

“MAKE AMERICA OVER”:

REXFORD GUY TUGWELL AND HIS THOUGHTS ON CENTRAL PLANNING

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DR. MICHAEL A. DAVIS

DR. DAVID L. SNEAD

BY

STEVEN A. CHICHESTER

LYNCHBURG, VIRGINIA

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Introduction

The early 20th century was a time of unprecedented prosperity. The stock market rapidly rose to new heights as investors practicing laissez-faire tactics continued to speculate on the future of the bustling economy. Then in 1929, the economic surge ended, and the United States plunged into the worst economic crisis of its history, the Great Depression, lasting from 1929 to 1941. Due to capitalism's failure to prolong prosperity, new economic theories began surfacing and gaining support in order to guide the nation toward recovery. Rexford Tugwell, an economics professor, New Deal policy advisor, and public administrator, was a central figure in this transition from 1920s free enterprise thinking to Keynesian economics. Born in western New York in 1891, he studied economics at the University of Pennsylvania and later held professorships at Columbia University, the University of Puerto Rico, and the University of Chicago. His most illustrious job, however, was as a "Brain Trust" advisor to Democratic President Franklin Roosevelt in the early 1930s. His relationship to Roosevelt opened the door to a number of government appointments including Assistant Secretary of Agriculture, Governor of Puerto Rico, and Director of New York City's Planning Commission. Throughout his career—whether in academics or in government—Tugwell believed, it was inexplicable that a country as technologically advanced as the United States could not eliminate the existence of poverty within her own borders.

The free market system has played a vital role in the American experience. However, Tugwell, beginning in the 1920s, argued that this theory was flawed and must ultimately be rejected. Any system that encouraged competition among companies instead

of cooperation (i.e. businesses working together to increase efficiency) was inevitably destined to fail. Tugwell believed that cooperation was the key ingredient to improving the economy. It was imperative that businessmen, industry workers, farmers, and politicians put aside their personal aspirations of working hard for self-improvement, and embrace the idea that through cooperation a new level of prosperity could be achieved in which society as a whole was benefited and not select groups or individuals. Tugwell's idea of cooperation, while contradictory to the traditional flow of business in America, was a foundational necessity in his planning philosophy. Planning was the only way, according to Tugwell, to guarantee future economic success. Through research and scientific experiments, planning, he insisted, could combat the current insufficiencies and wastefulness of capitalism and replace them with economic growth and material abundance. Tugwell believed that all of society's economic problems could be solved through planning and because of this he tirelessly pursued indoctrinating the ideas and core beliefs of planning into the governing systems.

In one of his most revealing works, *Our Economic Society and its Problems* (1934), Tugwell challenged prevailing laissez faire thought with an "experimental attitude" that supported central planning. Capitalism, he insisted, was the cause of the instability that led to the Great Depression and the only way to regain stability was through planning.¹ Specifically, that instability was grounded in an excess of competition, which had led to an over-production of goods, especially in agriculture. This fixation on profit, Tugwell noted, motivated producers to increase production levels in hopes of a higher financial return. Unfortunately, he continued, increased production did not facilitate an increase in

¹ Rexford G. Tugwell and Howard C. Hill, *Our Economic Society and its Problems: A Study of American Levels of Living and How to Improve Them* (New York: Harcourt, Brace and Company, 1934), 496-505.

consumer want. Instead, it led to the poverty of abundance experienced by the United States in the early 1930s. In contrast, Tugwell argued, planning allowed for industry, business, and agriculture to form a balance between the production of goods and consumption of goods through cooperation. To ensure this balance, the government, Tugwell insisted, must act as a “senior partner,” motivating all parties to participate in the plans to further the public interest. Central to the implementation and success of any national planning scheme, however, Tugwell concluded, was the complete rejection of laissez-faire tenets.²

Tugwell’s ideas were formed early in life. Through college and graduate school they were sculpted by the tutelage of various professors in the field of economics. Eventually, Tugwell abandoned the private sector for a career in politics in hopes of influencing the nation’s leaders to accept his ideas for planning. In 1932, amidst arguably one of the worst years of the Great Depression, Tugwell joined New York Governor Franklin Roosevelt’s presidential campaign as a “Brain Trust” advisor. Roosevelt’s now infamous “Brain Trust” was a small group of experts in various fields—mostly university professors—who advised Roosevelt on issues related to their particular disciplines. The Democratic presidential nominee looked specifically to Tugwell for advice on the nation’s economic and agricultural problems.

Tugwell ultimately served in a variety of policy positions in the Roosevelt White House. He first served as Assistant Secretary of Agriculture from 1933 until his move to Under Secretary of Agriculture in 1934. Then, from 1935 to 1936, he served as the Director of the Resettlement Administration. Under these titles Tugwell relentlessly pushed for the

² Ibid., 48-50, 543.

government to adopt the ideals of planning. He was unquestionably one of the men responsible for the creation of the Agricultural Adjustment Act of 1933 and the main influence in initiating the construction of the Greenbelt Towns in 1935. In 1933, Roosevelt assigned him to oversee the discussion of plans for the National Recovery Administration. In his writings and speeches during the mid-1930s, Tugwell defended the NRA against critics' attacks. Similar to the AAA, Tugwell believed the NRA should "coordinate and control private enterprise" in order to "eliminate the anarchy of the competitive system," which was responsible for "the recurrence of our spirals of inflation and deflation."³ Tugwell believed that these programs were only the beginning of a true planned society.⁴

Due to the radical and revolutionary potential of his ideas and the arrogant manner in which he often proclaimed them, Tugwell proved to be an easy target for critics. Not surprisingly, many conservatives targeted Tugwell as a socialist, and as "the New Deal subversive revolutionary who secretly planned to destroy American Capitalism."⁵ Throughout his years working in the Roosevelt White House, critics continued to associate Tugwell with socialism and communism, calling him "Rex the Red," and "Rex, The Sweetheart of the Regimenters."⁶ In his memoirs, former President Herbert Hoover, described him as "the ideologic philosopher of the Planners."⁷ His "purpose," Hoover

³ Rexford G. Tugwell, "Design for Government," address to the Eighth Annual Meeting of the Federation of Bar Associations of Western New York (June 24, 1933); Tugwell, *Battle for Democracy* (New York: Columbia University Press, 1935), 3-16.

⁴ Michael V. Namorato, *Rexford G. Tugwell: A Biography* (New York: Praeger Publishers, 1988), 98.

⁵ Charles M. Smith, Jr., *Public Opinion in a Democracy* (New York: Prentice-Hall, 1939), 182; Namorato, *Rexford G. Tugwell*, 1.

⁶ Blair Bolles, "The Sweetheart of the Regimenters: Dr. Tugwell Makes America Over," *American Mercury* 39 (1936): 77-86.

⁷ Herbert C. Hoover, *The Memoirs of Herbert Hoover: The Great Depression, 1929-1941* (New York: The MacMillan Company, 1952).

added, was “the pouring of a mixture of socialism and fascism into the American system.”⁸ Robert Taft, a Republican Senator from Ohio, meanwhile, denounced Tugwell’s ideas as “socialistic,” and insisted that he was “the worst administrator who ever lived.”⁹ Speaking to a crowd of reporters in 1936, Al Smith, the unsuccessful Democratic nominee for President in 1928 (and a former associate of Tugwell’s), declared: “Here is the way it happened: the young brain truster [Tugwell] caught a Socialist swimming and ran away with his clothes.”¹⁰ In the end the tactics of his critics worked, and Tugwell resigned from the administration in 1936.¹¹

A few years later, Roosevelt found a new position for Tugwell where he could freely implement his ideas on planning without the threat of political criticism that led to his first resignation. In 1941, Tugwell was appointed as the United States Governor of Puerto Rico. As Governor, he incorporated his education and political experience with central planning to formulate economic and social reforms for the Island. Puerto Rico was a land stricken with poverty that had very few marketable resources. Through the use of planning, Tugwell was able to revolutionize the responsibilities of the government in order to bring about changes in society.

Despite figuring prominently in the New Deal, Tugwell has had very little scholarly attention. While he figures most studies on Franklin Roosevelt, only two modern biographies—Michael Namorato’s *Rexford G. Tugwell* (1988), and Bernard Sternsher’s *Rexford Tugwell and the New Deal* (1964)—currently exist. This is most likely due to the

⁸ Ibid., 329.

⁹ Rexford G. Tugwell, *The Stricken Land: The Story of Puerto Rico* (Garden City: Doubleday and Company, INC., 1947), 142.

¹⁰ Bernard Sternsher, *Rexford Tugwell and the New Deal* (Brunswick, N.J.: Rutgers University Press, 1964), 400.

¹¹ After his resignation in 1936, Tugwell entered the private business sector as a Vice President of the American Molasses Company.

criticism that he received as a New Deal administrator and to his failure to establish any notable enduring national policies.¹² It is certainly not for a lack of written material from Tugwell. From an early age he enjoyed writing and was ultimately a very prolific author. His papers, located at the FDR Presidential Library in Hyde Park, New York, contain 114 boxes of materials, including correspondences, diaries, speeches, writings, and memorabilia. Throughout the course of his life he published over twenty books, including *The Stricken Land* (1946), *The Democratic Roosevelt* (1957), *F.D.R: Architect of an Era* (1967), *The Brains Trust* (1968), and multiple memoirs. In addition, he wrote more than 75 articles, and oversaw the publication of his daily dairy. A full collection of his letters and papers are available at the F.D.R. Library in Hyde Park.

Those close to Tugwell knew him to be different from the image that his critics offered. In *The New Dealers* (1934), author J. Franklin Carter, an associate and friend to many in Roosevelt's White House, argued that if any in the administration was misunderstood it was certainly Tugwell.¹³ Despite his being denounced as a "Bolshevik, a radical, and a clever revolutionary,"¹⁴ Carter, a liberal, insisted that Tugwell was a genuine conservative "who would save the profit system and private ownership of property by adapting them to the technical conditions of the power age." Since, Tugwell was an economist and not a politician, Carter concluded, many of his actions, prompted by political inexperience, unwittingly revealed him as a radical, not a conservative.¹⁵

¹² The three New Deal programs that Tugwell dedicated the most time and effort toward formulating and implementing, The Agricultural Adjustment Act, the National Recovery Administration, and the Greentowns Program, were all deemed unconstitutional by the Supreme Court prior to 1940.

¹³ Carter referred to the "New Dealers" as the group of individuals who worked under Roosevelt to implement his social and economic reforms during the 1930s.

¹⁴ Namorato, *Rexford G. Tugwell*, 2.

¹⁵ J. Franklin Carter, *The New Dealers* (New York: Simon and Schuster, 1934), preface, 85-91.

Samuel Rosenman, a speechwriter for Roosevelt, believed Tugwell to be first and foremost a planner, serving Roosevelt loyally, and proving to be proficient in the tasks to which he was assigned. Similarly, Harold Ickes, who served as Secretary of the Interior under Roosevelt, viewed Tugwell as a “man of real vision and ability.” Unfortunately, Ickes noted, Tugwell’s failure to safeguard his words and actions helped to make him a controversial and polarizing figure. Like Carter, Ickes insisted that Tugwell was not a radical.¹⁶ He simply held a “truly progressive social vision of America’s future.”¹⁷ Jerome Frank, an agricultural advisor to Roosevelt, also held Tugwell in high esteem. To Frank, Tugwell was an efficient decision maker who understood the vulnerability of American capitalism. Unfortunately for Tugwell, he was never fully allowed to implement any significant changes to the system.¹⁸

Other contemporaries did not hold him in such high regard. In *The First New Deal* (1966), Raymond Moley, a fellow Brain Trustee who soon fell into disfavor with the New Deal, argued that Tugwell’s economic philosophy “closely resembled that of the British socialists who as time went on submerged their socialism under the guise of national planning.”¹⁹ Moley believed that the majority of Tugwell’s ideas were impractical and were formed outside of the realm of political understanding. Although he was capable of enthusing some individuals with his controversial concepts of planning, Tugwell’s instincts and notions, Moley insisted, were in stark contrast to the American capitalist system.²⁰

¹⁶ Harold Ickes, *The Secret Diary of Harold Ickes: The First Thousand Days, 1933-1936* (New York: Simon and Schuster, 1953), 241, 474-475.

¹⁷ Namorato, *Rexford G. Tugwell*, 3.

¹⁸ Jerome Frank, “The Memoir of Jerome Frank,” Oral History Research Office, Columbia University, 29-34.

¹⁹ Raymond Moley, *The First New Deal* (New York: Harcourt, Brace, and World, 1966), 356.

²⁰ *Ibid.*, 356-358.

Likewise, Felix Frankfurter, an advisor to Roosevelt with more conservative sentiments, identified Tugwell as outspoken and arrogant. Moley himself later recalled that Frankfurter “Disliked Rex Tugwell,” and for all of his planning philosophies “Frankfurter maintained intense opposition.”²¹ In a letter to Supreme Court Justice, Louis Brandeis, Frankfurter argued that Tugwell was too inexperienced with politics to participate as a member of the Brain Trust. According to Frankfurter, Tugwell always seemed to be pushing his ideas on Roosevelt, even on issues he knew little to nothing about.²²

Comparably to many of his colleagues, historians have either presented Tugwell as a dangerous radical or revolutionary progressive reformer. Most early historians of Tugwell were critical of the New Dealer. While Frank Freidel and James MacGregor Burns, both liberal Democrats, tended to favor the New Deal and Roosevelt, their views on Tugwell were not as positive. To them, Tugwell was a radical planner who was obsessed with the idea of a “drastic overhauling of the economic system.”²³ Similarly, William Leuchtenburg argued in his classic, *Franklin Roosevelt and the New Deal* (1963), “At no time had Roosevelt seriously considered the creation of a planned economy.” Tugwell was the only member of Roosevelt’s administration that believed in such “collectivist ideas.”²⁴ They presented Tugwell as a danger to the traditional functions of society and hinted at possible connections with communism.

²¹ Raymond Moley, *27 Masters of Politics* (New York: Funk and Wagnalls, 1949), 157.

²² Felix Frankfurter to Louis Brandeis, February 9, 1934. *Felix Frankfurter Papers*, Library of Congress.

²³ The term radical most commonly coincides with the swift, instead of gradual, movement abandoning the traditional laissez-faire system and replacing it with cooperative alignment; Frank Freidel, *Franklin D. Roosevelt: The Triumph* (Boston: Little, Brown, 1956), 263, 265, 351, 353; James M. Burns, *Roosevelt: The Lion and the Fox* (New York: Harcourt, Brace, and World, 1956), 177, 188, 193; William Leuchtenburg, *Franklin D. Roosevelt and the New Deal* (New York: Harper and Row, 1963), 35, 75-76.

²⁴ Leuchtenburg, 164.

In contrast, Harvard history professor Arthur M. Schlesinger, Jr. was not as critical. To Schlesinger, Tugwell was a dedicated progressive who constantly planned to make society better. In his classic, *Crisis of the Old Order* (1956), Schlesinger argued that Tugwell “demonstrated the fundamental conflict between the theorist and the activist, one being radical and the other realistic. He was audacious and shocking, but not so radical.”²⁵ Furthermore, Roosevelt appreciated Tugwell’s economic plans and liked that they presented him with yet another possible course of presidential action. Tugwell proved to be a sensible thinker and planner, Schlesinger believed, but his “occasional cockiness or condescension of manner” invited criticism.²⁶ Unfortunately, Schlesinger continued, he was soon the recipient of so much ridicule that Roosevelt could no longer associate himself with his ideas. “Whatever he touched ran into trouble, even when—as was so often the case—posterity would find him brave, sensible, and right.”²⁷

With the rise of the New Left in the 1960s, a new view of Tugwell arose.²⁸ New Left historians typically disapproved of Roosevelt for not expanding his New Deal to touch all facets of society. Most argued that while the New Deal helped improve life for some, it still left numerous people groups uncared for, and was thus ultimately unsatisfactory.²⁹ Contrary to their negative sentiments toward Roosevelt, the New Left historians regarded Tugwell as a revolutionary who realized the essential changes that needed to take place; he

²⁵ Arthur M. Schlesinger, Jr., *Crisis of the Old Order* (Boston: Houghton Mifflin, 1956), 196, 400; Namorato, *Rexford G. Tugwell*, 4.

²⁶ Arthur M. Schlesinger, Jr., *Coming of the New Deal* (Boston: Houghton Mifflin, 1958), 351, 360.

²⁷ *Ibid.*, 161.

²⁸ A major cultural and political shift occurred in the 1960s. Liberals began advocating civil rights, feminism, and new social reforms primarily in favor of minority groups. This movement became known as the New Left due to its stark contrast to the traditional Old Left’s broad focus primarily on labor issues. This movement altered historians’ perspectives on how to write history. Historians became more enthralled with minority groups, especially in specific eras of history where the Establishment (i.e. the prevailing authority of society) has dominated the historiography.

²⁹ Howard Zinn, ed., *New Deal Thought* (New York Bobbs-Merrill, 1966), xxii.

was the true radical of the New Deal. Howard Zinn, for example, believed Tugwell was a “bold advocate of national planning” designed to help individuals who were bypassed by the New Deal.³⁰ Similarly, Paul Conkin, in his *The New Deal* (1967), considered Tugwell a true reformer who tried to lead the country toward recovery, but was inhibited by Roosevelt’s conservative tendencies. Tugwell’s plans, Conkin wrote, contained “faint echoes of technocracy, a hint of corporate state, and a near arrogant contempt for such traditional values as competition, small economic units, and fee simple property,” which ultimately dissuaded Roosevelt from accepting his ideas for the nation.³¹ In the end, according to Conkin, Roosevelt was at fault, not Tugwell, for failing to initiate national planning. The choice was presented to the president, but he declined Tugwell’s ideas for a better American society.³²

While many scholars have included Tugwell in their histories of the New Deal, only two have dedicated complete monographs on the man. Michael Namorato, a professor of history at the University of Mississippi and editor of *The Diary of Rexford G. Tugwell*, has devoted a significant amount of time studying Tugwell. In 1988, he published *Rexford G. Tugwell: A Biography*, and in 1992 edited *The Diary of Rexford G. Tugwell*. According to Namorato, Tugwell was “strong-willed and self-confident, many times too outspoken and possessing a self-confidence that more often than not crosses the border into arrogance.”³³ In addition, Tugwell, Namorato explained, understood the capabilities of the technological age and wanted everyone to partake in America’s abundance. Unfortunately, however, the American system prevented these ideas from occurring. As a result, “he was often

³⁰ Ibid.

³¹ Paul Conkin, *The New Deal* (New York: Thomas Y. Crowell, 1967), 32, 39.

³² Ibid.

³³ Namorato, *Rexford G. Tugwell*, 7.

frustrated, and in those moments of frustration, his so called radicalism appeared.”

Ultimately, Namorato concluded, Tugwell “was never a revolutionary, but always an evolutionary” who sought out order and control in society through central planning.³⁴

The other modern scholarly monograph on Tugwell is Bernard Sternsher’s *Rexford Tugwell and the New Deal*. Sternsher, formerly a professor of history at Bowling Green State University, and prolific author on the New Deal/Great Depression era, argued that “Tugwell was neither a socialist nor a communist, but a democrat who criticized the capitalistic system not because he wanted to destroy it...but because he wished to improve it.”³⁵ Tugwell, Sternsher insisted, reached his conclusions through pragmatic rational thinking. Sternsher suggested that there was “no apparatus available in the 1930s for executing a collective scheme in the general interest,” and Tugwell was well aware of that. Only through popular acceptance, tedious planning, and rational individuals could Tugwell’s ideas of national planning take root. Eventually society would realize that they needed planning, however time was another factor Tugwell was without. The nation was hurting, but they were vehemently against abandoning the laissez-faire system. Sternsher argued that Tugwell was the right man for the job, but unfortunately the nation was not ready for his ideas.³⁶

Overall, a scholarly examination of Tugwell’s economic views is important to understanding planning ideology and its usefulness during the Great Depression. First, it provides a critical portrayal of the traditional free enterprise system and its shortcomings in prolonging economic prosperity throughout society. Second, it introduces and reveals

³⁴ Ibid.

³⁵ Sternsher, 400; Namorato, *Rexford G. Tugwell*, 5.

³⁶ Ibid.

the purpose of unconventional planning theories and their efficiency as recovery programs as they were incorporated into New Deal policies. Finally, it shows how central planning can be administered throughout a society to greatly improve the living conditions and production capabilities of that society.

Throughout his life, Tugwell—as an academic, policy advisor, and administrator—insisted that central planning, while contradictory to the free enterprise traditions, was essential in the task of reestablishing a prosperous economy. Planning was the only sure way of guaranteeing future economic success. Through research and scientific experiments, planning could replace current inadequate and wasteful capitalistic policies with ones that promised economic growth and material abundance. Tugwell believed that all of society's economic problems were due to a direct lack of central planning. As a result, he relentlessly attempted to implement policies that advocated planning into governing systems.

Chapter 1: The Shaping of a Planner

Tugwell was an educator, policy planner, and public administrator. From Columbia University to the White House to Puerto Rico, he consistently sought to develop and implement ideas that would alter American society toward a more cooperative entity. He faced vast amounts of opposition while trying to remove the laissez-faire principles that were engrained in society. His belief in planning as a solution to the economy's problems was strong, but through his writings he clearly established that his contempt for capitalism was equally as influential in motivating him to find a more efficient economic system to replace laissez-faire. Both of these motivations grew more prominent as Tugwell matured. Throughout his childhood, numerous interactions and experiences, particularly with his father's successful businesses, provided Tugwell with a negative portrayal of the laissez-faire system. His observation of the inefficiencies of capitalism left him questioning the system's ability to provide prosperity for the whole of society. As a young man and student Tugwell encountered various teachers who proclaimed divergent theories from the traditional capitalistic one that society generally accepted. These theories called for a more organized and planned economic system; a system that valued forethought and efficiency instead of merely the accumulation of profit. These influences shaped Tugwell's beliefs toward economics as well as his planning ideologies that he would later seek to implant into society.

Tugwell was born on July 10, 1891 in Sinclairville, New York to Charles and Dessie Tugwell. He was their only son to survive infancy. Tugwell recalled that he enjoyed

growing up in Sinclairville, but “it was no preparation for the future.”¹ Life was rather simple, he later recalled.² Located in western New York, Sinclairville was a small, neighborly town, free from the economic and political turmoil of the 1890s. The Populist movement, and events like the Pullman Strike, seemed to “either pass Sinclairville by or was only slightly noticed.”³

As an ambitious entrepreneur, Tugwell’s father was very successful in a variety of trades, including canning, banking, and orchard farming. As a youth, Tugwell often joined his father on various business ventures to surrounding towns. Although he was thoroughly steeped in free enterprise thinking, young Tugwell was not impressed. Indeed, he was keenly aware of his father’s own harsh business practices and the plight of workers. Many of Tugwell’s childhood friends were the children of employees in his father’s companies. He could not help but realize that his family’s financial situation was greatly superior to that of his friends. Years later he recalled that “father made hard bargains with friends’ fathers,” which ultimately left those families in lowly financial states.⁴ “Even when the company was most profitable,” Tugwell later wrote, “[my father] would have thought himself wrong to pay his workers more than the least he could hire them for.”⁵ His belief, like other successful businessmen, Tugwell noted, was that hourly workers should consider themselves fortunate to have been hired in the first place, and under no circumstance would the success of the business as a whole warrant the increase of wages to its workers. In the end, many of his father’s beliefs and practices dissuaded Tugwell from becoming an

¹ Rexford G. Tugwell, *The Light of Other Days* (New York: Doubleday & Company, INC., 1962), 58-59.

² Tugwell, *The Stricken Land*, 663.

³ Tugwell, *The Light of Other Days*, 58-59.

⁴ Ibid.

⁵ Ibid., 220.

advocate of capitalism. It pushed him instead toward examining economic systems that produced welfare for all members of society.

Tugwell's relationship with his mother, a schoolteacher until her marriage, also had a great influence on his intellectual development. A woman with—as Tugwell recalled years later—“a literary bent,”⁶ Dessie was very involved in the Chautauqua movement: an adult education movement popular throughout rural communities in the late 19th and early 20th centuries. Dessie constantly read and wrote papers for her Chautauqua meetings, and in the process inspired her son to establish his own literary skills at a young age. Having lost two other sons to illnesses, she was very protective of Tugwell, often keeping him indoors.⁷ Tugwell utilized this time by improving his reading and literary skills. “From dime novels to classical literature,” one biographer noted, “he immersed himself in a world of books, eventually nurturing an ambition to write.”⁸ His mother's involvement in Chautauqua allowed young Tugwell the opportunity to hear some of the leading educators, politicians, economists, and theologians lecture and discuss ideas. Years later Tugwell recalled that Chautauqua made him “more respectful of learning, more disposed to serious study, less inclined to accept dogmas, and more aware of the wide world.”⁹

When he was thirteen, Tugwell's father relocated the family farther north to Wilson, New York, and opened a successful fruit and vegetable canning business. Despite his comfortable family background, Tugwell's resentment toward his father's business philosophy continued to grow. For some reason, Tugwell later wrote, “I began to identify

⁶ Ibid., 26.

⁷ Although Dessie was protective of her son, Tugwell also developed asthma as a child, which greatly limited his participation in sporting events and other outdoor activities. Ibid., 36-39.

⁸ Namorato, *Rexford G. Tugwell*, 13.

⁹ Tugwell, *The Light of Other Days*, 119, 123-124.

myself with those in the community that were less fortunately situated.”¹⁰ Despite their hard work, Charles Tugwell would not raise his workers’ wages above the minimum to keep them employed. Tugwell later admitted that it was this dispute between himself and his father that began his “questioning of the business system and the unwillingness to accept the living conditions it provided for its workers.”¹¹

By the time of Tugwell’s birth in the late 19th century, the United States was entrenched in the Industrial Revolution and the opportunities and problems that sprang from it. Advancements in technology greatly increased America’s production potential and to meet these ever-growing potentials, “big business” emerged in the post-Civil War era. The free enterprise system created “Big business,”—large corporations and monopolies. Business owners were demanding and often abusive toward their employees. Wages were low; hours were high; working conditions were often dangerous; and any talk of labor unions or workman’s compensation would result in unemployment. Many Americans soon grew discontent with their current circumstances. By the early 20th century, a movement, known widely as Progressivism, began to bring attention to change the problems that many Americans faced.¹²

According to historian Michael McGerr, the progressives were primarily interested in removing the gap that separated the upper class from the lower class, ushering in social reforms, and creating a utopian society. Financially, the top two percent of society was dictating the way that the other 98 percent of the country lived. The progressives fought

¹⁰ Namoratio, *Rexford G. Tugwell*, 15; Tugwell, *The Light of Other Days*, 219.

¹¹ Tugwell, *The Light of Other Days*, 220.

¹² Michael McGerr, *A Fierce Discontent: The Rise and Fall of the Progressive Movement in America, 1870-1920* (New York: Free Press, 2003).

for the 40-hour workweek, the end of child labor, workman's compensation, and higher wages. Outside of the work place they boycotted alcohol use and petitioned for women's rights.¹³ Their sentiments toward labor reform were similar to those to which Tugwell and his father often disagreed.

One of the premier progressive writings was Herbert Croly's 1909 work, *The Promise of American Life*. According to Croly, the changes of the late 19th century—industrialization, urbanization, immigration, and territorial growth—undermined America's traditional choice between Jeffersonian (minimal national government) and Hamiltonian (economic development and strong national government) models of government. Due to the changes in modern American society, the United States—if it hoped to achieve Jeffersonian ends—must, Croly wrote, employ Hamiltonian means. Government, Croly concluded, needed to play an active role in society to ensure that individual rights were secured.¹⁴ While it is uncertain as to whether or not Tugwell ever read Croly's book, he would certainly soon come to espouse many of those same beliefs.

Tugwell's passion toward reading continued to grow as he matured into his teens. Due to severe asthma, he was unable to participate in athletics. Thus, he had much free time to read and write. He "absorbed everything from fiction to poetry to biography to romances."¹⁵ Although he never put forth more effort in his studies than what was needed to pass, he excelled in English and reading. He became infatuated with H. G. Wells and various other authors that discussed the future of mankind. Later, when he was seventeen, he began reading more "important books," such as James Bryce's *American Commonwealth*

¹³ Ibid.

¹⁴ Herbert David Croly, *The Promise of American Life* (New York: Northeastern University Press, 1909).

¹⁵ Namorato, *Rexford G. Tugwell*, 15.

(1888) and Edward Bellamy's *Looking Backward* (1888).¹⁶ That same year, Tugwell began writing a news section for the *Niagara Falls Gazette*. He wrote on a variety of things, but focused primarily on local news. Tugwell later insisted that it was the real life experiences such as this "that truly educated him, not the Wilson schools."¹⁷

While many of his childhood friends entered the workforce, Tugwell was able to continue his education by attending Masten Park High School in Buffalo, New York. However, the change in scenery did not cause a change in Tugwell's study habits. He continued to only put forth enough effort to pass his classes. Despite his grades, the time spent at Masten Park was extremely influential for Tugwell. Indeed, Mr. Jay Stagg, one of Tugwell's instructors, convinced him to pursue a profession in economics and it was Tugwell's experiences living in Buffalo in 1909, "an ugly city getting uglier every year," that strengthened his resentment for America's free enterprise system.¹⁸

It was also during Tugwell's time at Masten Park that he began to understand the concepts of planning. One day, while walking around the streets of Buffalo, he asked himself "how can I account for the orderliness of the world around me?"¹⁹ The ordinary people who he saw everyday could not have been responsible for the organization surrounding him. How was it possible in a laissez-faire system, which encouraged individuals to seek out their own personal objectives, for any type of order to exist? Yet,

¹⁶ Tugwell, *The Light of Other Days*, 270-272. Bryce's *American Commonwealth* was an English evaluation of American government as a classic analysis. Organized into six segments, the work assesses the federal and state governments, political parties, public opinion, and democracy's strengths and weaknesses. *Looking Backward* tells the story of a young American who, towards the end of the 19th century, falls into a deep sleep and wakes up one hundred and thirteen years later in the year 2000. While he was sleeping America was transformed into a socialist utopia. The remainder of the book outlines improvements for the future.

¹⁷ Namorato, *Rexford G. Tugwell*, 15.

¹⁸ Tugwell, "Masten Park Chronicle," Tugwell Papers, FDR Library, box 51.

¹⁹ Tugwell, *The Light of Other Days*, 306.

there were police to keep the peace, hospitals to take care of the sick, and there were schools, libraries, and public parks. "But when I looked at the men in the saloons," Tugwell recalled in his 1962 memoir, *The Light of Other Days*, "the ones slapping each other hilariously on the back, the others glowering into their glasses, I could not imagine them having contributed to the municipal arrangements." Even the people he encountered on the streets did not seem any more capable of postulating such institutions. Still, "there was leadership somewhere; there was forethought and creative planning."²⁰

Society was planned, and that planning, Tugwell believed, benefited society. "Planning could improve life," Tugwell insisted, and "economics could help in that process."²¹ It was during this time in Buffalo too that he decided that "capricious and self-centered individuals were capable of producing something which functions with regularity in the general interest because there were those who specialized in planning..."²² These individuals that specialized in planning, he believed, needed to stand apart from the masses.

Tugwell soon began to question where these specialists originated. It was clear that planning took place and that normal individuals were not involved in the planning, but he could not yet understand who the planners should be. Furthermore, he began to contemplate whether he could be one of the specialists and "have some part in arranging matters."²³ He quickly developed a distaste for the confusion and chaos in society. He became more aware of the sections of Buffalo that were stricken with poverty, and he began questioning whether too much of society's planning abilities were directed toward

²⁰ Ibid., 306-307.

²¹ Ibid., 18; Tugwell, *The Light of Other Days*, 82-86, 111-114, 134.

²² Ibid., 307.

²³ Ibid.

producing goods, which “allowed cruelties to creep in and become so familiar that we thought of them as somehow related to our productivity.”²⁴

The vast amount of planning in the United States was, in fact, focused on production. The business and industry owners controlled much of early 20th century American society. They were fixated on increasing their profits, and as a result the planners ignored humanitarian projects and dedicated their efforts toward production. In realizing this, Tugwell suggested the idea of removing the individuals responsible for the direction of planning. “Would it be possible,” Tugwell wondered in 1909 while attending Masten Park, “to replace them with others of equal ability who would have as their purpose to create goods cheaply and plentifully rather than just profitably?” Profits could not be the sole reason for man’s labor; “...it must be the dignification of man himself,” Tugwell argued, “the fulfilling of his dreams and the use of his capacities.”²⁵

It was at Masten Park where he began studying the ideas behind democracy and its toleration of the uneducated masses to decide what is best for a country.²⁶ His disgust toward the American businessman’s fixation on profit remained unabated. Later in life Tugwell reflected on the summer after leaving Masten Park. “I wanted to change things, not to destroy them,” he remembered. Indeed his education up to this point in his life encouraged him to help society exceed the traditional limitations that the system placed on society, not to destroy the system itself.²⁷

In the fall of 1911, Tugwell enrolled in the Wharton School of Business at the University of Pennsylvania. Wharton was widely known for its world-renowned economics

²⁴ Ibid.

²⁵ Ibid., 308.

²⁶ Namorato, *Rexford G. Tugwell*, 16.

²⁷ Tugwell, *The Light of Other Days*, 328.

program, and almost immediately he realized that college “was different and better than high school life.”²⁸ After attending an economics course taught by Scott Nearing, Tugwell “knew at once...that this would be meaningful” for him.²⁹ In fact, Nearing, a liberal economist, had a tremendous impact on Tugwell’s intellectual development.³⁰ Nearing’s focus on the many social movements and scandals of the late 19th century greatly interested and influenced Tugwell to further examine the relationship between government and economics.³¹

Over the course of his six years at Wharton, Tugwell and Nearing formed a strong friendship.³² Nearing, a liberal economist, offered his thoughts on a wide range of issues including critiques on America’s free enterprise system and more specifically his condemnation of child labor. In 1912 Nearing published a short monograph entitled *The Super Race: An American Problem*, which called for the development of American supermen characterized by physical normality, mental capacity, concentration, aggressiveness, sympathy, and vision. His book influenced Tugwell to write a poem for *Intercollegiate* in 1915, entitled “The Dreamer.”

I am strong,
I am big and well made,
I bend the forces untamable;

²⁸ Rexford G. Tugwell, *To the Lesser Heights of Morningside: A Memoir* (Philadelphia: University of Pennsylvania Press, 1982), 12-13.

²⁹ *Ibid.*, 15.

³⁰ Tugwell also enjoyed history and government, and quickly came to realize the amalgamation that existed among those three fields of study. Tugwell, *Lesser Heights of Morningside*, 15.

³¹ Such social movements and scandals included: “The labor and agrarian movements, racial discrimination, municipal corruption, careers of “the robber barons,” exploitation of the rest of the country by Wall Street, public utility scandals, the stock watering and trust building of the 1870s and eighties, the railroad scandals, the means by which big business had induced state and even national governments to serve its interests. The Populists, the Grangers, and the Farmers Alliance, the progressives alternatives of Robert La Follette and his co-workers; the socialists of various sorts—the Old-World traditions of orthodox Marxism and of Christian socialism, as well as the Fabian doctrine and the American variations of Eugene V. Debs and Morris Hillquit.” Tugwell, *To the Lesser Heights of Morningside*, 24-25.

³² Namorato, *Rexford G. Tugwell*, 23.

I harness the powers irresistible,
I am sick of a nation's stench,
I am sick of propertied czars,
I have dreamed my great dream of their passing,
I have gathered my tools and my charts;
My plans are fashioned and practical;
I shall roll up my sleeves—make America over!³³

The poem revealed that Tugwell was aware of society's most serious shortcomings, and that through his skills, intellect, and carefully formulated plans, he could transform America.³⁴

During Tugwell's senior year he began instructing lower-level courses and joined a group of Wharton faculty who met frequently to "discuss matters of common interest." Nearing was also a member of the group.³⁵ However, in the spring of 1915, after classes had ceased for the term, Nearing received a letter of dismissal from the university. The reasoning being the teaching of "heterodox economic opinions."³⁶ Nearing wanted businessmen to adopt the enlightened teachings of classical economic theory. He offended numerous members on the Board of Trustees with his lectures and on occasion even personal attacks.³⁷

Tugwell and other members of the faculty resented the trustees for removing Nearing. They understood Nearing better and knew him to be honest and earnest in his

³³ Quoted in "Tugwell's Dream," *Newsweek*, July 1, 1946, 28; Blair Bolles, "Prose and Politics: Writers in the New Deal," *Saturday Review*, March 30, 1940, 4; Cited in, Sternsher, 5.

³⁴ Nearing argued that the United States could sustain this super race through its natural resources and other abundant gifts." Scott Nearing, *The Super Race: An American Problem* (New York: B. W. Huebsch, 1912), 20-24; Namorato, *Rexford G. Tugwell*, 24; Tugwell to Nearing, April 25, 1972, Tugwell Papers, folder "Nearing, Scott, 1942-1973," FDR Library, box 17.

³⁵ Scott Nearing, *The Making of a Radical: A Political Autobiography* (New York: Harper and Row, 1972), 56-57.

³⁶ Tugwell, *To the Lesser Heights of Morningside*, 66.

³⁷ Offended members of the Board of Trustees included "Randal Morgan of the United Gas Improvement Company.; E. T. Stotesbury of J. P. Morgan and Company.; J. Levering Jones, corporation attorney; Louis Madeira of the Newton Coal Company; and George Wharton Pepper, noted lawyer, later senator, and leading Protestant Episcopal layman." Tugwell, *To the Lesser Heights of Morningside*, 67.

work. Tugwell remembered Nearing as a dedicated teacher, who “ought to have been rewarded rather than punished.”³⁸ Regardless of the given reasons for Nearing’s dismissal, Tugwell held different theories. On numerous occasions, Nearing, Tugwell noted, identified wealthy members of the Board of Trustees and compared their lives to the poverty that surrounded them in order to show examples of the corruption that was encouraged by laissez-faire economics. In order to encourage Christian charity toward the poor, Nearing would on occasion elucidate Christ’s teachings for society to follow. Ultimately, Tugwell believed, Nearing insulted George Wharton Pepper, a prominent Episcopal laymen and member of the board, who then sought to see Nearing removed from the school.³⁹ Regardless, Tugwell remained a loyal friend to his mentor for the rest his life.⁴⁰

Another professor at Wharton who influenced Tugwell’s beliefs was Simon Nelson Patten. “Nearing,” biographer Namorato insisted, “promoted reformism in the young student, but it was Patten who guided him intellectually then and later.”⁴¹ Tugwell considered Patten a “great teacher,” a “great philosopher,” and the “greatest single influence” in his development of ideas.⁴² In 1888, Patten became the Department Chair of Political Economy at Wharton. By the early 1890s he had become one of the leading economists to advocate the institutional movement, which focused on understanding how the evolutionary process and the role of institutions shaped economic behavior.⁴³ It

³⁸ Tugwell, *To the Lesser Heights of Morningside*, 67.

³⁹ *Ibid.*, 68.

⁴⁰ For more information on Tugwell and Nearing’s relationship and Nearing’s removal see, Tugwell, *To the Lesser Heights of Morningside*, 66-70.

⁴¹ Namorato, *Rexford G. Tugwell*, 24

⁴² Simon Nelson Patten, *Essays in Economic Theory*, edited by Rexford G. Tugwell (New York: Alfred A. Knopf, 1924), v; the quotes are from a letter written by Tugwell to Allan G. Gruchy, which was later published in Allan G. Gruchy, *Modern Economic Thought: The American Contribution* (New York: Augustus Kelley, 1947), 408.

⁴³ Thorstein Veblen, one of the original economists involved in the movement, accentuated the

denounced standard approaches to economic theory and embraced learning and an evolutionary approach instead. Patten was in blatant opposition to the classical economic beliefs of David Ricardo and Thomas Malthus by refuting their economics of scarcity with one that accentuated “the abundance of nature and man’s ability to exploit it.”⁴⁴ To Patten, economics was exciting and a promising science, not one “foretelling disaster and showing the fundamental limitations that are set on progress.” He believed that economics could lead society toward prosperity by showing man how to increase goods through intelligence.⁴⁵ He further instilled within Tugwell the belief that profit was not an acceptable explanation for why men labor.

According to Patten, a proper exploration of labor issues required not only an understanding of economics, but also philosophy and psychology. The advancements in industry and technology, he insisted, surpassed man’s ability “to adjust psychologically to the new environment because he still believed in outmoded laissez-fairist ideas, such as competition and profit.”⁴⁶ Patten referred to this as “cultural lag.”⁴⁷ Man was living in a society that was too advanced for him. In order to continue prosperity it was essential that man revolutionize his philosophies toward production. To achieve this Patten argued for

naturally occurring dichotomy between technology and the traditional beliefs of society. The movement’s origins traces back to a 1919 article in the *American Economic Review* by Walton H. Hamilton, “The Institutional Approach to Economic Theory,” *American Economic Review* 9 (1919): 204-212.

⁴⁴ Simon Nelson Patten, *The New Basis of Civilization* (New York: Macmillan, 1907) chapters 9-10; Namorato, *Rexford G. Tugwell*, 25.

⁴⁵ Rexford G. Tugwell, “Notes on the Life and Work of Simon Nelson Patten,” *Journal of Political Economy* 31 (1923): 175-176; Rexford G. Tugwell, “A Biography of the Works of Simon Nelson Patten,” *Annals of the American Academy of Political and Social Science* 107 (1923): 358-367; Namorato, *Rexford G. Tugwell*, 25.

⁴⁶ Namorato, *Rexford G. Tugwell*, 25.

⁴⁷ Tugwell often referred to cultural lag as one of the main causes of economic downturns. Namorato, *Rexford G. Tugwell*, 47, provides an adequate summary of the term. “What happened is that as technology increased America’s productive potential, American values remained constant. Social and political institutions failed to adapt to the complexity of modern life, so that America fell behind the technology that was inevitably being developed.” Also see, Tugwell, “The Fourth Power,” *Planning and Civic Comment*, April-June, 1939, Part II, 30; Sternsher, 12.

an experimental and scientific approach to economics.⁴⁸ Although he used psychology to understand the current problems with the popular beliefs toward economics, he infused scientific experiments and research into economic theory in order to overcome these obstacles. It was obvious to Patten that technology was capable of producing excessive quantities of goods, and he intended to utilize these capabilities to eliminate poverty from society.⁴⁹

Although Tugwell received the majority of his education in economics under the teachings of various professors, he received his most valuable and influential lessons from Patten. “He taught me the importance of looking for uniformities, laws, and explanations of the inner forces moving behind the façade of events,” Tugwell later recalled.⁵⁰ In one of Patten’s lectures on the laissez-faire system he argued that the fundamental driving forces behind laissez-faire were pluralistic. Individualism, competition, and even the checks and balances within the government encouraged dissension within society and ultimately its destruction. According to Tugwell, Patten held an evolutionary and organic view of man’s development. “The inevitable course of human development,” Tugwell remembered, “seemed to him obvious.” The world was becoming more technologically unified. For any great society to come into being it was only reasonable to create institutions to distinguish between the rich resources of human nature, such as cooperative and creative elements, while discouraging the competitive and destructive ones. “This was so reasonable a

⁴⁸ Tugwell, “Notes on the Life and Work of Simon Nelson Patten,” 185.

⁴⁹ Namorato, *Rexford G. Tugwell*, 25.

⁵⁰ Tugwell, *To the Lesser Heights of Morningside*, 43.

program,” Tugwell argued, “that a well-nourished and well-educated people could not fail to accept it and carry it out.”⁵¹

Holding him in the highest regard, Tugwell integrated Patten’s ideas into his own beliefs. Tugwell’s tendencies to see society as an organism, his emphasis on cooperation and abundance, as well as his dedication toward utilizing technology’s influence over production, originated first with Patten.⁵² After Nearing’s dismissal the board directed their attention toward Patten, and soon he too was forced into retirement. Nevertheless, Patten continued to play an influential role in Tugwell’s life not only as a mentor, but also as a friend who later helped Tugwell gain acceptance into Columbia University.⁵³

Both Nearing and Patten taught the benefits of economic pragmatism, arguing that laissez-faire was not sufficiently serving society as a governing economic theory. The pursuit of profit was wasteful, and the obsession with competition drove society into decline, not prosperity. Pragmatism focused on implementing an economic theory that produced results, regardless if it followed traditional beliefs. Although Tugwell became aware of pragmatic economics while at Wharton, he did not fully integrate its teachings into his own beliefs until later in life.⁵⁴

While Tugwell was still in school he learned of a new approach to economics and production, in which pragmatic thought already assimilated: Taylorism.⁵⁵ Taylorism began with Frederick Winslow Taylor in the 1880s and 1890s. The primary intention was to improve economic efficiency, especially labor productivity. It was one of the first attempts

⁵¹ Ibid., 44.

⁵² Ibid., 43.

⁵³ Namorato, *Rexford G. Tugwell*, 26.

⁵⁴ Sternsher, 12-14.

⁵⁵ Rexford G. Tugwell, *Industries Coming of Age* (New York: Harcourt, Brace, 1927), 120-121.

to apply science to production engineering and to management.⁵⁶ “Concerned with progress through efficient industrial management, Taylorism sought to increase industrial productivity by using technology and scientific labor policies.”⁵⁷ Tugwell admired the emphasis that was placed on experts’ knowledge of their particular fields as well as the experimental approach to production. However, Tugwell felt that Taylor was misguided in “trying to confine his procedure to a set of principles.”⁵⁸ If Taylorism was universally incorporated into the industrial system, Tugwell believed, society’s potential to achieve material abundance would be reached. Unfortunately for Tugwell (and Taylorism), labor unions rejected the approach; Taylorism was still discovering new techniques to improve production and businesses were reluctant to fully accept the theory. Later in his life Tugwell furthered Taylor’s ideas and called it “planning in an economy of abundance.”⁵⁹

As Tugwell continued teaching and working on his M.A. in economics, he began working as a special investigator for the Tri-State Milk Commission. He soon partnered with Charles Reitel, a fellow professor at Pennsylvania, to write articles on milk farmers. Overall, the articles examined the economic problems of milk farmers and suggested that cooperation be used to create farming alliances. For example, one article, entitled “Marketing of Farm Products,” published in the *Pennsylvania Farmer* in 1917, discussed how the farmers, despite the prosperity that much of society was experiencing, continued to be dragged down by debt into poverty.⁶⁰ Since the late 19th century, farmers frequently called upon the government for assistance, but with no success. Violence occasionally

⁵⁶ Frederick Winslow Taylor, *The Principles of Scientific Management* (New York: Harper & Brothers, 1911).

⁵⁷ Namorato, *Rexford G. Tugwell*, 27.

⁵⁸ Tugwell, *Industries Coming of Age*, 123-124.

⁵⁹ Namorato, *Rexford G. Tugwell*, 27.

⁶⁰ Rexford G. Tugwell and Charles Reitel, “The Marketing of Farm Products,” *Pennsylvania Farmer* 42 (December 22, 1917): 12.

ensued, as in 1917, with the so-called “Milk Strikes.” In “The Meaning and Making of Farm Strikes,” Tugwell argued that the milk farmers foolishly resorted to violence when they should have looked toward cooperation. Only through an organized alliance of farmers, he wrote, could they provide the strength that was needed to ensure they received the necessary means for survival. Strikes, Tugwell believed, were a waste of time and effort. They would not directly address the farmers’ main problems of the rising costs of producing milk and the low stagnant price at which milk sells at market. To improve their current predicament, Tugwell suggested that farmers learn how to form cooperate organizations in order to set prices so they could effectively negotiate with milk distributors. “Their future depended on cooperation, not individual enterprise,” he wrote in the fall of 1917.⁶¹ Although Tugwell was only a 26-year-old economics professor when these articles were published, his beliefs in organization, cooperation, and planning foreshadowed his lifetime pursuit of these principles.

After graduate school, Tugwell, resentful about the university’s removal of Nearing and Patten, looked for a way out of Wharton.⁶² In 1916, Carlton H. Parker, a renowned economist and dean of the new School of Commerce at the University of Washington in Seattle, visited Wharton to meet with select faculty, including Tugwell. Parker had studied labor issues at the University of California, but now ventured beyond the ordinary boundaries of economics and looked into “psychological implications of issues such as labor industry relations, wages, and working conditions.”⁶³ Psychology was a new scholarly field of study, and one that Tugwell found both fascinating and challenging. It

⁶¹ Rexford G. Tugwell and Charles Reitel, “Meaning and Making of Milk Strikes,” *Pennsylvania Farmer* 42 (September 22, 1917): 1-12; Namorato, *Rexford G. Tugwell*, 27-28.

⁶² Tugwell, *To the Lesser Heights of Morningside*, 69-70.

⁶³ Namorato, *Rexford G. Tugwell*, 29.

was an academic discipline that in general emphasized the human mind and behavior. Specifically, psychology postulated theories to explain the actions of individuals and attempted to find ways to alter behavior ultimately for the benefit of society. After visiting with Parker, Tugwell “was his slave.” “I was reading abnormal psychology, exploring man’s instinctive machinery, and in general looking at the human equipment with wholly new eyes,” he later recalled. Overall, psychology provided Tugwell with greater insight into economics. “For the first time,” he observed years later, “I understood why and how men behaved as they did.” Economics, Tugwell believed, could not completely explain the situations of poor laborers who seethed with resentment over their economic predicaments. “The weakest foundation of economic theory,” Tugwell noted in his memoir, “was the assumption that human behavior was essentially rational. I saw that [psychology] was one way out of intolerable theoretical confines.”⁶⁴ Ultimately, psychology proved to be a much more vast and deep field of study than Tugwell originally anticipated, and thus his interest never advanced beyond that of an amateur. Still, he later insisted that it greatly enhanced his understanding of politics and economics. “If I did not know why men behaved as they did,” he wrote toward the end of his life, “I at least knew it was not because they were rational.”⁶⁵

Parker thoroughly impressed Tugwell, who was happy to accept a teaching position under him at the University of Washington.⁶⁶ Unfortunately, within the first year Tugwell’s hopes of joining what would become a new and better version of the Wharton school were

⁶⁴ Tugwell, *To the Lesser Heights of Morningside* 75.

⁶⁵ *Ibid.*, 76; The main problems still originated from the low wages and poor working conditions given to laborers. Psychology might aid in finding solutions, but ultimately, Tugwell concluded, “economists had to find ways to achieve them.”

⁶⁶ *Ibid.*, 79-81.

dashed. He became an Assistant Professor of Economics and was soon named the director of the Department of Marketing.⁶⁷ Instead of spending his time learning the new psychology—reading its literature, and discussing it with Parker, which is what he anticipated doing when he agreed to the position—Tugwell spent most of his time planning class lectures and curriculums. Too much time, he believed, was expended on teaching, leaving little opportunity for research. Shortly after finishing his course outlines, Tugwell concluded, that he “had made a mistake.”⁶⁸

While in Seattle, however, Tugwell made valuable connections with key scholars in his field, including William F. Ogburn, Felix Frankfurter, and Ferdinand Silcox. Ogburn, a fellow faculty member at Washington, became a close friend to Tugwell and would later teach alongside him at Columbia and Chicago. While working at the university, Parker and Tugwell received work from the War Labor Board to investigate labor conditions in various lumber camps throughout the northwest, and it was during this work that Tugwell became acquainted with Silcox and Frankfurter.⁶⁹ Then, in March of 1918, Parker was stricken with pneumonia and died a few days later. Tugwell was disheartened, and no longer possessed any viable reasons to continue his work in Seattle. Fortunately, as Tugwell remembered, “Frankfurter had recommended me for a civilian job in Paris with the American University Union. I went away without regret.”⁷⁰

In 1918, Europe was in the throes of the fourth and final year of World War I. Tugwell’s transfer to Paris was the closest to the fighting that he would ever be. Due to his

⁶⁷ Ibid., 89.

⁶⁸ Ibid., 90.

⁶⁹ Later, during Franklin Roosevelt’s presidency, Tugwell would appoint Silcox as head of the Forest Service, and served alongside Frankfurter as an advisor to the president. Namorato, *Rexford G. Tugwell*, 29.

⁷⁰ Tugwell, *To the Lesser Heights of Morningside*, 99.

severe asthma he could not serve in the military. “Everyone else naturally thought me lucky,” Tugwell revealed, but “I felt the humiliation of going to France as a civilian to do a service job.”⁷¹ While in Paris, Tugwell experienced some of the fears of living in a war city. Paris was frequently bombed, especially at night, and wounded soldiers filled the streets. When the armistice was finally signed in November of that year, Tugwell eagerly awaited an opportunity to return to America.⁷²

Tugwell’s outlook on the war was a complex one, influenced deeply by Patten. “Fundamentally,” Tugwell argued prior to going to Paris, “the British were defending an empire impossible to hold together in an age of advanced technology.” The Germans soon mastered technological advancements. “They seemed to have a special genius for industrial organization,” Tugwell declared, “and it was outrunning and challenging that of the British, who had allowed their financiers and international bankers to slow down their productivity.”⁷³ Tugwell’s belief in cooperation and planning influenced his opinion of the war. Germany appeared to be the more modern of the European states in that it was striving toward unification and had progressed closer to establishing a social security system than any other country.⁷⁴ In contrast, Tugwell saw Britain as a pluralistic society, “one of disunity, class discrimination, laissez-faire, and exploitation...”⁷⁵ While Tugwell originally sympathized with Germany, their obsession toward militarism persuaded him to accept Wilson’s explanation for joining the Allies’ side in 1917.

⁷¹ Ibid., 100.

⁷² Ibid., 118.

⁷³ Ibid., 61.

⁷⁴ In Tugwell’s case toward favoring Germany he made the observation that prior to the war the United States viewed Germany as a “land of kindly family life, of boat trips on the Rhine or the Spree, of picnics in the Back Forest, of beer halls, and sentimental music. The iron Prussian discipline, the racism, the militarism, the cult of the State, of ruthlessness and hatred for France and England, were conveyed to us [Americans] first in prewar propaganda.” Tugwell, *To The Lesser Heights of Morningside*, 62.

⁷⁵ Ibid., 62

While he was impressed with national unification and efficiency, ultimately Tugwell was disgusted by the war. One of the benefits of planning in society, Tugwell believed as a youth, was that it could transform random chaos into predestined good.⁷⁶ Now, a war-seasoned Tugwell believed that war was utter chaos and ultimately a waste of energy and human life. The only bright light to potentially come from the war was that the war itself—with its mayhem and destruction—might discredit the laissez-faire system at home. Indeed, several years later in an article for *The Nation*, entitled “American War-Time Socialism,” Tugwell noted that wartime cooperation among different businesses and between government and business increased productivity.⁷⁷ During World War I, he recalled, industry’s private sector was, for the most part, controlled by the War Industries Board. He argued, “The control of production, prices, and consumption had been achieved to a large degree.”⁷⁸ Ultimately, he wrote, the war increased American productivity while permitting business to experience a “kind of voluntary socialism,” which it openly accepted.⁷⁹ The war, then, according to Tugwell, directed the nation toward becoming a more organized and coordinated entity. It was, at least for a short time, experimental, “socially-minded,” and aware of the benefits of planning.⁸⁰

The United States faced many problems in the post-World War I era. It was a time of racial strife, radical activity, intellectual disillusionment, and economic demobilization. In addition, thousands of veterans returned home from war to find unemployment. During the war, production had increased dramatically, but with the fighting over, Allied countries

⁷⁶ Tugwell, *The Light of Other Days*, 307.

⁷⁷ Rexford G. Tugwell, “America’s War-Time Socialism,” *The Nation* 124 (1927): 365.

⁷⁸ Namorato, *Rexford G. Tugwell*, 31.

⁷⁹ Tugwell, “America’s War-Time Socialism,” 365-366.

⁸⁰ Rexford G. Tugwell, “The Paradox of Peace,” *New Republic* 54 (1928): 264.

canceled their orders for American goods. In a superb 1992 study, historian Ellis Hawley noted that in searching for a replacement for European trade the market embraced “overoptimism and a speculative boom with rapidly rising living costs.”⁸¹ Within the year the nation experienced one of its worst bouts of unemployment and price inflation in its history. Although government expansion adequately maintained and increased production during the war, public fear of government corruption limited its role in supervising the economy during the post-war years.⁸² Tugwell’s plans of maintaining government participation in production after the war were soon not possible.

After the war, Tugwell returned to academia to complete his exams and earn a Ph.D.. The University of Pennsylvania, however, was not eager to accept him back as a professor, fearing that his close relationship with Nearing might have negatively influenced him.⁸³ Nevertheless, he was readmitted. In 1920, as Tugwell completed his doctoral studies at the University of Pennsylvania, Columbia University offered him a position as professor. Later, Tugwell wrote that he was sure that Patten was responsible for Columbia’s offer to him.⁸⁴

Columbia proved to be an influential experience for Tugwell. He never experienced heavy teaching loads and thus had ample time to focus on research and writing. During his twelve years at Columbia, Tugwell published four books, including *The Economic Basis of Public Interest* (1922), *Industry’s Coming of Age* (1927), and *The Industrial Discipline and the Governmental Arts* (1933), as well as over 45 articles including “The Economic Basis for Business Regulation” (1921), “Economics and Ethics” (1924), and “Contemporary

⁸¹ Ellis W. Hawley, *The Great War and the Search for a Modern Order: A History of the American People and Their Institutions, 1917-1933* (Long Grove: Waveland Press, INC., 1992), 38.

⁸² Ibid.

⁸³ Tugwell, *Lesser Heights of Morningside*, 123-124.

⁸⁴ Ibid., 128-130. Tugwell does not clarify in what way Patten was responsible for Columbia’s gesture.

Economics” (1928). Most of his writing continued to attack laissez-faire and the American business system, while offering his ideas on planning as a replacement.

For example, in his first book, *The Economic Basis of Public Interest* (1922), Tugwell offered a defense of government regulation of business, especially—as the title suggested—when it was employed to protect consumers from corporate exploitation. “From the earliest times,” he wrote, “businesses have been controlled in the interest of the public they serve.”⁸⁵

The most significant of Tugwell’s publications while at Columbia was his 1933 work, *The Industrial Discipline and the Government Arts*. In contrast to capitalism’s belief that the individual was the key to prosperity, Tugwell argued that it was cooperation; therefore, society’s greatest need was coordination. “There is no invisible hand,” he wrote. “There never was.” Instead there needed to be “a real and visible guiding hand to do the task...” His real and visible hand was government. Tugwell called for the organization of specific industries into self-governing associations, all under the guidance and supervision of the government to ensure organization in the public interest.⁸⁶

Tugwell also utilized his time at Columbia to become more acquainted with Taylorism and new advancements in technology in order to fine-tune his beliefs in planning and organization within society. In addition, he worked alongside other professors, including John Dewey, whom he described as “the only philosopher” of “our generation.”⁸⁷ Tugwell enjoyed studying Dewey’s ideas, although he found his lectures to be “not always

⁸⁵ Rexford G. Tugwell, *The Economic Basis of Public Interest* (Menasha, Wisconsin: The Collegiate Press, George Banta Publishing Co., 1922).

⁸⁶ Rexford G. Tugwell, *The Industrial Discipline and the Government Arts* (New York: Columbia University Press, 1933).

⁸⁷ Tugwell, *To the Lesser Heights of Morningside*, 143.

very rewarding.” Indeed, aware that the beloved professor “thought tortuously, slowly, and intricately, as he talked,” Tugwell found it an arduous task to simply understand the man as he spoke.⁸⁸ “After five years,” Tugwell said, “I felt I had some grasp on his philosophy, and I considered myself one of his disciples.” In accordance, Tugwell admitted, Dewey was responsible for encouraging his “turn away from classicalism in economics and politics and my admission of the future as the chief influence on the present.” This was in blatant disagreement with the traditional view of economics. Later published in *How We Think* (1933), Dewey suggested that the future was the dominant influence on the actions of the present. As Tugwell understood it, “the future could be brought into focus, judged in advance as a working hypothesis, and altered before it was reached. This was and is the essence of planning.” Tugwell discovered that many of his own beliefs were identical to those of Dewey’s, and for it he considered himself “deeply in his debt.”⁸⁹

Another faculty member, Wesley Mitchell, also impacted Tugwell while at Columbia. Tugwell recalled Mitchell as “the best we have” in economics. Although Mitchell’s influence was not as significant as either Dewey’s or Patten’s, Tugwell still viewed Mitchell’s research as important. Mitchell focused on finding and measuring consistencies in group behavior. Unlike Tugwell, he was a quantitative economist. In other words, he was interested in finding facts in order to form new economic policies.⁹⁰ Mitchell’s search for consistencies fascinated Tugwell. If he could grasp why society acted the way it did, then he could more effectively plan for its future.

⁸⁸ Ibid., 156.

⁸⁹ Ibid., 157. Tugwell recalled that Dewey’s most influential book on his own thinking was, *How We Think: A Restatement of the Relation of Relative Thinking to the Educative Process* (1933).

⁹⁰ Rexford G. Tugwell, “Wesley Mitchell: An Evaluation,” *New Republic* 92 (1937): 238-240.

In 1925, to increase his income, Tugwell began looking for opportunities away from the university. In addition to speaking at various engagements and writing numerous articles, Tugwell began studying outside the realm of economics and into agriculture. Since 1917, Tugwell had published articles examining American agriculture and the problems with it, and by the mid-1920s he had begun to receive recognition.⁹¹ In 1928, Governor Al Smith, of New York, the Democratic nominee for President, requested Tugwell to advise him on the agricultural issues of the day. Although Tugwell was raised in a predominately Republican family, he disliked the Republican Party's strong associations with big business and gravitated toward Democratic Party views, especially on labor unions.

As an advisor to Smith, Tugwell discussed the problems of the farmer in America and suggested that a balance be created between industry and agriculture. He explained that the farmer was not receiving enough profit to cover the cost of production. The solution, for Tugwell, was more complex than simply raising the prices of goods. Tugwell recommended to Smith his Advance Ratio Price Plan as a way to guarantee farmers a minimum price for their crops. "By judging...how many acres of wheat or cotton the nation needed, by seeing that only so much was planted" and thus produced, prices would naturally increase.⁹² "It all went back," Tugwell stated, "to the need for orderly management of what was really a fair exchange of farm products for industrial goods. The balance was now upset and would stay that way unless something was done." Farmers were suffering, but as a result the rest of society was being brought down with them.

⁹¹ Articles include, "The Marketing of Farm Products," *Pennsylvania Farmer* (1917), "Country Life for America," *The Pacific Review* (1922), "The Problem with Agriculture," *Political Science Quarterly* (1924), "What Will Become of the Farmer?" *Nation* (1927), "A Plank for Agriculture," *New Republic* (1928), and "Reflections on Farm Relief," *Political Science Quarterly* (1928).

⁹² Tugwell, *To the Lesser Heights of Morningside*, 209-212.

Tugwell believed that the new tools and equipment that were made by industry workers were too expensive for farmers to purchase, which limited the production of farm materials. Due to the decrease in production, industries were in decline. “The farmers were the underprivileged,” said Tugwell, “and I was convinced that their difficulties were holding back the whole.”⁹³

Unfortunately for Tugwell, Smith decided to listen instead to the advice of George Peek. Peek was in favor of using traditional techniques toward helping farmers—i.e. no limitations should be placed on production, and all surplus goods should be exported to various countries.⁹⁴ Interestingly, four years later during the Democratic presidential primary fight between Smith and Roosevelt, Tugwell advised Roosevelt on similar agricultural issues. Indeed, in his famous “Forgotten Man” speech—a speech that rival Smith angrily denounced as divisive and demagogic—Roosevelt discussed the importance of farmers in America and called for the government to help “the forgotten man at the bottom of the economic pyramid.”⁹⁵ Although the speech was intended to criticize President Hoover’s economic policies, which did not include providing monetary assistance to the poor, the speech—as evidenced by Smith’s strong reaction—also confronted Roosevelt’s more conservative opponents for the Democratic nomination.⁹⁶

In the summer of 1928, Herbert Croly, editor of the *New Republic*, hired Tugwell to write two articles a month on the economic issues of that year’s presidential campaign. In addition to the *New Republic*, Tugwell became a member of a trade union delegation that

⁹³ Ibid., 212.

⁹⁴ Ibid., 213; Rexford G. Tugwell to Gov. Frank O. Lowden, October 5, 1931, Tugwell Papers, Folder “Lo-Ly,” FDR Library, box 14.

⁹⁵ “ROOSEVELT CHARGES FEDERAL NEGLECT OF ‘LITTLE FELLOW,’” *The New York Times*, April 8, 1932.

⁹⁶ Donald A. Ritchie, *Electing FDR: The New Deal Campaign of 1932* (Lawrence: University Press of Kansas, 2007), 86.

spent nearly three months in the Soviet Union. On the return journey the delegation assembled a group of essays on the Soviet Union, in which Tugwell clearly stated that he was not in favor of Russian communism or Marxism.⁹⁷ Disregarding his previous statement, many of his critics later suggested the trip was proof of his connection to communism and the Soviet Union.

For example, in 2007, journalist Amity Shlaes, in her controversial book, *The Forgotten Man*, insisted that “rural life had made a radical” of Tugwell. He was, she wrote, “extrapolated from the farm experience to a generalization: the world needed changing, and he would participate in making those changes.” According to Shlaes, Tugwell penned his poem “Make America Over”—in which he said, “I am sick of a nation’s stench...I have dreamed my great dream of their passing...My plans are fashioned and practical; I shall make America over!—during the growing restlessness that eventually exploded into the Russian Revolution.⁹⁸

Although Tugwell never endorsed communism, there were multiple facets of the Soviet system that he admired. He appreciated the active role of the government in regards to agriculture. Although Soviet farmers were still victims of the unbalance in the farmer/industry relationship, the government concerned itself with these matters, and attempted to do something about them.⁹⁹ However, the most impressive to Tugwell were the Soviet villages. They were more cooperatively oriented than any New England town he had ever been to. The cooperation that Tugwell saw seemed to be naturally occurring,

⁹⁷ Tugwell, *Our Economic Society and its Problems*, 507-511.

⁹⁸ Amity Shlaes, *The Forgotten Man: A New History of the Great Depression* (New York: Harper Collins Publishers, 2007), 54.

⁹⁹ *Ibid.*, 72.

inevitable, and for the betterment of society.¹⁰⁰ He was impressed with the organization and the cooperation of the Soviet system.

In his 1934 book, *Our Economic Society and its Problems* Tugwell reflected more on this matter. “Russia has accepted socialism in the form of communism,” he wrote, and “the result is at least worthy of serious consideration.”¹⁰¹ Overall, Tugwell argued that the Soviet system did not appear weak on the organizational side. “Activities are coordinated in the public interest,” and the motivation of profit is changed into the betterment of social welfare, he insisted. Since 1930, there has been little unemployment and most accumulated wealth has been directed toward social welfare. Furthermore, “men are not greatly influenced by speculations as to which economic system does more,” as long as they believe they are better off with the system they use. However, if the Russian levels of living begin to “approach our own, the challenge will be a serious one,” Tugwell iterated. “It is certainly not impossible for the levels of living in Russian to equal ours.”¹⁰² In the end, Tugwell was convinced that planning was not only possible, but also beneficial; the Soviets had already started implementing it in their society.¹⁰³ The daunting task before him was to convince America to break away from the traditional beliefs of individualism and profit and accept a more organized, society-oriented, planned system.

By the late 1920s, Tugwell had progressed into a staunch advocate of central planning. He spoke out against capitalism because of its abusive tendencies and supported cooperation through planning as a replacement economic theory. Throughout his years in

¹⁰⁰ Ibid.

¹⁰¹ Tugwell, *Our Economic Society and its Problems*, 521-525.

¹⁰² Ibid.

¹⁰³ For an in-depth examination of how the Soviets organized and planned see Tugwell, *Our Economic Society and its Problems*, 513-523.

academia, Tugwell advocated the use of planning to meet the future needs of society as it strived toward continual economic prosperity. Born in the late 19th century, Tugwell came to age during the heyday of progressive thinking on the economy. Even though Tugwell was not able to implement his new ideas until his career in politics started in 1932, he continually promoted his concepts through the 1920s. His criticism of traditional economic thought was published in multiple journals, and his attacks on supporters of these beliefs were persistent.

Chapter 2:

Planning in the New Deal

During the Great Depression, Rexford Tugwell endeavored to implement his beliefs on central planning into society. Starting in the late 1920s, Tugwell became an outspoken critic of Republican President Herbert Hoover and his conservative plans for recovery. In 1932, his public denunciations of Hoover, along with his experience in economics and agriculture encouraged Democratic presidential nominee, Franklin Roosevelt, to offer him an advisory position in his campaign. Tugwell worked tirelessly researching and encouraging Roosevelt to incorporate central planning into his campaign policies. Once elected, Roosevelt appointed Tugwell to various positions during his presidency from which Tugwell consistently formulated policies that integrated his beliefs on planning. Regardless of his position or jurisdiction, Tugwell attempted to transform America into a more cooperative, organized, and planned society.

As a Washington outsider working as an economics professor at Columbia University, Tugwell slowly became more politically involved throughout the 1920s. Specifically, he criticized politicians who advocated the traditional tenets of American capitalism. No politician received more criticism from Tugwell than Hoover. "Hoover is incapable of reaching an effective policy for recovery, of this I am certain," Tugwell recorded in diary in the summer of 1932.¹ An engineer by training, Hoover came to national prominence during World War I when he served as the Director of the Food Administration and led the Belgium relief effort, which provided necessities to thousands

¹ Rexford G. Tugwell, *The Diary of Rexford G. Tugwell: The New Deal, 1932-1935*, ed. Michael Vincent Namorato (New York: Greenwood Press, 1992), 290-292.

living in war torn Belgium. Efficient and competent, Hoover soon became known as “a human dynamo,” the “Wonder Boy,” and “The Great Humanitarian.”² Then in 1921, Republican President Warren Harding selected him to serve as Secretary of Commerce. He served in that post until his election to the presidency in 1928.³

In 1922, Hoover articulated his economic philosophy in a small book entitled *American Individualism*. According to Hoover, “American individualism” was a middle way between individualism and collectivism, and between monopoly capitalism and state socialism. It was, one historian recently noted, his answer to the 20th century’s search for order on the part of industrialized nations.⁴ Overall, Hoover believed America had provided equal opportunities for every individual to work hard and to prosper. The interference of the government, and not the inaction of the individual, he insisted, was the real obstacle to progress. “With the vast development of industry and the train of regulating functions,” Hoover wrote, “the Government has become the most potent force for maintenance or destruction of our American Individualism.”⁵ Since industries grew at such rapid rates, the government needed to regulate and preserve competition and fair practices. However, he warned that “Government must keep out of production and distribution of commodities and services,” for this is what separates America’s system from socialism.⁶

In addition, Hoover was adamant that government could not help society by offering it “a way out.” Government involvement would only worsen the problem. “Progress,” he

² Joan Hoff, *Herbert Hoover: Forgotten Progressive* (Boston: Little, Brown, and Company, 1975), 121.

³ Kendrick A. Clements, *Hoover, Conservation, and Consumerism Engineering the Good Life* (Lawrence: University Press of Kansas, 2000), 1-3.

⁴ Martin L. Fausold, *The Presidency of Herbert C. Hoover* (Lawrence: University Press of Kansas, 1985), 17-19.

⁵ Herbert C. Hoover, *American Individualism* (Garden City: Doubleday, Page & Company, 1922), 52.

⁶ *Ibid.*, 54-55.

wrote, “must come from the steady lift of the individual.”⁷ In fact, Hoover concluded, “The maintenance of productivity,” and “social, economic, and intellectual progress is almost solely dependent upon the creative minds of those individuals with imaginative and administrative intelligence who create or who carry discoveries to widespread application.”⁸ If the people preserve their individualism and value the safeguards in place to protect it then society will experience prosperity.⁹

Elected to the presidency in a landslide in 1928, Hoover’s ideas were soon put to the test as the nation plunged into the Great Depression. Although Hoover responded to the Depression with energy and dispatch, it became clear within a few months that his efforts—regardless of how unprecedented—were inadequate.¹⁰ While Tugwell disagreed with Hoover’s economic philosophies in general, he especially opposed three of Hoover’s strategies for economic recovery: his “policy of confidence,” his financial relief to the rich, and his signing the Smoot-Hawley Tariff.

Throughout his troubled presidency, Hoover clung desperately to his laissez-faire beliefs. He believed prosperity originated from the individual, and he understood that the individual’s fear of spending could cripple a nation’s economy. Beginning in early November 1929, then, Hoover implemented a “policy of confidence,” updating the public regularly on the economic soundness of the nation in order to reduce panic and worry.¹¹ Overall, Hoover believed that economic fluctuation caused the nation to become overly

⁷ Ibid., 67.

⁸ Ibid., 22.

⁹ Ibid., 71.

¹⁰ Joan Hoff, in *Herbert Hoover: Forgotten Progressive*, concluded that ultimately Hoover was a progressive who highly valued efficiency. Similarly to Tugwell, he supported collectivism as detailed in his *American Individualism*. However, as Hoff reveals, he believed collectivism should be entirely voluntary and the government’s involvement should remain minimal.

¹¹ Herbert Hoover, *The State Papers and Other Public Writings of Herbert Hoover*, ed. William Starr Myers (New York: Kraus Reprint CO., 1970), 133.

optimistic during economic booms and overly pessimistic during recessions. He believed it was the president's responsibility during a recession to limit the spread of pessimism. "Any lack of confidence in the economic future or the basic strength of business in the United States is foolish," he declared in a radio address in November 1929.¹² He ensured the nation that he had taken the necessary measures to protect the usual progression of fundamental businesses across the country, prohibit the reduction of wages, and expand construction projects in order to provide a balance in employment for businesses that could not survive the depression.¹³

Tugwell, however, was not convinced. He remained a fierce critic of both Hoover and his strategies for economic recovery. In a 1928 article for the *New Republic*, Tugwell had described then candidate Hoover as an able administrator, but insisted that his economic theories were too traditional for the ever-changing economy. "According to Hoover," Tugwell wrote, "government was only to assist but in no way control business." "One is forced to the conclusion," he added, "that Mr. Hoover is either a very bad economist or that his is intellectually dishonest." Tugwell later wrote in a small pamphlet entitled *Mr. Hoover's Economic Policy* (1932), that Hoover was not the government engineer that the people elected him to be. "He did not act on facts," Tugwell wrote, but instead evaluated them according to how well they fit in his economic system. According to Tugwell, Hoover erroneously interpreted the economic prosperity of the late 19th century to be the result of an absence of government controls. The president's first reaction to the Depression, Tugwell noted, was naturally "confidence building" since it required very little government

¹² Ibid.

¹³ Harris Gaylord Warren, *Herbert Hoover and the Great Depression* (New York: Oxford University Press, 1959), 295-296; Hoover, *The State Papers and Other Public Writings*, 144-148.

intervention.¹⁴ Hoover's "pep talks" to industry leaders, he concluded, was the president's "single contribution to the whole problem of depression and unemployment in the first two years," and it was wholly inadequate.¹⁵

Years later, in his *The Democratic Roosevelt* (1957), Tugwell reflected upon the Hoover Presidency and reaffirmed his earlier negative views, arguing that Hoover's policy of confidence was ultimately absurd. For example, he denounced Hoover's tendency to encourage faltering businesses to continue their personal search for profit.¹⁶ Tugwell did not understand why Hoover—a staunch capitalist—would advocate a policy where the government would help fund failing businesses. Any government assistance to failing companies, Tugwell concluded, "would cause inflation; inflation would cause a loss of confidence; and that loss of confidence would stifle enterprise and decrease employment."¹⁷

Ultimately, Tugwell believed, Hoover's optimistic statements became nothing more than diversions from reality.¹⁸ To struggling Americans, the continued proclamations of improved conditions served only as incentives to lose confidence in their nation's leader.¹⁹ While Hoover praised the achievements of recovery, many Americans found life harder to enjoy. Unemployment climbed to 23 percent, doubling in the twelve months following a 1930 statement by Hoover proclaiming that the worst effects of the crash would be over within sixty days. Although Hoover assured the nation that he took the necessary steps to prevent wage cuts, wages declined significantly in 1930. "In the nation's nineteen largest

¹⁴ Rexford G. Tugwell, *Mr. Hoover's Economic Policy* (Garden City, Doubleday, Doran, 1932), 6-10.

¹⁵ *Ibid.*, 11.

¹⁶ Rexford G. Tugwell, "The Liberal Choice," *New Republic* (May 2, 1928): 74.

¹⁷ Tugwell, *The Democratic Roosevelt*, 449.

¹⁸ *Ibid.*, 15

¹⁹ Fausold, 245.

cities, unemployment increased 149 percent over the nine months ending in January 1931. In October 1931, over 100,000 unemployed Americans responded to an ad from the Soviet Union that was recruiting only 6,000 skilled workers.²⁰ “Ironically,” according to historian Martin Fausold, “Herbert Hoover’s very success in pursuing his goals and anti-depression efforts were probably paramount in creating the misfortunes of his presidency.”²¹ Hoover understood the extent of the depression, but instead of sympathy, he showed the public his optimism. Hard times had convinced the American people more than Hoover’s call toward confidence that the depression was real, and that Hoover’s optimism was worthless.

When confidence clearly failed, Hoover slightly altered his beliefs on government intervention and in 1932 created the Reconstruction Finance Corporation (RFC). If large, privately owned companies collapsed, he believed, many smaller companies would soon collapse too. To show the country that American business was still strong, Hoover created the RFC to provide monetary assistance to private businesses in danger of bankruptcy. Hoover made quite clear that this assistance was a loan and not a handout. Ultimately, the RFC distributed over two billion dollars in its year of operation, but, as one historian noted in the 1970s, the money was given on the theory that recovery would come from the top down.²² The primary recipients of the RFC’s aid were large railroad companies and banks. Hoover’s theory was that these larger corporations would spend the aid they received, and eventually it would trickle down to the lower economic classes.

Tugwell could not understand Hoover’s logic in only assisting the rich instead of providing funds to the portion of the population with little to no purchasing power. Instead

²⁰ Ibid.

²¹ Ibid.

²² Gene Smith, *The Shattered Dream: Herbert Hoover and the Great Depression* (New York: William Morrow & Company, Inc., 1970), 79.

of assisting business owners and restoring confidence, Tugwell argued in 1932 that purchasing power needed to shift to the poor through increased inheritance taxes, public works projects, and federal unemployment relief. The nation, he said, needed “repairing of a nationally damaged purchasing power, not confidence, but actual power to buy.”²³ The predominant problem with Hoover’s approach, Tugwell wrote in *Mr. Hoover’s Economic Policy*, was the absence of a recovery policy to restore purchasing power. Hoping that the leading industries would act confidently and spend the aid they received was naive. In reality, most businesses that received assistance held on to it instead of reinvesting it into the economy. Tugwell abhorred Hoover’s decision not to bolster the lower end of the economy as well.²⁴ Tugwell later discovered that Governor Roosevelt obtained a copy of *Mr. Hoover’s Economic Policy* and that it influenced him to invite Tugwell to join his presidential campaign against Hoover in 1932.²⁵

With the economy still struggling, Hoover supported the highest tariff in United States history. In the summer of 1930, instead of providing assistance to struggling farmers and businesses, Hoover attempted to lower the amount of foreign competition by approving the Smoot-Hawley Tariff. The result of the tariff was catastrophic on the economy. Instead of generating economic prosperity to American farmers and businesses the tariff hurt society more than it helped. The tariff raised the price of foreign goods to influence consumers to purchase domestic goods, thus boosting the American economy.²⁶ “Nothing was accomplished,” Tugwell responded, “since it neither helped American

²³ Rexford G. Tugwell, “Discourse in Depression,” address, 1932, Tugwell Papers.

²⁴ Tugwell, *Mr. Hoover’s Economic Policy*, 17-22.

²⁵ *Ibid.*, note, box 23, *Tugwell Papers*, FDR Library.

²⁶ Hoover, *The State Papers and Other Public Writings*, 314.

industry nor promoted the cause of international harmony."²⁷ In reaction to it, other countries boycotted the purchasing of American goods, which only intensified the American economic problem and deepened the depression. Farmers and businesses that once profited from foreign trade were devastated, and many individuals went bankrupt due to the loss of sales.²⁸

Ultimately, Tugwell stressed that Hoover failed to resolve the depression because he too strongly trusted private business and he had too much faith in the laissez-faire system. Instead of attempting to reform the normal functioning of the system that caused the depression, Tugwell insisted that Hoover should have tried to change it by implementing regulations that would limit business domination over society. Tugwell believed that by restoring the nation's purchasing power and creating a balance between industry, labor, and farming, the economy could recover.²⁹ Using the government to force down retail prices to match wholesale prices would return purchasing power to the consumer. The poor, according to Tugwell, should be assisted through relief programs in the form of public works projects, which would be paid for through income and inheritance taxes, not sales taxes in order to remove the burden on consumers. Lastly, Tugwell advocated the government take-over of any business unwilling to continue production "when their profits are absorbed by taxation."³⁰ All of these policies, if implemented, Tugwell argued, would stabilize the economy and allow it to recover.

²⁷ Rexford G. Tugwell, "The Tariff and International Relations," (January 1930), Tugwell Papers, FDR Library, box 53.

²⁸ Warren, 91-97.

²⁹ Tugwell, "The Principle of Planning and the Institutions of Laissez-Faire," *American Economic Review, Supplement* (March 1932): 12-13.

³⁰ Rexford G. Tugwell, "Discourse in Depression," *Teachers College Record* 34 (1932): 6.

However, what Tugwell was suggesting was revolutionary to American economic traditions. “Instead of competing against one another for selfish profit, businessmen had to learn to cooperate” for the general interest.³¹ Instead of planning solely for personal concerns, they must learn to plan for their entire industry, “emphasizing the whole over the parts, and instead of relying on small, obsolete units of organization, they had to consolidate in the interest of efficiency.”³² Once this was achieved, the problems of the laissez-faire system—overproduction, overexpansion, and unwise investments—would be eradicated from the new planned economy.

Prior to 1932, presidential candidates did not so much run for office as they did stand for office. After a candidate announced his entry to an election, he would usually reveal various policies that he advocated, but would generally abstain from traveling the country campaigning for votes because it was viewed as dishonorable. However, in 1932, Roosevelt revolutionized presidential campaign traditions. He ran a very active campaign, traveling the country and giving speeches on a wide variety of issues. In order to provide accurate information and insight to these issues, Roosevelt surrounded himself with a group of advisors consisting of university professors each considered an expert in their field of study. To offer aid and assistance in understanding and formulating a platform concerning agricultural and economic issues, Roosevelt selected Tugwell.³³

In 1932, Raymond Moley, a professor of government at Columbia University, was already advising Roosevelt, then governor of New York, and was given the task of

³¹ Namorato, *Rexford G. Tugwell*, 52.

³² Tugwell, “Principle of Planning,” 17-20.

³³ Tevi Troy, *Intellectuals and the American Presidency: Philosophers, Jesters, or Technicians?* (Lanham, Maryland: Rowman & Littlefield Publishers, INC., 2002), 6; Gil Troy, *See How They Ran: The Changing Role of the Presidential Candidate* (New York: Free Press, 1991), 160-189.

recruiting members to join the group of advisors, later dubbed as the Brain Trust.³⁴ Already acquainted with the fellow Columbian faculty member and his knowledge of economics and agriculture, Moley—along with Rosenman and O’Connor—met with Tugwell in early 1932. During the meeting Tugwell revealed his keen understanding of economics and his suggestions for recovery. He insisted that the only way to provide lasting relief was “to reestablish consumers’ buying power.”³⁵ To Tugwell, the only way to achieve this was for the government to play a more active role in the economy. The government needed to control business in such a way that a balance between production and consumption could be created. Regarding the farmer, the same had to be done between agriculture and industry. To prevent further disruptions to the balance, Tugwell advocated the government’s use of crop reduction programs, which would increase the price of the farmers’ crops. Because farmers, businesses, and industries refused to create a balance between one another, Tugwell argued in the meeting, “the government now had to do it.”³⁶ The advisors were pleased with Tugwell’s thoughts on agriculture and encouraged him to meet with Roosevelt in person. The meeting with Roosevelt, located in Albany in February 1932, was fairly similar to the previous one. Roosevelt, without agreeing or disagreeing with any of Tugwell’s ideas, decided that he would be a valuable asset during the campaign, and extended to Tugwell an offer to become one of his advisors. He eagerly accepted the opportunity.

During the presidential campaign, Tugwell worked diligently to provide Roosevelt with useful information concerning agricultural issues. Specifically, Roosevelt appointed

³⁴ Originally the group was known as the Brains Trust, but in later writings and other political circles the term was used without the “s,” leaving it Brain Trust instead.

³⁵ Tugwell, folder “Introduction,” Tugwell Papers, FDR Library, box 30.

³⁶ Namorato, *Rexford G. Tugwell*, 61.

him to work on the farm problem, providing background information on the causes of the farming crisis and any possible ideas to restore the farmer. He also received the assignment to develop a scheme to achieve industrial cooperation for recovery.³⁷ During the campaign Tugwell advised Roosevelt that farm production must be adjusted to equal consumer demand, and that the best way to achieve this was through a crop reduction system. In Tugwell's opinion, the problem was not whether controlled production and the reduction of surpluses were necessary, but whether "a plan for control that was politically feasible" could be created.³⁸ Although Tugwell did not design his own plan for crop conservation, he was soon introduced to Henry Wallace's ideas for domestic allotment at an agricultural conference in Chicago. Wallace, an Iowa native and farm specialist, whose father had served in the cabinet of Republican President Warren Harding, advocated a plan to pay farmers to limit their crop production. This, he believed, would create a scarcity of certain crops, which would increase prices.³⁹

Tugwell and Wallace held similar views on farming and the economy, and the two became fast allies. Although originally hesitant to adopt such a program, Roosevelt finally unveiled his vision to assist the nation's struggling farmers in April 1932. In a radio address from Albany on 7 April, Roosevelt asked, "How much do the shallow thinkers realize that approximately one-half of our whole population, fifty or sixty million people, earn their living by farming?" "I cannot escape," he added, "the conclusion that one of the essential parts of a national program of restoration must be to restore purchasing power to

³⁷ Sternsher, 41.

³⁸ Rexford G. Tugwell, *The Brains Trust* (New York: Viking Press, 1968), 206-210.

³⁹ Sternsher, 186.

the farming half of the country. Without this the wheels of railroads and of factories will not turn.”⁴⁰

Then, in July 1932, Roosevelt received the Democratic nomination for president. In his acceptance speech FDR treaded lightly in the farm issue. Concerning the drafting of a recovery bill he stated, “The Democratic Party stands ready to be guided by whatever the farm groups themselves agree on.”⁴¹ Roosevelt’s failure to clearly identify himself with domestic allotment or any specific recovery plan frustrated Tugwell. Furthermore, instead of accentuating the need to increase purchasing power and the importance of maintaining a balance between production and consumption, the party platform was “old-fashioned...free-enterprise.”⁴² “We should repeal immediately,” Roosevelt argued, “those provisions of law that compel the Federal Government to go into the market to purchase, to sell, to speculate in farm products in a futile attempt to reduce farm surpluses.”⁴³

After attending the Democratic convention in Chicago that summer, Tugwell was disillusioned with Roosevelt and his party. Discouraged with the candidate’s hesitancy to accept his plans, Tugwell wrote a letter to Roosevelt calling for his endorsement of a National Economic Council to manage the financial problems of the nation. “Industrial planning is necessary,” Tugwell insisted, “if we are not periodically to suffer from inflation, wrongly directed productive efforts, waste of capital resources, and consequent periods of stagnation for the redressing of past mistakes.” He stressed that surpluses are generated during failing demand, while unwarranted advertising budgets are maintained in the futile

⁴⁰ Franklin D. Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt, Vol. 1, 1928-32* (New York City: Random House, 1938), p. 624.

⁴¹ Author M. Schlesinger, Jr., ed., *History of American Presidential Elections, 1789-1968, Vol. III*, (New York: Chelsea House Publishers, 1971), 2788.

⁴² Sternsher, 42.

⁴³ Schlesinger, *History of American Presidential Elections*, 2788.

hope of persuading consumers to buy. He believed that planning was the solution to the problems. The “average of demand,” Tugwell argued, “must be gauged in advance by experts, coordinated production programs must be based on them, and it must be made certain that the amount of goods flowing into the markets is proportional to the purchasing power of consumers.”⁴⁴ His proposed National Economic Council would, then, execute these policies.

The formation of such a council, Tugwell believed, was necessary to transform America into a planned society. Overall, his proposal called for a 21-member committee responsible for overseeing nine subordinate divisions, including: a Statistical Division, a Production Division, and a Price Division. The council would be accountable for the gathering and interpreting of data related to production, distribution, and consumption of goods. The council would then use the data to set prices and place restrictions on production and distribution in order to maintain a balance between production and consumption and promote the best interests of society.⁴⁵

Although the council could be seen as a governmental takeover of the economy, Tugwell insisted the council would abstain from enforcing its powers unless forced. If rational planning and effective persuasion were engineered, and American businessmen would “sink [their] differences in a national program of expansion and stabilization,” Tugwell argued, then “the enhancement of the council’s powers would be neither necessary nor desirable.” However, Tugwell wrote to Roosevelt, “If business continued to display the divisive policies of self-interest in spite of governmental cooperation and administrative leadership,” then the enforcement of the council’s powers would be administered “in the

⁴⁴ Tugwell, *The Brains Trust*, 525-526.

⁴⁵ *Ibid.*, 526

public interest.”⁴⁶ In the end, Roosevelt never supported Tugwell’s idea for the council, nor did he ever publically identify himself with any form of national planning during the campaign. Still, Tugwell hoped that Roosevelt’s opinions would change after the election.⁴⁷

In November 1932, Roosevelt easily defeated Republican incumbent, Herbert Hoover and was elected President of the United States. With Roosevelt’s victory, the original purpose of the Brain Trust had been achieved. However, Tugwell never viewed his role in the Brain Trust as simply an advisor to help Roosevelt understand the issues of the campaign. He felt it was also his duty to formulate policies for Roosevelt to endorse. In the months leading up to Roosevelt’s inauguration Tugwell continued to work diligently formulating ideas for the president-elect. Roosevelt appreciated Tugwell’s efforts, and in December 1932, upon the advice of Raymond Moley, offered Tugwell a position in the administration as Assistant Secretary of Commerce. Tugwell cautiously considered the offer. Prior to his acceptance, he indicated that certain changes had to be made for him to accept in good conscience. For example, he advised, “that business be brought under closer general government direction.”⁴⁸ One way he argued this could be done was through reorganizing the Bureau of Corporations by placing the investigative staff of the Federal Trade Commission under its authorization, and by implementing the planning policies he enacted in his suggestion of the National Economic Council.

Tugwell’s hesitancy to accept the position in the Commerce Department caused the offer to eventually fall through, but he soon accepted a position in the Department of

⁴⁶ Ibid.: Namorato, *Rexford G. Tugwell*, 67.

⁴⁷ Tugwell, *The Brains Trust*, 294-295, 473.

⁴⁸ Tugwell, diary, folder “Notes from a New Deal Diary,” February 1, 1933, and February 12, 1933, Tugwell Papers, FDR Library, box 30; Tugwell, *Lesser Heights of Morningside*, 241-242; Tugwell, *The Industrial Discipline* (New York: Columbia University Press, 1933), 228-229.

Agriculture. Specifically, Tugwell worked to suppress possible revolutionary sentiment, which seemed to be increased due to widespread unemployment and malnourishment.⁴⁹ To limit the spread he recommended a program to restore purchasing power to the poor.⁵⁰ Tugwell suggested a \$5 billion public works program and direct federal relief to be distributed through the Reconstruction Finance Corporation. Purchasing power could only be restored if people obtained the funds to purchase goods. Tugwell knew this would only serve as a temporary fix, but at the risk of potential revolution it seemed reasonable.⁵¹

Although Henry Wallace was responsible for the administering of the department, as the new Secretary of Agriculture, Tugwell soon extended his authority beyond the responsibilities of his office. Tugwell, as Assistant Secretary of Agriculture, and later Under Secretary of Agriculture, played a vital role in the overall functions of the department. Tugwell's appointment to Agriculture was by no means a random selection to fill a cabinet position. Roosevelt selected Tugwell as Assistant Secretary because of his contribution during the campaign on agricultural issues. He fervently advocated domestic allotment and he already knew and worked well with Wallace.⁵² Wallace had even requested that Roosevelt select Tugwell for the position because he needed assistance dealing with the day-to-day details of operating his department.⁵³ Roosevelt agreed and offered Tugwell the position. On February 22, 1933, Wallace wrote to Roosevelt that he was "pleased to have

⁴⁹ Arthur M. Schlesinger, Jr., *The Coming of the New Deal* (Boston: Houghton Mifflin, 1958), 95.

⁵⁰ Tugwell, diary, folder "Notes from a New Deal Diary," December 24, 1932, Tugwell Papers, FDR Library, box 30.

⁵¹ Tugwell, folder "Monetary Preliminaries," article "Roosevelt Advisor Outlines Seven Point Program for Recovery," *New York World Telegram*, January 29, 1933, Tugwell Papers, FDR Library, box 30.

⁵² Henry A. Wallace to Rexford Tugwell, January 28, 1933, folder "Wallace, Henry," Tugwell Papers, FDR Library, box 28.

⁵³ Henry A. Wallace to Franklin D. Roosevelt, memorandum, May 14, 1934, FDR Papers, FDR Library, box 1.

the loan of Rex for Assistant Secretary of Agriculture.”⁵⁴ However, once Tugwell accepted the offer he defined his duties rather broadly. He was convinced that he would assist Wallace in all department activities. Tugwell’s extension of his authority would eventually lead to serious problems, but for the time being Tugwell was permitted to stretch his jurisdiction.⁵⁵

Tugwell’s responsibilities now changed from working with and advising FDR to working within the Department of Agriculture in order to generate new policies that would then be sent to the president for approval. Once approved by Roosevelt, Tugwell’s task was to work on effectively integrating those policies into society. Specifically, he focused on forming and instituting the Agricultural Adjustment Act (AAA), which dealt with reducing agricultural production. Tugwell was also involved in the structuring of the National Recovery Administration (NRA), Roosevelt’s New Deal program to adjust business to cater more to the needs of society.

The first and most prominent policy that Tugwell dedicated himself to was voluntary domestic allotment. The idea evolved from the domestic allotment plan of Henry Wallace, M. L. Wilson, and Beardsley Ruml, all of whom Tugwell met with at the agricultural convention back in the summer of 1932.⁵⁶ Since then, Tugwell had become a leading advocate for domestic allotment. The purpose of voluntary domestic allotment was to equalize farm production with consumer demand through a system of voluntary

⁵⁴ Henry A. Wallace to FDR, February 22, 1933, folder “Wallace, Henry,” Tugwell Papers, FDR Library, box 28.

⁵⁵ Tugwell, diary, folder “Notes for a New Deal Diary,” January 7, 1933; January 24, 1933; February 17, 1933; Tugwell Papers, FDR Library, box 30.

⁵⁶ Tugwell, *The Brains Trust*, 453. The original allotment plan was designed by Henry Wallace, M. L. Wilson, Beardsley Ruml, William Spillman, and John Black, but was later altered to appease conservatives. Mordecai Ezekiel to Rexford Tugwell, January 15, 1933, “Facts on Domestic Allotment,” folder “Ezekiel, Mordecai,” Tugwell Papers, FDR Library, box 7.

agreements with individual farmers. More specifically, agricultural experts, “using historical amounts of production as base figures,” would figure “the total prospective sale of crops in the domestic market” and then distribute precise quantities of production for each cooperating farmer until the total prospective demand for each crop was met. In return for not exceeding the specific amount they were given to produce, farmers were to receive a subsidy, which could potentially help farmers reap a profit. However, if a farmer did in fact plant more than his allotment allowed, he would not receive payments from the government and would be forced to accept the prevailing market price for his produce.⁵⁷

The domestic allotment plan was completely dependent on the cooperation of the farmer. It was designed to assure farmers they would make more money by producing fewer crops. Another intention of the plan was to convince farmers that the problem of surplus crops could be resolved through their own actions.⁵⁸ Due to Europe’s current financial crisis and “the saturation of the American market itself,” the supporters of domestic allotment believed they could convince the farmer that “his only hope lay in cooperation and restricted production, at least in the immediate future.”⁵⁹ To Tugwell, domestic allotment was worth endorsing because it had intricate guidelines to adhere to, and it was voluntary, which allowed it to be politically realistic. Although Tugwell viewed the plan as politically safe, many opposed it because it disregarded traditional solutions such as dumping and tariffs.⁶⁰ Conservative farm leaders argued adamantly against the

⁵⁷ Sternsher, 173.

⁵⁸ Ezekiel to Tugwell, October 20, 1939, folder “Agriculture, Department of,” Tugwell Papers, FDR Library, box 1.

⁵⁹ Namorato, *Rexford G. Tugwell*, 76.

⁶⁰ Dumping is the act of a manufacturer in one country exporting a product to another country at a price which is either below the price it charges in its home market or is below its costs of production.

plan because it purposed setting restrictions on production.⁶¹ Tugwell responded by spiritedly campaigning the idea of domestic allotment to the American people through writing propaganda and lobbying Congress to pass legislation favoring allotment.

Regardless of Tugwell's campaigning, his plan for domestic allotment was soon to undergo revision. Wallace, gathered together various supporters of the plan and other crop reduction ideas to form a compromise bill for congressional consideration, known as the Agricultural Adjustment Act. However, once presented in the House of Representatives the bill immediately faced opposition from conservative farm leaders and inflationists. The opposition to the bill was so severe that Roosevelt had to intervene to save it. In the end, to appease conservatives, Roosevelt ordered Tugwell and Wallace to meet with George Peek, an agricultural advisor who sided closely with more conservative members of Congress, to reach a compromise. Peek, who previously ousted Tugwell in the Smith campaign in 1928, supported price control and adamantly discouraged production control. Only a few months into Roosevelt's presidency, he shocked administration officials by declaring that the Agricultural Department was filled with "fanatic-like...socialists and internationalists" dedicated to the destruction of the country.⁶² However, through prolonged debates Peek

⁶¹ Tugwell, diary, folder "Notes from a New Deal Diary," January 6, 1933, Tugwell Papers, FDR Library, box 30.

⁶² Tensions continued to rise between Peek and Tugwell/Wallace as the AAA started. Eventually, FDR removed Peek from the AAA and made him a trade advisor. Describing the incident in the *New York Times*, Arthur Krock wrote, "In this week's encounter of men and theories at the Department of Agriculture, the real 'winnah and new champion' ...is Rexford Guy Tugwell." George N. Peek with Samuel Crowther, *Why Quit Our Own* (New York: Van Nostrand, 1936), 99; cited in, John C. Culver and John Hyde, *American Dreamer: A Life of Henry A. Wallace* (New York: W. W. Norton & Company, 2000), 125-127.

finally agreed to the terms of the bill on the condition that he was named the chief administrator of program.⁶³ In May 1933, the AAA became law.

After numerous revisions the AAA was a conglomeration of ideas and plans designed to please everyone. The primary goal was to establish a balance between production and consumption of farm goods in order to increase the income, and therefore purchasing power of farmers to equal their pre-World War I levels. To achieve this, the Agriculture Department was empowered to do several things. First, for primary farm products such as cotton, corn, wheat, milk, rice, and tobacco, the department could initiate a contract with individual farmers by which it would pay farmers to limit production. Secondly, the Department of Agriculture could purchase agricultural surpluses and lend money to farmers, holding their crops as collateral. For this to occur the Commodity Credit Corporation was created in the fall of 1933. Its primary function was to serve as the lending agency for the Department. Lastly, Agriculture could subsidize farm exports with the approval of the Secretary.⁶⁴

Tugwell believed the AAA served two purposes. The first, a short-term goal, was to aid farmers by reducing the “spread between costs and retail prices” and the “spread between prices which farmers receive and those which consumers pay.” The second, a long-term goal, was to establish permanence in land-use planning in order to assure agriculture’s survival in the ever-advancing technological world.⁶⁵ Tugwell believed that

⁶³ Edward L. Schapsmeier and Frederick Schapsmeier, *Henry A. Wallace of Iowa: The Agrarian Years* (Ames: Iowa State University Press, 1968), 125. For more information on the debates between Wallace, Tugwell, and Peek see Sternsher, 190.

⁶⁴ Schapsmeier and Schapsmeier, *Wallace*, 173-174; Sternsher, *Tugwell and the New Deal*, 190. Tugwell later admitted that he and Jerome Frank conceived the idea and plans for the Commodity Credit Corporation.

⁶⁵ Rexford Tugwell, “Our Lands in Order,” USDA press release (August 4, 1933): 1-3, Tugwell Papers, FDR Library, box 55.

planning was the best way to establish a balance between production and consumption. Eventually, once his planning policies were fully embraced by farmers, he hoped to abandon the short-term goal of providing monetary assistance to farmers for their crop reduction because the long-term goal of the AAA would prove capable of sustaining the farmer on its own.

Tugwell believed that free enterprise was responsible for the over-production of farm goods. During the 19th century, he believed, the government, without any forethought for the future, recklessly distributed land to anyone who would settle it. By the turn of the century land exploitation by private interests had become out of control. In response, a conservation movement began to save the land that was left. Through petitioning Congress the conservation movement was responsible for the government's creation of a more scientific and efficient approach to land distribution. However, after World War I the nation "returned to normalcy," and once again private interests began taking advantage of available land. Tugwell argued that it was this exploitation of land that led to the over production of agricultural goods and eventually the saturation of the agricultural markets. The AAA was the program to reverse over-production and to create a balanced market once again.⁶⁶

Apart from his daily dealings with the Department of Agriculture, Tugwell also played a role in the formation of the National Recovery Administration. The NRA was one of Roosevelt's primary New Deal agencies in 1933. The overall purpose was to reduce competition within business by bringing industry, government, and labor together to

⁶⁶ Rexford G. Tugwell, "The Place of Government in a National Land Program," address given at a joint meeting of the American Economic Association, the American Statistical Association, and the Farm Economic Association (December 29, 1933), USDA release, Tugwell Papers, FDR Library, box 55.

establish codes of permissible practices and to set prices. The NRA, which was formed through the passing of the National Industrial Recovery Act (NIRA), encouraged industries to voluntarily agree on codes of fair competition. These codes included the creation of minimum prices at which products could be sold, minimum wages for workers, maximum weekly hours for workers, and the elimination of child labor. In the early formative stages of creating a recovery proposal for industry, Tugwell worked closely with Assistant Secretary of Commerce John Dickinson and New York Senator Robert F. Wagner, while at the same time meeting with another group led by Hugh Johnson and Donald Richberg who were drafting their own ideas for industrial recovery.⁶⁷ After both groups presented their proposals to Roosevelt, the president ordered Tugwell to organize a conference between the two groups to reach a compromise. After the meeting Tugwell publically supported Johnson's plan because it included government assurance whereas Dickinson's relied primarily on the integrity of industry.⁶⁸

Tugwell believed the NRA was politically viable because it was voluntary. Business owners were encouraged to join the movement, but ultimately the choice remained theirs to make. However, if they joined, they were obligated to follow the NRA's codes. For example, signers agreed not to raise prices beyond certain levels and were not to purchase products from non-signers. According to Tugwell, the government's role was to guide

⁶⁷ The fundamental difference between the two groups was how to fix the corruption present in trade associations. The Dickinson proposal called for cooperation between businesses within the trade associations to reduce costs. Tugwell was in favor of cooperation, but the Dickinson proposal "contained no compulsory measures to assure industry would act in the public's interest." Tugwell was more inclined to the Johnson bill because it called for "federal licensing of all codes and guaranteed the government an active role in the recovery process generally and in the code-making process specifically." Rexford Tugwell, "The New Deal: The Contributions of Herbert Hoover," Tugwell Papers, FDR Library, box 70; Namorato, *Rexford G. Tugwell*, 96-97.

⁶⁸ Rexford G. Tugwell, *Roosevelt's Revolution: The First Year, A Personal Perspective* (New York: Macmillan Publishing Co., Inc., 1977), 136; Sternsher, *Tugwell and the New Deal*, 157.

business away from “the anarchy of the competitive system” by determining whether NRA codes were fairly written and enforcing the codes on businesses that signed with the NRA.⁶⁹ Within a short time over 200,000 employers joined the program.⁷⁰ Soon Johnson wanted to push for a nationwide campaign for businesses to adopt the NRA’s standards and codes. But the idea of launching such a campaign caused anxiety among some of Roosevelt’s advisors. “I am scared to death,” said Tugwell, “I am afraid of the commitment and of getting the President into this.”⁷¹ While the idea of a nationwide campaign seemed daunting to Tugwell, it was the administering of the NRA that caused the planner to remove his unconditional support.

Tugwell based his support of the program on the government’s power to verify that each code was created and enforced in the best interest of society. However, the NRA administrators soon limited governmental influence and relied on business to control the code-making process. Tugwell believed businesses abused this power and created codes to benefit themselves more than the consumer. Tugwell argued that this completely undermined the plans for cooperation between government and business.⁷² Although Tugwell continued to publically support the NRA, he privately criticized it for relying too much on business. In May of 1935 the Supreme Court ruled the NRA unconstitutional in the case of *Schechter Poultry Corp. v. United States*.⁷³

⁶⁹ Rexford G. Tugwell, “Design for Government,” address to the Eighth Annual Meeting of the Federation of Bar Associations of Western New York (June 24, 1933), Tugwell Papers, FDR Library, box 55.

⁷⁰ Marshall E. Dimock, *Business and Government* (New York: Henry Holt, 1949), 186.

⁷¹ Special Industrial Recovery Board, Proceedings, July 18-19, 1933; Schlesinger, *The Coming of the New Deal*, 113.

⁷² Sternsher, 162.

⁷³ The Court distinguished between the effects of direct interstate commerce, which Congress could lawfully regulate, and indirect, which were purely matters of state law. In this case, the raising and selling of poultry was an interstate industry, but the Court found that the flow of interstate commerce had stopped. Schechter bought chickens from intrastate wholesalers and sold exclusively to intrastate buyers. Any

Despite the Supreme Court's decision, Tugwell advised Roosevelt to recreate the NRA by creating an Industrial Adjustment Act, which would legalize the program. The bill would place a "premium on the expansion of production...and at the same time [protect] competition where it is appropriate" by levying a tax on all industry so that the revenues from the tax could be returned to the industries, "which would sign voluntary adjustment contracts." These contracts, similar to the foundational codes of the NRA, would specify "certain conditions of type and volume as well as conditions of labor and hours and the like."⁷⁴ Tugwell believed government needed to be in control of the planning process without any interference of business in order for planning to be effective. Business would still be involved in the planning process, but it would be under the authority of the government to assure business acted in the best interest of society. Considering the government already possessed the right to tax and that the program would be voluntary, Tugwell hoped the Supreme Court would be unable to challenge his proposal. Unfortunately, Roosevelt was not as hopeful and rejected the proposal.⁷⁵

As Tugwell continued his work in agriculture, he was consistently conscious of impoverished farmers. Land was too often too poor to cultivate, and farmers were unable to produce enough to provide adequately for their families or to contribute to society.⁷⁶ In an attempt to better their current situations, farmers often unknowingly bought land that was not good for agriculture. "Some were tricked into buying bad land," Tugwell declared,

interstate effect of *Schechter* was indirect, and therefore beyond federal reach.

⁷⁴ Tugwell, diary, folder "Diary 1935," May 30 and 31, 1935, Tugwell Papers, FDR Library, box 32.

⁷⁵ Rexford G. Tugwell to David Lawrence, April 10, 1953, folder "Correspondence La," Tugwell Papers, FDR Library, box 32.

⁷⁶ Rexford G. Tugwell, "Planned Use of the Land," *Today* 1 (January 1934): 6-7.

while “some didn’t even know how to farm,” and “they are now hopeless.”⁷⁷ The Depression and the Dust Bowl left many farmers with nothing. “There are thousands of families in a similar situation throughout the whole of the Great Plains...much of this land should never have been plowed,” said Tugwell.

Although Tugwell was a staunch supporter of the New Deal, it was doing nothing to relieve many farmers, especially farm tenants and laborers. The AAA’s purpose was to fix the farm problems caused by the depression, but it primarily focused on sustaining large farm owners who produced staple crops and not those who owned smaller farms.⁷⁸

According to Tugwell, the farmers living on poor land and the ones forced to migrate to cities for work were also in need of assistance, and the only way to help them was to relocate them to better environments. A system of land-use planning was needed. It would benefit the nation not only by conserving its land and natural resources but also by utilizing the fullest potential of its human resources.⁷⁹ With this in mind Tugwell proposed the creation of the Resettlement Administration.

Despite being officially established in 1935, the planning for such an administration had been going on for over a year. During the spring of 1934, the Department of Agriculture (USDA), the Federal Emergency Relief Administration (FERA) and the Department of the Interior, created numerous programs that “sought to deal with the problem of land conservation and personal rehabilitation.”⁸⁰ Such programs as the Submarginal Land Committee (USDA) and the State Rural Rehabilitation Corporation

⁷⁷ Rexford G. Tugwell, “The Reason for Resettlement,” address on NBC Radio (December 2, 1935), Tugwell Papers, FDR Library, box 57.

⁷⁸ Tugwell, diary, folder “Diary 1935,” January 23, 1935, Tugwell Papers, FDR Library, box 32.

⁷⁹ *Ibid.*, August 20, 1935.

⁸⁰ Namorato, *Rexford G. Tugwell*, 111.

(FERA) were proposed to assist poor farmers by allowing the government to purchase their unproductive lands and then relocate them to better farms. However, the trouble with these programs was that they were forced to maneuver between different federal agencies “with no one agency consolidating their efforts.”⁸¹

To resolve the problems caused by the overlapping of federal agencies, Tugwell, in January 1935, suggested to Wallace that an agency be created that would amalgamate the agencies and manage the government’s role in land conservation. Wallace agreed, and soon they approached Roosevelt with the plan. On May 1, 1935, the president gave his support by issuing Executive Order 7027, creating the Resettlement Administration (RA), appointing Tugwell as the director.⁸²

Initially Tugwell announced that the RA would serve three fundamental purposes. First, it would focus on conserving land by retiring from cultivation unproductive lands. Instead these lands would be put to more beneficial use, such as recreation or forestry. Second, it would help the families living on submarginal lands find new and better land to farm. Third, the RA would attempt to assist people living on good land that “because of financial distress or because of inexpert farm management, are in need of help.”⁸³ Tugwell argued that in concentrating on the short-term goal of aiding farmers in financial distress due to the depression, the RA would also achieve the long-term goal of land conservation.

For the RA to effectively accomplish its goals Tugwell decentralized the administration. He divided the nation into eleven regions and created four main divisions within the RA: Suburban Resettlement, Rural Rehabilitation, Land Utilization, and Rural

⁸¹ Ibid.; Tugwell, diary, folder “Diary 1935,” January 16, 1935, Tugwell Papers, FDR Library, box 32.

⁸² Paul Conkin, *Tomorrow a New World: The New Deal Community Building Program* (Ithaca: Cornell University Press, 1959), 143.

⁸³ Tugwell, “The Reason for Resettlement.”

Resettlement. The four main divisions were created to organize all of the RA's activities. Under the main division twelve subordinate subsections would handle more specific tasks, including "management, planning, procedure, information, investigation, personnel, labor relations, business management, finance, and construction."⁸⁴ As director, Tugwell oversaw all of the agency's activities. He decided that if at all possible, regional offices should handle the administering of local programs, with the exception to matters concerning the Suburban Resettlement division. Tugwell wanted all suburban resettlement projects to be administered from Washington.

In a NBC radio broadcast in December 1935, Tugwell proclaimed to the nation that the benefits of the RA expand beyond "relief of human misery and suffering." While humanitarian reasons seemed to be the primary motivation for the creation of the RA, he revealed that "tax payers will be saved thousands of dollars each year" because of the administration. He reasoned that roads, schools, and other public facilities that were located on submarginal lands would be closed after the relocation of the surrounding population. He noted, "The families moving out of the area will become self-supporting taxpayers, whereas now in some of the townships involved more than half of the land has been tax delinquent." Tugwell proclaimed that, "the land is being changed from a public liability into a public asset."⁸⁵ By the end of 1935 the RA purchased more than ten million acres of submarginal land, located in over two hundred different projects across the nation. "About 22,000 farm families are on the way of being given a chance to move to better

⁸⁴ Namorato, *Rexford G. Tugwell*, 113; Conkin, *Tomorrow a New World*, 155.

⁸⁵ Tugwell announced that few people realized the waste of misused land. For example, "a study made in one county in the Northwest shows that the public is paying \$185.61 per family to transport children in a poor land to school. The actual tax collected from each farm concerned averaged six dollars—less than four percent of each family's transportation bill. The other citizens in the county had to dig into their packets for the difference."

lands.” The land that was purchased was developed into forests, parks, grazing areas, and wildlife refuges. “The mere task of preparing them for these other uses,” Tugwell said, “will give employment to a daily average of more than 75,000 men under the work relief program.”⁸⁶

Tugwell was adamant that the RA was a rehabilitation program, and not a relief program. Its purpose was to take farmers off relief and make them permanently independent. According to Tugwell, within six months of being created the RA was caring for more than 525,000 families. Through planning, these families who once needed governmental assistance to survive were now on their way to self-sufficiency.⁸⁷

The RA, however, could not move people off of their land until there was another place to relocate them. The Land Planning Section, a subsection of the Land Utilization Division, was the RA’s main source in finding new locations for resettlement that would prove productive and beneficial to displaced farmers.⁸⁸ After the Land Planning Section found new land, the Rural Resettlement Division planned the movement and resettlement of most farming families. Most of these families were moved to small farming communities located mainly in the South. A typical RA community was either all white or all black and consisted of approximately 100 families, each receiving 40-100 acres.⁸⁹

In addition to the retiring of unproductive lands as well as the resettlement of families living on these lands, the RA was committed to solving, in Tugwell’s opinion, an even greater problem. Since the Industrial Revolution began in America there had been a

⁸⁶ Tugwell, “The Reason for Resettlement.”

⁸⁷ Ibid.

⁸⁸ Conkin, *Tomorrow a New World*, 156-158.

⁸⁹ Ibid., 167-169.

steady movement in labor from farms to factories.⁹⁰ Smaller land-owning farmers abandoned their land and ventured to urban centers to work in factories. This movement caused overcrowding in cities as well as horrendous living and working conditions. To resolve this problem the RA planned to construct suburban towns, also known as garden cities or greenbelt towns, to facilitate the migration. None of the RA's programs received more publicity, both positive and negative, than the garden cities. The purpose was to alleviate the overcrowding of cities by replacing the slums and ghettos with productive and self-sustaining suburbs.⁹¹

Each greenbelt town, according to Tugwell, could house between 500 and 800 families and was a prime example of the benefits of planning. The Greentowns project had three specific purposes: "to provide useful work for men on unemployment relief, to provide low-rent housing in healthful surroundings for low-income families, [and] to demonstrate the soundness of planning and operating towns according to certain garden-city principles."⁹² Tugwell was more passionate toward the creation of these towns than any other RA program.⁹³ In 1936 he referred to the project as a "more orderly pattern for the inevitable movement from farm to city,"⁹⁴ and in early 1937 in "The Meaning of Greenbelt towns," he stated his desire to reveal that the peripheral areas of cities offered the "best chance we have ever had in this country for affecting our living and working

⁹⁰ Sternsher, 274.

⁹¹ Mark Gelfand, *A Nation of Cities: The Federal Government and Urban America, 1933-1965* (New York: Oxford University Press, 1975), 133-135.

⁹² Clarence S. Stein, *Toward New Towns for America* (The University Press of Liverpool, 1951), 101; Sternsher, 70.

⁹³ Tugwell to Franklin Roosevelt, December 12, 1935, folder "Correspondence, FDR," Tugwell Papers, FDR Library, box 23.

⁹⁴ Tugwell, "Down to Earth," *Current History* (July 1936): 38.

environment favorably.”⁹⁵ The towns were designed to provide better living conditions through the prevention of overcrowding. They were surrounded by a “greenbelt” of field and woods and emphasized light, air, space, playgrounds, parks, accessible gardens, and sidewalks. He believed that any greenbelt town invited comparison with any other suburban project and the popular theories of slum clearance.⁹⁶

Tugwell planned to have twenty-five green towns built, but due to financial complications and stringent criticism, only three were ever constructed.⁹⁷ Tugwell boasted of the superb planning of the towns, but many critics argued that the program was too costly, wasteful, and ultimately unsatisfactory in solving the problem of the urban slums. In 1936, Frank Kent, a journalist, deplored the initial budget for the RA, stating it has “quite a lot of money to be spent in a year [by] young and inexperienced thinkers.”⁹⁸ In response to the criticism Tugwell defended the high costs of the towns by insisting, “no one in his senses would attempt to demonstrate the achieving of low costs on any job which uses relief labor.” In doing so Tugwell revealed another purpose of the towns: to provide quality-paying jobs to the unemployed. Tugwell understood that the construction of each town could be completed at “half the cost,” but in making the program a public works project he increased the purchasing power of the previously unemployed.⁹⁹ Each town was complete with schools, stores, plumbing, electricity, sewers, streets, and many other modern features. The high cost of constructing each town was not simply attributed to

⁹⁵ Tugwell, “The Meaning of the Greenbelt Towns,” *New Republic* 90 (February 17, 1937): 42-43.

⁹⁶ *Ibid.*

⁹⁷ The three green towns that were completed were Greenbelt, Maryland, near Washington D.C., Greenhills, Ohio, near Cincinnati, and Greendale, Wisconsin, near Milwaukee. Because the federal government was building low-income houses, a task normally carried out by individual states, the RA was forced to maneuver through many legal and financial obstacles in order to build the towns.

⁹⁸ Frank R. Kent, *Without Grease* (New York: William Morrow, 1936), 231-232; Sternsher, *Rexford Tugwell and the New Deal*, 280.

⁹⁹ Tugwell, “The Meaning of the Greenbelt Towns,” 42-43.

building houses, as many critics argued, but to the building of all the other aspects of a modern town. Tugwell argued, “by good organization on the job, and by the elimination of speculative and other profits, costs have been reasonable compared with private work, and Greenbelt houses are sound.” Through planning the RA was able to take a large area of cheap land and build an entire community, instead of taking high-priced land nearer the city and trying to redevelop it.¹⁰⁰

Regardless of Tugwell’s reasoning, critics of the green towns continued to argue that they were too costly and ultimately inefficient in solving the problems of urban life. Soon the criticism began to extend beyond the towns program. Instead of differentiating between garden cities and other RA programs, detractors grouped all activity together and attacked the administration as a whole, with Tugwell as its director.¹⁰¹ Senator Burton Wheeler opposed the RA. He did not appreciate how educated minds, who “never saw a bushel of wheat in their lives,” sat around discussing farm issues without any practical experience with agriculture.¹⁰² Hugh Johnson proclaimed in 1935, that “Rex Tugwell knows as much about agriculture as Haile Selassie knows about Oshkosh, Wisconsin.”¹⁰³ Harold Ickes even wrote in his diary in November 1935, “Tugwell never should have taken the RA job...the administration is organizationally in shambles.”¹⁰⁴

Tugwell’s ideas on limiting business’ power and using the government to motivate it to act in favor of society were in stark contrast to America’s economic traditions. Due to

¹⁰⁰ Ibid.

¹⁰¹ Joseph Arnold, *The New Deal in the Suburbs: A History of the Greenbelt Town Program, 1935-1954* (Columbus: Ohio State University Press, 1971), 200-205; Sternsher, *Tugwell and the New Deal*, ch. 22.

¹⁰² Blair Bolles, “The Sweetheart of the Regimenters,” 86.

¹⁰³ Quoted in *Time*, November 11, 1935. Haile Selassie was at that time the Royal Emperor of Ethiopia.

¹⁰⁴ Harold L. Ickes, *The Secret Diary of Harold L. Ickes, Part One* (New York: Simon and Schuster, 1953), 473.

this apparent discrepancy, by the summer of 1936, assaults on Tugwell were so intense that he began to consider resigning. Several New Deal officials, such as Jim Farley, Chairman of the Democratic National Committee and Roosevelt's campaign manager, were convinced that the president could no longer afford to be publically affiliated with Tugwell. Farley argued that Tugwell was the recipient of so much media criticism that he was hurting the president and the New Deal. Farley recommended that the President not allow Tugwell to actively participate in the 1936 campaign, to which Roosevelt agreed. The mixture of criticism along with his removal from Roosevelt's inner circle persuaded Tugwell to tender his resignation that fall.¹⁰⁵

Tugwell's years working for Roosevelt revealed his tendency to strive to implement his ideas of planning into society. In nearly every activity that Tugwell was concerned with, his fundamentals on planning were present. Whether it was domestic allotment, where he attempted to create a balance between production and consumption, rural resettlement, where he tried to help farmers relocate to more productive lands, or in suburban resettlement, where he strived to solve the problem of urban overcrowding, he was trying to use planning to solve the nation's problems. In every one of his policies he pushed for cooperation and not competition. He aimed to provide consumers with more purchasing power, and he aspired to eliminate profit as the motivating factor behind production. He believed the best way to employ this was through government supervision of business in order to hold business accountable to ensuring the public interest. According to Tugwell, government, not business, needed to have final authority in society if the nation was going to reverse the economic crisis. Free enterprise, Tugwell insisted, promoted corruption and

¹⁰⁵ Namorato, *Rexford G. Tugwell*, 115.

ignored the benefits of planning in order to make more profit. The New Deal allowed Tugwell to initiate many different policies that led America toward a more socially oriented planned society. However, toward Roosevelt's reelection in 1936, the administration shifted from using planning policies to reverse the economic crisis to using more long-term social welfare policies to aid those suffering. Tugwell's planning focused policies were no longer viewed as suitable to the administration. As a result, his resignation from the RA, the New Deal, and public service became official on December 31, 1936.

Chapter 3: Planning in Puerto Rico

Rexford Tugwell was tireless in his efforts to transform America into a more planned society. Early in life personal experiences and specific individuals influenced him to abandon traditional economic practices and adopt a more revolutionary ideology. While working as a policy maker in the New Deal, Tugwell formulated plans that encouraged the support of a new economic theory based on the idea of central planning. Although these endeavors ultimately failed, Tugwell's belief in planning never faltered. A few years after his unsuccessful push for a planned American society in the New Deal, Tugwell received the opportunity to accomplish his goals in Puerto Rico. From 1940 to 1941, Tugwell investigated the island's economic problems and advised the government to utilize various planning techniques to aid in recovery. Then, as Governor of Puerto Rico from 1941 to 1946, he directly incorporated his planning ideas into legislation that assisted in the recovery and future prosperity of the island. The limitations and restrictions that surrounded Tugwell as a New Dealer were greatly reduced in Puerto Rico. Many of Tugwell's accomplishments on the island were extensions of what he attempted to implement in America. However, while he had been limited to being a theorist in Washington, he was now able to thrive as a practical economist and planner in Puerto Rico.

In the early 20th century Puerto Rico was under the military rule of the United States.¹ The President of the United States appointed most Puerto Rican government

¹ The Treaty of Paris 1898 also demanded that Spain relinquish its sovereignty over Cuba, which resulted in Cuban independence. "Treaty of Peace Between the United States and Spain," *The Avalon Project: Yale Law School*. Yale University, Lillian Goldman Law Library.

officials, including the governor. In 1900, Senator Joseph Foraker, of Ohio, introduced the Organic Act, calling for limited popular government on the island.² Specifically, the act established a new government, including an executive council appointed by the President of the United States to assist the appointed governor. A legislature was also created, consisting of 35 elected members, as well as a judicial system, including both local and federal courts.³ In addition, all U.S. federal laws were to be enforced on the island and the U.S. Congress maintained the authority to repeal acts of the Puerto Rico legislature.⁴ Then in 1917, in response to insistent pleas from Puerto Ricans for international recognition, Congress passed the Jones-Shafroth Act, which, among other things, collectively made all Puerto Ricans citizens of the United States.⁵

Despite receiving full citizenship, many Americans still considered Puerto Ricans foreigners. From 1898 to 1934, all Puerto Rican affairs were dictated by the War Department. Then in 1934, Puerto Rico was reassigned to the Department of the Interior, where Harold Ickes hoped to improve conditions on the island. Throughout the 1930s, Ickes tried to usher reforms through Congress, but with little success. The most prominent of these reforms was the Chardón Plan in 1934. The plan was the equivalent of the Agricultural Adjustment Act in Puerto Rico. It focused primarily on using agricultural

² The bill is also known as the Foraker Act. Charles R. Venator Santiago, "Race Space and the Puerto Rican Citizenship," *Denver University Law Review* 78 (2001).

³ Benjamin B. Kendrick, "McKinley and Foraker," *Political Science Quarterly* 31 (December, 1916): 590-604.

⁴ Efrén Rivera Ramos, *American Colonialism in Puerto Rico: The Judicial and Social Legacy* (Princeton: Markus Wiener Publishers, 2007), 54-55.

⁵ In addition, the act, also named the Organic Act of Puerto Rico (1917), authorized the people of Puerto Rico to form a popularly elected Senate and establish a bill of rights. Pedro Capo-Rodriguez, "The Relations Between the United States and Porto Rico," *The American Journal of International Law* 13 (July, 1919): 483-525.

experts to plan and limit production in order to raise agricultural prices.⁶ However, in the mid-1930s, when asked to continue funding the plan, Congress' "refusal was prompt and complete."⁷ Tugwell recalled that a group of anti-reform lobbyists influenced Congress' decision.⁸

The political situation in Puerto Rico furthered Ickes' troubles. The U.S. appointed governor, General Blanton C. Winship, became so unpopular with the expanding *Populares* (or Popular Party) that he resigned in 1939.⁹ Like many governors prior to him, Winship favored the small elite class, or the "better element," over the masses, which tended to support the social reforms of the *Populares*.¹⁰ Large-scale corporations operated most of the island's productive land, partly owned and partly leased by the operating corporations. Complicating the issue further was the problem of absentee ownership. Nearly half of the land was either leased or sold into the possession of large corporations that were closely allied with large American banks. Consequently, half of Puerto Rico's land was controlled from outside the island. According to Tugwell, the process of accumulating larger land holdings was a natural tendency in the free enterprise system. Usually these corporations were not intentionally operating to dispose of smaller landowners, but through the search for increased profits, they often forced their smaller competition into a position where their only viable option was to allow the corporations to buy them out. This problem was

⁶ The Chardón plan was named after Carlos Eugenio Chardón, a mycologist and the first Puerto Rican to be chancellor of the University of Puerto Rico. Roland Chardón, "Sugar Plantations in the Dominican Republic," *Geographical Review* 74 (October, 1984): 441-454.

⁷ Rexford G. Tugwell, *The Stricken Land: The Story of Puerto Rico* (Garden City: The Country Life Press, 1946), 4-5.

⁸ Ibid. Tugwell continued, "Congressmen always have a mistaken tendency to think the lobbyists for this small group represented" the predominate opinion of Puerto Ricans. "And when a local group opposes relief, any Congressman must say, 'Who am I to force it on them?'"

⁹ The *Popular* Party was a progressive movement in Puerto Rico that fought for social reform, and especially the ownership of land to be dispersed among the population. Ibid.

¹⁰ *Polulares* is another term used by Tugwell in his writings to refer to the *Popular* Party in Puerto Rico.

not limited to absentee ownership. Puerto Rican companies and other individuals living on the island also engaged in the practice. However, the majority of the large corporations were more American than Puerto Rican, while Puerto Ricans tended to dominate the smaller landholding that were being bought out by the corporations.¹¹

The abuse and hoarding of productive land by the elite class caused unsettlement among the Puerto Rican masses. The growth of the landless population continued through the 1930s, while experiencing low standards of living, low wages, and unemployment. This resulted in the adoption of a dangerous proletarian psychology, which was directly related to large corporation's absentee ownership. "The materials for a class war were all present," Tugwell later recalled, "and if there was going to be a liquidation it was evident that first attention would be given to the 'foreigners.'"¹²

The Popular Party, led by Luis Muñoz Marín, was a progressive political movement in Puerto Rico in the late 1930s. Overall, the party represented struggling agrarians who were being continually oppressed by abusive landowning corporations. Tugwell first became acquainted with Muñoz and his movement in 1935 during the implementation of the Chardón plan in Puerto Rico. In 1940 the *Populares* won the majority in the senate campaigning with the slogan "Pan, Tierra y Libertad."¹³ In the same year Muñoz also won an election for President of the senate. Now in power, Muñoz' first order of business was passing a new land law against, what was referred to as, the "better element,"— i.e. the upper economic echelon who controlled the majority of productive land in Puerto Rico.

¹¹ Rexford G. Tugwell, *The Stricken Land*, 5.

¹² *Ibid.*, 7. Tugwell uses the word "foreigners" to refer to the American corporations that were present in Puerto Rico in the 1930s and 1940s.

¹³ Translation: "Bread, Land and Liberty." Tugwell recalled that the political tension in Puerto Rico in 1940 was similar to the tension in Russia in 1917 and Mexico in 1910. Tugwell, *The Stricken Land*, 7.

With fears rising over the possibility of a revolution, the large landowners pleaded for the U.S. government to intervene. The issue's jurisdiction fell to Secretary Ickes. Although a progressive at heart, Ickes feared a communist takeover and sought the advice of his former colleague, Tugwell, now chairman of the New York City Planning Commission.¹⁴ Ickes understood that Tugwell's experience in the Roosevelt White House made him uniquely qualified to deal with Puerto Rico's growing economic and agricultural problems. Ickes also knew that Tugwell was not completely unfamiliar with the agricultural problems in Puerto Rico. In 1934, as part of the Agricultural Adjustment Act, Tugwell, then Assistant Secretary of Agriculture, had traveled to Puerto Rico to examine sugar production.

During that trip, Tugwell later recalled, sugar cane was in the process of recovering from consecutive years of low production.¹⁵ Fear that the sugar crop might disappear altogether on the island encouraged scientific testing and experiments by plant breeders and pathologists to produce new hardier varieties of sugarcane and sugar beets. By 1934 then, the disease problems were so reduced that surpluses were accumulating in all sugar producing locations.

The sugar surplus caused competition to arise amongst sugar producing countries. Tugwell understood that resolving the problems of sugar producers in the continental United States with those of the Philippines, Hawaii, Puerto Rico and Cuba "was a wholly impossible task." Each location possessed selfish solutions to the problem, which only invigorated the crisis. Their own private attempts to work toward a compromise had

¹⁴ "TUGWELL TO ASSIST ICKES: Will Advise on Problems Growing Out of Puerto Rican Law," *The New York Times*, January 15, 1941.

¹⁵ Low production was due to a combination of various plant diseases that reduced production enormously.

completely disintegrated, and they each advocated government intervention. The result was a system of quotas for imports and production, which was eventually embodied by law.¹⁶ Every sugar producing location felt their quota was unfair and should be increased.

In 1934, cane acreage in Puerto Rico reduced nearly twenty percent from the production levels of 1933 in order to meet their production quota. The quota was established to limit surpluses and ensure the price of sugar remained high. The belief was that keeping sugar prices high would directly result in the increase of purchasing power of Puerto Ricans. After Tugwell's visit to the island in 1934, however, he concluded that the quota did not economically benefit the sugar-producing people of Puerto Rico.

Furthermore, living conditions in Puerto Rico were dismal. In an article for the *Herald Tribune* in 1929, Theodore Roosevelt Jr. painted a vivid picture of the daily difficulties faced by ordinary Puerto Ricans. Wages, he noted, were pitiful; living costs were high; houses were poorly constructed; people were starving; and many were sick with diseases caused by malnourished and inadequate living conditions. "Farm after farm," he stated, "where, lean, underfed women and sickly men repeated again and again the same story, little food and little opportunity to get more."¹⁷ "I seldom knew a Congressman," Tugwell stated, "who, after actually coming to Puerto Rico, and being around for a day or two, seeing the worst there was to see...did not draw a long relieved breath and say, 'It's not half as bad as I was told!'"¹⁸

Clearly, according to Tugwell, something needed to be done to change living

¹⁶ Tugwell, *The Stricken Land*, 32-33.

¹⁷ Theodore Roosevelt, Jr., "Children of Famine," *Herald Tribune* (December 8, 1929), quoted in, Bailey W. and Justine Whitfield Diffie, *Porto Rico: A Broken Pledge* (Ann Arbor: University of Michigan Press, 1931), 9.

¹⁸ Tugwell, *The Stricken Land*, 42.

conditions on the island, and politics was not the answer. "I had seen enough of Congress," Tugwell recalled, "to understand that there would always be a kind of latent hostility to offshore areas." Puerto Rico did not have any voting representatives in Congress, and therefore possessed no leverage over the nation's lawmakers. Thus, Tugwell searched for an alternative route to recovery. Not surprisingly, it was grounded in planning. Overall, Tugwell believed that there must be a "widening of the economic base." In other words, Puerto Rico must move beyond a sole reliance on sugar and strive for a more diverse economy. Tugwell also advocated the start of new industries, which would be assisted by the government to ensure their success in order to provide new economic opportunities to the island's inhabitants.¹⁹

Unfortunately for Puerto Ricans in the 1930s, the U.S. government cared little about their problems. Tugwell was astonished that Americans could be so hypocritical.²⁰ "Have they forgot the meaning of 'taxation without representation?'" According to Tugwell, Puerto Rico was under a form of American imperialism. Puerto Rico sold its raw products (mainly sugar) for cheap in American markets, while the island purchased its food and other goods at high prices in the same markets. To make matters worse, Puerto Ricans had to beg Congress for relief. "As a beggar does on a church step," Tugwell insisted, "filthy hat in hand, exhibiting sores, calling and grimacing in exaggerated humility." This "was the real crime of America in the Caribbean, making Puerto Ricans something less than the men they were born to be."²¹

Thus, in late December 1940, when contacted by Ickes on the growing tensions in

¹⁹ Ibid., 36-37.

²⁰ Mark T. Gilderhus, "The Monroe Doctrine: Meanings and Implications," *Presidential Studies Quarterly* 36 (March, 2006): 5-16.

²¹ Tugwell, *The Stricken Land*, 40-43.

Puerto Rico, Tugwell was already aware of many of the concerning issues. However, one issue that Tugwell was unfamiliar with was the “500-acre law.”²² Upon further explanation, Ickes revealed that the Organic Act of Puerto Rico (1917) had always prohibited the owning of more than 500 acres of land by a corporation.²³ Muñoz’ plan was to actually enforce the 500-acre clause in the old Organic Act. Ickes was not sure whether the plan of enforcement was merely a political trick to make an essentially impossible program appear legitimate, or whether Muñoz actually desired to enforce the policy.²⁴ Supposing Muñoz was serious and all the big corporations were prosecuted and forced to reduce their landholdings, what would then become of the land, Ickes wondered. Furthermore, “what effect would various methods of disposal have on the Puerto Rican economy?”²⁵

There had always been prohibition against owning over 500 acres, but no one enforced it or seemed to give it any attention. Once again, industry took advantage of the free enterprise system and the result was “material poverty and spiritual helplessness” for thousands of Puerto Ricans.²⁶ Corporations had continued to consume land since more profit was to be made from larger operations. In some situations, corporations possessed between twenty and sixty thousand acres.²⁷ Although Tugwell was outraged to hear of such blatant disregard for governing laws, he understood that indignation would not help

²² Ibid., 8.

²³ Keith S. Rosenn, “Puerto Rican Land Reform,” *The Yale Law Journal Company* 73 (1963): 334-336.

²⁴ “500-ACRE LAW: Big Puerto Rican Sugar Land Owner Asks Injunction,” *The New York Times*, August 1, 1940.

²⁵ Tugwell, *The Stricken Land*, 11.

²⁶ “COOPERATIVES URGED TO AID PUERTO RICO: Educator at Luncheon Makes Plea for Island People,” *The New York Times*, February 25, 1940.

²⁷ Henry Wells, “The Administrative Reorganization in Puerto Rico,” *The Western Political Quarterly* 9 (June, 1956): 472-478.

Puerto Rico reach a solution that would promote society's best interests.²⁸ Ickes asked Tugwell to investigate the possibility of an enforcement of the 500-acre law and what actions would best aid Puerto Rico in the process.

In February 1941, Tugwell and Ickes traveled to Puerto Rico to hold hearings concerning corporations who violated the 500-acre law.²⁹ Russell Lord wrote intricately on their proceedings. He stated that the *Populares* wanted to enforce the law and break up big landholdings. "Restore the land to the people in little pieces. Let them grow food and make homes." However, Lord recorded, the corporations argued that the island received the majority of its revenue through their production of sugar, and that sugar "cannot be raised economically in small units." The most enduring conflict of the hearings soon rose to the surface of debate. It was not between the people and the corporations, but between the people themselves. The corporations, while wanting to continue production, were willing to sell their land and leave the island.³⁰ The main debate focused on what should be done with the land once it was reacquired.

Soon the hearings had ceased and Tugwell traveled back to Washington to go over the research he collected. While he was in Washington, the Puerto Rican legislature passed the Land Authority bill, which enforced the 500-acre law.³¹ Although this change occurred while Tugwell was working on similar issues affecting Puerto Rico, he played only a

²⁸ Tugwell, *The Stricken Land*, 8.

²⁹ "PUERTO RICAN HEARING IS OPENED BY TUGWELL: Basic Land Policy as Well as Sugar Holdings a Factor," *The New York Times*, March 11, 1941.

³⁰ The corporation owners understood they had broken the law and were fearful that their land would be confiscated from them. They were more than willing to sell their land, make a profit, and leave the island. The future of sugar production seemed uncertain in Puerto Rico. Many "big sugar men" jumped at the opportunity to be paid to get out of the business. Russell Lord, *The Land* (Ithaca: Cornell University Press, 1941), 1:389-390.

³¹ In addition, The Land Authority Bill focused on establishing modern highways and industries, while also limiting sugar production in order to invest in other markets. Matthew O. Edel, "Land Reform in Puerto Rico, 1940-1959: Part One," *Caribbean Studies* 2 (October, 1962): 26-60.

relatively small role.³² In the spring of 1940, the United States Supreme Court upheld the 500-acre law, affirming the possibility of land reform in Puerto Rico. The court's opinion, stated by Justice Frankfurter, affirmed the legislature's right to enforce the law and penalties for violation of the law.³³

After going over the notes he had taken during the hearings, Tugwell, along with Ickes and other members of Interior came together and published a document called the Eleven Points. The points were explicit in some areas, but in others they served more as guidelines for the Puerto Rican legislature to follow. The first point was by far the most conclusive, especially with the recent decision by the Supreme Court. It stated, "This policy restricts corporations engaged in agriculture to the ownership and control of not over 500 acres of land."³⁴ It empowered the Land Authority to acquire all corporation holdings exceeding 500 acres, but it noted that the Organic Act only stated that corporations were limited, not individuals. It suggested that clarification be made on this point to remove any potential confusion. In later points Tugwell recommended that governmental agencies be instituted in order to organize the land disbursement. He advocated the use of government planning, such as the AAA, and other subsistence homestead projects in order to improve the current financial hardships on the island. Lastly, he insisted that all coordination, planning, and execution of policies should originate from the Governor, who reported

³² The only contribution Tugwell was made was through a phone call he received from Ickes. Ickes stated that the U.S. appointed governor would have to sign the bill in order for it to become a law, but the Governor, Commander Guy J. Swope, was hesitant to sign the bill. Tugwell, although he also held reservations about the bill, told Ickes that Swope needed to sign the bill if the U.S. wanted to continue to have good relations with the inhabitants of the island. Swope reluctantly signed the bill into law. Tugwell, *The Stricken Land*, 94.

³³ U.S. Supreme Court, *Puerto Rico v. Rubert Hnos., Inc.*, Case # 309, 1940.

³⁴ The publication of the Eleven Points, found in, Tugwell, *The Stricken Land*, 104-105.

directly to the Department of the Interior.³⁵ The publication of the Eleven Points clearly established Tugwell's support of Muñoz and the *Populares*, while also identifying his disapproval of the "better element" and their profit seeking tendencies.³⁶

Once the Eleven Points were published, and Tugwell had shown *Popular Party* sentiments, he was confronted with various job offers on the island. Most prominent was the post as Chancellor of the University of Puerto Rico. Tugwell later noted, "[Muñoz] and others approached me to see whether I would become Chancellor."³⁷ Although the position did interest him, the possibility of yet another position attracted his attention. Governor Guy Swope was contemplating resigning from office, and Tugwell remember how both Ickes and President Roosevelt had previously mentioned they wanted him to enter public service once again. "Perhaps, the governorship might be a place for me," Tugwell noted. Over the course of a week Tugwell contemplated this move and recorded much of it in his memoir.

I wanted war work but evidently it could not be anything closely associated with the President as I should have preferred; I was prepared by interest and, to and extent, by knowledge and experience, to work in the Caribbean which promised to be on the frontier of our defenses; I had a sympathy for Puerto Ricans which made me feel that I could work in harmony with the new majority party there; I had had considerable experience in government, and, although I had hoped not to have further jobs requiring administrative responsibilities, the modernizing of the Puerto Rico executive department was so badly needed as to challenge anyone with a feeling for good government; the governorship could be a wartime task, undertaken as a temporary duty, and, after it was done, I might go to the University as Chancellor.³⁸

In a later conversation where Muñoz was again trying to convince him to accept the

³⁵ Werner Baer, "Puerto Rico: An Evaluation of a Successful Development Program," *The Quarterly Journal of Economics* 73 (1959): 651.

³⁶ Tugwell, *The Stricken Land*, 107.

³⁷ *Ibid.*

³⁸ *Ibid.*, 108.

chancellorship, Tugwell revealed a few reservations about accepting the position. He thought it ridiculous that he would take a leading position in a Spanish-speaking institution of higher learning without knowing how to speak the language or having any familiarity with Iberian culture. Muñoz replied by focusing on Tugwell's more valued qualifications, such as his "sympathy with the people," a passion for education reform, and plans for a better future for Puerto Rico. However, it was Tugwell's experience that people were not too accepting of his plans and reforms; therefore he announced, "If I agree to come at all it would be only with a ten-year contract," and a promise from Muñoz and the legislature to assist in carrying out educational reform to transform the university into a more prestigious institution.³⁹

Tugwell then unveiled to Muñoz his aspirations to be governor. "Would Puerto Ricans rather have me as Governor or as Chancellor," he asked. Muñoz almost immediately responded with a similar idea to Tugwell's: that the two should be combined. The governorship would be regarded as a temporary wartime position, while the University position would be permanent. Tugwell recorded in his journal that he enjoyed his professional work as a planner, "but in so disturbed a world it seemed natural to desire active participation in affairs."⁴⁰

Within the week Muñoz returned to inform Tugwell that he had spoken to the University Trustees and they nearly all supported the selection of Tugwell as chancellor. Tugwell decided it would be more appropriate to first secure his permanent position as Chancellor and then seek the appointment of governor. If the order was reversed he believed he would be accused of using his power as governor to take control of the

³⁹ Ibid., 115-116.

⁴⁰ An excerpt from his daily journal cited in, Ibid., 116.

University.⁴¹ Before leaving Puerto Rico for Washington to discuss the possibilities of the governorship with Roosevelt, Tugwell sent a letter to the University Trustees that outlined his approach to higher education. Among other things, he called for the formation of “a master plan,” which should be developed within the next couple years in order to educate students in accordance to the needs of society.⁴² Although the chancellorship was not a political, economic, or agricultural position, Tugwell intended to use it to implement planning to meet the needs of society.

In Washington, in July 1941, Tugwell met with Ickes and Roosevelt to discuss his appointment as governor. After talking with Tugwell they both supported the idea and began working on a proposal to send before Congress for approval. In the meantime, Tugwell began working on the problems already present in Puerto Rico, primarily the horrendous living conditions⁴³. Tugwell presented pictures of Puerto Rican slums to the president in hopes that it would motivate him to send funds for Puerto Rican rehabilitation. On seeing the pictures, Roosevelt was livid. He had instructed every Puerto Rican governor since he had been president to clean up “that disgrace to the flag,” and eight years later the slums were worse than ever. At that instant he called in his secretary and told her to send a message to the Director of Budget, which said, “The slums of Puerto Rico are a menace to public health...you should find a source of funds and get this project done. I want action.”⁴⁴

By the end of July, Muñoz informed Tugwell that he had nearly secured the chancellor position for him, and Ickes reported that the proposal to appoint him as

⁴¹ "TUGWELL BARS SALARY: Won't Take Pay From Puerto Rico University if Made Governor." *The New York Times*, August 12, 1941.

⁴² *Ibid.*, 123.

⁴³ S. L. Descartes, “Land Reform in Puerto Rico,” *The University of Wisconsin Press* 19 (November, 1943): 400-403.

⁴⁴ Tugwell, *The Stricken Land*, 126-127.

governor was ready to leave the White House and go before Congress. On August 1, the Puerto Rican Legislature and the University Trustees had agreed on the contract and Tugwell was sworn in as chancellor at the District of Columbia Court.⁴⁵ Unfortunately for Tugwell, acquiring Congress' approval proved more difficult.⁴⁶ For three weeks various inconsequential reasons postponed the approval. A congressional hearing was held to examine whether Tugwell was appropriate for the governorship. Kenneth McKellar, a Democrat from Tennessee, had "a sharp exchange" with Tugwell over the "land division" in Puerto Rico, which, in his opinion, was a blatant act of socialism.⁴⁷ Robert Taft, a Republican from Ohio, argued against Tugwell saying, "for a position of very difficult administration a man is here selected whose record of administrator is one of complete failure."⁴⁸ During the hearing, Tugwell took the opportunity to explain that Congress had passed the Organic Act in 1917, thus limiting the amount of land that corporations could own.⁴⁹ He then explained that he was not involved in the decision to enforce the land law, but if he had been, he would have only been doing what Congress had already passed as law. If the "land division" was in anyway socialistic it was because Congress proscribed it to be, not Tugwell.⁵⁰ Finally, after weeks of hearings and debates, Congress approved

⁴⁵ Ibid., 135; "ASSAILS NAMING TUGWELL: Pagan Asserts It Is 'Most Anti- Puerto Rican Manoeuvre,'" *The New York Times*, July 30, 1941.

⁴⁶ "THE DAY IN WASHINGTON," *The New York Times*, August 7, 1941.

⁴⁷ "COMMITTEE BACKS TUGWELL FOR POST: Senators' Vote on Nominee for Puerto Rico Governorship Called 'Overwhelming' LAND DISTRIBUTION URGED He Asserts Action Is Needed on Large Holdings When He and McKellar Clash," *The New York Times*, August 19, 1941.

⁴⁸ "CLOSE SENATE VOTE CONFIRMS TUGWELL: Taffy on Puerto Rico Governorship, Taken in Rare Standing Form, Is Put at 11 to 9 TAFT ASSAILS THE NOMINEE Calls Him Poor Administrator, Foe of American Way and Admirer of the Soviet," *New York Times*, August 26, 1941,

⁴⁹ José A. Cabranes, "Review: Puerto Rico: Colonialism as Constitutional Doctrine," *The Harvard Law Review* 100 (Dec., 1986): 459-460.

⁵⁰ Tugwell, *The Stricken Land*, 140-142.

Roosevelt's appointment of Tugwell for Governor of Puerto Rico.⁵¹

A few weeks later, on September 19, 1941, Tugwell was sworn in as governor in La Fortaleza, at the official residence and office of the governor. Although he still needed the Puerto Rican Congress' approval for any new legislation, he was now the top political official on the island. Instead of formulating plans for others to support or reject, he could endorse and implement his own policies. As governor, Tugwell was able to lead Puerto Rico toward economic recovery by executing various planning policies on the island. He used planning to create new manufacturing industries in order to reduce the island's dependence on the sugar production, reduced unemployment, and reorganized many public services that were previously inefficient or inadequate.

In his inaugural address Tugwell decided to adopt a "rigid policy of being open and frank." He needed to sympathize for the current situations that many Puerto Ricans were experiencing, while also persuading them that their "stake in the coming struggle was real, that they were not expected merely to support American policy, but to find that their own policy, too, was served in the common effort."⁵²

During the address he spoke on the many problems facing Puerto Ricans, but "there was one beside which all others sank into insignificance...that was the problem of poverty." He proclaimed that the first task of his governorship would be the bettering of living conditions, and he asked Puerto Rican leaders to "give their best energies until real accomplishment has been made."⁵³ Tugwell also addressed sugar production. He claimed

⁵¹ "TUGWELL IS NAMED PUERTO RICAN HEAD: Early New Dealer Is Nominated Governor Succeeding Guy J. Swope WILL RUN UNIVERSITY ALSO Roosevelt Accepts Resignation of Predecessor With Welcome to New Washington Post," *The New York Times*, July 31, 1941.

⁵² Tugwell, *The Stricken Land*, 153.

⁵³ Rexford G. Tugwell, *The Puerto Rican Experience: The Puerto Rican Public Papers of R. G. Tugwell, Governor* (New York: Arno Press, 1945), 6.

that it was one “of a limited number of products for which the world is willing to pay.” However, markets in other areas of the world produced sugar more economically, thus placing Puerto Rico’s production in a dangerous position. Tugwell’s solution was to use planning to “develop other products and activities of importance.” Due to the limited amount of natural resources, he advocated the use of experts to organize and lead the island toward the creation of new markets. These markets would not serve the purposes of “speculators and profiteers,” Tugwell insisted, but instead would guarantee sufficient returns for all. He believed that through effective planning and the utilization of all available resources on the island, Puerto Rico could be transformed into a land of plenty.⁵⁴

On October 28, 1941, in a special session of the Legislature, Tugwell addressed one of the main contributors to Puerto Rican poverty: rising prices. American trade with Allied countries had greatly increased due to the higher demand of American products in countries currently engaged in World War II. This increased employment in Puerto Rico and raised wages for many workers. However, due to the increased demand, producers increased the prices of their products. Many Puerto Ricans could not afford the new prices of many imported necessities. Tugwell advocated formulating a plan to prevent this rise in costs from occurring. He recommended that Congress instill in him the power to create a new position in the government: an Administrator of Civilian Supply.⁵⁵ Congress agreed that such a position would be beneficial, but declined to grant the governor the power to create one himself. Instead Congress created a Commission to handle the task of setting

⁵⁴ Ibid., 7-11.

⁵⁵ Ibid., 15.

prices.⁵⁶

In addition to rising prices, another sustainer of poverty that Tugwell discussed was the issue of acquiring a safe and adequate water supply for the entire island. He argued that the government, depending on the tax revenues for specific locations, usually allocated funds for such utilities, which were supplied by private investors.⁵⁷ Unfortunately, Tugwell declared, Puerto Rico “has suffered and is suffering in these respects to a degree which constitutes an emergency.”⁵⁸ Due to the strategic positioning of Puerto Rico in the Caribbean, Tugwell argued that maintaining its water supply was an issue of national defense, and such acts should be funded through defense spending. To obtain the necessary funds to rehabilitate the island’s water supply, Tugwell advocated presenting the water problem as a defense issue to Washington lawmakers.

The last concern that the Governor brought before the legislature was that of the Minimum Wage Board. To further alleviate poverty, a law was passed that created a board to research and set a minimum wage, maximum hours of work, and conditions for employment. The salaries of the board members were to be provided for in the general budget for the fiscal year. However, Tugwell contended, “Key positions which are indispensable to the proper functioning of the Board, such as economists, statisticians, accountants, etc., have not been provided for.”⁵⁹ According to Tugwell, for the Board to properly plan for the future, reliance on experts was a necessity.

During his first year as Governor, Tugwell was able to begin many of the projects he

⁵⁶ Eve Curie, *Journey Among Warriors* (New York: Doubleday, 1943). Curie mentions visiting the Capitol during the special session and overhearing the senators discuss the regulation of prices. Tugwell, *The Stricken Land*, 170.

⁵⁷ Typically real estate developers.

⁵⁸ Tugwell, *The Puerto Rican Public Papers of R. G. Tugwell*, 18-19.

⁵⁹ *Ibid.*, 23-24.

had discussed in his inaugural address. Funds were beginning to pour in from Washington and the project to demolish and rebuild El Fanguito was scheduled to begin the week of December 7, 1941.⁶⁰ Unfortunately, the events of December 7 radically changed the plans of many Americans, including Tugwell. “Everyone in Washington,” Tugwell exaggerated, “acted as though the bombs had hit that city instead of Honolulu. All funds [were] withdrawn; all projects [were] stopped.” Tugwell understood Washington’s reasoning, but was frustrated with the lack of understanding on its part. “Materials were on the island already,” but Tugwell was prevented from continuing the projects because they were not in coordination with the nation’s war effort. “We could put everyone on relief; but we couldn’t permit them to build homes. The resistance to reason closely resembled paralysis...Apparently all [Washingtonians] could do was sit and stare at their navels, while the slums grew faster and faster.”⁶¹

In the spring of 1942 Tugwell insisted that the problems that faced the Puerto Rican people were too unfavorable to allow the people to solve them independently. “The government must intervene,” he declared. “It must gather up Puerto Rican capital and help to direct its uses, together with the energy of the people, into channels which will yield livings for all of the two million on this island.” Tugwell supported the continuance of using the government and its funds to support the creation of new markets, which could possibly make Puerto Rico far more self-sufficient economically than it was currently. In particular Tugwell recommended the establishment of the island’s fishing, glass, furniture, fertilizer,

⁶⁰ El Fanguito was one of Puerto Rico’s largest slum cities. Multiple families crammed into one or two room shacks. The shacks were built on stilts to allow water, sewage, and garbage to flow freely underneath. A report recorded that in 1934 only a few hundred families inhabited El Fanguito, but by 1941 thousands lived in the marshy slums, which expanded for several miles. Tugwell, *The Stricken Land*, 72.

⁶¹ Tugwell was not opposed to supporting the war effort, but he did not appreciate how it stopped all other production that was not contributing, especially when certain stopped policies were of no relation to the war effort at all. Tugwell, *The Stricken Land*, 132.

and cotton industries. “We already have a notable cement industry,” said Tugwell, “which, it will be remembered was universally condemned by private enterprise and could only be started with government funds.”⁶²

In addition, Puerto Rico established the Water Resources Authority (PRWRA) in 1941, for which Tugwell advocated and worked diligently on to receive funding. The PRWRA was a government owned agency that allocated necessary funds for the expansion of electrical power across the island. Tugwell argued that the Authority not only worked to modernize Puerto Rico, but it also employed hundreds of unemployed workers in the process.⁶³

The formation of the Puerto Rican Housing Authority helped extinguish poor living conditions on the island by removing families from marshy slums and placing them in newly constructed homes. The creation of this Authority originated from Tugwell’s recommendation of conjoining the multiple housing programs already in existence into one overarching organization.⁶⁴ The Authority also employed hundreds of unemployed Puerto Ricans as well as managed the construction of all government-funded homes in Puerto Rico.⁶⁵ With the success of the cement industry, the PRWRA, and the Housing Authority, Tugwell insisted that the legislature continue government intervention in order to produce more beneficial programs and industries.⁶⁶

Despite the limitations placed on production due to the war effort, Tugwell declared in a special meeting of the Legislature, “We are going to push on—as rapidly as possible—

⁶² Ibid., 59-60. Although the PRWRA was passed prior to Tugwell’s inauguration, he fervently expanded the program once in office.

⁶³ Tania del Mar López, T. Mitchell Aide and John R. Thomlinson, “Urban Expansion and the Loss of Prime Agricultural Lands in Puerto Rico,” *Ambio* 30 (Feb., 2001): 52.

⁶⁴ Tugwell, *The Puerto Rican Public Papers of R. G. Tugwell*, 64.

⁶⁵ Wells, “The Administrative Reorganization in Puerto Rico,” 472-478.

⁶⁶ Tugwell, *The Puerto Rican Public Papers of R. G. Tugwell*, 60.

with the social changes which for a generation have been overdue in Puerto Rico.” Tugwell then specifically addressed land reform, living conditions, and the institution of a planning board. To assist the legislature in understanding what new programs were needed, it passed the Puerto Rican Planning Act in 1942, which established the Puerto Rican Planning Board. “The Puerto Rican people have aspirations,” Tugwell stated, “they know what they want, but the government has no thorough working plans for achieving these aspirations.”⁶⁷ Planning, according to Tugwell, “is a function which is now seen to be merely the governmental counterpart of foresight which a business or other organization exercises when it looks ahead to probable resources and desirable functions.” However, the difference between business planning and the governmental planning that Tugwell supported was that businesses used forethought with the ultimate aim of enlarging profits whereas Tugwell advocated planning to increase the welfare of all people.⁶⁸ Tugwell’s ambition to provide Puerto Rico with an efficient planning bill prompted him to discuss matters with Puerto Rican leaders, and with their encouragement he secured the drafting of a prospective planning bill. To aid in this effort, the National Resources Planning Board lent the services of Alfred Bettman, former Chairman of the City Planning Commission of Cincinnati, to assist Tugwell in the task.

The main aspect of the Planning Act was the creation of the Planning Board. The Board consisted of three full-time members, all appointed by the governor and approved by the legislature, and five subsequent divisions. The divisions were Economics and

⁶⁷ Tugwell, *The Puerto Rican Public Papers of R. G. Tugwell*, 47.

⁶⁸ *Ibid.*, 48.

Statistics, Finance, Urban Planning, Engineering, and Permits.⁶⁹ Tugwell explained, “We wanted to provide that the Planning Board might determine land uses and regulate annual public expenditures,” while being in accordance with a legally adopted master plan. “That was the function of planning in modern government,” Tugwell declared, “to lock projected improvements into a logical whole which could be broken only with difficulty.”⁷⁰ Bettman, however, was less interested in expenditure control, believing that the regulation of land was sufficient by itself. Due to this disagreement, Tugwell personally undertook the task of rewriting the Bettman draft, making it more specific and also less costly to administer. In the end Tugwell was able to create a planning measure that was an indivisible part of the administrative process, “anchored there by the requirement of more than a legislative majority for reversal.”⁷¹

Tugwell believed for administrative and especially planning purposes, the “island ought to be regarded as one unit.” He tended to view Puerto Rico as one large city instead of an entire island with numerous cities, towns, and villages. In accordance with this view, after becoming governor he began to centralize many public services. He started to centralize health services with the construction of new district hospitals and health centers, but construction had been postponed by the war. However, on completion the community hospitals would be closed; “a consummation longed for by most public health officials who regarded these institutions as little better than pest houses.”⁷² Tugwell did the same with other services. As living standards rose, and people demanded more of

⁶⁹ Rafael Picó, “Planning in Puerto Rico,” *Marriage and Family Living: Housing and Community Development* 17 (May, 1955): 115.

⁷⁰ Tugwell, *The Stricken Land*, 259.

⁷¹ *Ibid.*, 260.

⁷² *Ibid.*

government, the incapacity of the small cities to offer comparable services became more glaring. During Tugwell's governorship there was a distinct centralizing tendency.

In Tugwell's opinion, prior to his involvement with the Puerto Rican Government, planning had been completely ignored by lawmakers, and his drafting of the Planning Law was a drastic change. "It did not surprise me, therefore, to see it severely modified before passage," said Tugwell. Regardless, the law emerged as a fairly impressive one in regards to planning. It still withheld the power to enforce the Planning Board's decisions throughout the entire island, and a three-fourths vote was needed in the Legislature to overturn any of its rulings.⁷³ In addition to establishing the Planning Board, the Planning Act also authorized the establishment of a Budget Bureau and the centralizing of more public servicing for better organization. Along with the previously stated changes to health care, the Puerto Rican Police Departments and Fire Services were similarly amalgamated into more centralized agencies. Comparable changes were also made in Sewerage Services, Park Services, and the Water Resources Authority.⁷⁴

With many of the reforms in place, Puerto Rico began to change drastically. In a radio address in July 1943, Tugwell stated "We are beginning now the real work of taking the step toward freedom for which we have hoped and planned during this last year." He said that Puerto Ricans had a long past that was filled with misery and wrongdoings, but

⁷³ Picó, "Planning in Puerto Rico," 17; Tugwell, *The Stricken Land*, 261.

⁷⁴ However, it should be noted that although the Planning Act called for the creation of a centralized Police Department, one was never successfully established. Tugwell described its failing as "of course, a disappointment." In regards to the Water Resources Authority, it already received government funding, but under the Planning Act all of its workings were brought under the supervision of a centralized office. Tugwell, *The Stricken Land*, 261-262.

they now had the tools to make a better future. Through planning Puerto Ricans could focus their energies in order to better themselves and their society.⁷⁵

Although many Puerto Ricans continued to face hardships, by February 1944, it seemed that the situation in Puerto Rico had drastically changed. The war in Europe was not as much of a hindrance on shipping to and from the island and many programs that had been postponed at the start of the war were allowed to recommence. Government revenues, instead of continually falling, had begun to rise to new levels due to the production of new industries. While many of Tugwell's suggestions for new markets were established and managed to obtain reasonable returns, the revenues gathered through the creation of a rum industry far exceeded that of any new market. "The revenue from rum has enabled us," Tugwell proclaimed, "to establish a relief organization of our own," instead of relying continually on New Deal agencies such as the Works Progress Administration and the Civilian Conservation Corps.⁷⁶

Speaking to lawmakers in spring of 1944, Tugwell announced, "Two years ago this Legislation authorized the setting up of a Planning Board." The law was not all that Tugwell wanted it to be, and he believed it still to be inefficient in several respects. However, Tugwell declared, "it has at least allowed the Board to gather a staff and to bring the proposals from various fields into practical relation within a six-year scheme of expenditures." In accordance with the Board's six-year scheme, the Budget Bureau labored to establish a working budget that encompassed all government spending for the next six

⁷⁵ Tugwell, "Radio Address, July 4, 1943," folder "Changing the Colonial Climate" Tugwell Papers, FDR Library, box 62.

⁷⁶ Tugwell, *The Puerto Rican Public Papers of R. G. Tugwell*, 185-186; Martin C. Clapp, "Management Improvement in Puerto Rico," *Blackwell Publishing* 12 (1952): 28.

years.⁷⁷ In addition to normal spending, according to the Governor, it also “covers health, education, and such advances into social security as are within our fiscal possibilities.” One problem with the budget, however, was its calculation of the expansion of industries that could not guarantee their returns. “More emphasis,” Tugwell believed, should “have been put on first building up the sources of income which support these services.” Regardless, Tugwell felt the Planning Board and the Budget Bureau presented a satisfactory six-year plan, and they had “every right to [take] pride in it.”⁷⁸

Since Tugwell first introduced social and economic reform to Puerto Rico, there had been a steady increase in the amount of relief and benefits for the unemployed. Even with the absence of federal aid during 1943, the increases in the island’s revenue were able to fill the void that was left when federal funding was removed.⁷⁹ Two Puerto Rican agencies, the War Emergency Program, and the Welfare Division, proved essential in this process. The War Emergency Program provided work to many unemployed Puerto Ricans, while the Welfare Division distributed relief to those who were unable to work.⁸⁰

In addition to the various programs to help the poor and unemployed, Tugwell successfully strove to increase Puerto Rico’s draft quota for the Armed Forces.⁸¹ Tugwell stated, “The number of our troops now serving outside the island and even in other

⁷⁷ Edward C. Banfield, “Congress and the Budget: A Planner’s Criticism,” *American Political Science Association* 43 (December, 1949): 1220-1223.

⁷⁸ Tugwell, *The Puerto Rican Public Papers of R. G. Tugwell*, 190.

⁷⁹ Baer, “Puerto Rico: An Evaluation of a Successful Development Program,” 651.

⁸⁰ Although the relief was dispensed every month to thousands who were unable to work, it was such an insufficient amount to be considered decent for family support. However, it was more than previous governors were capable of providing, and it did provide some assistance. Tugwell, *The Puerto Rican Papers of R. G. Tugwell*, 191.

⁸¹ The popular sentiment was that Puerto Ricans were not wanted in the Armed Forces. They were generally uneducated and presumed to have little loyalty to the United States. Originally only the Army accepted Puerto Ricans, but this was on a voluntary basis, not selection. Eventually, due to the need for more soldiers, the Selective Service Act was brought to the island. Over 100,000 Puerto Ricans served in the military during World War II. Tugwell, *The Stricken Land*, 365-366.

theatres of war has grown so rapidly as to approach the number of those formerly employed on public works or various kinds.” While Tugwell’s act could be viewed as malicious, it is important to note that the majority of Puerto Rican soldiers were formerly unemployed and living in poverty. Once drafted, they were “generously paid” and received “valuable training.” In addressing the quota he stated, “Aside from the fact that these young men are taking part in a struggle to which all of us are deeply committed, they constitute another Federal program, which relieves us of full responsibility for the employment and well-being of our people.”⁸² Even with all the reforms and aid programs thousands were still unemployed, and Tugwell openly petitioned for and accepted any federal assistance that would provide relief.

In another address to the Puerto Rican Legislature he stated, “I do not have any apology to make if you have disappointed hopes. I am...rather pleased than otherwise with the process of democracy.” Although the island was still struggling to support itself, massive improvement had been made. “We may not seem to be getting very fast to where we want to go,” Tugwell continued, “but actually, measured in historical terms, we are practically there. I am not tired of trying and neither should you.”⁸³

More than a year prior to this statement, Tugwell tried to persuade the U.S. Congress to pass an amendment to the Organic Act that would empower the people of Puerto Rico to democratically elect their own governing officials. In a letter he sent to the president on March 11, 1942, he advocated, “that we abjure colonialism not in words but by deed...[and] support a new status for Puerto Rico after the war.” He argued that a victory for democracy would be celebrated by allowing “Puerto Ricans to choose their own

⁸² Tugwell, *The Puerto Rican Papers of R. G. Tugwell*, 191-192.

⁸³ *Ibid.*, 197.

officials.”⁸⁴ For five years he served the people of Puerto Rico as their Governor and worked tirelessly to implement economic and social reforms to raise the level of living on the island while leading Puerto Ricans through the many hardships that accompany a war.⁸⁵ During this time he undoubtedly built an attachment for the land and the people. To the best of his ability he used his education and experience in central planning to organize and establish policies and programs that would benefit the entire society. During his years as governor he formulated a Budget Bureau, a Planning Board, and various relief programs, while centralizing health services, the Water Resources Authority, and numerous other public service agencies. By 1946, President Roosevelt had died, the war had ended, and, in Tugwell’s estimation, Puerto Ricans were ready to take control of their island.⁸⁶ Although poverty and unemployment still existed, Tugwell’s use of planning greatly improved the lives of many Puerto Ricans.

⁸⁴ Tugwell to Franklin D. Roosevelt, March 11, 1942, folder “Tugwell Correspondence: FDR” Tugwell Papers, FDR Library, box 23.

⁸⁵ Edwin L. Dooley, “Wartime San Juan, Puerto Rico: The Forgotten American Home Front, 1941-1945,” *Society for Military History* 63 (October, 1999): 921-938.

⁸⁶ Tugwell’s resignation became official on June 30, 1946. Although he believed Puerto Ricans was capable of electing their own officials, President Truman and the U.S. Congress appointed Jesús T. Piñero, the first native Puerto Rican to hold the office. Three years later Puerto Ricans were empowered to elect their own officials and they elected Luis Muñoz Marín as their Governor.

Conclusion

Rexford Tugwell was a staunch advocate of central planning and believed that cooperation was the key ingredient to improving any society economically. Throughout his life—whether in academia, politics, or administration—he insisted that it was imperative to convince businessmen that their ultimate goals should be the betterment of society, instead of an increase in profit. The most efficient way to better society, he believed, was through cooperation—i.e. through individual businesses and industries working together to reach an agreed upon end. In Tugwell’s case, the end was society’s advancement. Although the idea of cooperation was contradictory to the traditional flow of business in America, it was, Tugwell argued, nevertheless necessary for future economic success. Planning, according to Tugwell, was the process of using research to hypothesize about the future, and then altering the actions of the present in order to either prepare for or change that future. Through research and scientific experiments, planning could remove the current insufficiencies and wastefulness of capitalism and replace them with economic growth and material abundance. Planning, Tugwell believed, was the only way to guarantee continual economic prosperity.

Tugwell’s ideas were far outside of America’s accepted economic philosophy. For over a hundred years Americans had embraced and practiced free enterprise, and nearly every politician in Washington that Tugwell encountered clung to these beliefs. Even amidst such strong opposition he held to his ideas for a new and better American society. This belief in planning characterized Tugwell’s professional life. As a child, the abusive tendencies of capitalism were apparent as he witnessed his father take advantage of his

employees. Free enterprise, Tugwell believed, benefited the rich and took advantage of the poor. In college—and already predisposed to the corruptions of the laissez-faire system—Tugwell eagerly accepted his professors’ teachings of alternative economic theories that worked toward society’s improvement instead of the improvement of select individuals. His education in the field of economics served as a stepping-stone to his future as an advocate of dissenting economic ideas. Toward the end of his education, Tugwell’s theories on planning and cooperation were solidified. After he graduated his frustrations with America’s leaders grew abundantly as they continued to march the nation further into economic oblivion.

As an advisor to Franklin Roosevelt, Tugwell incorporated his education in economics and planning to formulate policies that directed the nation away from the traditional free enterprise system and toward a more efficient planned society. He fervently denounced the traditional economic theories of Herbert Hoover and other capitalist supporters. Dedicated to his belief in planning, he advocated various policies such as the Agricultural Adjustment Act, the National Recovery Administration, and the Greentowns program. Attacks against Tugwell and his revolutionary tendencies increased in number and severity. Eventually Tugwell became the “whipping boy” for any socialistic tendency of the New Deal.¹ His ideas did occasionally lean toward socialism, but his techniques were merely the justifiable means leading to a better end than the one he believed America was currently heading toward. Eventually, amidst overwhelming criticism, he recognized that the nation was not ready to accept his ideas and retired from politics.

¹ Sternsher, *Rexford Tugwell and the New Deal*, 223.

Puerto Rico, however, presented Tugwell with a new opportunity to implement his planning theories that were previously rejected as part of the New Deal. As a consultant, he advised leaders to expand industry and advocated planning to better utilize the island's productive lands. As governor, he incorporated his education and political experience with central planning to formulate economic and social reforms that were greatly needed. Puerto Rico was completely reliant on the United States in 1941. However, after five years of reforms and reorganization under Tugwell, Puerto Rico drastically changed from a poverty stricken island to a production-oriented player in the international market.

After retiring from politics for the second time in 1946, Tugwell continued to serve as chancellor to the University of Puerto Rico for the remainder of the school term. The following year he acquired a job at the University of Chicago, not in economics, but as a professor of political science. While teaching he founded and directed the University's Planning Program (1946-1952). As director, "Tugwell was able to implement his ideas on planning in a practical fashion."² He included his theories and beliefs into his lectures in order to teach and equip future planners.³ While teaching for nearly a decade in Chicago, he authored several books, including a memoir from his Governorship in Puerto Rico, *The Stricken Land* (1947), his *Puerto Rican Public Papers* (1945), and *The Place of Planning in Society* (1954). These books primarily explored his experiences incorporating his planning ideas in Puerto Rico. After his retirement from the University in 1957, he went on to publish seven more books, which examined various political theories, policies, and specific individuals—especially Franklin Roosevelt and other New Deal administrators.

² Namorato, *Rexford G. Tugwell*, 151.

³ A complete set of his lectures for his course on planning is available in the Tugwell Papers at the FDR Library in Hyde Park, New York.

Throughout his final years, until his death in 1979, he occasionally visited and guest lectured at the University of Puerto Rico and his alma mater, Columbia University.

Tugwell relentlessly pushed for the government to adopt the ideals of planning regardless of what position he occupied. According to Tugwell, capitalism was the cause of the instability that led to the depression in America and to the economic crisis in Puerto Rico, and central planning was the surest way to reestablish stability in both locations. Competition between industries in America and sugar producers in Puerto Rico resulted in a surplus of marketable goods. Individual's selfish fixation on profit caused the over-production, which hurt the producers, but also the rest of society. Companies were forced to layoff workers, crippling both America's and Puerto Rico's economies in the 1930s. Tugwell's solution allowed for industry, business, and agriculture to form a balance between the production of goods and consumption of goods through cooperation. To ensure the balance was maintained the government needed to act as a "senior partner," encouraging and influencing all parties to participate in the plans to further the public interest.

Tugwell's ideas were never fully expanded in America or in Puerto Rico. Although the amount of adversity was greatly reduced in Puerto Rico, he did not have complete reign over the government to enact all of the legislation that he desired. However, the increased political freedom that he did experience on the island and the amount of improvement he was able to bring about in levels of living are noteworthy. Tugwell believed that all of society's economic problems could be solved through planning and because of this he tirelessly pursued indoctrinating the ideas and core beliefs of planning into the governing systems. During his life he experienced two radically different governing systems. The

first was America's, and later Puerto Rico's. Both systems were indoctrinated with free enterprise beliefs and traditions, and both experienced economic collapse. Tugwell saw the inefficiencies with both systems and strived to redirect each one toward unprecedented prosperity. Through it he was forced to enter public service and become an administrator and a politician. While he served both of these positions admirably, he was first and foremost a planner.

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