstrated by the role he played in the Second New Deal. Unlike the First New Deal which attempted to resolve the Depression through some form of planning, the Second New Deal, inaugurated in early 1935, was more concerned with social-oriented, long-term welfare legislation. Encompassing such legislative pieces as the Social Security Act, the National Labor Relations Act, and the "Soak-the-Rich" tax proposals, it attempted to revive the economy by helping those groups which had been ignored in the earlier New Deal program. Although it too eventually failed to restore prosperity, it did indicate that Roosevelt was changing his policies and that people like Tugwell, who had played prominent roles in 1933-1934, were no longer exerting substantive influence over the President. In the case of Tugwell, this was especially pronounced because he had been so closely identified with the planning approach of the First New Deal. Although he did support most of the programs

⁹³Hawley, pp. 181ff.

sponsored by Roosevelt in the Second New Deal, his role in formulating those policies was so passive and ineffectual that, to many, it demonstrated his declining influence as well as Roosevelt's refusal to continue planning.⁹⁴ At that time, and even in his later writings, Tugwell argued that the Brandeisians, like Tom Corcoran and Ben Cohen, were responsible for this, that they were the ones who were telling Roosevelt to think in "horse and buggy terms" again even after the Schechter decision.⁹⁵ Opposed to planning in any form, they wanted to turn back the clock and revert to the orthodox progressive formulas of the turn of the century to resolve the economic crisis confronting the country. And, in doing so, they believed that Tugwell was their principal enemy and one that would have to be defeated before their ideas prevailed. In Tugwell's opinion, they were the ones who opposed his post-Schechter ideas as well as the Ezekiel plan and who prevented them from getting a decent hearing and fair trial through legislative

⁹⁴Tugwell, Diary (Expanded Form), June 6, 1934, Diary (Expanded Form), Introduction, pp. 11-16 all in Tugwell papers, FDR Library, Box 19; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 53-54; Rexford Tugwell to Franklin D. Roosevelt, February 24, 1934, FDR papers, PSF: RT, 1934-36, Box 58; Tugwell, "The Problem of Social Insecurity," 3 installments, The Bulletin of the Chicago Dental Society (March 7, 14, 21, 1935), Tugwell papers, FDR Library, Box 69; Tugwell, "Commitments for Tomorrow," 1934 column, New York Herald Tribune (August, 1934), Tugwell papers, Box 46; Sternsher, pp. 122-133, 139, 308-313. Later, Tugwell consistently argued that the Second New Deal had started in late 1934 and became pronounced in early 1935.

⁹⁵Tugwell, Diary (Expanded Form), Introduction, pp. 11-12, 14, 16, Tugwell papers, FDR Library, Box 19.

implementation. In some respects, what Tugwell was saying here was true--the Brandeisians did oppose him and his planning ideas. But, in other respects, this was not the complete reason behind Roosevelt's refusal to revive the NRA through either his or Ezekiel's programs. By 1936, at least planning as understood by Tugwell, was not working to overcome the Depression nor was it capable of doing so in light of the vague suggestions he himself had consistently offered or the detailed, yet complicated, scheme that Ezekiel proposed. More importantly, considering Roosevelt's pragmatic personality, it was not surprising why he refused to continue a program that had not shown any positive results before. Experimentalism, in short, was just as much a part of Roosevelt's philosophy as Tugwell's, and as such, it was an important factor in what he would decide on doing in the future.

In a similar vein, Tugwell's Brandeisian theory did not take into consideration how much of a liability Tugwell had become by 1936. Some high-level officials, like Jim Farley, were convinced that the President could no longer afford to have Tugwell in the administration. Not only did he represent a de-stabilizing influence in policy-making, but he was the subject of so much media criticism as Resettlement Administrator that he was hurting the New Deal generally. Because of this, Farley even refused to have Tugwell actively participate in the 1936 re-election campaign, and in so doing, he made it clear what he thought

Tugwell's future was. By September, 1936, Tugwell himself realized this and decided that, in the interests of the President as well as the RA, he should resign.⁹⁶

In offering his resignation in November, Tugwell did not feel any bitterness or resentment either towards the President or towards those whom he felt had forced him out. Instead, he was somewhat happy at the prospect of returning to professional life and gratified at having taken part in the New Deal itself. Philosophically, he believed, then and later, that the New Deal had not done enough in reforming the American system, but that it had accomplished as much as was politically possible at that time. More importantly, a revolution in method and objective, it did provide the foundation for planning in the future.⁹⁷ And, in doing so,

⁹⁶Tugwell, "The Reminiscences of Rexford Tugwell," p. 69. Stephen Early to Rexford Tugwell, August 4, 1936, Tugwell papers, FDR Library, Box 47; Franklin D. Roosevelt to Rexford Tugwell, November 19, 1936, Tugwell papers, Box 3; Louis Bean, "The Reminiscences of Louis Bean," p. 160; Sternsher, pp. 321-328. Throughout his tenure as a New Dealer, Tugwell confided to his diary his feelings about his own position in the New Deal. See, for example, Diary, March 24, 1934, September 10, 1935, and May 19, 1935, all in Tugwell papers, Box 19. The Diary (Expanded Form) is even more explicit on this point as, for example, the Introduction, pp. 30ff.

⁹⁷This theme that the New Deal was a revolution was consistently expressed by Tugwell in the 1930s and subsequent years. See, for example, Tugwell, Diary-Journal, August 15, 20, 21, 23, 1935 and September 1, 1935, Tugwell papers, FDR Library, Box 14; Tugwell, "The Social Philosophy of the New Deal," Tugwell papers, Box 69; and Tugwell, The Brains Trust, pp. 520-522.

it guaranteed that the United States would not only overcome the Depression, but that it would confront a future in which abundance, not scarcity, would prevail. Theoretically, at least, Tugwell believed that this was possible. Realistically, however, he soon learned that it was not probable. By 1939, with his own conception of planning still evolving and maturing, Tugwell, like Richberg, would develop planning to such an extent that what he had been saying prior to and during the New Deal would not be explicitly identical to his post-New Deal planning ideas and programs.

CHAPTER VI

ADMINISTRATORS: THEORY IN PRACTICE

In many ways, Donald Richberg and Rexford Tugwell were not only advocates of planning, but also conscientious practitioners. Prior to the New Deal, they did everything they could to convince the American people generally and American political leaders particularly of the need to adjust to twentieth-century economic conditions. In their speeches, writings, and political recommendations, they consistently emphasized that laissez-faire was no longer a viable economic philosophy, that the normalcy system was destructive of American economic potential, and that a more sophisticated way of organizing and operating the economic system had to be devised, preferably through planning. Even after March 4, 1933, moreover, they continued to crusade for planning by publicly defending the principles on which the New Deal was based. The NRA and the AAA, in their thinking, represented not only the New Deal's attempt to resolve the Depression, but also its striving to lay the basic foundation for the planned economy. As first steps in the right direction, they believed that more would have

to be done, that the experimental, emergency-orientation of these programs would have to be transformed before planning was totally achieved. Although neither one was certain as to what specifically this would imply, both were convinced that experience would fill in the details. To make certain, then, that this experience would be gained and that the foundation of planning would remain and grow, both men, in their respective spheres of authority, contributed their own efforts. Whether it was in the NRA, the USDA, or the RA, both Richberg and Tugwell faithfully defined their activities in terms of planning and both consistently acted according to the way they interpreted planning itself.

For Donald Richberg, planning had evolved into a principle characterized by specific aspects. For the most part, whenever he spoke of planning either before or during the New Deal, he meant cooperation between business, labor and the government; coordination within the economic system between industry and agriculture; the service ideal which emphasized the general interest over private, individual goals; expertise in formulating policy; equilibrium between all economic groups within the economic system, especially business and labor; and, experimentalism in approach and method. After January, 1934, he even began to believe that balance between business and labor was a prerequisite for the planned economy since no one group or interest could be so dominant that it could compel the other groups to do

as it wanted. If planning were to be properly implemented, each group and/or interest had to fulfill its responsibilities and be allowed the prerogative of exercising its rights as long as their private interests were subordinate to the general, public interest. At the same time, though, Richberg also emphasized that business had to bear the prime responsibility for implementing planning. Under the watchful eye of the government and in cooperation with labor, it would initiate and develop the planning process. Only if business refused to do so, if it sought to use planning for its own selfish benefit would the government act more decisively and compellingly. In Richberg's thinking, business, in short, had a choice--if it made the right one, all would be well, if it did not, then, it would pay the consequences.

In light of this, it is not surprising that he defended the NRA and the AAA as democratic, experimental steps towards the planned economy. Serving the dual purpose of trying to restore recovery while laying the foundation for planning, both programs would ultimately succeed, if given the time and opportunity necessary. The NRA, in fact, was particularly important in this respect because he believed that it not only dealt with the primary activity of the American economy, i.e., industrial development, but it also affected a significant part of the economic process. Its success or failure would determine whether or not the New Deal itself would work and whether

or not the planned economy would materialize. On a more personal level, moreover, the NRA was important to Richberg because it was the only medium through which he could apply his own theory of planning to the actual, economic conditions within the United States.

As a New Deal administrator, Richberg's sole sphere of authority was in the NRA. Between June 1933 and May 1935, he held several key positions within the program. He was initially the general counsel of the NRA under Hugh Johnson with the responsibility of advising the Administrator on all legal questions especially in regard to the formulation and administration of the codes. As the NRA encountered serious difficulties in implementing policy, he became the director of the National Emergency Council, executive secretary of the Executive Council and the director of the Industrial Emergency Committee with the responsibility of coordinating the overall recovery effort, advising the President on questions of relief, public works, labor disputes and intra-governmental cooperation among federal agencies. And, finally, when the NRA was confronted with the problem of survival vis-à-vis Congress, he reached the pinnacle of power when he was appointed the chairman of the National Industrial Recovery Board with the responsibility to determine NRA policies, supervise their execution, and suggest specific legislative proposals for

the extension of the program.¹ In each of these capacities, Richberg was always in a position where he could either influence or formulate policy as well as make certain that it was implemented according to his or the Administrator's interpretation. More importantly, whether it was in formulating or administering the codes, or interpreting section 7(a), or actually directing the program itself, his actions were consistently in line with the way he understood and interpreted the meaning of planning.²

Probably the most important activity of the NRA as well as the most important area indicating and illustrating

¹Donald Richberg, My Hero, pp. 162-174, 183ff.; Richberg, The Rainbow, pp. 163, 183-186; Donald Richberg to Franklin D. Roosevelt, June 26, 1934 with attached "Outline of a Program," both in Richberg papers, LC, Box 2; Donald Richberg, "Press Conference Statements," September 28, 1934, IEC Release, Richberg papers, LC, Box 19; Donald Richberg to Franklin D. Roosevelt, March 4, 1935 with attached Memorandum, Richberg papers, LC, Box 2; Donald Richberg, "Memorandum to Marvin McIntyre," January 4, 1935, FDR papers, FDR Library, OF-788; Franklin D. Roosevelt to Donald Richberg, February 2, 1935, with attached Donald Richberg to Senator Burton K. Wheeler, February 11, 1935, FDR papers, FDR Library, OF 285-C; Hugh Johnson, The Blue Eagle, pp. 201, 212ff., 370-371.

²This is not to imply that Richberg controlled the NRA, but rather to emphasize that he was an influential administrator within the agency. Even as general counsel, he influenced and affected policy, although technically, Johnson was his superior. See Johnson, pp. 374ff. Richberg's biographer, Thomas Vadney, pp. 147-148, seems to have correctly interpreted Richberg's authority in the NRA after Johnson's resignation by saying that he (Richberg) was not as powerful as the title "Assistant President" implies. Despite all his titles and positions in 1934-35, Richberg still needed Roosevelt's approval before acting. Within the NRA itself, however, he could and did act on his own. Presidential approval applied primarily to overall policy.

Richberg's consistency in implementing planning was the code-making process. According to the National Industrial Recovery Act, business was authorized to write codes of fair competition for each of their respective industries. Encompassing definitions of fair and unfair trade practices, recognition of labor's rights, and maintenance of minimum wages and maximum hours, these codes were to be the primary means through which industrial self-government and planning were voluntarily implemented and in which cooperation within and between industry and coordination between business, labor, and government was effected. Designed to establish a new industrial law, the codes themselves were to be enforced by a code authority with general governmental supervision.³

At first, the administrators of the NRA, Hugh Johnson and Donald Richberg, decided that the code-making process should not only be voluntary, but also public. To do this, they established an elaborate procedure for formulating the codes and having them approved. According to this method, industry, preferably through its trade

³ Donald Richberg, "Address over Columbia Broadcasting System" (July 26, 1933), NRA Release No. 93, p. 2; "NRA and Its Future Problems" (February 26, 1934), n.p.; "Industrial Civilization" (July 9, 1934), p. 2 all in Richberg papers, LC, Box 19; Richberg, "The Future of the NRA: The Importance of Maintaining Production Volume and Price Competition," Fortune (October, 1934), p. 172; Richberg, The Rainbow, pp. 31, 120; My Hero, p. 194; Government and Business Tomorrow: A Public Relations Program (New York: Harper and Brothers, 1943), p. 24.

association, would make a proposal, submit it to a public hearing, and then undergo a critical examination by the NRA staff. If the code did not contain any questionable provisions, such as price-fixing or monopolistic practices, the code would then receive presidential approval and go into effect. If, on the other hand, such provisions did exist, a more thorough examination of the code would take place until those provisions were either justified by the situation of that particular industry or until a more equitable code was written. The entire process, in either case, would necessarily be time-consuming and tedious. As Richberg himself stated, "code-making not only tried men's souls [,] [it] blistered their skins and toughened their hides."⁴

In an attempt to facilitate the code-making process and to get the NRA underway quickly, Johnson, in July, 1933, proposed the Blue Eagle campaign or the Presidential Re-employment Agreement. Instead of having an entire industry or a substantial majority of that industry proposing a code, the PRA permitted an individual or a firm to voluntarily agree to a blanket code which specified trade practices and was subject to presidential approval. Unlike the code, the PRA would not have a code authority

⁴Hugh Johnson, The Blue Eagle, pp. 202ff.; Donald Richberg to Senator Norris, December 18, 1933, NRA papers, Series 47, NA, Box 581; Richberg, The Rainbow, p. 124 and My Hero, p. 167. Quote is from The Rainbow, p. 124.

since the rules in the blanket code would be "necessarily elementary and usually referr(ing) only to wages, hours and conditions of labor." While achieving the same objective of reemploying workers and sustaining fair trade practices, the PRA would be less time-consuming and less troublesome in administration and, for that reason, Johnson believed that it would be beneficial.⁵ Richberg, on the other hand, despite his reluctant support of the Blue Eagle, was not so certain that it would work.

Although he considered the idea of the Blue Eagle with all its ballyhoo and public support as a stroke of genius, Richberg was also troubled by the "almost unhealthy precedent" it set. Even when Johnson announced the implementation of the PRA, he told the Administrator that he was "scared to death of the possible effects of a failure to get a universal response" from industry and of the risk it took "of discrediting the whole NRA program and impairing the prestige of the President himself." If all of American industry agreed to maintain minimum wages, maximum hours, and improved working conditions, Richberg still believed that, sooner or later, the NRA would have to involve itself in checking and enforcing compliance with the provisions of the blanket code, and, once that happened, the NRA would begin to undermine the basic voluntary nature of the program itself. Compulsion would replace cooperation and

⁵Johnson, pp. 234, 252ff., and 267.

the government would necessarily assume the primary responsibility for operating the NRA and implementing planning. It was tragic possibility which Richberg felt could, and eventually did, happen.⁶

In retrospect, what Richberg was saying here was that business had to assume the primary responsibility for planning, that business, labor and the government had to cooperate to implement the planned economy, and that the implementation itself had to be voluntary and not compulsory. Although the Blue Eagle would stimulate code-making, it would also create monstrous administrative problems which might conceivably lead to the extension of governmental authority. After one year of the PRA, he was even convinced that this was what happened. After accepting the blanket code, many businesses raised prices at will and/or simply ignored the agreement since the NRA had not developed an adequate enforcement agency. When it did, it found itself compelling business to honor the PRA whether it wanted to or not. As far as Richberg was concerned, the very nature of the program had been transformed and, as a result, the NRA lost the vital support it needed from industry to succeed in its objectives.

If the Blue Eagle eventually proved to be a disaster, Richberg was even more concerned, and later critical, of

⁶Richberg, The Rainbow, pp. 159-161, 168; My Hero, p. 174; Richberg, "What Happened to NRA?" n.d., p. 1, Richberg papers, LC, Box 8.

those codes considered to be essential to the success of the NRA. Textiles, coal, petroleum, iron and steel, automobiles, lumber, garment trades, wholesale trade, retail trade, and construction--all represented the major codes or those codes which employed the largest number of workers and, therefore, seemed to exert a dominating influence within the economy. Actively involved in most of them, Richberg participated not only in formulating them, but also in administering them once they had been agreed upon by the industries and approved by the President.⁷ His actions, especially in the textile, coal, petroleum, iron and steel, and lumber codes, were particularly significant because they revealed much about his thinking on planning and the way to implement it.

Although each industry had its own unique characteristics and problems, each of the above-mentioned codes had one thing in common, i.e., they all contained provisions for price-fixing and similar monopolistic practices. In the textile, bituminous coal, and petroleum industries, for example, the problems of overcapacity, market instability, and starvation wages were so pervasive that the industrial management in each consistently sought special congressional legislation authorizing cartelization or something as close to monopoly as possible. Failing in this respect, these same industrial leaders welcomed the

⁷Richberg, The Rainbow, p. 163; Johnson, pp. 235ff.

NRA in June, 1933 as an alternative. Realizing that price-fixing could serve as a way to cut down competition and thereby stabilize the industry, each of these codes contained provisions for marketing agreements and production quotas. In textiles, the code, as finally approved, not only contained price-fixing, but also a reduction of the work-week and wage cuts while, in bituminous coal, the code provided for minimum prices, minimum labor standards, and marketing agreements. The oil code, on the other hand, was somewhat more unique in that it not only provided for production quotas and minimum prices, but it even set limitations on imports so as to sustain the American industry's pricing policies. Competition at home and abroad, in short, was curtailed and market stability was achieved.⁸ In the steel and lumber industries, moreover, the codes as finally approved also contained price-fixing provisions, but the results were somewhat different. Where the codes for textiles, coal, and oil laid the groundwork for special legislation authorizing cartel arrangements after 1935, the steel code actually established an outright monopoly during the NRA period, while, in lumber, the code adopted and containing price-fixing provisions enhanced, instead of reduced, competition due to the high prices set by the code itself. All in all, what happened is that,

⁸Hawley, The New Deal and the Problem of Monopoly, pp. 27-28, 220-233, 481, 205-206, 208-210, 212-216.

while the NRA fostered "monopoly" in each of these industries, it did not always achieve it.⁹ Despite that failure, however, many of the critics of the NRA argued that the program was attempting to destroy competition, that the codes were the way it was being done, and that the administrators of the program were actually encouraging industry to use the codes for their own purposes.¹⁰ In Richberg's thinking, on the other hand, nothing could have been further from the truth.

As an administrator of the NRA and as one of the men who had taken part in formulating and administering the textile, coal, oil, steel, and lumber codes, Richberg was emphatic in defending the NRA's policy. Although he consistently opposed price-fixing as a general policy for the NRA, he believed that, at least in these instances, the circumstances and peculiar nature of the individual industries concerned demanded some form of price control. More importantly, Richberg felt that the long-run advances made by these codes far outweighed some of the short-term disadvantages. In textiles, for example, the code not only increased production and enhanced consumer purchasing

⁹ Ibid., pp. 56-57, 96, 64-65, 115. In coal, the Congress passed the Guffey Act in 1935 and 1937, while in oil, state and federal legislation was passed to help stabilize the industry.

¹⁰ Johnson, pp. 271ff.; Schlesinger, The Coming of the New Deal, pp. 132ff.; Hawley, pp. 82ff. Here, the text is referring to the Darrow Report on the NRA issued in late 1934.

power, but it recognized the rights of labor by its endorsement of section 7(a) and by its abolition of child labor.¹¹ In the coal and oil codes, a similar situation existed, although Richberg also argued that, in both, price-fixing practices would have to be watched carefully and all abusive offenders of the codes prosecuted immediately.¹² And, finally, in the steel and lumber codes, he felt that, in light of their past competitive development, the codes established under the NRA were an advance over what had existed before since now, for the first time, the industries cooperated internally in formulating standards for decent behavior.¹³ Despite the criticism leveled at these codes and, for that matter, at him, Richberg still believed that some progress was being made in each of these industries.¹⁴

¹¹Donald Richberg, "Labor Relations and Price Control Under the N.R.A.," Address to the Fifteenth Annual Convention of the American Brothers of Carbonated Beverages (Kentucky, October 12, 1933), and Richberg, Address to the American Legion over N.B.C. (October 21, 1933), pp. 2ff., both in Richberg papers, LC, Box 19.

¹²Donald Richberg, NRA Release No. 285C (January 21, 1934), NRA papers, Series 47, NA, Box 581; Donald Richberg to Harold Ickes, September 1, 1933, Richberg papers, LC, Box 45; Richberg, Address to Sunday Breakfast Club (Meeting No. 2), p. 64, NRA papers, Series 47, NA, Box 582.

¹³Richberg, The Rainbow, p. 124; Donald Richberg to the President with attached Memorandums on Basing Point System and Revision of the Steel Code, May 24, 1934, FDR papers, OF 466, Box 11; Richberg, NRA Release No. 10752 (March 31, 1935), NRA papers, Series 47, NA.

¹⁴See, for example, J. F. Carter, The New Dealers, pp. 39-40 and Felix Frankfurter to Louis Brandies, March 15,

In retrospect, what Richberg was saying here was that the NRA was in its experimental stages in the years, 1933-1934 and that such practices as price-fixing would have to be temporarily accepted until industry, the government and labor generally could work out the problems which gave rise to such practices and until the NRA gained more specialized knowledge in handling them. To put it another way, what he was saying and doing in these particular instances was to affirm the principle of planning while letting the details of its implementation be worked out. In this sense, he believed that

The NRA never consciously condoned any agreements to fix prices at a profitable level. It sought only in some instances to prevent price cutting below cost levels, on the theory that no business could permanently sell below cost and that therefore the temporary demoralization of the market by such sales was an unfair competition which could be properly outlawed. This theory was not always fairly applied and undoubtedly opportunities for justifiable price protection were often utilized to accomplish unjustifiable price-fixing.¹⁵

In Richberg's opinion, what hurt the NRA was not the theory, but rather the way business sought to interpret the theory

1935, Frankfurter papers, LC, Box 29 for examples of the criticism Richberg himself received. For more generalized criticisms of Richberg's activities within the NRA, see Jerome Frank, "The Reminiscences of Jerome Frank," pp. 31ff. and Lindsey Rogers, "The Reminiscences of Lindsey Rogers," p. 90, both in Columbia Oral History Project, Columbia University, New York.

¹⁵Richberg, The Rainbow, p. 34; Richberg, NRA News Release No. 5600 (June 7, 1934), NRA papers, Series 49, NA, Box 568; Richberg, Address to the Rotary Club (Chicago, October 9, 1934), p. 2, Richberg papers, LC, Box 20.

for its own ends. By 1935, industry generally had written so many complicated rules and regulations into the codes that it forced the NRA to compel compliance with those codes. What had initially started as a program of self-government and self-discipline encouraged by public officials was transformed into a program of "business regulation carried on by private lawmakers and public officials." And that, in Richberg's thinking, destroyed the NRA. Businessmen, selfish and greedy as always, distorted the NRA and the codes and, in so doing, they seriously undermined the United States' attempt to implement planning through a voluntary, cooperative program.¹⁶

In a similar vein, Richberg believed that organized labor distorted and misinterpreted the policy of the NRA when it came to the meaning of section 7(a). According to the National Industrial Recovery Act, every code of fair competition had to contain three provisions:

(1) that employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and, (3) that

¹⁶ Donald Richberg, "Cooperation in Industrial Progress," Address to the Annual Dinner of the National Association of Manufacturers (New York, December 5, 1934), p. 4, Richberg papers, LC, Box 20; Richberg, The Rainbow, pp. 99-109, 121-123, 170-174; Richberg, Government and Business Tomorrow, pp. 18ff.

employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.¹⁷

An apparently direct statement, section 7(a) had been incorporated into the law so as to protect the rights of the working man. However, no sooner had the NRA been established than a vehement controversy developed over the meaning of section 7(a) and the implications it had on unions and industry generally. For Richberg, the controversy was particularly significant because it involved his former reputation as a labor lawyer and his prevailing position as a New Deal administrator.

Prior to his career in the New Deal, Richberg had been a consistent and outspoken champion of the rights of organized labor. As a Bull Moose progressive and as a labor lawyer in the heyday of the New Era, he had fought for and worked diligently to protect the union's rights in collective bargaining, either by legislative fiat or by judicial interpretations. In all of this activity, however, his defense of the union stemmed from his belief that business had so dominated the American economy that it was able to ignore the rights of the workingman with impunity. Instead of recognizing the mutual, interdependent relationship between industry and labor, businessmen continually exploited the workers and denied the importance of the union and, in so doing, were actually hurting themselves.

¹⁷U.S., Statutes At Large (1933), 48; 195.

In Richberg's opinion, business and labor had to recognize that both the United States' future and the possibility of having an economy of abundance depended upon a balance and/or an equilibrium within the economic process. More importantly, he believed that it was only through industry-labor cooperation that planning could be implemented. In light of the Depression and past economic instability, planning was the only alternative left for the United States, an alternative which could be achieved voluntarily and constitutionally if given the chance. And, considering its importance, Richberg was convinced that it had to be tried. Conceiving his own role in the NRA as an impartial observer and not as a representative of organized labor, he, therefore, tried to restore and create a balance between employers and workers which he considered essential to the establishment of a planned economy.¹⁸ And, nowhere

¹⁸For Richberg's activities in the Progressive era and the New Era, see chapter 2 and 3. Richberg's defense of the union continued during the New Deal as well. See, for example, his Address to the Babson Institute (September 8, 1933), NRA Release No. 628, pp. 4-6; Donald Richberg to Charles J. Turck, September 9, 1933; "Six Months of the NRA," Harvard Business Review (January, 1934), p. 135; Address to Town Hall (Washington, D.C., January 6, 1935), p. 8 all in Richberg papers, LC, Boxes 19, 34, 6, and 20 respectively. As was already pointed out in chapter 4, many saw Richberg as labor's representative in the NRA. See, for example, Johnson, p. 201, 212 and Felix Frankfurter to Miss Abbott, May 20, 1933, Frankfurter papers, LC, Box 159. Richberg, of course, continually denied the charge that he was labor's subordinate. See Donald Richberg, Address to Sunday Breakfast Club (Philadelphia, November 5, 1933), Richberg papers, LC, Box 19.

was this more clearly seen than in his interpretation of section 7(a).

Between June, 1933 and May, 1935, Richberg and Johnson issued several statements on the meaning of section 7(a) as it applied to the NRA and the codes. Although all of their statements were fundamentally the same, the one issued in August, 1933 was the most important. Designed to clarify the NRA's position on the implementation of 7(a) as well as its interpretation of the duties of the National Labor Board which had been created by the President for the resolution of industrial disputes, the statement unequivocally said that the words "open shop" and "closed shop" had no meaning in the dictionary of the NRA, that employees had the right to choose anyone they desired to represent them or they could choose to represent themselves, and that employers could make agreements with organized employees or individuals. Employers, moreover, could maintain company unions so long as they avoided maintaining such an organization by "interference, restraint, or coercion" or so long as they did not force a worker to join the company union or to refrain from joining a different, independent union. In Richberg's and Johnson's thinking, the NRA could and would only support the idea of "proportional representation" as the basic guideline for the implementation of section 7(a).¹⁹ By implication,

¹⁹ Hugh Johnson and Donald Richberg, "Joint Statement of August 23, 1933," Richberg papers, LC, Box 45. Also

they were also saying that they expected the National Labor Board to follow the guidelines they had set out in this statement.

Despite the Richberg-Johnson statement as well as its lack of any effective enforcement powers, the NLB pursued a somewhat different policy. From August, 1933 to February, 1934, the Board supported the principle of majority rule in collective bargaining in a series of decisions. In December, 1933 and February, 1934, moreover, the President enhanced the powers of the NLB by declaring that it had the authority to hold elections within industries on the question of representation and to present its findings to the Department of Justice for prosecution of violators of section 7(a).²⁰ The conflict between the NLB and the administrators of the NRA had finally reached an open confrontation and Richberg and Johnson acted accordingly. In another statement, issued a few days after the Presidential orders granting the NLB the above-mentioned authority, they again presented their interpretation of the meaning of section 7(a) and the policy the NRA would follow in implementing it.

According to this February statement, Richberg and Johnson reaffirmed their August, 1933 statement upholding

in NRA papers, Series 47, Box 581. See also Richberg, The Rainbow, pp. 134-136; Johnson, p. 293.

²⁰Vadney, pp. 132-133.

the principle of proportional representation. They also made it clear that company unions could exist and that individuals still had the right to represent themselves in collective bargaining. As far as they were concerned, the President's orders on the NLB only provided "a method whereby any specific group of employees or all the employees of a plant or of one employer may select, by a majority vote, representatives" for that majority.²¹ Unwilling to compromise, both Richberg and Johnson believed that they were interpreting the original NRA law in the only way possible.

Unable to enforce its own decisions effectively and facing the staunch opposition of the NRA administrators, the NLB inevitably deteriorated. The situation regarding industrial disputes was so serious by mid-1934 that the President was again forced to intervene, this time in response to Senator Wagner's attempts to create a new labor board outside the jurisdiction of the NRA. In Public Resolution No. 44, Roosevelt, compromising with Wagner, authorized the creation of a National Labor Relations Board similar in structure and power to the NLB. The primary difference between the Boards, however, was that the NLRB was suppose to be "the Supreme Court of Industrial Relations." Although nothing materialized in this regard,

²¹Hugh Johnson and Donald Richberg, NRA Release No. 3125 (February 4, 1934), NRA papers, Series 223. Also in Richberg papers, LC, Box 19.

the NLRB did build a foundation on which the National Labor Relations Act was eventually passed.²² More importantly, it faced even stronger opposition from the administrators of the NRA, especially Richberg.

In the summer and fall of 1934, the NLRB issued two decisions which were particularly upsetting to Richberg, one involving the Houde Engineering Corporation and the other involving the Newspaper Industrial Board. In the former case, the Board ruled that employee representation in collective bargaining should be based on majority rule while, in the latter case, it directly intervened in the newspaper code forcing the newspaper publishers to reinstate an employee who had been dismissed for union activity. What made the NLRB's actions in the news code so significant was that the code had its own labor board to deal with any and all industrial-labor disputes.²³ In Richberg's thinking, both decisions were unacceptable because the Board was trying to compel workers to join unions (Houde case) and circumventing the NRA itself by ignoring the machinery established by the codes to handle labor disputes (News Code) and, as such, he felt that the

²²Irving Bernstein, The New Deal Collective Bargaining Policy, pp. 62ff.; Richberg, The Rainbow, p. 148.

²³Richberg, The Rainbow, pp. 152-153, 195-198.

Board had exceeded its authority and should be forced to stay within its jurisdiction.²⁴

In light of his criticism of the NLRB as well as his continued support of the principle of proportional representation, it was not surprising that organized labor felt betrayed by its former friend. Labor leaders, like John L. Lewis, even publicly criticized Richberg and demanded his resignation or removal from the NRA. By early 1935, this demand grew even louder when Richberg supported the extension of the automobile code. To organized labor, this was the last straw, the ultimate illustration of Richbergian treason and they demanded a fitting punishment for it.

Of all the codes formulated and administered by the NRA, none seemed to be as controversial as the one for the automotive industry. Approved by the President in August, 1933, the code was unique in that it contained a provision called the "merit clause." According to this, automotive employers had the right to "select, retain, or advance employees on the basis of individual merit, without regard

²⁴Donald Richberg to "Mac," October 23, 1934, FDR papers, FDR Library, OF10-Misc.; Donald Richberg to Franklin D. Roosevelt, December 15, 1934 and Donald Richberg to Franklin D. Roosevelt, December 26, 1934, both in FDR papers, PSF: DR; Richberg, The Rainbow, p. 194. Richberg's criticism of the NLRB did not end here. See Francis Biddle to F.D.R., January 22, 1935, with attached F.D.R., Memo to Mac, January 28, 1935 with attached Frances Perkins to Colonel McIntyre, February 4, 1935, with attached Francis Biddle to Marvin McIntyre, January 22, 1935, with attached Donald Richberg to McIntyre, Memorandum, January 14, 1935, with attached F.D.R. to Francis Biddle, all in FDR papers, OF 716, Box 2.

to their membership or nonmembership in any [labor] organization."²⁵ Supposedly in line with the intention of section 7(a), the merit clause was actually designed to protect the industry's traditional open-shop policy, something the AFL and other labor organizations had naturally opposed. Despite the objections of the independent trade unions, however, the code was approved and put into operation because the President and NRA administrators believed the auto industry's involvement was essential to the success of the recovery program. In March, 1934, the AFL scored a partial victory in that it forced the automotive employers to change their code and establish an independent Automobile Labor Board to settle all industrial-labor disputes within the industry. Although organized labor leaders expected the Board to be effective, they soon learned that the employers had no intention of recognizing the Board's authority or of granting it any rights in labor disputes. Disappointed and frustrated, the AFL decided to make an issue of the code's extension in early 1935.²⁶

²⁵ Sidney Fine, The Automobile Under the Blue Eagle: Labor, Management and The Automobile Manufacturing Code (Ann Arbor: University of Michigan Press, 1963), pp. 73-74; Sidney Fine, "President Roosevelt and the Automobile Code," Mississippi Valley Historical Review XLV (June 1958), 26. Quote is from the latter source.

²⁶ Fine, "President Roosevelt and the Automobile Code," p. 38. The Automobile Labor Board was created in March, 1934 because of a threatened strike by the AFL and other unions in the industry.

In December, 1934, the NRA held hearings on the automobile code in Detroit and other cities so as to determine whether or not the code should be extended beyond its expiration date of January, 1935. Although open to the public, the hearings proved to be one-sided because only the representatives of the AFL participated in them. The industrial management refused to present its views on the code orally and in public and, therefore, decided to boycott the hearings. As a result, the report issued by the NRA staff to the NIRB was highly critical of the code and actually recommended that significant changes be incorporated into the code before it was extended, especially in regard to protecting the rights of organized labor. After reviewing the staff report, the NIRB on January 24, 1935 submitted its own report to the President on the code. In their report, the board members, and particularly Richberg, recommended that the merit clause in the original code be eliminated, that a standard forty-hour week be adopted and applied uniformly throughout the industry, and that time-and-a-half be paid for hours over forty. More importantly, four days after submitting these recommendations to the President, the board also recommended that the President create "a comprehensive Automotive Industry Labor Relations Board" under the authority of the NIRA and Public Resolution No. 44.²⁷ As far as the NIRB was concerned, there was

²⁷ Ibid., pp. 44-46. The AFL endorsed the creation of a new board on the same day the NIRB called for one. See

simply no other way to resolve the industrial-labor disputes which existed in the industry since the code's inception.

Although the AFL was calling for changes in the code and although the NLRB itself had also recommended that the code be modified before being extended, Roosevelt decided on his own to extend the code to June 16, 1935 with only minor changes. In light of the weak position of the AFL in the automobile industry as well as the importance of the industry to the NRA, the President decided that this was the best possible course open to him. As far as Richberg was concerned, that decision was final. Although he opposed the extension of the code as it was, he felt that the President had made the decision and that, as a good subordinate, he had to support it. Unfortunately, when he did, organized labor blamed Richberg for what had happened instead of the President.²⁸

In retrospect, Richberg's actions here as well as his interpretation of section 7(a) were not only typical, but also very consistent with his own thinking on planning. His support of proportional representation and all it implied, his criticism of the National Labor Board and the National Labor Relations Board, and his acquiescence in the automobile code's extension all illustrated his fundamental

Charlton Ogburn to Franklin D. Roosevelt, January 28, 1935, NRA Press Release, NRA papers, Series 7, NA, Box 21.

²⁸Ibid., p. 48.

commitment to voluntarism in implementing planning and his belief in the need to establish an equilibrium between business and labor in the decision-making process. If the NRA were to succeed, he believed that it would have to be done voluntarily and without any compulsion either on the part of business, labor, or the government. More importantly, if planning were to be implemented, he was convinced that it would have to be done by business and labor working together in and for the public interest and not their own. Time and experience would resolve all the inequities, fill in all the details and assure the success of planning but, in the meantime, he demanded cooperation and coordination instead of conflict and competition from those most responsible for the grand experiment which the NRA represented.²⁹ When business and labor refused to cooperate and when the Supreme Court decided that the NRA was unconstitutional, the only satisfaction that Richberg had was that he had personally tried to foster and promote planning and that, as a New Deal administrator, he had been

²⁹This commitment to voluntarism and equilibrium was still being clearly expressed by Richberg in 1935. See, for example, Donald Richberg to George Berry, January 9, 1935, Richberg papers, LC, Box 2; Richberg, The Rainbow, pp. 131-157. In many ways, this also explains Richberg's opposition to the Wagner Act which will be explained in the next chapter. Briefly, he felt it was designed to make labor dominant over business. See Richberg, My Hero, pp. 299-300, Labor Union Monopoly (Chicago: Henry Regnery Company, 1957), pp. 36-38. For a different interpretation of Richberg's administrative career in the NRA, see Vadney, chapters 7 and 8.

consistent in acting according to his understanding of planning and all it meant. Ironically, Rexford Tugwell also encountered a similar experience in his capacity as a New Deal administrator (see Appendix).

Like Richberg, Tugwell had also defined planning by its characteristics. Prior to and during the New Deal, he believed, like Richberg, that planning implied cooperation between business, labor and the government; that coordination between industry and agriculture was necessary; that experts had to be used in policy-making; and, that an experimental attitude in approach and method was essential. Seeing it as a constitutionally feasible idea, Tugwell felt that planning was the only means to assure the survival of the United States in the twentieth-century. However, unlike Richberg, he distinguished between agricultural and industrial planning, recognized and emphasized an active, supervisory role for the government, and was inclined to accept consolidation with all its implications for the fee-simple farmer and the small businessman. Although he too placed primary responsibility on business for the implementation of planning, Tugwell was not averse to coercing businessmen to act in the public interest. In a similar vein, he believed that the government might also have to coerce farmers into recognizing the public interest by controlling their production (preferably in a voluntary way) and by implementing a long-range land-use program. In many ways, Tugwellian planning represented a new value

system for the United States and one that would prove fruitful in the long-run if it was accepted and adhered to.

In light of this, it is not surprising that Tugwell believed the NRA and the AAA were the beginnings or the first steps towards a planned economy. Together, they would not only resolve the Depression, but they would also establish the basic foundation for planning by their emphasis on cooperation, coordination, expertise, the service ideal, and experimentalism. Much more, of course, would have to be done before planning became a reality, but, at least, some progress would have been made. And, as a New Deal administrator, Tugwell did everything he could to make certain that this would happen, that planning would materialize in the American economic system.

Officially, Tugwell held three positions within the New Deal, all in the Department of Agriculture. Between March, 1933 and December, 1936, he was Assistant Secretary of Agriculture (1933-1934), Under-Secretary of Agriculture (1934-1936) and director of the Resettlement Administration (1935-1936). In the first two capacities, his duties were widespread and varied. As Assistant and Under-Secretary, he was responsible for administering the "old-line bureaus" of the USDA, handling the daily operations of the Department, and serving on numerous boards and committees either connected with or established by the Department. In addition, he was often given special assignments by Wallace or the President, such as reorganizing the USDA,

setting up New Deal programs like the CCC or the Soil Conservation Service, acting as a liaison with Congressional progressives, and investigating the problem of sugar production quotas between the United States and Cuba. It was not unusual, moreover, for Tugwell to act unofficially as a New Deal apologist and publicist while carrying out his responsibilities in the Department of Agriculture.³⁰

Although each one of these activities provided Tugwell with an opportunity to offer his own ideas on policy, it really was only in two areas where he actually formulated and implemented his own decisions. In his fight for Pure Food and Drug legislation and in his direction of the Resettlement Administration, it was Tugwell the New Deal administrator who established priorities, defined objectives, and recruited a staff to carry out his decisions. More importantly, it was primarily in these two areas where Tugwell had a chance to apply his own ideas on planning.

As Assistant Secretary of Agriculture, Tugwell had the responsibility of supervising the old-line bureaus in

³⁰Tugwell, "Notes from a New Deal Diary," January 13, 1933 and Diary (Expanded Form), November 23, 1934, both in Tugwell papers, FDR Library, Box 19; Tugwell, Diary-Journal (September 10, 1935), pp. 16-26, Tugwell papers, FDR Library, Box 14; Franklin D. Roosevelt to Homer Cummings, Memo, November 20, 1933 with attached Homer Cummings to Franklin D. Roosevelt, November 24, 1933 with attached Homer Cummings to Franklin D. Roosevelt, December 13, 1933 with attached Homer Cummings to F.D.R., January 26, 1934 all in FDR papers, FDR Library, OF-10; Sternsher, pp. 208-222, 307-309.

the USDA, such as the Food and Drug Administration. Although a novice in administration, he soon discovered that the agency was not as effective in enforcing the law as everyone believed. In fact, he soon learned that the 1906 Food and Drug law was not very stringent. Not only had the Secretaries of Agriculture ignored it, but even the public seemed to be apathetic. In Tugwell's thinking, the only possible explanation for this was that the 1906 law was outdated and incomplete. Technically, the old Rooseveltian bill said nothing about advertising, completely ignored the cosmetic industry, and provided loopholes for businessmen to exploit; this was especially true of the provisions which placed responsibility on the government for proving fraudulence in the manufacture of drug products. By 1933, businessmen had devised so many legal ways to avoid the law that they were abusive and callous towards the public, selling worthless and even harmful products and mechanical devices to cure all ills. In Tugwell's opinion, these abuses had to be stopped at all costs and he decided that the best way to do it was to have Congress revise the old 1906 law as soon as possible.³¹

To accomplish this, Tugwell first talked to Walter G. Campbell, Chief of the F and DA, about what had to be done legislatively and within the USDA itself.

³¹Tugwell, Diary, February 26, 1933, Tugwell papers, FDR Library; Rexford Tugwell to Skipper (F.D.R.), March 17, 1933, FDR papers, FDR Library, OF-1.

Having reached an agreement here, he then proceeded to get the President's approval for new legislation. Although Roosevelt did grant Tugwell permission to seek a revision of the old 1906 law, he did not give his former Brains Truster any indication that he would publicly endorse his efforts or support him if any opposition developed.³²

Despite this half-hearted endorsement, Tugwell continued his campaign. His next step was to order the lowering of poisonous spray residue on all fruits and vegetables examined by the USDA and, then, to have Professors Milton Handler of Columbia and David F. Cavers of Duke draft a bill revising the 1906 law.³³ Once that had been done, he asked Senator Royal S. Copeland, chairman of the Commerce Committee, to introduce the bill in the Senate.³⁴

The Copeland bill was not only an updated version of the 1906 law, but also a stringent corrective for all the harmful manufacturing practices of the drug industry. Essentially, it prevented the manufacture, shipment and sale of all "adulterated, misbranded food, drugs, and cosmetics." It also outlawed false advertising, required that labels list all ingredients, especially alcohol and/or

³²Tugwell, Diary, April 21, 1933, Tugwell papers, FDR Library; Rexford Tugwell, "The Preparation of a President," Western Political Quarterly (June, 1948), pp. 133ff.

³³Tugwell, Diary, April 21, 1933, Tugwell papers, FDR Library.

³⁴Sternsher, p. 225.

other habit-forming ingredients, and empowered the Secretary of Agriculture to establish standards of identity and quality for all products, except for fruits and vegetables. The bill finally provided for a voluntary inspection service which, if it proved ineffective, would be replaced by federal licensing. While the voluntary service was in operation, the Federal Trade Commission was authorized to conduct investigations into all alleged malpractices and to use injunctions if necessary.³⁵

For Tugwell, the basic purpose of the bill was to protect the consumer from the dishonest, chiseling fakes in the drug industry. By strengthening the old Food and Drug Acts and by extending their authority to advertising, cosmetics, mechanical health devices, and standards of quality, the bill also was protecting the honest drug manufacturer from these unscrupulous competitors. The bill in no way, at least in Tugwell's opinion, endangered the principle of self-medication or the operation of the free enterprise system. Rather, it simply sought to give the

³⁵Tugwell, Diary, April 26, 1933, Tugwell papers, FDR Library. Tugwell was not happy with the FTC's role in Pure Food and Drug. He believed the FTC tended to protect one business against another without, in any way, protecting the consumer. See Franklin D. Roosevelt, Memorandum to Rexford Tugwell, January 22, 1934 with attached Rexford Tugwell to F.D.R., January 26, 1934, FDR papers, FDR Library, OF375; F.D.R. "Memo for Mac," February 9, 1935 with attached Donald Richberg to the President, Memorandum, January 28, 1935 with attached Rexford Tugwell to Donald Richberg, January 24, 1935 all in FDR papers, FDR Library, OF375.

people confidence in the drug industry's advertising and in the products it produced, and for that reason, it was a beneficial corrective to what had been going on since 1906. If the industry accepted the bill and supported it, Tugwell was convinced that everyone from the consumer to the drug manufacturer would benefit in the short-and-long-run.³⁶

Although Tugwell was convinced of the bill's benefits and although he worked diligently to get Congressional and industrial support for it, opposition to the bill sprang up almost instantly after its introduction in the Senate.³⁷ Using the traditional arguments that the bill infringed on their rights, the opponents of the bill viciously and consciously attacked Tugwell as a Communist and Bolshevik who was trying to overthrow the American

³⁶Rexford Tugwell, "The Copeland Bill and The Food Industries," October 24, 1933, USDA papers, RG 16, NA, Box 289; Tugwell, "A New Deal for the Consumer," Address to Columbia Alumni Luncheon (New York, February 12, 1934), pp. 3-5, Tugwell papers, FDR Library, Box 46; Tugwell, "The Great American Fraud," American Scholar (Winter, 1934), 85-95; Tugwell, "Freedom From Fakes," in Battle For Democracy, pp. 97-104.

³⁷Tugwell, Diary, April 26, 1933, p. 16, Tugwell papers, FDR Library; Rexford Tugwell to Franklin D. Roosevelt, June 1, 1933, FDR papers, FDR Library, OF-375. Tugwell's strategy was to get business to think that the bill was theirs. However, he soon discovered that this did not work and that Congress was willing to compromise freely with the drug manufacturers, especially Senator Copeland. See Rexford Tugwell to Franklin D. Roosevelt, February 21, 1934 attached to Memo for McIntyre (February 28, 1934), FDR papers, FDR Library, OF-375; Tugwell, Diary-Journal, January 16, 1935, p. 2, Tugwell papers, FDR Library, Box 14.

system. Assisted by the newspapers, this attack by the drug manufacturers was so successful that they not only discredited the Copeland bill, but they also seriously damaged Tugwell's effectiveness as a New Deal administrator. By 1936, the stereotype of Tugwell had become so transformed into a phobia that it contributed to Tugwell's resignation in December. More importantly, in terms of Pure Food and Drug, it meant not only the defeat of the Copeland bill but also the refusal of Congress to do anything while Tugwell was in office. It was not until June, 1938 that a Food, Drug and Cosmetic Act was passed and even that was not satisfactory to Tugwell and other New Dealers who had fought for such legislation.³⁸

Although failing in his efforts to have the Pure Food and Drug laws revised, Tugwell's actions on behalf of the Copeland bill were still quite significant, especially in regard to his thinking on planning. First of all, they demonstrated that he believed planning affected every aspect of American life and every facet of American economic activity. By demanding that the drug industry maintain standards of quality in the production of their products, Tugwell was actually saying that business in general had to

³⁸Tugwell, "The Tugwell Bill Becomes Un-American," Diary (Expanded Form), Tugwell papers, FDR Library, Box 21; Schlesinger, The Coming of the New Deal, pp. 360-361; Sternsher, pp. 231-238, 249. For a detailed discussion of the drug manufacturer's and press' attack on Tugwell, see Sternsher, chapter 18. In Tugwell's opinion, the 1938 Drug law was not stringent enough.

act in the public interest and accept the service ideal. Also, by establishing a voluntary inspection service, he was telling businessmen that cooperation was the key to prosperity and not competition. If all businessmen, as in the drug industry, cooperated to maintain standards of quality, then, the dishonest businessman would not be able to undercut or undersell his competitors in the way he had been doing since 1906. And, finally, by providing for federal licensing should the drug manufacturers refuse to maintain standards of decent behavior, Tugwell was telling business that if it could not act in the public interest, then, the government would force it to. As in the case of the NRA, industry had a choice in Pure Food and Drug. If it chose to cooperate in maintaining standards of quality in and for the public interest, there would be no need for the government to play more than a supervisory role. But, if business refused to cooperate and if business failed to consider the rights of the consumer, Tugwell believed the government would have no choice but to compel businessmen to act in the way they should. In Tugwell's thinking, there was simply no other way to make certain that planning would be implemented, at least in the industrial sector of the economy. In agriculture, on the other hand, he felt that a somewhat different situation existed. Here, both the farmer and the government together would have to bear the responsibility for implementing planning through a permanent

land-use program, something his own organization, the Resettlement Administration, was designed to do.

In retrospect, there is little doubt that the Resettlement Administration was the primary example of Tugwell's thinking on the use of planning to solve the problems of agriculture in the twentieth-century. The basic inelasticity of agriculture, the relationship between technical efficiency, farm surplus and shrinking markets, and the disequilibrium between industry and agriculture all demonstrated to Tugwell that something had to be done to modernize American agriculture before it went bankrupt. More importantly, by the time the New Deal started, he was convinced that land erosion was reaching phenomenal proportions, that many farmers were being doomed to a life of poverty, and that the farm to city migrations were hurting instead of helping the American economy. Unless something were done soon to help the poor farmer and to conserve the land, Tugwell felt the United States would continue to confront serious economic problems in the future.³⁹ To make matters worse, even the New Deal was doing nothing to relieve the plight of the poor farmer, especially the tenants and farm laborers. Although the AAA

³⁹Tugwell, "The Place of Government in a National Land Program," USDA Release (December 29, 1933), n.p.; Tugwell, "The Planned Use of the Land," Today (January 20, 1934), pp. 6-7, 23-24; Tugwell, "The Outlines of a Permanent Agriculture" (1934), pp. 53-63, Tugwell papers, FDR Library, Box 21. See also, Tugwell, "National Significance of Recent Trends in Farm Population," Social Forces 14 (October 1935), 1-7.

had been established to resolve the farm crisis caused by the Depression, it tended to sustain the large-staple farmers without considering those in more desperate straits.⁴⁰ In Tugwell's thinking, it was the farmer living on poor land or forced to migrate to the city who needed help and he suggested that the only way to help them was to retire their lands and re-locate them. If that were done, if a system of land-use planning were implemented, Tugwell believed that the United States would not only be conserving its natural resources, but it would also be making the fullest use of its human resources as well.⁴¹ In an effort to facilitate the implementation of such a program, he, therefore, worked and fought for the creation of the RA in his official capacity as a New Deal administrator.

Although the RA was not established until 1935, Tugwell realized that the groundwork for the agency was being laid throughout 1934. Between February and July, several programs were set up in the USDA, the Federal Emergency Relief Administration, and the United States Department of Interior which sought to deal with the problem of land conservation and personal rehabilitation. The Submarginal Land Committee (USDA), the state Rural Rehabilitation Corporation (FERA) and the FERA's land

⁴⁰Tugwell, Diary-Journal, January 23, 1935, pp. 5-6, Tugwell papers, FDR Library, Box 14.

⁴¹Tugwell, Diary-Journal, August 20, 1935, pp. 117-118, Tugwell papers, FDR Library, Box 14.

programs all were designed to help the poor farmer by having the government purchase their worn-out lands and then re-locate them on better farms. The primary problem with these programs, however, was that they all cut across several federal agencies' jurisdiction with no one agency consolidating their efforts. Also, these programs tended to duplicate one another to such an extent that they were becoming almost self-defeating.⁴² Instead of trying to resolve all the jurisdictional disputes which erupted because of the overlapping, Tugwell, in early 1935, suggested to Secretary Wallace that an agency be created which would consolidate them and coordinate the overall governmental effort in land-use. Wallace agreed with Tugwell and together they approached Roosevelt with the idea. On May 1, 1935, the President gave his approval by issuing Executive Order 7027 creating the Resettlement Administration. In addition to appointing Tugwell as the director, the order also stated that the RA would receive all its appropriations from the President under the authority given to him by the Emergency Relief Act of 1935.⁴³

Almost from the very beginning, Tugwell made it clear that the RA would serve three fundamental purposes.

⁴²Tugwell, Diary-Journal, January 16, 1935, p. 3, Tugwell papers, FDR Library, Box 14; Tugwell, Diary (Expanded Form), "Intimations of Resettlement," n.p., Tugwell papers, FDR Library, Box 21.

⁴³Paul Conkin, Tomorrow A New World: The New Deal Community Program (New York: Cornell University Press, 1959), p. 143; Sternsher, p. 264.

First of all, it would strive to conserve America's land by retiring poor land from crop cultivation and putting it to more beneficial use, such as forestry and/or recreation; secondly, the RA would strive to help the farmers living on this submarginal land find new, better lands to work on and earn a living; and, finally, it would seek to aid people who were living on good land but who, "because of financial distress or because of inexpert farm management, are in need of help."⁴⁴ While concentrating on the short-term objective of helping these farmers in the Depression crisis, the RA would also be striving to achieve a long-term objective of land-use conservation. In addition, Tugwell also made it clear that retirement and resettlement would only be part of an even larger problem confronting the United States--the migration of farmers to urban centers. To resolve this and to prevent the migrations from having a disastrous effect on the economy as a whole, he announced that the RA would construct suburban towns or garden cities to facilitate the changing and adjustment of rural America to twentieth-century economic life. Although Tugwell was convinced that the RA could and would achieve these objectives in the long-run, he soon learned that

⁴⁴ Rexford Tugwell, "Why Resettlement?" Labor Information Bulletin, United States Department of Labor III (May 1936), 1; Tugwell, "Down to Earth," Current History XLIV (July 1936), 33-38; Tugwell, "The Reason For Resettlement," Address over NBC (December 2, 1935), n.p., Tugwell papers, FDR Library, Box 69.

announcing policy and implementing it were two different things. For, no sooner had he taken direction of the RA than he confronted the administrative problems inherent in the very creation of the agency itself.⁴⁵

For all practical purposes, the RA was "a repository for a multitude of New Deal programs." Technically, it had the task of "carrying on rural relief and rehabilitation, of continuing the whole land-utilization program, and of extending the New Deal community-building program through both rural and urban resettlement." More importantly, whether he liked it or not, Tugwell inherited parts of other federal agencies when the RA was established, such as the Division of Subsistence Homesteads (USDI), three sections of the FERA, the state rural rehabilitation corporations, the Land Policy Section of the AAA, and small sections of several other agencies. A hodgepodge of federal bureaucracy, the RA was suppose to consolidate all these programs into one agency under the direction of one administrator.⁴⁶ It was a monstrous administrative task and one that Tugwell tried to handle by himself.

⁴⁵Tugwell, Diary-Journal, March 3, 1935, p. 58 and April 14, 1935, p. 66, Tugwell papers, FDR Library, Box 14; Tugwell, "Conservation Redefined," Address Before the Fiftieth Anniversary of the Founding of New York's Forest Reserve (Albany, May 15, 1935), pp. 8ff., USDA Press Release, RG-16, NA, Box 311; Tugwell, "A Closer Integration of Rural and Urban Life is a Definite Part of the Future Pattern," n.d., pp. 16-17, Tugwell papers, FDR Library, Box 53.

⁴⁶Conkin, pp. 153-154.

Although Tugwell wanted the RA to deal primarily with suburban resettlement and land utilization, he reluctantly agreed to administer the rural resettlement (subsistence homesteads) and rural rehabilitation programs inherited by the RA for two reasons. First, he felt that both programs were in some respects necessary measures in the emergency caused by the Depression and, secondly, in light of the President's own predilections towards the "back-to-the-farm" movement, he felt that he actually had no choice in the matter. If the RA were to accomplish anything, it would have to have the support of Roosevelt and it seemed that the only way it could get that support was to have the RA administer all the programs that the President wanted it to, in spite of the problems it caused in administration and objectives.⁴⁷ It was in the way he handled those problems, though, that Tugwell proved himself a fairly good administrator.

To help him fulfill the tasks assigned to the RA, Tugwell appointed highly qualified and capable individuals to assist him, such as Will Alexander, Calvin Baldwin, John Lansill, Joseph Dailey, Lewis Gray, Carl Taylor, Eugene Agger, and Lee Pressman.⁴⁸ Although all of them were subordinate to the Administrator, Tugwell gave each enough

⁴⁷ Sternsher, pp. 266-268.

⁴⁸ Tugwell, Diary-Journal, May 2, 1935, pp. 74-85 and May 19, 1935, p. 93, both in Tugwell papers, FDR Library, Box 14.

authority that they could, and did, effectively handle their responsibilities. Tugwell also demonstrated his administrative capabilities by the skillful way he usually resolved all the jurisdictional disputes his agency had with Secretary of Interior Ickes and with Harry Hopkins, the FERA administrator, by the adept way he got appropriations from the President, and by the cordial relationship he maintained with Secretary Wallace who, technically, still remained his boss.⁴⁹ But, of all these activities, none were more demonstrative of his capability than the way he set up the RA structurally and organizationally. Here, Tugwell the New Deal administrator really came into his own.

In light of the diverse and varied tasks assigned the RA, Tugwell decided that the only way the RA could be effective was to decentralize its administration. To accomplish that, he divided the country into eleven geographic regions and established four main Divisions within the RA. The Suburban Resettlement, Rural Rehabilitation, Land Utilization, and Rural Resettlement Divisions

⁴⁹Tugwell, Diary-Journal, March 3, 1935, p. 58, May 7, 1935, p. 85, and May 9, 1935, p. 88 all in Tugwell papers, FDR Library, Box 14; Franklin D. Roosevelt to Rexford Tugwell, June 13, 1935; Rexford Tugwell to FDR, July 15, 1935; Harold Ickes to FDR, July 13, 1935 with attached FDR, Memo to Rexford Tugwell, July 16, 1935; D. W. Bell to FDR, Memorandum, August 8, 1935; FDR to Rexford Tugwell, Telegram, October 1, 1935 with attached Rexford Tugwell to FDR, Telegram, September 28, 1935 all in FDR papers, FDR Library, OF 1568; Will Alexander, "The Reminiscences of Will Alexander," Oral History Research Project, Columbia University, pp. 395-400. For a different opinion of Tugwell as RA administrator, see Chester Davis, "The Reminiscences of Chester Davis," pp. 363ff. and Samuel Bledsoe, "The Reminiscences of Samuel Bledsoe," p. 346.

were designed to co-ordinate all of the RA's activities, while twelve subordinate Divisions and numerous subsections would deal with all specialized functions and tasks, including management, planning, procedure, information, investigation, personnel, labor relations, business management, finance, and construction.⁵⁰ As Administrator, Tugwell would supervise all of the agency's activities, while his subordinates in the main Divisions would handle all matters relating to their particular responsibility. Also, Tugwell decided that all community programs would be handled, where possible, primarily by the regional offices and that only the suburban resettlement projects would be controlled and administered from Washington.

Although the RA was eventually criticized for the complexity of its organization, the structural framework which Tugwell created actually proved beneficial. Each of the main Divisions coordinated their activities and handled their responsibilities somewhat efficiently. The Rural Rehabilitation Division, for example, carried on the bulk of the RA's work, providing financial and educational assistance to farmers in the form of loans, grants, debt-adjustment and demonstration projects. In 1936, it also provided extensive relief to drought-stricken farmers. The Land Utilization Division, on the other hand, was

⁵⁰ Rexford Tugwell to L. C. Gray, November 14, 1935, Resettlement Administration (RA) papers, Record Group 96, NA; Conkin, p. 155; Sternsher, p. 269.

primarily concerned with "completing the land-use program" inaugurated by the New Deal and promoted by Tugwell. It was responsible for retiring over 9 million acres of sub-marginal land from agricultural use and for studying the nation's overall land problems.⁵¹ The last two Divisions, Rural Resettlement and Suburban Resettlement, moreover, were quite unique because they received the most attention and caused the most controversy while Tugwell was Administrator.

The Rural Resettlement Divisions "initiated and planned all rural communities," including the subsistence homestead projects the RA inherited from the FERA. Although Tugwell himself disliked and disapproved of the idea of subsistence homesteads since he believed that industry did not follow people, he did have the RA complete most of the projects begun by the FERA. In addition, he also had the RA initiate more than 100 rural projects of its own. Most of these projects were all-farming communities which were located in the South and usually segregated. Each community contained one or more co-operative enterprises, run by cooperative associations and sponsored by the government. For the most part, the projects were experiments in cooperative farming with land-ownership residing with the

⁵¹Rexford Tugwell to Division Directors and Section Chiefs, June 11, 1935, RA papers, Record Group 96, NA; Conkin, pp. 156ff.; Sternsher, p. 273.

government.⁵² The Suburban Resettlement Division, on the other hand, dealt with projects which were even more distinctive than these rural communities--the greenbelt towns.

Of all the RA's programs, none received as much attention and/or criticism as these towns. Unlike the cooperative rural communities, Tugwell believed the greenbelt towns would be garden cities for full-time industrial workers. In light of the farm to city migrations, the impossibility of resettling thousands of slum dwellers in semi-agricultural communities, and the unwillingness of industry to relocate, Tugwell felt there was simply no other way to deal with the problems of urban life. The greenbelt towns, capable of housing 500 to 800 families, would provide useful work for men on unemployment relief, low-rent housing for low-income families, and healthful surroundings for the urban poor. More importantly, Tugwell felt that the towns would demonstrate the "soundness of planning and operating towns according to certain garden-city principles."⁵³

At first, Tugwell had planned to build twenty-five greenbelt communities, but, because of financial and legal problems, he completed only three. Those three towns (Greenbelt, Maryland, Greenhills, Cincinnati, and Greendale,

⁵²Sternsher, pp. 274-274; Conkin, p. 159.

⁵³Sternsher, p. 270.

Milwaukee), however, caused more controversy than any other project Tugwell had originated and implemented. Critics of the towns argued that they were too expensive, that they were alien to American traditions, and that they were incapable of resolving the problems of urban life. More importantly, these same critics began to identify all of the RA's activities in terms of the towns. Instead of differentiating between greenbelt and other RA projects, they lumped everything together and attacked the agency as a whole and Tugwell as the Administrator.⁵⁴ By the middle of 1936, their attack on Tugwell was so vehement that it eventually contributed to his resignation from the RA. Despite his defense of the RA and the greenbelt towns and despite everything he had accomplished while serving as Administrator, the stereotype of Tugwell as a Communist and Bolshevik was simply too difficult to challenge and disprove and, as a result, Tugwell's experience as a New Deal administrator was ended.⁵⁵

⁵⁴For a detailed discussion of the attack on the greenbelt town and on the RA, see Sternsher, chapter 22; Conkin, pp. 177ff.; and Joseph Arnold, The New Deal in the Suburbs: A History of the Greenbelt Town Program, 1935-1954 (Ohio: Ohio State University Press, 1971), pp. 196-209. Also, see Will Alexander, "The Reminiscences of Will Alexander," pp. 408ff.

⁵⁵Tugwell publicly defended the RA and the greenbelt towns in a series of articles. See Tugwell, "Changing Acres," Current History XLIV (September 1936), 57-63; Tugwell, "Cooperation and Resettlement," Current History XLV (February 1937), 71-76; and Tugwell, "The Meaning of the Greenbelt Towns," New Republic LXXX (February 17, 1937), 42-43; Years later, Tugwell re-evaluated his tenure

In retrospect, there is little doubt that Tugwell tried to implement his thinking on agricultural planning while serving as Administrator of the Resettlement Administration. In almost every activity that the RA was concerned with, the basic fundamentals of Tugwellian planning were present. Whether it was in rural rehabilitation where he tried to help the farmers get on their feet and adjust to the technological conditions of twentieth-century agriculture, or in rural resettlement where he tried to demonstrate the advantages of consolidated, cooperative farms over the traditional fee-simple ownership, or in land utilization where he sought to institute expert, long-range land-use planning, or in suburban resettlement where he tried to facilitate the acceptance of functional planning on a small-scale--in all these activities, he was trying to implement planning as he understood it and, thereby, help in moderizing American agriculture. Without reverting to governmental coercion, he sought to instill a sense of appreciation into the American farmer for the cooperative spirit and for the need to conserve America's most treasured resource--her land. Although in the end his policies were criticized and misunderstood, Tugwell still believed that planning could and would work, if given the chance. But, like Richberg in the NRA, he also learned

in the RA and explained why the RA failed in the long-run. See Tugwell, "The Resettlement Idea," Agricultural History XXXIII (October 1959), 159-164.

that, before planning could be implemented, he himself would have to define it more precisely and clearly in his own mind. To avoid the frustration and disappointment that he experienced as a New Deal administrator, Tugwell, therefore, like Richberg, left the New Deal determined to make planning a more concrete alternative in the economic system.

CHAPTER VII

CRUSADING FOR A PRINCIPLE

After resigning from the New Deal, both Donald Richberg and Rexford Tugwell began their crusades to salvage planning in the American economic system. Utilizing their administrative experience in the New Deal as well as their subsequent political activities as a basis, each consistently tried to convince the American people generally and American political leaders particularly of the need to institute some form of planning within the decision-making process. In their speeches, writings, and private political lives, moreover, both attempted to facilitate the accomplishment of this goal by defining their own ideas on planning more precisely and by offering more specific implementation techniques and procedures. More importantly, both men continually emphasized that what they were proposing in the post-New Deal period was actually based on what had already happened in the First New Deal. In their thinking, the basic foundations for a planned economy had been laid in 1933-1935 and all that was necessary now was for others to build on those foundations. In light of

the growing complexity of the American world economy and the increasing uncertainty in world affairs caused by Fascism, Communism, and, after 1945, nuclear war, both men believed that the United States could not afford to ignore the possibilities and the hopes which planning offered for the nation and for all mankind. If planning were adopted and implemented, both were convinced that the United States and the world would face a safe, secure and prosperous future. But, if it were not, neither man was certain that there would be a future at all, either for the United States or the world. A choice, in short, had to be made and both men strove diligently to help those in power make the right one.

For Donald Richberg, the crusade for planning began even before the Supreme Court declared the NRA unconstitutional in May, 1935. Throughout March and April, 1935, he conducted a campaign to convince the President and the Congress to extend the life of the NRA for two years. In Richberg's opinion, a two-year extension was absolutely necessary if the NRA were to continue to develop "those methods of cooperation between business enterprises . . . and between associations of employers and employees which are essential to a reconstruction of the [American] industrial system." Also, if the two-year extension were to be useful, he was convinced that the Congress would have to pass specific legislation on the NRA itself. In light of the administrative and practical problems confronting

the recovery program, he felt that Congressional power to regulate interstate commerce would have to be defined more clearly, the code-making process had to be restricted to those industries engaged in interstate commerce, and the President's power had to be extended vis-à-vis the codes to the extent that he be given the power not only to approve codes, but also to impose "a limited code" where none existed. In the latter situation, Richberg emphasized that Congress would have to set the standards for minimum wages, maximum hours, and the rights of collective bargaining, although section 7(a) would have to be redefined in an acceptable way. In a similar manner, Congress would also have to redefine the anti-trust laws and establish a commission with enforcement powers to handle the administration of violations of codes, whether in fair trade practices and/or labor agreements. All in all, what Richberg was calling for in his program for the extension of the NRA was specific legislation enacted by Congress to deal with the problems the NRA encountered in its first two years of existence. Through such a legislative program, he hoped that the NRA would be revived and would be allowed to continue its efforts in implementing planning in the industrial sector of the American economy.¹

¹Donald Richberg, "Outline of statement to be presented to the Senate Finance Committee on hearings upon the extension of the NRA," draft (March 7, 1935), pp. 19-25, in Richberg papers, LC, Box 20; Donald Richberg, "Outline of presentation to Ways and Means Committee of the House of

While Richberg's program was comprehensive in scope, it was not all that original. Many of the specific suggestions in the program had in fact been offered by others. His call for a two-year extension, redefinition of Congressional power based on the commerce clause, and extension of Presidential authority in industries not covered by codes, for example, had been proposed by the NRA legal staff and members of the National Industrial Recovery Board.² His call for the redefinition of section 7(a) and the anti-trust laws as well as the establishment of an administrative commission, on the other hand, had been offered as early as June, 1934 by businessmen like Howard Coffin and Charles Stuart who supported the principle of industrial self-government and who wanted to preserve it by replacing the NRA with a more feasible trade association-type of program.³ Nevertheless, despite his lack of

Representatives," n.d., NRA papers, Series 6, NA, Boxes 13-14. Richberg appeared before both houses of Congress to offer these suggestions for NRA renewal. See Richberg, "Testimony on extending the NRA," U.S. Congress, Senate, 74th Congress, Committee on Finance, Investigation of the National Recovery Administration, Pursuant to S.Res. 79 (1935), I, 1-163 and U.S. Congress, House of Representatives, 74th Congress, Committee on Ways and Means, Extension of the National Industrial Recovery Act (1935), 10-183. For a more detailed discussion of Richberg's role in the renewal question, see chapter 4.

²Blackwell Smith to Donald Richberg, Memorandum on NRA extension, January 10, 1935, NRA papers, Series 6, NA, Box 13.

³Howard E. Coffin and Charles F. Stuart, "Outline of Plan to Revise NRA," June 15, 1934 and Howard Coffin to Marvin McIntyre, August 29, 1934 with attached "Outline For

originality, what made Richberg's renewal program so significant is that it not only combined features of several different programs, but it also served as a basic outline for Richberg's post-NRA proposals, at least in the years 1935-1938. More importantly, it again demonstrated his adherence to the principles of planning and industrial self-government.

In light of Richberg's conviction that his renewal program offered the best hope for sustaining planning through the NRA, it is not surprising that he was quite angry when the Supreme Court, in May, 1935, declared the NRA unconstitutional. In one stroke, he felt that the Court had not only undermined everything that the NRA had been striving to achieve, but it also had demonstrated once again how the "political and economic predilections" of individual justices dictated governmental policy.⁴ This

Revision of N.R.A.," FDR papers, OF 466 Misc., FDR Library, Box 19. In his letter to McIntyre, Coffin related that Richberg "was distinctly in favor of the program." Although Coffin's plan called for the creation of a National Economic Council, a Council of National Security and a coordinating Director for both Councils, the basic purpose of the plan was to let industry plan for itself while the government supervised and coordinated the economy in line with these plans. Essentially, Coffin was proposing a strict form of industrial self-government to accomplish planning and, in light of that, it is not surprising that Richberg would be in favor of the plan, at least as a basis for discussion and practical development. Nothing, however, materialized in regard to the plan, except that Richberg picked up some of its suggestions and incorporated them into his own program for renewing the NRA.

⁴Richberg, My Hero, p. 193.

time, however, he felt the Court had gone too far and something would have to be done to prevent it from happening again. Unlike many New Dealers, like Rexford Tugwell, who proposed having the Court's power restricted through means of a constitutional amendment, Richberg suggested that the Congress pass legislation to curb the Supreme Court's authority. Throughout the remainder of 1935 and into 1936, he specifically recommended that the authority of the Court and the Congress be clearly defined in law and that the Court's opinions be made subject to public scrutiny and criticism.⁵ Even more important, though, was his suggestion that the Congress circumvent the Schechter decision itself.

After reviewing the Court's decision, Richberg concluded that technically the Schechter decision had some good legal points in it. Although the Court had said that the government could not regulate intrastate commerce and that the Congress could not delegate its legislative power so freely, it also had upheld indirectly the government's right to regulate interstate commerce and its power to set wages and hours. In light of this, all that needed to be

⁵ Donald Richberg, "Undermining the Constitution," Address Before the Bar Association of New York (January 7, 1936), Richberg papers, LC, Box 21; Donald Richberg, "The Constitution and the New Deal," The Annals (March 24, 1936), 1-2; Richberg, "Can We Have a Business-Like Government?" Address to Banquet of the National Institute of Credit (New York, May 28, 1936), 8; Richberg, "The Function of the Supreme Court Under the Constitution," Address to the Georgetown Law Forum (Washington, D.C., October 12, 1936), 1-3, all in Richberg papers, LC, Boxes 6 and 21.

done, in his opinion, was to have the Congress lay down "more definitely its policy and standards for administrative application of the recovery program."⁶ If that were done, not only would the NRA be re-established in one form or another, but America's progress towards a planned, balanced economic system would continue at, perhaps, an accelerated rate.

Convinced that this ideal could be realized, Richbert began a campaign to persuade the President, the Congress, and the American people to follow up on the Court's decision in the Schechter case so as to preserve planning within the American economy. From May, 1935 to the end of the 1936 re-election campaign, he concentrated his efforts almost exclusively on Roosevelt, recommending that the President commission a study of the NRA which would publicly recognize the program's accomplishments, that he not apologize for the NRA in the campaign, but rather emphasize its emergency-character, and that he seek to devise new ways through which the principles of the NRA could be legislatively revived.⁷ After the Roosevelt

⁶Richberg, "The Truth About Schechter," p. 9, Richberg papers, LC, Box 8.

⁷Donald Richberg to Marvin McIntyre, February 6, 1936 with a Memorandum on the NRA Division of Review, FDR papers, FDR Library, OF-466; Donald Richberg to Marvin McIntyre, February 25, 1936 with attached Donald Richberg to Franklin D. Roosevelt, February 25, 1936, with "Memorandum as to the Future of the NRA Program," FDR papers, FDR Library, OF 466-Misc., Box 22; Donald Richberg to Stephen Early, September 18, 1936, "Confidential Memorandum" and

victory in November, 1936 and until the launching of the Thurmond Arnold movement in 1938, moreover, he expanded his campaign beyond the President to the Congress and the people. During this phase, he became gradually more specific in the recommendations he offered for reviving planning in the American system. Essentially, what Richberg was saying throughout the campaign was that the Congress had to define the law more precisely, especially in terms of anti-trust, and that new machinery would be necessary for the implementation of planning in the future.

Whether he was concentrating his efforts on the President, or the Congress, or the American people, Richberg was quite consistent in emphasizing the same themes in regard to his planning program. Throughout the 1935-1938 campaign, he continually argued that his program was constitutionally feasible and within the American democratic traditions, that there was no need to amend the Constitution in order to implement it, and that it was not designed to revive the NRA per se, but rather to sustain the principles on which it had been based. More importantly, he felt that since his program was designed to preserve planning by creating a balance between industry, labor and government, its implementation would depend upon using experts in policy formulation and adopting an experimental attitude in approach and method. If all that were done, he believed,

Donald Richberg to Stephen Early, October 20, 1936, both in Richberg papers, LC, Box 33.

the United States would then be able to achieve a "harmonized" and/or "planned" economy and one in which competition would be civilized and would be promoted for the benefit of all.⁸

Specifically, Richberg's program called for the explicit definition of Congressional authority within the economy as well as a thorough revision of the anti-trust laws. In The Rainbow, published in early 1936, for example, he gave a detailed explanation of what this meant. Assuming that there was a "general recognition throughout trade and industry of the value of providing for the making of cooperative agreements," he suggested that the Congress approve industrial cooperative agreements for certain ends, such as the elimination of unfair competitive practices, the gathering and exchange of information openly and under impartial controls, the abolition of child labor, the

⁸ Donald Richberg to Congressman Henry C. Luckey, June 4, 1935 and Donald Richberg, "Scientific Sources of Public Policy," Address to Knox College (Illinois, June 12, 1935), both in NRA papers, Series 4 and 7, NA, Boxes 6 and 21 respectively; Donald Richberg to Robert LaFollette, Jr., August 24, 1936, "A Statement for Progressives," p. 5, Richberg papers, LC, Box 2; Donald Richberg, "Should We Amend the Constitution?" Missouri Bar Journal 7 (March 1936), 45ff. and Richberg, "Has the New Deal Aided Recovery --Yes," The Christian Science Monitor (October 21, 1936), 2, both in Richberg papers, LC, Box 6; Donald Richberg, "Critical Problems of Industrial Control," Address to American Bar Association (August 25, 1936), pp. 2-6, and Richberg, "Civilizing Competition," Address to American Trade Association Executives (Cleveland, October 17, 1936), pp. 3-6, both in Richberg papers, LC, Box 21. The themes mentioned in the text were present in Richberg's speeches and writings in 1937-1938. See subsequent footnotes for exact citations.

establishment of minimum wage and maximum hours levels on a sound economic basis, the use of collective bargaining "for stabilization and flexible adjustment of terms and conditions of employment in appropriate units of employers and employees," the creation of industrial and inter-industrial councils for open discussion, planning and cooperation in advancing the general welfare, and the self-organization of management, labor, consumer and other groups of economic interests to deal collectively with their common problems. Once this was done, the Congress would then proceed to define those areas in which concerted action would be prohibited, such as any cooperative agreements which resulted in the limitation of production, the maintenance of artificial prices, and the elimination of competition. To make certain that these Congressional limitations would be adhered to, moreover, Richberg recommended that the government generally encourage business to form trade associations which, in turn, would formulate codes of business practices.⁹

Unlike the NRA codes of fair competition, Richberg suggested that the trade association codes contain three different types of provisions. Specifically, each code would contain provisions "required as a condition imposed by law upon the privilege of code-making," including the establishment of minimum wages, maximum hours, elimination

⁹Richberg, The Rainbow, pp. 258, 262-266.

of child labor, and acceptance of the right of employees to associate and bargain collectively. In addition, the codes would contain prohibitions of unfair competitive practices "which offend against existing law or which have been defined in the courts of the United States or by enforceable orders of the Federal Trade Commission as well as provisions permitting cooperative practices as defined by law or voluntarily accepted by industry. Each code, moreover, would carry a requirement for the "making of reports and keeping of such records as would be necessary to establish compliance with any mandatory requirements. . . ." In case there was a violation of a specific statutory requirement, or a report was falsely submitted, or an industry willfully violated a code, the culpable industry would be liable to civil suits, Federal Trade Commission investigation, and fines. If the FTC did investigate and render a decision, its verdict would be subject to judicial review. Finally, in supervising the administration of the codes, Richberg suggested that an administrative agency be established and that it be given authority to handle violations of codes separately. Where the FTC would be concerned with reviewing "unfair methods of competition," the administrative agency would be concerned with the operation of cooperative code agreements themselves.¹⁰ All in all, what Richberg was calling for was to have the Congress clearly define the law

¹⁰Ibid., pp. 267, 270, 272-275.

in order to allow business to form trade associations and write codes which would then be subject to the jurisdiction of the FTC and an administrative agency. In November, 1936, he wrote an article which expanded and clarified these suggestions even more.

In his article, Richberg made it explicitly clear that economic concentration in American industry had reached such a stage that it literally threatened to destroy the competitive system. In some industries, such as automobiles, the degree of concentration was so great that small enterprises could not attempt to establish themselves without risking "enormous development losses." Although the federal government had traditionally recognized the need to prevent this from happening, Richberg felt that the way it went about it was wrong. The anti-trust laws enacted by Congress had been and continued to be "pretty unsatisfactory both to businessmen and to the consuming public." Generally, the laws "imposed a great many, uncertain hampering restraints upon legitimate business operations," failed to prevent "the most offensive methods of unfair competition," and left the consumer in such a vulnerable position that he was usually forced to pay excessively high prices for essential goods and services.¹¹ More importantly, the

¹¹Donald Richberg, "A Suggestion for Revision of the Anti-Trust Laws," University of Pennsylvania Law Review 85 (November 1936), 2-3.

anti-trust laws were so vague and imprecise that, instead of sustaining a system of regulated competition, they continually contributed to undermining the American economy itself. In Richberg's thinking, what had to be done was to reverse this process and to make certain that it would not happen again. And, the only way that could be done was by redefining the anti-trust laws themselves.

Specifically, Richberg recommended that the anti-trust laws seek to maintain the competitive system by preventing the acquisition or exercise of "any monopolistic power to regulate prices or production, except where a public monopoly or a private monopoly under public regulation" is found socially and economically desirable as in the case of public utilities. Large business operations, moreover, would have to be considered natural developments capable of being subjected to effective competition unless they are artificially supported by special privileges and political aid. Cooperative agreements within or between trades and industries would have to be sanctioned by the anti-trust laws as long as they maintained competition, operated in the public interest, and were subject to public supervision. Richberg also felt that "monopolies and monopolistic practices" would have to be clearly defined by law and made subject to the jurisdiction of administrative commission which would have the authority to issue restraining orders and impose statutory penalties. Such an administrative commission would relieve the courts

of "undesirable responsibilities" while simultaneously protecting a claimant's right to have a commission decision reviewed by the courts. In a similar manner, the commission would also enforce the prohibitions against clearly defined "unfair competitive practices." And, finally, in the field of trade agreements, Richberg recommended that an administrative agency be established and "charged with the duty of maintaining the laws against monopolistic and unfair trade practices, but authorized to sanction agreements clearly within the law and within any twilight zone, subject to the rights of public and private objectors to submit a complaint to the administrative commission for a decision which . . . would be subject to judicial review." In short, what Richberg was saying in his anti-trust article was basically the same as what he had said in The Rainbow, with perhaps the only difference being that he was more detailed and explicit in the former case. In Richberg's thinking, the Congress would have to rewrite "the substantive law and procedure to express clearly a national economic policy," establish "an adequately implemented commission to apply and enforce the law against monopolistic and unfair practices," and "establish an administrative agency authorized to apply the legislatively defined policy in encouraging and aiding businessmen to cooperate. . . ."¹²

¹²Ibid., pp. 11-12, 15.

While reiterating the basic outlines and details of the anti-trust program, Richberg, throughout 1937, began to expand on his suggestions in a somewhat different direction. Instead of merely repeating his recommendation for the establishment of an administrative commission, he specifically suggested that the Federal Trade Commission's power be more precisely defined so as to enforce the law against unfair competitive practices and monopolistic agreements. Also, he explicitly recommended that a separate National Board of Mediation, Conciliation, and Voluntary Arbitration, similar to the Board of Mediation created by the Railway Labor Act, be established to handle all matters of collective bargaining.¹³ In Richberg's view, this Board was particularly important because it would be a way of voluntarily eliminating the industrial warfare which had consistently existed between labor and management in the past. Business and labor had to recognize their mutual interest as well as their respective rights and responsibilities in the American economy if planning were to be implemented and this Board would be one way of doing that. Or, to put it another way, Richberg felt that balance

¹³ Donald Richberg, "After the NRA--What?" Address to the Trade Association Executives (New York, January 26, 1937), pp. 3-6, Richberg papers, LC, Box 21; Donald Richberg to the President, February 19, 1937 with attached "Tentative Draft Letter to Business Advisory Council" and "Memorandum" with attached "Resolution of Business Advisory Council," April 8, 1937, FDR papers, FDR Library, OF 1961; Donald Richberg, "The Way to Industrial Peace," New York Times (April 11, 1937), pp. 2-10, Richberg papers, LC, Box 6.

between industry and labor had to be established and this Board could contribute to effecting it.¹⁴ More importantly, he believed that the Board also illustrated that his program was not designed to implement political, governmental planning, but rather to have planning developed through and by the cooperative, voluntary efforts of business and labor. If a planned economy were to be instituted, Richberg was determined to make certain that the government's role would be supervisory and regulatory, not compulsory or autocratic.¹⁵

In the last stage of his campaign, Richberg went even further. Throughout 1938, he again reiterated the principles and specific recommendations he had been making since 1935, but now he also called for the establishment of a permanent Bureau of Industrial Economics within the Department of Commerce. The Bureau would be "authorized to sanction and encourage trade association activities and

¹⁴Donald Richberg, "Labor Tomorrow," Address to the Commonwealth Club of California (April 28, 1937), pp. 3, 5, 8, 10 and Richberg, "Labor on the March," Labor Day Address (Minnesota, September 6, 1937), p. 4 both in Richberg papers, LC, Box 21.

¹⁵Donald Richberg, "Future Federal Regulation of Business," Address to the Ohio Bar Association (January 9, 1937), reprinted in Vital Speeches (February, 1937), pp. 239-240 and Richberg, "New Remedies and New Evils," Dun's Review (April 1937), 6-7 both in Richberg papers, LC, Box 6; Donald Richberg, "National and Local Interests in Retail Trade," Address to the 26th Annual Banquet of N.R.D.G.A. (Pennsylvania, January 21, 1937), pp. 2-3, Richberg papers, LC, Box 21; Franklin D. Roosevelt, Memorandum to Donald Richberg, March 11, 1937 with attached Donald Richberg to Franklin D. Roosevelt, March 25, 1937, FDR papers, FDR Library, OF 3-Q (Commerce Department).

cooperative efforts of businessmen to create more stable conditions of production and employment. . . ." In validating trade agreements and association planning, Richberg believed that the Bureau would also be exercising a vital supervisory role for the government. Industry, in short, would plan while the government would supervise the implementation of the inter-industrial planning.¹⁶ This did not imply, however, that business alone would carry out the planning function. As far as Richberg was concerned, labor would also have to play a role, working with business and government so as to preserve a balance and equilibrium within the decision-making process.¹⁷ All in all, by 1938, Richberg was convinced that his program would create a "harmonized" or "planned" economy and one in which "decentralized democratic planning for the greatest good of the greatest number and decentralized democratic controls

¹⁶Donald Richberg, "Government and Business," Address to Northeastern Lumberman's Association (New York, January 26, 1938), pp. 2, 5, 11-12; Richberg, "Business Cooperation and Regulation," Address to the Washington Trade Association Executives (Washington, D.C., February 9, 1938), pp. 3-4; Richberg, "Responsible Democracy," Address to Drug and Chemical Section, New York Board of Trade (New York, March 3, 1938), p. 14 all in Richberg papers, LC, Box 22; Donald Richberg to Marvin McIntyre, March 16, 1938 with attached "Memorandum of Government and Business Relations," Richberg papers, LC, Box 33.

¹⁷Donald Richberg, "How Sick is Business?" Address to the Pennsylvania Retailers' Association (Philadelphia, May 19, 1938), pp. 7, 9-15 and Richberg, "A Practical Program For the Coordination of Government, Labor, and Management," Address to the National Industrial Conference Board, Inc. (May 26, 1938), p. 5 both in Richberg papers, LC, Box 22.

responsive to the needs of the many . . ." would be fostered and promoted.¹⁸ Unlike those who opposed planning for its own sake or those who felt the traditional atomistic approach to economic problems was the only feasible way to handle the American economy, Richberg believed there was an essential need to plan for America's future and his program was, at least, a step in the right direction.¹⁹

In retrospect, Richberg's "anti-trust" planning program was significant for at least four reasons. First, it demonstrated clearly that he still theoretically defined planning in terms of cooperation, balance, expertise and experimentalism. Secondly, it demonstrated that he had learned something from the NRA experience. Seeing the NRA as a monstrous administrative failure, he felt that the only way to preserve the principles of planning was to approach the problem differently.²⁰ Instead of a massive governmental

¹⁸Donald Richberg, "Oil and Troubled Waters," Address to the American Petroleum Institute (Chicago, November 16, 1938), pp. 2-3 and Richberg, "Government, Management and Labor," Address to the City Club of Rochester (New York, November 12, 1938) both in Richberg papers, LC, Boxes 6 and 22 respectively.

¹⁹Donald Richberg to James Roosevelt, April 23, 1938 with Attached Donald Richberg to Franklin D. Roosevelt, April 23, 1938, FDR papers, FDR Library, OF 277 (Anti-Trust). See Richberg, The Rainbow, pp. 16, 42, 250-256 for his repeated emphasis on the "need" to plan.

²⁰Donald Richberg, "What Happened to the NRA," n.d., pp. 4-8, Richberg papers, LC, Box 8; Richberg, The Rainbow, pp. 44, 75, 175; Richberg, Labor Union Monopoly, p. 35; Richberg, Government and Business Tomorrow, pp. 18, 24.

bureaucracy attempting to implement a planned economy, he suggested that the Congress define the laws governing competitive and monopolistic practices precisely, that the federal government encourage business to form trade associations which, in turn, would write codes incorporating Congressional guidelines, and that the government supervise the whole process not through one agency, but through specific commissions like the FTC and administrative agencies like the one he offered. In this way, he felt that interindustrial planning would be more efficiently carried on since industry itself, working with the government, would carry out the planning function without fear of reprisal or governmental compulsion. Thirdly, the program also demonstrated that Richberg still believed, that if planning were to work, it would have to be implemented voluntarily and in conjunction with business, labor and the government. While business would bear the prime responsibilities, labor would also contribute by promoting and protecting the interests of the average worker. Here, Richberg was simply emphasizing again the mutual interdependence of business and labor as well as the absolute need to create a balance or equilibrium between them before planning could be successfully accomplished. By 1938, his demand for balance was so intense that he tried to explain its importance by characterizing his program as one designed to create a "harmonized" economy. Finally, the program demonstrated that Richberg could be specific

in discussing planning. Where before 1935 he spoke of planning primarily in general, theoretical terms, after 1935 he turned his attention to the practical details so as to preserve the principles he was committed to.

Significantly, Richberg's anti-trust program of 1935-1938 actually represented the culmination of his thinking on planning because, after 1938, he became so concerned with the growth of the union and the government in the American economy that he devoted himself to opposing their every extension of authority. Gradually, Richberg came to believe that the union and the government were becoming so powerful in the decision-making process that they were destroying any chance the United States had to implement a democratically planned economy. By the 1950s, he would even feel that the opportunity had passed, although he himself would not give up. Planning, in Richberg's opinion, meant survival for the United States and, as such, he felt compelled to do everything he could to promote it.

Despite his intensive campaign to convince the President and the Congress to adopt his anti-trust planning program, Richberg was not very successful. Roosevelt, for his part, had already decided by the time of the Schechter decision to pursue his Second New Deal and, later, to turn his attention to the Brandeisian atomistic approach as manifested in the Thurmond Arnold movement of 1938. Although disappointed and somewhat disillusioned by these developments, Richberg, however, did not openly break with

the President. In fact, between 1935 and 1938, he continued to play an "active" role in the New Deal as an unofficial advisor.

After resigning from the NRA in June, 1935, Richberg returned to private law practice. Since he still wanted to play an active role in the Roosevelt administration while at the same time earning enough money to provide him and his family with financial security, he decided to join the Washington law firm of Davies, Beebe, Busick and Richardson as a senior partner. In the long-run, this proved to be a wise decision because it provided him with enough time and money to fulfill his political yearnings.²¹ Even before he formally joined this prestigious law firm, he had contributed his services to his former employer by participating in the 1936 re-election campaign, writing speeches, propaganda literature, and a draft plank for the Democratic platform on the Supreme Court.²² But, it was really in the immediate post-election years that Richberg worked vigorously as an unofficial advisor.

²¹Richberg, My Hero, p. 299.

²²Donald Richberg, Guilty: The Confession of Franklin D. Roosevelt, Written by a Friend; Richberg, "The Townsend Delusion," Review of Reviews (February 1936), 24-27 and Donald Richberg to Franklin D. Roosevelt, "Memorandum regarding Constitutional Issues," n.d. with attached "Concerning the Constitution and the Supreme Court," both in Richberg papers, LC, Boxes 6 and 27 respectively; Richberg, My Hero, p. 204.

From the latter part of 1936 to mid-1938, Richberg served the President in a number of ways. In addition to offering his anti-trust program as a means to resolving the Depression through planning, he helped in drafting Roosevelt's second inaugural address, offered his own suggestions on reforming the Court as well as drafting the final court-packing plan and Roosevelt's announcement of it, and, in January, 1938, successfully arranged a meeting between the President and leading industrialists to discuss their views and specific programs for resolving the Depression.²³ This latter activity, i.e., the conference, was particularly important to Richberg because he felt that Roosevelt and industry were drifting further and further apart and that misunderstanding and resentment could lead to a final rupture. Although the conference did take place, nothing much came out of it. While agreeing with the President's overall objectives, the businessmen present had strong feelings about how they should go about achieving them, preferring trade association-type programs without any significant federal legislation. Roosevelt, for his part,

²³ Bernard F. Phelps to Donald Richberg, October 19, 1956, Richberg papers, LC, Box 4; Richberg, My Hero, pp. 220-225, 282; Clapper Diaries, March 23, 1936 and February 13, 1938, Raymond Clapper papers, LC, Boxes 210 and 8 respectively. See also Richberg papers, LC, Boxes 27 and 33 for a wealth of material on Richberg's role in the court-packing plan. Richberg, of course, supported the court-packing plan. See, for example, Donald Richberg to Raymond Clapper, February 26, 1937, Richberg papers, LC, Box 2.

thought otherwise and, as a result, the meeting ended inconclusively. More importantly, three days later, the President in a press conference attacked holding companies and, then in April, announced his "substantial agreement" with the anti-monopoly views of Senator Borah of Idaho. Roosevelt, in short, had abandoned his former position and decided to turn to atomism. Not surprisingly, Richberg was deeply upset by this and he blamed the "Cohen-Corcoran group" for the President's attitude. What he did not realize, however, was that he was gradually drifting away from the New Deal not only in influence, but also in general principles.²⁴

Essentially, what happened was that as Roosevelt committed the New Deal to promoting the interests of organized labor and to extending the federal government's role in the decision-making process, Richberg was committed more and more to sustaining a balance and/or equilibrium between business, labor and the government. Having developed his planning principles more specifically after 1935, Richberg considered that not only was this balance absolutely necessary, but business would have to play a crucial role in the planning process as well. Superficially, it seemed to him that Roosevelt was undermining the creation of the equilibrium by enhancing the authority and prerogatives of the unions and the government. He also felt

²⁴Donald Richberg to Felix Frankfurter, February 2, 1938, Frankfurter papers, LC, Box 96.

that the President had made a tragic mistake in supporting Thurmond Arnold's anti-trust movement and the TNEC investigations. In both instances, Roosevelt had adopted a strong anti-business attitude and, in so doing, he had alienated the very support he needed to implement planning. Even more important, however, was the fact that Richberg was "unconscious" of his own transformation in thinking.

Representing primarily business clients in his new law firm, he confronted the problems of businessmen every day and was naturally inclined more and more to sympathize with their position. Whether or not he openly admitted it, the fact remained that, by 1938, Richberg, once the champion of organized labor, had become a proponent of business and its viewpoint. Theoretically at least, his transformation was not an inconsistency because he had always been committed to balance in the decision-making process. The only difference now was that, instead of defending labor because it was the under-dog, he now defended business because he believed that the unions and the government were dominant. And, it was not surprising that, from mid-1938 on, he worked vigorously to protect and preserve business' rights in the decision-making process.²⁵ What is surprising, however, is

²⁵ A good example of Richberg's new clientele was the Mexican oil seizure case of 1938. When the Mexican government seized and expropriated American petroleum interests, Richberg became the chief defense authority for Standard Oil of New Jersey, Sinclair Company and the Dutch Shell Company. For a complete discussion of the case, see Richberg, The Mexican Oil Seizure (New York: Standard Oil Company of New

that it took Richberg another two years before he finally refused to support Roosevelt any longer.

In the presidential election of 1940, Richberg found himself in a quandary. On the one hand, he realized that he was no longer in sympathy with the Rooseveltian New Deal and the directions it was taking, especially in its regard towards his suggestions for revitalizing planning in the American system.²⁶ On the other hand, however, he was still hopeful that Roosevelt would eventually reject the "Cohen-Corcoran" approach to economic problems and adopt his.²⁷ To make matters worse, Richberg recognized that, in order for Roosevelt to follow his recommendations, he (Roosevelt) would have to seek a third term. It was a confusing situation which Richberg resolved in a typically ambiguous way. Since he could not, in good conscience, agree to Roosevelt's breaking the two-term tradition and

Jersey, 1940) and My Hero, pp. 248-267. At least one person realized how much Richberg was affected by his new business clientele, David Lilienthal. See Lilienthal, The Journals of David Libenthal, vol. I, pp. 104-106 where Lilienthal observed that Richberg "was obviously affected by his present business clients in his thinking," although he (Richberg) refused to admit it.

²⁶ Donald Richberg, "The Monopoly Issue," University of Pennsylvania Law Review 87 (February 1939), 3-4, 12-15, Richberg papers, LC, Box 6.

²⁷ Donald Richberg, "Political Misfits," The Botanist (May 11, 1939), Richberg papers, LC, Box 22. Although Richberg spoke of the need for thoroughly-trained politicians in Washington, he seemed to have implied that the Cohen-Corcoran group was not what he would consider professional politicians.

since he no longer supported the Democratic party, he decided to vote against Roosevelt's re-election, while simultaneously contributing to the President's campaign. On election day, moreover, he wrote a letter to Wendell Wilkie expressing his dislike of "the left-wing New Dealers" and his admiration for Wilkie who was fighting for unity, "governmental promotion of business, national defense and expertise in government."²⁸ In one stroke, Richberg had voted his personal approval of Roosevelt the man, his disapproval of the New Deal, and his admiration for Wilkie and his programs. More importantly, by acting this way, Richberg left his options open because he could still offer his services to Roosevelt if the President needed him. And, as American entry into World War II approached, Richberg was convinced that his services could conceivably be utilized.²⁹

For Richberg, the Second World War was a time of frustration and disappointment. It was frustrating in the sense that, despite his repeated offers to serve the

²⁸ Donald Richberg, "Why No Third Term?" Forum and Century CLL (August 1939), 61-65 and Donald Richberg to Wendell Wilkie, November 4, 1940 both in Richberg papers, LC, Boxes 6 and 2 respectively; Lilienthal, The Journals of David Lilienthal, p. 190.

²⁹ After 1935, Richberg was consistently offering his services to the President. By 1939, he was even suggesting that he could be of some use to Roosevelt in revising the neutrality laws! See Donald Richberg to Franklin D. Roosevelt, September 16, 1939 attached to Donald Richberg to Missy LeHand, September 16, 1939, Richberg papers, LC, Box 2.

President in the war effort, nothing actually materialized. He was not appointed to any official war-post or agency nor was he even seriously considered for one.³⁰ Also, his ideas on mobilization, which he devised in 1940-41, did not receive any favorable response from the President. Specifically, Richberg had recommended that Roosevelt mobilize the American economy in such a way that the war effort would be continuous and efficient. To do that, he suggested the President first recognize the need to free management from restraint upon all cooperative activities, the need to give labor the right to organize but not to use force in its dealings with industry, and the need to set up a national institution for research and long-term planning. In Richberg's thinking, any effort to mobilize the economy would have to develop permanent machinery for cooperation during and after the war. A National Security Act, for example, could be passed by the Congress giving business the right to coordinate all war-related activities and

³⁰ Donald Richberg to Stephen Early, May 28, 1941, FDR papers, FDR Library, PSF: DR; Richberg, My Hero, pp. 273-275. In My Hero, Richberg claimed that Rosenman had contacted him in the summer of 1942 to see if he would be willing to head a war-related commission. Richberg, of course, said he was. But, apparently, nothing happened because Rosenman subsequently informed Richberg that the commission he was to head was integrated with another. Richberg believed, however, that Sidney Hillman objected to his appointment so seriously that the President withdrew his offer. Although no evidence exists to verify Richberg's story, it seems that he exaggerated Rosenman's suggestion and accused Hillman unnecessarily. By 1942, Richberg was neither that important nor influential in the Roosevelt administration.

allowing business to set up councils for the vital industries which would plan and supervise the productive process. This did not imply, however, that the government would not play any role in the economic system. Rather, Richberg thought that the government would supervise the entire process to make certain that war production was continuous. If it was not, then, he suggested that the government exert a compulsory authority in the economy to assure America's survival.³¹

As a first step in implementing this program, Richberg recommended that the President start by making the federal government itself a more efficient operation. To do so, he suggested that a "Committee on Waste Motion" be set up to conduct a review of what the government and its agencies were already doing, to suggest policies which would facilitate governmental efficiency, and to determine the size, composition and authority of an enforcement board which would be responsible for implementing whatever policies the President decided were necessary to make the government more efficient. Also, Richberg felt that the President could begin his own program by expanding and simplifying the activities of cabinet departments and

³¹Donald Richberg to Franklin D. Roosevelt, June 26, 1940, Richberg papers, LC, Box 2; Richberg, "Security Without a Dictator," New York Times Magazine (January 28, 1940), 7, 11-21 and Richberg, "Industrial Defense Without Dictatorship," New York Times Magazine (June 30, 1940), 9, both in Richberg papers, LC, Box 6.

federal agencies so that wasted energy and duplication of effort could be eliminated. In Richberg's opinion, the sooner the government reorganized itself the better because, if his voluntary cooperative program did not work, then, the government would have no choice but to assume more authority and compel industry and labor to meet war production schedules. In times of crisis, there was no doubt in his mind that the survival of the country was of the utmost importance and any methods used to effect that survival would be justified in the long-run.³²

In retrospect, what Richberg was saying here was that business should run the economy with the government serving in a supervisory role. Like the War Industries Board of World War I, he believed that industrial councils, along with a federal bureau of information, could assure the United States of an efficient war effort. However, if this did not happen, if voluntary efforts on the part of business, labor and government failed, there would be no choice except governmental direction and operation of the economy. In case that should happen, moreover, the government would have to be prepared to take on the added

³²F.D.R., Memorandum to Donald Richberg, December 12, 1941, with attached Donald Richberg to General Edwin Watson, December 11, 1941, with attached "Memorandum for the President," with attached Donald Richberg to "Mac," January 9, 1942, with attached "Memorandum," all in FDR papers, FDR Library, OF 1961; Donald Richberg to Ugo Carusi, December 15, 1941 with attached "Memorandum for the President," Richberg papers, LC, Box 33.

responsibilities and, for that reason, Richberg suggested a reorganization. But, in suggesting reorganization and "governmental preparedness," Richberg was not implying that the government would continue its direction of the economy once the war ended. In fact, he felt that once the crisis was over, business again, in conjunction with labor, would assume the responsibility for operating and planning the economy. In the American system of democracy, there was simply no other way and Richberg tried to make certain that the President understood that.

Although nothing materialized in regard to his suggestions, Richberg did not completely abandon his mobilization scheme. From 1942 to the end of the war, he used his proposals as a basis for a broader and more comprehensive business-labor program. Since he was already committed to balance within the decision-making process and since he saw balance as an absolute prerequisite for planning, he went on to clarify what he thought was necessary to make that balance a reality. And, the way he did that was to define the role of labor and business in the American economy, especially for the post-war period.

For the duration of the war, Richberg believed that both business and labor would have to put their self-interest aside and concentrate on contributing their products and services to America's war effort. In practical terms, he emphasized that this meant that each would have to recognize the rights and responsibilities of the other. Management,

for example, would have to have "unquestioned authority to make all immediate decisions" and all its orders would have "to be obeyed without delay, if supreme efficiency is to be obtained." Labor, on the other hand, would have the "unquestioned right to insist on exercising a measure of control over management . . ." as well as the right to protect and promote the rights of the workingman. If both labor and management agreed to these basic principles, then, the government's role in the entire process would be to make certain that each side cooperated with the other.³³ However, Richberg also felt that labor's responsibilities went a little further.

In defining labor's responsibilities, Richberg explicitly demanded that everything possible be done to prevent the unions from controlling the economic system and from exercising an undue influence over business and government. To accomplish that, he suggested that the National Labor Relations Act be strictly enforced, that mediation and arbitration boards be established in all industries vital to national defense, that the government create a labor board to act in all industrial disputes, and that an intelligence agency be set up to keep watch of all labor subversives. More importantly, he felt that unions would have to be prevented from demanding higher wages

³³ Donald Richberg, "Will Labor Lose the War?" Saturday Evening Post (April 18, 1942), 2 in Richberg Papers, LC, Box 6.

unless, at the same time, worker productivity increased. Wages, hours, and working conditions, in fact, would be handled much better if an impartial public authority set ceilings on such things as wages and prices. In the war crisis, ceilings would probably prevent the outbreak of reckless, useless strikes and, in Richberg's thinking, that was of the utmost importance.³⁴ All in all, what Richberg was calling for was the use of collective bargaining procedures if they could work, but with certain restrictions especially in vital defense industries. Also, if such procedures did not prove fruitful, he believed machinery for mediation and arbitration should be set up so as to insure a continuous war effort. In Richberg's thinking, labor's role in the war was critical and every effort had to be made to make certain that labor fulfilled it. To allow labor too much authority and influence during the war could create serious problems in the future. And, after

³⁴Donald Richberg to Harry Hopkins, April 3, 1941 with attached Memorandum on Labor and National Defense, FDR papers, FDR Library, OF 1961; Richberg, "Labor Needs Definite Laws," The San Francisco News (January 4, 1944), 1, "Superior Rights for Inferiors," Commercial and Financial Chronicle (August 17, 1944), "How to Get More Employment," Commercial and Financial Chronicle (July 19, 1945), 1 all in Richberg papers, LC, Box 6; Richberg, "How to Prevent Strikes," Address to Chicago Association of Commerce (October 31, 1945), 1 and "Should Congress Establish a 48 Hour Work Week Before Acting On a Compulsory Service Program?" Human Events (1945), both in Richberg papers, LC, Box 23.

the war ended, there was little doubt in his mind that that was exactly what happened.³⁵

While Richberg campaigned for stricter supervision of unions during and after the war, he suggested a different program for business. Although not as specific as his labor proposals, he did recommend that business create a new public relations image vis-à-vis the federal government and organized labor. In his thinking, this meant that business would have to assume its responsibilities in implementing a democratic form of planning by cooperating with the government and by recognizing the rights of organized labor. If business refused to cooperate or work with labor, he feared that the government would then assume more authority in the decision-making process and that organized labor would exert more and more influence over industrial relations. More importantly, Richberg warned that if this should happen, if the government assumed more authority, then, the American competitive system would be destroyed and a socialistic, autocratic form of society would result. Rather than have this happen, he hoped that business would do everything it could to establish a "New America" where business, labor, and the government would cooperate and strive to sustain America's democratic system

³⁵Donald Richberg, "A Labor Peace Program: How Can Our Government Fulfill Its Primary Duty?" Address to the Economic Club of Detroit (September 24, 1945) reprinted in Vital Speeches (October 15, 1945), pp. 15-18, Richberg papers, LC, Box 23.

through a more efficient, modern, and "planned" economy. America's survival, in fact, depended on it or at least that is what Richberg himself believed.³⁶

Although repetitious and somewhat general, Richberg's business-labor program as formulated during the war years was still significant for a number of reasons. First of all, it demonstrated that Richberg still defined planning in terms of cooperation and balance and that he still felt business had to assume most of the responsibility for implementing it. Also, the program demonstrated that, although he was willing to accept a greater role for the government during the war years especially in terms of industrial disputes, he did not want this to happen after the war ended. Once peace was restored, he demanded that business be allowed to implement planning, that labor unions be restricted in their authority, and that the government simply supervise the entire voluntary process. And, finally, his program demonstrated that he felt organized labor was already becoming too powerful and dominant, thereby upsetting the balance needed to effect planning. Labor had to be regulated in the same way business had to be during the 1920s. The only difference now, however, was

³⁶Donald Richberg, "Competition Must Be Preserved," Address to Sales Executive Club (February 1, 1944) reprinted in Vital Speeches (April 1, 1944), pp. 363-367, Richberg papers, LC, Box 22; Richberg, Government and Business Tomorrow: A Public Relations Program, pp. xiii-xv, 1-6, 11-15, 23-45, 54-58, 74-78, 90, 103, 110, 123.

that Richberg feared the government would continue to encourage the unions in their quest for power and influence. Such a development had to be prevented at all costs and Richberg naturally felt that he could help in doing that. Once the war ended, therefore, he devoted himself to campaigning against "labor union monopoly" and "creeping socialism" in government in every possible way.

In much the same way as the war years, Richberg found the post-war years disappointing and disillusioning. From 1945 until his death in 1960, he continued to campaign for what he believed was necessary to salvage the American way as well as for what he thought was essential to making the United States a safe, secure and prosperous nation. Writing prolifically and speaking in public at every opportunity, he emphasized the same fears and hopes which he had consistently been expressing--the dangers of "labor union monopoly," the destructive growth of welfarism in government, and the absolute need to implement planning by first re-establishing an equilibrium in the economic decision-making process. Although he strove vigorously in his efforts, he would fail in the end to convince those in power that his ideas were worthwhile and important and, as a result, he would become more and more disappointed with the American political leadership and more and more disillusioned with the American system of government as it developed in the late 1940s and 1950s.

In 1947, Richberg, at the age of 66, went into semi-retirement in terms of his law practice. Although he still remained a member of the Davies firm and although he still continued to argue cases in court, he did not carry as heavy a load as he had done in the past. Instead, he began to devote his new found-time to other things, such as serving on the Board of Trustees of American University, joining a Task Force of the Commission on Organization of the Executive Branch of the Government under former President Herbert Hoover, getting involved in committee work for the University of Virginia's Institute for Public Affairs, and lecturing as a visiting scholar at the University of Virginia Law School.³⁷ More importantly, he devoted more and more of his spare time to writing on questions and problems which interested him, especially the growth of the union and the problems it posed for the country.

In his articles and pamphlets for scholarly journals and newspapers as well as in his speeches to business groups and associations, Richberg did not say much that was different from what he had already begun to argue during the war years. In discussing the growth of organized labor, he continued to attack labor leaders for exerting too much power, demanded that every peaceful means available be used to settle labor-management disputes so as to avoid

³⁷Vadney, pp. 198ff.

costly strikes, and argued that the government should stop advancing the unions' interest through favorable labor legislation. There was little doubt in his mind that the government, especially during the Second World War, had helped the union immensely by advancing unionization through the War Labor Board and by adopting the Little Steel formula and "maintenance of membership" provisions in contracts. All this had to end now, the government had to stop protecting and promoting the unions' demands for closed shops, unreasonable wage increases, and unjustifiable improvements in working conditions. In Richberg's opinion, unions had grown so much that they now used extortion, picketing, violence, and conspiratorial coercion to get workers to join unions and to force employers to do what they wanted. Whenever management refused to do as the unions demanded, they would call strikes which were disastrous in the long-run, especially in such vital areas as public utilities. Richberg felt that this had to be stopped primarily by forcing labor to live within the law and by passing legislation to settle strikes by voluntary mediation and/or compulsory arbitration if necessary. Also, he believed that the anti-trust laws had to be revised in such a way that unions would be made subject to "monopolistic practices" and regulations. Unless that were done and done soon, he warned that the unions would continue to grow and continue to dominate the American economy, thereby

destroying whatever opportunity existed for establishing a balance within the decision-making process.³⁸

At the same time he called for these changes, Richberg also made it a point to do something about them concretely. Privately, he contributed his services to working on legislation which he hoped would curtail the unions' powers, such as legislation revising the Wagner Act and incorporating the principles of the Ball-Hatch-Burton bill. The latter was particularly important because it was very much in line with Richberg's own thinking.³⁹ A product

³⁸Donald Richberg to D. B. Robertson and Bert Jewell, February 25, 1949, Richberg papers, LC, Box 2; Richberg, "The Need for a New Labor Law," Washington News Digest IV (March 1946), 2, Richberg papers, LC, Box 7; Richberg, "Where is Organized Labor Going?" Address to Rotary Club Luncheon (Washington, D.C., February 27, 1946), pp. 1-2, "Ups and Downs of Labor Law," Address to Ohio State Bar Association (Columbus, May 17, 1946), pp. 2, 4, 13, "A Practical Program for Industrial Peace," Address to Rotary Club of Chicago (May 21, 1946), pp. 1, 4, 8, 11, "Labor Must Live Within the Law," letter, Richberg to William Hardwith, July 1, 1946, "Economic Puzzles in the Labor Problem," Address to Business Economists (Atlantic City, September 28, 1946), pp. 3, 5, 8-9, "Essentials of a Government Labor Policy," Address to the 13th Annual Midwest Conference on Industrial Relations (Chicago, October 18, 1946), p. 5, and "Legislation for Industrial Peace," Address to Harvard Law School Forum (Massachusetts, March 14, 1947), all in Richberg papers, LC, Box 23; Richberg, "Must We Control Bigness in Labor?" The Commercial and Financial Chronicle (June 2, 1949), "What is a Free Economy?" Address to Annual Meeting of the Public Relations Society of America (New York, December 6, 1949), pp. 1, 7, and "Where Labor is Heading," Address to University of Chicago Law School (April 8, 1952), all in Richberg papers, LC, Box 24.

³⁹Richberg had never been a supporter of the Wagner Act, feeling that it gave unions too many rights with little or no responsibilities. See, for example, Donald Richberg, "Suggested Amendments to the National Labor Relations

of a small group of lawyers, businessmen, and public officials which eventually organized into the Committee to Promote Industrial Peace, the bill was designed to settle strikes first by collective bargaining procedures and, if that failed, by voluntary mediation and arbitration except in cases where vital public services were involved. Should a dispute arise in a public service area, the bill then provided for compulsory arbitration. Similar in many ways to the Railway Labor Act of 1926, the Ball-Hatch-Burton bill was significant because it served as a basis for the more restrictive Taft-Hartley Act passed by Congress in 1947.⁴⁰

Although Richberg was disappointed that the Ball-Hatch-Burton bill was not enacted by Congress, he found some solace in Congress' passage of the Taft-Hartley bill. Despite the fact that he himself did not play an important role in formulating the bill, Richberg did support it publicly once it was introduced. More importantly, after Congress passed the measure, he defended it and criticized

Act of 1933," n.d., Richberg papers, LC, Box 43 and Richberg, My Hero, pp. 299-300.

⁴⁰ Donald Richberg, Letter to the Editor, Washington Post (July 4, 1945), Richberg papers, LC, Box 6; Richberg, "The Proposed Federal Industrial Relations Act," Political Science Quarterly LXI (June, 1946), 189-204, Richberg papers, LC, Box 7; Richberg, "Freedom from Dictation: Background and Purpose of the Federal Industrial Relations Act," Address to Associated Industries of Cleveland (August 15, 1945), pp. 2, 5, "How Can Labor and Management Avoid Strikes?" letter, Richberg to A. J. Megrik, October 1, 1945, both in Richberg papers, LC, Box 23.

Truman's refusal to sign it. In his opinion, the Act was a step in the right direction because it would help create better labor-management relations by its reliance on voluntary efforts to settle industrial disputes and because it prevented the unions from endangering the public welfare by its reliance on a "cooling-off period" in cases where the public interest was involved.⁴¹ By forcing the unions to work within the economic system, Richberg believed the Taft-Hartley Act was a distinctive advance towards industrial harmony and peace. In a similar vein, he believed legislation complementing and supplementing the Taft-Hartley Act had to be devised and implemented. Here, he specifically referred to state right-to-work laws which curtailed the unions powers over potential members by giving each individual worker the right to decide whether or not he would join a union. In Richberg's thinking, such legislation was very much in line with America's democratic traditions as well as in line with the spirit of curtailing the overwhelming power of organized labor. Also, this was

⁴¹Donald Richberg to Herbert Elliston, April 8, 1948, Richberg papers, LC, Box 2; Donald Richberg to Mr. Hutchinson, April 6, 1949 with attached "What's Wrong With the Taft-Hartley Act?" Richberg papers, LC, Box 7; Donald Richberg to Herbert Elliston, June 10, 1947 with attached Memorandum and Richberg, "Changing Labor Relations," Address to Annual Meeting of American Drug Manufacturers Association (Virginia, June 12, 1947), pp. 4 and 11, both in Richberg papers, LC, Box 43.

another way of creating balance and, for that reason, he worked vigorously to have right-to-work laws passed.⁴²

Despite the time and effort Richberg expended in attacking organized labor, he did not concentrate all his attention in this one area. In addition to his anti-union campaign, he also devoted much of his energy to attacking the growth of welfarism in government. To him, the "creeping socialism" of the New Deal-Fair Deal variety was simply unacceptable since it infringed on the individual's rights and expanded the government's authority unnecessarily. He was particularly upset with Truman because he felt that he was the most responsible for this development. In his programs for health care and medical insurance, social security benefits, farm parity subsidies, and even civil rights, Richberg argued that Truman was making the federal government responsible for everything, thereby undermining the basic American character. In many respects, such social welfare programs were simply "Communism watered down for amateur consumption" and, as such, inherently dangerous. At all costs, Richberg emphasized that they had to be eliminated. More importantly, like the growth of the union, he was convinced that the growth of governmental

⁴² Donald Richberg to Cecil B. DeMille, August 21, 1950, Richberg papers, LC, Box 3; Donald Richberg, Testimony Before the Committee on Education and Labor, U.S., 80th Congress, Second Session Pursuant to H.Res. 111: "Right to Work," May 11-12, 1948, pp. 37-59, Richberg papers, LC, Box 43.

responsibility in the economy further endangered any possibility that balance within the economic system would be established and, of course, without that balance, planning would be impossible.⁴³ At times, Richberg was so upset by the growth of governmental authority that he even despaired that planning would ever materialize.⁴⁴ Usually,

⁴³Richberg's attacks on the growth of the government were just as abundant as his attacks on the unions. See, for example, Donald Richberg to Gerard Swope, March 14, 1949, Richberg papers, LC, Box 2; Donald Richberg to Senator Wherry, August 16, 1950, Richberg papers, LC, Box 3; Donald Richberg to William Elliot, December 7, 1949, Richberg papers, LC, Box 35; Donald Richberg to B. E. Hutchinson, April 18, 1950 and Donald Richberg to Mark Jones, September 19, 1950 both in Richberg papers, LC, Box 36. For Richberg's public attacks on the government, see Richberg, "Constitution is Ignored in Civil Rights Hysteria," The Sunday Star (January 4, 1948), "Liberalism: What and Where is it?" Address to American University (February 24, 1949), pp. 3-5, "The New Look of the Constitution," The Commercial and Financial Chronicle (August 11, 1949), 13ff., "Big Government . . . And Little People," Address to Law Club of Chicago (December 16, 1949), p. 3, "The Question of the Hour," Human Events VII (January 25, 1950), unnumbered; "Richberg Says When Big Labor and Big Government Join Hands, Socialism Cannot Be Far Behind," Wall Street Journal (July 12, 1950), p. 8, "How Communism is Winning," Human Events VIII (August 1951), unnumbered, all in Richberg papers, LC, Box 7; Richberg, "What is a Fair Deal?" Address to Contracting Planterer's International Association" (Washington, D.C., October 4, 1949), pp. 1-4, 7, "Where Are We Going?" Address to Albany Chamber of Commerce (Georgia, February 2, 1950), pp. 5-8, "Social Progress Without Socialism," Address to Norfolk and Western Annual Better Service Conference (Roanoke, Virginia, April 14, 1950), pp. 2-3, "Pink Promises For Pale People," Address to the Clinical Club of Washington (May 16, 1950), p. 3, "Private Associations Doomed in Welfare State," The Commercial and Financial Chronicle (July 27, 1950), and "Half-Way to Moscow," Address to Wisconsin Manufacturers' Association (Milwaukee, May 15, 1951), p. 8 all in Richberg papers, LC, Box 24; Richberg, My Hero, pp. 301-304, 321-322.

⁴⁴Donald Richberg, "Remarks at Dinner in Honor of Lord Woolton," Address to the Institute of Fiscal and

though, he overcame that feeling and gradually concluded that planning would be implemented once those in power, like Truman, were no longer in office. By 1952, in fact, Richberg was certain that the time had come for that to happen and, as a result, he decided to participate in the presidential election, an election he was certain would represent a watershed in American history.

Although Richberg hoped that an alliance of conservative Republicans and southern Democrats would develop into a strong political force in the election thereby offering the American people a more viable alternative than either the Democrats or the Republicans, he gradually acquiesced to working within the two-party structure.⁴⁵ Initially, he supported Senator Robert Taft of Ohio for the Republican presidential nomination because he believed that Taft was "the safest white hope today" and the only man capable of reversing the government's trend towards socialism. However, when Taft proved incapable of garnering enough support to win the nomination, Richberg then threw

Political Education (New York, June 2, 1950), pp. 1-2 and "Two Top F.D.R. Aids Hit Trend to Socialism," Chicago Daily Tribune (October 4, 1954), both in Richberg papers, LC, Boxes 24 and 15 respectively.

⁴⁵ Donald Richberg, "The Murder of a Candidate," Address to the Annual Meeting of the Manufacturer's Association of Connecticut (New Haven, September 11, 1951) and Donald Richberg to Senator A. Willis Robertson, September 18, 1951, both in Richberg papers, LC, Boxes 7 and 3 respectively. In September, 1951, Richberg joined the Committee to Explore Political Realignment in the hope of forming this new coalition.

his support to Dwight Eisenhower. In his opinion, "Ike," although a political novice, was anti-welfarism, anti-socialist, and anti-Trumanism. Also, he felt that Eisenhower would do much towards sustaining traditional American beliefs and, for that reason, he actively campaigned for him on the local level, serving on the Virginia Democrats for Eisenhower and the Citizens for Eisenhower-Nixon Committees.⁴⁶ Once Eisenhower had been elected, however, Richberg soon realized that, despite all his hopes, "Ike" was not going to meet the expectations he had for him. Although he sustained much of the New Deal philosophy, he was still better than Truman or any other Democrat and Richberg philosophically accepted him for that, supporting Ike's re-election bid in 1956.⁴⁷ With little or no political influence himself, there was nothing else he could do and, as a result, Richberg reverted to his writing and public speaking, concentrating again on the two dangers he saw in the United States--the union and the government.

For all practical purposes, Richberg's writings and addresses were not significantly different from what he had been writing and saying all along. He again attacked

⁴⁶ Donald Richberg to Robert A. Taft, October 12, 1951, Donald Richberg to George Creel, April 5, 1952, and Donald Richberg to George Creel, September 10, 1952 all in Richberg papers, LC, Box 3; Donald Richberg to George Creel, March 1, 1952 and Donald Richberg to George Creel, April 16, 1952, George Creel papers, LC, Box 4.

⁴⁷ Donald Richberg to President Eisenhower, January 4, 1956, President Eisenhower to Donald Richberg, January 23, 1956, Richberg papers, LC, Box 4.

the dangers of "labor union monopoly," warned against the destructiveness of extending the government's authority, and emphasized the need to implement planning by creating an equilibrium within the American economic system. In his articles, pamphlets, speeches, and books, he told the American people over and over that the United States was in dire danger of becoming a socialist society because the unions were too powerful and the government too autocratic. Individualism, states rights, and economic opportunity--these were the values on which the United States rested and the objectives to which the government had to direct its energies. He also emphasized that the only way to preserve America's free enterprise system was by regulating the unions now, not in some distant future. To do that, he strongly recommended that the anti-trust laws be revised and applied to unions, that compulsory unionism be abolished, and that the right to strike be qualified and restricted clearly and stringently. In view of what was going on, there was no other way and Richberg demanded that action be taken immediately before it was too late.⁴⁸

⁴⁸ Donald Richberg to Admiral Ben Morrell, December 14, 1953, Richberg papers, LC, Box 3; Donald Richberg to Ralph McElverney, May 29, 1956 with attached "The Lawyer in Business," pp. 6-7, Donald Richberg to Edward A. Rumely, June 6, 1956 with attached "The Supreme Court and Unionism," Donald Richberg to E. J. Oglesby, July 16, 1956, Donald Richberg to George E. Allen, August 3, 1958, all in Richberg papers, LC, Box 4; Richberg, "Let's Stop Strikes," The Freeman IV (June 14, 1954), 663ff., Richberg papers, LC, Box 7; Richberg, "Backsliding Liberalism," Human Events XV (September 8, 1958), unnumbered, Richberg papers, LC, Box 8; Richberg, "How Shall We Deal With Labor Union

Not surprisingly, at the same time that he warned the American people of the dangers which the unions and the government presented, he also reflected and gave his opinions of Franklin Roosevelt and the New Deal. Although he admired Roosevelt's tenacity and political acumen, Richberg also felt that Roosevelt had been in many ways responsible for the problems which the United States was facing in the 1950s, that the New Deal had been an acceptable political-economic program until the President transformed it into a social welfare bandwagon, and that the basic foundations for a planned economy had been laid in those early days of the NRA from 1933 to 1935. If Roosevelt had only continued to build on those foundations, planning would have been successfully implemented. Unfortunately, however, Richberg believed that he did not and, in failing to do so, he committed a most tragic mistake.⁴⁹ Richberg

Monopolies?" Address to Economic Club of Detroit (September 25, 1955), pp. 5-10, "A Socialist Labor Government," Address to National Association of Manufacturer's (Denver, October 12, 1955), p. 8, "The Prospect of a Labor Government," Address to Annual Luncheon Meeting of Associated Employers (Chicago, April 14, 1955), pp. 1-3, "The Rights and Wrongs of Labor," Address to Annual Meeting of the Industrial Research Institute (West Virginia, April 14, 1953), pp. 1-16 all in Richberg papers, LC, Box 25; Richberg, Labor Union Monopoly, pp. 154-156, and Only the Brave Are Free: A Condensed Review of the Growth of Self-Government in America (Caldwell, Idaho: Caxton Printers, Ltd., 1958).

⁴⁹ Donald Richberg, "Working With the Two Roosevelts," Draft (1958-59), pp. 2, 4, 7, 16, 18 and "Greatness Achieved," unfinished manuscript (1960), chapter 4 both in Richberg papers, LC, Boxes 8 and 17 respectively; Richberg, My Hero, pp. 279-293, 320.

himself had tried to resolve that error by devoting his post-New Deal career to crusading for planning. From the anti-trust program of 1935-1938 to his war mobilization schemes and business-labor programs of the Second World War to his detailed polemics on unions and government in the post-war years, he sought to salvage planning in every conceivable way. Although his crusade would fail in the end and although he would die a "martyr" to his own cause, the fact remains that he was a consistent champion for what he believed planning meant, theoretically and practically. And, in many ways, the same can also be said for his New Deal counterpart--Rexford Tugwell (see Appendix).

Like Richberg, Tugwell also crusaded for planning in the post-New Deal years. Emphasizing the cooperative, experimental and democratic aspects of planning, he also saw it as America's and the world's only hope for survival in the twentieth-century. However, unlike Richberg who developed his post-New Deal planning ideas and programs in terms of an anti-trust program and the re-establishment of an equilibrium within the economic system, Tugwell gradually evolved his thinking along different lines. As he drew further and further away from the New Deal and as he encountered new administrative opportunities through which he could apply his planning proposals, he developed a "philosophy of planning" which was more sophisticated and complex in its theory and details than what he had been saying prior to and during the New Deal. Tugwell the New

Era economist, Brains Truster, and New Dealer, in short, transformed into Tugwell the planner in theory and practice. And, in so doing, he differentiated himself almost completely from the former New Deal planners like Donald Richberg.

In December, 1936, just a few weeks before his resignation as director of the Resettlement Administration took effect, Tugwell published an article indicative of his hopes and fears for planning in the United States. Arguing that the "immediate problem" confronting the United States was how to develop and implement planning, he made it clear at once that the doctrinaire, "economic council" type of planning proposed by many inside and outside of administration circles was a naive approach to a major public policy. Not only would a central economic council form of planning prove fruitless, but it also would betray "a lack of familiarity with the American spirit," a spirit which Tugwell believed might lack discipline and logic but "which makes up for that by vigor and forthrightness." More importantly, he was convinced that such a program demanded the "suppression of dissent" and the "abandonment of democracy" because, like all doctrinaire systems, "it seems to operate better [when] there is no criticism." Instead of monstrous, dictatorial economic councils, Tugwell proposed that any program seeking to implement planning within the American system rely exclusively on cooperation and experimentalism. In the industrial sector of the

economy, for example, this meant that American businessmen would have to bear the primary responsibilities for planning. They would have to recognize that inter-industrial planning is more important than intra-industrial planning, that the consumer must be considered in all their programs, and that the public welfare, and not private profit, is the goal for which they would be striving. They would also have to recognize that only by cooperating with the government could they be successful in implementing a planning program. If they did recognize this, if they agreed to cooperate with each other and with the government, then, Tugwell believed "everything will be easy." But, if business continued to refuse to fulfill its public responsibilities and obligations, trouble would follow. In light of Roosevelt's re-election mandate, business simply had no choice--either it implemented planning in the way it should or else the federal government would extend its powers in a way never before known or considered. In a similar vein, Tugwell emphasized that agricultural planning would have to be implemented by both the farmer and the government. Since the AAA and the RA already had started the process, he recommended that this approach be continued. More importantly, he felt that the government would have to play a more active role by transforming the unprofitable lands in the country into reserves, by resettling farmers on more productive lands, and by helping the tenants and sharecroppers in every possible way. If industrial planning

were to succeed, Tugwell concluded, agricultural planning would have to complement and balance it and his recommendations were one way of doing that.⁵⁰

In retrospect, what Tugwell was saying here was pretty much what he had been saying prior to and during the New Deal. He still defined planning in terms of cooperation, experimentalism, and industrial-agricultural equilibrium. Also, he still considered planning as applicable to the American democratic system since its implementation depended upon business and government in the industrial sector of the economy and farmers and government in the agricultural. Although he preferred having the government play a supervisory role in both cases, he was still not averse to extending the government's authority if necessary, especially in regard to business. As far as Tugwell was concerned, planning was very much alive in 1936 and still dependent on business, labor, farmers, and the government for its successful implementation. Cooperation and experimentalism--these were the keys to success and he was hopeful that they would eventually prevail in effecting planning in the United States

In many ways, it was this optimistic attitude on his part which explained why Tugwell proposed his Industrial Adjustment Act immediately after the Schechter decision, why he supported the Ezekiel Plan for Industrial Expansion in

⁵⁰Rexford Tugwell, "The Future of National Planning," New Republic LXXXIX (December 9, 1936), 162-164.

1936, and why he worked so vigorously to have the Resettlement Administration transferred to the Department of Agriculture before his resignation took effect.⁵¹ It also explained why Tugwell worked so hard throughout the latter part of 1935 and into 1936 to convince Roosevelt of the need to have a constitutional amendment passed which would extend the federal government's power over interstate commerce, "clip" the wings of the Supreme Court, and clearly define the Executive-Congressional relationship in terms more favorable to the President.⁵² In his thinking, the basic foundations for a planned economy had already been laid in the First New Deal and all that was needed now was for Roosevelt to build on them. With his own experimental plans at the President's disposal and in view of the tremendous re-election mandate he received, Tugwell was convinced that the American people would follow and support Roosevelt in his efforts to sustain and develop planning. Despite Roosevelt's refusal to follow his or anyone else's

⁵¹See chapter 5 for a detailed discussion of Tugwell's Industrial Adjustment Act and his support of the Ezekiel Plan. See chapter 6 for a detailed discussion of Tugwell and the Resettlement Administration. Before his resignation went into effect on December 31, 1936, Tugwell had successfully convinced Roosevelt and Wallace to transfer the RA into the Department of Agriculture. In light of the attacks on him and the RA throughout 1936, Tugwell believed this was the only way to make certain the RA would survive.

⁵²Rexford Tugwell, Diary-Journal, May 19, 30, 31, 1935 and June 5, 1936, pp. 91, 97-98, 103-104, 106 all in Tugwell papers, FDR Library, Box 14.

suggestions for planning and despite the influence being exerted on the President by the "Frankfurter-Cohen-Cordoran" group, Tugwell still did not give up his optimistic anticipation that eventually planning would be implemented.⁵³ And, even after his resignation took effect in December, 1936, Tugwell still supported the man that he believed would be responsible for it--Franklin D. Roosevelt.

Although confident and expectant that the Rooseveltian New Deal would ultimately succeed in implementing planning, Tugwell returned to private life determined to help the President in this task. Ironically, however, the way he chose to do this as well as to provide for himself and his family was somewhat paradoxical. When Tugwell announced his resignation, he also made it known that, once his resignation took effect on December 31, 1936, he would assume the position of traveling consultant and Executive Vice-President in the American Molasses Company. Of all the New Dealers, no one could have made a more shocking announcement than this. "Rex the Red," "Tugwell, Rex," "Rex, the Sweetheart of the Regimentors," as he had been affectionately known, was about to accept the gray suits, plush offices, and all the other paraphanelia of the big

⁵³ Like Richberg, Tugwell believed that, after the Schechter decision, the Cohen-Corcoran group, expressing the Brandeisian atomistic philosophy, were the ones influencing the President. See, for example, Tugwell, Diary-Journal, May 19, 1935 and Diary (Expanded Form), Introduction, p. 16 both in Tugwell papers, FDR Library, Boxes 14 and 19 respectively. This theme was also discussed in chapter 5.

businessman. Superficially at least, it seemed apparent that Tugwell, like many academics, usually said one thing while doing something else. On closer examination, however, such was not the case. The primary reason why Tugwell became an Executive Vice-President for American Molasses is that he simply had nowhere else to go. In view of his stormy career as a New Dealer as well as the vicious attacks the press made on him, Columbia University, his academic home in the 1920s, no longer considered Tugwell a welcomed addition to its faculty. More importantly, since no other university was willing to offer him a position, it was not surprising that he accepted the benevolent offer of his close friend, Charles Taussig, who owned the Molasses Company.⁵⁴ At least for the time being, he was going to sell "Grandma" molasses instead of his somewhat unorthodox, economic programs.

While a "VP" in the big businessman's world, Tugwell continued his efforts to influence Roosevelt on economic policy. In the latter part of 1937, for example, he, along with Adolph Berle and Charles Taussig, arranged several meetings between the leaders of organized labor and big business for the distinct purpose of seeing whether or

⁵⁴ Sternsher, pp. 322-323. An interesting point of information is that Raymond Moley, as early as January, 1936, was worried about Tugwell's future once he resigned from the New Deal. Despite his own disagreement with Tugwellian planning, Moley still felt Tugwell had something to offer economics as well as Columbia University. See Raymond Moley to H. Lee McBain, January 21, 1936, Felix Frankfurter papers, LC, Box 84.

not they could agree on a program to stimulate the economy. If such a program could be devised, Tugwell hoped to then arrange a conference between these people and President Roosevelt. In light of the recurrent unemployment problem and the deepening recession which was beginning to plague the economy in 1937, it seemed to Tugwell that the President could use all the cooperation and help he could get, especially from the business world.

For all practical purposes, the meetings proved to be successful. The conferees, including John L. Lewis, Philip Murray, Lee Pressman, Thomas Lamont, Owen D. Young, Berle, Taussig, and Tugwell, all agreed that the President should institute policies which would provide relief for the unemployed, ease the credit situation for business, help to restore confidence by modifying the tax burdens on business and labor, and relax the anti-trust laws. The conferees also agreed that the railroads should be encouraged to consolidate with other public utilities being expanded and that a large housing program be implemented. If taken together, they all agreed, such a program would stimulate the economy immediately and in a most satisfactory manner.⁵⁵

⁵⁵Rexford Tugwell, "Summary of Conference Meetings," December 24, 1937 and December 30, 1937 both in Charles Taussig papers, FDR Library, Box 30. Apparently, these two summaries were entries in Tugwell's diary which were forwarded to Taussig. Unfortunately, Tugwell's post-1936 papers were closed to this author.

After agreeing on the essentials of the program, Tugwell then arranged a meeting between Roosevelt and the above-mentioned labor and business leaders. On January 14, 1938, only three days after Richberg's business conference with Roosevelt had taken place, the President met with Tugwell and his co-workers. Despite all the anticipation and hopes they all had, nothing significant resulted. Roosevelt, for his part, listened to their suggestions without making any commitments. More importantly, as in the case of Richberg's meeting, Roosevelt subsequently announced his basic agreement with the advocates of anti-trustism.⁵⁶ No longer in sympathy with the cooperative approaches of the Richbergs or Tugwells, Roosevelt decided to endorse the Thurmond Arnold movement and the TNEC investigations. In doing so, moreover, it was not surprising that he disappointed and, in the case of Richberg, alienated many of his former supporters. For Tugwell, however, Roosevelt's anti-trust policy, although disappointing, was not disillusioning. He still believed that the President was at heart a planner and that eventually he would return to that approach. In the meantime, he (Tugwell) would continue to advise him on the policies he believed were essential to America's well-being.

In retrospect, Tugwell's activity in arranging a conference between Roosevelt and the leaders of labor and business was significant because it demonstrated that he

⁵⁶Hawley, pp. 395-398.

was still committed to a cooperative approach in resolving the Depression and in implementing planning. It also demonstrated how much Tugwell had "fallen from grace" vis-à-vis Roosevelt and policy-making. By early 1938, Tugwell was not exerting any influence whatsoever on the President. In a sense, this was a disappointing and frustrating experience for the former Brains Trustee. Yet, in another sense, it was not so bad because, unlike Richberg who refused to support Roosevelt any longer, Tugwell still believed in the President and his potentiality. In spite of his disagreement with Roosevelt on policy then and later, he would always remain a staunch supporter of Roosevelt and his New Deal.

While Tugwell helplessly watched the New Deal revive the old-progressive approach to industrial-governmental relations, a situation developed in which he was again given an opportunity to return to government service. In February, 1938, he was offered by Mayor Fiorello LaGuardia the position of chairman of New York City's Planning Commission. Although accepting the offer meant resigning his Vice-Presidency in American Molasses as well as placing him in the public eye again, he unhesitatingly agreed to LaGuardia's offer and agreed to start working in April, 1938.⁵⁷

⁵⁷Rexford Tugwell, "City Planning Commission," New York Advancing: World's Fair Edition (1939), p. 9; Will Alexander, "The Reminiscences of Will Alexander," p. 633. LaGuardia's offer to Tugwell was not surprising. Having worked with him when he was in the Congress (1932-1933), LaGuardia thought very highly of Tugwell as a planner and an administrator.

As a planning agency, the NYCPC was somewhat unique. Established by the City charter of 1938, it consisted of a full-time chairman and six members appointed by the Mayor with the chief engineer of the Board of Estimate also serving. Technically, the chairman was the head of the Department of City Planning whose purpose was to provide for the improvement of the city and its future growth and development. Its primary duty, moreover, was to prepare and "from time to time modify a master plan of the city" in terms of its physical and aesthetic growth. Also, the Commission had the responsibility of completing and maintaining the City Map (zoning) and preparing an annual capital budget and a five-year capital program. Although broadly-based in its responsibilities, the decisions of the NYCPC were not considered final since they could be overridden by a three-fourth majority of the Board of Estimate. With the NYCPC combining some of the activities and powers of the legislative, executive and judicial branches of government in one agency and with its members supposedly being expert and nonpolitical since their terms of office were twice as long as the mayor's, it was hoped that it would promote and protect the public interest in a more satisfactory way than any other political agency in the municipal government.⁵⁸

⁵⁸Tugwell, "City Planning Commission," New York Advancing, pp. 6, 9; Rexford Tugwell, "Planning in New York City," Planner's Journal (1940), 33-34; Rexford Tugwell, "Implementing the General Interest," Public Administration Review I (Autumn 1940), 32, 34-35.

For Tugwell, serving as chairman of the NYCPC was especially significant for at least two reasons. First, it provided him with an opportunity to see and think about planning in microcasm. Whereas in the 1920s and 1930s he had developed his planning programs for the national level, he now had a chance to develop his programs for the local level. Instead of inter-industrial councils, Industrial Integration Boards, and Industrial Plans for Expansion, he now had to concentrate on zoning regulations, budgets for each year as well as a projected five-year plan, and master plans. Secondly, by serving as chairman, he was also given the opportunity to modify, expand, and correct his theories of planning by actually implementing them. Whether he was dealing with the problems of developing suburbs or re-zoning land in the interior part of the city or even differentiating budgets, he could see what problems were actually involved in implementing planning and, in so doing, he could adjust his own thinking to the realities of political and social life.⁵⁹ Tugwell himself recognized this and he argued that city planning was important because it provided a small test area for a more broader, comprehensive national planning program. Without national planning ultimately, he felt that city planning would not be too important, but, at the same time, he believed that city planning was leading to national

⁵⁹ Rexford Tugwell, "When the USHA Buys Land," New Republic 100 (October 25, 1939), 341-342; Rexford Tugwell, "The Real Estate Dilemma," Public Administration Review II (Winter 1942), 27-29, 33-36, 38-39; Tugwell, "Implementing the General Interest," pp. 42-48.

planning and, therefore, was "useful."⁶⁰ Throughout his chairmanship, then, it is not surprising that he tried to implement his planning ideas and programs in New York as best he could.⁶¹ More importantly, it was while he was in New York that he wrote his most significant works on planning itself. Between 1938 and 1941, he wrote a series of articles which demonstrated his evolutionary progress towards understanding planning on the national level in its theoretical and practical aspects. And, of those writings, the one which stands out the most is "The Fourth Power."

In many respects, "The Fourth Power" was a watershed in Tugwell's thinking. While culminating much of what he had been saying throughout the 1920s and 1930s, it also represented a significant transformation and new direction in his planning philosophy. Not only did he introduce new concepts and utilize a different terminology in discussing planning, but he also suggested new ways of making certain that planning could and would be implemented.

Specifically, Tugwell argued that, as civilization advanced, societal problems became more and more difficult and complex with fewer and fewer people capable of understanding and/or resolving them. In the United States, for

⁶⁰Rexford Tugwell, "Notes on the Bankruptcy of Cities," n.d., pp. 40-46, 53-59, 65-87, Tugwell papers, FDR Library, Box 36.

⁶¹Cleveland Rogers, "The Reminiscences of Cleveland Rogers," Oral History Project, Columbia University, pp. 193ff.

example, technology was causing so many changes in industry and government that the old ideals of competition and conflict were tearing the republic apart with internal struggles. Instead of achieving an economy of abundance, the nation was continually witnessing depressions, economic dislocations, and poverty. In Tugwell's thinking, the only explanation for this was that the United States was not recognizing the inevitable need to cooperate, adopt collective customs, and institute planning. Although susceptible of use by autarchies, Tugwell emphasized that, in the United States, "planning [could] preserve a useful kind of democracy" by sustaining and modernizing it so as to adjust to the technically sophisticated form of societal life.⁶²

Despite what its opponents had said, Tugwell also argued that planning was "not direction when it is at the service of special interests in society; it becomes direction only when it can affect economic divisiveness, becoming a unifying, cohesive, constructive, and truly general force." In practical terms, this meant that business, which had consistently used planning in its operations, had failed to use it in the general interest, thereby making planning a tool of private profit and all its concomitant activities. Production, for example,

⁶²Rexford Tugwell, "The Fourth Power," Planning and Civic Comment II-V (April-June 1939), 2-7.

. . . assisted by special planning has increased until it has caused successively unemployment, malapportionment of income, and stoppage of production--a cycle which has been amazingly shortened in the last four decades. Planning of this sort helped to create surpluses without doing anything to add proportionate income-receivers (or increasing the incomes of existing workers) who might use the product.⁶³

Tugwell also felt that this special-interest form of planning operated "by sacrificing other interests, and eventually, though they may not realize it, at a sacrifice to themselves." This form of planning not only lacked direction, but it also endangered the very existence of the whole society. For obvious reasons, it had to be stopped and replaced by a system of planning which was directive as well as holistic.

To implement such a directional, holistic planning system, however, would not be easy. In view of the dangerous directions which planning had taken in Italy (Fascism), Germany (Nazism), and Russia (Communism), Tugwell believed that an evolutionary method of implementing planning in the United States would have to be adopted. Such a method would have to emphasize the "whole," not the parts, experimentalism, not rigid blueprints, and expertise, not selfish individual interests.⁶⁴ Such a method would also have to devise a "conjunctural mechanism" capable of overseeing and implementing planning. In view of the inadequacy and ineffectiveness of America's tripartite form

⁶³Ibid., p. 8.

⁶⁴Ibid., pp. 8-17.

of government, Tugwell, therefore, recommended that a "Fourth Power" be created to carry out this responsibility.

Unlike the President who is hemmed in by the Senate and dependent upon special-interest oriented administrative agencies and unlike the Congress which is incapable of providing direction for the whole of society and unlike the Judiciary which is hampered by legal precedents, Tugwell believed the Fourth Power would be independent, scientific, and holistically-oriented.⁶⁵ Its members would be chosen on the basis of highly selective qualifications and they would be given terms of office longer than any other governmental official, except the judiciary. Although it would serve as a directional agency, Tugwell did not believe that the fourth power would evolve into a national planning board right away or even at all. Instead, he felt that it would function and grow gradually under a "rigorously fixed procedure of expert preparation, public hearings, agreed findings, and careful translation into law--which are in turn subject to legislative ratification." The public, moreover, would have the right at the beginning and end of the process to either accept the fourth power's findings or not. Since the fourth power would be staffed with experts, it would not concern itself with determining social aims, but rather it would concentrate on devising ways of managing the economy in order to achieve the general aims which the

⁶⁵Ibid., pp. 18-26.

people indicated it wanted.⁶⁶ And, in so doing, it would assure the people that the planning being done was in their interests and not for the benefit of special-interest groups and/or political leaders.

In a similar vein, Tugwell, in other writings, tried to show that it would only be through the fourth power that planning could be successfully implemented. In "The Superpolitical," for example, he argued that politicians and business leaders, by the very nature of their success and the system in which they operated, were incapable of effectively running the economic system. Like the individualist who is willing to sacrifice the interests of others so as to obtain his own objectives, the businessman and political leader in the United States could not envision or understand the "whole" or the need to develop a holistic, conjunctural mechanism to protect and promote all of society's interests.⁶⁷ Even on the municipal level, this was true because no one, whether he be a politician or businessman, could recognize the city as "an emergent" which could be understood only in terms of its behavior.⁶⁸ "The whole configuration--the gestalt--[had] to be accepted as unique and its behavior as fundamental," and, in Tugwell's

⁶⁶Ibid., pp. 27-30.

⁶⁷Rexford Tugwell, "The Superpolitical," Journal of Social Philosophy V (January 1940), 97-114.

⁶⁸Tugwell, "Implementing the General Interest," pp. 34-35.

thinking, that was not yet being done.⁶⁹ On the national level, on the other hand, Tugwell felt that Roosevelt and the New Deal, especially in the NRA, had tried to do that. Although it suffered from many weaknesses as well as from the old Progressives' yearning for business liberty, it was still a step in the right direction because it recognized that "the ideological concomitant of the machine process" centered "in operational wholeness." More importantly, Tugwell argued that Roosevelt himself recognized the need to collectivize, coordinate, and cooperate through planning, but political considerations and obsolete American values prevented him from going any further.⁷⁰ The basic foundations for planning, in short, had been laid and Tugwell hoped that Roosevelt would eventually build somemore, perhaps even in the direction of a fourth power program. In view of the circumstances confronting the United States in the twentieth-century, he believed there was actually no other alternative.

In retrospect, there is no doubt that what Tugwell said in "The Fourth Power" and his related writings was of the utmost importance in his thinking on planning. First of all, they demonstrated clearly that he was still evolving

⁶⁹Rexford Tugwell, "The Directive," Journal of Social Philosophy and Jurisprudence (October 1941), 5-37. Quote is from p. 12.

⁷⁰Rexford Tugwell, "After the New Deal,: We Have Bought Ourselves Time to Think," New Republic 99 (July 26, 1939), 323-325; Rexford Tugwell, "Must We Draft Roosevelt?" New Republic 102 (May 13, 1940), 630-633.

in his understanding of planning theoretically and practically. Although the themes of cooperation, experimentalism, expertise, and coordination still permeated his thinking, they were now being presented in a different terminology and framework. The concepts of the emergent, conjuncture, and institutional lag replaced the more simplistic explanations that he had used in the pre-1939 period. Also, in addition to his new conceptualization of planning, Tugwell added a new dimension in the practical sense. Where he had consistently argued that planning would be effected within the political system prior to 1939, he now changed his mind and recommended that planning be implemented outside the traditional American political realm. The fourth power or fourth branch of government was not only to be independent and separate from the other branches of the American government, but even its personnel would be recruited from the non-political, professional classes of American society. Here, it seems apparent that Tugwell had learned quite a bit from his experiences as a New Dealer and chairman of the NYCPC. And, finally, his writings on the fourth power indicated that Tugwell expected fundamental changes in America's value system to take place before planning could be successfully effected. Although he had always indicated that some changes would be necessary as, for example, in America's adherence to laissez-faire, he now made it explicit just how fundamental such changes would be. Not only would laissez-fairism and individual

ideals be replaced by cooperation and collective values, but even the people's view of the government would have to change to one which accepted and respected the role the "experts" would play in facilitating America's achievement of its goals. In Tugwell's opinion, this did not imply creating an aristocracy of expertise or an elite of professionals, but it did mean placing more trust in those people who knew what to do because the people told them as well as how to do it because that is what they were trained for. In light of the sophisticated industrial system which the United States had developed, there was no other way and, as far as Tugwell was concerned, his "fourth power" program was much more readily adaptable to American democracy than either the compulsory planning system of Communist Russia and/or the autocratic, dictatorial regimes of Fascist Italy and Nazi Germany. It was America's choice and Tugwell felt that, in time, the American people would make the right one.

While Tugwell was confident that the American people would eventually adjust to the discipline of planning, he was not so certain about the leaders and inhabitants of New York. By 1940, he felt that the NYCPC was not working very well because it lacked a sufficient staff to carry out its duties; it depended too much on the Mayor and the Board of Estimate in a political sense; and, it was unable to overcome the inherently hostile structure of the city's government towards planning. Tugwell was so distressed

by what was happening that he even believed that the NYCPC, in its first 2 1/2 years of existence, had not accomplished very much. Theoretically, it had set some valuable precedents, but practically it left much to be desired.⁷¹ In more personal terms, moreover, he felt frustrated and disappointed by this. Although he had tried his best, he had not been very successful and, for that reason, he felt that the time had come to move on. In light of that, it was not surprising that he welcomed the suggestion Secretary of Interior Ickes made about investigating a law in Puerto Rico.

In many ways, Ickes' decision to involve Tugwell in Puerto Rican affairs was not unusual. He knew, for example, that Tugwell had been either directly or indirectly involved with Puerto Rico since 1934 when he traveled there to survey the sugar situation. Afterwards, Roosevelt also consulted the former Brains-Truster on many different aspects of Puerto Rico's economy. More importantly, though, was the fact that Ickes, although he disagreed with Tugwell on many things, still liked him personally and felt that he (Tugwell) was a good administrator. In Ickes' opinion, Tugwell had been unfairly treated by the press while he was in the New Deal and should, for that reason, be given another chance. And, in light of his own

⁷¹Tugwell, "Implementing the General Interest," pp. 37, 39, 49-43, 45-48.

dislike for dealing with territorial affairs, Ickes thought this would be a good way to do that.⁷²

Essentially, Ickes asked Tugwell to investigate the 500-acre law dealing with land ownership in Puerto Rico. Although the law had expressly forbidden anyone from acquiring more than 500 acres of land, many American corporations continued to violate it with impunity, owning substantially larger amounts of land. Tugwell's task was, therefore, to determine how much the law was violated and to recommend a specific program to prevent that in the future. After an exhaustive study and investigation, Tugwell submitted a report with a list of recommendations, all of which suggested a more stringent enforcement of the law and a wider diffusion and distribution of the land among the people of Puerto Rico.⁷³

At approximately the same time Tugwell submitted his report, the reigning Governor of Puerto Rico, Guy Swope, announced that he was going to resign, thereby leaving the Governorship vacant. According to the Organic Act, such a

⁷²Rexford Tugwell, Diary (Expanded Form), March 6, 1934 and Diary-Journal, January 23, 1935, both in Tugwell papers, FDR Library, Boxes 19 and 14 respectively; Tugwell, "The Reminiscences of Rexford Tugwell," pp. 55-56; Tugwell, The Stricken Land, p. 62; Harold Ickes, The Secret Diary of Harold Ickes: The Lowering Clouds, 1938-41 (New York: Simon and Schuster, Inc., 1954), p. 6.

⁷³Tugwell, The Stricken Land, pp. 94-107; Rexford Tugwell, ed. Puerto Rican Public Papers of Rexford Tugwell, Governor (San Juan: Service Office of the Government of Puerto Rico, Printing Division, 1945), pp. 291-347.

vacancy was to be filled by the President of the United States and, since both Roosevelt and Ickes thought Tugwell would be a good choice, they decided to offer him the position. Before the appointment was finalized, however, Tugwell had also been offered the position of Chancellor of the University of Puerto Rico. In August, 1941, he formally accepted the offer while simultaneously agreeing to become Governor as well. By the fall of 1941, then, Tugwell was both Chancellor and Governor, a situation so outrageous to many politicians in Puerto Rico that they eventually forced Tugwell to resign the Chancellorship. Despite his resignation, though, he was still Governor and he was determined to implement some ideas which were designed to reform the territory in its relationship with the federal government.⁷⁴

On taking office, Tugwell was confronted with a unique situation. By 1941, the Populares party, led by Munoz Marin, had successfully launched a political revolution against the large, sugar land-holding classes in Puerto Rico. Desiring to implement broad political, social, and cultural changes, Marin built up a large enough following in the insular legislature to get whatever he wanted. However, like most Puerto Rican leaders, Marin was not

⁷⁴ Harold Ickes to Franklin D. Roosevelt, July 28, 1941 and Franklin D. Roosevelt, "Memorandum for the Secretary of Interior," July 30, 1941 with attached letter, Franklin D. Roosevelt to Mr. Bolivar Pagan, August 7, 1941 all in FDR papers, FDR Library, OF 6-S; Tugwell, The Stricken Land, pp. 108-145.

certain about how to go about this and, as a result, he gradually allied himself with Tugwell. In fact, throughout his gubernatorial term, Tugwell and Marin actually administered many of the changes which the Populares party wanted. Whether it was in civil service, land reform, public financing or legislative-Congressional relations, it was Tugwell who helped Marin to get the changes through in an orderly and efficient manner. What made this feat more impressive was that, as Tugwell and Marin were conducting and implementing the political transformation, World War II was in full progress. Throughout 1942 and 1943, the military situation in Puerto Rico was even quite tenuous, with severe problems developing in food shortages, fuel supplies, and military defense against the freely-roaming Axis submarines. It was to Tugwell's credit that, somehow, Puerto Rico survived the war in tact and even made significant headway in advancing the general standard of living of the Puerto Rican people. More importantly, much of the legislation enacted during the war years is still in effect today not only because the changes themselves were far-reaching, but also because Tugwell was most responsible for their implementation.⁷⁵

⁷⁵Tugwell, The Stricken Land, pp. 148-154, 170-182, 194-220, 228-255; Charles T. Goodsell, Administration of a Revolution: Executive Reform in Puerto Rico under Governor Tugwell, 1941-1946 (Massachusetts, Harvard University Press, 1965), pp. 2, 19-23.

Specifically, Tugwell signed into law a long list of impressive bills, many of which were in line with his own thinking on planning, particularly as manifested in "The Fourth Power." Legislation, for example, was passed which transferred the unreliable municipal water systems to a new Water Resources Authority; a more efficient fire service and park management system under insular control were established; the university was purged of much of its political-orientation; a transportation and communications authority was created; the sugar mills were placed under governmental regulation; a Puerto Rican state guard was set up; a modern budget bureau was devised; and, the Puerto Rico Development Company and the Development Bank of Puerto Rico were also established.⁷⁶ However, of all these accomplishments, the one which was the most significant for Tugwell himself was the Planning Act of 1942.

Originally, the draft planning bill was written by Alfred Bettmann, a member of the National Resources Planning Board in Washington, D.C. In the Bettmann draft, planning boards for all of Puerto Rico's municipalities were set up and given the authority to regulate land-use. The boards, however, were not allowed to prepare fiscal plans nor were their decisions to be considered final since legislative

⁷⁶Tugwell, The Stricken Land, pp. 262-263, 346-352; Rexford Tugwell, "Puerto Rico Also Serves," New Republic 107 (July 13, 1942), 51-52; Rexford Tugwell, "Little Brother's Growing up!" World Week, n.d., 8-9, in Tugwell papers, FDR Library, Box 70; Goodsell, pp. 21-23, 90-139.

ratification would be necessary before their proposals were put into effect. A fairly conventional planning bill, the Bettmann draft seemed to be the best Puerto Rico could hope for, at least in the opinion of those who wrote it. In Tugwell's thinking, however, nothing could have been further from the truth.

When Tugwell received the Bettmann bill, he openly rejected it on the grounds that it was too dependent on the municipalities, that it lacked authority to deal with long-range budgetary planning, and that it was too closely affiliated with the political government. Instead of that, he demanded a bill creating a stronger, more independent planning agency and, for that reason, he decided to write his own. Working closely with his friend, Frederick Bartlett, Tugwell drafted a bill calling for the creation of one central planning agency with total jurisdiction over the island. The agency was to have the authority to plan for and regulate the use of all land in Puerto Rico, the power and obligation to prepare an annual and long-range budget, and the right to be free from any legislative and/or executive interference. To accomplish this latter objective, Tugwell devised a planning board consisting of three men who would serve alternating six-year terms and whose salaries and budgets would be immune from a gubernatorial veto. Also, to make certain that the board's decisions would be carried out, he wrote a provision into the bill which said that the board's programs would be

automatically implemented unless a majority of the insular legislature voted against them. All in all, the Tugwell planning bill, very much in line with "The Fourth Power" principles, was designed to create a "near-perfect" planning agency which was independent, holistically-oriented, and filled with experts.⁷⁷

Although the Tugwell draft was introduced in the insular legislature with Munoz Marin's blessing, by the time the legislators were finished with it, it was quite different from the original. The Puerto Rican Planning Act of 1942, as passed, established a three-man "Puerto Rico Planning, Urbanizing and Zoning Board" with the power to prepare plans for land-use as well as fiscal policy. However, unlike the Tugwell bill, the final law did not give the Board complete jurisdiction over the island nor did it dismiss the possibility of supplementing it with municipal planning agencies in time. Also, the final law did not contain Tugwell's "automatic provision" nor immunity from either legislative and/or gubernatorial veto, especially in budgetary considerations. In effect, the Planning Board, although powerful, was not to be omnipotent and independent from the insular government.

When the final law was sent to the Governor for his signature, Tugwell initially refused to sign it. However,

⁷⁷ Tugwell, The Stricken Land, pp. 256-261; Rexford Tugwell, The Place of Planning in Society (San Juan: Government Service Offices; Printing Division, 1954), pp. 7-14; Goodsell, pp. 144-147.

after considering what the law did accomplish, he acquiesced and placed his name on it.⁷⁸ In the long-run, Tugwell realized that the law was a beginning which could develop into the type of planning that he himself envisioned for the United States as a whole. Time and experience would determine whether or not the Planning Board would be successful and, if it was, it could serve as a model for others to follow. In fact, everything he had done in Puerto Rico depended upon similar criteria. Once the legislation was passed, it would be up to the Puerto Rican people to make certain that these changes were successful. Tugwell, of course, thought they would be.

Despite everything that he and Marin had done, Tugwell was still not finished. He worked hard, during his Governorship and in subsequent years, to have the Organic Act itself revised so that Puerto Rico would no longer be ignored and exploited by the mainland. Changes in this area were of the utmost importance and Tugwell was determined to get them. However, in fighting for those changes as well as for everything else he had done, Tugwell quickly encountered heavy opposition, especially from the landed classes. By 1944-45, he was attacked so bitterly by the "Coalition" that two Congressional committees were sent to the island to investigate. Although nothing detrimental or harmful was found and although Tugwell himself was cleared

⁷⁸Tugwell, The Place of Planning, pp. 14-16; Goodsell, pp. 147-149.

eventually, he decided that the time had come to retire from public service.⁷⁹ In 1946, he, therefore, submitted his resignation to President Truman, thereby ending a long, tedious and significant five years as Governor of Puerto Rico.

In retrospect, there is little doubt that what Tugwell did in Puerto Rico was to apply his planning ideas, especially those of the Fourth Power, in a concrete way. In many ways similar to his actions as an administrator in the New Deal, he translated the theory of planning into actual programs. Whether it was with the Planning Act of 1942, or the various Developmental Authorities, or the budget bureaus, it was Tugwell the practical planner, and not simply the theoretician, who was attempting to demonstrate the feasibility of his programs. And, in so doing, he explicitly demonstrated that he believed that planning could and would work only if it was directional, holistic, and apolitical.

For all practical purposes, Tugwell's resignation as Governor ended his public service career. After 1946, he returned to private life and would remain there even to today. However, unlike his resignation from the New Deal in 1936, he did not go into the business world this time,

⁷⁹Tugwell, The Stricken Land, pp. 426-470, 512-535, 547-560; Rexford Tugwell, "In Defense of Puerto Rico," New Republic 114 (April 15, 1946), 509-512. Tugwell, in subsequent years, kept close watch on Puerto Rico. See, for example, "The View from Puerto Rico," Nation 192 (June 10, 1961), 496-497.

returning instead to his "long-lost" home--the university. No longer involved in the political world aside from a brief, yet frustrating, foray in the 1948 Wallace campaign, he devoted all of his time to being a professor, first at the University of Chicago and then at the London School of Economics, Sanford University and, finally, the Center for the Study of Democratic Institutions. In the long-run, this would prove to be highly beneficial because professorial life provided him with financial security, time for reflection and, most of all, time for writing. In fact, from a publishing standpoint, the post-1946 years were and are Tugwell's most productive.⁸⁰

From 1946 to today, Tugwell has written prolifically on everything from American foreign policy in the Cold War to the failure of American leadership to the passing of America's simplistic life. In all his writings, though, he seems to have concentrated most of his attention on three major themes and/or topics--the bomb, the need for national and global planning, and Franklin D. Roosevelt. Apparently, he seems to think that all of American history as well as its future can be understood primarily through them. Of the three, moreover, the one which he feels is the most important and the one which permeates everything he has done is the bomb.

⁸⁰ Tugwell, The Stricken Land, pp. xvi-xxxi; Rexford Tugwell, "Progressives and the Presidency," The Progressive (April 1949), 5-6.

No other event in American and/or world history affected Tugwell in as profound a way as did the dropping of the atomic bomb on Hiroshima and Nagaskaki in August, 1945. It filled him with anger, disgust, and, most of all, despair. In his opinion, the bomb represented a tragic failure on the part of mankind, the United States, and his own generation to use its creative powers in constructive ways. Instead of technology helping to ease man's life, instead of it facilitating the realization of an abundant life for all people and especially the Americans, it was used to destroy life itself. More importantly, he believed that the bomb only led to other bombs which were more powerful and more deadly. Mankind could now destroy itself a hundred times over anytime it wanted to and, in view of the tensions of the Cold War, there seemed more of a chance that he might do it. Somehow, Tugwell even felt a personal responsibility for the bomb because he had always promulgated the importance of developing newer and more efficient technology. At all costs, however, he felt that this use of technology had to be stopped and, perhaps, the only way to do it would be to create a world government as soon as possible.⁸¹

⁸¹Rexford Tugwell, A Chronicle of Jeopardy, 1945-1955 (Chicago: University of Chicago Press, 1955), pp. 1, 4-5, 9-10, 24, 37-45, 62-63; Tugwell, The Light of Other Days, pp. 12, 111, 192, 230; Rexford Tugwell, Off Course: From Truman to Nixon (New York: Praeger Publishers, 1971), p. 189.

As a practical matter, Tugwell consistently recognized that establishing a world government might be impossible. In order for it to happen, nations would have to give up some, if not all, of their sovereignty; the people of the world would have to think in collective, world terms and not in nationalistic ones; and, international diplomacy itself would have to change radically. Nevertheless, in spite of these difficulties and in view of the ever-growing possibility of world, nuclear war, and effort in this direction had to be made before mankind destroyed itself. And, in personal terms, Tugwell believed this meant joining the Committee to Frame a World Constitution.⁸²

Organized in November, 1945, the Committee consisted of Robert Hutchins, Richard McKeon, G. A. Borgese, Mortimer J. Alder, William E. Hocking, Wilber Katz, James Landis, Charles McIlwain, Reinhold Niebuhr, Robert Redfield, Beardsley Ruml, and Rexford Tugwell. Concerned with the growing tensions existing in the world and the possibility of a nuclear war, its purpose was to devise a tentative constitution for a world government which would attempt to preserve peace and harmony. Meeting frequently throughout the years 1945-1947, it finally completed its task in March, 1948 when it published its "Preliminary Draft of a World Constitution." As its name implies, the draft was

⁸²Tugwell, The Stricken Land, p. xv and A Chronicle of Jeopardy, p. 64; Rexford Tugwell, "Notes on Some Implications of Oneness in the World," Common Cause I (November 1947), 165-172.

only "a proposal," a working document which was suppose to serve as a basis for discussion and consideration.⁸³ Essentially, the draft called for the creation of a federated world government composed of the Federal Convention, the President, the Council and three Special Bodies (a House of Nationalities and States, a Syndical or functional Senate, and an Institute of Science, Education and Culture), the Grand Tribunal, the Supreme Court, the Tribune of the People, and the Chamber of Guardians. Each of the branches and leaders of the government, moreover, had their powers and authority defined, their terms in office determined, and their relationship to one another delineated. More importantly, though, at least as far as Tugwell was concerned, was the creation of a Planning Agency whose purpose was to estimate the needs of the world and to bring world society into accord with its possibilities. The Agency was to consist of 21 members who were to be appointed by the President for terms of twelve years. Their duties, although only briefly sketched, were to envisage income, prepare budgets for expenditure, and pass on all plans "for the improvement of the world's physical facilities" and plans for the productive

⁸³Tugwell, A Chronicle of Jeopardy, pp. 64-65; "Preliminary Draft of a World Constitution," Common Cause I (March 1948), 326-327.

exploitation of resources and inventions.⁸⁴ Through the Planning Agency, it was hoped, especially by Tugwell, that not only would the world's needs be calculated and met, but that the people of the world would eventually attain a higher standard of living.

Although in retrospect the Committee's draft seemed utopian and unworkable, it was still a significant document as far as Tugwell was concerned. First of all, it demonstrated how much the bomb affected him, how much he worried about the world's survival, and how far he would go to assure the continuation of the human race. Also, it demonstrated clearly that he now considered planning feasible on a global scale. Only through a global, "Fourth Power" type of agency could the economic problems of the world be resolved quickly and efficiently. And, finally, by signing his name to the document, Tugwell demonstrated again that he was still evolving in his understanding of planning in the theoretical and practical sense. In committing himself to world planning, however, he did not deny the importance of national planning. In fact, simultaneous with his work on the world constitution, he also wrote quite a bit on planning in the United States.

In all of his writings on planning in the United States after 1946, Tugwell consistently expressed a new

⁸⁴Tugwell, *A Chronicle of Jeopardy*, pp. 68, 134, 141; "Preliminary Draft of a World Constitution," 329-345.

sense of urgency and immediacy about what had to be done. Instead of talking about how "wonderful" planning is, he told American planners to get down to the details of a planning program and work out an implementation procedure now. Although theory is important, he also emphasized that practice is essential. In fact, Tugwell felt that few planners did not know what planning really meant. Most now agreed that,

Planning is no more than scientific appraisal of resources and energies and evolvment of a one-best-way which is embodied in a development plan and budget, together with an outline of ways to proceed.⁸⁵

Most also agreed that planning was simply a way of "trying to bring about a state of nature, a balance between man and his physical world." And, finally, most agreed that the way this would be accomplished would be through voluntarism and not compulsion.⁸⁶ The problem, however, was how to specifically accomplish all this quickly and efficiently. Although he himself never doubted that it would be resolved, Tugwell was worried about how long it would take and, for that reason, he suggested some of his own answers.

In his thinking, the answer lay in the theory of planning itself. Before planning could be implemented, he emphasized that the planner had to recognize that planning

⁸⁵Rexford Tugwell, "The Utility of the Future in the Present," Public Administration Review 8 (Winter 1948), 49 and 56.

⁸⁶Rexford Tugwell, "Earthbound: The Problem of Planning and Survival," Antioch Review 9 (December 1949), 485.

was simply a way of devising means for direction, that it dealt with the "whole organism" in a spatial and temporal sense, and that it relied on scientific and behavioral-psychological techniques.⁸⁷ It had to conceive society as a human being with a collective mind which was trying to survive. In this sense, planning and the Planning Agency was and is,

. . . a coagulator, a putter-together, a conjoiner which brings hopes into focus and promises into possibility, a protector of reason among competing imaginative conceptions, a reducer of vague expectations to measured charts, tables, and maps, a filler-out of strategies with the stuff of tactical reality. It is sometimes a kill-joy; but sometimes also a fulfiller of dreams.⁸⁸

Preciseness was and is its trademark, independence its means to survival, and expertness its vital center. Tugwell also argued that planning and the Planning Agency, by its very nature, was opposed to the way the American government operated. Instead of promoting conflict and special interests, it relied on cooperation and coordination for the general interest of the people.⁸⁹ And, in so doing, it naturally fostered the enmity of the legislative branches

⁸⁷Rexford Tugwell, "The Study of Planning as a Scientific Endeavor," Michigan Academy of Science, Arts, and Letters (1948), pp. 34-48, Tugwell papers, FDR Library, Box 69; Rexford Tugwell, "Wonders May Not Cease," Address to Agricultural Economics Society (July, 1950), pp. 11-13, Tugwell papers, FDR Library, Box 70.

⁸⁸Tugwell, The Place of Planning in Society, pp. 22-38.

⁸⁹Ibid., pp. 48-55.

of the American government. In his thinking, all this had to change--the government had to accept planning and its agencies as well as its philosophy. The American people too would have to accept the collective philosophy with its emphasis on cooperation, coordination and balance. If it did, if the government and the people endorsed planning, then, Tugwell believed the United States would achieve its phenomenal economic potential. But, if it did not, he feared for its very survival.

In evaluating America's past history, Tugwell felt that there was some hope that all of this would happen. The NRA, the National Resources Planning Board, the NYCPC, the Puerto Rican Planning Board, and the Employment Act of 1946 which established the Presidential Council of Economic Advisors were all steps in the right direction, steps which now had to be expanded upon and developed by American planners.⁹⁰ However, at the same time that he saw hope, Tugwell also was worried by what was going on in the United States in the post-World War II period. Not only were business, labor and government getting too big in power and responsibility, but even American political leaders seemed incapable of leading the country effectively. Truman, Eisenhower, Kennedy, Johnson, and Nixon all suffered basic weaknesses in their leadership potential as well as

⁹⁰Tugwell, "The Utility of the Future in the Present," pp. 57-58; Tugwell, The Democratic Roosevelt, pp. 348, 415, 612.

failures in their domestic and foreign policies. Instead of directing the country towards planning and survival, they seemed to be moving the nation towards socialism, nuclear war, and annihilation. At all costs, this had to be stopped and Tugwell felt the only way to do it was to elect another Franklin D. Roosevelt as President and to revise the basic structure of government by rewriting the American Constitution.⁹¹

In his post-1946 writings, there is little doubt that Tugwell almost glorifies Roosevelt as a man and as a leader. Although he continually argued that he (Roosevelt) failed to resolve the Depression, failed to implement planning, and failed to facilitate the acceptance of collectivism, he still believes that Roosevelt and the New Deal accomplished quite a bit. Whether it was in the NRA, AAA, RA, or any other program, it was Roosevelt who was trying to prepare the American people for what had to be done vis-à-vis planning. If he failed, and Tugwell readily admits that he did, it was not because of a personality or leadership defect, but because the opposition to him, especially among businessmen, was too strong or the American

⁹¹In the post-1945 period, Tugwell wrote prolifically on the failure of American leadership at home and abroad. See, for example, Tugwell, A Chronicle of Jeopardy, pp. 81-87, 113-123, 160-163; Tugwell, Off Course, chapters 5-6; Rexford Tugwell, "Letters From Latter-Day Britain," 15-article series, Common Cause (March, 1950-June, 1951); Rexford Tugwell, "The Consequences of Korea," Bulletin of Atomic Scientists (May, 1951), pp. 133-138; "Two Top F.D.R. Aids Hit Trend to Socialism," Chicago Daily Tribune (October 4, 1954), Richberg papers, LC, Box 15.

people were not ready for what he wanted. As a leader, moreover, Tugwell believes that Roosevelt was unique. He was experimental, pragmatic, democratic, compromising, and realistic. Capable of dealing with any crisis situation, he exuded confidence and strength of character to such an extent that the American people elected him four times. In the post-World War II world, no one, no American president could equal him in ability or understanding and, for that reason, Tugwell believes the United States has much to worry about. Until he reappears, until a new "Roosevelt" comes along, the people will have to work alone and try their best to compel their leaders to act in their interest. More importantly, until and even before that happens, Tugwell believes that the United States will have to do something about saving itself through planning. And, the way he suggests is to revise and rewrite the outmoded Constitution which governs our society.⁹²

⁹² Rexford Tugwell, "The Preparation of a President," Western Political Quarterly 1 (1948), 131-153 and "The New Deal in Retrospect," Western Political Quarterly 1 (December 1948), 373-385; Rexford Tugwell, "The New Deal: The Progressive Tradition," Western Political Quarterly 3 (September 1950), 390-427; Rexford Tugwell and E. C. Banfield, "Grass Roots Democracy: Myth or Reality?" Public Administration Review X (Winter 1950), 47, 49, 53-54; Rexford Tugwell, "The New Deal: The Decline of Government, Parts I and II," Western Political Quarterly 4 (June and September 1951), 295-312, 469-486; Rexford Tugwell, "The New Deal: The Rise of Business, Parts I and II," Western Political Quarterly 5 (June and September 1952), 274-289, 483-503; Rexford Tugwell, A Chronicle of Jeopardy, pp. 18ff. and The Stricken Land, pp. 442, 679-682; Tugwell, The Democratic Roosevelt, pp. 270-474; Tugwell, The Light of Other Days, pp. 240-241; Rexford Tugwell, The Enlargement of the Presidency, pp. 390-456; Tugwell, The Brains Trust, pp. 520-522; Tugwell, Off

Since 1939 and especially since 1946, Tugwell has consistently argued that the American Constitution has to be updated to coincide with the realities of twentieth-century American life. A product of the eighteenth-century, it has little or no relevance for the twentieth-century. More importantly, Tugwell believes that the Constitution, by establishing the tri-partite form of government in existence with all its checks and balances, has continually served as a major obstacle to the implementation of a "planned economic system." It was the Constitution which sustained the American value system of laissez-faire, which blocked Roosevelt in his efforts to implement planning, and which today prevents a national planning agency from being created. In what it has done and continues to do, moreover, Tugwell feels it deprives the American people of achieving their economic potential. For that reason, therefore, it has to be changed and made more flexible.⁹³

Specifically, he recommends that the new Constitution create the "United Republics of America." Each republic,

Course, pp. 3-166; Rexford Tugwell, In Search of Roosevelt, chapters 3, 4, 6. Arthur Schlesinger, Politics of Up-heaval, pp. 650-651 has noted an inconsistency in Tugwell's writings on Roosevelt. Specifically, it entails his saying Roosevelt was a collectivist in some places, while, in others, he calls him a traditional progressive. Although this is apparently true, this author agrees with Sternsher that, generally speaking, Tugwell's primary interpretations of Roosevelt have been consistent. See Sternsher, pp. 121-139.

⁹³Tugwell, "The Fourth Power," pp. 19-23, "The Directive," p. 24, "The Decline of Government, Part I," pp. 470-479, and "The New Deal: The Rise of Business, Part II," pp. 484-486, 491-493.

numbering "no less than 5 percent of the whole people," shall have constitutions, Governors General, legislatures, and planning, administrative and judicial systems. Each republic, moreover, would have their own "electoral Overseers" who would supervise and organize their elections. They would have the right to charter subsidiary governments, levy taxes, and would be responsible for administering all public services not reserved to the government of the United Republics. They would not, however, have the right to coin money, provide for the payment of debts in anything but legal tender, nor tax exports and/or quarantine imports from other republics. If they should in any way violate the laws of the Constitution, the Senate of the United Republics would have the right to suspend them from their duties.⁹⁴

For the government of the United Republics, on the other hand, Tugwell argued that the new Constitution would have to establish six branches of government, including the Electoral, Planning, Presidential, Legislative, Regulatory, and Judicial. Each branch would have its own powers and responsibilities in the new government. The Electoral branch, headed by an Overseer, for example, would be concerned with the election of officials and the identification

⁹⁴Rexford Tugwell et al., "Constitution For a United Republics of America: A Model for Discussion, Version XXXVII," The Center Magazine III (September 1970), 25-27. Despite Tugwell's claim that he is not the author of the Constitution since many others helped him, the fact remains that, in every respect, it reflects his thinking primarily.

of all national parties, while the Planning branch, headed by a Planning Board of eleven members appointed by the President, would be concerned with preparing six- and twelve-year development plans, the annual budget, and any program designed to "advance . . . the excellence of national life." The Presidential Branch, headed by a President serving a term of nine years, would be concerned with executing the laws of the United Republics. The President would serve as the "head of their government, shaper of its commitments, expositor of its policies, and supreme commander of its protective forces." Working with the legislature, he would also be assisted by two Vice Presidents, the Intendant, the Planning Board, the Watchkeeper, and the Regulator. The Legislative branch, on the other hand, would be concerned with formulating the laws of the United Republics. It would consist of two bodies, the Senate and the House of Representatives. The members of the former body would serve for life and would contain distinguished citizens of the nation, such as former Presidents, Vice Presidents, etc. Its responsibilities would be to elect a Provost to preside over the Senate, consider all measures approved by the House except the budget, advise the President on matters of public interest, declare a national emergency and elect a Watchkeeper who would "gather and organize information concerning the adequacy, competence, and integrity of governmental agencies and their personnel." The House of Representatives,

on the other hand, would consist of members elected by the people and would serve as "the original law-making body" in the United Republics of America. Everything from the levying of taxes to the expenditure of revenues to the operation and maintenance of publicly owned industries would come under the jurisdiction of the House.⁹⁵ Together, both the Senate and the House would work with the President in conducting the domestic and foreign policies of the nation.

The last two branches of the new government, the Regulatory and Judicial, would also have certain powers and responsibilities. The former, for example, would be headed by a National Regulator and a National Regulatory Board and its primary purpose would be to regulate and control all industry and corporations. The Judicial branch, on the other hand, would consist of a Principal Justice of the United Republics, a Judicial Council, a Judicial Assembly, a High Court of Appeals, a High Court of the Constitution and lesser court systems. Essentially, the Judicial branch would review the laws of the United Republic, the constitutions of the individual republics, and the Constitution. But, its decisions, unlike the decisions of the Supreme Court of today, would not be final since its primary purpose would not be to interpret the law, but only to review it. If the Courts, in deciding whether or not a law is in

⁹⁵Ibid., pp. 27-37.

accordance with the Constitution, cannot decide on the basis of the Constitution, it must return the law to the House for clarification. If the House fails to act in 90 days, only then is the Court allowed to interpret. All in all, the Courts, like the other branches, would only carry out the powers and responsibilities assigned to it by the Constitution and, like the other branches, it would be obliged to work with and coordinate its actions with those of the government itself.⁹⁶

In evaluating the Constitution, it is apparent that what Tugwell has done is to apply everything he had been thinking about, saying and writing on planning, American politics, and American institutions for quite a number of years. Strongly believing in the absolute need for a coordinated, powerful and holistic national government, he has tried to create one without completely eliminating the good aspects of America's traditional democracy, especially its pluralism and theory of separation of power.⁹⁷ This is, for example, why his Constitution replaced the states with the republics; why the national government had six branches instead of three; and why the powers of each are clearly and explicitly defined. In the United Republics of America,

⁹⁶Ibid., pp. 37-45. Tugwell's Constitution also provides for citizenship, the rights of each individual, "governmental arrangements," amendment, and a transitional period.

⁹⁷"An Interview with Rexford Tugwell; Drafting a Model Constitution," The Center Magazine III (September 1970), 50-62.

the "national" government is a coordinated structure with each branch working with the other. More importantly, instead of having the national government represent special-interest groups, it would now represent the national interest. The Electoral branch would supervise and organize the national elections and the national parties; the President, no longer a party chief, would execute the national laws in the national interest without worrying about re-election since his term would be nine years; the Legislative branch, in both the Senate and the House, would make the national laws in the interests of the general welfare; the Judicial branch would review the national laws and not interpret them according to the individual justices' predilections; and, the Regulatory branch would regulate and control industry for the people's sake and not the individual businessman's. And, finally, the Planning branch would work on its own and with the others to develop the necessary expert plans which would assure the American people as a whole the high standard of living they all deserve. All in all, Tugwell's United Republic government would not only assure America's survival in the twentieth-century, but it would also guarantee that the nation would reach ever-higher levels of economic growth through planning. In Tugwell's thinking, this could and would happen, if given the time and opportunity. In fact, unlike Richberg who oftentimes despaired of planning's implementation and who saw planning in the post-New Deal years in

terms of balance, Tugwell remains optimistic that his crusade, which is continuing even today, will eventually succeed in achieving its objectives. And, he is also convinced that, until another "Roosevelt" appears, implementing his Constitution is the best way of doing that.

CHAPTER VIII

A FINAL ANALYSIS

In the late 1920s and early 1930s, planning meant different things to different people. Some, like Herbert Hoover, saw it as another means of sustaining American capitalism by preserving individual initiative through industrial self-government. Others, like Raymond Moley, interpreted it as a way of rectifying the injustices in the American decision-making process by "coercing" industry, under governmental direction, to share more equitably the fruits of the United States' economic potential. And, still others, like Norman Thomas, considered planning as the only feasible means of overhauling the unjust capitalistic system so as to implement a more "democratic" society. As the Rooseveltian New Deal was implemented, moreover, the concept of planning inherited a political dimension as well. Planners, whether conservative, liberal, or radical from a theoretical standpoint, modified their thinking to coincide with their evaluation of Franklin Roosevelt. In many respects, many planners, despite their earlier pronouncements, began to characterize the New Deal, and New

Dealers, according to their personal, political predilections rather than according to their conceptual beliefs. And, in so doing, they confused the concept of planning even more. From a personal, individual perspective, this was particularly unfortunate because New Dealers like Donald Richberg and Rexford Tugwell were misunderstood and misinterpreted in what they themselves were saying about planning. More importantly, as time went on, the stereotypes created during the New Deal years lingered on, affecting not only what their contemporaries said of them, but also what later historians would, and did, write. Today, Richberg and Tugwell, and especially their planning principles and programs, have been lost in a maze of political labelling and historical disagreements.

In analyzing both men's planning conceptions, however, there is little doubt that they evolved in their thinking. Prior to and during the New Deal, both men were remarkably similar in the way they defined planning. Consistently reluctant to specify planning theoretically, both tended to identify certain characteristics which, they believed, a planned economy possessed. Specifically, whenever they wrote about and/or spoke of planning, they meant cooperation between business, labor, and government; coordination between industry and agriculture; expertise in formulating policy; the service ideal whereby the general public interest overshadowed selfish, private motives; balance and/or equilibrium within industry, among

industries, and between industry and agriculture; and, experimentation in approach and method. This latter characteristic was particularly important because both men felt that planning could only be effected in the long-run and that the experience gained in implementing it, such as the NRA, AAA, RA, and other such programs, would be vital to determining whether or not the United States could transform from a laissez-faire economic system to a planned one. Also, both repeatedly emphasized that planning alone could and would assure the survival of the United States in the twentieth-century and that it was in and of itself a democratic process. In effect, both men, by characterizing planning and by relying so heavily on experimentation, demonstrated that they had not developed the concept of planning in any sophisticated way. Utilizing the concept more as a general philosophy and/or approach to the American economic system, they inadvertently ignored the theoretical implications of the principle itself. In many ways, they were pioneers in the theory of planning, but not much else.

All of this, of course, is not to deny the differences which existed between the two men's thinking. From a conceptual and practical viewpoint, Tugwell was consistently more inclined to define planning, particularly in terms of the governmental-industrial relationship. Also, he tended to favor the use of governmental coercion more than Richberg, to distinguish between industrial and agricultural planning, and to offer, however vaguely, suggestions for

the implementation of planning. Where Richberg, for example, usually favored protecting the principle of planning and ignoring its practical aspects, Tugwell was strongly inclined to deal with both, as his ideas on economic councils, Advance Ratio Plans, and Industrial Integration Boards illustrate. In a similar vein, although both men agreed on the causes of the Depression and Hoover's failure to resolve it, Tugwell was relatively more precise in suggesting his own programs to achieve recovery. And, finally, while both utilized their personal and political experiences in the 1920s as guidelines for developing their economic philosophy, Tugwell was more acquainted with the intellectual currents of the times, such as Taylorism, pragmatism, and institutionalism. Here, the primary explanation for this was Tugwell's own scholarship and renown as a professional economist. Still, by March, 1933, neither he nor Richberg was capable of offering Franklin D. Roosevelt a feasible alternative to the Depression, especially in any form of planning.

During their tenure in the New Deal, however, both men, relying on their administrative experience, tried to correct this by developing their concepts of planning all the more. While Richberg publicly defended the New Deal and the NRA-AAA as first steps in the planning process and while he privately undermined the operation of the NRA through his perennial conflict with Hugh Johnson, he did begin to refine his thinking on planning so much so that,

from 1934 on, he identified planning with balance in the decision-making process. In fact, his emphasis on balance was so intense that he eventually concluded that balance was a prerequisite to implementing planning. It was so crucial that, in his specific recommendations for renewing the NRA, he developed programs designed to sustain a voluntary, cooperative planning mechanism. The NRA was a beginning and he hoped that it would lead to more sophisticated planning programs. In doing so, moreover, he again demonstrated that not only was he still evolving in his thinking, but that conceptually, he had not worked out all the implications nor practical details of planning as an economically feasible policy.

Tugwell, on the other hand, demonstrated during his tenure in the New Deal a different situation. Not only was he consistently more specific in offering programs to achieve recovery, more active in the New Deal generally, and more responsive to administrative problems, but he also developed his planning conception more thoroughly and along different lines. Although still characterizing planning in terms similar to Richberg, Tugwell went beyond his counterpart in developing land-use programs for agricultural planning and proposals, like his tax-reserve fund scheme, Bank of Corporate Surpluses, and, after the Schechter decision, the Industrial Adjustment Act for industrial planning. In addition, he also endorsed, although he did not originate nor develop, the Ezekiel Plan for Industrial

Expansion. By doing so, Tugwell was demonstrating his growing understanding of the practical aspects of planning, while simultaneously considering its theoretical implications. However, like Richberg, Tugwell too was still evolving as far as planning was concerned.

As New Deal administrators, moreover, both men earnestly and consistently tried to conform their individual agencies to their own planning ideas. In many ways, this explains Richberg's approval of price-fixing in some of the major codes as a temporary expedient, his emphatic support of proportional representation in interpreting section 7(a), his "reluctant" approval of the automobile code's extension in 1935, and his inactivity as chairman of the National Industrial Recovery Board. Since he was still ambivalent and flexible in his grasp of the planning principle, he was able to conform his actions to what he believed would facilitate the implementation of a planned economy. As for Tugwell, his commitment to planning goes a long way in explaining his support of a revised Pure Food and Drug law and his handling of the Resettlement Administration. This latter activity was especially important because it was Tugwellian in origin and implementation. Whether it was in rural rehabilitation where the RA tried to help the farmers get on their feet and adjust to the technological conditions of the twentieth-century, or in rural resettlement where it tried to demonstrate the advantages of consolidated, cooperative farms over the traditional,

fee-simple ownership, or in land utilization where it sought to institute expert, long-range land-use planning, or in suburban resettlement where it tried to facilitate the acceptance of functional planning on a small scale--in all these activities, the RA was the perfect example of Tugwellian planning as Tugwell himself understood it in 1935-1936. And, by 1936, Tugwell, like Richberg, was convinced that at least a start had been made as far as planning was concerned and that more would follow, given the time and the opportunities necessary.

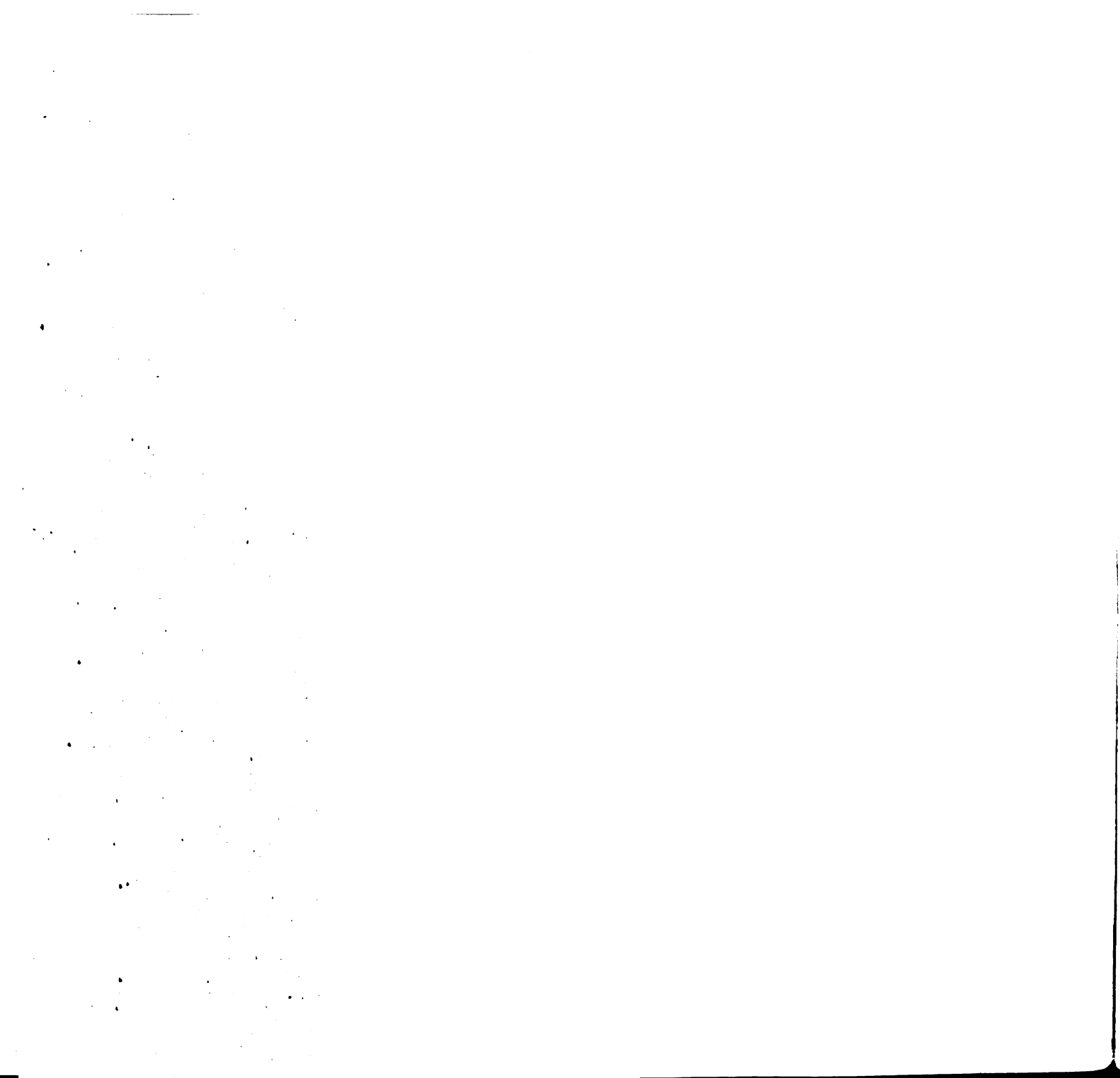
While Richberg and Tugwell were already drifting apart during the New Deal in their understanding and commitment to planning, it was in the post-1936 period where this was explicitly demonstrated. While both continued to evolve in their thinking, they definitely parted ways after resigning from the New Deal. Richberg, for example, firmly committed to a "balanced economy," initially thought of sustaining planning by effecting his anti-trust programs, by increasing the Federal Trade Commission's power, by creating an administrative commission to handle all violations of codes, and by establishing a Bureau of Industrial Economics in the Department of Commerce. After his 1938 conference with Roosevelt failed, moreover, he not only broke with the President but, during World War II, he began to develop his planning principle in terms of a business-labor program. By 1945, he was so committed to planning as balance that he, then and later, concentrated

his attention on attacking the two obstacles which, he believed, stood in the way of what he wanted--labor union monopoly and welfarism in government. By 1960, Richberg concluded that planning was simply another means for restraining labor unions and governmental authority and that it implied, in theory and practice, the protection of individual rights and prerogatives. Having failed to ever come to grips with planning either conceptually or practically, he died committed to an idea which, he believed, could and would sustain American capitalism as he understood it. This was not the case with Tugwell, however.

For all practical purposes, Tugwell developed into a planner after resigning from the New Deal. Utilizing his experience as chairman of the New York City Planning Commission and as Governor of Puerto Rico, he developed a far more sophisticated understanding of planning than either Richberg or what he himself had done before 1936. Not only did his terminology in discussing planning change drastically, but he even suggested more detailed implementation procedures. The Tugwell of "The Fourth Power," in short, was more sophisticated than the Tugwell of The Industrial Discipline. The concepts of the emergent, conjuncture, and institutional lag, his recommendations that planning be effected outside the traditional political realm, and his realization that planning entailed fundamental changes in America's value system--all illustrated how much he had matured in his understanding of planning. More importantly,

as he defined his conceptualization more clearly, he developed a new sense of urgency about planning, especially from 1945 on. The atomic bomb so affected Tugwell that he believed planning had become the only means of survival for the world itself and that, for the United States, immediate steps had to be taken to assure its own future. It was for this reason that he wrote prolifically on Franklin D. Roosevelt and the New Deal and why he emphasized continually America's need to elect another President like him. This also explains why Tugwell devoted himself to rewriting the American Constitution. In many ways, the Tugwellian Constitution is the culmination of Tugwellian planning, especially since 1939. At the same time, however, it must also be noted that it is not the end of Tugwell's evolution because, even today, he continues to write on planning and its importance in the modern world.

In concluding, this author believes that there is little doubt that historians have tended to use the post-New Deal planning ideas of Donald Richberg and especially Rexford Tugwell as symbolic of what these men were saying prior to and during the New Deal. Also, whenever planning and the New Deal are considered, historians tend to defend and/or attack the President on the basis of what they believe the New Deal planners were saying or on the basis of what could be accomplished at the time. What this thesis has tried to show is that the New Deal, and particularly Franklin D. Roosevelt, had no alternative but to be

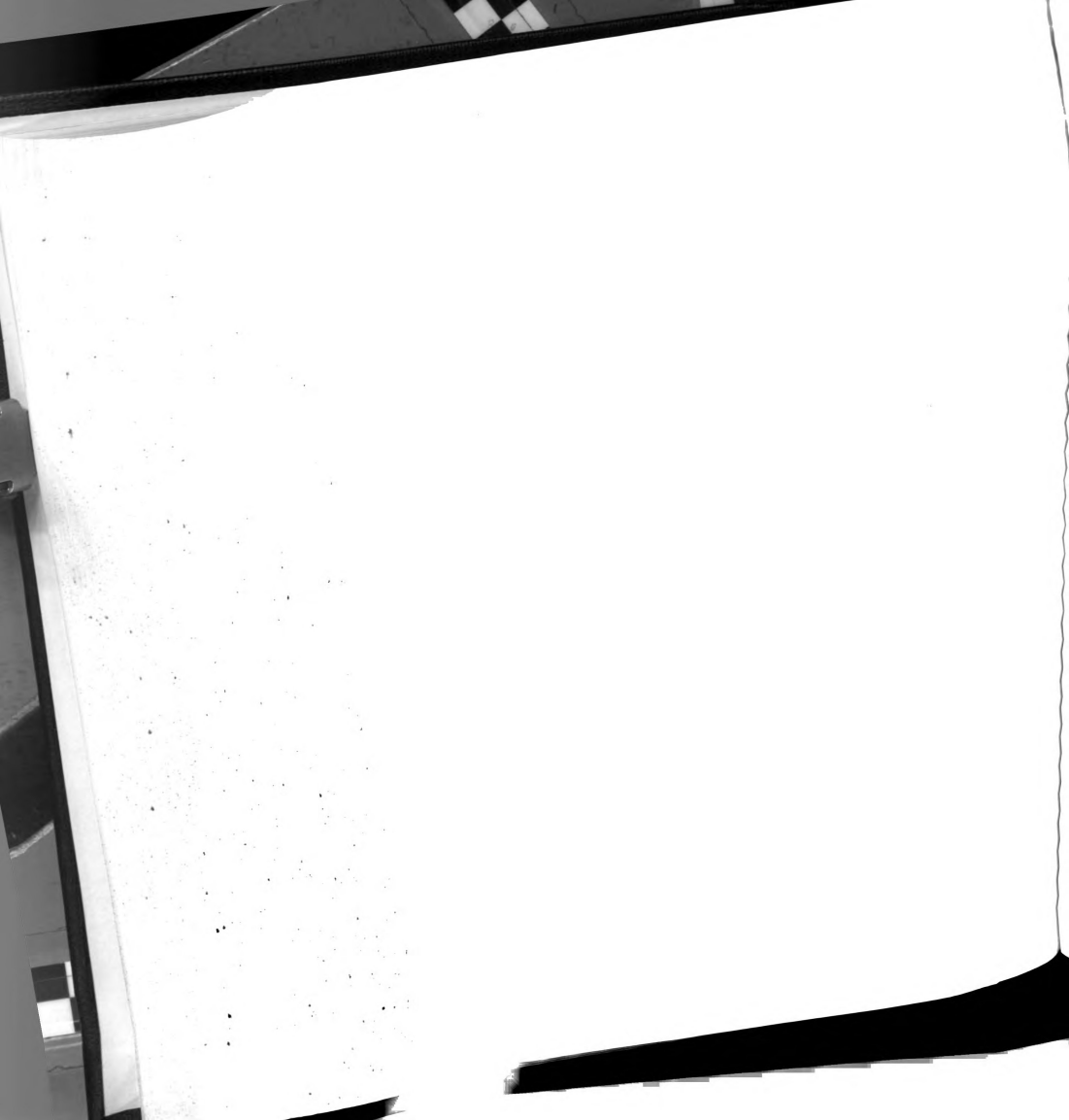


pragmatic in its approach to resolving the Depression in view of what planners like Donald Richberg and Rexford Tugwell were proposing. In March, 1933, Richbergian and Tugwellian planning was a vague idea, a philosophy, a label expressing an approach to economic affairs, but not a program capable of resolving the greatest economic crisis in American, and the world's, history. It was, moreover, a means by which both men hoped to preserve and sustain the American capitalistic system.



APPENDIX

A SELECTIVE CHRONOLOGY



APPENDIX

A SELECTIVE CHRONOLOGY

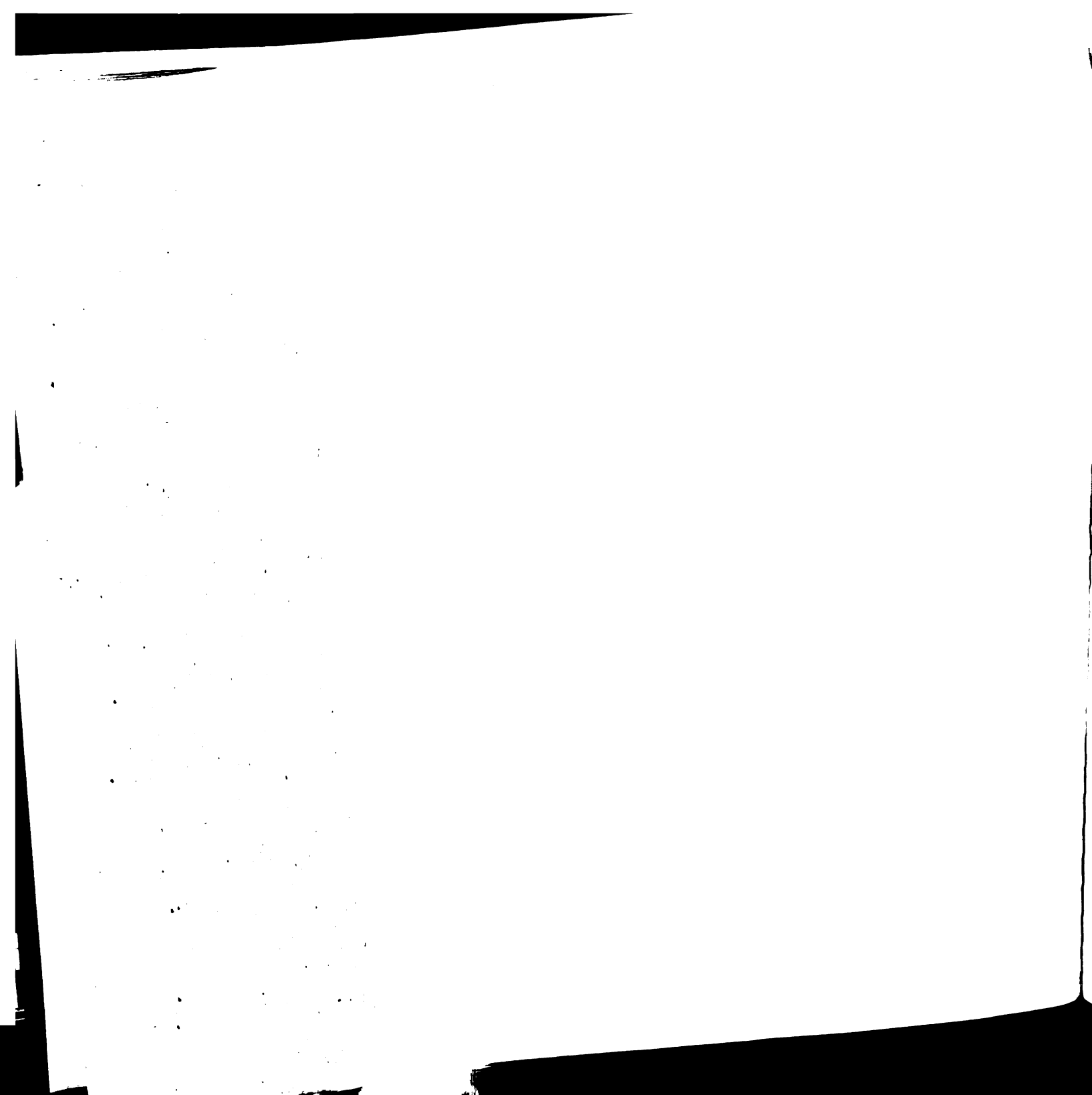
Donald Randall Richberg	Rexford Guy Tugwell
1881--Born July 10, Knoxville, Tenn.	
1891--Prodigy in school, Chicago	Born July 10, Sinclairville, New York
1901--B.A., University of Chicago	
1904--J. D., Harvard Law School	High School, Wilson, New York
1907--"Why Should Not Corporations Be Imprisoned?"; "The Imprisonment of Criminal Corporations"	
1911-- <u>The Shadow Men</u> ; Charles E. Merriam campaign	
1912-- <u>In The Dark</u> ; State Attorney campaign; Bull Moose Party	
1913--Progressive National Service	
1914	
1915--Special Counsel for Chicago	B.A., University of Penn.
1916--Supported Hughes; "The	Instructor; M.A., University of
1917 Democratization of Industry"	Penn.; "Meaning and Making of Strikes"
1918--Industrial Conference;	Asst. Prof., Univ. of Wash.;
1919 Hoover correspondence	American Union (Paris); Asst. Manager, Niagara Corporation
1920--Shopmen's strike; National	Asst. Prof., Columbia University;
1922 Conference on Valuation of of American Railroads; <u>A Man of Purpose</u>	Ph.D. in economics, University of Penn.; <u>The Economic Basis of Public Interest</u>



1926-- <u>O'Fallon decision</u> ; Railway Labor Act; counsel to RLEA	Associate Prof., Columbia; Author; Professional Economist
1927--Supported Hoover, but voted 1928 for Smith	Advance Ratio Plan; <u>Industry's Coming of Age</u>
1929--Norris-LaGuardia Act; 1931 National Progressive Conference; <u>Tents of the Mighty</u>	"The Theory of Occupational Obsolescence"; "Occupational Obsolescence"
1932--Associate Member, Brains Trust	Brains Trustee; <u>Mr. Hoover's Economic Policy</u>
1933--Senate Finance Committee Statement (Feb.); General Counsel, NRA	Advisor in Interregnum; Asst. Secretary of Agriculture; <u>The Industrial Discipline</u>
1934--NEC, IEC, NIRB; <u>The Rainbow</u> ; joined Davies law firm	Under-Secretary of Agriculture; Pure Food and Drug legislation; Resettlement Administration
1937--Unofficial advisor; Anti-Trust Program	Vice-President, American Molasses Company
1938--Business Conference; Support 1940 of Wendel Wilkie	Chairman of New York City Planning Commission; "The Fourth Power"
1941-- <u>Government and Business Tomorrow</u> 1946	Chancellor, University of Puerto Rico; Governor, Puerto Rico
1947-- <u>Labor Union Monopoly</u> ; <u>My Hero</u> ; <u>Only The Brave Are Free</u> ; died in November, 1960	Professor; Author; Planning Expert; Member of the Committee to Frame a World Constitution
1961 1975	<u>The Light of Other Days</u> ; <u>The Brains Trust</u> ; Tugwellian Constitution



BIBLIOGRAPHICAL ESSAY

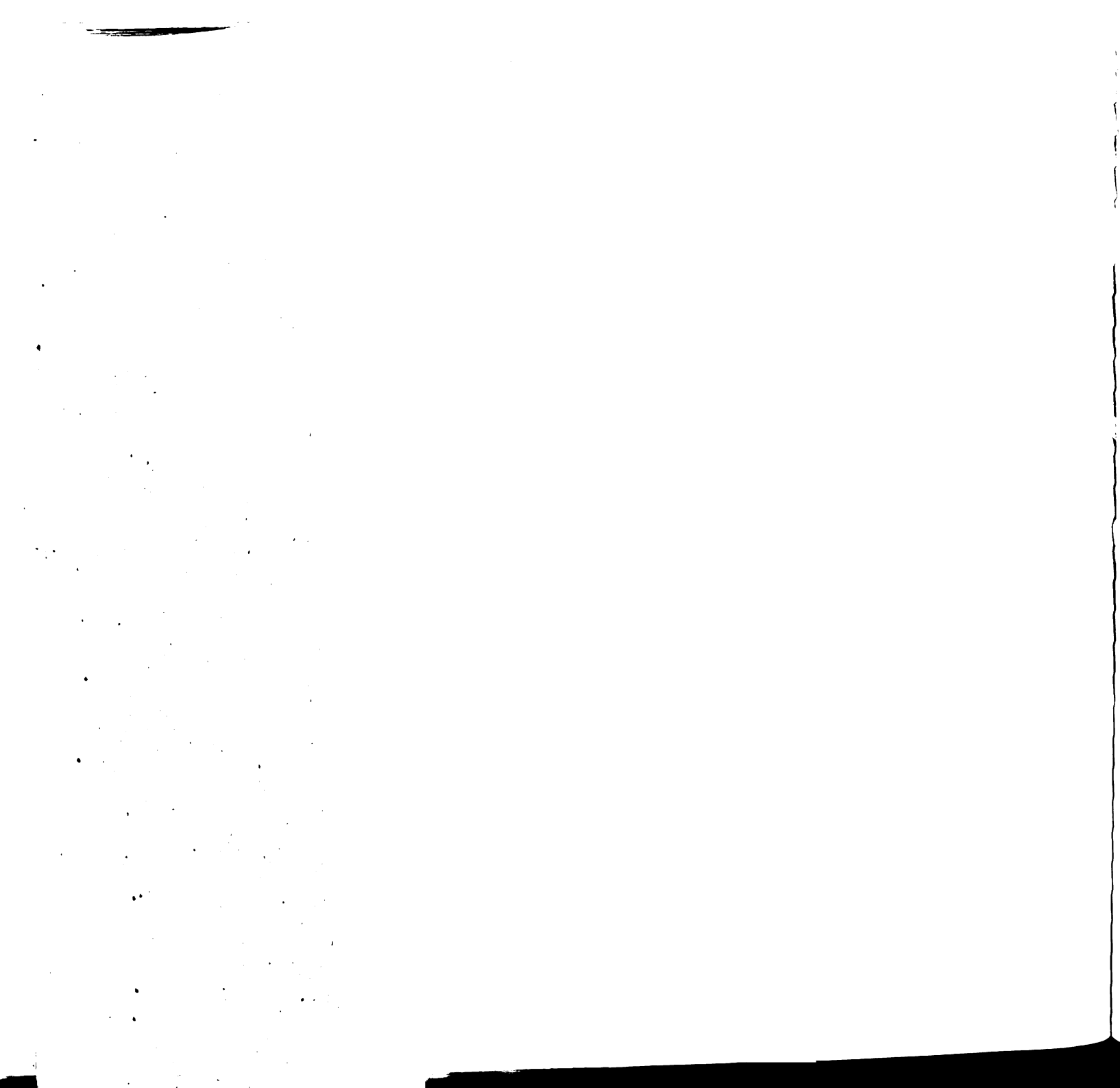


BIBLIOGRAPHICAL ESSAY

The purpose of this essay is not to recite all the sources used in the dissertation, but rather to simply point out those materials which were particularly relevant. For a complete account of all the sources used, the reader is referred to the footnotes in each chapter. In the case of Donald Richberg and Rexford Tugwell, this procedure is especially worthwhile because the primary and secondary source materials available are extensive.

Donald Richberg

The personal papers of Donald Richberg are deposited at the University of Chicago, the Chicago Historical Society, and the Library of Congress. Access to each set of the collection, moreover, is readily available to researchers. The papers at the University of Chicago, although small in size, contain some interesting letters on Richberg's undergraduate career. The collection at the Chicago Historical Society (17 boxes) deals extensively with his activities as a labor lawyer during the 1920s. Finally, the materials at the Library of Congress (59 boxes) cover his entire life. Of the three, however, the collection at the



Library of Congress is the most extensive and most important, containing a fairly complete record of his writings, speeches, and correspondence. Also, draft copies of some of Richberg's books are included as well. For anyone doing research on Richberg, whether from a biographical or topical standpoint, the papers at the Library of Congress will probably be the most valuable collection to examine.

Throughout his adult life, Richberg was a prolific author, writing on everything from adventurous love stories to the dangers of labor union monopoly. Although the footnotes indicate what published materials were important for this study and although his personal papers at the Library of Congress contain a fairly complete record of his articles and speeches, it should be noted that some of his books were particularly significant in analyzing his thinking on planning. Of special note were the following:

Donald Richberg. The Shadow Men. Chicago: Forbes and Company, 1911.

_____. A Man of Purpose. New York: Thomas Y. Crowell Co., 1922.

_____. Tents of the Mighty. New York: Willett, Clark and Colby, 1930.

_____. The Rainbow. New York: Doubleday, Doran and Co., 1936.

_____. Government and Business Tomorrow: A Public Relations Program. New York: Harper, 1943.

_____. My Hero: The Indiscreet Memoirs of an Eventual but Unheroic Life. New York: G. P. Putnam's Sons, 1954.

_____. Labor Union Monopoly: A Clear and Present Danger. Chicago: Regnery, 1957.

Each of these works not only provided biographical information, but also significant indications as to what Richberg was thinking and saying about planning at a particular time in his life.

While the personal papers and published works of Richberg served as the primary source material for this section of the dissertation, another important source was the correspondence which I carried on with Mrs. John H. Small (formerly Mrs. Donald Richberg), Raymond Moley, Samuel Rosenman, and Rexford Tugwell. Mrs. Small provided information not readily available from a researcher's standpoint, while Moley, Rosenman, and Tugwell either confirmed or invalidated some pieces of general information. At present, these materials are in my possession.

Rexford Tugwell

The personal papers of Rexford Tugwell are deposited at the Franklin D. Roosevelt Library in Hyde Park, New York. Unfortunately, access to the entire Tugwell collection is not permitted without Tugwell's permission. For this dissertation, Tugwell allowed me to see all of his papers up to January 1, 1937. Ordinarily, such a restriction would serve as a limiting factor in a thesis, but, in this instance, it was not because the primary thrust of the analysis concerned the pre-1937 period. More importantly, Tugwell, like Richberg, was and remains such a prolific



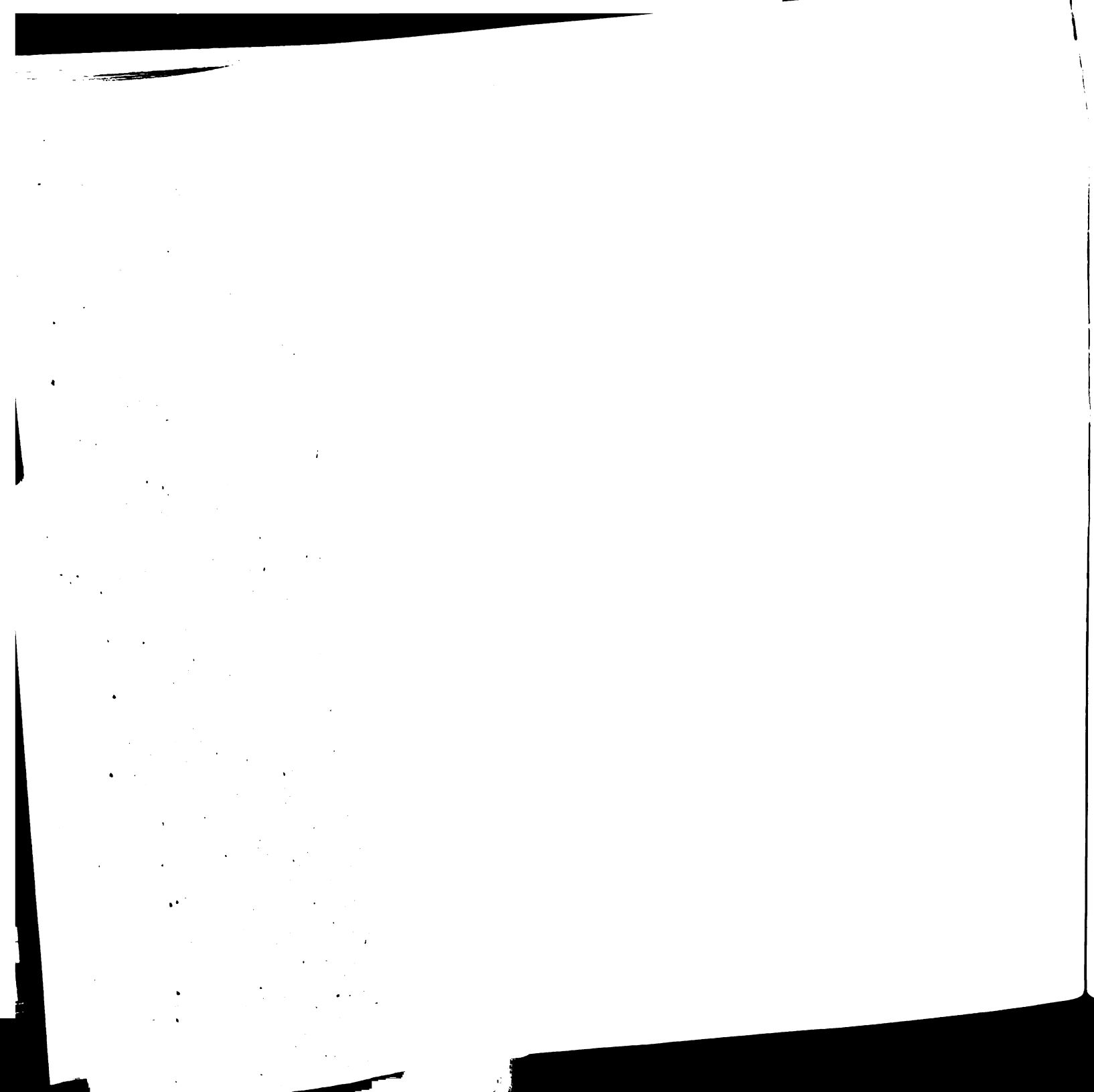
author that his thinking on planning could be easily discerned from his published writings.

In the Tugwell collection, the most important source examined was the Diary. Divided into the Diary (Tugwell's entries at the time), the Diary-Journal (daily reporting by Tugwell), and the Diary, Expanded Form, (Tugwell's revision of the Diary), it provided a detailed account of Tugwell's actions and opinions during his tenure in the Roosevelt coterie and the New Deal. In addition, the collection contained his correspondence, some of his published writings, some of his speeches, and various paraphernalia from the 1920s and early 1930s. Taken together, this material served as an excellent supplement to the Diary.

While the Tugwell papers provided a basis for the thesis, another important primary source were his published writings. Although the footnotes indicate exactly what materials were used and although Bernard Sternsher, Rexford Tugwell and the New Deal (New Jersey: Rutgers University Press, 1964) in his bibliography provided a fairly complete listing of all of Tugwell's writings, speeches, and interviews up to 1960, it should be noted that some of his books were especially significant in analyzing his thinking on planning. Of special note were the following:

Rexford Tugwell. Industry's Coming of Age. New York: Harcourt, Brace and Co., 1927.

_____. Mr. Hoover's Economic Policy. New York: The John Day Co., 1932.



- _____. The Industrial Discipline and the Governmental Arts. New York: Columbia University Press, 1933.
- _____. The Battle For Democracy. New York: Columbia University Press, 1935.
- _____. The Stricken Land: The Story of Puerto Rico. New York: Doubleday and Co., Inc., 1947.
- _____. The Place of Planning in Society. San Juan: Government Printing Office, 1954.
- _____. A Chronicle of Jeopardy, 1954-1955. Chicago: University of Chicago Press, 1955.
- _____. The Democratic Roosevelt. New York: Doubleday and Co., Inc., 1957.
- _____. The Light of Other Days. New York: Doubleday and Co., Inc., 1962.
- _____. The Brains Trust. New York: Viking Press, 1968.
- _____. Off Course: From Truman to Nixon. New York: Praeger Publishers, 1971.

Each of these works demonstrated the evolution in Tugwell's thinking on planning and how it was taking place.

Another important primary source was Tugwell's Oral History Memoir at the Columbia Oral History Project. Although much of what he said in 1950 when the interview was conducted should be taken with caution, it is still another indication of Tugwell's thinking on the New Deal and on planning.

Finally, the last significant primary source utilized was the personal correspondence which I carried on with Tugwell. Although he tended to be quite concise in answering my questions, the information he did relay was important. Like the Richberg correspondence, these letters

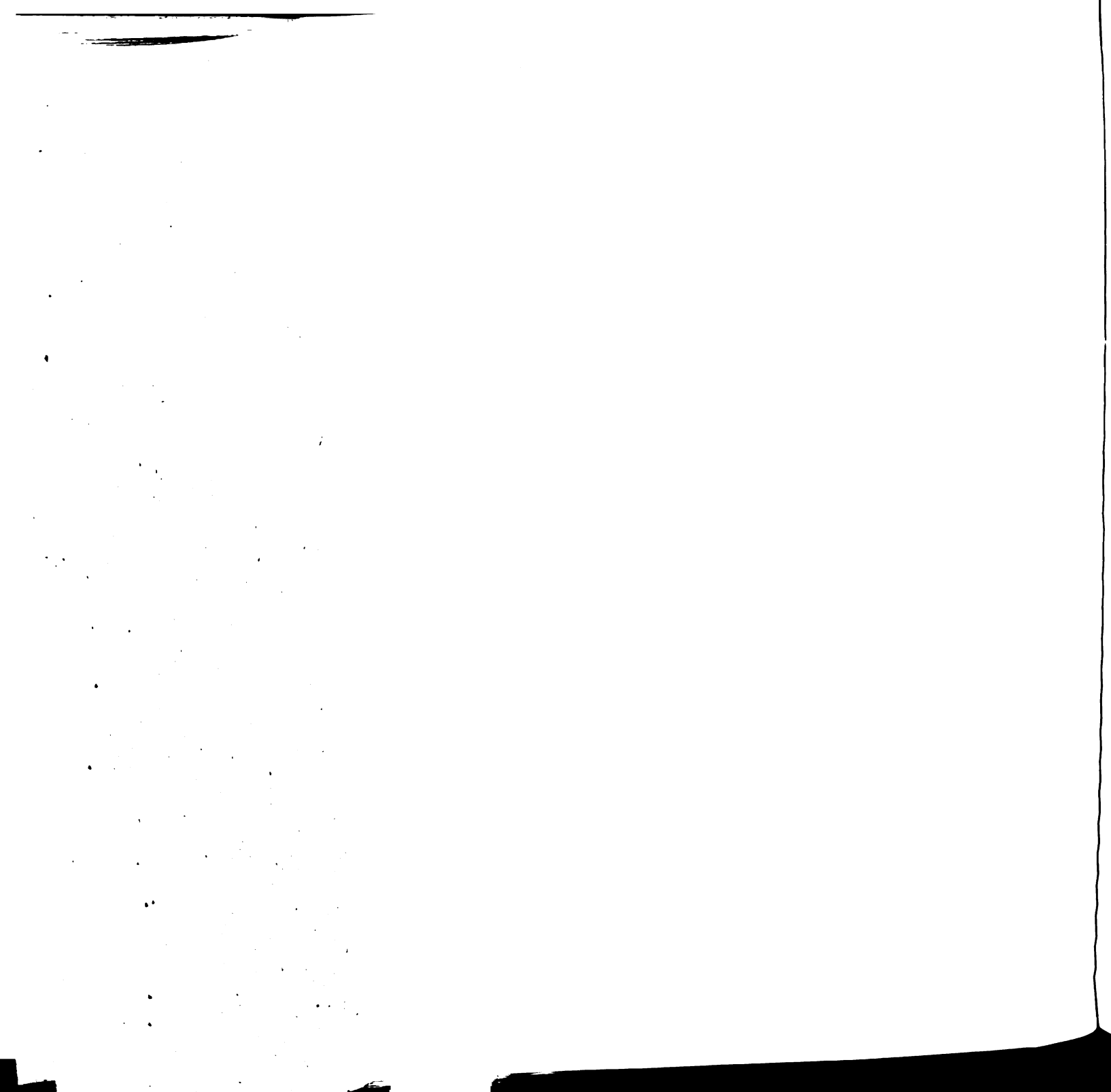
are also in my possession along with letters from Moley, Rosenman, and two of Tugwell's former students (Richard L. Meier and John W. Dyckman).

Related Personal Collections

In addition to the Richberg and Tugwell papers, the papers of several prominent individuals who knew both men were also examined. These included the papers of Felix Frankfurter, Henry Wallace, Theodore Roosevelt, Raymond Clapper, Harold Ickes (up to 1933), George Norris, and George Creel all of which are deposited at the Library of Congress and the papers of Franklin D. Roosevelt, Harry Hopkins, Frances Perkins, Louis Howe, Samuel Rosenman, and Charles Taussig all of which are deposited at the Franklin D. Roosevelt Library. Of these, the collections of Felix Frankfurter, Raymond Clapper, George Norris, George Creel, and Franklin D. Roosevelt were the most fruitful for informational and interpretive purposes.

Government Agencies

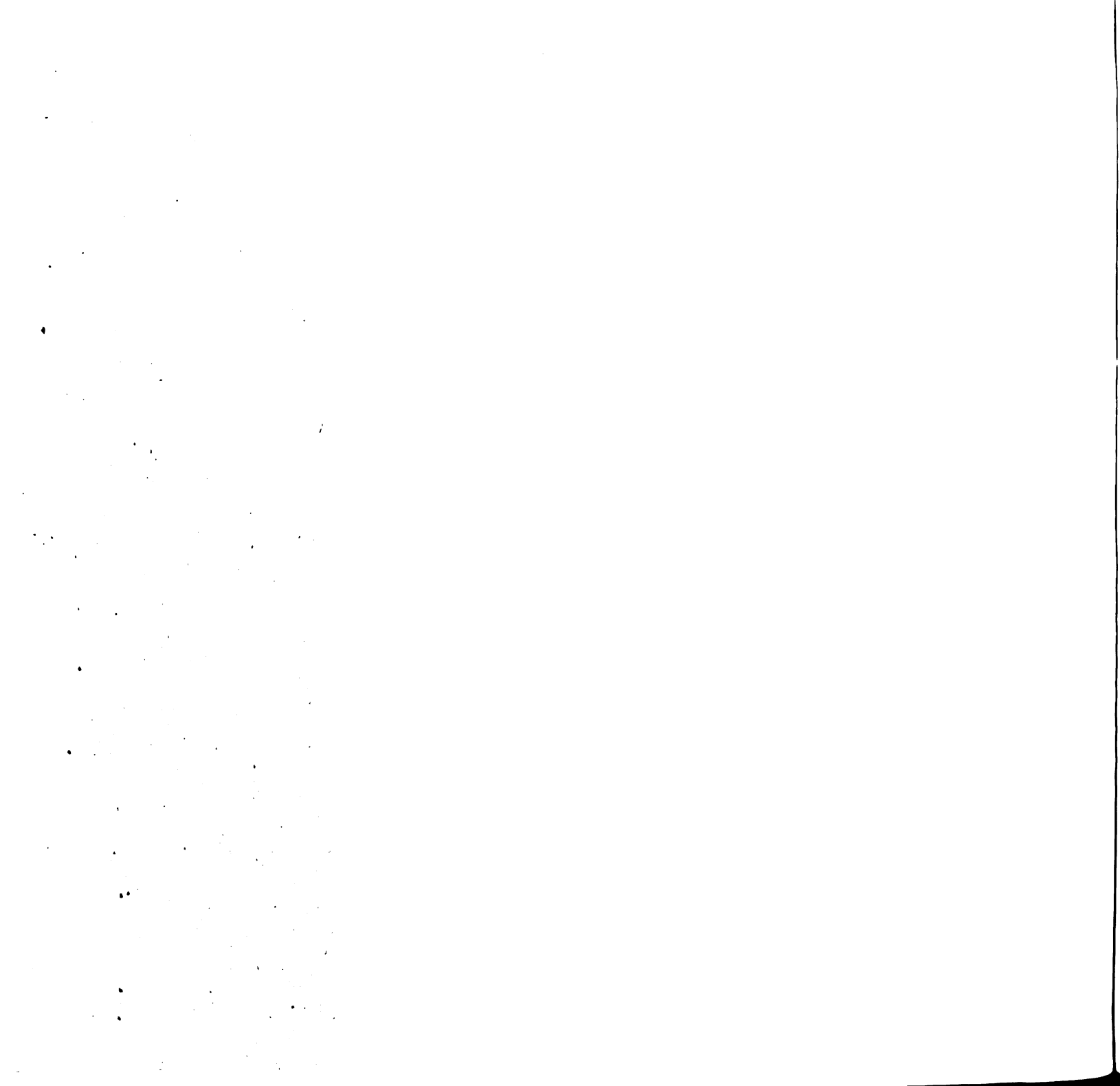
Probably the least helpful of all the sources examined were the records of government agencies with which Richberg and Tugwell were connected. The papers of the United States Department of Agriculture, the National Recovery Administration, and the Resettlement Administration, deposited in the National Archives, are voluminous and somewhat tedious for the researcher. However, the records of the latter two agencies did at least provide some



insights into how Richberg was operating in the NRA and into how Tugwell directed the RA. More importantly, they demonstrated that both men were trying to implement planning in their respective spheres of authority to the best of their abilities. In the long-run, though, one has to wonder if the time and effort expended in discovering this is worthwhile. In this dissertation, it was to a degree.

Oral Memoirs

A somewhat more interesting source of information for this dissertation was the oral history collection at the Columbia Oral History Project. In all, 15 memoirs were examined, including the memoirs of Harry Mitchell, Oscar Stine, Arthur Krock, William Cumberland, Louis Bean, Rudolph Evans, Chester Davis, Will Alexander, Samuel Bledsoe, Charles Fahy, Jerome Frank, John Frey, Lindsey Rogers, Cleveland Rogers, and Rexford Tugwell. Of these, only the Chester Davis, Will Alexander, Jerome Frank, and Rexford Tugwell accounts were significant and useful. The Davis and Alexander memoirs were important for the information they contained on Tugwell's activities in the USDA and the RA, while the Frank and Tugwell memoirs were important for their commentaries on Richberg's performance in the NRA.



Published Memoirs

In addition to the oral accounts at the Columbia Project, several published memoirs of prominent New Dealers were also examined. These included,

Harold I Ickes. The Autobiography of a Curmudgeon. New York: Reynal and Hitchcock, 1943.

_____. The Secret Diary of Harold I. Ickes. Volume I: The First Thousand Days, 1933-1936. New York: Simon and Schuster, 1953.

Hugh S. Johnson. The Blue Eagle From Egg to Earth. Garden City: Doubleday, Doran and Co., 1935.

David E. Lilienthal. The Journals of David E. Liliethal. Volume I: The TVA Years, 1939-1945, Including a Selection of Journal Entries from the 1917-1939 Period. New York: Harper and Row, 1964.

Raymond Moley. After Seven Years. New York: Harper, 1939.

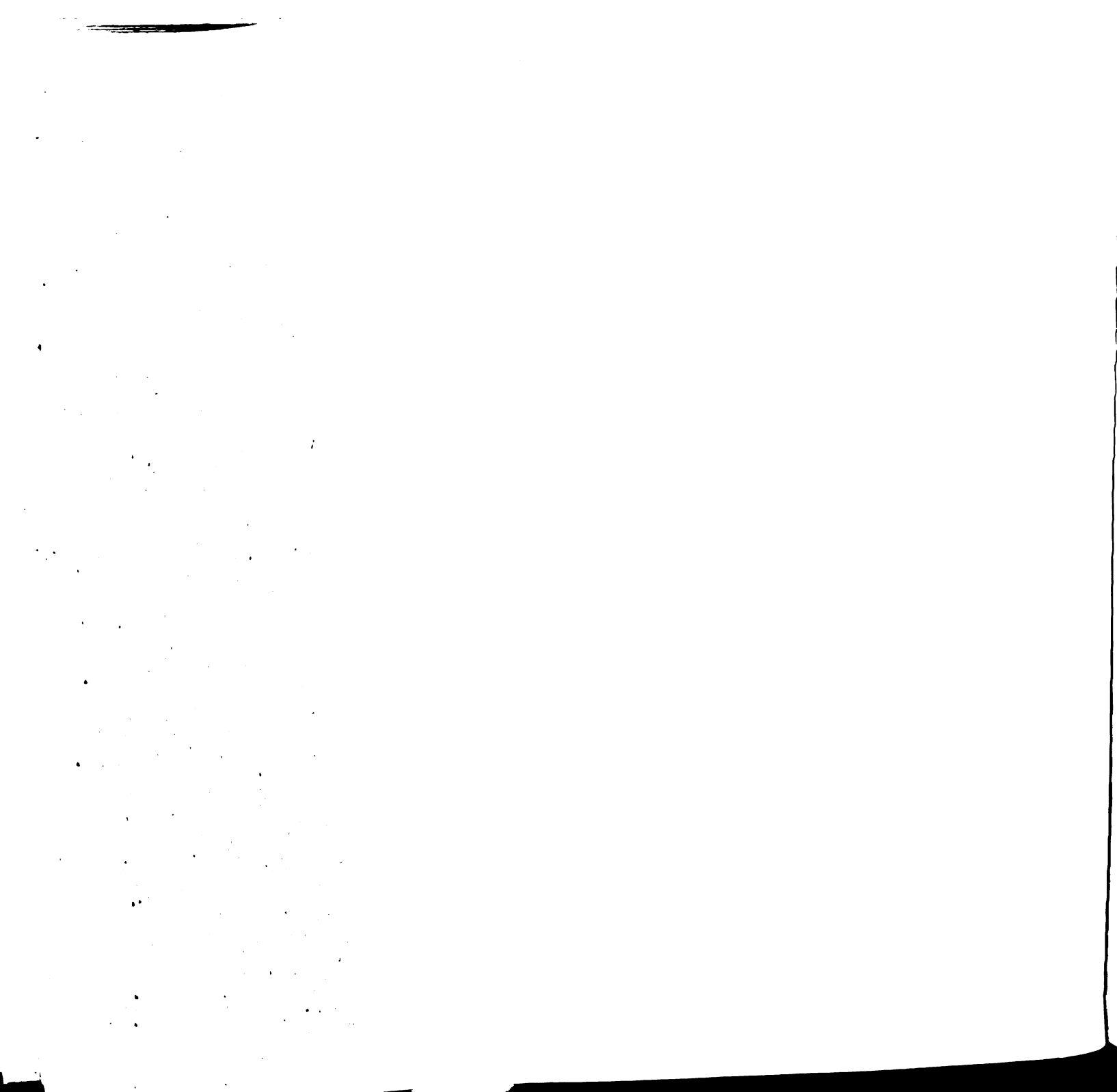
_____. The First New Deal. New York: Harcourt, Brace and World, 1966.

Frances Perkins. The Roosevelt I Knew. New York: Viking Press, 1946.

Samuel I. Rosenman. Working With Roosevelt. New York: Harper, 1952.

Secondary Material

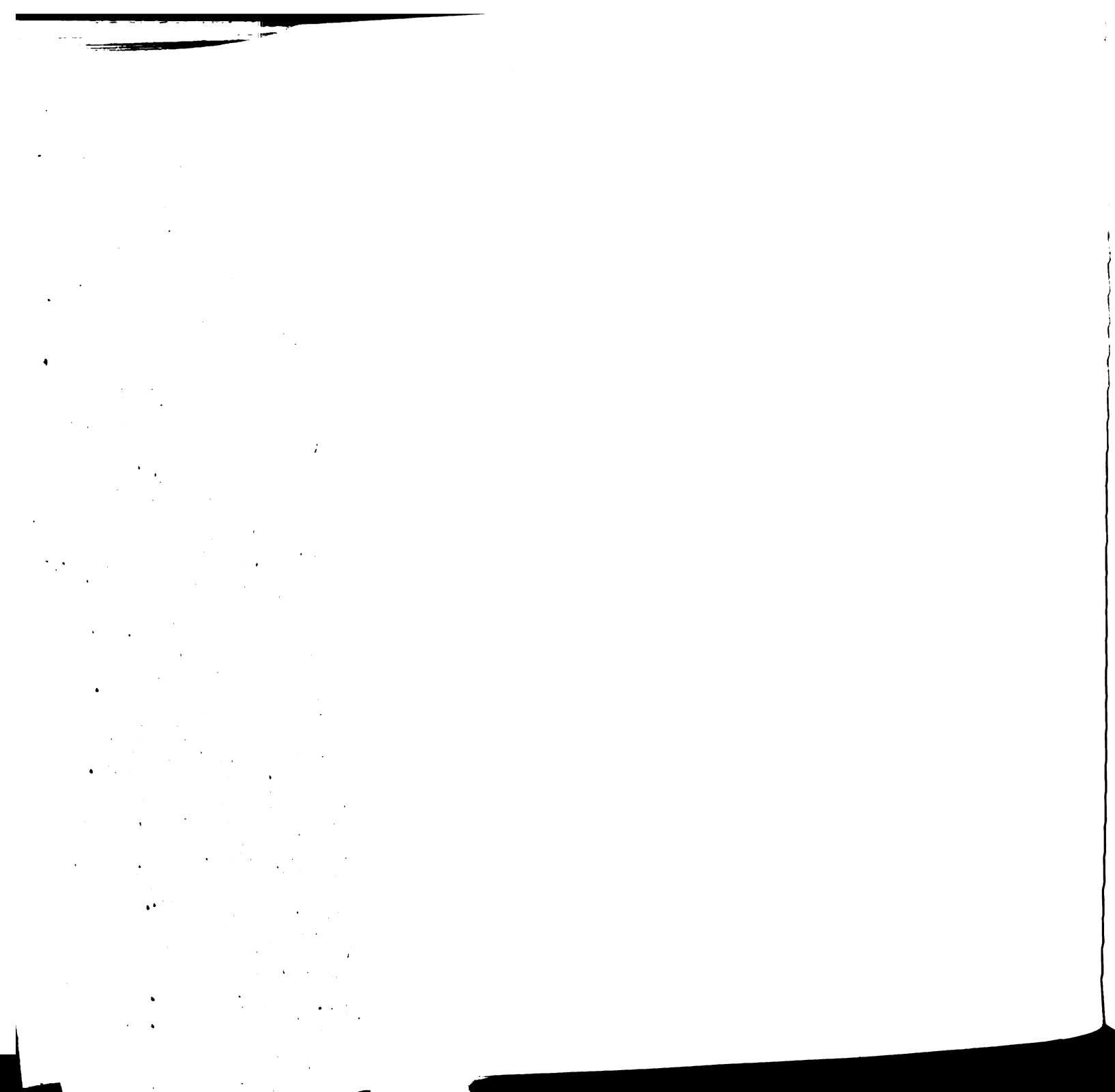
While primary source materials served as the basis for the dissertation, some secondary works were consulted as well. For a detailed account of the secondary materials directly related to Richberg and Tugwell, the reader should review chapter 1. For information on all the secondary sources cited, he should review the footnotes. Without unduly repeating what has already been said and for the purpose of quick reference, the reader should be aware that the following materials were helpful.



Among the political biographies of Donald Richberg and Rexford Tugwell, the two most important are Bernard Sternsher, Rexford Tugwell and the New Deal (New Jersey: Rutgers University Press, 1964) and Thomas Vadney, The Wayward Liberal: A Political Biography of Donald Richberg (Kentucky: University Press of Kentucky, 1970). A more specialized, published biography of Tugwell is Charles T. Goodsell, Administration of a Revolution: Executive Reform in Puerto Rico under Governor Tugwell, 1941-1946 (Massachusetts: Harvard University Press, 1965). A specialized, unpublished study of Donald Richberg which is quite good is Christopher Lasch, "Donald Richberg and the Idea of the National Interest," M.A., Columbia University, 1955.

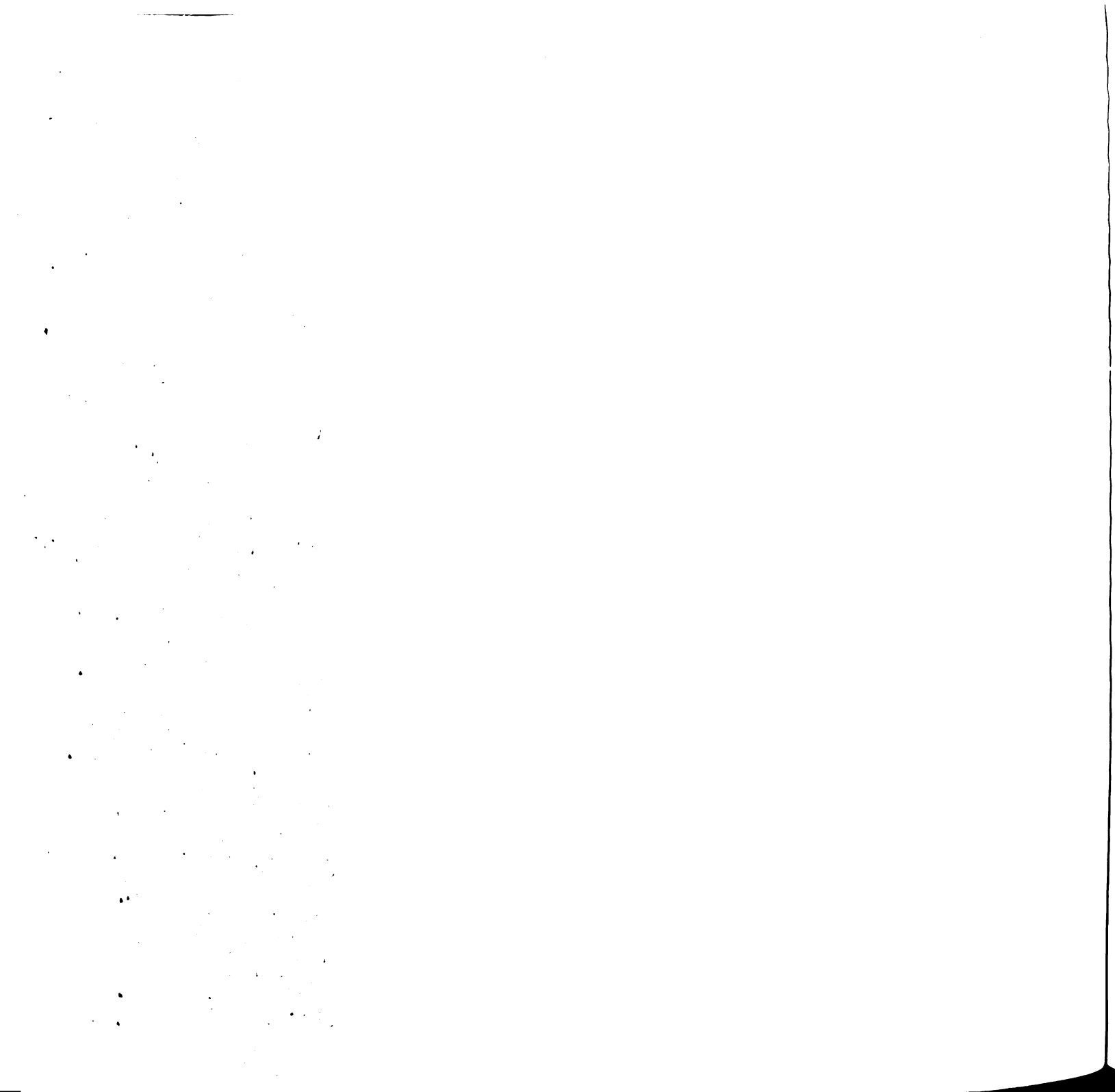
Among the general New Deal studies, the ones which were the most helpful for this thesis were Arthur M. Schlesinger, Jr., The Age of Roosevelt, Volume I: The Crisis of the Old Order, 1919-1933, Volume II: The Coming of the New Deal, and Volume III: The Politics of Upheaval, 1935-1936 (Boston: Houghton Mifflin, 1956-1960); James M. Burns, Roosevelt: The Lion and the Fox (New York: Harcourt, Brace and World, Inc., 1956); Paul Conkin, The New Deal (New York: Thomas Y. Crowell Co., 1967); and William Leuchtenburg, Franklin D. Roosevelt and the New Deal (New York: Harper and Row, 1963).

Among the more specialized New Deal studies, the following were helpful: Irving Bernstein, The New Deal

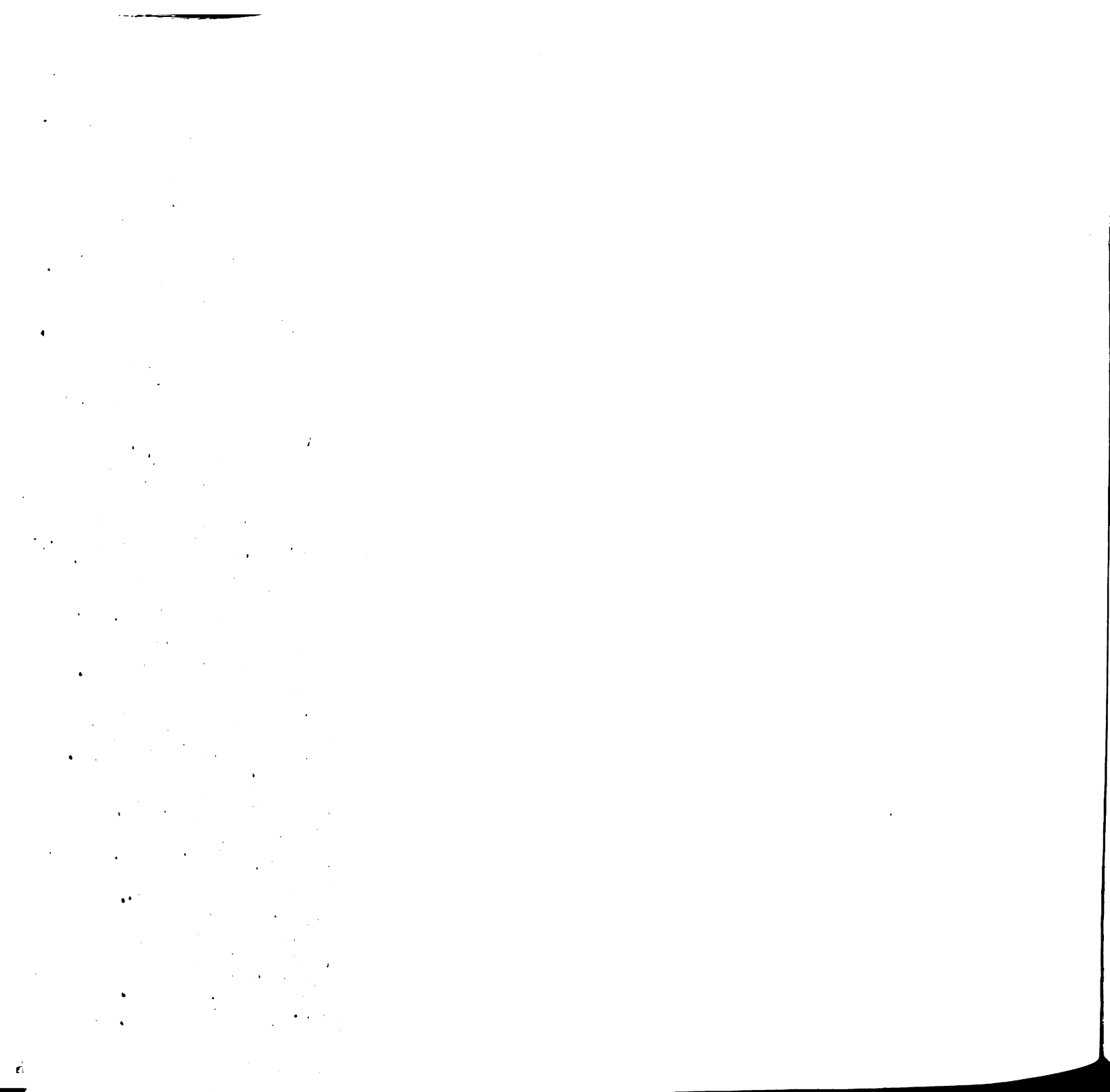


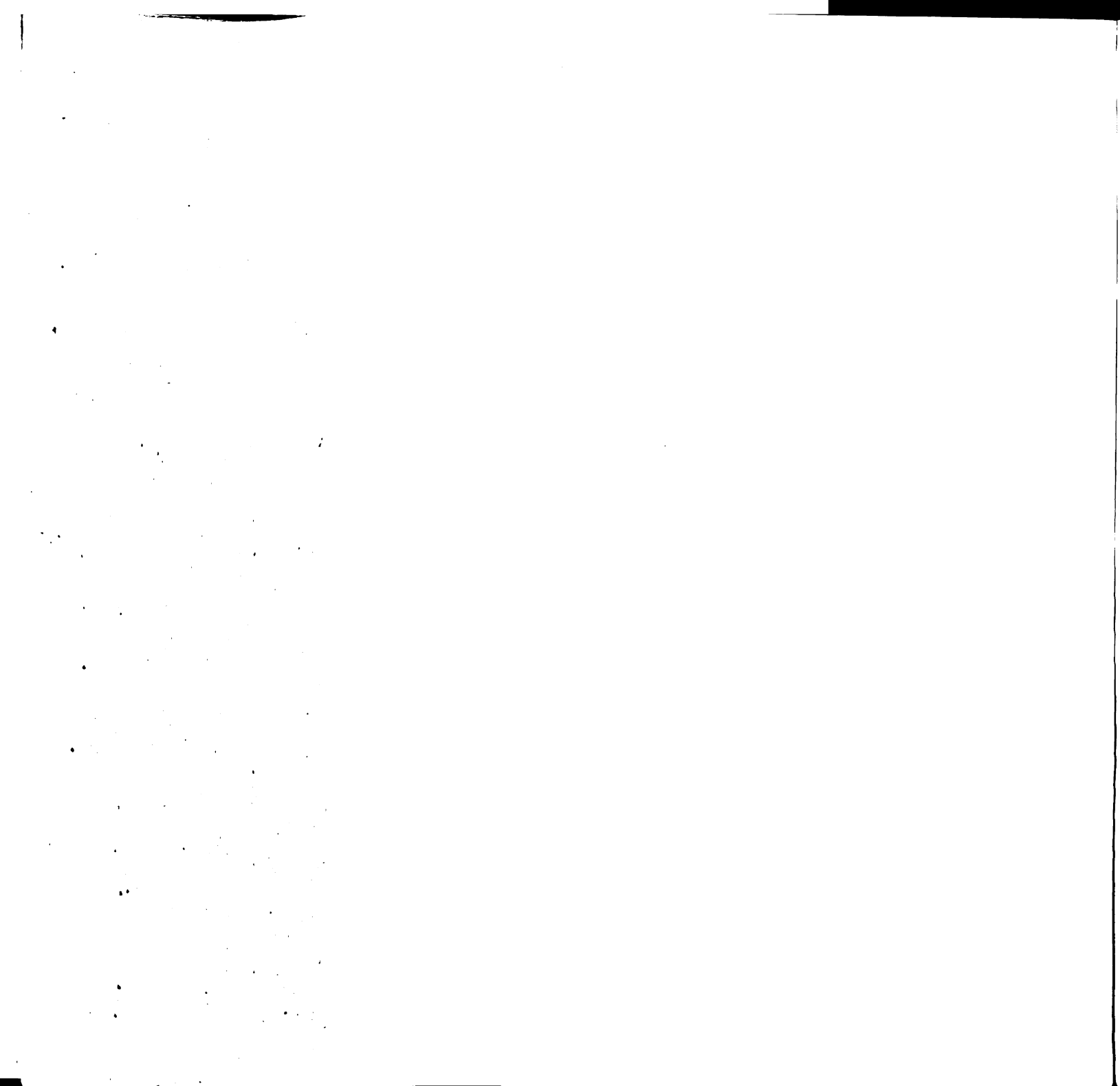
Collective Bargaining Policy (Berkeley: University of California Press, 1950); Sidney Fine, The Automobile Under the Blue Eagle: Labor, Management, and the Automobile Manufacturing Code (Ann Arbor: University of Michigan Press, 1963); Ellis W. Hawley, The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence (Princeton: Princeton University Press, 1966); Joseph L. Arnold, The New Deal in the Suburbs: A History of the Greenbelt Town Program, 1935-1954 (Ohio: Ohio State University Press, 1971); Arthur A. Ekirch, Jr., Ideologies and Utopias: The Impact of the New Deal on American Thought (Chicago: Quadrangle, 1969); Paul Conkin, Tomorrow A New World: The New Deal Community Program (New York: Cornell University Press, 1959); and Barton J. Bernstein, "The New Deal: The Conservative Achievements of Liberal Reform," in Barton J. Bernstein, ed., Towards A New Past; Dissenting Essays in American History (New York: Vintage Books, 1967), pp. 263-288.

Finally, among studies on economic theory and planning, the following were useful: Allan G. Gruchy, Modern Economic Thought: The American Contribution (New York: Augustus M. Kelley Publishers, 1967); John K. Galbraith, The New Industrial State (New York: Signet Books, 1967); George Soule, A Planned Society (New York: The Macmillan Company, 1932); Stuart Chase, A New Deal (New York: The Macmillan Company, 1932); and, Howard Scott



others, Introduction to Technocracy (New York: The John Day Company, 1933).





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