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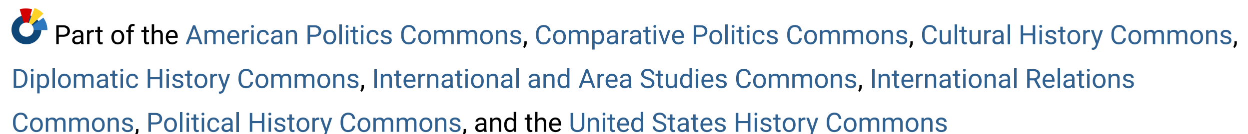
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FABIANISM VERSUS WELFAREISM:

THE MOVEMENT TOWARDS THE WELFARE STATE IN THE UNITED STATES

A Thesis

Presented to

the Faculty of the Department of Political Science

The University of the Pacific

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts in Political Science

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by

Susan Lee St. Clair

June 1970

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Chapter 1

INTRODUCTION

Throughout history men have dreamed of a time in which there would be justice for all, that poverty would not be, a time in which a man could live in dignity and be free to go as far in this world as his interests and abilities directed him---a time in which all men would be secure to live out their lives on this planet. This dream probably is as old as mankind itself, but until recent times it remained little more than that--a beautiful but remote possibility.

In the seventeenth century this dream of a good society was viewed anew. This was the time of the growth of the modern utopian idea that accompanied the slow formation of the centralized states of Europe. Its imagery was rationalistic, far removed from the ecstatic visions which accompanied the religiously inspired rebellions agitating feudal society in its last moments. As the traditional patchwork of autonomous social institutions in Western Europe was replaced, in the interests of efficiency, by an increasingly centralized system of rule, men began to conceive of a society that would drive this tendency to its conclusion and be governed completely by rationality. But not only the increasing rationality of political power inspired the thinking of social philosophers; they were stirred by the growth of a

new bourgeois style of life that emphasized calculation, foresight, and efficiency, and made regularity of work an almost religious occupation.

As soon as men began to look at the state as "a work of art," as "an artificial man, created for the protection and salvation of the natural man," (Hobbes, Leviathan), it took but one more step to imagine that this "work of art" could be rendered perfect through foresight and will. Thomas Campanella, a rebellious Calabrian monk of the seventeenth century, conceived in his City of the Sun of such a perfect work of art. In Campanella's utopia, unquestionably designed from the most idealistic of motives, one sees the traits of many pre-Marxist utopias. Salvation is imposed, delivered from above; there is an all-powerful ruler called the Great Metaphysicus (surely no more absurd than the Beloved Leader); only one book exists in the City of the Sun, a book which is naturally called Wisdom. Sexual relations are organized by state administrators "according to philosophic rules," the race being "managed for the good of the commonwealth and not of private individuals. . . ." Education is conceived along entirely rationalistic lines, and indeed it must be, for Campanella felt that the Great Metaphysicus, as he forces perfection upon history, has to deal with recalcitrant materials: the people, he writes in a sentence that betrays both his bias and his pathos, is "a beast with a muddy brain."[1]

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[1]Lewis Coser and Irving Howe, "Images of Socialism,"

It is here that one comes upon a key to utopian thought: the galling sense of a chasm between the scene and the subjects, between the plan, ready and perfect, and the people, mute and indifferent. (Poor Charles Fourier, the salesman with phalanxes in his belfry, comes home daily at noon, to wait for the one capitalist--he needs no more than one--who will finance utopia). Intellectuals who cannot shape history try to rape it, through either actual violence, like the Russian terrorists, or imagined violence, the sudden seizure of history by the utopian claw. In his City of the Sun, Campanella decrees--the utopian never ceases to decree--that those sentenced to death for crimes against the Godhead, liberty, and the higher magistrates are to be rationally enlightened, before execution, by special functionaries, so that in the end they will acquiesce in their own condemnation. Let no one say history is unforeseen.

Thus from the seventeenth century on, utopias have been imagined in profusion. All pre-Marxist utopian thinking tended to be ahistorical, to see neither possibility nor need for relating the image of the good society to the actual workings of society as it is. For Fourier it is simply a matter of discovering the "plan" of God, the ordained social order that in realizing God's will ensures man's happiness. The imagined construction of utopia occurs outside the order

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The Radical Papers, ed. Irving Howe (New York: Doubleday and Company, Inc., 1966), pp. 14-15.

or flux of history: it comes through fiat. Once utopia is established, history grinds to a standstill and the rule of rationality replaces the conflict of class or, as the utopians might have preferred to say, the conflict of passions. Friedrich Engels describes this process with both sympathy and shrewdness:

> Society presented nothing but wrongs; to remove these was the task of reason. It was necessary, then, to impose this upon society from without by propaganda and whenever possible, by the example of model experiments. These new social systems were foredoomed as utopian; the more completely they were worked out in detail, the more they could not avoid drifting off into pure phantasies . . . .
>
> . . . .
>
> We can leave it to the literary small fry to solemnly quibble over these phantasies, which today only make us smile, and to crow over the superiority of their own bald reasoning, as compared with such insanity. As for us, we delight in the stupendously great thoughts and germs of thought that everywhere break out through their phantastic covering . . . .[2]

Given the desire to impose utopia upon an indifferent history, a desire which derives, in the main, from a deep sense of alienation from the flow of history, it follows logically enough that the utopians should for the most part think in terms of elite politics. August Comte specifies that in the "State of Positive Science" society is to be ruled by an elite of intellectuals. The utopia to be inaugurated by the sudden triumph of reason over the vagaries and twists of history--what other recourse could a lonely, isolated utopian have but the elite, the small core of intellect that, like himself, controls and guides?

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[2] Ibid., p. 16.

Claude Henride Rouvray, Compte de Saint-Simon, living in the afterglow of the French Revolution, begins to perceive the mechanics of class relations and the appearance for the first time in modern history of the masses as a decisive force. But in the main, it seems generally true that reformers who lack some organic relationship with major historical movements must almost always be tempted into a more or less benevolent theory of the ruling elite.[3]

In short, from the seventeenth century on, this dream of a more just--a good society--began to be thought and talked about as never before. That it was was primarily due to the humanism that arose out of the Renaissance where man once again largely put himself at the center of the universe here on earth. Man became an architect, a constructor and thus, the utopias. They failed to materialize because conditions were not right nor even possible prior to the nineteenth century for such a drastic change to occur. How could a Greece exist without slaves, for instance, and still be Greece?

What proved to be the great breakthrough was, of course, the Industrial Revolution. A whole new situation was created. Great concentrations of people now lived in cities and worked in factories. Production because of machines was constantly going up--but this was not the ideal society. There were times of prosperity--but there were also

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[3]Ibid., p. 17.

bad times that particularly the workers were ill able to adapt to--often starving with no one to protect them save private charity. Throughout the eighteenth, nineteenth, and early twentieth centuries, Western economies followed the boom or bust cycle with the majority of the population frequently ill-off. Their champions were soon to come.

Behind it all remained the dream of an overwhelming abundance of goods and services which men had dreamed of throughout the centuries of Western civilization. Another dream was that it would be possible to approach nearer to the ideal of social justice and individual freedom for all without distinctions of class, creed, or color. This dream had realistically appeared incapable of realization until the beginning of the industrial age. Before the development of powered machinery, the hard physical labor of the vast majority of the population was required to produce enough for the mere survival of these individuals and the continuance of the social order. The thinking of the pre-industrial period was still apparent in Malthus' summary conclusion that the potential for population increase would inevitably ensure that men would always be in danger of starvation.

During the second half of the nineteenth century it became increasingly clear that in the future productivity and total production would rise so fast that an abundance of goods and services was certain. The dates predicted for reaching abundance varied, but as the decades passed a growing number of economists and social critics came to agree

about its inevitability. It is little known that John Maynard Keynes, the influential twentieth-century economist, shared this viewpoint: "In the long-run . . . mankind is solving its economic problem. The economic problem is not--if we look into the future--the permanent problem of the human race."[4]

This certainty of abundance removes a hitherto impassable obstacle in the age-long drive toward social justice and individual freedom. Social philosophers and theologians have argued for centuries that the ideal of justice and freedom could have no firm basis until each individual enjoyed his natural right to resources sufficient for his subsistence. Thomas Jefferson argued that every man needed to possess enough landed property to ensure his subsistence if he were not to be, in effect, a slave, both physically and mentally, in the service of his employer.

The emergent potential of abundance and the ideal of freedom and justice were brought together, perhaps for the first time, in Edward Bellamy's lastingly influential novel, Looking Backward, published in 1888. The central theme of Bellamy's book is the concept of an absolute "guarantee" to "abundant maintenance," or in other words, a guaranteed income concept operating in a well-established society functioning on abundance economy principles and not according to the divisive economic theory of scarcity. This proved to be

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[4]Robert Theobald (ed.), The Guaranteed Income (New York: Doubleday and Company, 1967), pp. 27-28.

way ahead of its time and, in fact, is still considered by many beyond plausability today. But the recognition that the Western world was well on its way to being an economy of abundance as a result of the Industrial Revolution, and that this abundance was reaching the top segment of society and then filtering down to the growing middle class with a few crumbs thrown to the lower class, led to widespread protest throughout the nineteenth century. In England, such men as William Lovett, Robert Owen, Jeremy Bentham, and John Ruskin became champions of the working man in his search for a more fair "take" out of the system--economic, political, and social. Parliament complied with their demands to a very limited extent.

It is in the latter half of the nineteenth century that the opening wedge of the real possibility of the "good society" began to emerge as a possibility. For example, in England the climate was of a society with deep cleavages. The wealthy entrepreneurs held the reins of power and were beginning to pass on benefits to the middle class. For example, take the Second Reform Bill of 1867, in which men who owned property or lived in unfurnished lodgings worth £10 annually were given the franchise, thus excluding the working man. The reform measures in England aided the middle class but largely left the demands of the working man unfulfilled. This was the case of workers throughout the world. These conditions led to a resurgence of a worldwide demand, felt particularly throughout the Westernized world, for the adop-

tion of socialism to replace the inequitable capitalistic system. This, of course, was nothing new, as pleas for it have been made throughout history, but prior to the 1900's schemes for a more equitable distribution of the wealth had seemed doomed from the start.

It is in this unstable environment that in the latter half of the nineteenth century Marx turned everything upside down with his Communist Manifesto (1848), and Das Capital (1867-1894). He became the leading thinker of his age and indeed is still a vital force today. His theories of the class struggle, labor theory of value, and inevitable fall of capitalism are adhered to by half of the civilized world today. Though he denounced his predecessors as utopian socialists, still what he envisaged could well be classified as in the stream of utopian thought.[5]

The difference with Marx was, of course, due to the tremendous impact of his ideas upon the world. Marx was able to avoid two of the major difficulties of his predecessors: ahistoricism and the elite theory. Past utopias which obviously were without equalitarianism, which were dominated by an aristocracy of mind, could never have any wide appeal for most saw that ultimately they must quickly degenerate into a system of useful slavery.

Marx was the first of the major socialist figures who saw the possibility of linking the utopian desire with the

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[5]Coser, op. cit., pp. 17-19.

actual development of social life. By studying capitalism both as an "ideal" structure (pure capitalism being of course an economic system where the means of production and distribution are determined by private decision in a free market in contrast to socialism where the state collectively owns the means of production and distribution) and a "real" dynamic, Marx found the sources of revolt within the self-expanding and self-destroying rhythms of the economy itself. The utopians had desired a revolt against history but they could conduct it, so to speak, only from the space platform of the imaginary future; Marx gave new power to the revolt against history by locating it, "scientifically," within history.

The development of technology, he concluded, made possible a society in which men could "realize" their humanity, if only because the brutalizing burden of fatigue, that sheer physical exhaustion from which the great masses of men had never been free, could now for the first time be removed. This was the historic option offered mankind by the Industrial Revolution, as it is now being offered again by the Atomic Revolution. Conceivably, though only conceivably, a society might have been established at any point in historical time which practiced an equalitarian distribution of goods; but there would have been neither goods nor leisure enough to dispense with the need for a struggle over their distribution, which means bureaucracy, police, an oppressive state; and in sum the destruction of equalitarianism. Now, after the Industrial Revolution, the machine might do for

humanity what the slaves had done for the Greek patriciate.[6]

Part of Marx's success was that he was one of the first political thinkers to see that both industrialism and "the mass society" were here to stay, all social schemes which ignored or tried to convert this fact were to him not merely irrelevant, they were not even interesting. Thus he foresaw what was crucial: that the great decisions of history would now be made in a mass society, that the "stage" upon which this struggle would take place had suddenly, dramatically been widened far beyond its previous dimensions.

But most important of all Marx saw the proletariat as being the agent to lead the transition to socialism. It was this that was grasped upon by all his avid followers--to use this proletariat to achieve socialism ending the capitalistic system. The question was when and what were to be the tactics? Marx had held history was a science and that the destruction of capitalism was inevitable but as time went on and there were no inevitable successful proletarian uprisings some began to doubt Marx's validity. It was at this point, late in the nineteenth century, that a division occurred within the Marxist world--they were now divided into two camps--the Revolutionary Socialists or the Orthodox Marxists and the Evolutionary Socialists or the Revisionists.

Europe was the first real testing ground for Marxism. Those on the Continent generally were the Revolutionary

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[6] Ibid.

Socialists. They defended the materialistic interpretation of history, the doctrine of the class struggle, and the desirability and inevitability of the violent destruction of capitalism. Until Marx's death neither Marx nor Engels would permit any tampering with the accepted program and it was not until the latter's death in 1895 that new leaders appeared. From that date until the Russian Bolshevik Revolution of 1917 Kark Kautsky was the leading theorist of revolutionary socialism. The history of the movement during these years is filled with struggles over points of dogma and tactics, the principle one being the one over the question of leadership, ending with the rise of Lenin to undisputed power and the "excommunication" of Kautsky.

At the same time there was another group called right wing socialists by some, who represented another strand of Marxist thought. Their socialism was relatively free from dogmatism in contrast to the more orthodox socialists. Although acknowledging the inspiration of Marx, they have in fact abandoned his most distinctive teachings, and have worked with now more and now less enmity with liberal democrats. The kind of socialism supported by this group is usually called "evolutionary."

While its practitioners agree with Marx that socialism inevitably develops out of capitalism, they believe that this development need not involve violence, but may be brought about by the kinds of reform supported by non-socialist parties. Hence they worked for the passage of legislation to

improve the condition of the workers and to effect a more equitable distribution of the wealth--in brief, for what is called comprehensively welfare legislation. As leadership of these socialists passed largely into the hands of conservative trade union members, socialist party programs in Western Europe came to be quite respectable in all but extreme right and left quarters.

The chief thinker of the "evolutionary" or "revisionist" socialists was Edward Bernstein, who began his examination of Orthodox Marxism just before the turn of the century. Although Bernstein was critical of Marx's theory of value and of the economic interpretation of history, his devastating attack was against Marx's prophecy of the irresistible passage of society from capitalism to socialism. As Bernstein saw it--and he provided an abundance of figures to support his point--the day of deliverance, instead of being about to dawn, was in fact receding. He denied that the poor were growing poorer and the rich richer--the middle class, he asserted, far from being depressed into the ranks of the proletariat, were growing in numbers and thus becoming capitalists of sorts:

> It is not only useless; it is the greatest folly to attempt to conceal this from ourselves. The number of members of the possessing classes is today not smaller but larger. The enormous increase of social wealth is not accompanied by a decreasing number of large capitalists, but by an increasing number of capitalists of all degrees. The middle classes change their character but they do not disappear from the social scale.[7]

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[7]Lane W. Lancaster, Masters of Political Thought, Vol. 3 (Boston: Houghton Mifflin Company, 1959), p. 306.

Taking note of the steady improvement in the condition of the workers, Bernstein denied the need and the desirability of sudden and violent revolution. Rather he saw the principle task of socialist leaders to be to organize the working classes politically and to develop them as a democracy, and to fight for all reforms in the state to raise the working classes and transform the state in the direction of democracy. This of course was quite novel and even heretical for most Marxists of the period.

In spite of the moderation of the views held by Bernstein and other continental "revisionists," their expression was never quite free from a hair-splitting repellent to English and American students.

Finally in the 1880's there emerged a reformist group which was ultimately to be the model of the viability, adaptability, effectiveness, and success of evolutionary socialism. The group called itself the Fabian Society and in the beginning it seemed to be not unlike other protest or reformist groups which were springing up all over England at the time. The difference was that this group, though always small in numbers, was to have a tremendous impact throughout England and the rest of the democratic world. To be specific, the ideas of the Fabian Socialists can clearly be seen as influencing the movement toward the welfare state in America and this is the main thesis this paper aims to prove--that the ideas and programs of the Fabian Socialists were first implemented in Britain and later in the United States, par-

ticularly since the advent of Franklin Delano Roosevelt and his New Deal. It is the author's contention that these ideas and programs of the Fabians are comparable to a developing movement in the United States toward the welfare state or as others would term it, the good society. This, then, is what the writer seeks to prove.

First, the Fabian Society will be examined in order to ascertain its history, its impact, ideas and its programs. What were its accomplishments and its goals? Its stated aim was the elimination of poverty, equality of opportunity, that it wanted the British public to be convinced of the need to move towards socialism through the democratic process. One can see its impact in unemployment legislation, social security, medical care, and housing. All these areas will be examined.

Secondly, by the turn of the century there emerged a comparable reformist movement in the United States--though not nearly so successful as the Fabians. This group is collectively called the progressives and the extent of their influence is noted by the fact that the period of time of their influence is called the Progressive era, 1900-1920. They, too, sought to reform or to reconstitute society, and they, too, had their predecessors as the Fabians did. In this case it was the legacy of the Populists. The central question of the day was whether the United States was to have widespread social justice or continue with injustices? This was the time when the working man had next to no protections--

he was at the mercy of his employer, and this and a host of other problems the progressives sought to alleviate as did the Fabians. They, too, sought to better the social and working conditions of society. Most important initially were the muckrakers who exposed the problems, as Upton Sinclair did in his book, The Jungle (1906). Teddy Roosevelt, William Howard Taft and Woodrow Wilson are outstanding examples of progressive presidents and the accomplishments of their administrations in furthering the cause of the good society will be noted.

Thirdly, Franklin Delano Roosevelt's New Deal will be examined. During Roosevelt's time, there was a marked acceleration of the powers or functions of the national government. The United States, like Britain, was well on its way to becoming a welfare state, and the New Deal program showed the effect of the Fabian and progressive impact. More particularly, one sees the impact of the Fabians in unemployment, social security and housing legislation, and also in farming and labor legislation. All these areas will be examined, both as to specific programs and the philosophy behind them which were reflective of evolutionary socialism.

These, then, are the basic areas that will be examined in this paper. By examining them it will be shown that Fabian thinking has pervaded American programs.

One more point might be mentioned. Whether Fabian thinking--that of seeking the good society where all men can develop their full potentialities, where no one need fear

starving--is to be achieved through gradualism, that is, by legislation enacted through the democratic process working within the capitalistic system, succeeds in either the United States or Britain depends in large part upon the willingness of the governments to respond to the electorate's demands. The other choice is to bypass the democratic process--to choose the path of violence, destruction, and revolution. There is currently a great deal of unrest and disenchantment within the United States concerning working within the democratic process--all of which was made manifestly clear in the election year of 1968; for example, take this statement of a young radical, Tom Hayden, a co-ordinator of demonstrations in Chicago at the 1968 Democratic Convention:

> We're going to create little Chicagos everywhere the candidates appear.
> Our goal is to underscore the illegitimacy of the government and to show that it doesn't have any hope of governing without social change, beginning with ending the war.
> There's coming a time when the American movement will become more violent for defensive and survival reasons.[8]

So in the deepest sense of the word, democracy is on trial, for there are two ways to achieve the good society. Either to work within or outside the capitalistic system or a modified capitalistic system. If the latter choice is taken, a resort to violence, chaos, and anarchy with the probable betrayal of the ideals of individual freedom and social justice will almost surely follow. To choose the path of vio-

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[8]"The Threat of Little Chicagos," San Francisco Chronicle, Sept. 2, 1968.

lence would be to reject the evolutionary brand of socialism, to lose control of the system, and then what would be the position of the individual in the good society? Would he actually benefit? Which path will be taken will be up to the majority of the people--perhaps, for there are always demagogues.

Chapter 2

THE FABIANS

Though in the 1880's several socialist movements got under way in England, it was the Fabians who were to prove the most enduring and the most pervasive. The Fabian Society became the exception to the rule, for of the hundreds of socialist societies that sprung up in the 1880's in England, most had died within the decade.

The Society began rather inauspiciously. The date was October 24, 1884; the scene was the drawing room of Edward Pease, a young man of twenty-six, then a partner of sorts in a stock exchange firm, an occupation which he considered immoral, as he had become a devotee of William Morris and all his work. Seated in his drawing room were sixteen fellow intellectuals, among them Frank Podmore, the future biographer of Robert Owen. This group, most of whom were in their twenties, had been meeting together for several years for the study and discussion of current problems of social ethics. They were highly educated men and women, widely read in the works of classical political economy and the recent literature of land-taxation and socialism. They were influenced particularly by the doctrines of Henry George, the various British interpretations of Marx, and the developing collectivism in John Stewart Mill's exposition of the individual-

ist doctrine.[1]

They had come to assemble and talk about a 'Fellowship of the New Life,' as projected by their guest speaker of the evening, Thomas Davidson. Davidson, known as 'the wandering scholar,' was a Scottish schoolmaster who had emigrated to America and there developed a cloudy idealistic philosophy which demanded that its adherents should pledge themselves to live according to the high ideals of love and brotherhood, founding whenever possible communities in which such a life could be led. It was this type of monastic socialism which Davidson proposed to the group. The historian of the Fabian Society, Edward R. Pease, declared that what Davidson really had in mind was "something in the nature of a community of superior people withdrawn from the world because of its wickedness, and showing by example how a higher life might be led."[2]

Davidson was clearly not of the stuff of which crusaders are made, and the Fellowship should be seen for what it was, a precursor or the occasion for the founding of the Fabian Society, not its raison d'être.

At the second meeting of the Fellowship a resolution was adopted to the effect "that an association be formed whose ultimate aim shall be the reconstruction of society in accord-

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[1]Francis Coker, Recent Political Thought (New York: Appleton Century Co., Inc., 1934), p. 101.

[2]Lane W. Lancaster, Masters of Political Thought, Vol. 3, (Boston: Houghton Mifflin Company, 1959), p. 307.

ance with the highest moral possibilities."[3] Two weeks later, this vague objective was given concreteness when it was unanimously resolved:

> The members of the society assert that the competitive system assures the happiness of the few at the expense of the many and that society must be reconstituted in such a manner as to secure the general welfare and happiness.[4]

This overarching goal remains the goal of the Fabian Society today.

Thus out of the cloister, the less contemplative members of the Fellowship organized the Fabian Society as an independent group on January 4, 1884, taking its name from the tactics of the Roman General Fabius Cunctator, in his war against Hannibal. The distinctive policy of the Society in going ahead cautiously, in choosing the proper moment to act, and in the meantime winning followers wherever they might be found, is indicated in the Fabian motto:

> For the right moment you must wait, as Fabius did most patiently, when warring against Hannibal, though many censured his delays; but when the time comes you must strike hard, as Fabius did, or your waiting will be vain and fruitless.[5]

The question might now be asked, just what sort of an environment did the Fabian Society emerge in? The time was that of the late nineteenth century, in the 1880's. Europe was alive with the adherents of Marx. The Revolutionary Socialists were in full bloom in Germany, in France, and

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[3]Ibid. [4]Ibid.

[5]Margaret Cole, The Story of Fabian Socialism (New York: John Wiley And Sons, 1964), p. 13.

throughout the rest of Europe. But when one turns to England, there is a somewhat different situation.

Stated simply, England had its own political culture, its own conditions, in which revolutionary socialism had no great appeal in the 1880's. Initially, when Marx had written his Communist Manifesto in 1848, it had seemed England might come within the revolutionary Marxist fold. As early as the 1840's, Engels predicted the collapse of the capitalist system within the next decade or so as a result of economic crisis and the spirit of revolt in the working class as manifested in the Chartist movement:

> I think the people will not endure more than another crisis. The next one in 1846 or 1847 will probably bring with it the repeal of the Corn Laws and the enactment of the Charter. What revolutionary movements the Charter may give rise to remains to be seen. But by the time of the next following crisis which, according to the analogy of its predecessors, must break out in 1852 or 1853, the English people will have had enough of being plundered by the capitalists and left to starve when the capitalists no longer require their services. If up to that time the English bourgeoisie does not pause to reflect--and to all appearances it certainly will not do so--a revolution will follow which none hitherto known can be compared.[6]

Friedrich Engels' revolt, however, did not occur. British industry, far from collapsing, expanded by leaps and bounds. Trade revived, there was a great increase in exports and imports, an astounding increase in productivity through the use of machines which, while chiefly benefiting the capitalist class, did reflect itself in improved conditions among

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[6]Harry W. Laidler, Social Economic Movements (New York: Crowell, 1946), pp. 173-74.

certain sections of the workers. For example, Parliament fixed the hours of the working day of factory hands within rational limits. In addition, in certain trades, labor unions rose and became a power in their own right, though those who were in labor unions constituted a minor portion of the working class.

Engels is much more perceptive here. Surveying the situation, he said:

> The truth is this, during the period of England's industrial monopoly the English working class have, to a certain extent, shared in the benefits of the monopoly. These benefits were very unequally parcelled out among them; the privileged minority pocketed most, but even the great mass had at least a temporary share now and then. And that is the reason why, since the dying out of Owenism, there has been no socialism in England. With the breakdown of that monopoly, the English working class will lose that privileged position; it will find itself generally--the privileged and leading minority not excepted--on a level with its fellow workers abroad. And that is the reason why there will be socialism again in England.[7]

His words were prophetic: England's fortunes declined. Therefore, by the early 1880's, various events and circumstances had prepared the way in England for a greater interest in socialism. Among these events were the extension of the elective franchise to industrial workers by the Act of 1867, followed by popular disappointment over its effects on the government's policy in dealing with urgent problems of taxation and industrial regulation; the financial depression of the 1870's, and the agitation over the land

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[7]Ibid., p. 176.

question. (The contention here being that unearned income from land and produce thereof ought to be used for the benefit of society as a whole rather than solely going to the rich.) In addition, in 1880, Henry Hyndman published England For All, in which Marx's main doctrines were propounded. Hyndman's importance lies in the fact that he made available to Englishmen the first English translation of Marx's theories, for prior to 1880, Marx's doctrines had been accessible only to those Englishmen who read German and French. Thus, Marx's reading public expanded. Also, most important as motivators for socialism were two influential thinkers of the day, Henry George and John Stewart Mill.

The extent of the influence of Henry George, the American, upon the burgeoning movement towards socialism in England is indicated by George Bernard Shaw, a leading Fabian. Shaw stated that he was greatly influenced by the economic writings of Henry George whose Progress and Poverty (1819), "beyond all question had more to do with the socialist revival of that period in England than any other book."[8]

Henry George's views were set forth in Progress and Poverty and became at once a best seller on both sides of the Atlantic. Two years later, he was vigorously lecturing in England. It must be seen that George's political thought arose out of his observations of conditions he saw as he grew to maturity on the Pacific Coast in the period following the

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[8] Ibid., p. 204.

American Civil War. As he grew up, he had been impressed with the existence, side by side on the California frontier, of abject poverty and fabulous riches. He reached the conclusion, in what amounted to a "conversion," that poverty accompanied progress because the basic natural resource, land, had fallen into the hands of the few who could extract from others what price they wished for its use. It was obvious to him that the greater value of one piece of land over another was attributable to its greater fertility or its more advantageous location, and that the landlord had no right to profit from qualities he had not created. His solution for this anomaly was the proposal that society should confiscate this differential by a tax amounting to its entire value. Since it was his view that this tax alone would be sufficient to meet the needs of society, his followers in the United States were called "single-taxers."

The Fabians were later to incorporate his ideas in their thought, though from the beginning they recognized that George's views of a single tax on land would not be applicable to English conditions. As they said:

> Land may be the source of all wealth to the mind of a settler in a new country. To those whose working day was passed in Threadneedle Street and Lombard Street, on the floor of the Stock Exchange, and in the Bank of England, land appears to bear no relation at all to wealth, and the allegation that the whole surplus of production goes automatically to the landowners is obviously untrue. George's political economy was old-fashioned or absurd; and his solution of the problem of poverty could not withstand the simplest criticism. Taxation to extinction of the rent of English land would only affect a small

fraction of England's wealth.[9]

Though the Fabians rejected the land tax panacea, George's mention of it did lead them to find differential values other than economic rent in profits, salaries, and dividends, so George cannot be regarded as a negligible influence here.

Also, Henry George strongly influenced and motivated the Fabians in the social political area. Members of the Fabian Society frequently spoke of their debt to him. Edward R. Pease, historian of the Fabian Society, had this to say of George and his work:

> Progress and Poverty gave an extraordinary impetus to the political thought of the time. It proposed to redress the wrongs suffered by the working classes as a whole: the poverty it considered was the poverty of the wage workers as a class, not the destitution of the unfortunate downtrodden individuals. It did not merely propose, like philanthropy and the Poor Law, to relieve the acute suffering of the outcasts of civilization, those condemned to wretchedness by the incapacity, the vice, the folly, or the sheer misfortune of themselves or their relations. It suggested a method by which wealth would correspond approximately with worth, by which the reward of labour would go to those who laboured; the idleness alike of rich and poor would cease; the abundant wealth created by modern industry would be distributed with something like fairness and even equality, amongst those who contributed to its production. Above all, this tremendous revolution was to be accomplished by a political method, applicable by a majority of the voters, and capable of being drafted as an Act of Parliament by any competent lawyer.[10]

Thus George's glowing picture of a society without want, where poverty would be erradicated, fired the imaginations of the Fabian Socialists. Although they found George's

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[9]Edward R. Pease, History of the Fabian Society (London: George Allen and Unwin, 1924), p. 21.

[10]Ibid., p. 20.

means for getting rid of unearned wealth by a land tax inapplicable to England, they were inspired to think of other solutions. In short, George gave them the ideal--that poverty could be erradicated, that justice and well-being of a society could be realized by working within the existing political system. There would be no need for revolution.

A second major influence on future Fabians was John Stewart Mill, who is often characterized as a transitional figure from individualism to socialism. It is the mature John Stewart Mill who was of interest to the Fabians. First, Mill is important because he made socialism respectable by his sympathetic consideration of what he called communism in the later editions of his Principles of Political Economy. There he went so far as to say that, if private property and enterprise were shown necessarily to entail the distribution of wealth in inverse proportion to the labor expended in creating wealth:

> . . . the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labor cannot count with certainty on being able to earn even the necessities of life; if this or communism were the alternative, all the difficulties, great or small, of communism would be but as dust in the balance.[11]

In his Autobiography (1873), Mill went on to expound on the beliefs of himself and his wife:

> While we repudiated with the greatest energy that tyranny of society over the individual which most socialist systems are supposed to involve, we yet looked forward to

[11]Laidler, op. cit., p. 180.

> a time when society will no longer be divided into the idle and the industrious; when the rule that they who do not work shall not eat will be applied not to paupers only, but impartially to all; when the division of the product of labor, instead of depending as in so great a degree it now does, on the accident of birth, will be made by concert on an acknowledged principle of justice; and when it will no longer be, or be thought to be, impossible for human beings to exert themselves strenuously in procuring benefits which are not to be exclusively their own, but to be shared with the society they belong to. The social problem of the future we considered to be how to unite the greatest individual liberty of action with a common ownership of the raw material of the globe, and an equal partnership of all in the benefits of combined labor.[12]

This was his good society, where men would act from unselfish rather than selfish motives.

Mill went on in the same vein in the last year of his life when he planned a book on socialism, though he only completed the first four chapters, which were published in the Fortnightly Review in 1879. In these chapters he maintained that the arrival of manhood suffrage would sooner or later lead to a thorough discussion of the foundations of the system of private property, and that in fact, this discussion was already taking place. Here he admits that:

> The intellectual and moral grounds of socialism deserve the most attentive study, as affording in many cases the guiding principles of improvements necessary to give the present economic system of society its best chance.[13]

Mill concluded with a statement that there must be a change in the attitude of the state to property, if a new social order were to be brought about:

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[12] Ibid., pp. 190-81.

[13] Ibid.

> A proposed reform in laws and customs is not necessarily objectionable because its adoption would imply not the adaptation of all human affairs to the existing idea of property, but the adaptation of existing ideas of property to the growth and improvement of human affairs. . . . Society is fully entitled to abrogate or alter particular rights of property which, on sufficient consideration, it judges to stand in the way of public good. And assuredly the terrible case which the socialists are able to make out against the economic order of society, demands a full consideration of all means by which the institution may have a chance of being made to work in a manner more beneficial to that portion of society which at present enjoys the least share of its benefits.[14]

And so the temper of the times in the 1880's were ripe for the rise of socialistic societies. Since the 1840's the English working man had seen some of their worst evils ameliorated through social legislation. Their demand for immediate and violent change as in the days of the Chartists had given way to a struggle over improvement through the ballot, through legislation, and through the strengthening of co-operatives. So the trend was to work within the system; change would be gradually brought about. It is in this immediate setting that the Fabian Society was born.

By the end of the 1870's security suddenly came to an end. A depression was at hand. The triple bubble of prosperity, progress, and well-being had been broken. A great number of the working class found themselves out of work, without wages and once their small savings and union benefits were gone, dependent on charity and the cold rigidities of the Poor Law. Skilled tradesmen made common cause with the

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[14]Ibid.

"riff-raff" who demonstrated in Trafalgar Square and broke shop and club windows in Pall Mall.[15]

At the same time, the stream of social legislation showed signs of drying up, and it appeared that the impetus of the parties, particularly the Liberal Party, towards social reform was coming to an end. Into this situation then, socialist societies suddenly sprang up. The most important of these were: the Social Democratic Federation (which was organized by Hyndman and his friends), the Socialist League, the Independent Labour Party, and the Fabian Society.

As was stated earlier, initially, there was no justification for assuming that the Fabian Society would be anything lasting nor necessarily influential. But the Society did have several things in its favor. It attracted a very high caliber of membership and since membership was generally small, those selected were industrious, hard workers who often already had distinguished themselves in other areas and so were a definite contribution to the Society. Secondly, the Society was deeply involved in research and produced exhaustive studies which were carefully documented and put into the right hands in Parliament in order to influence some particular piece of legislation. At times they even manned Royal Commissions. There was a definite difference here of a study produced by the Fabians from that of one by a typical

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[15]Cole, op. cit., p. 13.

interest group. The Fabians had the reputation of providing objective, solid, reliable research and so their findings were carefully looked at, often buttressing an M. P.'s argument. In fact, some Fabians have had and do actually now hold office in Parliament, as for instance the current Foreign Minister, Michael Stewart. The Fabians from the beginning have been a vital force in British politics.

It is now time to look at the Fabian Society and at Fabianism itself. If one were to very broadly and rapidly ask what the Socialists in Britain and the Fabian Socialists in particular stood for, then this brief summary from one of their Tracts would seem to state it well:

> The very notion of Socialism implies the means of production applied to first things first. It involves that the first claim upon the social dividend shall be the provision for all of a basic standard of living, subject only to their willingness to serve the needs of society according to their powers. It involves that, within the limits set by our command over the powers of production, none shall go hungry, or ill-clad or ill-housed, save by his own fault, and that, as far as is humanly possible, no child shall be prejudiced in his chance of a good life by being brought up in a mean or sordid environment, or under conditions of ill-nourishment of mind or body. It involves, accordingly, that the whole fund of natural ability which exists in a people shall be given the chance of proving its capacity, and that we shall no longer stifle a large part of this ability by denying to it the opportunity of knowledge and of training for leadership. It means that the whole society shall be organized for plenty, and that no usable resources of manpower or of capital shall be allowed to run to waste. Leaders yes--men and women chosen for special ability in social administration and control, but to come from the whole people on the basis of the widest possible diffusion of opportunity from childhood years right into adult life.[16]

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[16]Fabian Society, A Word on the Future to British Socialists, Tract Series No. 256 (London: Fabian Society, May 19, 1942), p. 3.

In examining Fabianism itself, the initial difficulty is the fact of actually defining the Fabian doctrine. This is so because Fabianism has been a constantly evolving, expanding type of philosophy, and so no definite statement as to what Fabianism is can be made. In fact, there never has been any Fabian dogma and dogmatically prescribed principles of action among Fabians. This the members of the Society insisted upon. In addition, no Fabian was ever compelled to obey any Fabian resolution or to act on any Fabian pronouncement or recommendation. If a Fabian were to reject a Fabian policy, he faced nothing worse than the "black looks" which Pericles found to be the supreme peril in fifth-century Athens--or at most a pained letter from the General Secretary.[17] In addition, rarely was concerted political action, as a pressure group like the Anti-Corn Law League, open to the Society. Here one falls back on Sidney Webb's "the work of individual Fabians", for who is to decide when an individual Fabian was acting politically as a Fabian, as a member of a Labour Party Committee, as a County Councillor, or just as a private citizen? Some would even contend that the Fabians were so eager to compromise, and their programs so practically oriented, that in fact there was no discernible philosophy at all.

This view can be rejected for, indeed, there is a discernible philosophy called Fabianism. No, it was not

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[17]Cole, op. cit., p. 326.

created in an idealogical vacuum, nor was its aim speculation. Its aim was ever practical; the Fabians were out to reform society so that the good life could be enjoyed by all. Under these practical aims the philosophy, the goals, and the ideals lie.

From the original Fabian Basis, one can discover much of what the Fabians sought then and now:

> The Society consists of Socialists. It therefore aims at the establishment of a society in which equality of opportunity will be assured and the economic power and privileges of individuals and classes abolished through the collective ownership and democratic control of the economic resources of the community. It seeks to secure these ends by the methods of political democracy.[18]

This is not a full statement of Fabianism but it is a good starting point, for from it can be discerned several of the ideals of Fabianism.

The overarching goal of the Fabians was to achieve the good society for all through the establishment of Socialism, to reconstruct the whole society in England so that all could live a more full, just, and equitable life. But this is not tangible. The Fabians were not interested in being theoreticians. Now there must be a turning away from a macroscopic to a microscopic view of Fabianism. What were its ideals?

First would be the ideal of the community theory of value which is an outgrowth of the extention of the Ricardian theory of rent and Henry George's single-tax doctrine. In

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[18] Ibid., p. 339.

this theory of value the Fabians in Fabian Essays (1889), found their rational or ethical explanation for this developing socialization in thought and practice. Thus they had rejected the labor-value doctrine of classical economists as Marx, for the Fabians regarded value as the creation of society rather than of laborers.[19]

Under the Ricardian theory, the rent of any given piece of land is in general the equivalent of its superior advantages, its site, fertility, or resources--over the worst available land at the time. The landowner, under a system of unrestrained private ownership, retains the revenue under which these advantages produce, even though they are not due to his efforts or talents. The Fabians here parted company with David Ricardo and Henry George, extending this interpretation to other differential values--to values in the forms of incomes from movable capital--to profits, salaries, and dividends. They showed that under the unregulated, competitive system a capitalist, in a manufacturer's trade as well as in land, retains a superior level of his capital, which is not due to his superior ability or service but to the location of his business, the general increase in population, or the growing prosperity of the people.

It is here that the heart of the matter lies. Wherever there is a gain in excess of the ordinary, the Fabians would contend, it may, with little effort, be described as a

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[19]Coker, op. cit., pp. 102-05

rent of some kind, and as rents are something that just happen, these gains should, if possible, be appropriated for the community. Thus, all the community would share in the values it created. Value was not the creation of the laborer but of the community as a whole, and the excess rent should be shared by the state or community as a whole.

As an outgrowth of this theory of community value mention must be made of the Fabian view of rents of ability, which reflect their view of the nature of man. Rent of ability to them was manifested in profit; it represented the benefits beyond the usual one derived from labor. George Bernard Shaw, in his airy way in the Fabian Essays, defined rent of ability as "the excess of its produce over that of ordinary stupidity."[20]

This quite naturally would lead to the assumption that most men were of ordinary stupidity and, therefore, of very ordinary honesty and with a more than ordinary aversion to labor. It is this negative view of man that is of some concern, for though the Fabians always declared that one of their first principles was of the good life for all--that the aim of society should be to achieve the greatest happiness for the greatest number--they really seemed to have no trust nor faith in the great mass of humanity. The aim of the Fabians was to educate English society to advocate socialism. The Fabians were to be the leaders now in reconstructing

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[20] G. Bernard Shaw (ed.), and others, Fabian Essays in Socialism (London: Walter Scott, 1889), p. 9.

society--it seems to have been a rather closed group--the unwashed were not part of it but caught up in the movement towards socialism.[21]

A second ideal of the Fabians--a goal around which their whole philosophy centers--is that of the elimination of poverty. It is here that the Fabians and Fabianism have made their greatest contribution to the world, for it was the Fabians who changed the climate of opinion in England to the belief that poverty could indeed be eliminated, that it was feasible, and the means to its elimination would be through specific action--through a system of social security above all but also through such lesser measures as unemployment legislation, housing legislation, provisions for health care, reduction of hours, and minimum wages. A very important part of this argument for the eradication of poverty, which was to be brought about by the concerted action of society as a whole, the means in effect being socialism, was the Fabian provision for "A National Minimum of Civilized Life."[22] It is in understanding the rationale behind this that one finds a key to the Fabian attitude towards poverty which was drastically different from that of the rest of English society. To see this, one must look at the setting of England in the

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[21]Alexander Grey, "Fabianism," _The Socialist Tradition_, (London: Longman's, Green And Company, 1946), p. 392, and Lane W. Lancaster, "The Fabians," _Masters of Political Thought_, Vol. II (Boston: Houghton Mifflin Company, 1959), pp. 319, 327.

[22]Cole, op. cit., p. 331.

1880's.

In the 1880's, mid-Victorian thought no longer viewed "the poor" as a group to be taken for granted by the rest of society. Victorian prosperity, with its steampower and factories and new fortunes and widening markets, was marred by the fact that it failed to provide so much as a decent livelihood for the hundreds of people living in the streets because they had no other place to go--victims of the Industrial Revolution. "The association of poverty with progress is the great enigma of our time," said the American Henry George, who advocated a land-tax and made a socialist of Bernard Shaw.[23]

The contrast hung over the comfortably well-off all the time. Writers such as Engels would not let them forget the fact of poverty in the midst of riches. In the 1870's and 1880's, it was difficult to pick up a periodical without finding something in it about the problem of poverty. It was called various things--"the mid-Victorian consciousness of sin" or "the starting-point of progress," as said the Christian Socialist's Canon Barnett, and then went on to indicate that this was coupled with uneasy fear about what the underprivileged might do if the privileged did not find the answer first.[24] This, too, might inspire future Fabians.

In the 1880's, the traditional remedy for many against

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[23]Ruth Adam and Kitty Muggeridge, Beatrice Webb (New York: Alfred A. Knopf, 1967), p. 101.

[24]Ibid., p. 102.

a bad conscience about the poor was to buy them off by giving them money, and charitable societies grew up like mushrooms. Between 1880 and 1890 alone, one hundred and thirty-six new ones were founded in England.[25]

It is here that an important personage of the Fabian Society enters the scene. Beatrice Webb, one of the most influential members of the Fabian Society, often called with her husband, Sidney, one of the founders of the welfare state, in 1883 joined the Charity Organization Society, seeking to investigate the causes of poverty. She found that social workers were unable to answer this question. Her approach to the problem had been set when she read Herbert Spencer's Social Statistics (1876). His concept of the "social organism" convinced her that social evils could not only be diagnosed by scientific examination, but also eradicated, and thus society made perfect:

> The fact that this implied the sacrifice of the individual to the social good--when there was any conflict of interest--greatly appealed to Beatrice, though it was ignored by that great philosopher of individualism, Herbert Spencer. Her own puritanical inclinations were always prompting her to extinguish her individuality and she longed to discover an object for this 'higher sacrifice.' Now she decided that the scientific investigation of social institutions was to be her 'worth-while purpose in life.'[26]

So Beatrice went about her work as a social investigator seeking the causes of poverty. She joined the Charity Organization Society because she thought it:

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[25] Ibid.

[26] Ibid., p. 78.

> . . . an honest though short-circuited attempt to apply the scientific method of observation and experiment, reasoning and verification to the task of delivering the poor from their miseries.[27]

The results were not quite what she wanted. Beatrice found that a basic stumbling block was the fact that the Society had no standards by which to measure the lives of those down and out.

In sum, the Charity Organization Society did not fulfill her expectations. Her talents and those of many others were to be more fully utilized by the Fabian Society. The importance of the Charity Society lies in the fact that in working for it, Beatrice learned that whatever the cause of poverty--if it could be explained by the popular theory of "delinquency, drunkenness, unwillingness to work or a lack of practicable thrift," or whatever the cause might be, it was not to be found in urging the poor to pull themselves up by their own bootstraps. And from her job as a rent-collector, Beatrice learned that it was not enough to clear slums and relocate the poor in sanitary surroundings in the hope of transforming them into God-fearing and thrifty workers, because in order to be that you needed a job which would bring in a living wage, and most of her tenants failed to qualify for this condition.[28]

This last point is at the heart and soul of Fabianism, the idea behind the proposal of a national minimum income.

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[27]Ibid., p. 103. [28]Ibid., p. 108.

This slogan, "The National Minimum," which the Fabians used from the 1890's on, was used to describe the political and social policy they were putting forward, a policy they considered to be merely an extension of a long series of state interventions which had regulated factory conditions and public health. It was gradually being recognized, they claimed, that the State had a duty to preserve certain standards below which no citizen should be allowed to fall.[29] The end to be sought was a national minimum income so that every man would be in a position to leave that slum and be able to work and enjoy the fruits of a good life.

In other words, the Fabians were arguing against the fact that a man could work and work and still remain at the point of starvation. No, they said this society can do better than that. The resources are available and they must be redistributed more equitably throughout the population. Thus, the state must tax and guarantee to all a decent way of life, and an allowance for maintainance must be settled according to the needs of the occupation and the means at the nation's command.[30] Such was the tenor of the argument. But let no one say that the Fabians had really gone radical, for they were not advocating the abolition of wages nor equality of income--at least the majority was not. As the Fabians them-

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[29]A. M. McBriar, Fabian Socialism And English Politics, 1884-1918 (Cambridge, England: Cambridge University Press, 1962), p. 107.

[30]Lancaster, op. cit., p. 322.

selves stated:

> In fact, so far as we are from seeking to abolish the wage-system, so understood, that we wish to bring under it all those who now escape from it--the employers and those who live on rent and interest, and so make it universal. If a man wants freedom to work or not to work, just as he likes, he had better emigrate to Robinson Crusoe's Island, or else become a millionaire. To suppose that the industrial affairs of a complicated industrial state can be run without strict subordination and discipline, without obedience to others, and without definite allowances for maintenance, is to dream, not of socialism, but of Anarchism.[31]

The Fabians were not advocating any heaven on earth; they were not advocating equal wages for all. As they stated, the Fabian Society:

> . . . resolutely opposes all pretensions to hamper the socialization of industry with equal wages, equal hours of labor, equal official status, or equal authority for everyone.[32]

This rejection of equality of incomes was the general view of the Society save with a small minority led by the vociferous George Bernard Shaw.

It was Shaw's view that one man's income should be no more than another's. That the profit should go back to the community. He recognized no rent of ability, saying that a larger income--that is, one larger than, to use his unflattering description, that of a man of "ordinary stupidity," just happens and that the receiver may not properly claim that his superior ability or industry entitles him to any unusual recompense. Hence, Shaw would lump all men together, recognizing no difference in ability or anything else between

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[31]Ibid.

[32]Gray, op. cit., p. 399.

men. That was his view of man--no one should be especially rewarded because he was more able and took the initiative. All should be paid equally. Shaw did not shrink from saying that "Socialism means equality of income and nothing else."[33]

This view of equality certainly did not sit well with the majority of the Society. Even Shaw in later years appeared to have agreed that equality of incomes was more of an ideal to be worked for than an essential condition of a Socialist State.[34]

The Fabian view of equality is rather broadly stated in the Society's Rules, the only document to which a Fabian must pledge his allegiance in order to become a member of the Fabian Society. Paragraph One states the Society's goals:

> The Society consists of Socialists. It therefore aims at the establishment of a society in which equality of opportunity will be assured and the economic power and privileges of individuals and classes abolished through the collective ownership and democratic control of the economic resources of the community. It seeks to secure these ends by the methods of political democracy.[35]

The Society definitely stood for equality of opportunity. It fought to equalize opportunities so that everyone could rise to as high a place in the educational or economic ladder as his talents and interest directed him:

> It (Socialism) involves, accordingly, that the whole fund of natural ability which exists in a people shall be given the chance of proving its capacity, and that we shall no longer stifle a large part of this ability by denying to it the opportunity of knowledge and of

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[33]McBriar, op. cit., p. 57-58. [34]Ibid.

[35]Cole, op. cit., p. 339.

training for leadership.[36]

However, the Fabians did not stop there. Besides calling for equality of opportunity for all to rise educationally and economically, most Fabians also called for social equality, or as one Fabian put it, "parity of esteem for all."[37] They were calling for:

> . . . a human fellowship which denies and expels distinctions of class and a social system in which no one is so much richer or poorer than his neighbors as to be unable to mix with them on equal terms. As Professor Arthur Lewis has put it succinctly, 'Socialism is about equality.' And by equality is meant not simply equality of opportunity on the American model, but equality of status in the widest sense--subjective as well as objective.[38]

This more fully developed conception of equality took into account that not everyone could rise to the top. Rather, each man must follow his own tastes and so a bricklayer who feels suited to his job must not be judged inferior or unequal to a doctor. A man must be judged on his character, not on his wealth. By narrowing the gap between the rich and the poor, all would have a decent standard of living; all men would be in a position to enjoy the fruits of the good life. It was this wider view of equality, beyond mere equality of opportunity, that was envisaged since the beginning of the

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[36] Refer to page 31 in this thesis for the full quote.

[37] Margaret Cole, "Education and Social Democracy," New Fabian Essays, ed. Richard Crossman (New York: Frederick A. Praeger, 1952), p. 99.

[38] C. A. R. Crosland, "Transition From Capitalism," New Fabian Essays, op. cit., p. 61.

Fabian Society. Each man was to be judged the equal of another, though Shaw's view that all were equal in ability or should have equal incomes was never the accepted view.[39]

Finally, another ideal of the Fabians was that of gradualism. They advocated a piecemeal transition of the society from capitalism to socialism through gradual changes within the existing democratic political system. They would be the last to condone a revolutionary approach to socialism:

> The young socialist is apt to be catastrophic in his views--to plan the revolutionary program as an affair of twenty-four hours, with Individualism in full swing on Monday morning, a tidal wave of the insurgent proletariat on Monday afternoon, and Socialism in complete working order on Tuesday. A man who believed that such a happy dispatch is possible, will naturally think it absurd and even inhuman to stick at bloodshed in bringing it about. He can prove that the continuance of the present system for a year costs more suffering than could be crammed into any Monday afternoon, however sanguinary. . . . The experienced Social Democrat converts his too ardent follower by first admitting that if a change can be made catastrophically it would be well worth making, and then proceeding to point out that it would involve a readjustment of productive industry to meet the demand created by an entirely new distribution of purchasing power, it would also involve, in the application of labor and industrial machinery, alterations which no afternoon's work could effect. . . . Demolishing a Bastille with seven prisoners in it is one thing; demolishing one with fourteen million persons is quite another. I need not enlarge on the point; the necessity for cautious and gradual change must be obvious to everyone here, and could be made obvious to everyone elsewhere if only the catastrophists were courageously and sensibly dealt with in discussion.[40]

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[39]See Fabian Essays, New Fabian Essays, and especially Richard Tawney's discussion of equality in his books, Equality (New York: Harcourt, Brace and Company, 1931) and The Radical Tradition, ed. Rita Hinden (New York: Random House, 1964), p. 178.

[40]George Bernard Shaw, "The Transition to Social Democracy," Fabian Essays in Socialism, pp. 225-26.

In sum, the Fabians were gradualists. They saw no sudden capitalism one day and full socialism the next. It was to be gradually achieved--piece by piece. Their middle class origins and their conviction that the Zeitgeist favored successive installments of practical socialism combined to make the Fabians the mildest of revolutionaries. Repudiating violence, and sternly resolved to be constitutional, they thought of themselves as the agents through whom the public were to be prepared to accept collective ownership and management of the nation's land and capital. They considered this to be a perfectly respectable policy. Once every level of society had been permeated with socialist views, the Fabian program could be enacted with little or no dislocation through established political institutions. Or, as Edward R. Pease, the historian of the Society, so aptly expressed this ideal of gradualism:

> Socialism in England remained the fantastic creed of a group of fanatics until Fabian Essays taught the working classes of England, or at any rate their leaders, that Socialism was a living principle that could be applied to existing society and political conditions without a cataclysm, either insurrectory or even political. Revolutionary phraseology, the language of violence, survived, and still survives, just as in ordinary politics we use the metaphors of warfare and pretend that our political opponents are hostile enemies. But we only wave the red flag in our songs, and we recognize nowadays that the real battles of socialism are fought in committee rooms at Westminster and the council chambers of Town Halls.[41]

That last quote well expresses the thrust of the whole Fabian argument. Their program was realizable. These

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[41] Pease, op. cit., p. 237.

were not speculative, abstract theorizers--rather, their theory represented that of middle class reformers. Marx was their man and socialism their aim but they were not going to get themselves tied up with jargon or theorizing. They were out to effect changes--to reconstruct society, gradually if need be. In England, they saw the policy of gradualism must be adopted in order to effect the type of society they envisioned. Their theory represented what they stood for, but implicit in it was a sense of compromise. That is, if they could not get a national minimum or if absolute equality of opportunity was impossible to achieve at that time, the Fabians were willing to take less than the optimum because they felt a small gain was a step towards another. This was in contrast to the Continental Socialists who wanted all or nothing.

The record of the Fabian Socialists was somewhere between all or nothing. The first thing they did of any importance was to write Fabian Essays in 1889. This book, a collection of essays on socialism, was written by seven leading members of the Society: George Bernard Shaw, Sidney Webb, William Clarke, Sidney Oliver, Annie Besant, Graham Wallas, and Hubert Bland, and had an impact far beyond their expectations. As a society, their primary goal was to present the case for socialism. In Fabian Essays, they sought in clear, plain language to create a logical, factual argument for socialism. The essays pointed out that the movement towards socialism was not to come about cataclysmically, but rather

would be merely an evolutionary outgrowth of existing social and political institutions. They sought to show that socialism could be gradually achieved within a democratic framework. A good indication that their program and case were popular was the fact that Fabian Essays became a best seller.

The success of Fabian Essays showed how great a demand there was for a clear statement of a socialist program. But convincing the public of the need for socialism was not their primary goal. Right from the beginning of the Society in the 1880's, they had called for enactment of their program which included an eight-hour-day and nationalization, as well as a national minimum income. In addition, the Fabians had called for social security, unemployment insurance, education for all, and tax reform. From its inception, the Fabian Society had a well-worked-out program.

Their means to all this they called "permeation." By permeation they meant that Fabians should join all organizations where useful socialist work could be done, and influence them. In this manner they would spread their influence in the widest possible way, despite their relatively small membership. This, the majority of the Society felt, would be the best way to enact their program, rather than forming a third party or being a pressure group. As Beatrice Webb said of this policy, "We want things done and we don't much care which persons or party gets the credit."[42] The Fabians con-

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[42] Adam and Muggeridge, op. cit., p. 133.

centrated their efforts first within the Liberal Party, then the Independent Labour Party, and finally within the Labour Party.

The first real effort at permeation on the national level was at the Liberal Party's Newcastle Conference in 1891. The Fabians felt the moment was ripe for permeation and so went to work to get their program adopted. They went so far as to claim that the resultant Newcastle Program of the Liberal Party was Fabian in origin and inspiration. The claim seems to be much exaggerated. The program was definitely radical, including provisions for Home Rule in Ireland, "full powers" for the London County Council and all other municipalities, including taxation of ground values, and compulsory powers to local authorities to acquire land for allotments, small holdings, village halls, and laborers' cottages; also shorter Parliaments, free schooling for all, the abolition of plural voting, the recognition of the need to pay M. P.'s, and "mending or ending" the House of Lords.

The fact remains, however, that it is questionable whether this was due mainly to the Fabian impact. A recent dock strike and worker unrest was an impetus for radical reform, and there was nothing in the program that went beyond the radicalism of the Liberals present. Nevertheless, part of the Fabian program was included in the Newcastle Program. However, this victory of the Fabians turned out to be a hollow one. As one author put it, the problem was "that it was no more than a paper victory and meant nothing to the leaders

was apparent almost immediately after the election."[43]

Proof of this lay in the fact that the Liberal government, during its period of office from 1892 to 1895, did not press for social legislation. Not until 1894 were any measures introduced, and these went down to defeat. This inactivity of the Liberal government must be set against the growing power of the left-wing groups in the Trades Union Congress, and the increasing propaganda for establishing an Independent Labour Party during those years. Both the trade unions and the Fabians had become disenchanted with the Liberals, who were oblivious to their demands, and so the Fabians saw their policy of permeation of the Liberals was a failure. Therefore, an alliance of a great variety of "Socialist" and "Labour" groups, including the Fabians, formed the Independent Labour Party in 1893. Though initially a weak body, from its membership would come the dominant part of the Labour Party, which was created in 1900.[44]

From 1895 to 1905 the Conservatives were in power. Few reforms ensued. However, in 1897, a Workman's Compensation Act was passed which made the employer liable to workmen for accidental injuries suffered in the course of employment. In 1902, an Education Act was passed, which the Fabians supported. Then the reforms stopped. The government concentrated its energies on the unpopular Boer War. The Fabians were divided within. Many of the younger members of the

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[43]Cole, op. cit., p. 45-47. [44]Ibid., p. 43.

Society co-operated with the Independent Labour Party or left the Fabians to stay in the Independent Labour Party. At issue were free trade, opposition to the Boer War and independence. The Independent Labour Party stood for all three, whereas the Fabians did not.

Then in 1905, just before the Liberals returned to power, the Balfour Government established a Royal Commission on the Poor Law, 1905-1909, to inquire into the problem of administering poor relief. Beatrice Webb was asked to sit on this Commission by Prime Minister Balfour. Beatrice Webb felt the Poor Law of 1834 ought to be abolished and superceded by a proper evaluation of all the various causes of destitution--old age, accident, sickness, feeble-mindedness, unemployment--and the establishment of specific provision by the State to deal with each of them. This is implied in the later phrase, social security. She said that this is the community's responsibility. Poverty has social causes. She felt the answer was not to treat the poor as one class and to give them all the same treatment, by throwing them into the workhouse until they found a job. She felt strongly that the aged and the unemployed must be dealt with differently. In addition, she objected to the stigma placed upon the poor, for once in the workhouse, the franchise was taken away. She argued that the poor, too, could be productive citizens. In fact, by acting wisely, poverty could be prevented. Abolishing the Poor Law would be a good beginning.[45]

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[45]McBriar, op. cit., pp. 263-70, and Cole, op. cit., p. 139.

Though Beatrice Webb brought witnesses before the Commission to back up her views, the Commission's findings were not in accord with hers, although they showed her influence. The Majority Report did not recommend abolition of the Poor Law. The change they called for was the transfer of the administering of it from the Board of Guardians to special Committees nominated by County Councils and County Borough Councils, in part from amongst their members and in part from outside. The Majority Report, however, did show Beatrice's influence when, though it dealt first with the moral causes of unemployment like drunkenness and gambling, it then devoted more space to the social causes of unemployment: casual employment, dead-end employment, unhealthy trades, low wages, and unemployment due to cyclical fluctuations. Also, though elements of the deterrence and eligibility principles would remain, the Commission did recommend that State public works as labor exchanges and unemployment insurance should be provided in times of exceptional distress.

It was a far cry from the testimony of Mr. J. S. Davy before the Poor Law Commission concerning the deterrence principle:

> Work should be both irksome and unskilled. You have got to give him something like corn grinding or flint crushing, which is laborious and wholly unskilled. . . . He (the unemployed man) must stand by his accidents, he must suffer for the general good of the body politic.[46]

This was his reply when asked if the deterrence principle,

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[46] McBriar, op. cit., p. 267.

(designed so men would not be on the public payroll), bore harshly upon men thrown out of work by a trade depression.

The Fabians were a definite influence on the Commission, although they failed to have the Poor Law abolished. They were the spokesmen of a rising movement of discontent. Labor was increasingly expressing its discontent by strikes. Things were changing. In 1905, an Unemployed Workman's Act had been passed. The public and politicians were realizing the old ways of dealing with the poor needed changing.

Beatrice's views were embodied in a Minority Report she wrote which was signed only by the Labour members of the Commission and one convert, a churchman, Rev. Russell Wakefield. She then began a vigorous campaign to have the Minority Report adopted. To achieve a wider base, a broad all-party organization was created: The National Committee for the Breakup of the Poor Law. In 1910, it became The National Committee for the Prevention of Destitution. The Independent Labour Party, and later the Labour Party, were champions of this, as well as the Fabians. No longer were the Fabians trying to permeate the Liberals; they saw efforts in that direction to no avail.

In the end, the Liberals, in particular Lloyd George, outmaneuvered them. Recognizing that many in England supported reform but were not ready for something like the Webbs' vision of an entirely new social system, in which the community was responsible for keeping its socially inadequate members with their heads above water, as one of the regular duties of the State, Lloyd George had gone to Germany and

returned enthusiastic about the working of the scheme of health insurance established by Bismarck in 1899. At the same time, Lloyd George and Winston Churchill were beginning to be interested in the plans for unemployment insurance which had been worked out by a protégé of the Webbs, William Henry Beveridge, in 1907, after a study of municipal schemes in a number of cities on the Continent.

The result was the National Insurance Act of 1911 which provided compulsory unemployment and health insurance for a large segment of the population. The insurance was to be financed jointly by the employer, the employee, and the government.

The Webbs thought they had been defeated. An alternative scheme had passed. They objected to the employee having to pay, claiming it should be financed out of public funds. What they failed to see was that part of their program was being enacted. Could they really have expected, at that point, to get a State Medical Service? They seemed to have been too idealistic in having it all their way or not at all.

The passage of the National Insurance Act, which was a major piece of reform legislation in this period, points up the difference between the Liberals and the Socialists. Prior to this, the Fabians had tended to identify advances towards the welfare state with advances toward socialism. The contributory principle, together with the subsidies to private enterprise provided for in the Insurance Act, showed

this identification was no necessary one, and that there were ways of establishing a welfare state which did not involve greater equality or complete social control.[47]

Permeation of the Conservatives and Liberals died from that date. Increasingly, the Independent Labour Party and the Fabians were involved in the affairs of the Labour Party. World War I and support of the war brought them together as never before. From 1914 on, only pacifists remained in the Independent Labour Party because the rest who supported the war had joined the ranks of Labour. By the end of World War I, one can see the definite influence of the Fabians in the Labour Party. Prior to this, they had had a contradictory on again, off again relationship with Labour. Some Fabians had argued that the Labour Party was irrational and not socialistic enough for them, whereas other Fabians strongly supported Labour. But working together for the adoption of the Minority Report and other campaigns had brought them closer.

In 1915, Sidney Webb became the Fabian representative on the Labour Party Executive, the directing group of that party, and became a close associate and friend of Arthur Henderson, who had replaced Ramsay MacDonald as Labour Party Chairman. During the war years, Webb became a close advisor of Henderson on both domestic and international issues. In 1917, Camille Huysmans, Henderson, Webb and

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[47] McBriar, op. cit., p. 278.

MacDonald collaborated in writing International Government, one of the earliest blueprints of the League of Nations.[48]

The new Labour Party's constitution of 1918 and its accompanying manifesto, Labour and the New Social Order, must be considered among Sidney Webb's most skillful pieces of permeation. It was so comprehensive a program that successive programs were only to modify it according to circumstances. As G. D. H. Cole wrote:

> Labour and the New Social Order is seen to contain in substance by far the greater part of what has been put forward in respect of home policy in subsequent Labour programmes, and of the actual policy which the Labour Government of 1945 began vigorously to carry into effect.[49]

Similarly, Henry Pelling has gone on to say:

> Labour and the New Social Order . . . was of great importance because it formed the basis of Labour Party policy for over thirty years--in fact until the general election of 1950.[50]

What the new constitution did was to commit the party to socialism for the first time. This was an acknowledgement of the fact that in the years before World War I, the Labour Party had been steadily moving in the direction of socialism.

In Labour and the New Social Order, the commitment to socialism was spelled out. It was to come gradually and constitutionally. Then the program comes--the "four pillars" of

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48 Cole, op. cit., p. 170.

49 Samuel H. Beer, British Politics In The Collectivist Age (New York: Alfred A. Knopf, 1965), p. 155.

50 Ibid.

the new Socialist civilization: (1) The Universal Enforcement of the National Minimum, (2) The Democratic Control of Industry, (3) The Revolution in National Finance, and (4) The Surplus Wealth of the Common Good.

Subsequent paragraphs set out these four principles in greater detail. The first was to include all the proposals for wages, hours, health, safety, housing, education, public works, and the prevention of unemployment, which the Fabian Society had from time to time advocated. The second meant control of industry by a democratic State, including nationalization of coal distribution, and a call for common ownership of the land. These two demands for state ownership were to be accompanied with extensions in political democracy by adult suffrage and abolition of the House of Lords. The third principle called for a steep increase in taxation and death duties so that "equality of sacrifice" might be. The fourth envisaged Democratic Co-operation and a common plan, scientifically evolved, for solving the problems of mankind.[51]

No vast, sudden enactment of this program was possible, for Britain, as the rest of the world was in the throes of what began as a recession or economic slump and became by the 1930's a Great Depression. Under these circumstances, obviously, there were no funds for such a grand design.

With the economic boom brought on by World War II, many of Britain's problems appeared to have been solved.

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[51] Cole, op. cit., pp. 173-74.

Under the leadership of the National or Coalition Government--a coalition of Labour, Liberals, and Conservatives which governed Britain until 1945--full employment had been achieved, the standard of living was up, social services had been expanded widely so that Britain, despite a war that made greater and greater demands on her material resources, was also able to better the lives of many of the English people. As the war drew to a close, there was a growing realization that a return to mass unemployment, human squalor, human misery, and gross inequality must never be allowed again. As early as 1941, Britain's wartime government had directed Sir William Beveridge to recommend changes in the existing programs for social insurance and allied services.

The result was the Beveridge Report, issued in 1942. The Coalition Government, having ordered what it thought was an innocuous, technical survey of social insurance, suddenly found itself saddled with what was, in effect, a declaration of Human Rights, a manifesto, and a program. Not only were the five Giant Evils--Want, Disease, Ignorance, Squalor, and Idleness--indicted, but the means to remove them were boldly proclaimed. There was to be a truly comprehensive system of social insurance, enjoyed not merely by industrial workers but by all citizens, as of right. The principle of a National Minimum was put forward. Assumption A of this report postulated a comprehensive health service freely available to all. Assumption B looked to the family and called for children's allowances. Assumption C made full employment the essential

basis of the whole system. The dreams of the Fabians were about to become reality.

In 1945, Labour came to power with a strong mandate to carry out the Beveridge Report, which they had campaigned on. Several acts of Parliament soon extended and reorganized the whole system of social welfare. For example, the National Insurance Act of 1946 provided almost everyone in Great Britain with a large measure of personal protection from childhood to old age. Major clauses of the Act included provisions for sickness and unemployment insurance, widow's benefits, maternity benefits, guardian's allowances, death grants, and retirement pensions. A Family Allowances Act of 1945 provided five shillings for all children after the first, under fifteen years of age. The Industrial Injuries Act of 1946 extended workmen's compensation so that all persons employed under contract are protected.[52]

Early in 1946, Parliament passed the National Health Services Act, which went into effect in July, 1948. This Act, because of its wide range and comprehensive structure, has been called:

> . . . perhaps the greatest single achievement of the post-war social revolution. It was a social invention which Britain pioneered in and other nations admired, even envied.[53]

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[52]Goldwin Smith, A History of England (3d ed.; New York: Charles Scribner's Sons, 1966), p. 790.

[53]Harry Hopkins, The New Look, A Social History of the Forties and Fifties in England (Boston: Houghton Mifflin Company, 1964), p. 12.

Under the National Health Service Act, everyone in the population, regardless of income, insurance status or occupational class was to have access, without charge, to any needed maintenance or care, in a hospital, to medical services, and to special or national assistance, as in the case of the blind.

These four acts, the National Insurance Act, the Family Allowance Act, the Industrial Injuries Act, and the National Health Services Act comprised Beveridge's Social Security Program. Its impact was described thusly by a writer from the Daily Mail to his readers July 1, 1948, a few days before the National Health Services Act was to go into effect:

> On Monday morning, you will wake in a New Britain, in a state which 'takes over' its citizens six months before they are born, providing care and schooling, sickness, workless days, widowhood and retirement. Finally it helps defray the cost of their departure. All this, with free doctoring, dentistry and medicine--free bath chairs too, if needed--for 4s. 11d. out of your weekly pay packet. You begin paying next Friday.[54]

Finally, social security was a reality. What had brought it about was that popular demand had been overwhelmingly for it. Support came from all political parties. The Fabians had at last seen their hopes made reality.

A second area the government moved into was nationalization, another thing the Fabians had long advocated. The government nationalized the Bank of England, the coal mines

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[54] Ibid., p. 124.

and the railways, as well as civil aviation. All telephone communications passed under public ownership in 1947. They then nationalized the iron and steel industries, despite much opposition, and here they ran into difficulties. The common ownership of the means of production had long been held out by socialists as the unique, indispensable cure for almost every social evil. Its name had been continually pronounced much as a Mohammedan pronounced the name of Allah. It had been enshrined in the Labour Party Constitution since 1918 and the party platform of that year had called for nationalization of railroads, coal, electricity, and insurance.

But it was seen that nationalization was not the panacea. Problem industries remained problem industries after nationalization. Such was the fate of the iron and steel industries. Economic crises buffeted the nationalization program. The British government also had the additional problem that it had become the employer of railway workers and coal miners. But there was no decline in the rate of absenteeism. Strikes did not stop. And so Labour's problems grew.

In 1951, Labour faced a new election. The Labour Government could claim it had made vast strides towards making Britain a welfare state. A comprehensive social insurance system had been established which covered everyone. If illness struck, no longer would a family's life savings go. Now a poor person could be well cared for, regardless of his financial status. Another thing the Fabians had argued for was a more equitable distribution of the wealth. Here they

could claim some modest success. World War II had doubled the standard rate of income tax. This had been succeeded by peace-time income tax raises with a 25% tax on distributive profits since 1947. The result of these higher rates was a certain flattening on income rates and a shift away from regressive, indirect taxes which had been high before the war.[55]

Other areas in which Fabians had long made recommendations for changes were agriculture, housing, and education.[56] The farmer benefited by the Agricultural Act of 1947 with subsidies. He now had his own secure place in the planned and managed economy. Fabian studies had long advocated more housing, and advances were made here. Finally, a vast advance had come in the field of education with the passage of the Education Act of 1944, which provided for comprehensive reforms in education. And then a giant stride was made when, in April 1947, all children were required to attend school until they were fifteen years old. County colleges were also established. Inroads were made into making equality of opportunity a reality, for now many more children would be able to climb up the educational ladder. This would be, no matter what their finances or circumstances.

However, there was another side. Opposition to the government was growing and Labour, by the time of the 1951 election, was so divided within that prospects were dim for

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[55]Ibid., p. 184. [56]Cole, op. cit., p. 300.

maintaining power. Part of the problem was that they had no program to offer the English people. As one author put it:

> By 1952 Labour had exhausted both the ideas and the impetus of 1945. The vague and emasculated program with which in 1951 it confronted the elections suggested that it had lost the courage of its convictions also.[57]

For example, they hedged on the issue of further nationalization. The left wing of the party was doctrinaire and insisted on it. The more pragmatic socialists were in favor of going slow, being more flexible. They would rather be in power, eventually achieving their aims than stand on principle forever, outside of power. The issue was not resolved and so they faced the campaign with a fuzzy program in contrast to the more positive, dynamic program of the Conservatives. The Conservatives called for greater liberty and a more sound economy, elimination of controls, denationalization, and so on. This was a popular program with the voters.

As a result, Conservative rule ensued from 1951 to 1964. The Labour Party remained split, which aided the Conservatives. However, Conservative rule was marked by an expansion of the welfare state. A planned economy, a more equitable distribution of the wealth, full employment, and a just, social insurance system were now considered national goals, not just Labour Party goals. About the only major reversal of Labour policy was denationalization of the coal and steel industries. The differences were more in degree than in kind as even Harold Wilson claimed when he campaigned

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[57]Hopkins, op. cit., p. 285.

for Prime Minister in 1963:

> Our Conservative opponents have recently begun to stress similar objectives, the difference is not so much in stated ends as in means, and in the kind of society each would create.[58]

By the time Harold Wilson made that statement there was little doubt who was in control of the Labour Party. Hugh Gaitskill had presided over a party split down the middle. When Harold Wilson became leader of Labour, the debate was resolved. The party was committed to socialism on a piece-by-piece basis. It would be flexible, not doctrinaire. The left-wing doctrinaire socialists who only thought of all or nothing as nationalization were powerless.

Wilson presented a fresh, bold program before the English people at a time when they were beset with economic crises. His campaign echoed John F. Kennedy's when he said he wanted to see Britain moving again. He stressed that he wanted to restore the dynamic of the economy because:

> Without a vast effort at increasing our economic expansion, we cannot solve the problem and assure to everyone a decent and happy life, care for the aged, the young and the weak, and create in the whole country a physical environment fit for a cultured people. Our programs for education, for science, for social services, all depend on the economic dynamic. On the other hand, the economic dynamic will make no sense without social purpose.[59]

Then came the details. He called for advances in housing, public ownership, education, and on and on. The

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[58]Harold Wilson, "The Relevance of British Social Democracy," Encyclopaedia Brittanica Book of the Year (1964), p. 40.

[59]Ibid., p. 24.

Fabian influence was undeniable when he said:

> We shall not put forth our full intellectual strength as a nation when so many of our children are virtually denied the chance of higher education, when the system rejects equality of opportunity.[60]

Finally, in his book, The Relevence of British Socialism (1964), Wilson spoke out against those who would question whether socialism destroyed human freedom:

> There are those, particularly in the U.S., who believe that the assertion of public responsibility for the means of full employment, social advance, material or spiritual, is a fatal step in the direction of communism. It is our belief that a socialist approach to Britain's problems, so far from being a lurch in the direction of communism, means the fullest flowering of democracy. For while we yield to none in our determination to fight for the basic political freedoms--freedom of speech, of religion, of public meeting, of the ballot--we believe that no man is truly free who is in economic thralldom, who is a slave to unemployment, or economic insecurity, or the crippling cost of medical treatment, who lacks the opportunities, in both the material and the priceless immaterial sense to a fuller life and the fullest realization of his talents and abilities.[61]

No more fitting statement could have been written as to the influence of the Fabian Society which began so long ago, one afternoon in Osnaburgh Street. The record of Harold Wilson's administration thus far has not been so full of progress and advancement. The economy has been plagued by crises. There have been labor problems. Equality of opportunity has had a severe test with recent arrivals of Negro immigrants from the Commonwealth countries. Then there

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[60]Ibid., p. 29.

[61]Harold Wilson, The Relevance of British Socialism (London: Weidenfeld and Nicholson, 1964), pp. 108-09.

are the forgotten poor. A submerged one-tenth of the population, mostly the very young and aged, never get enough food or assistance. Old age pensions are barely above subsistence level and the London Economist stated, "One-half a million children are in poverty."[62] However, all is not gloomy. Britain is moving ahead in social security, housing, education, and particularly in the areas of human freedom. More people are better off, there is a more fair distribution of income, and more equality of opportunity. Poverty is on its way to elimination. Further judgment will have to come when Wilson's term is up. Thus far, he has not had a free hand. As Wilson indicated, without a vast economic expansion, his hands would be tied.

Although no major political development can have said to have been due to Fabian influence, still there is no doubt that Fabians have influenced British politics. When they began, there was no social security. There was no talk of equality. The idea that the poor should be left to starve was prevalent. The Fabians said no, and charity was not the answer, either. Poverty has social causes. It can be eliminated. The Labour Party takes up the banner today and calls for a national minimum income, a Fabian ideal of long ago which has yet to be achieved. So, too, it calls for a fuller life for all. The list goes on and on.

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[62]"Britain Rethinks the Welfare State," America, Vol. 117, No. 23 (New York) (December 2, 1967), p. 675.

It seems undeniably true that the Fabians have influenced and do continue to influence British politics. For instance, Wilson's Secretary for Social Services, Richard Crossman, is a Fabian, as is his Home Secretary, James Callaghan, and Defense Secretary, Denis Healey. The Fabian goal of socialism has yet to be fully achieved, but they have won because their cause is now England's. One recalls Sidney Webb's statement so long ago about "the inevitability of gradualness" in achieving the good life for all.[63]

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[63]Cole, op. cit., p. 11.

Chapter 3

THE PROGRESSIVES

The year 1900 marked the beginning of a new era and a new century. It was both a time of change and of continuity. America was changing from a rural, agricultural nation to an urban, industrialized one. Its population was changing from a largely homogenous Northern European one to a more heterogenous one, which was particularly due to the great influx of new immigrants from Southern and Eastern Europe. These newly arrived immigrants, by and large, arrived with a different political tradition than most Americans because Southern and Eastern Europe had more authoritarian paternalistic governments than the more democratic tradition of the Americans.

So, too, the old ideals of individualism and laissez-faire were being questioned by many. For example, the Populists and Socialists had long said that capitalism must be eliminated or modified. The call was out for more equitable wages and so on. Social justice became the cry voiced again and again by the disaffected and their leaders. Perhaps the most striking development of the Gilded Age was the emergence of corporations and labor unions. They marked the beginning of collectivism in America, characterizing the tendency toward bigness and organization, which are hallmarks of this century.

Coincidental with these changes was the emergence of a social reform movement, the progressive movement, which is the subject of this chapter. This movement for reform was a product both of the grievances of the time and a fulfillment of earlier reform movements whose inspiration can be traced back to Thomas Jefferson and Andrew Jackson. From the days of Thomas Jefferson and Andrew Jackson, reformers had sought to extend the fruits of democracy to an ever larger segment of the population. It was part of the American reform tradition to seek justice for all, to do away with inequities and privilege, to widen opportunities so that all might live a fuller, happier life.

The immediate predecessors of the progressives were the Populists. The Populist revolt marked the beginning of a new reform period which began in the 1890's and was to culminate in the Progressive era. This revolt, which was agrarian based, was the initial response of discontented rural Americans to the effects of massive industrialization. Although this movement in the immediate sense must be judged a failure, still it did show there was growing support for its demands. The high point of the Populist movement was the presidential election of 1892. The Populists had campaigned long and hard for the adoption of their platform.

The Populist platform of 1892 had attempted to state the objectives of various groups, which through it raised their voices in protest. To ease the burden of debt for the farmers and to raise incomes for miners, it promised the

unlimited coinage of silver and gold at the ratio of sixteen to one. Labor was assured some restriction on immigration and the eight-hour day on government projects. Nationalization of the railroads, the telegraph, and the telephone, a graduated income tax, and postal savings banks were promised to offset the power of monopolies. A single term for the president, direct election of senators, and the initiative, referendum and recall were included in order to restore to the people control of government.

In 1892 James Weaver, the Populist candidate, ran third. However, the election showed widening support for the Populist program. Weaver gained more than a million popular votes and the Populists became the first third party since the Civil War to break into the electoral college with twenty-two votes.[1]

The two major parties recognized the significance of this vote. In 1896 the Democratic candidate for president, William Jennings Bryan, also ran as the Populist candidate for the Presidency, and by 1896 the Democrats had taken over much of the Populist program. In the election of 1896 the Republicans, who made no pretense of being Populists, won. William McKinley became president, and from then on Populism declined. In the immediate sense, Populism was a failure. However, others who had power would take up many of its demands at a future time.

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[1]Oscar Handlin, America, a History (New York: Holt, Rinehart and Winston, Inc., 1968), p. 651.

An assassin's bullet ushered in that future time sooner than anyone expected. Theodore Roosevelt came to the presidency and there was now, for the first time, a progressive leader in the White House who could do something about these progressive and Populist demands.

The progressives, in both their programs and ideals, had some striking similarities to, but also glaring differences from the Fabians. First, the similarities. Both arose at relatively the same time, the late 1880's and early 1890's, a time when there was widespread protest against the inequities of the day, both in England and the United States. These were both middle-class movements, with the leadership coming primarily from the upper ranks of the middle class. This meant several things. First, it reflected a sense of responsibility towards the less fortunate, this strand of humanitarianism and compassion which has been in Anglo-Saxon society from the beginning. Secondly, it meant their social and economic reforms would be achieved gradually, within the democratic process. These people had too much at stake within the existing society to want to change everything radically and put their positions in jeopardy.[2]

Other similarities stand out. One was their optimism. Both the Fabians and progressives felt that men could reorder their society so that all might live a fuller, happier life.

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[2]Richard Hofstadter, The Age of Reform (New York: Alfred A. Knopf, 1955), p. 204.

They had faith in human, as well as material, progress. Things would get better. All this would be done within the system. Violence was not to be resorted to. Both the progressive and Fabian movements were adaptive, pragmatic, undogmatic, ever changing, and developing movements. Just as there was no Fabian "party line," so there was no progressive "party line." For example, though at the beginning trusts and all forms of organization were anathema and the general feeling was that they must be destroyed, as time went on Theodore Roosevelt's view that organization was not an evil in itself, that its worst aspects could be curbed by public regulation and so on, became the majority view. Thus progressivism, like Fabianism, is characterized by its pragmatism and cannot be viewed as one whole, consistent movement. Rather, it must be examined in its various stages in order to fully understand the movement.

So much for the similarities. Now the differences between the two movements. First and foremost was the fact that the Fabians were outspokenly committed to establishing Socialism in England, whereas the vast majority of the progressives remained champions of Capitalism and Individualism. The idea was to reform the existing capitalistic system, to make it more workable so that socialism or violent revolution would not be such a threat.[3] Also, the progressive ideal was, in the main, a return to a rural, competitive, free enterprise

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[3]Ibid., p. 237.

system where the individual was self-sufficient and reigned supreme in contrast to the Fabian ideal of a co-operative, urban, industrialized society. The progressives were really looking backward to America's idyllic past, hoping to restore it. This was in contrast to the Fabians who saw that the individual could no longer be self-sufficient and so advocated state intervention in order to realize the public welfare. As time went on, these differences would lessen, but in the beginning of the movements the differences between the Fabians and progressives were glaring. The central ideal of the progressive movement was the search for the realization of social justice. A second important belief of the progressives was a belief in positive government. Finally, the progressives were committed to fulfilling the democratic ideal, that government should be by and for the people and not be run in the interests of the plutocrats.[4]

This first ideal, that social justice be realized, was the keystone to the whole movement. Without it, the movement would not have been. The long hours, the dedication displayed by many in the face of small gains, would not have been possible were it not for the belief of the progressives that it would be all worth it if they could better the

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[4]Otis L. Graham, An Encore For Reform (New York: Oxford University Press, 1967), p. 5; Winfred A. Harbison and Alfred H. Kelly, The American Constitution: Its Origins and Development (New York: W. W. Norton and Company, 1948), pp. 632-33; and Alan Grimes, American Political Thought (New York: Henry Holt and Company, 1955), p. 387.

lot of the underprivileged and exploited, if they could see that each man, as Theodore Roosevelt expressed it, got a "square deal." As Roosevelt once said:

> We are no respecter of persons. If a labor union does wrong, we oppose it as firmly as we oppose a corporation which does wrong, and we stand equally stoutly for the rights of the man of wealth as for the wage worker. We seek to protect the property of every man who acts honestly, of every corporation that represents wealth honestly accumulated and honestly used. We seek to stop wrongdoing and we desire to punish the wrongdoer only so far as is necessary to achieve this end.[5]

Reinforcing this view, Roosevelt went on to say:

> Let us strive steadily to secure justice as between man and man without regard to the man's position, social or otherwise. Let us remember that justice can never be justice unless it is equal. Do justice to the rich man and exact justice from him--justice to the capitalist and justice to the wage-worker. . . . I have an equally healthy aversion for the reactionary and the demagogue; but I am not going to be driven out of fealty to my principles because certain of them are championed by the reactionary and certain others by the demagogue.[6]

Roosevelt and his fellow progressives stood for social justice for all. Since this was so great a part of the progressive movement, and since it is the strongest point for comparison with the Fabians, the meaning of and motives for social justice need elaboration.

First, the ideal of social justice was not motivated solely by humanitarian reasons. Rather, the progressives feared that to neglect the victims of industrialism would invite social disintegration and ultimate catastrophe. In

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[5]Harold Howland, Theodore Roosevelt and His Times (New Haven: Yale University Press, 1921), p. 107.

[6]Ibid., p. 108.

order to forestall this possibility, they became the champions of social justice--in a limited manner. This attitude was well expressed in a letter Theodore Roosevelt wrote in 1906 to William Howard Taft, about the tasks of American political leadership as he envisaged them for the next quarter century:

> I do not at all like the social conditions at present. The dull, purbind folly of the very rich, their greed and arrogance, and the way in which they have unduly prospered by the help of the ablest lawyers, and too often through the weakness or shortsightedness of the judges or by their unfortunate possession of meticulous minds, these facts and the corruption in business and politics, have tended to produce a very unhealthy condition of excitement and irritation in the public mind, which shows itself in the enormous increase in socialistic propaganda. Nothing effective, because nothing at once honest and intelligent, is being done to combat the great amount of evil which, mixed with a little good, and a little truth, is contained in the outpourings of the Cosmopolitan, of McClure's, of Colliers, of Tom Larson, David Graham Phillips, of Upton Sinclair. Some of them are socialists, but they are all building up a revolutionary feeling which will probably take the form of a political campaign. Then we may have to do, too late or almost too late, what had to be done in the silver campaign, when in one summer we had to convince a great many good people that what they had been laboriously taught for several years previous was untrue.[7]

Though Roosevelt did not speak for the more radical progressives, still his was the general view. These men wanted social justice but in a sense it was being forced on them. If they did not give in and reform the system, the radicals would force their hand and destroy them. Thus, they took the middle road, that of reform within reason.

Another reason for the progressives advocating social

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[7]Hofstadter, op. cit., pp. 236-38.

justice, besides the humanitarian reason, and the practical one, was that they felt that the American system was out of balance and that the proper balance must be restored. That is, Woodrow Wilson and others felt that the "race of life" was no longer being run. America had been committed to "ideals of absolutely free opportunity, where no man is supposed to be under any limitations except the limitations of his mind . . . where men win or lose on their merits." By various means, the new system of organization had destroyed this body of ideals. But "America will insist upon recovering these ideals which she has always professed."[8]

The motivations behind the ideal of social justice were many and varied. But more importantly, what did social justice mean to the progressives? What concepts were embodied in that catch-all phrase, social justice? One answer is to compare the progressive and the Fabian ideals of social justice.

There are a number of component parts to this concept, social justice. First would be the ideal of equality. The Fabian position is well known, for they have long been champions of equality, and at the very least, equality of opportunity.[9] The progressive opinion was more ambiguous. Many progressives were long and hard champions of equality. Take this statement of Theodore Roosevelt in 1910:

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[8]The quotations in this paragraph are Woodrow Wilson's words, in Hofstadter's book, <u>The Age of Reform</u>, pp. 222-23.

[9]See page 31, supra passim.

> At every state, and under all circumstances, the essence of the struggle is to equalize opportunity, destroy privilege, and give to the life and citizenship of every individual the highest possible value both to himself and to the commonwealth. I stand for the square deal. But when I say that I am for the square deal I mean not merely that I stand for fair play under the present rules of the game, but that I stand for having those rules changed so as to work for a more substantial equality of opportunity and of reward for equally good service.[10]

However, all progressives would not agree with this view. For progressivism, as C. Vann Woodward has written, "generally was progressivism for white men only."[11] Most white progressives remained unaffected by the plight of the Negro and adopted prevalent racist ideas. They also did not champion the immigrant's cause. These two groups seemed to be outside their interests. Equality of opportunity was to be sought for some, not for all in society.

Secondly, both the Fabians and progressives were gradualists. They meant to seek reform piecemeal and legitimately. A typical statement of this attitude were these remarks by Woodrow Wilson:

> When we have freed our government, when we have restored freedom of enterprise, when we have broken up the partnerships between money and power which now block us at every turn, then we shall see our way to accomplish all the handsome things which platforms promise in vain if they do not start at the point where stand the gates of liberty.[12]

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[10]Howland, op. cit., p. 197.

[11]Carl Resek (ed.), The Progressives, The American Heritage Series (New York: Bobbs-Merrill Co., 1967), p. xii.

[12]Graham, op. cit., p. 166.

So the progressives were committed to gradualism. However, it would be a mistake to say that they were both committed to gradualism and leave it at that. The Fabians were committed to a thorough reorganization of the social fabric, to achieving socialism gradually. The progressives were never committed as a group to socialism, nor to any radical reorganization of the society. They were more for social reform than social reorganization.

Thirdly, the progressives and Fabians advocated a "balance between the public good and the private gain."[13] This reflected the influence of a book that both groups admitted influenced their thinking, Henry George's Progress and Poverty, in which was expounded the community theory of value.[14] The Fabians had taken this idea up immediately. They saw George's single tax on land as too simplistic, not recognizing it was apt for the American experience, but yet the Fabians did believe in George's community theory of value and the idea that poverty was preventable through redistribution. The progressives also believed in the community theory of value and were for redistribution of income in a vague way and were for preventing poverty, though whether they thought it possible is debatable. The Fabians were more definitely committed on this point.[15]

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[13]Ibid., p. 4. [14]See pages 33-35, supra.

[15]George Mowry, The Era of Theodore Roosevelt, The New American Nation Series (New York: Harper and Brothers, 1958), p. 98.

A second fundamental ideal that both the Fabians and progressives believed in was a commitment to positive government. The progressives, unlike other reform groups, followed the lead of the Populists in rejecting the Jeffersonian ideal that that government was best which governed least. They felt government should step in and be involved in the crucial problems of the day, particularly when the states and local governments were incapable or neglected these needs. In taking this stand, they saw government as a positive good, something that actively looked after the welfare of the body politic rather than the laissez-faire attitude of government stay out. By inference, this ideal rejected the old individualism and meant that the government would become ever more important in the lives of the people.

The increasing demand for positive government developed concurrently with a third major ideal of the progressives, a demand for a more popular government, an ideal the Fabians did not concentrate on. This demand that government must be government in the interests of the people as a whole rather than the special interests or plutocrats, was one that runs throughout American history. Reform movements have consistently argued for greater popular control of the government and the progressives were no exception. They felt that in order to achieve a positive public policy, it would be necessary to make the political process more popular and more democratic. If bosses and businessmen controlled cities, the state legislatures, and the United States Senate,

if judges refused to validate as constitutional popular and positive legislative programs, then the answer was to circumvent the power of the bosses and businessmen and in making all public officials more responsive to the public will. The demand for the direct election of the Senate, for the direct primary, the Australian ballot and corrupt practices legislation, for the initiative, referendum and recall--these were demands that would make government more responsive and public officials responsible to the majority of the people.[16]

Or so the progressives thought. The record has shown that these "radical" experiments in democracy were destined to realize neither the hopes of progressives nor the fears of conservatives. Many a progressive leader looked upon the initiative and referendum, the recall, and the primary as the greatest constitutional reform since the days of 1787. Through them the rascals would be thrown out of office, and the intelligent will of an enlightened people would find expression. Some frightened conservatives, on the other hand, believed that direct democracy would mean the end of lawful representative government. President Taft said of the initiative that "the ultimate issue" was "socialism," and he denounced the recall of judges as giving "enormous power for evil" into the hands of corrupt bosses and "stirrers up of a social hate."[17]

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[16]Grimes, op. cit., p. 377.

[17]Harbison and Kelley, op. cit., p. 638.

Actually, there was no decisive change for good or evil as a result of these democratic reforms. Because the people could initiate laws did not mean that this nation's laws were the ideal. The cures for democracy's problems were seen to be not merely to have more democracy.

This perhaps was the greatest weakness of the progressive movement. It concentrated too much upon the reform of the mechanics of government, and too little upon the deep-seated social and economic institutions which gave rise to governmental corruption.[18] The party boss was too often mere scum upon the surface of urban poverty, and the corrupt or stupid legislator merely the too accurate image of special interest groups, organized minorities, or even deficient public intelligence or morality. These were not evils to be cured by stripping the speaker of his powers or abolishing a party convention.

This last point shows the basic difference between the Fabians and progressives. The progressives were enamoured of means, to break up a trust, or of having the initiative. They stood for mild social and political reforms. The Fabians were more interested in ends, for they wanted to strike at the roots of a problem. They wanted to eliminate poverty and create an ideal society. The Fabians stood for thoroughgoing social reorganization, not mere reform of the existing system, which the progressives advocated.

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[18] Ibid.

The progressive program, like the Fabian's, was pragmatic and evolving continuously. President Theodore Roosevelt's program was called the "Square Deal." Roosevelt's objective was a square deal for all. The government, he thought, was fundamentally a referee. Its first obligation was to be fair so that no competitor could violate the rules or gain an unfair advantage over his antagonists. Each person deserved an opportunity to do his best and each was to be judged on his merits.[19]

The first area in which Roosevelt sought to apply these principles was in his relations with business and labor. Roosevelt, in this area, stated his position clearly:

> 'I am for labor,' or 'I am for capital' substitutes something else for the immutable laws of righteousness. The one and the other would let the class man in, and letting him in is one thing that will quickly eat the heart out of the Republic.[20]

Thus, he sought to favor neither, rather to take the middle course. Because at that time big business was all-powerful and organized labor was still a fledgling, Roosevelt concentrated his efforts on attacking the abuses of big business. His first effort was in the antitrust area. He sought to revitalize the Sherman Antitrust Act of 1890 which had solemnly warned:

> Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the several states, or with foreign nations,

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[19]Handlin, op. cit., p. 726.

[20]Mowry, op. cit., p. 101.

is hereby declared to be illegal.[21]

The first major target was the Northern Securities Company, a mammoth effort to unite the railways of the Northwest under James J. Hill and J. P. Morgan. Roosevelt brought suit against the company under the Sherman law, and in 1904 the Supreme Court ordered the company dissolved. The judges held that although a holding company was not itself a conspiracy, the process of forming one was illegal if the intent was to restrain trade. The decision was the signal for further prosecutions. In the next four years, this administration secured indictments against twenty-five trusts, including those in beef, oil, and tobacco. Yet Roosevelt did not attack indiscriminately. He did not believe all trusts were evil and should be broken up. For example, in 1907, when he feared a deepening of the financial crisis, he acquiesced in Morgan's acquisition of the Tennessee Coal and Iron Company for United States Steel, a move that reduced competition in the steel industry.

This move reflected Roosevelt's growing belief that it would neither be in the interests of the nation nor possible to break up all the trusts. Rather, the better answer would be to let the corporations remain, but curb them from abusing their power by public regulation. As George E. Mowry stated it:

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[21] Harvey Wish, Contemporary America (New York: Harper & Brothers, 1955), p. 68.

> It is one of history's small ironies that Roosevelt never once in his public life argued that trust busting would cure the industrial problem. As a matter of record, from the time he was governor of New York to the end of his life he believed in government regulation and not dissolution of giant corporations. He stated his position clearly in his first message to Congress, reaffirmed it at Pittsburgh on July 4, 1902, and again all across the country in the campaign of that fall. At Pittsburgh he declared that the growth of large industry was natural, inevitable, and beneficial, and that the nation could no more turn back by legislation than it could turn back the Mississippi spring floods. But, the President added 'we can regulate and control them by levees.'[22]

Public regulation, then, was his answer to the trust problem. However, throughout his term in office, he simultaneously pursued his trust busting activities. Why? The answer lies in the fact that while the path to effective regulation was blocked by a stubborn, conservative Congress, the only way for Roosevelt to bring the arrogant capitalists to heel was through the judicious use of antitrust laws.

In the field of public regulation Roosevelt was most successful with the railroads, perhaps because with them it was a clear case of interstate commerce and the country was soundly against the abuses of the railroads which had been graphically pointed out by both the Populists and muckrakers. A major achievement in this area was the Hepburn Act, whose main provision granted the Interstate Commerce Commission the power to set reasonable rates on complaint of a shipper. This bill was a breakthrough. Prior to this, government had not been able to intervene in business but with the passage

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[22] Mowry, op. cit., p. 132.

of this bill one could see there was definitely going to be a more active involvement of the federal government in the control of the economy.[23]

Roosevelt also concentrated his efforts on social welfare legislation. The President, shortly after adoption of the Hepburn Act, signed two other significant measures--the Pure Food and Drug Act and the Meat Inspection Amendment to the Agricultural Appropriations Act. Each was necessitated by the callous disregard of the public's health by the industries concerned. Each also reflected a sharpened awareness by responsible men that federal regulation was the only means of safeguarding the people's health against irresponsible businessmen.

Roosevelt also fought in the interests of the public welfare in other areas, as in his fight for national control and development of the nation's natural resources.

By the year 1907, the conservative Republican majority in Congress had had their fill of Roosevelt and approved no major domestic legislation during his last two years in office and repudiated him on several occasions. Nevertheless, Roosevelt and his fellow progressives refused to give up. The President appointed a number of new investigatory commissions. He made further steps in conservation. And he repeatedly lectured Congress and the people on the need to mitigate the harsh inequities of capitalism by welfare measures. He

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[23]Handlin, op. cit., p. 729.

was outraged by the Supreme Court's ruling in Lochner vs. New York (1905), which held that a maximum-hours law for bakers was unconstitutional on the grounds that it was an unreasonable interference with the right of free contract and an unreasonable use of the state's police power. And after a New York tenement law was invalidated and a workmen's compensation law declared unconstitutional, he wrote Justice William R. Day that unless the judiciary's spirit changed, "We should not only have a revolution, but it would be absolutely necessary to have a revolution, because the condition of the worker would become intolerable."[24]

In a message Roosevelt sent to Congress on January 31, 1908, the most radical Presidential message up to that time, Roosevelt charged that businessmen had revised the doctrine of states' rights for their own selfish interests and to avoid all meaningful regulation. He said there was "no moral difference between gambling at cards . . . and gambling at the stock market." He called for stringent regulation of securities, imprisonment of businessmen who flouted the law, and a comprehensive program of business regulation. He came out for workman's compensation, compulsory arbitration of labor disputes, and acceptance of big unionism as a countervailing power to big business.[25]

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[24]Louis B. Wright, and others, The Democratic Experience (Chicago: Scott, Foresman and Company, 1963), p. 303.

[25]Ibid.

Roosevelt left office in 1909 with none of this adopted. However, one cannot call the record of the Square Deal a failure. It is true that much of it was not enacted into law during Roosevelt's term in office, but there was a reason for that. His reforms were not passed largely because although the people wanted change, many politicians did not. During Roosevelt's terms, control of both the House and Senate lay in conservative Republican hands and, as a result, major progressive reforms were not passed. What Roosevelt got through was a result of his compromising with the conservative coalition of Republicans and Democrats, for he must get their support or risk defeat.

By working together with the conservatives, some progress was made on his program. No longer would business be all-powerful and unchecked in relation to labor, for example, because of his antitrust activities. But the record of Roosevelt must primarily be seen not by listing his reforms, but as a preparer of the way for others to move towards a welfare state. When Roosevelt left office it was realized that a return to a complete laissez-faire system would no longer be possible. People were demanding the right of the government to intervene in the interests of the public welfare. Finally, Roosevelt's Square Deal was important because no longer were the social problems of the nation the concern of a few reformers. Roosevelt had brought the social problems of the nation into the full light of public scrutiny to be dealt with. There was no going back. The Square Deal

had left its mark.

The years 1908-1912 were years of growing progressive strength. In 1910 Congressional and State elections, progressives, whether running as Republicans or Democrats, had made impressive gains. But also in this period the Republican party began to split down the middle. William Howard Taft was now President and within the first year of his term Teddy Roosevelt and his fellow progressives found they had made a mistake in believing that Taft would carry out their program. Taft increasingly allied himself with the conservatives. As a result, toward the end of Taft's term, Roosevelt and Taft both battled for leadership of the party in the 1912 election.

Despite this turn to the right by Taft, the record shows some progressive actions during his administration. Twice as many antitrust cases were brought during his administration than during Roosevelt's. Both the Sixteenth and Seventeenth Amendments were ratified by Congress in the early months of 1913. The Sixteenth Amendment, which provided for a federal income tax, could fulfill the ideal of a more equitable distribution of the wealth. The Seventeenth Amendment provided for the direct election of the Senate, fulfilling the ideal of a more popular government. Finally, the Mann-Elkins Act of 1910 was passed, which established the jurisdiction of the Interstate Commerce Commission over all communications and strengthened it by allowing it to suspend rates.

In short, during Taft's administration, some forward steps were taken in the progressive program. The question must then be asked, why? Taft had merely pledged himself as wanting to consolidate the Square Deal but these steps went further. The answer is that most of these were due not to the efforts of Taft, who gave half-hearted support, but rather to an alliance of insurgent Republicans and progressive Democrats who now had the strength of numbers in Congress.[26]

The 1912 election was a tightly contested one, which revealed a deepening schism in the Republican party. Roosevelt tried to take the nomination away from Taft, and when he failed formed the Progressive or Bull Moose party. Opposing Roosevelt and Taft was Woodrow Wilson, a newcomer to politics who ran as the Democratic candidate. The unpopular, bumbling, conservative Taft was foredoomed to defeat, and so the race became a choice between two progressives, Roosevelt or Wilson.

Roosevelt's program was known as the New Nationalism. It was a well thought-out program and reflected the evolution of his political thought from mild to radical progressivism. In the last years of his presidency, Roosevelt had set forth his idea that the federal government should be a dynamic force in the social and economic affairs of men. By 1909 he had adopted a program demanding broad federal and

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[26]Ibid., p. 305.

economic regulation but had not yet formulated a coherent political philosophy to justify such a program. This was supplied by Herbert Croly in his work, Promise of American Life (1909).

Croly's thesis not only summarized the most progressive thought of the time but also became the rationale of the New Nationalism, and even of Wilsonian progressivism after 1915. In American thought, Croly said, there were two opposing views on what role government should play. The first was the Hamiltonian view, identified with the aristocracy and special privileged, which said government should intervene directly to alter existing economic relationships or to establish new ones. The second was the Jeffersonian view that government should pursue a policy of strict laissez-faire with regard to economic activity. This weak government concept was identified with democracy and a program of equal rights and opportunities. Croly said this was wrong and called boldly for a new orientation in progressive thinking. What he demanded was nothing less than that the progressives abandon their Jeffersonian prejudices against strong government and adopt Hamiltonian means to achieve Jeffersonian, or democratic ends.[27]

After reading this book, Roosevelt began at once to translate Croly's scholarly treatise into living political principles all could understand. In a famous speech at

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[27] Arthur S. Link, Woodrow Wilson and the Progressive Era (New York: Harper and Brothers, 1954), p. 19.

Osawatomie, Kansas, on August 31, 1910, Roosevelt sounded the keynote of his two years' campaign. The old nationalism, he said, had been used "by the sinister . . . special interests." What he proposed was a new nationalism, a dynamic democracy, that would recognize the inevitability of concentration in industry, and bring the great corporations under complete federal control, that would protect and encourage the laboring man, that, in brief, would do many of the things associated with the modern concept of the welfare state. "We are face to face with new conceptions of the relations of property to human welfare," he declared. " . . . Property (is) subject to the general right of the community to regulate its use to whatever degree the public welfare may require it."[28]

This, in general, was also the program and theme that Roosevelt proposed during the campaign of 1912. The Progressive Platform of 1912 on which he campaigned included measures like a minimum wage for women, prohibition of child labor, workman's compensation, and social insurance. On the political level the Progressives called for adoption of the initiative, referendum, and recall, as well as the institution of a nation-wide presidential primary in order to insure popular control of government. In the economic field, the major demands were for a federal trade commission to exercise sweeping, regulatory authority over business and industrial

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[28]Ibid.

activity and a tariff commission that would set rates on a scientific basis and guarantee that benefits of protection accrued to workers as well as employers.[29] This, then, was the New Nationalism. The government would now be a vital force that could effect change so that it could really serve the welfare of the people. The Fabians would have nodded their heads in agreement.

The other major contender for the presidency, Woodrow Wilson, had no such well-defined program or philosophy when the campaign began. Like Roosevelt, he had a general commitment to the goals of social justice, but unlike Roosevelt, Wilson felt they should be accomplished only by the states and localities. This stand reflected the fact that Wilson was a progressive of the Jeffersonian persuasion, undisturbed by Croly's challenge. Fundamentally a state's rights Democrat, Wilson believed that the federal power should be used only to sweep away special privileges and artificial barriers to the development of individual energies, and to preserve and restore competition in business. Thus he was for a relatively weak federal government.

Wilson, throughout the campaign, seemed to be searching for an issue. He found it when he met Louis D. Brandeis, one of the leading progressive lawyers in the country, who also was the chief spokesman of the philosophy of regulated competition, unhampered enterprise, and economic freedom for

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[29]Ibid., p. 16.

the small businessman. And it was Brandeis who clarified Wilson's thought and led him to believe that the most significant question facing the American people was the preservation of economic freedom in the United States.[30]

Brandeis taught, and Wilson agreed and reiterated in his speeches, that the main task ahead was to provide the means by which business could be set free from the shackles of monopoly and special privilege. Roosevelt claimed that the great corporations were often the most efficient units of industrial organization, and that all that was necessary was to bring them under strict public control, by close regulation of their activities by a powerful trade commission. Wilson replied:

> As to the monopolies, I know that they are so many cars in a juggernaut, and I do not look forward with pleasure to the time when the juggernauts are licensed and driven by commissioners of the United States.

Monopoly, he added, developed amid conditions of unregulated competition. "We can prevent these processes through remedial legislation, and so restrict the wrong use of competition that the right use of competition will destroy monopoly."[31]

In short, Wilson was calling for an end to big business and monopoly so that free competition could be restored. Another basic difference between the New Nationalism and New Freedom, Wilson's program, was illustrated by Wilson's savage attack on Roosevelt's labor program. The idea of the federal government's moving directly into the economic field, by giv-

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[30] Ibid., p. 20.

[31] Ibid., p. 21.

ing special protection to workers, or farmers, as Roosevelt was beginning to see as right and just, was as abhorrent to Wilson in 1912 as the idea of class legislation in the interest of manufacturers or shipowners. As Wilson said, the philosophy of America was equal rights for all and special privileges for none--"a free field and no favor."

> I do not want to live under a philanthropy. I do not want to be taken care of by the government. . . . We do not want a benevolent government. We want a free and just government.[32]

So, under Wilson, the executive power would not be widely expanded. It would mainly be directed at breaking up the monopolies so that free competition could be restored. In this way the farmer and small proprietor could once again prosper. Wilson's administration would thus judge social policy from the viewpoint of the small proprietor and the independent farmer, who were his chief supporters. Jeffersonians, not only in ends, but in means, they considered restraint on bigness the most effective protection for individual liberties. The New Freedom aimed to rectify the injustices industrialism had caused, by a return to the earlier values of economic and political democracy. And so the attempt to apply these values in practice would be the task of the Wilson administration.[33]

The choice, as Wilson said, was between his New Free-

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[32]Arthur M. Schlesinger, Jr., The Crisis of the Old Order (Boston: Houghton Mifflin Co., 1957), p. 28.

[33]Handlin, op. cit., p. 732.

dom, or slavery and enchainment under Roosevelt's New Nationalism: "This is a second struggle for emancipation . . . If America is not to have free enterprise, then she can have freedom of no sort whatever.[34] It was Wilson's belief that economic democracy was absolutely essential to political democracy that gave ultimate meaning to the slogan, "The New Freedom."

The election of 1912 brought to office Woodrow Wilson and the New Freedom, rather than the New Nationalism. In making that choice, the voters had rejected Theodore Roosevelt's proposals for centralizing power but at the same time revealed their desire to extend the activities of the government for the protection of the individual. What now of the record of his administration?

At the New Freedom's core was the destruction of monopoly by downward tariff revision, relentless enforcement of strengthened antitrust laws, and the freeing of banks from dependence on Wall Street. Wilson began at once to fulfill these steps.

His first move was drastic tariff reduction to destroy the Republican system of special privilege to industry and producers of important raw materials. The result of his leadership was the Underwood Tariff, the first substantial reduction of tariff schedules since before the Civil War.

By the time Wilson signed the Underwood Act, he was

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[34]Link, op. cit., p. 21.

already deeply engaged in a more ambitious and difficult undertaking, the second step in the New Freedom's campaign, to destroy monopoly and unleash the potential economic energies of the American people. This was the struggle for a new currency and banking system what would break the old dominance of Wall Street on the economy. There was widespread agreement about the urgent need for a new banking and currency system but little consensus about the right solution. Old Guard Republicans wanted a decentralized reserve system under private control. Bryan Democrats and progressive Republicans called for a reserve system and currency supply owned and controlled by the government. After much disagreement, finally a compromise was worked out and the Federal Reserve Act was adopted in December, 1913.

The measure created twelve Federal Reserve Banks owned and controlled by private bankers but responsible to a seven-member Federal Reserve Board created by the President. The reserve banks were authorized to issue currency from a sound, yet reasonably flexible base and to perform numerous other central banking functions. Provision was also made to meet the seasonal needs of agriculture.

Thus, the Federal Reserve Act created a system of mixed private and public power. It was no out-and-out victory for the progressives, but it was a large step in the direction of establishing a workable reserve system, destroying the concentration of credit in Wall Street, and giving the country an elastic currency suited to expanding business

needs, all high priority progressive goals.

Wilson's next great objective was revision and strengthening of the Sherman Antitrust Act. This, along with the downward revision of the tariff and creation of a new banking and currency system, would complete the New Freedom program. There would be no legislation to give special benefits to labor, no rural-credits measure, no such conservation program as Roosevelt had envisaged. Child labor, women's suffrage, workmen's compensation, and all the rest would have to come, if they came at all, by actions of the individual states. In at least one area, moreover, there was positive repudiation of social justice in 1913. With the President's acquiescence, the Secretary of the Treasury and the Postmaster General segregated some Negro employees, thus setting back the concept of equality.[35]

A second blow came to the social justice group when President Wilson refused to lend his support in the Senate for a child labor bill which had already passed the House in 1914, claiming it was unconstitutional for the federal power to be extended in this area. But by 1914, the progressive movement had gathered too much momentum to be long halted by presidential indifference. While the child labor forces were regrouping for a second assault, new pressures were bearing so heavily in the White House that Wilson had either to accommodate them or risk loss of his office in 1916. The

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[35]Wright, <u>The Democratic Experience</u>, op. cit., p. 307.

result was a movement toward the New Nationalism, first evidenced by the passage of the Federal Trade Commission Act.

Wilson's original measures included legislation to outlaw specific unfair trade practices and to create a federal trade commission with only fact-finding powers. Progressives in both parties did not think much of the first measure and refused to support the other because the commission would not have the power to act on its findings. Wilson, at this point, began to listen to the progressive side. Conversations with Brandeis convinced him that it was impossible to outlaw every conceivable trade practice. Wilson became convinced that something like the Rooseveltian solution was the only alternative. He lost interest in the first measure, known as the Clayton Antitrust Bill. As finally adopted in 1914, it was full of ambiguities and qualifications. Meanwhile, Wilson espoused and pushed through his Attorney General's, Louis D. Brandeis, measure, the Federal Trade Commission Act. This act called for the creation of a Federal Trade Commission empowered, in effect, to define unfair trade practices on its own terms and to suppress them on its own findings, subject to broad court review. The Federal Reserve Act had given first proof that Wilson might be willing to consider expanding federal power over economic affairs. The Federal Trade Commission Act was a sure sign that he had moved toward dynamic use of the federal authority.[36]

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[36]Ibid.

Further indications that Wilson was deliberately embarking upon new policies aimed at bringing the progressive movement to fruition were evidenced prior to the election of 1916. He became more sympathetic to the needs of labor. In January, 1916, Wilson nominated Brandeis to the Supreme Court. Old Guard Republicans protested bitterly to his appointment of such an advanced progressive. Brandeis had upset legal tradition in 1908 by presenting a mass of sociological data to the Supreme Court in his successful defense of the Oregon law establishing maximum working hours for women. But Wilson forced Brandeis' confirmation. Next, he came out for a languishing rural-credits bill that he had condemned as class legislation two years before.

Then, suddenly, the legislative log jam was broken. Under administration pressure, the Kern-McGillicuddy Bill, a model workmen's compensation measure for federal employees, drafted by the American Association for Labor Legislation, was resurrected and passed by Congress on August 19, 1916, and quickly signed. Next, Wilson, through strong support behind the child labor bill, won its adoption. Enacted in the summer of 1916, it was declared unconstitutional two years later in _Hammer vs. Dagenhart_.

Wilson reconciled himself to the Rooseveltian policy of co-operation between business and government by urging, successfully, the creation of a tariff commission because he feared that Europe would dump its surplus goods in America at the end of the war.

The flow of nationalistic, social justice legislation continued right until election day. The Revenue Act adopted in the late summer of 1916 increased income taxes sharply and imposed a new estate tax. The President, in September, personally pushed through Congress the Adamson Bill to establish the eight-hour day for railroad workers.

In sum, the Wilson Administration had come full circle. It was now the advocate of positive federal power to achieve social justice. And so when Wilson was running for re-election in 1916 he could claim, truthfully, as he did, that he and his party had, in fact, put the Progressive platform of 1916 on the federal statute books. By 1916 the Wilson Administration had, indeed, pushed through the most imposing program of reform legislation in American history.[37] And when Wilson promised more social justice, the progressives from all sides flocked to his side and re-elected him President. Progressivism, however, was to die with the U. S. entry into World War I. It would remain for another man, Franklin Delano Roosevelt, to advance further towards the welfare state with his New Deal, the subject of the next chapter.

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[37]Link, Woodrow Wilson and the Progressive Era, op. cit., p. 230.

Chapter 4

THE NEW DEAL

> Sullen men lived miserably in Hoovervilles, huddled against icy blasts, waited in grim lines for bread and soup, pondered a desperate march on Washington to collect bonus payments. Farmers, fighting bitterly against dispossession, moved toward open violence. Businessmen, stricken with panic, pleaded for government aid. Labor was disorganized and impotent. Intellectuals were clutching at Communism or at Fascism. And our national leadership? Clinging with frightened obstinacy to the theory that the forces which brought the depression would bring the revival, Herbert Hoover resisted the demand that the government act. It was the winter before the New Deal.[1]

The election of 1932 made Franklin Delano Roosevelt President of the United States. He had campaigned on the premise that, once elected, he would offer a "New Deal" to the American people. What exactly this would be was not made clear. In the four months between Roosevelt's election and inauguration, the depression reached its lowest ebb. During this period there was little constructive leadership. President Hoover thought that everything justifiable had been done in the domestic field and was interested in stimulating foreign trade. Roosevelt could not accept Hoover's analysis of the domestic situation and was not prepared to work for a

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[1] Arthur M. Schlesinger, Jr., "The Broad Accomplishments of the New Deal," The New Deal: Revolution or Evolution, ed. Edwin C. Rozwenc (Boston: D. C. Heath & Company, 1959), p. 29.

return to an international gold standard, the keystone of Hoover's plans.[2] As the nation drifted without leadership, silver shirts, white shirts, khaki shirts, and other organizations strove unsuccessfully for mass support.

It was hard to underestimate the need for action. Many questioned whether America could solve its problems democratically, and whether capitalism as a system was viable. The national income was less than half of what it had been four short years before. Nearly thirteen million Americans--about one quarter of the labor force--were desperately seeking jobs.[3] The machinery for sheltering and feeding the unemployed was breaking down everywhere under the growing burden. Finally, a few hours before the inauguration, every bank in America had locked its doors. It was now not just a matter of staving off hunger. It was seeing whether a representative democracy could conquer economic collapse. It was a matter of staving off violence, even (at least some so thought) revolution.[4]

Whether revolution was a real possibility or not, faith in the free enterprise system was certainly waning. Capitalism, many thought, had spent its force; democracy could not rise to economic crisis. The only hope lay in governmental leadership of a power and will which representative

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[2]Wright, The Democratic Experience, op. cit., p. 374.

[3]Arthur M. Schlesinger, Jr., The Coming of the New Deal (Boston: Houghton Mifflin Company, 1959), p. 3.

[4]Ibid.

institutions seemed impotent to produce. Some looked enviously on Moscow, others on Berlin and Rome.[5] It was in this milieu that Franklin D. Roosevelt became president on March 4, 1933.

Roosevelt underscored the whole thrust of his New Deal when he said in his Inaugural Address: "This nation asks for action and action now."[6] The New Deal was a response to crisis. "Our primary task is to put people to work."[7] Like the Fabian and progressive programs, the New Deal was a response to pressing problems, only this time the problems were much more acute, for it was no longer a mere matter of reform of the existing system. The very survival of the system which had broken down was being tested. Recovery under the capitalistic system must be brought about or otherwise it would be prey to choosing the path of violence and revolution as had occurred in Germany under Hitler and in Italy under Mussolini.

The New Deal, which was both an ideal and a program, had many affinities and dissimilarities with both the Fabians and progressives. First, one sees the similarities. The New Dealers as a group had nearly identical backgrounds as the progressives and Fabians. They came largely from the middle

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[5]Ibid.

[6]Gerald D. Nash (ed.), Franklin Delano Roosevelt (Englewood Cliffs, New Jersey: Prentice-Hall, Incorporated, 1967), p. 32.

[7]Ibid.

class and were mostly lawyers, college professors, economists, or social workers. Like the Fabians and progressives, they loved stimulating conversation. The common bond which held them together, as Arthur M. Schlesinger, Jr. quotes Herman Kahn noting, was that they were all at home in the world of ideas. They were accustomed to analysis and dialectic; and they were prepared to use intelligence as an instrument of government. They were more than specialists. As Kahn has further pointed out, they were--or considered themselves--generalists, capable of bringing logic to bear on any social problem. They delighted in the play of the free mind.[8]

The New Dealers by no means belonged to a single school. Indeed, they represented divergent and often clashing philosophies all the way from laissez-faire liberalism in the tradition of Grover Cleveland, dedicated to sound money, fiscal orthodoxy, and tariff reduction, to those who called for a socially planned economy and sought to counter the anarchy of competition by government-business collaboration.[9] The progressives also had represented a wide spectrum of thought, whereas the Fabians had not.

Other similarities stand out. All three movements were characterized by their optimism and rejection of dogma. They were uninterested in pure theory. They left others to

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[8]Schlesinger, op. cit., p. 18.

[9]Ibid.

argue the finer points of capitalism or socialism. They were all pragmatists who sought a middle way between capitalism and communism. Arthur M. Schlesinger, Jr. well noted the character of the New Deal:

> The whole point of the New Deal lay in its belief in activism, its faith in gradualness, its rejection of catastrophism, its indifference to ideology, its conviction that a managed and modified capitalist order achieved by piece-meal experiment could combine personal freedom and economic growth. 'In a world in which revolutions just now are coming easily,' said Adolf Berle, 'the New Deal chose the more difficult course of moderation and rebuilding.' 'The course that the new Administration did take,' said Harold Ickes, 'was the hardest course. It conformed to no theory, but it did fit into the American system--a system of taking action step by step, a system of regulation only to meet concrete needs, a system of courageous recognition of change.' Rexford Tugwell, rejecting laissez-faire and communism, spoke of a 'third course.'[10]

There were also a number of areas in which the New Deal differed from both Fabianism and progressivism. One was that both the progressives and the New Dealers were not committed to either collectivism or to establishing socialism in America, as the Fabians were in England. Frances Perkins, Roosevelt's long-time friend and Secretary of Labor, made a pertinent comment on Roosevelt's thinking:

> I knew Roosevelt long enough and under enough circumstances to be quite sure he was no political or economic radical. I take it that the essence of economic radicalism is to believe that the best system is the one in which private ownership of the means of production is abolished in favor of public ownership. But Roosevelt took the status quo in our economic system as much for granted as his family. They were part of his life, and

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[10]Arthur M. Schlesinger, Jr., "Sources of the New Deal," Paths of American Thought (Boston: Houghton Mifflin Company, 1963), p. 319.

> so was our system; he was content with it. He felt that it ought to be humane, fair and honest, and that adjustments ought to be made so that people would not suffer from poverty and neglect, and so that all would share.[11]

The greatest single difference between the New Deal and progressive period was that under the New Deal, the role of the federal government in both the economy and the lives of its people was greatly expanded. The welfare state had definitely emerged. The progressives had constantly talked about trust busting and of devices to bring the government closer to the people. The New Deal centered its interest on social and economic reform, rather than political reform. For the first time in the history of the republic, the federal government was assuming a responsibility for the welfare and security of its people--for employment, health, and general welfare. The New Deal assumed the responsibility of guaranteeing every American a minimum standard of subsistence instead of allowing people to starve. The government now was an instrument for economic change. All this, and much more, the progressives would not have conceived possible.

So much for an overview of differences and similarities between these three movements. What exactly did the New Deal stand for? What were its ideals and how well did it achieve them? These questions must be answered before an assessment of the movement can be made.

The New Deal was not a philosophical movement. The

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[11]Frances Perkins, The Roosevelt I Knew (New York: The Viking Press, 1946), p. 328-29.

New Dealers were men who were dedicated to solving the problems of a depression. They had to act. Like the progressives and Fabians, they were not given to writing philosophic treatises. Nevertheless, goals did underlie the New Deal program. In his Inaugural Address, Roosevelt referred to these three objectives of the New Deal as "Relief, Recovery and Reform."[12]

Roosevelt's conception of relief went far beyond what President Hoover believed the federal government should do. Hoover basically was an advocate of individualism and self-reliance. The individual should be responsible for his own welfare. When the depression struck in 1929, Hoover saw the economy lagging and unemployment growing, but he refused to do much about this except to say that recovery was just around the corner: "Our joint undertaking," he said on May 1, 1930, before the United States Chamber of Commerce, "has succeeded to a remarkable degree." The intensity of the slump "has been greatly diminished." "I am convinced," Hoover said, "that we have now passed the worst and with continued unity of effort we shall rapidly recover."[13]

So Hoover thought recovery would be soon and, in any case, it was not the federal government's responsibility to take over relief. In 1931, Hoover said that if America meant anything, it meant the principles of individual and local

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[12]Wright, op. cit., p. 376.

[13]Arthur M. Schlesinger, Jr., The Crisis of the Old Order (Boston: Houghton Mifflin Company, 1957), p. 165.

responsibility and mutual self-help. If we break down these principles, we "have struck at the roots of self-government." Should federal aid be the only alternative to starvation, then federal aid we must have; but "I have faith in the American people that such a day shall not come."[14]

Meanwhile, thousands of Americans were introduced to a new and humiliating mode of existence--life on the relief rolls. Most of the unemployed held out as long as they could. But with savings gone, credit exhausted, and work unobtainable, there seemed no alternative except to subdue pride and face reality.

The system was, in the main, one of local poor relief, supplemented by the resources of private welfare agencies. Even in 1929, public funds paid three-quarters of the nation's relief bill; by 1932, the proportion rose to four fifths. In larger cities, social workers had had some success in improving standards of relief care, replacing the old "overseers of the poor" by public welfare departments. But in smaller communities, there was often no alternative to the poorhouse. And the whole patchwork system had an underlying futility: it was addressed to the care of unemployables--those who could not work in any condition--and not at all to the relief of mass unemployment.[15]

By 1932, Hoover had to "give in" a little to the popular will. He had said that helping individuals by fed-

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[14]Ibid., p. 170. [15]Ibid., p. 169.

eral food or relief payments would undermine the initiative of the American people. But by 1932, even men of the "business world," wrote Herbert Hoover, "threw up their hands and asked for government action."[16] As voluntary action proved inadequate to counteract the deepening depression, Hoover moved step by step toward federal regulation. In December, 1931 and January, 1932, the President co-operated with leaders of the Senate and House in creating the Reconstruction Finance Corporation (RFC), a temporary pump-priming agency with substantial capital. Designed to ease the credit stringency, the RFC was to supply banks, insurance companies, and large industries with loans they were unable to get through normal channels. Hoover hoped that such relief would stimulate recovery throughout the economy.[17] Hoover's strategy of recovery aimed to bring prosperity back by providing relief at the top of the economic system. Aid to the individual might tide him over from meal to meal; that was a task for municipal or private philanthropy.

Roosevelt's view on relief was markedly different from Hoover's. Part of the reason that Roosevelt was ready to act forcefully on relief was that by the time Roosevelt assumed office, the nation as a whole was clamoring for relief, and, if the federal government did not act, the alternatives were ominous. For in 1932, the third winter of the depression, relief resources, public and private, dwin-

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[16]Wright, ibid., p. 372. [17]Handlin, ibid., p. 866.

dled toward the vanishing point. In New York City, entire families were getting an average of \$2.39 a week for relief. In vast rural areas there was no relief coverage at all. "I don't want to steal," a Pennsylvania man wrote Governor Pinchot, "but I won't let my wife and boy cry for something to eat. . . . How long is this going to keep up? I cannot stand it any longer. . . . O, if God would only open a way."[18]

Clearly, the unemployment problem had to be boldly dealt with. Roosevelt promised throughout the campaign that, if elected, the federal government would assume responsibility for relief where local aid had broken down. He also called for greatly expanded relief payments. The average relief stipend in 1932 was about fifty cents a day, and Roosevelt would not accept this.[19] Besides admitting to the scope of the problem and the federal government's responsibility toward the relief of the unemployed, Roosevelt had a more fully developed view of relief than Hoover had.

Where Hoover had been content to see the unemployed go to the breadlines for sustenance, Roosevelt and his advisors said no, the unemployed who are employable must have jobs, rather than charity in the form of a relief payment. As Roosevelt once said to Congress, the dole was:

> . . . a narcotic, a subtle destroyer of the human spirit . . . . I am not willing that the vitality of our people be further sapped by the giving of cash, of market baskets, of a few hours of weekly work cutting grass,

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[18] Schlesinger, The Crisis of the Old Order, p. 174.

[19] Schlesinger, The Coming of the New Deal, p. 263.

> raking leaves or picking up papers in the public parks. The Federal Government must and shall quit this business of relief.[20]

Instead of the dole, Roosevelt thought that the able-bodied unemployed should be put to work. Since the private sector was unable to provide jobs for the unemployed, it must become the federal government's responsibility to provide jobs. As Roosevelt said in his Inaugural Address:

> Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the government itself, treating the task as we would treat an emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the natural resources.[21]

Roosevelt would seek to relieve the unemployed through work relief and public works projects, rather than the dole. He recognized the federal government's direct responsibility for the welfare of individual citizens, including the unemployed. He would offer imaginative programs to deal with the problem of relief. How far he had gone beyond Hoover's narrow view of relief is seen in this excerpt from his Second Fireside Chat in 1934:

> To those who say that our expenditures for public works and other means of recovery are a waste we cannot afford, I answer that no country, however rich, can afford the waste of its human resources. Demoralization caused by vast unemployment is our greatest extravagance. Morally, it is the greatest menace to our social order. Some people try to tell me that we must make up our minds

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[20]William E. Leuchtenburg, Franklin D. Roosevelt and the New Deal, The New American Nation Series (New York: Harper and Row, 1963), p. 124.

[21]Nash, op. cit., p. 33.

> that for the future we shall permanently have millions of unemployed just as other countries have had them for over a decade. What may be necessary for those countries is not my responsibility to determine. But as for this country, I stand or fall by my refusal to accept as a necessary condition of our future a permanent army of the unemployed. On the contrary, we must make it a natural principle that we will not tolerate a large army of unemployed and that we will arrange our national economy to end our present unemployment as soon as we can and then to take wise measures against its return. I do not want to think that it is the destiny of any American to remain permanently on the relief rolls.[22]

A second major objective of the New Deal was economic recovery. This ideal proved to be the most elusive of all, and also one of the most crucial. The tide of depression had to be reversed and economic recovery brought about or the few who questioned the viability of a democratic capitalistic system could prove to be a microcosm of those who would demand overthrow of the capitalistic system in favor of a totalitarian one. No one stated the challenge more exactly than John Maynard Keynes, the noted British economist, in his letter to Roosevelt at the end of 1933:

> You have made yourself the trustee for those in every country who seek to mend the evils of our condition by reasoned experiment within the framework of the existing social system.
>
> If you fail, rational choice will be greatly prejudiced throughout the world, leaving orthodoxy and revolution to fight it out.
>
> But, if you succeed, new and bolder methods will be tried everywhere, and we may date the first chapter of a new economic era from your accession to office.

It was agreed that general economic recovery must be

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[22]Ibid., pp. 42-43.

[23]Schlesinger, The Politics of Upheaval, p. 656.

brought about. But how? This was the question. Roosevelt indicated his over-all approach to economic problems in a campaign speech in 1932:

> The country needs, and, unless I mistake its temper, the country demands bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach.[24]

One theory of how to get the economy moving again was to restore purchasing power to the consumer through government spending. In the interim between Roosevelt's election and inauguration, Roosevelt and his "Brain Trust," Raymond Moley, Adolf Berle, and Rexford Tugwell, worked out this strategy for economic recovery:

As they saw it, nothing had happened to diminish the rich American resources. The productive industrial equipment was still there, even if idle. If fear were first overcome, how could the machine actually be made to work again? First, the Brain Trust felt, by providing cold and hungry people with the means to get shelter and food. Somehow, cash must be put into their hands so that they could buy what they needed. Factories would have to start up to replace what people had bought. People working in factories would be paid and could go on demanding more goods. Thus, an upward surge might replace the downward drift of the past few

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[24] Howard Zinn (ed.), New Deal Thought (New York: The Bobbs-Merrill Company, 1966), p. 83.

years.[25]

What was necessary, then, first of all, they reasoned, was greatly increased relief payments. The government must furnish these either by simply handing out money or by setting up public works to furnish jobs.

Besides government spending, other proposals were made to secure economic recovery. One was for the government to pursue an inflationary policy. Others, showing the New Freedom influence, said basic economic difficulties derived from failure to enforce the Sherman and Clayton Acts. Roosevelt would later ask that banking laws should be made more strict in some respects, controls over the stock exchanges and the commodity markets should be tightened, and the abuse of the holding-company device should be corrected by closer control of its use, especially in the field of public utilities.[26]

One of the most controversial ideas about how to bring recovery has yet to be mentioned. This was centralized planning in the framework of business-government partnership. The New Deal called for a rejection of the old laissez-faire, competitive, unregulated economy. Roosevelt, during the campaign of 1932, had spoken of the ill effects of lack of planning:

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[25]Paraphrase of Rexford Tugwell's analysis from his book, F.D.R.: Architect of An Era (New York: The Macmillan Company, 1967), p. 82.

[26]Wright, op. cit., p. 376.

> . . . we cannot review carefully the history of our industrial advance without being struck with its haphazardness, the gigantic waste with which it has been accomplished, the superfluous scrapping of still useful equipment, the tremendous mortality in industrial and commercial undertakings, the thousands of dead-end trails into which enterprise has been lured, the profligate waste of natural resources. Much of this waste is the inevitable by-product of progress in a society which values individual endeavor and which is susceptible to the changing tastes and customs of the people of which it is composed. But much of it, I believe, could have been prevented by greater foresight and a larger measure of social planning.[27]

Roosevelt then went on to say:

> . . . that which seems more important to me in the long run is the problem of controlling by adequate planning the creation and distribution of those products which our vast economic machine is capable of yielding.[28]

Although the Roosevelt Administration was committed to the idea of centralized planning, the New Dealers differed strongly in their views on the scope and degree of planning. Rexford Tugwell, the most radical of Roosevelt's advisors, argued for an all inclusive type of planning. In his view, planning would mean abandonment of laissez-faire capitalism and business:

> To take away from business its freedom of venture and of expansion, and to limit the profits it may acquire, is to destroy it as business and to make of it something else. That something else has no name, we can only wonder what it may be like and whether all the fearsome predictions concerning it will come true. The traditional incentives, hope of money-making, and fear of money-loss, will be weakened; and a kind of civil-service loyalty and fervor will grow gradually into acceptance. New industries will not just happen as the automobile industry did; they will have to be foreseen, to be argued for, to seem probably desirable features of the whole economy before they can be entered upon.[29]

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[27]Zinn, op. cit., p. 79

[28]Ibid., p. 81.

[29]Ibid., p. 89.

Tugwell further elaborated on what centralized planning would bring about. Besides bringing recovery, the economy would be rational and there would no longer be gross inequities. There would no longer be violent contrasts of well-being or irrational allotments of individual liberty. Neither would there be unconsidered exploitation of human or natural resources.

But all would not fare well. As Tugwell said:

> But it would certainly be one of the characteristics of any planned economy that the few who fare so well as things are now, would be required to give up nearly all the exclusive prerequisites they have come to consider theirs as right, and that these should be in some sense socialized.[30]

Add to this, Tugwell's vision of planning where:

> . . . planning for production would mean planning for consumption too; that something more is involved than simple limitation to amounts which can be sold at any price producers temporarily happen to find best for themselves; that profits must be limited and their uses controlled; that what really is implied is something not unlike an integrated group of enterprises run for its consumers rather than for its owners. . . .[31]

And of course the government, which was guided by expert planners and long-range economic goals, should make the important management decisions for the whole economy and not be content to act as a mere referee. Allocation of resources, priorities in production, profits, wages, prices--all should be determined by the government in behalf of the whole nation, not the more powerful or persuasive interest groups. Like Berle, Tugwell felt that management had to be

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[30]Ibid., p. 85.

[31]Ibid., p. 88.

socialized and moralized, and thus advocated nationalization only when private industry refused to fulfill public goals.[32]

Tugwell's vision of recovery might have worked, but at a tremendous cost. Liberty and free enterprise would be forgotten. The corporate state would be. Neither Roosevelt nor the country was willing to go that far.

Roosevelt opted for a few gestures toward planning. His was a moderate piece-meal approach to planning, as evidenced in the Agricultural Adjustment Act, the National Industrial Recovery Act, and the Tennessee Valley Authority. Roosevelt was not arguing for positive optimum control of the economy. As he said:

> It is wholly wrong to call the measures that we have taken Government control of farming, industry, and transportation. It is rather a partnership between Government and farming and industry and transportation, not partnership in profits, for the profits will still go to the citizens, but rather a partnership in planning and a partnership to see that the plans are carried out.[33]

The federal government was committed to working within the free enterprise system. The Roosevelt Administration would embark on such different avenues to recovery as a tight budget, spending, or planning. Each was tried, and if found lacking, as they all were, rejected for another. The New Deal was characterized by experimentation. There was no one coherent, centralized plan that was followed. As stated earlier, no one policy was sacred, because economic recovery

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[32]Paul K. Conkin, The New Deal (New York: Thomas Crowell Company, 1967), p. 38.

[33]Nash, op. cit., p. 38.

was the main, if elusive, object; for not until World War II would full recovery be realized.

Besides relief and recovery, a third major ideal of the New Deal was reform. Social and economic reform was advocated for a number of reasons. One was the humanitarian one. Roosevelt spoke of wanting:

> . . . to do what any honest Government of any country would do; try to increase the security and happiness of a larger number of people in all occupations of life and in all parts of the country; to give them more of the good things of life; to give them a greater distribution not only of wealth in the narrow terms, but of wealth in the wider terms; to give them places to go in the summertime--recreation; to give them assurance that they are not going to starve in their old age; to give honest business a chance to go ahead and make a reasonable profit, and to give everyone a chance to earn a living.[34]

This was a long-range goal of Roosevelt's, as it was also of the Fabians and progressives. They all believed it was possible to reform the system to bring to fruition this goal of a better, fuller life for all. Roosevelt particularly was interested in freeing the individual from the problems of economic insecurity. He wanted all Americans to be economically secure about their homes, their jobs, their futures, and their old age. Roosevelt elaborated on what he meant by security when he called for a greater physical and mental and spiritual security for the people of this country. He then went on to say:

> Security means a kind of feeling within our individual selves that we have lacked all through the course of history. We have had to take our chance with depressions

[34]Schlesinger, The Politics of Upheaval, p. 652.

> and boom times. I have believed for a great many years that the time has come in our civilization when a great many of these chances should be eliminated from our lives.[35]

The Social Security Act was an important step in the fulfillment of Roosevelt's dream of economic security.

But there were other reasons for the Rooseveltian reforms. Roosevelt himself stated that the Social Security Act was framed not only in the interest of the individual, but also in the interest of the economic stability and the well-being of the nation as a whole:

> This law, too, represents a cornerstone in a structure which is being built but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future Administrations against the necessity of going deeply into debt to furnish relief for the needy. The law will flatten at the peaks and valleys of deflation and inflation. It is, in short, a law that will take care of human needs and at the same time provide the United States an economic structure of vastly greater soundness.[36]

Frances Perkins further elaborated on the implications of the Social Security Act:

> The President's Committee on Economic Security, of which I had the honor to be chairman, in drawing up the plan, was convinced that its enactment into law would not only carry us a long way toward the goal of economic security for the individual, but also a long way toward the promotion and stabilization of mass purchasing power without which the present economic system cannot endure.
> That this intricate connection between the maintenance of mass purchasing power through a system of protection of the individual against major economic hazards is not theoretical is evidenced by the fact that England has been able to withstand the effects of the worldwide depression, even though her prosperity depends so largely

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[35] Ibid., pp. 652-53.

[36] William E. Leuchtenburg (ed.), The New Deal (Columbia, S. C.: University of South Carolina Press, 1965), p. 79.

> upon foreign trade. English economists agree with employers and workers that this ability to weather adverse conditions has been due in no small part to social insurance benefits and regular payments which have served to maintain necessary purchasing power.
>
> Our social security program will be a vital force working against the recurrence of severe depressions in the future. We can, as the principle of sustained purchasing power in hard times makes itself felt in every shop, store and mill, grow old without being haunted by the spectre of a poverty-ridden old age or of being a burden on our children.[37]

In short, reform would be good both for the well-being of the individual and the nation. Roosevelt was determined that every effort must be made to bring about recovery and to prevent future depressions.

Finally, besides the economic and humanitarian reasons, there was a political reason for the New Deal advocating reform. Gerald Nash in his book, Franklin D. Roosevelt, states, "Perhaps the chief executive took this step not altogether willingly, and was responding to the pressure of dissident groups on the Right and Left."[38] Ex-President Hoover and his followers charged that Roosevelt was developing into an autocrat. Disenchanted businessmen formed groups, such as the American Liberty League, and attracted the support of some embittered political moderates, like Al Smith, who simply hated Roosevelt. At the same time, others complained that FDR was neither doing enough to help the masses nor to overcome the depression. Perhaps the most vocal of these dissenters were Senator Huey P. Long of Louisiana, founder of

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[37]Ibid., p. 85.

[38]Nash, op. cit., pp. 5-6.

Share-the-Wealth movement, and a popular radio priest, Father Charles E. Coughlin, who was urging Roosevelt to make drastic monetary reforms. Meanwhile, Earl Browder and the American Communist Party were condemning Roosevelt and the New Deal completely, saying Roosevelt had made the mistake of trying to save American capitalism. As a result, Roosevelt was under great pressure to try something new to bring about recovery. A case can be made that as the national elections of 1936 approached, the pressure from these groups of the Left and Right led Roosevelt to embark on a number of important reforms.[39]

What is most striking about the three basic ideals of the New Deal is how much they have in common with one another. The ideals of relief, recovery, and reform all were seen as means to economic recovery and the means to a fuller, happier life. From relief, one sees the idea that a man must be able to maintain his dignity and pride by having the right to work for his bread. What would be given to him would no longer be charity, but would come of right. One can carry this all the way to that most important reform of the New Deal, the Social Security Act. In this was embodied permanently the ideal of social rights which was first seen in the relief program. There was no doubt during the New Deal period that rugged individualism and laissez-faire had come to an end. The government was now actively involved in the

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[39]Ibid.

economic affairs of the nation; the governmental functions were expanding rapidly; and government in the interests of the general welfare had now become reality. The New Deal program showed the commitment of Roosevelt to the three ideals he had enunciated Inauguration Day: Relief, Recovery and Reform.

Once in office, Roosevelt went to work immediately on his relief program. He and his advisors felt relief must be given; but they hoped that public works would soon make it largely unnecessary. He spoke of the emergency in a special message on March 21, 1933:

> It is essential to our recovery program that measures be immediately enacted aimed at unemployment relief. A direct attack on this problem suggests three types of legislation.
> The first is the enrollment of workers now by the Federal government for such public employment as can quickly be started.
> The second is grants to the States for relief work.
> The third extends to a broad public works labor-creating program . . . .
> I shall make recommendations to the Congress presently.[40]

On March 21, 1933, Roosevelt sent a message to Congress requesting the establishment of the office of Federal Relief Administrator. On May 12, 1933, Congress authorized a half billion dollars for direct relief, to be channeled by the Federal government through state and local agencies. Roosevelt chose Harry Hopkins to head the new Federal Emergency Relief Administration (FERA). Through the state welfare departments and under the guidance of professional

[40]Tugwell, op. cit., p. 96.

social workers, Harry Hopkins, a long-time friend of Roosevelt's, who was called the most powerful man in the Administration by the time of Roosevelt's second term, began at once to spend widely and generously the funds appropriated by Congress.[41]

Yet he still was not doing enough. As winter approached, Hopkins recognized that unless the government acted quickly, millions faced extreme privation.[42]

In June, 1933, a massive work relief project was started. The Public Works Administration (PWA) was established with an appropriation of $3.3 billion under Title II of the National Industrial Recovery Act (NIRA).[43] Harold L. Ickes, Secretary of the Interior, was made administrator.

The immediate results were disappointing. For one thing, a good deal of time was required for the planning and designing of such programs as dams, waterworks, parks, power plants, public buildings, and river and harbor improvements. Jobs were not quickly forthcoming.

Something else was tried. As Harry Hopkins explained it:

> When the story of this depression is finally written, it will be found that it was the social workers who, while struggling to get aid to the unemployed under the relief system, were denouncing its inadequacy. It was

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[41] Leuchtenburg, <u>Franklin D. Roosevelt and the New Deal</u>, p. 121.

[42] Ibid.

[43] Tugwell, op. cit., p. 97.

> they who demanded that these people who were coming to them be lifted out of this system--a system which they, with others, saw was reducing millions to the level of chronic destitution. Those administering relief saw that it was the wrong way to get aid to the millions of unemployed and that it was fraught with grave hazards to all that industrious self-sustaining men and women held sacred. It is to their enduring glory that they demanded that the use of relief for the able-bodied be abolished. To me it is unthinkable that a state or a nation or a people would continue this type of relief a moment longer than is absolutely necessary.
>
> It was out of a sense of what was happening to these people that the Civil Works program was evolved by the President. The Civil Works Administration was created to provide immediate employment for four million people.[44]

Harry Hopkins was authorized to set up the Civil Works Administration (CWA) to look for and carry out projects that required little preparation and no heavy materials, so that they could be started at once. He called on local officials everywhere to find out what needed to be done locally. Such projects could give jobs immediately--repairing streets, cleaning up parks in the cities, building small dams, and making dirt roads in the country--all to be paid for by the federal government. The CWA was supplanted presently by the better organized Works Progress Administration (WPA).

Other work relief projects were started. A Civilian Conservation Corps (CCC) was set up to put unemployed young men into camps to carry out reforestation and erosion-control projects. Also, in 1935, the Resettlement Administration (RA) was created. Rexford Tugwell was made head of the RA. As the title suggests, Tugwell wanted to resettle urban slum dwellers in autonomous garden cities and submarginal farmers

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[44]Zinn, op. cit., pp. 153-55.

in new, productive farm villages, with co-operation a guiding concern for both groups. His greatest monuments were three suburban green belt cities and a few dozen new farm comunities.

The RA would not compromise with existing evils. Almost alone, it fought for equal benefits for Negroes. It was the only New Deal agency to set up group medical plans.[45]

Soon, however, it antagonized every interest. With restricted prerogatives, plus a tenant-purchase program at odds with its earlier orientation, the RA moved into the Department of Agriculture in 1937 and became the Farm Security Administration (FSA). Congress gleefully destroyed it during the war, replacing it with an attenuated Farmers Home Administration (FHA).

As time went on, the relief program was increasingly criticized. The CWA and the WPA were vulnerable to ridicule because many of the projects were not really necessary and also because they were not carried out very efficiently. Rexford Tugwell well-answered this charge:

> Unless allowances were made for the half-starved condition of the workers to begin with, it was easy to criticize their poor performance. 'Leaf-raking' became a byword and a good deal of bitter humor was used on starved men who seemed to lean on their tools more often than they used them. What was also ignored was a fact as apparent to critics as to anyone else. Getting projects finished was only a secondary purpose. The first consideration was to give men earnings that they could take home to their families.[46]

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[45] Tugwell, op. cit., p. 60.

[46] Ibid., p. 98.

Besides direct relief and work-relief projects, Roosevelt tried other measures to bring about economic recovery. The credit measures were intended to assist those who were losing farms, homes, or businesses, because, as things were, they could not pay their debts. The Farm Credit Administration, a Home Owners' Loan Corporation, and an enlargement of the Reconstruction Finance Corporation were all quickly authorized.

As a result of these measures, farm income began to rise. The government was taking care of hundreds of thousands of defaulted mortgages, both farm and non-farm. In two initial acts creating the Federal Farm Mortgage Corporation and the Home Owners' Loan Corporation, the government offered to refinance mortgages on long terms at low interest. In addition, the Federal Housing Administration Act of 1934 introduced the plan of the guaranteed prepackaged mortgage--one that could be paid, principal and interest, by uniform monthly payments. This government guarantee of a high percentage of the total cost of homes in the low-price range constituted the most important change in the history of American home ownership. Now the man with a steady job could afford to buy where he had had to rent before.[47]

Planning was another area in which the New Deal sought to realize the goal of economic recovery. Three major experiments in planning were begun during the Hundred Days:

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[47] Wright, op. cit., p. 377.

the Agricultural Adjustment Administration (AAA), the National Recovery Administration (NRA), and the Tennessee Valley Authority (TVA).

The Agricultural Adjustment Act, passed in May, 1933, was an omnibus bill, authorizing almost any program desired by the Administration. As first implemented, co-operating farmers in the basic crops, by voluntary, contractual agreement, reduced production in return for sufficient government payments to provide parity prices (agricultural prices on par with, or proportionate to, over-all prices in a normal period). The payments came from taxes on processing companies, and thus, in most cases, indirectly from the consumer. The Agricultural Adjustment Administration was supplanted in 1934 by acts setting up mandatory acreage controls on tobacco and cotton. The AAA received the active support of large farm organizations. With more idealism than immediate success, the actual operation of the program was placed in the hands of local committeemen, who helped persuade farmers to "sign up", and also determined, fairly or unfairly, the allotments and the base of the payments. To please the advocates of land retirement (even Hoover had accepted this), a small Land Policy Committee of the AAA began purchasing submarginal farm land for reforestation or recreational uses.

Although portions of the AAA were invalidated by the Supreme Court early in 1936, its principles of acreage reduction, supported prices, and occasional stabs at land retirement (soil bank) have remained at the heart of government

agricultural programs. The AAA brought benefits to almost all commercial farmers. But in limiting acreage and providing the strongest possible incentive for more efficient land use, and thus for better technology, it forced sharecroppers off the land and worsened the plight of farm laborers. It also bypassed harassed farmers in several minor crops, and, basing payments on production instead of need, inevitably aided most generously the already large and prosperous farmers. Even the grass-roots principle invited all types of local chicanery, and too often reinforced class and racial injustice, while the idea of enforced scarcity horrified many urban liberals.[48]

A second enduring agricultural program involved direct government price controls and, in principle, direct subsidies paid from the federal treasury. In a minor way, this began in the fall of 1933 by means of an executive order and in line with a permitted alternative in the Agricultural Adjustment Act. The RFC established a farm subsidiary, the Commodity Credit Corporation (one of two New Deal CCC's), which loaned money directly to farmers on the security of their crops. By authorizing loans that exceeded existing prices, and assuming all risks involved, Roosevelt used the CCC to place supports under farm prices. Reminiscent of the old warehouse receipt plan of the Farmer's Alliance, this began the support, storage, and marketing adventure of the

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[48]Conkin, op. cit., p. 42.

federal government.[49]

As a result of these developments agricultural income, including government payments, stood up better in the depression of 1936-37 than did the income of other sectors, although recovery was still a far-off goal.

As stated earlier, the first AAA was declared unconstitutional by the Supreme Court in 1936. In 1938, the well-organized farmers won substantial new support in the Agricultural Adjustment Act of 1938. The second AAA provided price supports and continued conservation payments, conditioned on the acceptance of acreage or marketing controls for crops with a surplus. By referendum, all the farmers growing a major staple crop could vote for or against controls. By this, and a restored local committee system, the grass-roots approach continued. The price supports were still administered through CCC non-recourse loans. Surpluses soon necessitated export sales at government loss or else vast storage expenses. Some surpluses could be justified by the Secretary of Agriculture, Henry A. Wallace's ever-normal granary, based on Joseph's experiences in Egypt. Before there was an ever-normal, permanently glutted market, World War II came to the rescue.

The second AAA permanently established the main features of the New Deal Agricultural policy and added a new crop insurance program. No significant alternatives have

[49] Ibid.

yet been adopted. Many farmers, as a result of the New Deal, were on their way to recovery. The imbalance between industry and agriculture was being corrected by raising farm prices. Many were able to keep their homes and were more secure in their income. But not all farmers were on the road to recovery. As stated earlier, these programs were primarily aimed at the larger, more prosperous farmer.

Most dramatically, most farmers accepted the fact that the federal government could limit their production, in return for price supports. This would not have happened thirty years before. Farmers were beginning to realize that the free, glutted market was not the best answer, and many accepted price supports from the federal government.

Industrial recovery in 1933 seemed to depend on liquidation of the surpluses that halted manufacturing. The experience of World War I and the proposals of various trade associations for suspension of the antitrust laws suggested to the President the idea of providing industry with the machinery for self-regulation, price fixing, and planned production. To offset that concession, Roosevelt asked for protection of labor and for a public works program to raise purchasing power.

The National Industrial Recovery Act (NIRA) actually provided two main mechanisms for recovery. The first, public works, was placed in the Department of the Interior under Harold Ickes. A much more imaginative man than is usually conceded, Ickes required careful planning of projects, zeal-

ously guarded against waste and political influence, and eventually secured the maximum benefits from always too limited funds. His successful Public Works Administration (PWA) soon allocated over three billion dollars, but the actual construction proceeded too slowly to have any drastic effect on recovery. Here, the New Deal simply expanded the even more cautious public works program of the Hoover Administration.[50]

The National Recovery Administration (NRA), on the other hand, represented a vast potential, either for the imposition of central economic plans upon private organizations, for a government-protected business commonwealth, or for a better-regulated atmosphere for open and fair competition. The planners, such as Tugwell, never really had a chance, and lost all their battles. The NRA never really tried, in any extensive or coherent way, to force public goals upon an unwilling business community.[51]

The purpose of the bill, the President said on June 16, 1933, was to put people back to work. It was to raise the purchasing power of labor by limiting hours and increasing wages. It was to elevate labor standards by making sure that no employer would suffer competitive disadvantages as a result of paying decent wages, or establishing decent working conditions. Above all, it represented an historic experiment in government partnership with business.

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[50] Conkin, op. cit., p. 35.

[51] Ibid.

Roosevelt emphasized:

> It is a challenge to industry which has long insisted that, given the right to act in unison, it could do much for the general good which has hitherto been unlawful. From today it has that right.
>
> History probably will record the National Industrial Recovery Act as the most important and far reaching legislation ever enacted by the American Congress.[52]

The results were not what Roosevelt had anticipated. To establish and maintain fair labor standards, the NIRA proposed that each industry, through its trade association, agree to a code of "fair competition" defining wages, hours, and minimum prices. Labor would be represented in the making of such industry agreements by representatives of its own choosing without any pressure from the employer. The public would also be represented so that the interests of the consumers of the industry's products were not lost sight of. The National Recovery Administration (NRA) was set up to administer this section of the law.

When the bill became law in June, 1933, the president appointed retired General Hugh S. Johnson head of the NRA. A spreading blue eagle was adopted as the symbol of cooperating firms; those who signed fair competition codes were to be allowed to display the blue eagle symbol on their stores, plants, or merchandise, and the public was strongly urged not to patronize non-signers. However, the negotiation of codes proved difficult and time consuming. In July, 1933, President Roosevelt, to speed matters, announced a blanket

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[52]Schlesinger, The Coming of the New Deal, p. 102.

National Reemployment Agreement, and under this plan, millions of Americans were working under the soaring blue eagles within a few months. The original idea of cooperative agreements between the employer, organized labor, and consumer representatives were all but lost in the haste. Furthermore, consumers were unorganized and unable to protect their interests as management and government drew up a flood of codes. As time passed, thousands of cases of non-compliance with the codes were reported. Labor was extremely restive because industry often opposed labor's right to organize as authorized by the NIRA, and the country was plagued by strikes. Employers began to fear that they had made a mistake in agreeing to negotiate with labor in drawing up the codes. The public also began to feel that it was being fleeced by prices that were rising faster than income.

Criticism of the NRA grew. It had not brought economic recovery. For a season in 1933, the NRA had actually helped generate employment. The shortening of hours and the consequent spreading of work under the President's Reemployment Agreement gave jobs to something like two million workers, and a general lift to demand. Beyond this, however, the NRA's strictly economic contributions to recovery were limited. It represented a holding action, not a positive stimulus. All did not work together for the general welfare. Indeed, insofar as it eventually held up prices and held down production, the NRA constituted a hindrance to recovery. As William Saroyan said, hearing a radio announcer say that

aspirin was a member of the NRA:

> . . . Maybe the NRA is a member of aspirin. Anyway, together they make a pretty slick team. They are deadening a lot of pain, but they aren't preventing any pain. Everything is the same everywhere.[53]

Roosevelt was secretly relieved when the NRA was declared unconstitutional by the Supreme Court in 1935, on the grounds that it transferred legislative functions to the president and that it made improper use of the federal powers over interstate commerce.[54]

Before leaving the NRA, it mist be stated that the more enduring achievements of the NRA lay not in the economic, but in the social field. Here, the NRA accomplished a number of reforms. It established the principle of maximum hours and minimum wages on a national basis. It abolished child labor. It dealt a fatal blow to sweatshops. It made collective bargaining a national policy and thereby transformed the position of organized labor. It gave new status to the consumer. It stamped out a number of unfair trade practices. It set new standards of economic decency in American life--standards that could not be rolled back, whatever happened to the NRA. But it did not achieve its basic reason for existence: recovery.[55]

In the hope that federally sponsored, regional power development programs would stimulate recovery, Roosevelt enthusiastically approved the creation of the Tennessee Val-

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[53]Ibid., p. 174. [54]Handlin, op. cit., p. 881.

[55]Schlesinger, The Coming of the New Deal, p. 174.

ley Authority. Of all the early New Deal measures, the TVA was the most imaginative in conception and one of the most successful in operation. This was the one great success in planning, although it did not bring recovery, either.[56]

Two government plants for the manufacture of nitrates, built during World War I at Muscle Shoals, on the Tennessee River, had long been a source of controversy. Senator George W. Norris had hoped the government would retain and operate them along with Wilson Dam, from which they drew power. But Coolidge and Hoover had vetoed bills to that effect, preferring to sell out to private owners. In May, 1933, the Tennessee Valley Authority Development Act put the plant and dam in the hands of a public authority which was to use them for flood control, for the generation of power, and for the economic development of the whole region. The success of this measure in salvaging both the natural and human resources of the area encouraged the construction of the Hoover (1936), Bonneville (1937), and Grand Coulee (1944) Dams. But Roosevelt's suggestion in 1937 of six regional developments in other parts of the country bore no fruit. By then, planning had lost its attractiveness and the emphasis in Congress had shifted to competition.

Other recovery measures were tried. The President pursued an inflationary policy in devaluing the dollar in June, 1933, hoping to restore the price level of 1926.

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[56]Conkin, op. cit., p. 49.

Prices rose slightly, but not nearly so much as the Administration had expected; both the President's fiscal and monetary program had no significant effect.[57]

Roosevelt instituted a number of financial reforms in the hope of bringing about general economic stability so that recovery could be realized. These included various banking restrictions and the establishment of the Securities and Exchange Commission. The Securities Exchange Act of 1934 set up the Securities and Exchange Commission (SEC) to regulate trading practices, to force full disclosure of information, and to regulate margin requirements on stock purchases. Stockbrokers and investment bankers complained bitterly about the restrictions this legislation would place on them. But despite bitter debate in Congress, the bill was passed in June, 1934, and the die-hard opponents of all governmental regulation of the financial community were decisively defeated.

Thereafter, the government increasingly moved away from planning to regulation of the business community as a means to ensure fair competition and, hopefully, recovery. The Antitrust Division of the Department of Justice, under Thurmond Arnold, put teeth under the Sherman and Clayton Acts.[58] Other regulation measures included the Public Utility Holding Act of 1935, which gave the Federal Power Commission the right to set rates, prohibit most pyramiding,

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[57]Handlin, op. cit., p. 872. [58]Ibid., p. 881.

and subjected securities of such enterprises to the control of SEC.

While the New Deal had greatly improved stability and security in the national economy, it had not brought satisfactory recovery, nor did it end the Great Depression. In 1939, there was still no assurance that the defects of 1929 had been rectified. The economy had followed a wavering course. The level of business activity and of national income had risen unsteadily between 1933 and 1937, although construction lagged seriously. Then followed a serious recession in 1937, which lasted into the summer of 1938, with manufacturing, exports, and prices slumping once more. The recovery of 1939, while welcome, was not firm enough to assure Americans that their troubles were over.

The long-term economic failure of the decade revealed the full impact of the Great Depression. In the ten years after 1929, the real national output of all goods in the United States rose by only six percent, and that was entirely due to an increase in the labor force.[59]

The most visible form of the failure was unemployment. Throughout the decade, the number of jobless never sank below one sixth of the potential labor force, with a result that a large part of the population was unable to consume, and some of it was literally destitute.[60]

Almost as important an indication of the defects in

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[59] Ibid., p. 871.

[60] Ibid.

the economy was the persistence of the farm problem. The depression in agriculture was already ten years old in 1929. It deepened in the next four years; and prolonged drought and dust storms in 1934 and 1935 intensified the misery. Between 1933 and 1937, there was a rise in farm prices and incomes, but only enough to get back to the 1930 level. In 1938 and 1939, there was another slip and another recovery, but no escape from the difficulties that had burdened agriculture since 1920--excess production, low prices, inadequate income. For the farmers, as for the unemployed, the Great Depression endured for the whole decade.

The New Deal pumped money into its relief and recovery programs, but its efforts were too small and intermittent to be effective. The New Deal failed to generate enough demand to counter the tendencies of the productive system to contraction. Recovery would remain an elusive goal until World War II came and the economy was expanding once again. But it must also be said that when recovery did come, it was much more soundly based. The United States had a stronger, more stable economic and social foundation.[61]

In 1935, Roosevelt launched a second New Deal which emphasized reform, rather than relief or recovery measures. The Second New Deal embraced a wide range of reform legislation as a consequence of widespread political discussion. In the president's mind, the most important legislation of his

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[61] Ibid., p. 386 and Handlin, op. cit., pp. 870-73.

administration was the Social Security Act.[62]

The Social Security Act created a national system of old-age insurance in which most employees were compelled to participate. At the age of sixty-five, workers would receive retirement annuities financed by taxes on their wages and their employer's payroll; the benefits would vary in proportion to how much they earned. In addition, the federal government offered to share equally with the states the care of destitute persons over sixty-five who would not be able to take part in the old-age insurance system. The act also set up a federal-state system of unemployment insurance, and provided national aid to the states, on a matching basis, for care of dependent mothers and children, the crippled, the blind, and for public health services.

This act was a breakthrough in the development of the modern welfare state and a new landmark in American history. Roosevelt said, in signing the act:

> The passage of this act with so few dissenting votes and with so much intelligent public support is deeply significant of the progress which the American people have made in thought in the social field and awareness of methods of using cooperation to overcome social hazards against which the individual alone is inadequate.
> During the fifteen years I have been advocating such legislation as this I have learned that the American people want such security as the law provides. It will make this great Republic a better and a happier place to live--for us, our children and our children's children. It is a profound and sacred satisfaction to have had some part in securing this great boon to the people of our country.[63]

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[62]Wright, op. cit., p. 380.

[63]Leuchtenburg, The New Deal, pp. 85-86.

Roosevelt later said of the Social Security Act:

> It does not represent a complete solution of the problems of economic security, but it does represent a substantial, necessary beginning. . . . This is truly legislation in the interest of the national welfare.[64]

Now the power of Congress to legislate for the general welfare had a new meaning. It was established that the individual had clear-cut social rights.[65]

A succession of reform measures in 1935 followed the passage of the Social Security Act. In the regulatory field the Public Utility Holding Act was passed. A Banking Act and Revenue Act (Wealth Tax Act) were passed, also. The aim of the Revenue Act was to redistribute the tax burden from the poor to the rich, but the finished bill was considerably watered down. Not until the war years was there a substantial change in the distribution of income.[66]

As a result of the Supreme Court declaring the NIRA unconstitutional on May 21, 1935, the Roosevelt Administration put its support behind the Wagner Act (National Labor Relations Act). This act would replace the labor provisions of the outlawed NIRA. The Wagner Act created a new National Labor Relations Board (NLRB) for administrative purposes and upheld the rights of employees to join labor organizations and to bargain collectively through representatives of their

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[64]Ibid.

[65]Wright, op. cit., p. 381; Conkin, op. cit., p. 60; Leuchtenburg, _Franklin D. Roosevelt and the New Deal_, pp. 132-33.

[66]Ibid.

own choosing. The Wagner Act, like the NIRA, was a bold step forward in breaking down the inequality of bargaining power between employees and employers. It was one of the most drastic legislative innovations of the decade. Big labor, in one sweep, almost gained equality with business. It threw the weight of government behind the right of labor to bargain collectively, and compelled employers to accede peacefully to the unionization of plants.[67]

The reforms continued until 1939. From 1937-1939, Roosevelt and Congress embarked on another round of legislation to pull the country out of economic crisis. This included the Bankhead-Jones Farm Tenancy Act, the Wagner-Steagall Housing Act, the administrative reorganization of certain departments, and the creation of the Second AAA. The final major New Deal measure, the Fair Labor Standards Act of 1938, consolidated some of the early gains of the NRA and, in the main, completed Roosevelt's welfare program. The NRA codes forbade child labor and often set minimum wages and maximum hours. The New Deal aimed at these same goals on a permanent basis. The bill passed in June, 1938. Under the act, the labor of all children under sixteen was prohibited, the minimum wage was set at twenty-five cents an hour, and beyond forty-four hours a week, overtime was to be paid. Like other welfare measures, many workers (agricultural and small retail, for example) were exempt from the provisions

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[67]Leuchtenburg, Franklin D. Roosevelt and the New Deal, p. 151.

of this act, but it was a beginning.

This concluded most of the New Deal reform measures. In 1938, a much more revolutionary reorganization bill was rejected by Congress. Other far-reaching reforms, such as seven new TVA's, were shelved by Congress. In 1939, the House rejected even mild housing and spending measures. The New Deal, which had begun in a burst of energy, simply petered out in 1938 and 1939. After 1939, Roosevelt increasingly concentrated his efforts on foreign policies.

Chapter 5

CONCLUSION

Admittedly, the good society was not achieved as a result of Fabianism or the progressive or New Deal movements. No society has yet achieved this long-standing ideal. But as a result of movements such as these, a beginning has been made. A better life for all is now seen as a distinct possibility instead of as a remote utopian dream. The abundant society can be realized for all. Groups such as the Fabian Socialists paved the way towards the development of the modern welfare state, one route towards the good society.

Throughout this thesis, the author has sought to point out that the ideals and programs of the Fabian Socialists were first implemented in England and then in America. The author has contended that these ideas and programs of the Fabian Socialists are comparable to a developing movement in the United States toward the welfare state. A final summation of the major ideals and programs of the Fabians will once again show the validity of this thesis.

The overarching goal of the Fabians, as it was also of the progressives and New Dealers, was to assure a fuller, happier life for all men. Six subgoals were seen as necessary to achieve this ideal. First, the Fabians called for the elimination of poverty. This was a basic tenet of the

Fabians. They felt that there could be no general happiness and well-being until poverty was eradicated from this earth. They fought strongly for its elimination. The Fabians felt that the most effective way to strike out at the roots of poverty would be through the establishment of a national minimum income. They were among the first to advocate this. With a national minimum income, each man would be in a position to move out of that slum and into a job he was more suited for. Each man would then have some dignity and not be subject to degredation and/or destitution.

Because the Fabians were pragmatists, they did not leave the matter there. When they saw that a national minimum income was unlikely to pass in Parliament in the near future, they did not bury their heads in the sand and wait for the propitious moment. Instead, the Fabians fought for the elimination of poverty step by step. As a result of Fabian propaganda, the Fabians changed the climate of opinion in England to the belief that poverty could, indeed, be eliminated. Also, the Fabians showed that it was feasible to eliminate poverty, and that the means to its elimination would be through specific action--through a system of social security above all, but also through such lesser measures as unemployment legislation, housing legislation, provisions for health care, reduction of hours, and minimum wages. And so they fought strongly for these. A crowning achievement of the Fabians came in 1946, when several acts of Parliament extended and reorganized the whole system of social insur-

ance. Now everyone had the right to free medical care. Workingmen would be compensated for injuries. Families were given allowances for children. The aged had some means to live on.[1]

The progressives did not really argue for the elimination of poverty. They wanted to relieve social distress but they were less interested in really grappling with the whole problem. Instead, they often devoted their energies to political reform. A notable exception was Theodore Roosevelt who, by 1912, advocated workmen's compensation, the elimination of child labor, a minimum wage for women, and social insurance. Woodrow Wilson went along with this to a limited degree. By the end of his presidency, the Kern-McGillicuddy Bill providing workmen's compensation had been passed. Also, a child labor bill was enacted and the Adamson Bill was passed, which established an eight-hour day for railroad workers. Despite these reforms, it is seriously questioned whether these men really thought their reforms would ultimately result in the elimination of poverty. It seems they were not looking that far ahead.

The New Deal is somewhat different. The author contends that Franklin Roosevelt was trying to eliminate poverty step by step. As he himself said in a campaign address in Detroit, Michigan, October 2, 1932:

Now, my friends, the philosophy of social justice

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[1]See p. 57, supra.

> that I am going to talk about this Sabbath day, the philosophy of social justice through social action, calls definitely, plainly, for the reduction of poverty. And what do we mean when we talk about the reduction of poverty? We mean the reduction of the causes of poverty. When we have an epidemic of disease in these modern days, what do we do? We turn in the first instance to find out the sources from which the disease has come, and when we have found those sources, those causes, we turn the energy of our attack upon them.
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> We have got beyond the point in modern civilization of merely trying to fight an epidemic of disease by taking care of the victims after they are stricken. We do that; but we do more. We seek to prevent it; and the attack on poverty is not very unlike the attack on disease. We are seeking the causes and when we have found them, we must turn our attack upon them.[2]

The Social Security Act of 1935 is the best example of Roosevelt's preventative war on poverty. Instead of having the aged go on relief, there were old age pensions that would come to them of right. It was not charity; the worker had contributed. The act also provided for the unemployed, and dependent mothers and children. These people would no longer be forgotten. They had rights. Roosevelt saw this as the Fabians did, too.

A second Fabian goal was equality of opportunity. As one Fabian so aptly described this ideal:

> It involves, accordingly, that the whole fund of natural ability that exists in a people shall be given the chance of proving its capacity, and that we shall no longer stifle a large part of this ability by denying it the opportunity of knowledge and of training for leadership. It means that the whole society shall be organized for plenty, and that no usable resources of manpower or of capital shall be allowed to run to waste. Leaders yes--men and women chosen for special ability in social administration and control, but to come from the whole people on the basis of the widest possible diffusion of opportunity from childhood years right into adult life.[3]

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[2]Rozwenc, op. cit., p. 47. [3]See p. 31, supra.

This goal has not been fully attained either in England or America. Recent advances in education in England have gone far in making this goal possible. In 1947, all children in England were required to attend school until age fifteen, and this was a giant stride, but England has far to go.

Progressive programs sought equality of opportunity. Theodore Roosevelt saw the government as a moderator between business and labor. He said:

> Let us strive steadily to secure justice as between man and man without regard to a man's position, social or otherwise. Let us remember justice can never be justice unless it is equal. Do justice to the rich man and exact justice from him--justice to the capitalist and justice to the wage-worker.[4]

Woodrow Wilson was also a believer in equality of opportunity. He wanted to reestablish the fair rules of the game so that the competitive free enterprise system could be in balance again. This was the "New Freedom."

Franklin Roosevelt also strongly believed in equality of opportunity. Because of this belief, Roosevelt felt that labor should no longer have an unequal bargaining position in American life. So he encouraged the passage of the Wagner Act, which threw the weight of government behind the right of labor to bargain collectively.

It seems that both the progressives and New Dealers saw the struggle for equality of opportunity largely in

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[4]See p. 72, supra.

terms of business *vs.* labor, because that was a pressing issue of the day. They seem not to have concerned themselves much with this issue in its broadest sense as meaning the opportunity for all to have the chance to achieve their fullest potentialities in a society organized for plenty.

Neither England nor America has yet fully achieved this ideal. Part of the reason may be that both nations have not yet totally rejected the competitive economics of scarcity ideology. The idea that you cannot really allow your neighbor to get ahead of you still remains. The economy of abundance, though possible, is not yet acceptable to the individual.

A third Fabian ideal was that of gradualism. Like the Fabians, both the progressives and the New Dealers sought evolutionary change within the democratic system. These were not revolutionaries. Part of the reason the Fabians sought evolutionary change was because that was the only way they could see their program being enacted. Plus, they all had a stake in the existing society. Like the Fabians, the progressives and New Dealers were pragmatic gradualists. Theodore Roosevelt called for a Securities and Exchange Commission, social insurance, and acceptance of big unionism, but was willing to accept lesser gains because that was the only realistic thing to do. From the start, FDR wanted a social security act, but in the First One Hundred Days, Roosevelt concentrated on emergency measures because he had to.

However, there was one major difference here. The Fabians believed that, as a result of gradualism, Britain would become a socialist state, their utopia. The Americans never went that far. They wanted to chart a middle course between laissez-faire capitalism and socialism. They would buttress or modify capitalism and make it workable, but they would not reject it and individualism.

A fourth Fabian ideal was that of a more equitable distribution of the wealth. As a result of this, more could live a fuller life. Both Britain and the United States have had difficulty in attaining this goal, largely due to the fact that those in power are reluctant to tax themselves out of existence. The graduated income tax has been the basic means to attain this goal. During Taft's administration, the Sixteenth, or Income Tax, Amendment was passed, which provided for a federal income tax. This was a major step forward in allowing a redistribution of the wealth. In 1935, the Wealth Tax Act was passed under Roosevelt, a bill which sought to reverse the tax burden from the poor to the rich. The result, however, was a watered-down bill. So in America, as in England, there has been some redistribution of the wealth, but nothing nearly as extensive as that envisaged by the Fabian Socialists.

Also, during FDR's presidency, an attempt was made to redistribute the nation's wealth away, predominently from business to other ailing sectors of the economy. So the AAA, TVA, and RA were established. It has helped.

A fifth Fabian ideal was their belief in freedom and democracy. The Fabians saw no incompatibility between socialism and freedom and democracy. As Harold Wilson said:

> There are those, particularly in the U.S., who believe that the assertion of public responsibility for the means of full employment, social advance, maternal or spiritual, is a fatal step in the direction of communism. It is our belief that a socialist approach to Britain's problems, so far from being a lurch in the direction of communism, means the fullest flowering of democracy. For while we yield to none in our determination to fight for the basic political freedoms--freedom of speech, of religion, of public meeting, of the ballot--we believe that no man is truly free who is in economic thralldom, who is a slave to unemployment, or economic insecurity, or the crippling cost of medical treatment, who lacks the opportunities, in both the maternal and the priceless immaterial sense to a fuller life and the fullest realization of his talents and abilities.[5]

It almost goes without saying that both the progressives and New Dealers believed in freedom and democracy. But there was one significant difference. Where the progressives stressed the extension of political democracy--the direct election of Senators, the primary, the recall and referendum--the New Dealers, like their Fabian counterparts, concentrated on economic democracy. They were cognizant of the fact that political democracy was dependent upon the existence of economic democracy, because they saw a man was not truly free if he had no bread to eat. Roosevelt would see that relief was given instead of talking about a direct primary.

Lastly, a sixth Fabian ideal was a belief in positive government. Government is seen as a positive good. The gov-

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[5]See p. 63, supra.

ernment actively intervenes in the interests of the general welfare. It assumes a responsibility for those who are destitute. The government acts. The welfare state emerges. In America, this positive view of the state was just emerging in the progressive period. The movement away from laissez-faire and individualism had begun with Theodore Roosevelt's Square Deal regulatory measures in the interests of the general welfare. From then on, no longer was a man solely responsible to himself. But neither was the scope of governmental action that wide. For in the progressive period, a total break from a limited, negativistic concept of government had not been made. There were too many people who objected to these progressive programs as outside the sphere of acceptable governmental action, and so much of the progressive program was not enacted until the New Deal period. Attitudes had to change before Theodore Roosevelt's social insurance program could be enacted.

Under Roosevelt, the welfare state came into its own. There was no longer any doubt whether the United States had a positive government. The New Deal assumed the responsibility for guaranteeing every American a minimum standard of subsistance, a long-time Fabian goal. Roosevelt said that he accepted the responsibility for the people's well-being. The government of the United States was making sure that no one would go hungry or cold, and that everyone would have a decent place to live. This undertaking gave "ordinary" people a sense of security they had never had before; a formerly

hostile world became more friendly. This task was not completed at once; time was needed. But beginnings were made, and there were sharp changes from older, careless ways. Only the wealthy had been free from the fear of want until then. This one endeavor was the furthest advance toward equality ever made in this country.[6]

By 1938, when the New Deal ended, there was no doubt that Roosevelt had made significant progress towards making the United States a welfare state. In three areas--social security, labor protection, and housing, significant advances had been made. Also agriculture, through subsidized production and price control programs, now had a more just distribution of the wealth of the country. So, too, did organized labor. Roosevelt did make significant progress in fulfilling his goal:

> . . . to do what any honest Government of any country would do; try to increase the security and happiness of a larger number of people in all occupations of life and in all parts of the country; to give them more of the good things of life; to give them a greater distribution not only of wealth in the narrow terms, but of wealth in the wider terms; to give them places to go in the summertime--recreation; to give them assurance that they are not going to starve in their old age; to give honest business a chance to go ahead and make a reasonable profit, and to give everyone a chance to earn a living.[7]

This statement clearly shows the Fabian influence. Roosevelt had tried to make life better for more of the American people through his relief, recovery, and reform programs.

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[6]Tugwell, op. cit., p. vii.

[7]Schlesinger, The Politics of Upheaval, p. 652.

A start on eliminating poverty and bringing about security was made with Roosevelt's Social Security program. Through the Wealth Tax Act, Roosevelt had tried to have a more equitable distribution of the wealth. Finally, Roosevelt had tried to balance or equalize opportunities in this country so that business, labor, and agriculture could compete fairly and equally for the distribution of the wealth. He was ever against privilege, again as the Fabians were. If the Fabian Socialists are considered the architects of the welfare state in Britain, Roosevelt, too, is considered the architect of the welfare state in the United States.

In the interim, the Rooseveltian reforms have been expanded and enlarged upon. A national minimum income is now being talked about seriously. This, too, has been advocated by the Fabians from the beginning, both because it keeps up demand and purchasing power and because it is the just, decent thing to do. There is no doubt that the program and ideals of the Fabian Socialists have had, and continue to have an impact on the American experience in this century.

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