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# THE AMERICAN POLITICAL SCENE

*by*

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## INTRODUCTION

THIS book is an attempt to describe briefly, for the benefit chiefly of British people who know little of American history or politics, the American political system, and enough of post-war American political history to make the current politics of that country intelligible. No attempt has been made to touch on foreign affairs, important though they are in these days even to so remote and self-contained a State as the U.S.A. This is partly because the subject of American politics is large and complicated enough, since the headlong innovations of Mr. Roosevelt's New Deal, to be difficult to cover in a single brief volume without the addition of the controversial question of American Foreign Relations. It is chiefly because the author hopes one day to publish a companion volume solely devoted to American Foreign Policy.

The author believes very strongly that the affairs of the United States are of vital concern to the peoples of Europe, and especially to the British. He believes so, not only because the United States is economically far and away the most powerful single unit in the world, whose booms and depressions, and even minor up-swings and down-swings of business, have an immediate, profound, and inescapable effect upon all other countries, and especially upon Great Britain. He believes it because the 130 million people of the United States, inhabiting

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the richest 3 million square miles of habitable land on the earth's surface, are involved to-day in a great struggle which may do much to determine whether political democracy and private enterprise will endure in the world. If the U.S.A. can, without loss of its political freedom and its system of production for profit on a basis of free competition, successfully solve the pressing problems with which it is faced in this new era, the stock of that political and economic system will rise in the world's esteem. If the U.S.A. fails to meet the problems of the coming decade, democracy and private enterprise elsewhere will hardly stand the shock.

No attempt has been made in this book to give full references to sources. The author feels that elaborate footnotes and references would be out of place in an introductory study of this kind, designed for the general reader. He does, however, wish to express his indebtedness to numerous authors, both British and American, of books and articles on American affairs which have been published during the past six years, and which have provided him with much of the information on which this book is based. If he does not mention them by name, it is merely because the full list would be too long and he does not wish, by naming some, to seem to minimize his gratitude to the others.

F. D.

*April 1939.*

# THE AMERICAN POLITICAL SCENE

## CHAPTER I

### WHAT IS AMERICA ?

THE United States of America should be thought of as a continent comparable to Europe rather than as a country comparable to Great Britain or France. Its area is half as large again as that of the whole of Europe, excluding the U.S.S.R., and nearly thirteen times that of the largest European state, Greater Germany. More than half of the 48 States of the American union are larger than England—five being more than twice as large, one, California, three times as large, and one, Texas, five times as large. This last State is indeed almost equal in size to France, Switzerland, Luxemburg, Belgium, and Holland combined.

The distances in the U.S.A. are vast, and have important political consequences even in these days of rapid transport. It is as far from New York City in the east to San Francisco in the west as it is from London to Iraq or the Sudan. Indeed New York City is actually as near London as it is near San Francisco or Los Angeles. Even from north to south distances in the U.S.A. are

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immense, especially on the eastern seaboard—from the Canadian border to Key West, Florida, and on the Pacific shore, from Canada to Mexico, being in each case over 1,500 miles. The shortest distance from one American frontier to another, that from Lake Michigan to the Gulf of Mexico, is nearly 1,000 miles, or almost equal to that from the Baltic to the Mediterranean in Europe. The American politician is therefore precluded from running down from the capital to his constituency over the week-end, or from combining pursuit of his parliamentary duties with the regular conduct of a business or profession in his home town, in the easy way to which we are accustomed in Great Britain.

The United States is as varied climatically and topographically and economically as is Europe. The contrasts between sunny, sub-tropical Florida, with its winter resorts and orange groves, and hardy Vermont, with its below zero winter temperature and snow-covered pine and maple forests and rocky hillsides, are as great as those between, say, Greece and Norway in Europe. The great Empire State of New York in the east—with its many contacts with the outside world, its great port, and its huge urban populations dependent upon industry and commerce—is as different from a middle western agricultural State like South Dakota, with its small population of farmers scattered remotely over the great plains 1,300 miles from either ocean, as is Great Britain from Bulgaria or Lithuania.

Even in respect of population the United States is a continent, not a nation-state. It contains nearly twice as many inhabitants as Germany, prior to the incorporation of Austria and the Sudetenland, and nearly three times as many as Great Britain, France, or Italy. Its 130 million

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people trace their origins back to every country in Europe, and many countries outside it. While the English contribution has been the largest, not merely in culture and institutions but in blood, the U.S.A. is far from being another England beyond the seas. Of the nearly 40 million immigrants who have entered the country, chiefly from Europe, during the 150 years since the Constitution of the U.S.A. was adopted, the majority have not been British. It is probable that the German element in the population of the United States to-day exceeds 13 per cent. of the whole, that the Catholic Irish exceeds 7 per cent., that the Italian exceeds 5 per cent., that the Scandinavian exceeds 3 per cent., that the Jewish equals about 3 per cent., and that the Russian, Polish, Czech, and French elements are also considerable, varying from about 2 per cent. for the first to just under 1 per cent. for the last. There is also a negro element of about 9 per cent., and a representation of other non-white races—American Indian, Chinese, Japanese, Filipino, and other—of about 1 per cent. The English, Scottish, Welsh, and Northern Irish contribution to the blood of the present American population cannot therefore very greatly exceed 50 per cent. of the whole.

Of these masses of non-British people a considerable number are not yet assimilated. Of the 1930 population of the U.S.A. more than 13 million, or nearly 11 per cent., had been born abroad. An almost equal number were the children of parents at least one of whom was born abroad. When it is considered that the so-called Pennsylvania Dutch (really Deutsch) are still in many respects distinctively German even though it is some two hundred years since their ancestors came to America, it will be realized that one cannot in all cases depend upon

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non-British elements being assimilated quickly ; although in general the northern European peoples do assimilate quickly, except where they settle in compact groups, and although all peoples tend to be assimilated in the third generation, when the parents, having been through American schools, can create a home atmosphere which is American.

Of the foreign-born population of the United States in 1930 about 14 per cent. were German (including Austrian and Sudeten), nearly 12 per cent. Italian, about 10 per cent. British, over 9 per cent. British North American, and about equal percentages Russian, Polish, and Scandinavian. Some 5 per cent. were southern Irish. Just under 3 per cent. were Czech or Slovak. The remaining 20 per cent. represented all other nations of Europe, and some extra-European nations. The long-standing policy of excluding Asiatics has, however, made the latter element very small.

These incompletely assimilated, and largely non-British, elements in the population of the U.S.A. are in general concentrated in certain regions, and especially in the larger cities, rather than scattered evenly over the whole continent. An overwhelming proportion of them are to be found north of the Potomac River and east of the Mississippi. Boston, New York, Philadelphia, Buffalo, Cleveland, and Chicago contain such immense immigrant and non-British populations that an understanding of these racial factors is an essential factor in their local politics. It is no coincidence that the Mayor of Boston is, and that the Mayors of New York City so often have been, Irish, and that the present Mayor of New York, Mr. La Guardia, is half Jewish, half Italian. There are more Irish in New York and Boston than in







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giving it unity and distinguishing it from the other three sections, by reason of its contacts with Europe, its large foreign-born populations, its high degree of urbanization, and its wealth and financial control over the rest of the nation. Its chief city, New York, is in most respects other than political the capital of the United States, in so far as so huge and diverse a country can have any single capital, and is infinitely more important than the official capital, Washington, on the border between the East and the South, which is an artificial city, important purely as the seat of the Federal Government. Its other great cities, Boston and Philadelphia, can each look back to a period when they were capitals, the former a literary capital, the latter, for a brief period, the political capital.

The New England region consists of six States—Massachusetts, Connecticut, New Hampshire, Maine, Rhode Island, and Vermont. It contains just over 2 per cent. of the total area of the U.S.A. and nearly 7 per cent. of the total population. It is therefore rather larger in area than England and Wales and almost equal in population to Holland. It pays  $7\frac{1}{2}$  per cent. of the total Federal income tax. It is the most urbanized part of the United States, 80 per cent. of its inhabitants being classified in the last census as urban rather than rural. It is also—much to the surprise of people who recall the dominant influence of the old Puritan, Anglo-Saxon, Yankee farmers, traders, and scholars in earlier periods of American history,—one of the most cosmopolitan regions of America, containing huge numbers of Catholic Irish, Italians, and French Canadians. Its industries, especially textiles, though still important, are losing ground to more recently developed factories in the South. Its ship-

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building industry, so important at any earlier period, is decayed. Its commercial importance is also less than in the past. Its farming has decayed to a most distressing extent, as generation after generation has deserted its rocky hillsides, from which it was so difficult to extract a livelihood, for the level plains and virgin soils of the Middle West in which extensive farming was easy even for the unskilled.

New England is, however, building up a new life. It is becoming a great playground for eastern America. Its ranges of mountains, the White, the Green, and the Berkshires, approach near to Lake Champlain in the west and to the Atlantic in the east. There are innumerable attractive resorts along the shore. The region is studded with lakes and streams, many of great beauty. It is thickly wooded. The elms which line its village greens, the maples which blaze upon its autumn hillsides, give it great charm. It has innumerable lovely buildings, chiefly wooden, surviving from its seventeenth- and eighteenth-century past. As farms fall into decay they are bought by professional and business people from the eastern cities, who use them as summer residences, it being a great American custom to have a summer place in the country, as in England people have, if not a country mansion, a week-end cottage. And streams of less well-to-do visitors flow to its holiday camps and tourist homes, to climb and fish, and boat and swim in the summer, and to ski and skate in the winter.

New England is also noted for its educational institutions—universities like Harvard and Yale (the Oxford and Cambridge of America), colleges like Amherst and Williams, and schools like Philips Andover and Groton (the Eton and Harrow of the United States). It sucks

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the talent out of the entire country, and in return gives to the whole nation a stream of graduates who exercise, from places of leadership in the professions and in other walks of life, an influence comparable to that which New England itself, as a region, exercised in earlier times.

The Middle Atlantic States are also six—New York, New Jersey, Pennsylvania, West Virginia, Maryland, and Delaware. This region contains just under 5 per cent. of the total area and just over 24 per cent. of the total population of the United States. It is therefore about equal both in area and population to Poland. Its great wealth is indicated by the fact that it pays nearly 44 per cent. of the total Federal income tax. It, too, is highly urbanized, 75 per cent. of its inhabitants being classified in 1930 as urban rather than rural.

It has three great ports—New York, Baltimore, and Philadelphia—respectively the first, sixth, and eleventh ports in the world, judged by the total tonnage of vessels entering them. It contains the headquarters of an immense proportion of America's business and industrial corporations, and also national associations of all kinds. It exercises a dominating financial control over the rest of the nation, and is jealously regarded by the rest in consequence. It is the centre of the publishing, the fashion, the theatrical business of America. And it contains great industries—oil, coal, and iron and steel—especially in Pennsylvania and West Virginia.

It is even more cosmopolitan than New England, containing large numbers of Jews, Italians, and Germans, as well as Catholic Irish.

As could be expected of such thickly populated regions, both New England and the Middle Atlantic

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States, though subordinating agriculture to finance, commerce, and industry, are important producers of dairy products and vegetables.

The South is the section bounded by the Atlantic on the east, the Gulf of Mexico on the south, the 103rd meridian of longitude in the west, and the 37th parallel of latitude as far as the Mississippi River and east of that the Ohio River and the Potomac River on the north. It contains three regions, the South Atlantic States, the East South Central States, and the West South Central States. Its special character, giving it unity and distinguishing it from the other sections of the country, is based upon its memories of the Civil War of 1861-65 and of the subsequent tragic era of Reconstruction by the victorious North, upon the staple products of cotton and tobacco, upon the presence of a large negro population and the absence of foreign-born whites, upon a social and economic system which its opponents call feudal and its friends aristocratic, and upon the absolute dominance of the Democratic Party. It is also predominantly rural, and excessively poor by comparison with the other sections of the country.

The South Atlantic States constituting the first southern region are five in number—Virginia, North Carolina, South Carolina, Georgia, and Florida. This region contains about 8 per cent. of the total area and 10 per cent. of the total population of the whole U.S.A. Its area is thus about that of Greater Germany, and its population is almost equal to that of Yugoslavia. Its poverty is indicated by the fact that it pays less than 5 per cent. of the total Federal income tax. It is the most rural part of America, scarcely 30 per cent. of its 1930 population being urban. It is also the leading negro region, the

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coloured population varying from 25 to more than 40 per cent. of the total.

This part, like other parts of the South, is advancing to-day, after a long post-Civil War period of backwardness. Northern industries are appreciating the advantages of cheap, non-unionized southern labour, white as well as black. Cotton and tobacco manufactures are developing, especially in North Carolina. The plentiful soft woods of the south, where the pine tree flourishes, are beginning to have an economic value. The warm climate, the fine beaches, the luxurious vegetation of the extreme south-east are attracting ever larger numbers of northern visitors every winter. The mountain sides of Virginia and North Carolina are favourite resorts for spring or autumn. The raising of fruit and vegetables, at a time of year when crops from other parts of the country are not available, is gradually lessening the exclusive dependence of southern agriculture upon cash crops of cotton and tobacco. But the region remains backward and poverty stricken compared with other parts of the country, and has much leeway to make up, educationally as well as economically.

The second southern region, the East South Central, lies beyond the Appalachian chain of mountains. It includes four States—Kentucky, Tennessee, Alabama, and Mississippi. The region covers an area as large as that of Germany before the Anschluss, and the population is slightly less than that of Yugoslavia. It contains 6 per cent. of the total area, 8 per cent. of the population, but pays only 1.7 per cent. of the total Federal income tax. It is thus the poorest region in the entire country, partly because of the impoverishment of its soils—due to deforestation, constant raising of the same crops year after year, and

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other agricultural abuses. It is therefore not surprising that it should be the region chosen by Mr. Roosevelt for one of the most interesting of his experiments, the Tennessee Valley Authority, an attempt to replan, and thus to rehabilitate, the life of an entire river valley.

There is much in common between this region and the preceding one. Three differences may, however, be noted. This area formed the first American West, lying as it did beyond the mountains, which, until the Revolution, shut the colonists off from the interior of the continent. It had therefore originally, and still retains some traces of, those frontier qualities which in American history have distinguished pioneer from settled communities. This area also received a stream of immigrants from the north-east, via western Pennsylvania, largely of Scots-Irish origin, which made its population more energetic and democratic than that of the old South. Moreover, in the mountainous parts of this region slave labour and plantation life, those typical characteristics of former southern society, did not flourish, and a community of isolated mountaineers developed, with much more in common with the New England small farmer or woodsman than with the plantation owner or the poor white of the rest of the South. It was therefore no accident that Kentucky and eastern Tennessee failed to follow the rest of the South out of the Union in the Civil War, but instead provided many recruits for the North, headed by President Andrew Johnson. Thirdly, and finally, the presence of coal and iron around Birmingham, Alabama, has allowed heavy industries to be developed in this region in recent years, a phenomenon alien to the old South.

The third southern region, the West South Central,



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lies beyond the Mississippi River. It includes four States—Oklahoma, Arkansas, Louisiana, and Texas. It contains  $14\frac{1}{2}$  per cent. of the total area and just under 10 per cent. of the total population of the U.S.A. It is thus about equal in area to France and Germany combined, while its population is about equal to that of Yugoslavia. It pays just over 4 per cent. of the total Federal income tax. It, too, has much in common with the South Atlantic region. It is, however, possessed of some special characteristics of its own. Its chief State, Texas, is so big, has such pride in the fact that it alone of the 48 States of the Union was once an independent State, is making so much money out of commerce—through its great port of Galveston—oil, and even industry, and has so many contacts with the West, that it has a self-confidence and tendency to look to the future rather than the past quite unlike almost all the other southern States. It, and its smaller neighbour to the north, Oklahoma, the old “Indian Territory,” have indeed in some respects the qualities and atmosphere of the West rather than of the South, though their membership in the Confederacy, their negro populations, the southern origin of much of their population, and their interest in cotton, make it necessary to classify them as South. The remaining States of this region, Arkansas and Louisiana, have a special character resulting from their French origin and their subsequent half-century of Spanish rule prior to their purchase by the U.S.A. from Napoleon in 1803, but are economically very similar to the southern States to their east, though, if anything, even more poverty-stricken.

The Middle West, perhaps the most significant and the most typical of the four sections of America, includes

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most of the Mississippi Valley. South-north, it extends from just below the 37th parallel to the Canadian border in the west, and from the Ohio River to the Great Lakes in the east. East-west, it stretches from the foothills of the Appalachians to those of the Rockies. It contains more than a quarter of the whole area and nearly one-third of the whole population of the U.S.A. It is the most isolationist, the most democratic, the most independent, the steadiest, the most American section of America.

It is divided by the Mississippi River into two regions, the East North Central, largely industrialized, and the West North Central, the granary of America.

The East North Central region includes five States—Ohio, Indiana, Michigan, Illinois, and Wisconsin. It contains just over 8 per cent. of the area and just over 20 per cent. of the population of the U.S.A. In area it is thus the equal of Germany, in population the equal of Spain. It pays nearly 25 per cent. of the total Federal income tax, being thus the second wealthiest region in the country. It is very largely urbanized, scarcely one-third of its inhabitants being in 1930 classified as rural. Its great cities—Chicago, capital of the Middle West; Cleveland; Detroit, the centre of the automobile industry; and Cincinnati, known a century ago as “The Queen City of the West”—have, like the cities of the East, huge foreign populations. It contains great industries, iron and steel, automobile, rubber, oil, furniture, and other. It is, however, more evenly balanced between agriculture and industry than the East, and less devoted to commerce and finance. It is in many ways the key region, politically as well as economically. To know which way it was going would be a better guide to the way the U.S.A. as a

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whole was going than could be obtained from any other region.

The West North Central region includes seven States—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. It contains more than 17 per cent. of the area and nearly 11 per cent. of the population of the U.S.A. In area it therefore almost equals the three European Great Powers—Germany, France, and Italy. Its population, however, is only slightly greater than that of Yugoslavia. Like most agricultural regions, and it is *the* agricultural region of North America, it is, however, poor, paying only 4.75 per cent. of the total Federal income tax. It is, as one would expect of an agricultural area, predominantly rural, though not so much so as the South, having in 1930 an urban population amounting to 45 per cent. against the 30 per cent. of the South. It has a considerable foreign element amongst its population, especially in its northern States ; but not so large a one as the three other northern regions. Moreover, the non-British elements in its population are, unlike those of the East and of the East North Central region, mostly northern European, and largely second or third generation Americans rather than recent immigrants. The Dakotas and Minnesota raise the bulk of the U.S. spring wheat crop. The remaining States of this region raise great quantities of winter wheat and maize. They also, and especially Iowa, raise great numbers of hogs. On the prices of these grains and hogs depends very largely the prosperity of this part of America, and with the prosperity the politics.

The West, the newest and still in some ways the most exciting part of America, consists of two regions, the Mountain and the Pacific. The former extends from the

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Cascade and Sierra Nevada Mountains in the west, across the intervening plateau, over the Rocky Mountains, and down to the foothills overlooking the Great Plains. The latter lies between the Cascades and Sierras and the Pacific.

The Mountain region includes eight States—Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, and New Mexico. It may be compared in area to Britain, France, Germany, Italy, and Poland together. It contains just under 29 per cent. of the total area of the U.S.A., but only 3 per cent. of the total population. It is therefore, as might be expected of an excessively mountainous area, much the most sparsely populated part of America, having rather fewer inhabitants than Switzerland. It is also, though rich in minerals, very poor, providing only 1.4 per cent. of the Federal income tax. Apart from its minerals—of all kinds, but particularly copper and silver—the Mountain region raises sheep and cattle. This region contains few cities, and no really great ones. It is, however, considering its extremely sparse population, full of little towns, and has a proportionately larger urban population than the South (40 per cent. against 30 per cent.). Its population is very largely British in origin, apart from the American Indians, who are chiefly to be found on reservations in this region of America, and from the immigrants from Mexico, who have been coming in in recent decades, especially to work in the coal mines and industries of Colorado. The key to its prosperity, and therefore politics, is usually to be found in the current prices of silver and copper.

The Pacific region includes three States—Washington, Oregon, and California. It contains nearly 11 per cent.

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of the area and rather less than 7 per cent. of the population of the U.S.A., being thus equal in area to France and Italy combined, and in population to Hungary. It also provides rather less than 7 per cent. of the Federal income tax receipts. Unlike all the other regions of southern and western America, it is urban rather than rural to the extent of 66 per cent. Some of its cities, and notably Los Angeles and Seattle, have enjoyed a phenomenal growth during the present century. An immense proportion of its inhabitants are recent arrivals, it having become the fashion for Americans who have made money in the rural Middle West to sell or rent their farms and businesses and retire to sunny, varied, beautiful California. California, the largest of its States, and the second largest State in the Union, is almost a region in itself, indeed almost a country. It has a greater local pride and a more sparkling spirit than any other State. More than any other, also, it has developed, from its early gold rush experiences and its later booms in oil and land, the expectation of easy riches which makes its people less willing to submit to hard times than those of other parts of the Union, where hard times have been less of a rarity. It has always been a fertile soil for new and radical movements, political and religious, though exhibiting also, in the elements which normally control it politically, a ruthless conservatism. Its economic bases have been mining, oil, irrigated farming, films, and tourism, and transpacific commerce.

Oregon and Washington have been less spectacular than California, being without the gold and the oil and the winter sunshine which have brought streams of immigrants to the "Golden State." They have been settled rather by pioneers following the covered wagon

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trail in search of farm lands than by adventurers in search of gold, or self-made men in search of a sunny playground in which to end their days. They produce timber, fruit, dairy products, and some grain. Their standard of living has been lower, but less speculative, than that of California.

The Pacific region contains the bulk of the Asiatic portion of the American population, and would have contained many more Chinese, Japanese, and Filipinos were it not for the deliberate policy of excluding Asiatic immigrants. Fear of Japan, resulting from the contrast between the sparsely settled American and the thickly settled Asiatic shores of the Pacific Ocean and from the knowledge that the Asiatic exclusion policy has aroused great Japanese ill-feeling, and jealousy of Chinese and Japanese inhabitants of the U.S.A., resulting from their hard work, thrift, and skill, which enable them to underlive Americans of European origin, are political factors of importance in the Pacific region.

It is worth noting that the number of votes cast by these nine regions of America in the electoral college which chooses the President and Vice-President are as follows :

1. New England . . .	41		
2. Middle Atlantic . .	118	Total East . . .	159
3. South Atlantic . . .	51		
4. East South Central .	42		
5. West South Central .	53	Total South . . .	146
6. East North Central .	100		
7. West North Central .	61	Total Middle West	161
8. Mountain . . . .	30		
9. Pacific . . . . .	35	Total West . . .	65

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It thus requires the votes of at least two sections, and of at least three regions, to elect a President, even when the areas concerned are the most influential and can achieve unanimity amongst themselves. American politics have always involved coalitions between representatives of different sections. When the South and West were allied, as they were from the days of Jefferson to the election of Lincoln (*i.e.* from 1800–60), the Democratic Party—with its opposition to high tariffs and to the eastern money power, and with its interest in westward expansion—was dominant. When the Civil War broke the alliance between West and South and brought about a union between West and East, the Republican Party, with its interest in high tariffs for the eastern industries and free land for the western settler, commenced a long period of dominance which lasted, with intervals of only sixteen years in all (the Cleveland administrations of 1885–89 and 1893–97 and Wilson administrations of 1913–17 and 1917–21), until the great depression of 1929–33. Since that depression, which broke the hold of the Republican Party on the Middle and Far West, a new alliance has shown signs of forming—an alliance between the South and West—based upon discontent with the state of affairs resulting from the previous long period of Republican and Big Business leadership, and determination to secure Federal funds for the rehabilitation of poorer sections and classes. If the Democratic Party can consolidate this alliance, it may have again, and on a similar sectional basis, a long period of power similar to that which it enjoyed during the first sixty years of last century.

It will be noted that the three regions which are largely industrialized—New England, the Middle Atlantic States,

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and the East North Central States—have together 259 electoral votes, whereas it takes 266 votes to elect a President. A combination of the remaining six regions, which are all predominantly small town and agricultural in their interests, can just outvote the urbanized, highly industrialized regions of the north-east.

In Congress the situation is a little different. The fact that each State, large or small, has two Senators, while each State is represented in the House in strict proportion to its population, gives the South, rural Middle West, and West far more than its proportionate influence in the Senate, and makes the House the only part of the Federal machinery over which the three wealthy, urban, industrial regions can exert their full influence based upon population. This feature of American politics can be easily seen by the following tables showing the Senate and House votes enjoyed at present by the different regions :

### *Representation in the Senate*

1. New England	.	.	12			
2. Middle Atlantic	.	.	12	Total East	.	24
3. South Atlantic	.	.	10			
4. East South Central	.	.	8			
5. West South Central	.	.	8	Total South	.	26
6. East North Central	.	.	10			
7. West North Central	.	.	14	Total Middle West	.	24
8. Mountain	.	.	16			
9. Pacific	.	.	6	Total West	.	22



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### *Representation in the House*

1. New England . . .	29		
2. Middle Atlantic . . .	106	Total East . . .	135
3. South Atlantic . . .	41		
4. East South Central . . .	34		
5. West South Central . . .	45	Total South . . .	120
6. East North Central . . .	90		
7. West North Central . . .	47	Total Middle West	137
8. Mountain . . . . .	14		
9. Pacific . . . . .	29	Total West . . .	43

Thus the three industrialized regions of the north-east have only 34 votes in the Senate, out of a total of 96, and are far short of a majority (49). They have, indeed, to be very solidly united even to prevent the adoption of a treaty or the passage of a measure over the President's veto, for which a third of the Senate (33) is required. In the House, on the other hand, they possess 225 votes, or 7 more than an absolute majority in the full House of 435 members.

So far as the agricultural Middle West and the Mountain regions are concerned, the situation is exactly opposite. In the Senate they can together cast 30 votes, or nearly a third of the total. In the House they can cast only 61 votes, or less than one-seventh of the total.

It is therefore apt to be in the Senate rather than in the House that the various regions can be seen struggling for the defence of their local interests. In this body a regional interest, like that of the silver producers of the Mountain States, can be powerfully defended, whereas in the House,

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where all heads have an equal value, the special interests of the less populous regions are much less defensible.

The foreign student of American politics who wishes to get a vivid impression of the continental rather than national character of the U.S.A. should therefore pay particular attention to that unique American institution, the Senate. If he does so, he will quickly realize the extent to which the United States, as a political entity, is comparable rather to the League of Nations or the British Commonwealth than to a unitary State like Great Britain. He will certainly begin to think that an American Senator has in many ways more in common with a diplomatic representative than with a British Member of Parliament. And he will cease to be surprised that American parties are loose coalitions containing many divergent, and even opposing, elements, rather than compact groups based, as in Britain, on a coherent set of ideas or interests.







REGION	% OF TOTAL AREA	% OF TOTAL POP.	% OF TOTAL TAX	% OF LOCAL POP. VOTES	ELEC. VOTES	SECTION
NEW ENGLAND	2.19	6.7	7.54	80	41	EAST
MIDDLE ATLANTIC	4.67	24.3	43.98	73	118	
SOUTH ATLANTIC	8.06	10.	4.84	30	51	SOUTH
EAST SOUTH CENTRAL	6.	8.	1.78	30	42	
WEST SOUTH CENTRAL	14.44	9.9	4.15	35	53	MIDDLE
EAST NORTH CENTRAL	8.2	20.5	24.45	66	100	
WEST NORTH CENTRAL	17.06	10.9	4.75	45	61	WEST
MOUNTAIN	28.58	3.	1.38	40	30	
PACIFIC	10.7	6.7	6.7	66	35	

LEGEND	
REGIONAL BOUNDARY	=====
STATE BOUNDARY	-----
CHIEF CROP REGIONS	----
OTHER ECONOMIC INTERESTS	IRON
RIVERS	~~~~~
MOUNTAINS	~~~~~
NAMES OF STATES.	OHIO
NAMES OF CITIES	BOSTON
CHIEF LOCAL CROP	CORN



## CHAPTER II

### THE AMERICAN POLITICAL SYSTEM

THE traveller through the United States will not normally notice when he crosses the frontier between one State and another. There are no fortifications, no frontier guards, no immigration officers, no customs houses to mark State boundaries. The very term frontier is unknown in this connection, meaning in America, not the boundary between one State and another, but the limit of settlement. There will be no differences of language, custom, or architecture to distinguish one State from the next. There will seldom even be the differences of accent which may mark one American region off from another.

Even so, it is important that the traveller should watch out for the only obvious sign that he has crossed a State line—the change of initials on the highway signs from, say, “U.S. 11. Va” to “U.S. 11. Tenn.” For it does make a considerable difference what State one is in. If one wishes to commit a murder, it is important to be in Maine, where the maximum penalty is life imprisonment, rather than in neighbouring New Hampshire, where it is hanging. If one is driven to burglary, above all avoid North Carolina, where the penalty might be death, in favour of New York, where it cannot be more than 15 years’ imprisonment. If one is on bad terms with one’s wife, it is more convenient to be in Nevada, where one

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can get a divorce, after a mere six weeks residence, on the score of incompatibility, than in South Carolina, where legally no divorces can be granted. If one is interested in some commercial project, where it would be inconvenient to be subject to a too strict type of Companies Act, New Jersey or Delaware offer much better prospects than New York. If alcohol and tobacco are necessities of personal life, Kentucky is a better State to be in than Kansas, which regards such habits as vicious.

Moreover, if one is being pursued by the police, for anything except a Federal offence, to cross a State line is to elude capture, at least for the moment. The police of one State cannot act in another, and the same lengthy procedure of extradition which obtains between one European State and another also obtains between the States of the American Union.

Legally, each of the 48 States is equal to every other. An ancient Commonwealth like Massachusetts, with 300 years of history behind it and with proud memories of its independent existence prior to the adoption of the Constitution of the United States in 1788, is on a par with an artificial youngster like Arizona, which only became a State in 1912. To the States are reserved "all powers not delegated to the United States by the Constitution, nor prohibited by it to the States." The only powers so prohibited to the States are :

1. That of entering into treaties.
2. That of imposing duties on imports or exports without the consent of the United States Congress.
3. That of keeping troops, or engaging in war, except with the consent of Congress, or in the event of actual invasion.
4. That of making compacts with other States without the consent of Congress.



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5. That of coining money, emitting bills of credit, or making anything but gold and silver legal tender.

6. That of passing any bill of attainder or *ex post facto* law, or law impairing the obligation of contracts.

7. That of creating titles of nobility.

8. That of adopting any but a republican form of government.

9. That of depriving any one of personal freedom, except in the form of imprisonment as a punishment for crimes of which the prisoner has been duly convicted.

10. That of abridging the right to vote on grounds of colour, race, sex, or previous condition of servitude.

On the other hand, the Constitution delegates to the United States only the following powers :

1. That of declaring and waging war, and concluding peace.  
2. That of maintaining an army and navy, and of commanding the militia of the States in the event of war or domestic insurrection.

3. That of conducting relations with foreign States.

4. That of controlling inter-State and foreign commerce.

5. That of laying and collecting taxes, excises, etc., "to pay the debts and provide for the common defence and general welfare of the United States."

6. That of borrowing money on the credit of the United States, of coining money and regulating its value and that of foreign currency, and of providing for the punishment of persons counterfeiting U.S. coin or securities.

7. That of establishing a uniform law of naturalization and bankruptcy.

8. That of defining and punishing felonies on the high seas and against international law.

9. That of establishing post offices and post roads.

10. That of providing patent and copy rights.

11. That of exercising exclusive jurisdiction in the special district set apart as a Federal capital.

12. That of maintaining a Supreme Court and such inferior Federal Courts as Congress deems necessary, such Courts to have jurisdiction only in the following classes of cases :

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- (a) Those arising under the Constitution itself, or under treaties and laws made in accordance with it.
  - (b) Those affecting foreign ministers and consuls.
  - (c) Those involving admiralty and maritime law.
  - (d) Those involving the U.S. itself as a party.
  - (e) Those to which two or more States, or an American and a foreign State, or citizens of different American States are parties.
13. That of preventing States from maintaining slavery, abridging the right to vote on grounds of race or sex, or establishing any but a republican form of government.
14. That of preventing intoxicating liquor being imported into any State in which its use is prohibited by State law.
15. That of making "all laws which may be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the U.S., or in any department or officer thereof."

It will therefore be seen that the States retain a very large measure of sovereignty, and that they are far from having become mere provinces of that Federal Government which they have formed, and to which they have delegated some of their original powers. The larger part of civil and criminal law, education, social services, public health and morals, the regulation of agriculture, industry, and intra-State business, labour conditions, and other fields of governmental action have until recently been almost wholly, and are still largely, matters for State not Federal action.

The Federal Government has constantly extended in practice the range of its operations. Particularly in recent years and during Mr. Roosevelt's presidency, the taxing power of Congress, the power to regulate inter-State commerce, and the greater wealth of the United States as a whole as compared to that of the individual States, have been made a means of enabling the Federal

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Government itself to invade, or to coerce the States into acting in accordance with Federal decisions in relation to, fields of activity hitherto wholly or mainly reserved to the States. Moreover, during emergencies—such as war, civil war, or severe depression calculated to threaten domestic order—public opinion and the Courts, which can normally be trusted to keep the Federal Government within its limited constitutional bounds, have been apt to tolerate almost unlimited Federal activity. Generally, however, not merely the Courts and the public, but also the Congress, have been apt as soon as an emergency has passed to react against over-centralization and to return to the States some of the power which the Federal Government has temporarily assumed.

It is of course extremely difficult to say with precision and general agreement what are the exact boundaries between Federal and State action. Many new problems have arisen since the Constitution was adopted 150 years ago which it was beyond the capacity of the founding fathers to foresee. Some of them, like the radio or nation-wide industrial or labour combines, or widespread floods and dust storms, are clearly beyond the capacity of the individual States to handle without being technically within the legal province of the Federal Government. The task of reinterpreting the Constitution is therefore a difficult and a controversial one, and is apt to bring those entrusted with it, the Federal judiciary, from time to time into the centre of the political stage.

Moreover, the issue of States' Rights versus Federal Power has from the beginning been a fundamental and hotly contested one. America has always been divided, not merely on the issue of how powers are in fact distributed under the Constitution, but on that of how they

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ought to be distributed. The minority party or region has almost invariably stood out for a strict construction of the Constitution and for States' Rights. The majority party or region has as invariably tried to secure the maximum extension of Federal Power. Thus the Federalist Party, and the urban and seaboard and creditor elements which it represented, were advocates of centralization while in power from 1789 to 1801. During these years the Democratic-Republicans under Thomas Jefferson, and the frontier, rural, and debtor interests behind this party, stood for States' Rights. From 1801 to 1825, when the Federalists had become a minority, the parties reversed their positions on this vital issue. Similarly, in modern times, the Republicans, generally in power at Washington between 1861 and 1933, have been apt to support extensions of Federal Power, while the Democrats, normally since the Civil War a minority party, have stood for States' Rights. Since 1933, with the Democrats in office and the Republicans a weak minority, the parties have temporarily reversed their attitudes upon this issue.

The Civil War was waged chiefly upon it. The issue between North and South was rather the right of secession than slavery. And before the South had reached the point of secession it had advanced the idea of nullification, or the right of States to prevent the execution within their borders of Federal laws which they felt exceeded the authority granted to the Federal Government. The North, allied with the West, defeated secession by force of arms, as it had defeated nullification by political action. No region or party has since dared to carry its advocacy of States' Rights to such lengths. But regions and parties have continued to attempt, when in a minority, to

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Washington, to safeguard their interests by retaining power for or even if possible returning it to the State capitals.

The States and the Federal Government are bound by the Federal Constitution, and the Federal Courts exist largely in order to ensure that it is observed by all. That Constitution, adopted 150 years ago, and amended only 21 times since then (really only 10 times, since the first 10 amendments were adopted at the time the Constitution came into effect, and as a condition of its ratification, and since the 21st amendment is simply a repeal of the 18th or Prohibition one), has attained an extraordinary position of prestige. Americans have come to venerate it as British subjects do the British monarchy. It has almost become the symbol of American patriotism, serving in the United States instead of the dynastic, racial, historic, or nationalist factors on which European States have built their unity.

The Constitution is extremely difficult to amend. Two-thirds votes in each House of Congress, and favourable votes in each House of the legislature of three-fourths of the 48 States, are needed to validate amendments. This would theoretically give  $2\frac{1}{4}$  million Americans, or 51 per cent. of the total population of the 13 least populous States, the power to block an amendment desired by the overwhelming majority of the 124 million Americans living in the remaining 35 States. It is, of course, in practice unlikely that so small a minority would dare to insist upon its strict legal right and thus obstruct the desire of 95 Americans out of 100, but the theoretical possibility well illustrates the power which minorities in the United States possess, and exercise, in this matter of constitutional amendments.

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It is, however, not only the Federal Constitution which controls the American political scene. There are also 48 State Constitutions. These are much less venerated, and much easier to amend. Indeed some States, like New York, provide for a complete re-drafting of the State Constitution every twenty-five years, and almost all States provide for amendments to be adopted by a simple majority of voters whenever duly placed upon the ballot at a regular State election. A State Constitution is a temporary, the Federal Constitution an almost rigid straight-jacket upon the executive and legislature.

It does, however, make a vital difference between the British and the American political system that American politicians have constantly to ask themselves a question British ones are never bothered with—"Is it constitutional?" Many things which politicians and public think desirable are not persevered with in America, or, if so, are so by indirect rather than straightforward means, because a constitutional provision stands in the way, and because Constitutions cannot be quickly or easily amended. Moreover American politicians have constantly to approach political questions from a legalistic standpoint unfamiliar in England, where anything which Parliament enacts is automatically constitutional.

America willingly submits to this (as British people see it) rather cumbrous procedure, because of its size and heterogeneity. A sovereign legislature, workable in a small, unitary, homogeneous State like Great Britain, is little suited to the needs of a vast continent inhabited by an amazingly heterogeneous population. A written Constitution, and a judiciary to enforce it upon executive and legislature alike, unnecessary in a unitary State, has invariably been found vital in a federal one.

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The 48 States, alike in their technical equality under the Constitution, and in their possession of State Constitutions of their own, differ in almost every other respect.

In population the position is as follows :

1. One State, New York, has more than 12 million inhabitants.
2. One State, Pennsylvania, has nearly 10 million.
3. One State, Illinois, has nearly 8 million.
4. One State, Ohio, has nearly 7 million.
5. Two States, California and Texas, have between 5 and 6 million.
6. Three States, Massachusetts, Michigan, and New Jersey, have between 4 and 5 million.
7. Three States, Indiana, Missouri, and North Carolina, have between 3 and 4 million.
8. Eleven States have between 2 and 3 million.
9. Ten States have between 1 and 2 million.
10. Twelve States have between 300,000 and 1 million.
12. Two States, Delaware and Wyoming, have between 200,000 and 300,000.
13. One State, Nevada, has less than 100,000 inhabitants.

In area the States rank as follows :

1. Texas, with an area of 265,000 square miles.
2. Six States, California, Montana, New Mexico, Arizona, Nevada, and Colorado, with areas of between 100,000 and 150,000 square miles.
3. Twenty-one States with areas of between 50,000 and 100,000 square miles.
4. Thirteen States with areas of between 12,000 and 50,000 square miles.
5. Four States, Massachusetts, New Jersey, New Hampshire, and Vermont, with areas of between 5,000 and 10,000 square miles.
6. Two States, Connecticut and Delaware, with areas of between 1,900 and 5,000 square miles.
7. One State, Rhode Island, with an area of 1,067 square miles.

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Some of the largest States in area, such as Nevada, are amongst the smallest in respect of population. There is therefore an extraordinary variation in the density of population from State to State, and even more from region to region. In the Mountain States one finds a density of only two or three per square mile, Nevada indeed having only .8 inhabitants per square mile. Eastern industrial States have a high density, Rhode Island, at the top, having as many as 544 inhabitants per square mile. The average for the whole United States is 41 per square mile.

Other important variations between one State and another are in respect of the racial make-up of the population. Thus two States, Mississippi and South Carolina, have over 45 per cent. of their populations "coloured," which means negro or part negro. Five other southern States, Louisiana, Georgia, Alabama, Florida, and North Carolina, have over 30 per cent. Two more, Arkansas and Virginia, have over 25 per cent. Eight more, Oklahoma, Missouri, Tennessee, Maryland, Delaware, Texas, Kentucky, and West Virginia, have between 5 and 20 per cent. Other States have very small non-white percentages, though there are fairly large numbers of coloured inhabitants in New York, Illinois, Ohio, Pennsylvania, New Jersey, Indiana, Michigan, Massachusetts, Kansas, and California, varying from over 250,000 each in the four first named, to a mere 50,000 each in the three last named.

There are similar variations in respect of the percentage of the population of the various States which is foreign-born. Thus Massachusetts and Rhode Island have 1 foreign-born white for every 3 native whites, whereas North Carolina has only 1 for every 250 native whites, and Georgia only 1 for every 225.



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Even more important are the variations in *per capita* income, affecting as they do the capacity of States to afford adequate systems of public education, police, hospitals, etc. Thus in 1929 the top State, New York, had a *per capita* income of 1,080 dollars (£216), whereas the bottom State, South Carolina, had one of only 263 dollars (£53). In 1936 New York was still on top, but with a *per capita* income of only 700 dollars (£140). Mississippi and Arkansas had by then dropped below South Carolina, having *per capita* incomes of only 170 dollars (£34) and 182 dollars (£36) respectively.

Different though the various States may be in area, population, wealth, and other racial, physical and economic characteristics, they have an outward similarity of political form.

Each has a Supreme Court, which, besides being the final Court of Appeal for cases arising under State laws, is also the final arbiter as to whether any act of the State executive or legislature is or is not in accordance with the State Constitution.

Each has an elected Governor, serving for a fixed term of years (3 years in the case of New Jersey, 2 years in 23 other States, 4 years in the remaining 24 States). The Governor is the chief executive and is not responsible to, or removable by, the legislature (except by the method of impeachment, upon conviction for some high crime or misdemeanour).

Each has an elected legislature sitting for a fixed term of years, usually two, and incapable of being dissolved before the expiration of its constitutional term. In every State, except Nebraska, this legislature consists of two Houses, usually though not invariably called a Senate and a House of Representatives or Assembly. The more

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numerous House is in most cases elected in single member constituencies and on a strict population basis. Sometimes the smaller House, like the U.S. Senate, may be elected on a system disregarding mere numbers to some extent in order to give recognition to traditional or regional considerations. State legislatures in 41 States meet usually only every second year, 33 in odd numbered years, 8 in even numbered years. Special sessions can, however, be summoned by the Governor if he deems there to be a special emergency warranting such procedure.

One legislature, that of Alabama, meets normally only every fourth year. Six legislatures, those of New York, New Jersey, Massachusetts, Rhode Island, South Carolina, and Arizona meet every year.

Forty-six legislatures convene in regular session in the month of January. That of Florida convenes in April, and that of Louisiana in May.

In most cases the length of the legislative session is fixed in advance by law, usually at 60 days.

The fact that some legislatures meet in odd and some in even numbered years, that most have brief sessions, and that two meet three to four months later in the year than the others, means that there will often be no State legislature in session, and that there will never be a year in which all legislatures have met, unless some special emergency has induced a large number of Governors to call special sessions. This is a fact of great importance when it is desired to take advantage of some crisis, and resulting movement of opinion, to pass a constitutional amendment, or to seek the co-operation of the States with the Federal Government in some national programme. It may be impossible to do anything until to

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late, or until the movement of opinion has spent itself, simply because there are insufficient State legislatures in session to provide the necessary majority.

It can often happen in the United States that the Governor, whose term of office may be longer than that of the legislature, and who is elected by the voters of the entire State and not like the legislature by distinct constituencies, which may not accurately represent the whole population of the State (there is usually a bias in favour of rural and against urban areas, since the former successfully obstruct that re-districting and re-distribution of members which the growth of urban population continually renders necessary), belongs to a different party from that of the legislative majority. Moreover, even when Governor and legislative majority are of the same party, they may belong to different wings of it. Thus in New York State the Governor is usually Democratic, since the urban districts, with a majority of the State's population, are Democratic. But the legislature is usually Republican, since the rural areas, which have successfully resisted re-distribution of seats in the Senate and Assembly, are Republican.

Even when Governor and legislative majority belong to the same party, and the same wing of that party, there may still be conflicts between executive and legislature. There is a traditional jealousy between the different branches of government (executive, legislative, and judicial), and each is extremely unwilling to defer to the others. Being legally quite distinct one from another, and having a separate mandate, Governor and legislature are apt to be in America much more out of step with one another than is possible in Britain, where the executive is responsible to, selected by, and a part of the legislature.

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It is therefore quite common for proposals of the Governor, for laws or appropriations, to be defeated by the legislature, or for legislative measures to be vetoed by the Governor. This conflict of wills cannot be resolved by the removal of the Governor or the dissolution of the legislature. Unless either is willing to give way a state of deadlock obtains, since the Governor is as incapable of defying or getting rid of the legislature as the latter is of coercing or displacing the Governor.

A clever and popular Governor can do much to influence the legislature. He can address it formally in speech or writing, though not take part in its debates. He can meet its members individually and in groups and try to persuade them of the wisdom of his proposals. He can bribe or coerce individual members by offering or withholding the patronage which is in his hands, because so many offices are filled by his nominees. He can, by threatening to veto measures in which the legislature is keenly interested, sometimes induce them to pass others in which he is interested. He can sometimes appeal over the heads of the legislature to the electorate, by a radio speech, a speech-making tour of the State, or a series of interviews with the Press, and try to create a public outcry which will frighten the legislature into accepting his lead. But if members of the legislature possess the courage and determination they can resist such pressures, and the Governor will be left powerless to secure the act or appropriation he desires.

Alternatively a legislature can influence the Governor, by refusing to confirm his nominees for those offices to which he can appoint only with the consent of the smaller House of the legislature, by withholding appropriations for objects in which he is especially interest

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by holding up bills and resolutions which are particularly vital to him. But it cannot normally secure public sympathy such as may coerce a Governor, since the electorate is very apt, in the event of a quarrel between Governor and legislature, to respond rather to the personal appeal of the single executive than to the less direct appeal of the numerous legislature.

Beneath the States are City and County Governments. There are some 3,100 counties in the United States (those in Louisiana being called parishes), or an average of 63 per State. The State is free to alter the boundaries and powers of these local governmental units without interference by the Federal Government. Actually few States have done much to alter the structure of their local government for many years.

Counties vary greatly in size and importance. Some, like Cook County, Illinois, which includes the city of Chicago, are more populous, wealthy, and in some ways politically important than the smaller States. Others, covering thinly populated areas, though they may, especially in the west, be of enormous extent are of extremely modest importance.

In general, the affairs of counties are in the hands of elected officials, of which the more important are usually the District Attorney, or public prosecutor; the Sheriff, who is in charge of police and gaols; the Judge; and the County Clerk. The District Attorneyship often serves as a good stepping-stone to higher office, such as Governor, since a successful public prosecutor gets a great deal of politically useful publicity.

American cities vary in size and importance, from those like New York, which includes five separate counties and over 7 million inhabitants, to towns so small that in

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England they would only form parts of an urban district. They are governed according to charters granted to them by State legislatures, either by a special Act or in accordance with the terms of some general enabling Act. Some States, including New York, have what they call a "Home Rule" procedure, which enables the electors of a city to draft their own charters, subject to certain limitations and veto powers reserved by the State. There has been much more change in this sphere of American politics than in any other, an immense variety of schemes of city government having been tried out in different parts of the country in this century in an effort to eliminate the corruption and inefficiency which is more marked in this part of the American governmental machine than in any other.

The most general form of city government is to have an elected Mayor, who is chief executive, with the position locally that the Governor enjoys in the State and the President in the nation. There is also an elected legislature, often called, as in Britain, a council, which passes local laws and in many cases approves appropriations and lays local taxes. The Mayor often has a veto over, or a seat in, the local legislature, though he is normally separately elected. In some cities, as in New York, other important officials, like the Controller, or Treasurer, are also directly elected, and they too may enjoy a seat in one or other branch of the local legislative body. The Mayoralty of a great city like New York, Chicago, or Boston is often a stepping-stone to higher offices, and gives the holder larger national publicity than is enjoyed by the Governors of smaller States or by many Senators and Congressmen.

Some cities—disturbed at municipal corruption, which,

though declining, is still greater than it should be, and greater than the corruption now obtaining in most States or than in the Federal Government—have tried a City Manager scheme of government. Regarding the municipality as a business enterprise, they have entrusted its administration to a paid, appointed, civil servant, known as the City Manager. In such cases Mayor and Council become more comparable to their British equivalents, and merely pass local laws and authorize expenditures.

In addition to cities and counties there are many other units of local government in America. In many areas education is in the hands of separately elected local School Boards. Townships and Incorporated Villages in many areas have a share in local government roughly equivalent to that enjoyed in Britain by Urban and Rural District Councils and Parish Councils. Park commissions, water boards, port authorities, and other *ad hoc* bodies also exist in many parts of America, with distinct duties which give them in their own sphere an authority independent of that of the counties or cities in which they operate. There are probably few Americans who could state at all accurately the structure of local government in the district in which they happen to reside, so complex and so varied is the network of local authorities and the division of power among them, and among their different branches, departments, and officials.

## CHAPTER III

### THE FEDERAL GOVERNMENT

THE Federal Government is the part of the American political machine in which the foreigner is naturally most interested. It consists of three co-ordinate but separate branches—the Executive, under an elected President; the Legislature, of two elected Houses; and the Judiciary, consisting of a Supreme Court and of a number of Circuit and District Courts.

The President is Commander-in-Chief of the armed forces of the United States. Foreign ambassadors and consuls are accredited to him. He appoints most of the officials of the United States, subject in most cases to the consent of the Senate. He conducts American foreign relations, subject to the necessity of getting two-thirds of the Senate to approve of any treaties he has signed. He is charged with the execution of all laws passed by Congress, and controls for that purpose the Cabinet, other department heads, and the entire government service. To ensure his control, he is free to dismiss without cause all appointees except judges, who can only be removed by the procedure of impeachment, and members of quasi-judicial or quasi-legislative bodies, such as the Federal Trade Commission, who can only be dismissed for due cause.

The President is thus in some ways king and prime



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minister combined. He cannot be removed except by the method of impeachment upon conviction by the Senate, sitting as a Court. He is nominally elected by a specially constituted Electoral College. Actually this college, which never meets as a body, is a mere machine for registering votes cast for candidates nominated by the main political parties. Each State elects a number of Presidential Electors equal to its combined representation in the Senate and House of Representatives. These Electors, though legally free to exercise an unfettered choice, are by custom bound to cast their votes for the candidate previously nominated by the party which nominated them. To-day most Americans are unaware of the Electors whom they have chosen, and know only the Presidential Candidates to whom those Electors are pledged.

The same procedure is followed in electing a Vice-President. The Vice-President takes the place of the President if the latter should die, or be removed from office, during his legal term. While still Vice-President he acts as presiding officer in the Senate, though with no initial vote, only a casting one. He may by courtesy be invited to Cabinet meetings, but has no right to attend. He may by force of personality possess some influence politically, but has very little by virtue of his office. Indeed there have been times when most Americans would be hard put to it to say who was Vice-President, so little power attaches to the office under normal circumstances.

It was originally thought that the Electoral College, being able to choose a President and Vice-President only by an absolute majority, and having an unfettered choice, would seldom be able to agree upon a single name for

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each office. It was therefore provided that where no absolute majority was secured the House of Representatives voting by States should choose the President from amongst the candidates who received most votes in the Electoral College, and that the Senate should similarly choose the Vice-President. Actually this procedure has only been resorted to twice in America's history.

President and Vice-President are elected every fourth year, in November, for a four-year term of office to commence on January 20th in the year following their election. They are legally eligible for an unlimited number of re-elections. In practice no President or Vice-President is re-elected more than once. Washington, Jefferson, and Jackson, the three outstanding Presidents of the first half-century of America's existence, all of whom could have had third terms, refused them. They set a custom which it would now be very hard to break, though two Presidents, Grant and Theodore Roosevelt, unsuccessfully tried to do so, and though Franklin Roosevelt may be tempted to make a similar attempt.

Legally any native-born American, resident in the U.S.A. for the 14 years preceding his election and over 35 years of age, can be chosen President or Vice-President. In practice the choice is more restricted. There is a strong prejudice against electing a negro, Catholic, or Jew. There is a similar though less powerful prejudice against electing any one of Slav or Latin blood. Of America's 31 Presidents, 18 have been of English origin, 6 of Northern Irish, 3 of Dutch, 2 of Scottish, and 1 each of Welsh and Swiss.

In practice, moreover, a President will normally be chosen only from the following States: New York, Illinois, Ohio, California, Massachusetts, Michigan, New

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Jersey, or Indiana. This is for two reasons. Firstly, these are all States which are doubtful in the political sense, and which may be persuaded to vote Democratic or Republican, as the case may be, because one or other candidate comes from that State. Parties hesitate to throw away the nomination on a resident of a State like Pennsylvania, which is almost certain to go Republican whatever the State of the two candidates, or Texas, which is similarly certain to go Democratic. Secondly, these are all States with relatively large votes in the Electoral College, and parties hesitate to throw away nominations on residents of States with a small number of Presidential votes.

A candidate for President will normally have been either a State Governor, a United States Senator, or a Cabinet Minister prior to nomination. Of the last 7 Presidents, 5 have previously been State Governors, 1 has been a U.S. Senator, and 1 a Cabinet Minister. There have been occasions in the previous century when members of the House of Representatives, or distinguished generals, or persons like Abraham Lincoln, with no public office at the time of nomination or for a long time previously, have been chosen President. These have, however, been always rare, and have not been known for nearly half a century, though the unsuccessful candidates during the last 30 years have included a Supreme Court Justice, an ex-Ambassador, and a former member of the House.

It very often happens that the successful candidate has a comparatively minor reputation at the time of his nomination, since party conventions often get deadlocked between two or more outstanding aspirants and find it necessary, for the sake of party unity, to choose a candidate

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to whom no one seriously objects, for the reason that he has never been in the forefront of party controversies, as really notable aspirants almost certainly will have been. The American Presidency is a much more open prize than a British Premiership, which involves the lengthy climbing of a clearly defined political ladder. Not merely may a relatively little known Governor or Senator be elected, as was the case in 1920 when Senator Harding of Ohio was chosen in preference to many far better known Republican aspirants, but such Governor or Senator may have relatively recently risen from political obscurity. Thus Woodrow Wilson, less than three years before entering the White House, was quite outside politics, being merely President of Princeton University, from which he climbed, via the Governorship of New Jersey, to the most powerful office in the world with the briefest of political apprenticeships.

While no President has ever been re-elected more than once, it is normal to renominate the sitting President for one further term. Not since 1860 has a retiring President\* failed to get renominated by his party at the end of his first term, and in every case but three—Cleveland in 1888, Taft in 1912, and Hoover in 1932—he has been re-elected. Only one President in American history has been renominated by his party for a third time, having failed to be elected on the second occasion, that being Cleveland, who had a second term in the White House from 1893 to 1897, having failed to secure re-election at the end of his first term in 1889.

When a President has served two full terms he is

\* This refers to elected Presidents. Two Presidents who succeeded because of their predecessor's death, Andrew Johnson (1865-69) and Chester Arthur (1881-85), were not renominated. R. B. Hayes (1877-81) did not seek renomination.

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normally in a position to dictate to his party the choice of his successor. Thus Theodore Roosevelt dictated the choice of Taft in 1908. Thus Franklin Roosevelt may be in a position in 1940 to dictate to his party whom they shall nominate. Not all Presidents, however, attempt to do this. Neither Woodrow Wilson in 1920 nor Calvin Coolidge in 1928 bothered to do so. But such is the amount of patronage controlled by the President, and so large are the number of delegates to a party convention whom he can influence, that it is normally almost as easy for him to force the nomination of a successor as it is for him after his first term to force his own renomination, if he is willing to provoke the controversy and to cause the heart-burnings amongst his leading supporters which such action will inevitably entail.

A defeated candidate is nominally the leader of his party until the next election. Such leadership is, however, very ineffective, since the American political system does not provide opposition leaders with the platform which their Parliamentary membership gives them in Britain. Moreover, it is extremely rare for a defeated candidate ever to be given a second chance. William Jennings Bryan, who was Democratic candidate in 1896, 1900, and 1908, is indeed the only person, other than Jefferson and Cleveland (each defeated once and successful twice), in all America's history to be given a second attempt at the Presidency by a major party, having failed at an earlier attempt.

Not merely does the American political system give little scope to a defeated candidate for the Presidency, it gives none to an ex-President. Two Presidents did subsequently re-enter politics, John Quincy Adams as a member of the House of Representatives, where he

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served for many years, Andrew Johnson as a Senator (dying before he could take his seat). Three Presidents, Van Buren, Grant, and Theodore Roosevelt, did make unsuccessful attempts to get re-elected to the Presidency. One President, Taft, subsequently became Chief Justice. Some few Presidents, notably Washington, Jefferson, Jackson, and Coolidge, did retain as ex-Presidents an immense prestige, and could thus exercise some of the influence pertaining to an elder statesman in Britain. Most American ex-Presidents in modern times have, however, died very shortly after leaving the White House, and have not exercised much influence or taken much part in politics after their retirement. The lime-light switches immediately from them to the new President, and lacking any public office or Parliamentary position the ex-President has no regular contact with public affairs and no platform from which regularly to expound his views.

It has happened on an average once every 25 years that the sitting President has died or been assassinated before the expiration of his term. A Vice-President has therefore one chance in six of succeeding to the Presidency automatically. Only two Vice-Presidents, John Adams and Thomas Jefferson, have ever succeeded to the Presidency by any other method. For, normally, rather minor figures are elected Vice-President, and little publicity attaches to the office, so that a nominating convention will be most unlikely to consider a sitting Vice-President as a possible candidate for the Presidency. Since the only chance of ever becoming President possessed by a Vice-President is that the President will fail to complete his term, an ambitious politician will seldom accept the second office in the land for fear of losing his

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chance of the first. The result is that America runs serious risks of having a very minor figure, and often a very elderly one, become chief executive if anything should happen to the President.

The Presidency can in the hands of a powerful personality become the most colourful and influential elective office in the world. A Theodore or a Franklin Roosevelt is able to become in periods of emergency almost a dictator, without exceeding the legal powers of his office. And even a third-rate figure can hardly as President avoid playing a more prominent part in American life than a French President is ever allowed to do.

Legally the Congress possesses sole legislative power, subject to the President's veto, which can be overruled by two-thirds of both Houses. Neither the President nor his department heads can be members of or take part in debates in either House of Congress. The latter body is very jealous of its prerogatives and does not regard the incumbent of the White House, even when of the same party as the legislative majority, as a leader whose advice should be accepted in the way that the British Parliament accepts the Premier's advice. On the contrary, though the Congress does defer in times of emergency to a powerful President, it almost always re-asserts itself before long, and pays the President back with many rebuffs for his earlier dominance.

Moreover, it is fairly often the case that the President and the legislative majority belong to different parties. Thus during the past half-century there has been a House majority opposed to the President for eight years (1895-7, 1911-13, 1919-21, 1931-33), and a Senate majority opposed to him for eight years (1915-17, 1919-21, 1927-29,

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1931-33). In addition it has often been the case that a large section of the President's party has been bitterly opposed to him personally, as Conservative Democrats have recently been opposed to Franklin Roosevelt, and that therefore party majorities have been nominal rather than real.

Even when party majorities have been overwhelming, as they were from 1937-39, when the Democrats had a majority of well over three-quarters in each House, it is more than possible for a Presidential proposal to be defeated. Thus Franklin Roosevelt's bills to add justices to the Supreme Court and to reorganize the government machinery were both defeated by a Congress overwhelmingly of his party.

The President does possess considerable influence over Congress. He appoints a large part of the 800,000 Federal officials, big and little. By giving or withholding patronage he can thus bribe or coerce Senators and Representatives, who like to reward their loyal supporters with appointments to public office. He can send messages to Congress at any time, and can appear before a joint session of both Houses in person if he deems the occasion important enough to justify such procedure. He can send his department heads to appear before Congressional Committees or to talk to members of Congress privately. There is constant coming and going between the White House, where the President lives and works, and the Capitol, where Congress meets, since the President is often desirous of talking with Congressional leaders, and members of Congress are desirous of putting pressure on, or getting favours from him. If such methods do not avail, the President can threaten to veto measures in which Congress is particularly interested, or can appeal over the heads of Con-



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gress to the public, by a radio address, a Press conference, and publicity campaign, or a speech-making tour, counting upon arousing enough public opinion to frighten a Congress which is apt to follow rather than lead public sentiment.

Such methods are usually successful at the beginning of any President's first term, especially if he is the first President of his party after a considerable period in opposition. They are much less effective towards the end of a second term, or when a President is the second or third of his party to hold office in succession, and when a swing of the party pendulum is therefore anticipated. Congress is apt to give every President what is called a "honeymoon" period during his first months in office, and is also very unwilling to annoy a President who has much patronage to distribute. But when the offices are mostly distributed, and when people are beginning to think of who the next President will be, the sitting President is increasingly apt to be rebuffed.

An unhappy state of deadlock can therefore fairly easily develop in America, as it did towards the end of the Wilson and Hoover terms, when Congress took pleasure in rebuffing the President, and was yet unable to get rid of him or to coerce him. This can happen the more easily in that while the President sits for four years the House sits only for two. It may therefore well happen that a President has already been morally defeated by the electorate, and deprived of his Congressional majority, two years before his own term of office ends.

It is thus of great importance for European students of American affairs to know the party complexion of the Congress, and also the extent to which the President actually possesses the power to influence his own party's

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Congressional membership. It is a fatal mistake to assume, as Europeans did of President Wilson in 1919-20, that Congress will necessarily or even probably do what the President recommends. It may ; but when, as in 1919, the Congressional majority belongs to the opposite party, it is most unlikely to.

The Cabinet is of much less importance in America than in Britain. It does not consist of the leading national figures in the President's party. On the contrary most such figures, having been rivals of the President for nomination to the first office in the land, are automatically excluded. It consists rather of persons on whom the President can wholly rely, chosen chiefly because they represent different sections of the country, and will conciliate certain political groups. By custom certain regions possess a strong, though not complete, claim to particular offices. Thus the Secretary of the Interior should come from a middle or far western State, the Secretary of Agriculture from a mid-western agricultural State, the Secretary of the Treasury from one of the great industrial or financial States, preferably New York, the Secretary of the Navy from a seaboard or at least a lake-side State, the Secretary of Labour from a great industrial State. By custom also the Chairman of the National Committee of the President's party, who serves as his campaign manager, has a claim on the Postmaster-Generalship. Only the Secretary of State (really Foreign Affairs, who is nominally the chief minister) and the Secretary of the Treasury need by custom be really outstanding figures, and even they are sometimes, as towards the end of Wilson's second term, far from being that.

Not merely are Cabinet members individually often of

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rather minor eminence in their party but the Cabinet has no collective influence. The President can and does disregard its advice, the constitutional power being wholly his. There is no doctrine of collective Cabinet responsibility in America. The President may in fact go outside his Cabinet for advice, or may seek the advice of members individually rather than collectively.

Moreover many offices of great importance do not entitle their heads to seats in the Cabinet, and in such cases decisions regarding them will generally be taken by the President on the advice of that department head without reference to the Cabinet. The President is the one link between different parts of the government service, and the final word on all matters of an executive character is wholly his.

Not merely is the Cabinet in America without the influence and co-ordinating function of that in Britain but so is the Civil Service. Many government servants in America, even though their duties are wholly administrative rather than policy-making, are still appointed for party services only, and are expected even while in office to justify themselves by service to the party which appointed them rather than to the country which pays them. For fifty years the Federal service in America has been gradually becoming less of a collection of party workers and more of a career service, with security of tenure and promotion on merit, but it is still far from being wholly or even mainly so.

If the Federal service were in America to become wholly a career service outside party politics, the parties would be deprived of any means of securing that vast amount of voluntary work without which they could not function in so huge and diverse a country, with so many elections.

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Moreover the President would be deprived of a valuable means of influencing the Congress. Patronage is at the moment still an essential fuel for the American party machines, and without party machines a representative democracy could not easily function.

The fact that so many Civil Servants are party workers, appointed by an incoming President for party services, on the advice of Senators and Congressmen of his party, and liable to be replaced when a new President comes into office, does tend to exclude many people of ability. So does the dangerously low scale of Civil Service salaries, having regard to the high salaries payable in America in business. A President cannot therefore depend upon his permanent advisers in the way that a British Premier can.

An extraordinary burden rests therefore on the President. With ceremonial duties as head of the State, and party duties as head of a great political machine, to add to his executive duties as chief magistrate of a great republic, an American President is the most overworked of men. Lacking as he does a general staff, in the form of a collectively responsible Cabinet, or a completely disinterested and professional Civil Service, far more questions come to him for decision than it is easily possible for one man to handle. Inconsistencies of policy as between one field or one time and another, delays, errors of judgment, are therefore inevitable. But this unique concentration of authority in one man does allow the compensating advantage of unified command and direct action in times of emergency.

The Senate is to-day much the more important of the two Houses of Congress. It possesses every power enjoyed by the House of Representatives except that of initiating financial measures or impeachments, and that

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of electing a President when the Electoral College fails to give a majority to any candidate. It possesses certain powers which the House lacks—those of executing impeachments, agreeing to treaties, confirming appointees to office, and electing a Vice-President when the Electoral College fails to give a majority to any candidate. Moreover, it has made its power to amend or reject even financial measures a means of more than compensating itself for its inability to initiate such measures.

The greater influence of the Senate is, however, not chiefly due to differences in legal power between the two Houses. It is due to the facts that the Senate never comes to an end, its members sitting for six years as against the two years of members of the House and one-third only retiring at each election, and that it is a small body, originally of 26 and now of 96 as against the 435 membership of the House. Moreover, Senators—who were originally appointed by State legislatures and not, like House members, directly elected by the voters—have retained in modern times, when they too are directly elected, a customary privilege of being more frequently re-elected. Most members of the Senate, and relatively few members of the House, sit in practice for several successive terms. Senators therefore possess much greater opportunities of acquiring a national reputation and permanent influence.

Indeed to-day a Senatorship is, next to the Presidency or a Supreme Court Justiceship, the great prize of American political life. State Governors, members of the House, and even Cabinet Ministers, will frequently jump at the chance of being elected to the Senate, even when that means giving up their previous office before the expiration of their legal term. For a Senatorship is

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the one means whereby one can in the United States retain for many years on end a commanding national position, since even a President is limited to eight years in office.

Senators and Congressmen (*i.e.* members of the House of Representatives) are well paid, receiving \$10,000 (just over £2,000) a year salary, the free use of a lavish suite of offices in Washington, travelling expenses between their constituency and Washington at a rate some 400 to 500 per cent. greater than the actual cost involved to-day, and the right to appoint three to five personal secretaries (who may include the member's own wife or other relative) at government expense. If they die while in office it is customary to pay their dependants one full year's salary by way of pension. Moreover, it is possible for a Senator to make a considerable additional income by writing or lecturing by virtue of the publicity attaching to his position.

Much of the work of the Senate is done in committees, of which there are a large number. It is customary for all matters, including appointments, treaties, appropriations, bills, and resolutions to be referred to the appropriate committee before being debated and voted on by the full Senate. Many matters once referred to a committee never emerge from it, it being easy to kill quietly in committee measures which it might be impolitic to oppose on the floor of the Senate itself. Committee discussions are held in private, whereas Senate debate is usually, except when appointments are being discussed, wholly public. Prior to discussion in committee it is often customary to hold public hearings. These give private people, who are interested in the measure in question, an opportunity of stating their

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views to the Senators chiefly concerned. They also give Senators a chance of finding out what the public thinks before committing themselves, or of building up public opinion for or against the measure before it comes to a vote.

Chairmanships of committees are given to members of the majority party, in order usually of seniority of service in the Senate. Membership in committees is proportionate to the membership of the various parties in the Senate as a whole. The chairman of important Senate committees, like Foreign Affairs, Finance, or Banking and Currency, are often as important as the Cabinet Ministers charged with the administration of those matters.

The Senate makes great use of *ad hoc* committees as a means of investigating alleged abuses. Senate committees possess somewhat similar powers to British Royal Commissions, and exercise them with a freedom which is seldom characteristic of a Royal Commission. Important witnesses are haled before them and ruthlessly cross-questioned, private papers are searched, a highly skilled and salaried legal and accounting staff is often hired to ferret out facts and assist in cross-examination of witnesses. There is no defence against such action, the freedom of the Senate and House from liability outside for what they do as a House of the national legislature being absolute.

It would be a great mistake to judge the Senate from its public sessions. There is such freedom of debate there that very often the observer comes away with a poor opinion of the Senate. Senators can speak as long as they please, without the necessity of being relevant. There is normally no closure, so that what is called filibustering,

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*i.e.* talking endlessly in order to prevent a vote on a Bill, which the Senator concerned dislikes but for which he knows there is a majority, is easy and frequent. Senators can, with the permission of the Senate as a body, which is usually given, yield the floor temporarily to some other member, who may wish to speak on a wholly different subject, without forfeiting their right to continue when such interruption is over.

Senate speeches are often delivered not to impress the other Senators, who cannot easily be impressed, being a somewhat cynical body, nor to influence the vote, which is often determined by pressures outside the chamber, but to impress the electorate. For this reason the Senate, like the House, has come to allow members to print in the Congressional Record, under the guise of an "extension of remarks," speeches which in fact they never delivered. Copies of the Record are then mailed by the Senator, under his free postage rights, to great numbers of his constituents.

Brilliant debates, of the kind common in the nineteenth century, seldom take place in the Senate to-day. The real work is increasingly done behind the scenes, and the successful Senator is often not the fluent speaker or the adroit debater, but the man with a flair for committee work and for political wire-pulling, backed by real knowledge of the matters with which his Senate committees are concerned.

The Senate is apt to be much more independent of the President than the House. And the individual Senator is also much more independent of his party leadership in his own body than is the individual Representative. There is no body of men in the world prouder of their individual and corporate privileges than the U.S. Senate, and any



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suggestion that the President, or any one else, is trying to control or side-step them is sure to infuriate all Senators, irrespective of party.

Moreover, since every State, large or small, has two Senators, the different States and regions look to the Senate rather than the House to protect their special interests. Minorities have particular power in this small and unrepresentative body, which is even to-day in some respects a conference of ambassadors rather than a parliament.

The House of Representatives, a body of 435 men and women elected for two years on a popularly representative basis, hardly has time to develop any corporate personality. Its members have hardly arrived in Washington in the January after their election than they have to begin worrying about whether they will be re-nominated in the party primaries which will be held early in the spring of the next year. Though their situation is somewhat better than it used to be, when a House elected in November of one year did not meet until December of the next year, so that members had to worry about primaries within three or four months of arriving in Washington, it is still far worse than that of Senators, who need not bother about elections until five years after arriving in Washington. Many Representatives serve for one term only. Those that come back session after session are usually from those parts of America, like the South or like Pennsylvania, which are so stubbornly Democratic or Republican as the case may be that nothing will bring about a swing of the party pendulum.

Promotion to important committees and committee chairmanships, and to the most important posts of all—

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Speaker, Floor Leader, Chairman of the Rules Committee, and Chairman of the Ways and Means Committee—is almost wholly by seniority in length of service in the House.

The Speaker is not, as in Britain, the impartial chairman of the whole House. He is party leader as well as presiding officer. Until 25 years ago he used to be almost a dictator, at least when his party had a safe majority in the House. Now his powers are reduced, and shared with the Floor Leader and major Committee chairmen. But leadership is still much more concentrated and much more effective in the House than in the Senate.

Proposals are not merely referred, as in the Senate, to the appropriate committee before coming up for debate and vote in the full body, but in the House they may also be buried in the all-powerful Rules Committee. No Bill can come to a vote in the House unless reported out by this committee, or else unless formally petitioned for by 218 members of the House (*i.e.* over 50 per cent. of the entire membership).

It is therefore much rarer for the party leadership to be defeated in the House than in the Senate. Moreover, the President is usually able to maintain, through its leading members, a closer contact with the House than with the Senate, in which leadership is more dispersed and less effective. There are very few members of the House with the national reputation enjoyed by many Senators. It is much more difficult therefore for a member of the House to get national publicity for his views.

Members of the Senate must be voters and residents of the State they represent, and members of the House must also by custom be residents of the Congressional district they represent. While this is a natural and even essential

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procedure in a country as vast and diverse as the United States, it has disadvantages. It excludes from public life Republicans who happen to live in States or districts which are solidly Democratic ; for example, in the 13 southern States, and Democrats who live in rock-ribbed Republican areas like Pennsylvania and rural New York and New England. It also excludes many men who live in the great centres of population, since the resident of New York or Chicago cannot in America secure election by some provincial city or county, but must await a vacancy in the metropolitan district in which he resides, and by reason of his business or profession often must reside. Moreover, it makes members of the American legislature very dependent upon local public opinion. If a member loses his seat he cannot hope to secure a vacancy elsewhere, as a British M.P. could and does. American Congressmen are largely, and American Senators to some extent, therefore, delegates rather than representatives. They feel it to be politically wise, and often also politically proper, to speak and vote not as they privately think wise in the national interest but as their own constituents desire in the local interest.

Since Senators and Congressmen are extremely sensitive to movements of public opinion in their own constituencies, and give much of their time to finding out what "the folks back home" are thinking, great importance attaches to the Press, radio, and news reels, which keep the country continuously in touch with what is going on in Washington. American politicians, if anything, overestimate the importance of these media of publicity, and treat newspapermen, not as British politicians do as a necessary nuisance, but as gentlemen deserving of assiduous and flattering consideration. The

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Press in the United States is therefore genuinely, and not merely in the terms of after-dinner oratory, "the fourth estate."

Great importance also attaches to the lobbies which are organized in Washington by advocates of every type of proposal, and defenders of every kind of interest. American politics is largely a matter of conflicting organized pressures, and the ex-servicemen, trades unionists, farmers, business men, temperance societies, peace groups, and countless other bodies of American citizens maintain agents to watch their interests in Washington and in the State capitals. These "lobbyists" are often ex-members of Congress or of the government service, and develop great skill at their job of persuading or intimidating Ministers and Congressmen to act or vote as their particular pressure group desires. They also back up their behind-the-scenes activity when necessary by whipping up evidence of outraged public opinion in the constituencies, and by inducing their adherents to deluge Senators and Congressmen with letters and telegrams at psychological moments. Very often Congress surrenders to the flood of organized protests which swamp it whenever a powerful pressure group goes into action.

In the long run, of course, lobbyists and pressure groups must be able to produce votes to substantiate their promises and threats. Only those which can actually swing enough votes in primary or general elections to aid materially the re-nomination or re-election of those who support them, and to injure the political chances of those who defy them, can exercise much permanent influence. This means that selfish pressure groups, like that of the ex-servicemen, who are so eager to feed out

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of the Federal trough that they will vote as their organizers advise, exercise greater influence than idealistic ones, like the peace societies, which cannot easily persuade their members to back up their idealism at the polling booth.

Back of Executive and Legislature is the Judiciary. The Federal District, Circuit, and Supreme Courts are the interpreters of the Constitution. That document, the supreme law of the U.S.A., is, as Chief Justice Hughes once said, what a majority of the nine Supreme Court Justices say at any given moment that it is. Any law, State or Federal, can be set aside by five Supreme Court Justices as contrary to the United States Constitution, even if the remaining four Supreme Court Justices, the President, the Congress, and even the electorate insist that it is constitutional.

It is, however, a mistake to imagine that the Federal Judiciary is mainly occupied with declaring laws unconstitutional. Actually most of the cases which appear before the Federal Courts do not involve the bench in any consideration of the constitutionality of legislative Acts. They involve merely the application to the facts of a particular case of some law, or laws, whose constitutionality neither litigant challenges. It is only when one party to a case bases its plea on the argument that the law concerned is unconstitutional that the judges consider this question. There is no regular submission of laws to the Courts. Many laws never get challenged by litigants, and many which are challenged in an inferior Federal Court, being approved there, do not get carried to the Supreme Court. And most of the laws whose constitutionality is challenged by some litigant before the Supreme Court are upheld by that body.

In the 150 years during which the Court has been

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functioning fewer than 50 Acts of Congress have been set aside as unconstitutional. Long periods have elapsed without a single Act being so set aside. The Court normally gives Congress the benefit of the doubt. Only when a majority of the justices feel convinced that some Act is beyond all question contrary to the Constitution do they normally so declare it. Otherwise, though they may have their doubts, they defer to the decision of the legislature.

There have of course been periods, of which the years 1935-37 was one, when a majority of the Court has seemed to depart from this custom. Mr. Roosevelt feels that the many New Deal laws which were then declared unconstitutional were in fact not so, and were only so declared because of the prejudice of five elderly judges ; hence his abortive proposal to add up to six new justices to the bench, one for each existing justice over seventy years who would not retire voluntarily.

In general, however, the Federal Courts have enjoyed the respect, and even the veneration, of most Americans. The judges, District, Circuit, and Supreme Court, being appointed by the President, with the advice and consent of the Senate, for life, and being both highly paid and greatly honoured, are thought generally to be above politics. They can only be removed by the method of impeachment, and need not resign, though they are now free to do at seventy on a pension equal to their full salary, and are thus largely impervious to the pressures which are brought to bear on all other office-holding Americans. It is therefore to them that minorities tend to look for protection.

It is true, since lawyers, whatever their age, and elderly men, whatever their profession, are normally conserva-

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tive, and since the Constitution was drafted in the eighteenth century and has only been slightly modified subsequently, that the judiciary does tend to be a brake upon the American political machine. It is not easy to find constitutional ways, which the judges will be certain to endorse, whereby the Federal Government can deal with problems which were never thought of when the Constitution was drafted or which then seemed purely local, but have now, in this shrunken world, become national. Many laws thus get prevented, or delayed, or distorted, not because the Courts declare them unconstitutional, but because they are never introduced, or never passed, for fear that they will be declared unconstitutional.

Even the judiciary does, however, advance with the times. Indeed it has shown very often, and notably in such times of stress as recently, or during America's wars, that it is very conscious of the world in which it moves, and even of the American election returns. It seldom if ever holds any law unconstitutional when that would result in chaos, or would arouse a violent public reaction. It seldom persists in holding a line of Congressional action unconstitutional if evidence that the public favours that line is marked. The Constitution is thus constantly being re-interpreted, and in such a way as to broaden Federal powers, by the method of judicial decision. The Court is indeed on occasion not above reversing itself, as it did between 1936 and 1937 in the matter of the constitutionality of minimum wage laws, though it normally holds itself bound by previous decisions, and takes care when a reversal is called for to avoid a formal admission to this effect, and to find some way around an awkward previous decision.

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It remains true, however, that the written Constitutions in force in America, and the elderly lawyers who interpret them, are a check upon American politicians which is never out of the latter's minds. This check can be very irritating to ambitious men, and sometimes, when the Court is notably conservative, very damaging to the immediate interests of the nation. It is a check, however, which was deliberately established and which most Americans appear still to value.



## CHAPTER IV

### AMERICAN POLITICAL PARTIES

THE United States of America has always believed in electing as many public officials as possible. Great numbers of officers, like State and local judges, public prosecutors, county clerks, sheriffs, and others, who would be appointed in Britain, are elected by the rank and file of the voters in the United States.

Moreover elections are frequent, and proceed according to a fixed calendar. Every fourth year Electors for President and Vice-President have to be chosen. Every second year 435 Congressmen and 32 Senators have to be chosen. At least every fourth year, and in many States more frequently, State Governors must be chosen along with many other State officers. Every second year in most States, State Senators and Representatives must be elected. At least every fourth year, and often more frequently, City and County officials in great numbers must be chosen.

Moreover, in the United States two elections are often required where only one would be held in Britain. For many States do not leave the choice of party candidates to be decided privately and unofficially. They cause the voters attached to each party to be registered as such, and conduct what are called Primary Elections when the members of the various parties can choose, by secret ballot, after a regular election campaign, their

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party candidates for the offices to be filled at the ensuing General Election.

The business of running all these elections imposes a great burden on American parties. That burden is all the heavier in that the State does not assume responsibility for seeing that all qualified voters are included on the Register. Citizens who wish to vote must come forward voluntarily, on a certain day or days a month or so before any election, and ask to be registered. Political parties have therefore to stimulate a vast, heterogeneous, and not very politically interested electorate to appear frequently, first to register, then to vote in a Primary Election, and finally to vote in a General Election. They have also to provide the voter with some means whereby he can effectively fulfil his duty to choose at one election sometimes as many as fifty persons to fill different Federal, State, and local offices.

Since elections occur on dates established long in advance, there will often be no issue really necessitating an election or arousing the interest of the electorate. Parties must therefore create artificial issues to overcome the apathy which would otherwise result. Thus in New York City the voters must vote on the first Tuesday after the first Monday in November 1940 for Presidential Electors and a host of other officers—Federal, State, and local. On the similar day in November 1941 they must vote for a Mayor of New York and for other local and State officials. On a similar day in November 1942 they must vote for a State Governor and other officers, and for New York's representatives in the Federal and State legislatures. Who can tell whether there will be, when these dates arrive, vital issues capable of arousing the natural interest of the electorate? Political parties are

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needed to ensure that, whether or not there is any real issue to arouse the interest of the electorate, there will be candidates, programmes, speeches, and campaigns to bring out the vote.

Although the 48 States are nominally sovereign in their own spheres the same parties, which are national in their character, deal with all elections—Federal, State, and local. The fact that elections occur on the same day, and that candidates for Federal, State, and local office appear on the same ballot paper, makes this almost inevitable. It is fortunate for America that it is so, for national parties do serve to cement a very heterogeneous country whereas a multitude of State parties would serve to divide it.

The basis of the various parties is to be found in the precincts or polling districts. A precinct captain gets to know, or know about, the great majority of the few hundred voters in his polling district. His is the job of getting the vote out, and of ensuring that a majority is loyal to his party. His method of doing so is often rather to render favours to and secure jobs for voters than to appeal to their sense of civic duty. The more voters there are who owe an obligation to the party machine, or whose relatives owe such an obligation, the better the precinct captain has done his work.

Above the precinct is the ward, with its ward leader and committee. In a great city there will also often be a party clubhouse, to which the faithful can resort for help of every kind as well as for normal club facilities. The ward leaders collectively dominate the city machine, subject to the leadership of the "boss"—a professional politician who may or may not seek publicity or office, but who is the real power locally.

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The city and county machines, through their respective "bosses," dominate the State organization of the party. This is nominally ruled by a State Committee in between meetings of the State Convention, which elects the State Committee. It is, however, the city and county machines which control the return of delegates to the Convention, and which use those delegations to force the adoption of a party platform, of a slate of candidates, and of a State Chairman and Committee agreeable to them. The State Chairman is the permanent head of the State organization of the party and serves as campaign manager to the party's candidate for Governor.

Above the State parties is the National party, controlled in between meetings of the National Convention by a National Committee. The National Committee consists of a Chairman, who is the choice of and serves as campaign manager for the party's most recent candidate for President, of a Treasurer, Secretary, and General Counsel, and of one man and one woman from each State, together with representatives of the Territories and of the District of Columbia. It not merely runs the party's national campaign in Presidential years and collects the vast fund required for that purpose, but also is responsible for the national organization of the party in between Presidential elections.

The National Convention, the ultimate governing body of the party, consists of some 900 delegates representing the 48 States, the Territories, and the District of Columbia, represented generally proportionately to their vote in the Electoral College (the Territories and the District have no electoral votes but are represented at Conventions as a courtesy). It is also attended by some 900 alternate delegates with no vote or right to speak

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unless the delegate himself be absent, by many party notables, and by thousands of curious onlookers. These Conventions meet in the summer preceding each Presidential election at some great city, the Republicans usually in the second week in June, the Democrats a few weeks later.

The Convention's tasks are to adopt a platform, to nominate candidates for President and Vice-President, and to elect a National Committee. The platform is apt to be a collection of rather indefinite pledges designed to please as many and alienate as few voters as possible. It is usually soon forgotten. Candidates often in effect ignore it, by making their own platform as their speech-making campaign develops. Indeed they sometimes openly express their inability to accept a plank of it, or intention to add a plank of their own, just before or just after being nominated.

The real business is nominating a candidate for President. Many names are submitted, except when the President is a member of the party and has served one term only, when his re-nomination is a practical certainty and no other names are usually considered. Many of these names are submitted merely as a courtesy to some locally eminent person, with no thought of his actual nomination. It is often difficult to agree upon a choice. Several strong contenders for the nomination may in effect cancel one another out, as McAdoo and Smith cancelled one another out in the Democratic Conventions in 1920 and 1924, or as General Wood, Governor Lowden, and other candidates cancelled one another out at the Republican Convention in 1920. In order to achieve an absolute majority it may be necessary to turn to a compromise candidate, a so-called "dark horse," whose name

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may have been hardly considered before. It will often require many ballots to convince the original aspirants that they cannot get a majority, and to enable the Convention to agree on a compromise candidate.

Many delegates will have arrived pledged to particular aspirants, either because they were elected at a primary or a State Convention to support a particular candidate, or because a primary vote has been taken to "instruct" the delegation, or because the delegation itself has been induced to promise support to some individual. But such pledges can be broken as soon as it appears from early ballots that the candidate to whom the delegation is pledged has no chance of securing a majority. It seldom happens that enough delegates arrive pledged to any one candidate to ensure his nomination, though all serious contenders will have strained every nerve during the year preceding a Convention to secure that number of promises. Normally the real decision will be made at the Convention, by arrangement between those "bosses" who control large numbers of delegates.

The desire of these "bosses," and indeed of most delegates, will be to choose a candidate who can unite the party, and can make the greatest appeal to the floating vote. This may often cause them to give a minor figure, who has annoyed no one, and not been controversially associated with any special wing of the party, preference over a famous one, who has made enemies as well as friends.

For it has to be remembered that national parties in a continent like the United States are federations of State parties, which are themselves federations of county and city political machines. The people who control these machines are chiefly interested in retaining or acquiring

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control of patronage, since only if they have offices and favours to distribute can they secure enough party workers, and put enough voters under an obligation to their local organizers, who must get out the vote.

The United States has had no wealthy leisured class, willing to accept office at a financial loss and able voluntarily to shoulder the burden of party work. In any case, distances are so great in the United States (the average Congressional district is some 6,900 square miles in area as against the 153 square miles of the average British constituency) and the number of electors so large (the average population of an American Congressional district is over 300,000 as against the slightly less than 75,000 of the average British constituency) that much full-time work is required in America where part-time work suffices in Great Britain. Large numbers of full-time workers can be obtained by political parties only if they can pay them. It would be beyond their power to raise sufficient sums for this purpose. Party workers must therefore be paid indirectly, by being put on the public pay roll. Hence the American political doctrine that "to the victors belong the spoils." Hence the resistance which professional politicians put up to proposals to make the entire public service, Federal, State, and local, a career service outside party politics.

American party politics is therefore largely a struggle for control of the 800,000 Federal offices, and the even larger numbers of State and local offices, most of which, despite the Civil Service laws of the past 60 years, are still in the gift of party politicians. The link between the various city and county machines and, indeed, even between the State machines of a given party is often basically simply a common desire to retain, or if in

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opposition to acquire, control over the distribution of these offices.

American parties are not built on any coherent set of political principles, nor even on a single set of economic interests. It would indeed be difficult even to-day, and would have been impossible in earlier years, when it took weeks for news to travel from the Federal capital to many of the States, to find a coherent set of political principles, or a single set of economic interests, capable of serving throughout the entire United States as the sole, or major, basis for a political party desirous of national victory at the polls.

American parties were compelled in the past to be, and still find it convenient to be, alliances on the model of those obtaining between the States of Europe. The various city, county, and State party machines are linked together, as allies are grouped in Europe, on a basis not so much of common ideology as of temporary mutual interest. And just as the mutual interest which determines the formation of European alliances is often no more than satisfaction with, or hostility to, the existing balance of power, so in the United States the mutual interest which determines political groupings is the same.

America's first national parties, the Federalists under Washington, John Adams, and Alexander Hamilton, and the Democratic-Republicans under Jefferson, Madison, and Monroe, were alliances, the former in defence of and the latter in opposition to the balance of power established in the United States at the time of the inauguration of the present Constitution in 1789. Each contained persons of many shades of opinion. Each was divided into several sections by geography, ideology, and



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economic interest. Each had its more conservative and its more radical wing. Each attracted many supporters, including the bulk of its rank and file workers, largely because of the patronage it was or might be able to distribute.

America's existing major parties, the Republicans, whose recent Presidential candidates have been Herbert Hoover and Alfred M. Landon, and the Democrats, whose nominees for President during the past 12 years have been John W. Davis, Alfred E. Smith, and Franklin D. Roosevelt, are also alliances, not homogeneous parties on the British model. They contain persons of very varying views. Their chief unity is merely a common desire to capture control of Federal, State, and local governments, with all the resulting patronage.

Under these circumstances it is understandable that party leaders should be more concerned as to whether a given candidate will be acceptable to all sections of the party than as to whether he shall possess outstanding personal qualities, or even a famous reputation.

The Democratic Party, which has had control of the Presidency since 1933, has its chief strength in the South, in the Mountain States, and in the great cities in the North and East which have the largest foreign-born populations, especially of Catholic and Jewish faith and of Irish, Latin, and Slav race. It has gained 44 per cent. of its Presidential votes since 1912 in the South, and has drawn 35 per cent. of its Senate and House members from this section, as against the 27 per cent. it should have drawn if equally strong all over America.

The Republican Party, which was in power from 1921-33, and which had previously been in power almost continuously since 1861 (the only exceptions were

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1885-89, 1893-97, and 1913-21, when the Democrats Cleveland and Wilson were in the White House), has its chief strength in the East and in the industrial Middle West. It has since 1912 drawn 42 per cent. of its Presidential votes from the East and 36 per cent. from the Middle West, as against the 30 per cent. from each of these regions which it should have drawn if evenly spread all over the country. In the last Congress it drew 52 per cent. of its House members and 50 per cent. of its Senators from the East, and 38 per cent. of its House members and 24 per cent. of its Senators from the Middle West. If equally strong all over America the appropriate percentages would have been 25 per cent. of the Senate and 31 per cent. of the House, each from East and Middle West.

The Republican Party has been strong in the rural areas in the East, Middle West, and Pacific States, amongst northern and western negroes (who alone are allowed in practice to vote), amongst immigrants of Teutonic origin, and in districts in which great business and industrial interests were dominant.

Analysing the position by States, the position is as follows :

Thirteen States, all southern, with 146 electoral votes in all, have usually elected Democratic Electors and other officials. Thus Alabama, Arkansas, Georgia, Louisiana, South Carolina, and Mississippi have always voted for Democratic candidates at Presidential elections. Florida, North Carolina, Virginia, and Texas have done so in every election except that of 1928. Kentucky, Tennessee, and Oklahoma have done so in 5 out of the last 7 elections.

Eight States, all north of the Potomac River and east of the Rocky Mountains, with 89 electoral votes in all,

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have usually voted Republican. Thus Vermont has always done so. Pennsylvania and Maine have done so always until 1936, when they voted for Franklin Roosevelt. Connecticut, Delaware, Michigan, Minnesota, and South Dakota have done so in 5 out of the last 7 elections.

Sixteen States, mostly in the West, on the border of the South, or containing great masses of Catholic immigrants, have voted Democratic 4 times out of 7. These are Idaho, Montana, Wyoming, Colorado, Nevada, New Mexico, Arizona (all Mountain States), Nebraska, Kansas, North Dakota (western prairie States), Missouri, Ohio, Maryland (States bordering upon the South), Rhode Island, Massachusetts, New Hampshire (New England States with large Irish, French-Canadian, and Italian Catholic populations).

Ten States, mostly in the North and West, have voted Republican 4 times out of 7. These are New York, New Jersey, West Virginia (eastern States with industries and rural districts which are traditionally Republican), Indiana, Illinois, Iowa (mid-western States with populations originating from Republican strongholds in New England), Utah, Oregon, Washington, and California (western States with similar affiliations).

One State, Wisconsin, at the headwaters of the Mississippi River, has voted 3 times Democratic, 3 times Republican, and once for its favourite son, Robert M. La Follette Sr., running as a Progressive.

It is in these 27 very doubtful States that the contest is apt to be most bitter, States which have voted almost always Democratic or Republican, as the case may be, being treated as British parties treat one another's really safe seats. New York, Illinois, Ohio, California, Massa-

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chusetts, New Jersey, Missouri, and Indiana especially, because of their large electoral vote, are the decisive States. Their vote, added to that of the 10 normally Republican States, will ensure a Republican victory. The vote of the first four of them, added to that of the 13 States of the solid Democratic South, will ensure a Democratic victory.

It is usually possible to forecast the result of a forthcoming Presidential election by reference to the results of the preceding Congressional elections. No party has ever in modern times won the Presidency without winning a majority in the House of Representatives two years before. Thus the Democrats won a House majority in 1910 preceding their Presidential victory in 1912. Thus the Republicans won a House majority in 1918 preceding their Presidential victory in 1920. Thus also the Democrats won a House majority in 1930 preceding their Presidential victory in 1932.

Since the Republicans were still in a minority of over 70 in the House after the 1938 Congressional elections, it will be wholly contrary to precedent if they win the Presidency in 1940. On the other hand, no party has ever won so many seats from its opponents at any mid-term election as the Republicans won from the Democrats in 1938. Their net gain of 81 seats would on any previous occasion have been more than enough to give them a majority. A similar gain in 1940 would indeed give them a House majority of 90, and probably win them the Presidency as well. For there has been no occasion in this century on which a party has won the Presidency without winning a House majority at that same Congressional election, or vice versa.

The political pendulum in the United States seems to

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swing at intervals of from seven to eleven years, chiefly because depressions, big or little, seem to occur at those intervals. The American elector almost always blames the party in office for depressions. One can indeed almost always prophesy American elections results by studying economic statistics. If farm prices, levels of employment, wage rates, business profits, and stock market prices are tending upward, then the "Ins" are almost certain to win. If these economic indices are tending sharply downward, the "Outs" are within sight of victory.

No party has retained a House majority (and the House is the only part of the American political machine quickly responsive to shifts in public opinion) for more than 16 consecutive years. Indeed only once have the Republicans had such a majority for more than 12 years (the exception was 1895 to 1911), and only once have the Democrats had one for more than 8 years (the exception is 1931 to date). The average duration of a House majority has been just over 8 years for the Republicans, just over 6 for the Democrats, each party having had five periods of House control during the past 75 years.

The relative strength of the major parties, and there have never been more than two major parties at one time, has varied at different epochs of American history. The Democrats, much the weaker of the two parties during the period 1895 to 1929, and much the stronger since the Great Depression, were very much the stronger between 1800 and 1860, and were still able to run neck and neck with the Republicans between the end of the Civil War and the Depression of 1893. They are the only American Party with a continuous history since the early days of the Republic, though they fought under

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another name (that of Republicans or Democratic-Republicans) from 1796 to 1820. Originally they were a party drawing its strength chiefly from the South and West, and they retained a supremacy over others from the end of the eighteenth century until the Civil War. That war greatly weakened them, chiefly because it enabled the Republicans, a new party formed just before that struggle, to create an alliance between East, always a conservative stronghold, and the expanding West, an alliance which endured, with few interruptions, until the Great Depression of 1929-33. The Depression looked like breaking that alliance between East and West (Middle and Far) and creating behind the Democratic Party a new alliance between South and West, based on common resentment against the business and political leadership in power before the Depression, and on common desire to use Federal powers and funds to benefit poorer regions and interests. If the Democrats could consolidate such an alliance they would be able to look forward to a long period of dominance, such as they enjoyed when such an alliance last existed, prior to the Civil War.

Opposed to the Democrats have been three parties, the Federalists from 1796 to 1816, the National-Republicans or Whigs from 1824 to 1852, and the Republicans from 1856 to date. These three parties have been alike in drawing relatively little support from the South and relatively much from the North-East. They have also been alike in their ability to enlist the support of most of the great propertied interests, commercial and industrial. They have also all been high tariff parties, whereas the Democrats, without being free traders, and without doing very much to reduce tariffs when in

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power, have normally, as a party drawing much support from rural and debtor elements, been in principle low tariff men.

The Republican Party, between the Civil War and the Great War, appealed to the East largely because of its advocacy of high tariffs and to the West because of its policy of free land for the settler. It was apt to be generally in office, since the Civil War and the Depression of 1893 had greatly weakened the Democratic Party. Only during hard times did it get forced out of office. It was therefore increasingly, though never wholly or avowedly, a conservative party. The Democratic Party, on the other hand, being normally a minority party and gaining office usually only during hard times, became increasingly a party of protest and a vehicle for those reforms the nation inevitably demanded during hard times. It therefore became to some extent, though never explicitly or universally, a liberal party. It was the easier for these developments to take place as the Republicans were much affected by the Hamiltonian tradition, their party being in a measure the heir of the defunct Federalist and Whig parties, whereas the Democrats made much play with the name and principles of Jefferson, the founder of their party. It is indeed to the quarrel between Hamilton and Jefferson, America's first and in some ways greatest conservative and liberal respectively, that American parties owe their origin. The influence of those early days has given the two major parties of America whatever ideological basis they have ever had.

It is, however, utterly misleading to call the major parties of to-day conservative or liberal. For each party has a conservative and a liberal wing. The Southern

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Democrat is a typical conservative. The Republican from the rural Middle West is often a vigorous radical. Republican Presidents like Theodore Roosevelt have been almost as liberal as Democratic ones like Wilson or Franklin Roosevelt. Democratic candidates like John W. Davis are as conservative as Republican Presidents like Calvin Coolidge or Herbert Hoover.

The liberal-conservative struggle in America is indeed rather an intra-party than an inter-party contest. There are times when the liberal element (or, as Americans would say, the progressive element) is uppermost in both parties. It was so in the 12 years before the war. It has been so since the Great Depression. There have been other times when the conservative (or, as Americans would say, die-hard) element has been uppermost in each. It was so in the years between the Great War and the Great Depression. It is true that the successful candidates of the Republican Party have usually been conservative (Theodore Roosevelt being the exception), whereas those of the Democratic Party have usually been liberal (Grover Cleveland being the exception). It is true that it is normally easier for liberal elements to capture the Democratic Party, at least temporarily, than for them to capture, even momentarily, the Republican one. But it is still inaccurate to try to label either party, each being a coalition of conservatives, radicals, and a wide, powerful, non-ideological centre.

Some efforts have been made to create a liberal party in America. On the one hand, three important attempts have been made to do this through the medium of a new party, called Progressive. In 1912 Theodore Roosevelt broke away from the Republicans, formed a third—or Progressive—party, and actually secured over 4 million



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votes. In 1924 Robert M. La Follette Sr. also broke away from the Republican Party, formed an alliance with progressive members of both major parties and with the Socialist Party and the labour unions, and polled over 5 million votes as a Progressive candidate. In 1938 Robert La Follette's two sons, Senator Robert and Governor Phillip, formed a National Progressive Party and announced their intention of building it up all over America as a permanent competitor to Democrats and Republicans alike. These third party movements have, however, not proved successful. Theodore Roosevelt was back in the Republican fold and his Progressive following had dispersed within four years of the 1912 campaign. Robert La Follette's 1924 following did not hold together in the next election. The young La Follettes' National Progressive Party met with a serious setback in 1938, when it failed to carry even its founders' native State of Wisconsin.

On the other hand, under Bryan in 1896, under Wilson in 1912, and under Franklin Roosevelt recently, attempts have been made to consolidate the liberal hold over the Democratic Party. These efforts, too, have been disappointing. Within 8 years of Bryan's dramatic radical campaign in 1896 the Democrats were nominating a conservative, Parker, as their Presidential candidate. Within 4 years of Wilson's departure from the White House the Democrats were nominating another conservative candidate, John W. Davis. Recently Franklin Roosevelt has been unsuccessful in his attempt to purge the Democratic Party of those nominal Democrats who opposed his programme in the 1937-39 Congress. While some liberal Republicans, like Henry Wallace and Harold Ickes, have become Democrats, and some conservative

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Democrats, like Davis and Smith, have carried their hate of the New Deal to the point of openly supporting the Republican candidate, no general movement of liberal Republicans and conservative Democrats across the floor of the House is to be noted. On the contrary, liberal Republicans are in many cases eagerly contending for control of their party in 1940, while conservative Democrats, like Vice-President Garner and Senators Glass, Byrd, Burke, Clark, and others, refuse to admit that they are poor Democrats, and eagerly await their chance to regain control of the party when the Roosevelt term is ended.

It is only for the purposes of elections that American parties are united, it being a cardinal, rarely committed, and never forgiven sin to desert the party openly at such times. In between elections, and so far as legislative voting and speaking is concerned, party discipline is almost non-existent. Liberal Republicans will cheerfully support Democratic measures, as so many Republicans did support Roosevelt measures, not merely in 1933 but in 1938. Conservative Democrats will equally cheerfully oppose their leaders' radical measures, as so many did many New Deal proposals, especially in the 1937-39 Congress. Such cross-voting in the legislature is frequent and is usually condoned by the parties concerned. Loyalty to the party at elections and so far as patronage is concerned is the vital matter. If disloyalty be shown in those matters it will not be forgiven by party bosses, or even by the rank and file. But if one's record is straight in such matters one can get away with much opposition to the legislative programme of one's party.

Minor parties, with an ideological basis, do of course exist in America. There is a Socialist Party, a Socialist-

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Labor Party, a Communist Party, a Prohibitionist Party, all of which nominated Presidential candidates in 1936. The combined vote of all these four parties was, however, less than 1 per cent. of the total poll. They returned no members to Congress.

There are certain local parties which are of tougher fibre. A Farmer-Labor Party dominated the State politics of Minnesota, elected a few Senators and Representatives, and enjoyed some influence in neighbouring States for some years prior to 1938, though it then suffered defeat, the State reverting to the Republicanism it has normally shown at Presidential elections.

A Progressive Party dominated Wisconsin for many years, firstly as a wing of the Republican machine, voting Republican at Presidential elections, and then as an independent party, supporting Roosevelt in 1932 and 1936.

An American-Labor Party was formed in New York in 1936, and managed to poll some 400,000 votes in New York City for its slate of candidates in the Presidential election of that year, the Mayoral election of 1937, and the mid-term elections of 1938. This was, however, largely an expedient to mobilize working-class votes for Roosevelt the Democratic President, La Guardia the Republican Mayor, and Lehman the Democratic Governor. It was a convenience to those who wished to signify their support of the Democratic Party in State and national matters without having to support the New York City Democratic candidates, who were tarnished by their Tammany Hall affiliations (Tammany being the Democratic local machine on Manhattan Island, central borough of New York City, and one with a long-standing reputation for political corruption).

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There is no sign of a national Labour Party being formed in America. The eight million trade unionists, divided as they are into several distinct and often very hostile groups, prefer to exert political influence as a pressure group rather than as a separate party. They are wise to do so, for 8 million votes are enough to induce either major party to proffer favours, without being enough to float a major party with any chance of success. The U.S.A. has too many farmers, who are fundamentally conservative and individualistic except where their own grievances are concerned, and far too many middle-class citizens for any party to have hopes of national success on a mainly working-class basis.

Indeed the difficulties which are experienced by all minor parties, and which have been experienced by all who have tried to form a third major party or to make either existing major party definitely liberal, are evidence that the American Party System, illogical as it may seem to British observers or to students of political science, does accurately fit the actual American situation. It allows 130 million people, spread over 3 million square miles, to operate a democratic and representative system of government, in spite of the way in which the different regions of that huge continent and different groups of that diverse population disagree with regard to most current issues. It facilitates those continual compromises which, though disheartening to the idealist or the ideologist, seem to be essential if a great continent is to remain united and peaceful.

## CHAPTER V

### PROSPERITY AMERICA : 1921-29

THE United States had attained hitherto undreamt of heights of prosperity during the war years. Production in many countries was disorganized because of hostilities. Great exporting countries like Germany were temporarily shut off from the markets of the world, and others like Britain were compelled to turn a large part of their attention to filling war orders rather than to maintaining their former foreign markets. The United States was therefore able to obtain a far larger share of the foreign markets of the world than she had ever enjoyed before. Moreover, the insatiable demands of the allied armies and peoples for food, raw materials, and munitions provided American farms and factories with steady orders for the maximum that they could produce, at any price they cared to name.

It was true that the foreign purchases of American goods could not be paid for in goods, or even, after a short while, in gold and in securities. America acquired a considerable part of the world's gold reserve and the larger part of the world's former holdings of American securities, but, even so, could not obtain payment for all that she was selling during the war years. She had to postpone payment of a large part of the debts owed her, receiving IOU's to vast amounts from foreign indi-

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viduals, companies, and governments. She thus became, almost overnight, the world's greatest creditor, having been in 1914 still a debtor nation.

This inflated war demand for American goods, and the proven inability of foreign countries to discharge the resulting debt in the form of goods which could get past the high American tariff, was in the end to create great difficulties for the United States. But—except in so far as agriculture was concerned, where the effects of the cessation of the artificial war demand were soon felt—the United States was able for 11 years to maintain, and even to increase, her immense war prosperity. For the war zones of the world needed to be reconstructed, and foreign nations everywhere had to catch up the ground they had lost during the war years, and were eager to buy American goods, to the extent to which American loans made such purchases possible. And these loans continued to flow even more freely after 1924 than they had prior to 1920, the only difference being that the pre-1920 loans were largely owed by allied governments to the U.S. Government, whereas the post-1924 loans were largely owed by ex-enemy governments and peoples to individual American investors.

So long as American investors would lend money to foreign governments, municipalities, companies, and individuals, as they continued to do until 1929, the flow of American goods all over the world could also continue. And this demand, superimposed upon the immense domestic demand of a prosperous U.S.A., provided steady and large orders, at remunerative prices, for a large part of American industry, if not for American agriculture.

Apart from the brief post-war depression of 1920-21,

and for another slight recession in 1924, almost all the business indices of America registered a steady, and at the latter stages an incredibly rapid rise. This rise was more marked on the stock markets than anywhere else. The Americans have in modern times been more stock market conscious than any other people. It is on stocks and shares rather than on horses or football results that immense numbers of them gamble. People—who in Britain would never speculate in stocks, would indeed in many cases seldom even buy stocks for permanent investment—were accustomed in pre-1929 America to gamble in the stock markets. They avidly read the latest Wall Street prices, and not only became rich, but felt even more prosperous than they really were when those prices were going up. Buying, as most of them did, on margin, that is putting up only some 10 or 20 per cent. of the full sum they were risking, and sometimes borrowing even the amounts they had to put up as margin coverage, Americans with modest sums to risk could make, if the stocks they held rose, immense profits. A poorly paid professor, whose £100 could under no normal circumstances grow into a large sum, might, by using that sum as a basis for speculation on margin in the stock markets, multiply it in a short space of time. A gambling mania therefore took hold of the American people, and did create paper values, and paper fortunes, on a scale never before known.

Never, therefore, did owners and speculators in urban and suburban real estate, and in stocks, bonds, and shares, find money-making so easy. Never did the factories which produced consumers' goods, and especially luxury ones, do better. And even the durable goods industry was on the whole reasonably prosperous, since the bull

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psychology of the country was leading to the erection of new factories, office buildings, and homes. Only agriculture, bereft of its war demand and war prices, was outside the general prosperity.

While it was the middle and upper classes, if America be admitted to have an upper class, which profited most by this era of prosperity, the recipients of smaller salaries and skilled wage-earners profited as well. The cost of living did not rise markedly, despite the immense general rise in values, and persons on fixed incomes prospered. Moreover, a shortage of skilled workers and of personnel for executive positions in industry and commerce and the professions, combined with the large profits which were being made, tended to induce wage and salary increases. This was the time when the American skilled workman began to regard a car as a necessity, and the American salaried man a new car every year or so, or two cars a family, as a semi-necessity. This was the era in which most Americans thought that prosperity would never stop increasing, and therefore developed the habit of buying recklessly on the instalment plan, thus mortgaging their future for a present even more comfortable than their existing prosperity would itself allow. No wonder this America was so often called by visitors from a war-torn Europe "America the Golden."

This material prosperity naturally made Americans, always acutely conscious of their economic situation, indifferent to their political problems. The discontent of the eighteen eighties and nineties, and of the immediate pre-war period—which had led to the Populist and Progressive movements, and had produced an attack upon the great industrial trusts, upon the eastern money



power, upon conditions in many industries which sweated their employees or exploited the consumer, and upon the wastage of national resources of timber, wild life, minerals, and land—largely disappeared. Americans once again, as in those earlier days when an expanding frontier and a never-ceasing series of new discoveries of natural wealth gave them a sense of unlimited horizons, felt that theirs was "God's Own Country," and that, as compared with devastated, poverty-stricken Europe, there was little wrong with it. With so many signs of prosperity around, few Americans could be stirred to indignation by such blots upon their national escutcheon as the more thoughtful of them were prepared to admit were present even in that era of prosperity. If there was still much poverty in certain quarters, still terrible slums, still much exploitation of wage-earner and public, still much corruption in politics, still reckless wastage of natural resources, what did it matter, when the nation was so rich, and when the enterprising individual could still hope to lift himself out of the level of the impoverished and exploited ?

It seemed to many Americans, as it has usually seemed to most of them except in times of economic depression, that they would be wasting their efforts if they applied to politics the thought, time, or money they willingly applied to their personal advancement, and to the material development of America. The able, enterprising, energetic man, and the typical American has all those qualities, could hope to make not merely far more money for himself, but far more for America, by applying himself to some private pursuit, than he could make by applying himself to politics. He could indeed make more than the politician could waste.

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This post-war era was therefore one of political apathy. The American public swept away the Wilson administration and all its works in the November 1920 elections, electing the Republican Warren Harding in preference to the Democrat James Cox by a popular vote of 61 per cent. to 34.5 per cent. Mr. Harding, a distinguished-looking and personally affable, but in fact rather second-rate, small town newspaper owner from Ohio, who had served in the U.S. Senate since 1915, and who some years earlier had been Governor of Ohio, was not a strong candidate, but the public would probably have elected any Republican, however undistinguished, in preference to any Democrat, however notable. It was eager to respond to the Republican appeal for a "Return to Normalcy." It was uninterested in the Wilsonian appeal that it should continue to assume responsibility for the worrumsome problems of Europe. It was tired of the government interferences with business which had marked not merely the war period, when even the American temperament and political system allows for a semi-dictatorship, but to some extent the pre-war period, when Theodore Roosevelt's crusade for the "Square Deal" and Woodrow Wilson's for a "New Freedom" had frightened business interests. It wanted to get back to its real concerns, which in that era it naturally felt to be business. It fully shared, so long as business looked like remaining good, the Coolidge view that "the business of the United States is business," and that what was needed was not more government in business but more business in government.

These views were indeed largely shared by the Democrats, despite the lip service which that party had to pay in the elections of 1920, and, to a lesser extent in subse-

quent elections, to the very different ideals of its late leader, President Wilson. Mr. John W. Davis, ex-Ambassador to Great Britain and wealthy legal adviser to great New York corporations, the Democratic Presidential candidate in 1924, and Mr. John J. Raskob, wealthy executive of the General Motors Company, who was campaign manager and close friend of Al Smith, Democratic candidate in 1928, did not have at bottom much greater doubts that on the whole all was well with America, and that it would be better for Washington to take the advice of Wall Street than Wall Street that of Washington, than did their Republican opponents. Even Mr. Franklin Roosevelt, when he emerged in 1927-28 from the sick-bed to which he had to retire soon after his unsuccessful campaign for the Vice-Presidency in 1920, seems to have shown, as a New York lawyer and business man and even as Governor of New York prior to the 1929 crash, little real awareness of the faults in America which he has subsequently, with great force, insisted were such as to make that crash inevitable. There is little to indicate that American political history would have been very different had the Democrats elected Cox in 1920, Davis in 1924, or even Smith in 1928 to occupy the White House in the place of Harding, Coolidge, and Hoover.

It is possible that Al Smith—who was a notable Governor of New York for four two-year terms (the last three being consecutive) from 1918 to 1928, and who rose high above his Tammany Hall origin to win the reputation of a fearless, honest, and progressive executive, with a great flair not merely for public but for political and legislative contacts—might have adjusted himself to the collapse of 1929 better than President Hoover did. The

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latter lacked the warm humanity, the political realism and adroitness, and the sure grasp of political and popular currents, which Al Smith had acquired. Mr. Hoover had never had to serve the apprenticeship to politics served by Al Smith and Franklin Roosevelt. The Presidency was the first elective office he had ever held. He was an engineer by training and a business administrator by experience. He thought of political problems as if they were similar to engineering problems, to be solved by careful research, the drafting of accurate blueprints, and the issuing of the necessary orders. He had no sense of the vital political importance of compromise. He did not realize that in politics it is often what the public feels, rather than what is actually the case, which is the vital factor in determining what is possible politically. He was therefore almost the worst possible person to have to face the conditions of the depression, admirable though he might have been at other times and under other conditions as an engineer President.

But the difference between him and Al Smith would have been one of personality rather than of political views, since Al Smith prior to the crash was as unaware of the likelihood of it as any Republican, and has since then taken the same position of opposition to the New Deal as that taken by Mr. Hoover himself.

In so far as there was opposition to the complacency and conservatism of the Republican rulers of America from 1921 to 1929, it came, not from the Democratic Party as such, but from dissident elements in both parties, often known as "Progressives," and from that coalition of all discontented elements in America which polled over 5 million votes for Robert M. La Follette as a "Progressive" candidate for President in 1924.

The Republican leadership refrained from using the powers of the Federal Government under such Acts as the Sherman Act and the Clayton Act to prevent the further trustification of business. Even semi-independent government commissions, like the Inter-State Commerce Commission and the Federal Trade Commission, came to be rather admirers and bulwarks of the prevailing business leadership than the oppressors of it, which they had been, and were later again to be, charged with being. The Department of Commerce under Mr. Hoover not merely put behind the push of American business for enlarged foreign markets all the weight of the Federal Government, but also encouraged standardization, the formation of trade associations, and even mutual price-fixing arrangements and agreements to check unfair practices and cut-throat competition in domestic business.

With the government indifferent to, and even encouraging, the formation of trade associations and combines, it is not surprising that the concentration of control in American economic life, long noticeable in many spheres, developed apace in this prosperity era. Some 594 giant corporations came by 1933 to own no less than 53 per cent. of the entire corporate wealth of the country, and since there was much interconnection between some of these great corporations, and between them and smaller corporations, the concentration of real economic power was even more complete. The holding-company device was widely used, in the field of public utilities by such men as Samuel Insull, and in that of transportation by the Van Sweringen brothers, and many others, so as to give men with relatively small personal holdings indirect control over enormous aggregations of capital.

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Even in banking, despite the popular prejudice and legal barriers against branch banking, the same concentration of control was to be noticed. The number of separate banks in the U.S.A. decreased from over 30,000 to scarcely 16,000 between 1920 and 1935, and the 25 largest of them, which in 1920 controlled less than one-fifth of the total investments and loans, came by 1935 to hold over one-third of the total. The economic empires of such men as John D. Rockefeller, J. P. Morgan, and Andrew Mellon grew to a vastness never before approached in any country, and such as almost to overshadow the State itself. And such men, until the Great Depression, enjoyed a prestige far beyond that of any politician. They had lived down the prejudice which existed against them in the late nineteenth century, when "trust-busting" and "muck-raking" were in the vogue, and, because of their reputed economic skill and contributions to advancing national prosperity, as well as because of their immense charities, attained an almost legendary fame.

It was the constant desire of the government, well exemplified in the Harding, Coolidge, and Hoover reliance upon Andrew Mellon as Secretary of the Treasury, to help and not hinder the business men of the country. The Revenue Acts of 1921, 1924, 1926, 1928, and 1929 all included drastic tax reductions. Despite this, revenue was so buoyant that it was possible to pay off nine billion dollars' worth of the national debt, the total figure being reduced from a high point of 25.4 billion in 1919 to a low point of 16.18 billion in 1930, and the *per capita* figure from 246 dollars to 131. Since gross national income was increasing between 1919 and 1929 from 65 billion dollars to 91 billion, the decrease in Federal

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expenditures from 18 billion in 1919 to 3.8 billion in 1929 meant an enormous diminution in the burden of the Federal Government upon the tax resources of the country. This could hardly fail to encourage a bull psychology, and to provide increasing funds for capital investment in private enterprises and for stock market and other speculation.

Industry was also encouraged by the various tariff Acts. Of these the most important were the Fordney-McCumber Act of 1922, and the Hawley-Smoot Act of 1930. They increased the tariffs on almost every type of manufactured article, and on such foodstuffs and raw materials as the United States could produce, to, in many cases, utterly prohibitive levels. Theoretically the idea was to equalize costs of production in a high wage country like the U.S.A. and the low wage countries of Europe and Asia. To make more sure that this equalization would be achieved, a Tariff Commission was established and the President was given power to raise or lower tariff rates by not more than 50 per cent. if shifts in domestic or foreign wage levels or other costs made that necessary for the protection of American standards of life. Of the 37 changes made by Presidents Harding and Coolidge under this flexible provision no less than 32 involved increases in the existing tariff. Actually, equalization of costs of production is not as scientific a formula as it sounds, even if impartially and accurately administered. If it could be worked it would make trade wholly useless, since it is only those goods which can be produced more cheaply abroad which there is normally any point in buying from abroad. Administered as it was, it did not go to the extreme of equalizing, for example, the costs of producing bananas naturally in the

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West Indies and artificially in the U.S.A., but it did protect many inefficient American industries, and gave far more protection than was really needed to a host of others. It enabled them to charge the American consumer far higher prices than were demanded by the actual domestic cost of production, which machinery, mass production methods, and other labour-saving and waste-eliminating devices were constantly reducing. It thus stimulated their profits and their expansion, and enabled many of them to dump abroad an increasing surplus at low world prices, since their costs could be covered by the highly profitable sale of the portion of their product consumed domestically.

American labour, in any case inclined to believe that a high tariff, a steady job, and a full dinner-pail went together, was induced to accept these favours to industry by the protection accorded to its wage levels by the revised immigration law. Perhaps the most striking of the many changes in American life, as between the pre-war and the post-war eras, was the closing of the hitherto open door into the vast American continent. One million immigrants a year had been entering the U.S.A. immediately before 1914. An Act of 1921 limited the number who might enter the U.S.A. from any European, Australasian, Near Eastern, or African country (other countries being covered by the Asiatic exclusion provisions and the "Gentleman's Agreement" which prevented Japanese immigration) to 3 per cent. of the persons of that nationality resident in the U.S.A. in 1910. This meant that the total immigrants in any one year could not exceed 357,803. In 1924 another Act was passed reducing the percentage from 3 to 2, and taking the census of 1890 instead of that of 1910 as a basis. This



not merely drastically reduced the total number of immigrants who might come in but also discriminated in favour of immigrants from Britain, Ireland, Scandinavia, and Germany, and against those from southern and eastern Europe. Finally, in 1929 a National Origins Act reduced the total number of immigrants per year to 150,000, and divided this total among the various white and negro countries (Asiatics being wholly barred) in proportion to the national origins of the American people as they were in 1920, which involved a still heavier redressing of the balance of immigration against Slavs and Latins and in favour of British, and to a lesser extent Irish, Scandinavian and German.

The Immigration Law also excluded persons whose morals or political views or state of health was deemed dangerous to America, and also all who could not read at least their own national language, unless they were near relatives of persons previously admitted. It also excluded persons who were deemed likely to become a public charge—not a serious bar in times of prosperity, but capable of bringing immigration almost to a standstill in times of depression.

Five problems did, however, involve politicians in greater difficulties and controversies during this era of interest in business and apathy in politics. These were those of Prohibition and Crime, Veterans' (*i.e.* ex-soldiers) Benefits, War Debts, Oil and Electrical Power, and Agriculture.

Many American States had had State-wide prohibitions of the manufacture, transportation, and sale of alcoholic liquors long before 1917—some for upwards of fifty years. The problem of enforcing Prohibition in dry States while neighbouring States were wet was always a difficult one,

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and necessarily involved the Federal Government—creating much the same problems as had been created half a century earlier, when some States were slave and some free. A Federal amendment to the U.S. Constitution, the 18th, prohibiting “the manufacture, sale, or transportation of intoxicating liquors” was adopted by Congress in 1917 and ratified rapidly by sufficient States for it to be proclaimed in effect by January 1920. Congress had previously (October 1919) passed, over President Wilson’s veto, the Volstead Act, defining intoxicants as beverages containing over  $\frac{1}{2}$  of 1 per cent. of alcohol, and providing stringent regulations for the enforcement of Prohibition. The problem of enforcing Prohibition fell therefore to the politicians of America during the prosperity era, when Republican Presidents and Congresses were in office.

It was not an easy one. A great majority of Americans might favour Prohibition in theory, on moral, religious, social, and economic grounds. Many Baptists and Methodists thought drinking, as some thought smoking and even dancing, to be wicked. Many social reformers thought that alcohol and crime and disease were closely connected. The drink trade and the saloon (the American variant of the public house) had had many obvious abuses in pre-Prohibition America. The efficiency of the working man was often lowered by over-indulgence in alcohol, more especially because Americans developed the Scottish habit of drinking spirits, instead of the Latin habit of drinking wine, or the German one of drinking beer, and because those who came from countries used to light wines and beer had little discretion and carrying power when it came to drinking hard liquor, while even the Scots found the

climate of America less compatible with heavy drinking of spirits than the climate of Scotland. Business men thought that if Prohibition were introduced their workers would be more efficient and would have more money to spend on the products of other branches of industry. Many women resented the waste of money and other consequences of their husbands', sons', and other male relatives' indulgence in alcohol. Above all, the Anti-Saloon League had developed into the best lobby in America, able to swing enough voters and collect enough political information to blackmail a majority of most legislatures into supporting its measures, even when the legislators privately deplored the necessity of having to do so. But all this support of Prohibition did not alter the fact that an important minority of the American people had all along been utterly opposed to Prohibition, and that an important element even of those who supported the law in theory had no intention of observing it in practice.

America has always had a rather lawless tradition, the result of its revolutionary origin and its long continued frontier conditions. As some wit has said, the Americans carry democracy further than the British because they give the individual voter a voice in the vital question of which laws shall be broken as well as in the less urgent one of which shall be enacted. But no country, however law-abiding its people traditionally are, could hope to enforce a law affecting the personal habits of the individual citizen when a really important minority of its inhabitants was utterly opposed to the regulation, and when many who supported it felt, as so many American advocates of Prohibition did, that it was good for the country, and should be observed by their workers or people with less

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discretion about drinking, but not by them. It was beyond the power of government to compel the German, Italian, Irish, Russian, and other inhabitants of America's great cities, or the backwoodsmen of the Great Smoky or Rocky Mountains, to forego the beer, wine, or spirit they had been respectively accustomed to enjoy. Illegal home brewing and distilling, illegal importations, and ultimately illegal mass production, were inevitably the result of an attempt to force tens of millions of people to give up a habit which they enjoyed, and could not be induced to regard as wrong. In almost all States, even in the interior and where there were rigid State Prohibition laws and a strongly favourable public sentiment, it soon became possible for the determined drinker to discover some illicit "speakeasy" where he could buy a drink, or some secret source of supply, from which he could fill his flask or his cellar. And in the great cities, and the States along the Canadian and Mexican borders and along the two coasts, it soon became almost easy to find a means of getting hold of alcohol. In New York City, for example, where public opinion was strongly wet, and where the local police were equally so, "speakeasies" hardly bothered to be secretive.

Many States and the Federal Government made considerable efforts to enforce the law. Federal appropriations for Prohibition enforcement ran to 10 million dollars a year. An average of 50,000 arrests and 30,000 convictions was maintained. But breaches of the law continued. Bootlegging, or illegal manufacture or trading in intoxicants, became a great industry. Since this huge industry, making vast profits, could not settle its internal disputes by appeal to the courts, it tended to settle them by gang agreements and gang crimes, more

especially since it was an industry which immediately and inevitably attracted the criminal. Illegal trade in intoxicants provided American criminals with immense funds with which to corrupt public officials or to organize all sorts of crime on a mechanized and large scale basis. "Rackets" of all kinds, that is, extortion supported by one kind or another of blackmail, developed to an amazing extent, so that millions of Americans were being bled by criminals from fear of reprisals if they did not pay for "protection." Much of the liquor sold was thoroughly bad, and some positively poisonous. The palate of many Americans was destroyed. They developed a taste for bad liquor and liquor consumed in haste under not too dignified circumstances. It became, especially amongst the young, positively smart to carry a flask and to drink on the sly. Disrespect for this law, becoming almost a fashion, led inevitably in many cases to a disrespect for law in general.

An agitation for repeal of the Volstead Act, and of the 18th amendment itself, therefore early developed. But for a long time it made little headway. Not until the Depression, when States and the Federal Government were looking greedily for new sources of revenue, such as liquor taxes might provide, when most aspects of the previous era were discredited, when the public mind was again interested through adversity in the reform of abuses, and when a frantic, dispirited America was in the mood for the solace of alcohol, did this movement become powerful enough to reverse the law. Long before then, however, the movement for repeal had become important. It had nearly split the Democratic Party in 1924, when the wet, Roman Catholic, urban, northern supporters of Al Smith fought long and hard and suc-

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cessfully against the dry, Protestant, rural, southern supporters of McAdoo, and when a tired Convention had therefore to agree upon the compromise candidature of Davis. It won Rhode Island and Massachusetts, but lost Virginia, North Carolina, Florida, and Texas for Smith in 1928, when he won the Democratic nomination and announced himself a "wet," but polled fewer electoral votes than any Democrat had ever done before. It embarrassed the Republicans, a dryer though not a dry party, and would have served to prevent such a prominent party figure as President Butler of Columbia University from being nominated, even if there had not been other things than his wet views to make him unavailable.

Wettish though the Democratic Party, except in the South, early became, and dryish though the Republican Party, except in the great cities, long remained, the Prohibition issue did not, however, really become at any time a major party issue. It was a major political one, but, like most major issues in America, one on which national parties, conscious of their coalition character, were anxious to straddle. Democrats as well as Republicans had passed the 18th Amendment and the Volstead Act. Republicans as well as Democrats passed, in 1933, first an Act allowing light wines and beers, and then a repeal of the Prohibition Amendment itself.

It is, perhaps, doubtful whether the problem has been solved by the repeal of Federal Prohibition and State Prohibition in many, though by no means all, States. The liquor problem is still present, and there are some who think that the wheel may turn again and Prohibition in the end come back. It will, however, be a long time before memories of the abuses of the Prohibition Era

become dim enough not to outweigh in the public mind evidences of the abuses of the drink traffic.

One thing which serves to keep memories of the abuses of the Prohibition Era alive is the still present crime problem. The prevention of crime has always been difficult in a country of the vast size, scattered and constantly moving population, and racial heterogeneity of the U.S.A. All countries have experienced crime waves since the Great War, and since the modern emancipation of youth and of women, the breakdown of the old authority of family and church, and the disappearance of the nineteenth-century conception of sin and hell fire. Motor cars, plastic surgery, education, and other achievements of modern times, being drawn into the service of the criminal, have made the work of the police more difficult. Crime has, at least in the U.S.A., become more highly organized, gangs and rackets being run on a large scale and with ample funds behind them, to enable them to operate in many States, to employ every sort of skilled assistance, and to attempt to corrupt law enforcement officers. The growing disparity between rich and poor, which was very marked in the U.S.A. between 1914 and 1933, has also played its part in stimulating crime. And the narrowing opportunities for economic advancement—noticeable as the country grows more static, and as the second frontier of new discoveries, foreign markets, and speculation goes the way of the first frontier of vacant western lands—being combined with an increased veneration of material success, inevitably attract some young men and women to prefer the easy money, as it seems, of crime to the hard money of honest work in an increasingly trustified and stratified America.

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But none of the many reasons which could be given for the crime which is now recognized to be one of America's major problems is more obvious than the vicious effects of Prohibition. And the repeal of Prohibition has led to an increased effort to deal with other aspects of the crime problem. These include the enlargement and improvement, under the direction of Edgar J. Hoover, of the Criminal Investigation Bureau of the Dept. of Justice, and the much publicized activities of America's "G. Men," or Dept. of Justice law enforcement officers.

Veterans' Benefits has been another difficult problem, on which both parties have been afraid to take a firm line. Minorities have always found that the American political system made it easy for them to exploit the government. Any compact body of voters, willing to act together at primary and general elections for the sole and selfish purpose of securing favours for itself, whatever their effect upon the nation as a whole, can easily intimidate State and Federal legislators. Ex-soldiers in America have done better for themselves than most other groups, or than the ex-soldiers of any other land, by the use of their votes as a means of blackmailing legislators into making them grants of public money. Each of America's wars has led to an increasing public charge, not merely in payment of pensions to disabled veterans or the dependants of those dying of wounds or diseases acquired in action, but in payment of benefits and pensions to able-bodied veterans and their able-bodied dependants. As late as 1937 there were still two widows receiving pensions on account of their late husband's services in the war of 1812. At that rate there will be pensions still being paid on account of the Great



War in 2042. There were in 1932 still 23,000 ex-soldiers and 125,000 widows of ex-soldiers receiving together \$100 million a year in pensions on account of the Civil War, which ended over 60 years before.

The soldiers who had served in the Great War, who numbered over 4 million, were certain to demand treatment not less generous than that accorded to soldiers in previous American wars. So far as they merely demanded aid to persons wholly or partly disabled as a direct result of war service, and to the minor children and widows who had not remarried of persons who had died as a direct result of war service, no one would be likely to challenge them. However, they demanded more.

They secured medical aid to persons whose disabilities could hardly have been the result of war service but were "presumed" to have been so, even though only showing themselves years later. They secured in 1924, after a previous abortive attempt, an Adjusted Compensation Act. This gave every war veteran, whether or not he had served abroad or had lost anything by joining the armed forces (and many had been conscripted from the highways and slums, had not left America but stayed in training camps in the U.S.A., and had been better housed, fed, and clothed in camp in America than they had previously been as unemployed, or in poorly paid jobs), an endowment and insurance policy payable in 1945 or at previous death. The face value of the policy was determined by crediting each veteran with \$1.25 a day for each day served abroad and \$1 for each day served in America, adding 25 per cent. to the total on account of delay in settling the debt, and estimating what the final sum, paid as a lump sum premium in 1924, would yield with compound interest by 1945. This Act

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gave some  $3\frac{1}{2}$  million veterans policies of the average face value of about \$1,000, thus adding at one stroke  $3\frac{1}{2}$  billion dollars to the national debt. Presidents Harding and Coolidge had tried to prevent this course of action, but Congress went ahead in spite of a Coolidge veto.

Even so, the veterans were not contented. In 1931 they forced Congress to allow them to borrow from the U.S., at once, not more than 50 per cent. of the 1945 value of their policies. In 1936, after previous failures, they secured, over President Roosevelt's veto, immediate cash payment of their policies at the 1945 value, quite oblivious of the fact that an insurance policy is not worth to-day what its final value, with interest accrued, may be 9 years later.

It is probably only a matter of time before the veterans' organizations, of which the best known is the American Legion, come forward with further demands. It will be wholly contrary to precedent if they are content to forgo the flat pension obtained by veterans of previous wars, after a suitable interval after the conclusion of the war, even though the Adjusted Compensation Act was intended to be a final settlement of any claims they might have upon a grateful country. The only thing which might stop them would be an organization of those elements in the population who are not veterans or the dependants of veterans, *i.e.* of persons to-day 37 or under, who may be brought to realize that, if all who fought in the Great War or in any previous war, and all the aged who are clamouring for old age pensions, and other groups anxious to feed at the Federal trough, get their demands, the American, between leaving college and qualifying for his old age pension, will be having to carry an insupportable burden. The Veterans of Future

Wars—a college group who, as a stunt, suggested in 1935 that they should get their bonus now, instead of after a war—put their finger on the one way of stopping such raids on the Federal Treasury, that is, organizing competing groups of voters to laugh or argue veterans and other raids out of court; or if they cannot do that, to pit other pressure groups against those now existing, of which the veterans is one of the greediest and most influential.

This exploitation of the public has been condemned by every President, Republican and Democratic alike, each occupant of the White House since the war having vetoed at least one veterans' benefit measure. Many of these measures have also been condemned by large numbers of the ex-servicemen themselves. But those veterans who do approve of using their voting power to blackmail legislatures into granting them aid have always won out in the end, intimidating both parties into granting their demands.

War Debts has been, and is, an important issue in the field of American foreign policy. As a domestic issue it is, however, now dormant.

The United States Government had lent during the years 1917 and 1918 more than 7 billion dollars to the Allied Powers. This money was chiefly used to buy American arms, ammunition, raw materials, and food for transshipment to Europe and war use. After the Armistice a further  $3\frac{1}{2}$  billion dollars were similarly lent by the American Government to Allied Governments and to the Governments of some of the new States. These post-Armistice loans were used to buy American supplies for the purposes of post-war reconstruction. The pre- ~~and~~ post-war Armistice loans alike were

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originally to carry interest at the rate of 5 per cent., and it was assumed that arrangements would be made to fund them, and to fix a term of years for repayment, when normal times returned.

The United States always insisted that there was no express or implied obligation on its part to make repayment of these debts to it in any way dependent upon the receipt by its debtors of repayments on account of sums owed them by third parties, whether Allies to whom they had lent money during the war or ex-enemies who owed reparations. The United States refused to accept the principle put forward by Lord Balfour on behalf of Great Britain that all war debts should be cancelled, since she was the only State which was a creditor only, and not also in some degree a debtor, on war and reconstruction debt account. Had the Balfour Declaration been endorsed by every one, many countries which were large net debtors would have gained much, and even Britain—which, though a net creditor, could hardly expect payment of a large part of the sums technically due her (*e.g.* from Russia)—would have gained some real advantage. The United States alone, as the one State with large sums owed to her and none owed by her, would have suffered undiluted loss. Cancellation of war debts would have caused her, the one nation which gained nothing in territory, indemnities, or even security from the war, to assume on behalf of her own taxpayers the duty of repaying the individual investors who had subscribed the money which the U.S. Government lent to her European associates. So far as the nation was concerned, it would have meant that the bulk of her immense shipments to Europe in 1917, 1918, 1919, and 1920 would have proved in the end to have been free gifts and not

sales. Naturally such a course of action did not find favour amongst the American public, conscious in 1920 that the Peace was an unsatisfactory one, and doubtful whether the \$21 billion she had spent on the war had been a worth while investment.

Congress therefore decided in 1922 that the loans should be repaid not later than 1947 and that the minimum rate of interest to be accepted from any debtor should be  $4\frac{1}{2}$  per cent. It created a Debt Funding Commission to negotiate agreements with the debtor powers individually. That Commission, between 1923 and 1929, concluded agreements with all the debtor countries. It gained in the end Congressional assent to agreements much more generous than those provided for in the law establishing the Commission itself. Thus the period of repayment was extended from 1947 to 1985 and the rate of interest demanded was reduced from the  $4\frac{1}{2}$  per cent. laid down in the law (it will be remembered that the rate legally due was 5 per cent.) to 3.3 per cent. in the case of Great Britain, 1.8 per cent. in the case of Belgium, 1.6 per cent. in the case of France, and a mere .4 per cent. in the case of Italy. These varying rates of interest were theoretically based on the principle of capacity to pay, as determined by the Commission at the time of funding. In fact the Commission was influenced also by the will to pay, being compelled in the case of France and Italy, which concluded agreements very late and very grudgingly, to accept rates of interest lower than it would have fixed if it had felt there was much chance of getting signatures to agreements calling for a higher figure.

America thought that these arrangements were generous. They did represent a considerable reduction in the then net worth of each debt, on the basis of the original

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agreement, which called for complete repayment and interest at 5 per cent., or on the basis of the Congressional Act of 1922, which called for interest at  $4\frac{1}{2}$  per cent. and repayment by 1947. America's debtors, all really most unwilling to have to pay, regarded them as grasping.

Comparatively little of the sums owing, even under these funding agreements, had been paid before the financial crisis of 1931 led Mr. Hoover, at the urgent request of Germany, to declare a moratorium of one year on war debt payments due to the U.S.A. if America's debtors gave a similar moratorium to countries owing them war debts or reparations. Congress accepted this moratorium under pressure and unwillingly, suspecting rightly, as events proved, that it would be difficult to get America's debtors to recommence payments once they had suspended them. It authorized the moratorium only under the express condition that no change should be made in any of the war debt agreements without its express consent, that interest should be paid on the postponed 1931-32 annuities, that payments should recommence in December 1932, and that in assessing capacity to pay, in the event of any revision of any debt, receipts by any of the Allies from one another or from ex-enemy countries should not be regarded.

Despite this Congressional action, in which both parties joined, the European governments did agree at Lausanne in 1932 to, in effect, cancel German reparations payments provided the U.S.A. proportionately reduced war debts. Britain and France at once approached America to request a revision of their war debt agreements. Presidents Hoover and Roosevelt declared themselves willing to consider any proposals put before them by any debtor acting individually, but reminded the

debtor countries that Congress had made, and that Congress alone could revise, any war debt agreement, that it was America's policy to deny any connection between the war debts and the reparations problems or to negotiate with her debtors as a bloc, and that it was for the debtor to propose concrete alterations in the agreements, and to adduce reasons for so doing, not for the creditor to take any initiative in suggesting some concrete reduction. Britain and some other debtors paid the December 1932 instalment in full, and paid token instalments of modest amounts in June and December 1933. Other States defaulted wholly in 1933. Britain and all other debtors except Finland defaulted wholly in and after June 1934, while protesting their readiness to resume payments when and if America was in a mood to discuss revision. Only Finland has continued to honour its agreement since 1934.

The occasion of Britain's default was the Johnson Act passed by Congress early in 1934. This prohibited the raising of loans in the U.S.A. or the lending of money by the U.S. Government to any government in default on its own previous debts to the U.S. Government. President Roosevelt had taken the precaution of securing an opinion from his Attorney-General to the effect that nations making token payments would not be in default within the meaning of the Johnson Act. In spite of this, Britain and other countries which had been making token payments preferred their interpretation of the Johnson Act to that of Mr. Roosevelt and his Attorney-General, and decided that it was not worth their while thereafter to make any payments whatever.

Every six months, therefore, since June 1934, the

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American Government has addressed to its debtors a note of the sums due on that date, and in arrears on account of previous defaults, and every time Britain and other debtors reply that they acknowledge the debt in principle, are desirous of negotiating a revision of their funding agreement when the appropriate occasion arises, but cannot see their way to pay anything meanwhile. Congress and the American public, convinced by this experience that the will to pay has been lacking in Europe, and preferring to see wilful defaulters branded as such than to assume itself the risk of justifying to the American taxpayer any reduction or cancellation of the debt, have therefore put the matter on one side. It has become a permanent grievance of America against most European States, and notably Britain, but one which less and less often makes headlines in the newspapers, and which hardly arises as an issue in U.S. elections.

Oil and electrical power were issues in prosperity America because the U.S. Government happened to emerge from the war as the owner of a dam on the Tennessee River at Muscle Shoals, and of various oil reserves, notably at Elk Hill in California and Teapot Dome in Wyoming. The Muscle Shoals dam had been erected in connection with a war scheme for the production of nitrates. The dam was capable of generating great quantities of electrical power. The U.S. Government had in time of peace no use of its own either for the nitrates or for the electrical power. The question was, should it nevertheless continue to own and operate the property and sell the resulting nitrates and power, or lease it to some private enterprise, or sell it.

American Progressives wanted the U.S.A. to go itself into the business of selling the nitrates and power, being



distrustful of public utilities, anxious to have some yardstick by which to determine whether their charges for power were fair, and opposed on principle to letting natural resources of national importance pass into the hands of irresponsible private interests. Conservatives feared the prospect of the Government going into business even in this field, and wanted to see the whole plant sold to the highest bidder. Moderates would have liked the U.S. to retain its ownership but to let private companies distribute the power. After many struggles Congress passed in 1928 a Bill for Government operation of Muscle Shoals. It was vetoed by President Coolidge. In 1931 Congress passed a similar Bill, calling also for the construction of a second dam. It was vetoed by President Hoover. It remained for the Muscle Shoals dam and plant to be included in 1933 in the field of operations of the Roosevelt-created Tennessee Valley Authority, which marked the Government entry into competition with private utilities on a much bigger scale than the vetoed bills of 1928 and 1931 would have done.

Muscle Shoals aroused the great public interest which it did, not so much for its own sake as because it became a test case. The immense increase of electrical power consumption in America, and the extraordinary concentration of control in this field—in any case a natural monopoly—by means of trusts and holding companies, made the hydro-electric power issue a major one in post-war America. The question arose in States such as New York, as well as in the Federal Government. Governors Smith and Roosevelt made their opposition to the granting of long leases of water power rights to private interests a major plank in the State platform of the Democratic Party in New York during the nineteen-

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twenties. Senators Norris of Nebraska, La Follette of Wisconsin, Walsh of Montana, and Couzens of Michigan took the same line in the Federal capital. The bulk of the regular Republicans, and many Democrats, took the business view, that for the Government to enter the business of owning and operating power plants would be an improper competition with private interests, would involve the degeneration of government, whose task was regulation not operation, and would prove the thin end of the wedge of Socialism. Until the Depression the Norris-Roosevelt view was a minority one at Washington and at all but a few State capitals.

Oil became an issue because of the credulity of Mr. Harding. He made at least three poor appointments to Cabinet office, those of Mr. Daugherty to the post of Attorney-General, of Mr. Denby to that of Secretary of the Navy, and of Mr. Fall to that of Secretary of the Interior. Mr. Denby transferred control of the Navy oil reserves at Elk Hill and Teapot Dome from his Department to the Department of the Interior. Mr. Fall leased these valuable reserves to the Doheny and Sinclair oil interests. As he alleged, purely as a coincidence Mr. Doheny and Mr. Sinclair lent him \$100,000 and \$300,000 respectively. A Senate investigating Committee, led by Senator Walsh of Montana, opened up the question. Secretaries Danby and Fall resigned. Finally Mr. Daugherty resigned, and a new Attorney-General instituted more searching government inquiries into the question. Prosecutions were started. The leases were cancelled on the grounds that they had been improperly obtained. Sinclair and Fall received prison sentences.

This was not the only scandal of the Harding administration. The Veterans' Bureau, the Alien Property

Custodian's office, the Attorney-General's office, all had their scandals, which led to the conviction of the heads of the two former, Colonel Forbes and Colonel Miller, on charges of criminal misconduct in office, and to a Senate finding of guilty, but a Court acquittal, of Mr. Daugherty on a similar charge.

It is a measure of the indifference of prosperity America to political matters that these scandals did not prevent the Republican Party, whose appointees had thus abused their trust, from winning a great victory in the Presidential elections of 1924, in spite of the great play which the Democrats naturally made with these disclosures of misconduct in office. It is true that President Harding's, as it turned out, rather fortunate death in August 1923 and the succession of the spotless Mr. Calvin Coolidge to the Presidency, and therefore to the Republican nomination in 1924, rather weakened the Democratic case. The almost Scottish thrift, probity, and taciturnity of Calvin Coolidge—whose slow climbing of the ladder of Massachusetts politics to the Governorship in 1919 and to the Vice-Presidency of the U.S. the next year, as Harding's running mate, had been marked by no apparent deterioration of his New England Puritan character—were so in contrast with the scandals of the Daugherty-Fall era that few electors were inclined to doubt that under Coolidge an honest, businesslike administration could be expected. Moreover, the Democrats threw away their chance by their fierce convention fight between dry McAdoo and wet Smith forces, and by their nomination of a conservative like Davis, who could do nothing to prevent many liberal Democrats from voting for the third-party candidate, La Follette. Protest votes probably went to La Follette rather than to the Democratic nominee, who

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carried only the Solid South. It was, however, a striking indication of the indifference of the American people to corruption in public life, at least during periods of prosperity, that the Republican vote in 1924, after these scandals, should have been only 2 per cent. less than that in 1920, and should still have amounted to 54 per cent. of the total. Prosperity America was in no mood to change its administration, no matter what mistakes and even crimes might be committed in high places.

One problem only did cause grave embarrassment to the party in power. That was the problem of agriculture. Farm products had never been so much in demand as in the period 1914-19. The nations at war were unable to produce as much as they normally did, while their demand was almost unlimited. The Allied Powers during the war, and all impoverished and hungry nations in the immediate post-war period, were willing to buy as much as America would sell them, at any prices America cared to ask (so long, of course, as American loans continued to be available). American farmers enjoyed, therefore, a prosperity they had never known before, and may never know again. Land was brought into cultivation in the Great Plains which was utterly unsuited for grain production, but which, never having been tilled before, was able for a few years to raise a big crop at small expense. Prices of farm land reached new high points.

Many farm districts were therefore encouraged to launch out on programmes of expenditure, public and private, which would have seemed far beyond their means before. The indebtedness of farmers and of farming counties and States reached dangerously high levels, but ones which caused no concern so long as the prices of farm products continued high. Tenants were willing to

buy their farms at very high prices, and to assume mortgage burdens which would cripple them if ever farm prices fell seriously. Such debts caused no concern, however, to people who thought that land in America was going to continue in the nineteen twenties and thirties to rise in value, as it had always risen before. Farmers were encouraged to cultivate their land and conduct their finances in what would in Europe have been considered an improvident manner. There was no cause, they felt, to spend money on fertilizer, to let land lie fallow, to raise only those crops for which their particular soil and weather conditions were favourable, to put by considerable sums for amortization of debt and against bad times. For had not American farmers from the very first days of colonial settlement been able to exhaust their land by improvident farming, thus getting quick returns, and then move on west, selling out an impoverished farm for more than they had given for it in a virgin state, because a constantly growing country assured constantly rising land values. Farmers were possessed of the same attitude as persons whose property was in the form of businesses, or stocks and shares. They cared less for the annual return on their investment than for the capital gain they were almost certain to realize when they sold out in a constantly expanding economy. American agriculture, like so much of American economy, was speculative in character, and had been for so many years a speculation in which loss was unlikely.

American farmers, however, did not have to wait, like other Americans, for the Great Depression to prove to them that the halcyon days were over, even for the United States. Their difficulties began as early as 1920. European nations quickly began to bring their farm

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production up to, and even beyond, pre-war levels, while they began to restrict their imports even below pre-war amounts. The war had not merely vastly expanded production overseas, to counterbalance declining European production, but it had taught nations that too great a dependence upon imports, and especially on food imports, was dangerous. National self-sufficiency became an almost universal watchword. The American farmer suffered for it. Demand for, and prices of, primary products began to fall. And they continued to do so until 1933.

Wheat fell from \$1.82 per bushel in 1920 to 38 cents a bushel in 1932. Corn, that index to the prosperity of much of the Middle West, fell from 61 cents a bushel to 32 cents. Cotton, chief product of the South, fell from 16 cents a pound to 6 cents. Farm exports, which had averaged over 2 thousand million dollars a year from 1917-25, averaged only 750 million a year from 1931-35, and this decline began not, like the decline in other exports, in 1929, but in 1921. The farming community of America, which had received 18.5 per cent. of the total national income in 1919, averaged less than 11 per cent. from 1921-25, less than 10 per cent. from 1926-28, and less than 8 per cent. from 1929-32. When the fall in the gross national income in the depression period is remembered, the lamentable condition of American agriculture at that time will be realized. The American farmer was receiving in 1932 less than one-third of what he had been receiving in 1919. But even while the gross national income was rising, as it was from 1921-29, the farmer's income was not following suit. In 1922 the farmers of America received nearly 10 thousand million dollars and other Americans 56 thousand million. In

1929 the farmers received nearly 12 thousand million, or 20 per cent. more, but other Americans now received nearly 80 billion, or more than 40 per cent. more.

Farmers were feeling the pinch of hard times not merely in respect of their income but also in respect of the capital value of their holdings. In 1920 the average value per acre of farm lands in the United States was 70 per cent. above the 1912-14 average. By 1925 it had fallen to a mere 27 per cent. above the pre-war figure. By 1930 it had fallen again to 15 per cent. above the pre-war figure. By 1933 it was down to 27 per cent. below the pre-war figure. Thus American farmers who bought land, or borrowed on the security of it, in 1920, were left at the bottom of the depression with security worth hardly more than two-fifths of what they had paid for it.

Senators and Representatives from rural districts were therefore compelled to enter a dissent from that chorus of complacency which marked most of American politics during the prosperity era. The farm problem was a constant anxiety to every Congress and every Administration.

The Department of Agriculture was always active conducting research into farm problems, so as to help farmers to meet the disasters of pest, disease, or drought, and so as to increase output per acre and per man hour. Its agents were always at the service of farmers in need of advice. It and the State Agricultural Colleges were constantly trying to raise the level of farming knowledge. In addition to research and education, the Department was concerned with problems of farm credit and co-operative marketing. In all these directions the Harding, Coolidge, and Hoover Administrations carried

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on along the same lines as preceding administrations, Democratic as well as Republican.

This was, however, not enough to satisfy the extremely noisy and active farm bloc in Congress, with which a considerable radical wing of each major party was associated, and which was also supported by the Farmer-Labor Party. The official Republican answer to farmers' demands was to impose a tariff upon farm imports, to match the tariff it had imposed, and was increasing, on manufactured imports. Acts of 1921, 1922, 1924, 1926, and 1930 imposed increasingly higher import duties on farm products, including commodities not produced in America but deemed to be directly or indirectly competitive with American products.

Inevitably, however, import duties did not greatly help the American farmer, since in most crops there was an export surplus available, and that surplus depressed even domestic prices, no matter how complete the exclusion of all foreign products. Congress therefore tried to secure for farmers the same real advantage which the tariff secured for industry by some indirect method. Two alternative methods were suggested.

First, in 1924, the McNary-Haugen Bill authorized the Government to buy in the open market that portion of the farm crop which was not needed for domestic consumption. It was to sell this for what it would fetch in the world market. It would recoup its losses by an equalization fee charged against all farm products, whether sold abroad or at home. This scheme would, in effect, by segregating the export and domestic portions of the crop, enable the price of the latter to be kept high instead of being depressed by the former, which could be dumped abroad. This proposal, bitterly debated in



Congress, and dividing the parties from top to bottom, was passed in 1927 and again in 1928. On each occasion it was vetoed by the President, and the veto was upheld.

A second scheme was therefore proposed. It would have left farmers to sell their whole crop where they could, for the best price possible. The Government would merely have paid a subsidy on that part of the crop exported, the subsidy to be fixed at such a level, in relation to import duties on the same commodity, as to discourage overproduction and to give the farmer a real protection—as effective as that given to the manufacturer by a flat import duty. This export debenture scheme was as firmly opposed by President Hoover as the equalization fee scheme had been by his predecessor.

Mr. Hoover's own scheme was embodied in the Agricultural Marketing Act of 1929. It established a Federal Farm Board. This Board was to extend the credit facilities already made available to farmers by the Intermediate Credits Act of 1923, and, in particular, was to extend loans to agricultural co-operatives. It was also to create stabilization corporations which could buy and sell and store farm products, so as to prevent undue fluctuations in price and undue depressing of prices by temporary unwieldy surpluses. The Farm Board was to be able to insure co-operatives and stabilization corporations against loss. Whether the scheme would have succeeded under normal conditions will never be known. It started working at a time when prices were falling and markets disappearing at an hitherto unprecedented rate. The Grain and Cotton Stabilization Corporation established under this Act lost within 2 years \$184 million in an effort to peg the price of cotton and wheat by taking the surpluses off the market. It bought some 1,300,000

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bales of cotton and 300 million bushels of wheat without being able to check permanently the decline in cotton and wheat prices. Indeed the huge stocks it was accumulating themselves tended to depress prices, even when withheld from the market, since it was known that they existed, and feared they might have to be unloaded at what might prove a difficult moment.

Equally disappointing were the efforts of a revived War Finance Corporation to aid agricultural exports by Government advances, and of the administrators of the Packers and Stockyards Act and the Grain Futures Act to secure for the farmer a more remunerative return by checking unfair practices on the part of middlemen, and especially speculators.

The farmers of America were therefore as depressed and angry during the prosperity era as almost all Americans became after the 1929 crash. Though every party had expressed sympathy for them and the determination to assist them, though many Acts had been passed for their benefit and considerable sums spent upon them, they were still faced with ever falling prices, ever dwindling markets, an ever declining share of the national income and ever increasing burden of debt (due to the fact that their fixed charges and the prices of the things they bought did not decline in proportion to the prices of the things they sold). The Depression was to them, not the sudden fall from wealth to poverty, from optimism to despair, which it was for most Americans. It was merely a deepening of an already existing distress and despair.

The farmers were, of course, not the only disinherited group in prosperity America. The unskilled labourer in many parts of the country, the negro, the increasing number of unemployed who were the result of techno-

logical developments, the older and slower workers who could not keep up with the speed and strain of rationalized, mechanized mass-production factories, and who were being told that they were "too old at forty," were also unable to share fully in the amazing material progress which was being enjoyed by skilled workers, by people in the distributive trades, by the middle classes, and by professional people as well as by owners of urban real estate and of stocks and shares, and by manufacturers and business men. But the farmer was almost the only person in prosperity America whose difficulties were obvious enough, and whose political influence was great enough, to secure notice. The rest of the disinherited were forgotten in the optimism and comfort which were the prevailing features of that, as it now seems, distant "Golden Age."

Prosperity and material progress, however artificial, unstable, incomplete, and temporary they may have been, and can now be seen to have been, were, while they lasted, able to make America forget the problems which it was facing before the war, and would have to face again. The abuses—against which Theodore Roosevelt, with his talk of a "Square Deal," and Woodrow Wilson, with his promise of a "New Freedom," had been campaigning before 1914, and which had given rise to the Progressive Movement—were largely forgotten during this orgy of post-war prosperity. Social problems, such as every great industrial country has had to face, were largely ignored by prosperity America just because of that prosperity. They inevitably became more serious and difficult to deal with, as did the parallel problems of the wastage of natural resources, because of long continued neglect. When the collapse of prosperity opened

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the eyes of Americans at length to the wide range of social, economic, and political problems with which they were faced, not merely was their shock the greater, but the problems themselves were the more difficult to deal with, because their existence had been so long obscured by the screen of post-war prosperity.

## CHAPTER VI

### THE GREAT DEPRESSION, 1929-33

IN October 1929 the feverish speculation on the stock markets of America reached its fantastic zenith. Common stocks were changing hands at levels of from 68 per cent. to 221 per cent. above those prevailing three years before. So high were the prices offered for common stocks of such companies as United States Steel and General Electric that the purchaser could expect, even at the then high rate of dividend, a return of 3 per cent. or less on his investment, in spite of the fact that he was often paying 7 per cent. or more for the short term loan with which he was financing his stock exchange speculations. He cared, however, little about the return on his investment. He was buying, not in anticipation of large and steady dividends over the years, but of huge speculative capital gains over the next few months, weeks, or even days. A rise of a few points would yield a profit on a marginal purchase of stock several times as great as the very high rate of interest then payable on broker's loans.

This top-heavy stock market structure was bound to collapse, having got so far out of relation to the actual earning power of the concerns whose stocks were being bid so high. Sooner or later some wise, or nervous, speculators were certain to start unloading their holdings,

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for fear of being caught short when this incredible mania subsided. And so immense were the purchases of stock against small margin advances that crowds of speculators would inevitably be compelled to sell out the moment the market stopped its advance and commenced even a slight fall, thus bringing about a downward movement as hectic as the previous upward one had been.

This downward movement started on October 21, 1929. Many efforts were made to check it, the Federal Government, the Stock Exchange authorities, great business magnates like John D. Rockefeller, leading politicians of all parties, and others, issuing reassuring statements at every brief pause in the decline, and urging holders of stocks to stop selling, and even to buy, on the ground that the fundamental economic state of the nation was sound. Some brave figures, like Mr. Rockefeller, as a gesture calculated to stop the rot, went boldly into the market and bought large quantities of shares as an open indication of their belief that there was no legitimate reason for this mad rush to sell. Partly because of such efforts, and partly because of more natural factors, there were a number of pauses, and even short upward movements, during the long downward course of the market. There was a considerable upward movement in the first half of 1930, another smaller one in the early part of 1931, and another more substantial one in the summer of 1932, not to mention numberless minor and very temporary ones. But these brief upward movements were always followed by another, and sharper, downward movement. They never proved to be, what so many Americans, from President Hoover downwards, heralded each one of them to be, a sign that the depression was nearing its end, and that "prosperity was round the

corner." Not until 1933 did the general trend again show itself to be upwards instead of downwards.

The worst point in the whole depression, so far as the banking and unemployment situations were concerned, was reached in March 1933, when, as President Roosevelt entered office, the closing of every bank in the United States brought vividly home to the world the desperate straits in which the once prosperous U.S.A. then found themselves. The stock market had, however, experienced its worst point during the preceding summer. The recession which took place during the last two months of 1932 and the opening months of 1933, and carried many Americans down even further than before, was nothing like so severe on the markets. The losses during the winter of 1932-33 did not, in Wall Street, by any means wipe out the gains of the summer of 1932.

Stocks reached their lowest point in June 1932. At that time industrial common stocks were worth little more than one-sixth of what they had been three years before, and indeed little more than a third what they had been in 1926, before the real boom began. Railroad common stocks were down even more, being worth less than one-tenth of their 1929 value, and less than a seventh of even their 1926 value. Utility common stocks, as was natural, considering the continuing increase in the use of power and the monopoly character of the industry, had not fallen so catastrophically. Nor had bonds or preferred stocks. But even they had fallen very much below their former values, utility common stocks being worth little more than a quarter of their 1929 and not much over half their 1926 value, while high-grade bonds had fallen some 25 per cent. below their 1929 value and high grade preferred stocks nearly 40 per cent.

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The stock market was, of course, inclined to run to extremes in the downward as well as in the upward movement. People were selling stocks, despite the fact that the dividend yield at 1932 prices was 6 per cent. or more, without much regard to the resources back of the stock, just as they had been buying stocks in 1929, when the dividend yield was a bare 3 per cent., with no regard for the investment value of their holdings. It was said in a *New Republic* article in June 1932 that one could "Buy America For Five Billion Dollars." One could, in fact, have bought the entire common stock of those American corporations quoted on the New York Exchange for about that figure on the basis of the prices prevailing at that time. The resources of those corporations, which were the bulk of the factories, mines, and oil fields of the United States, were certainly worth more than five billion. Similarly, in 1929 one would have had to pay more than thirty-two billion dollars for the same amount of common stock, that is, for the same factories, mines, and oil fields. It is very doubtful whether they were worth anything like that sum, on the basis of the actual profits they might reasonably be expected to make. The market exaggerated the real economic outlook at the bottom of the depression as at the top of the boom.

This was the more serious, in that Americans tend so strongly to regard the stock markets as the best business barometer. Not merely stock owners and speculators themselves, but the ordinary run of Americans, are inclined to spend money, build homes and factories, and employ labour lightheartedly when the market is going up, and to economize and refrain from capital developments and to discharge employees when the market is



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going down. The stock market, therefore, not merely reflects, it creates upward and downward movements in retail sales, in employment, in production, and in prices of durable and consumers' goods. A stock market crash, such as that in 1929, is therefore apt, in America, to produce a great depression and to make it more lengthy and more severe than it need otherwise be, just as a stock market boom may accentuate, if not produce, generally prosperous conditions such as those prevailing in 1928 and 1929.

It would, however, be a mistake to regard the American depression of 1929-32 as chiefly a stock market depression. The decline affected almost every department of national life. Total industrial production, which had in 1929 been 20 per cent. above the 1923-26 average, was at the beginning of 1933 less than half the 1929 figure. Gross farm income was down from 11,941 million dollars in 1929 (which was, incidentally, only a few hundred thousand above the 1926 figure, and away below the 1919 figure) to a mere 5,331 million dollars in 1932. Total national income was down from over 80 thousand million dollars in 1929 to less than 40 thousand million in 1932. The amount of factory employment was, at the lowest point early in 1933, down by more than 40 per cent. as compared with 1929, while the amount of factory payrolls was at the same time down by 60 per cent., wages having thus fallen even more than employment. The number of unemployed—which was only 3 million even as late as the summer of 1930, when, had the United States been as badly off in this respect as Great Britain, the number would have been some 6 million—was at the worst point in 1933 probably in the region of 15 million, or more than 50 per cent. more,

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even after allowing for the difference in size between the two countries, than the worst figure ever recorded in Britain.

It will thus be seen that the American depression was not merely severe, it was much more severe than the concurrent depression in Great Britain. America fell from a point far higher than Britain had been on in 1929 to a point far lower than that to which Britain dropped by 1932. Thus American production declined by more than 50 per cent., whereas British declined scarcely more than 20 per cent. American unemployment increased fivefold between 1929 and 1933, until about one-third of the population was out of work and largely dependent upon public or private charity. British unemployment increased during the same years only threefold, and the proportion of the population unemployed was never much more than one-fifth. Not even Germany suffered during these years so sudden, so swift, so complete a descent into the depths of poverty and distress.

The shock of this depression upon the American people was naturally profound. Just at a moment when President Hoover was, amidst the self-congratulatory plaudits of the vast majority of his fellow-countrymen, affirming that the United States was "within sight of the elimination of poverty," the American people suddenly dropped into a veritable abyss of poverty. Americans—who had regarded British unemployment as a sign of degeneracy, and who imagined that they had solved the problem of poverty and were assured of permanent and continually increasing prosperity—were suddenly brought up against the starkest economic realities. The bottom seemed, without warning, to have fallen out of their world. It is not surprising that they were slow to believe it, and

when they could deny it no longer, were left momentarily bewildered and helpless.

It is doubtful whether the existing leadership of the country, political or business, could under any circumstances have withstood the shock of such a depression. No democratic government, and few governments of any kind, which were in office in 1929, were able to withstand the shock of the world-wide depression, and to remain in office through 1933. In Britain a depression, far less sudden and severe than the American one, swept the Labour Party out of office and brought into being a new national coalition which revolutionized British policy by leaving the gold standard and changing over from free trade to high protection. In Germany a depression, much less unexpected and sudden and somewhat less severe, swept away not merely the existing government but the existing régime, and brought Herr Hitler into power. It should therefore have occasioned little surprise if the worst depression in history had not merely swept away President Hoover and the Republican majorities in Congress, but had even threatened the whole structure of American government and society. It says much for the fundamental soundness of American institutions and society that they survived this whirlwind of crisis and distress. It is not necessarily a condemnation of the Republican Party and of Mr. Hoover, nor even of the business leaders of America, who had during the prosperity era been regarded as the real leaders of the U.S.A., that they should have been the victims of this crisis. However wise, efficient, and energetic they had shown themselves in facing the new problems created by this unexpected crisis, they would probably have been held responsible for not having foreseen it, as well as for

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the fact of it, and therefore have been thrown aside and regarded as discredited.

Americans would not remember in the midst of depression that they as well as their political and business leaders had thought that all was well with the America of 1928-29, and that the boom was going to continue indefinitely. The Democratic Party naturally refused to admit that it had been as complacent about the economic state of America prior to the crash as the Republicans. Little men, equally naturally, forgot that they had shared the blindness, the over-confidence, the greed, the selfishness of big business and financial magnates, and were therefore equally responsible for the Nemesis which overtook Americans, big and little alike. The Democrats therefore successfully smeared Mr. Hoover and the Republicans with charges that they were responsible for the depression. Farmers and workers and small business men similarly successfully discredited "big business" by saddling it with sole responsibility for the crash and the failure to meet it quickly or boldly enough.

There was, of course, some rough justice in this. Undoubtedly the Republican Party had taken credit in the past on account of the prosperity which happened to prevail while it was in office, without much regard to the question how far its measures had really contributed to that prosperity. It had on the occasion of previous depressions, which happened to occur when Democrats were in office, most unjustly accused them of being responsible. It was only fair that it should now suffer in the same way.

Similarly, business, and especially big business—which had so complacently taken the credit for America's unprecedented prosperity, without regard to the extent

to which that prosperity was due to causes other than the skill of its business leaders—was getting rough justice in being wrongly blamed for a depression produced by many world-wide factors as well as by its own errors of omission and commission. The adulation of the business man in prosperity America was incredible. Even the colleges and universities were inclined to place the successful business man on the pedestal of fame, to encourage their students to regard his success as worthy of emulation, and even to choose their own Presidents from the ranks of business. Never have more complacent and egotistical speeches been made than by the business men of prosperity America, and no community has ever applauded such speeches and such men more enthusiastically. It was inevitable that when depression came the pendulum should swing equally far the other way. The banker, the broker, the industrial magnate, had, by playing the part of the villain after 1929, to pay for the pleasure they had enjoyed in the hero's part before.

It was, of course, a wholly distorted simplification of the problem to imagine that the depression was caused by the men who were in seats of political or financial power prior to 1929, however just many of the individual charges made against the political and business leadership of prosperity America may be. Clearly Mr. Hoover is right in the view he has always insisted upon, that the causes even of the American depression were largely world-wide and not American.

In the first place, there seem to be—as things are, almost inevitably—at least two depressions after every major war, one early and short, one delayed, lengthy, and severe. That has been the American as well as the British experience for over a century. It is therefore

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proper to attribute the 1929-33 depression chiefly to the World War.

That war had produced major maladjustments in the world's economic life. It had artificially over-expanded the world's production of some commodities, notably foodstuffs and other primary products. It had ruinously impoverished many countries, and thus cut down their power to consume. It had involved all countries in immense debts to their own public, and many countries in huge debts to other States. It had, overnight, reduced great nations like the German from wealth to poverty, from a creditor to a debtor position. It had equally suddenly raised the United States from a debtor position to that of the world's greatest creditor. It had given rise to a concept of national economic self-sufficiency—of a newly exaggerated kind, and promoted by new methods—such as was calculated not merely to delay the world's return to a state of reasonably unimpeded international exchange of goods, but even to impose fresh obstacles and artificial diversions upon the currents of trade. It had produced a most unequal distribution of the world's stocks of gold, thus threatening still more the international monetary system, already gravely threatened by the new obstacles to international trade. A world economic depression of unparalleled severity was, barring international economic planning of the boldest and ablest kind, the almost inevitable consequence of such a series of shocks to the world economic system.

In the second place, the policies pursued after 1919 by most States were such as to accentuate the maladjustments caused by the war rather than to redress them. Tariffs, subsidies, and international loans all served to delay readjustments which urgently needed to be made, and even

to accentuate the existing maladjustment. Not merely did the United States refuse to reduce production of commodities for which it was fairly obvious a peaceful world would not be able to maintain a war-time demand, and insist upon limiting imports and expanding exports in spite of its new creditor position, but other nations, European and overseas, showed themselves equally reluctant to face realities. Some borrowed more money than they could reasonably hope to repay, and thus lived well above their income. Most insisted upon expanding to the limit their own production of commodities, without adequate regard to the probable demand or to the relative cost of domestic as against imported supplies. All imposed barriers against the natural flow of goods and of immigrants from countries with surpluses to those with deficiencies. The one thing which enabled the whole system to continue to function was the willingness of American, British, and other creditors to send good money after bad, and to loan poorer countries the cash with which not merely to appear to pay their existing debts, but also to appear to pay for their existing imports. It was not to be expected that the creditor countries would permanently lend money under these conditions, which meant, in effect, that they were paying themselves back money they had previously lent, and selling their exports for almost worthless I O U's. And the moment that this willingness to lend abated the whole top-heavy structure of international debts, and artificial system of international exchange of goods, was bound to crash. The American stock market boom of 1928-29, leading as it did to a flow of money from Europe to America, to join in the profitable orgy of Wall Street speculation, was in some

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measure the shock which brought the whole house of cards down. But it was unreasonable to suppose that the house would long have remained standing even if this particular incident had not occurred. Only a radical alteration of policy, not merely on the part of America but of most great States, could have long averted a crash when the whole post-war system was so artificial and fragile.

In the third place, the western world has developed, since the Industrial Revolution, a liability to recurrent booms and depressions—wars, and especially faulty international policies, apart. The business cycle continues to involve all developed countries in alternating frenzies of optimism and despair, of over and under production. America might have avoided so bad a depression had there been no war, and had the post-war policies of all great countries been different. But she, and other countries, would surely have had a depression round about the years 1929-31 in any event.

Even so, there were some peculiarly American reasons why the 1929-33 depression in America was so severe. The passing of the frontier was bound to involve readjustments in American economic life. The implications of the fact that the United States had no longer, after the Great War, vacant lands, rich in soil or in other natural resources, to provide a new start for the bankrupts and the unemployed left behind by its depressions, and to provide the new sources of wealth and employment which would stimulate recovery from depression, had been neglected because the war, and post-war reconstruction and the frenzied foreign lending, had provided the country temporarily with a sort of quasi frontier. But once that artificial frontier was closed, as closed it



was bound in time to be as loans were proved to have been uneconomic, the United States was inevitably going to be brought sharply face to face with the fact that it no longer possessed that safety valve, that guarantee that prosperity was bound to return, which vacant spaces and undeveloped and even undiscovered resources had previously always given her. And, with the disappearance of that safety valve, depressions were bound to mean for the United States greater suffering, and longer duration, and less automatic recovery. For the unemployed would have to be cared for at home instead of trekking west. The new discoveries, the new demand, the new outlets for capital needed for recovery, would also have to be found at home instead of in the west.

Similarly, the serious slowing down in the rate of increase of the population was bound to have serious consequences for America. The increase of the population through excess of births over deaths, which had averaged over 25 per cent. per decade before 1850 and over 15 per cent. during the latter half of the nineteenth century, had fallen, after 1900, to less than 10 per cent. per decade. The increase of the population through excess of immigrants over emigrants, which had averaged over 9 per cent. per decade from 1840 to 1914, fell after the war to less than 4 per cent. in the decade 1920 to 1930, and was, of course, non-existent during the war years, as it has, in fact, been since 1930. An economy which can count upon there being 25 per cent. or more extra mouths to feed and bodies to clothe and shelter every decade, can confidently anticipate rising land values, increasing demand for food, houses, and manufactured goods, new profitable outlets for capital. An economy which has suddenly to adjust itself to an increase in

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population of only half as much, and which has to look forward to a constantly diminishing increase, must inevitably readjust its outlook and its habits. It can no longer bet upon a certain winner, as American producers as well as speculators had always previously been able to do. It can no longer expect the stimulus to recovery provided by the influx of cheap labour and new demand.

Again, a country such as the United States was prior to 1914—possessed of more outlets for capital than it had capital to spare, needing more imported goods than it could pay for by current exports—not merely could afford to have a high tariff and an exportable surplus of foodstuffs and primary products, but needed to have these if it was to continue to develop. A country, such as the United States had suddenly become by 1920—due to Europe's war extravagance and the stimulus thus given to American production and productive capacity, with huge debts owing to it from abroad, with more capital than it could profitably use at home, and with an exportable surplus in many lines of manufacture—could no longer afford, as it no longer needed, a prohibitive tariff and an exportable surplus of foodstuffs and raw materials. America had to choose, as it only now is beginning to recognize, between maintaining its high tariff and collecting its debts, between restricting its production of food and raw materials and restricting its production of manufactured goods. It could not possibly maintain permanently the export surpluses both of primary products and of manufactures. It could not possibly both receive payment of its debts and restrict imports. Failure to realize this in time was bound to lead to difficulty.

Then, too, the way in which the increasing wealth of

the United States, prior to 1929, was being distributed between the various regions and classes was bound, if ignored, to lead to over-production of many commodities and to depression. The decline in the share of the national income enjoyed by farmers from 18 per cent. in 1919 to 7.6 per cent. in 1929 was bound to lead not merely to poverty and discontent amongst them, but to depression in industry and trade, considering that the farm population formed in the nineteen-twenties over one-third of the total population of the U.S.A., and represented therefore a most important source of potential buying power. The fact that the amount paid out in wages rose during the 6 years prior to 1929 by a relatively small percentage, after allowing for the increase in population, while the amount paid out in dividends increased considerably, and the amount accruing to speculators and that realized in the form of capital gains increased vastly, was also bound to lead to economic trouble. For whereas wage-earners tend to spend up to and beyond their income and to create an immediate demand for consumers' goods, a large part of the profits of speculation and the interest on capital is not spent quickly upon commodities, but is invested or used for further speculation. The more the proportion of the national income paid out to poorer people in the form of wages declines in relation to the amount paid out to wealthier people in the form of dividends and profits, the more consumption of finished products is apt to decline in relation to the capital equipment, and therefore productive capacity, of the country. Undoubtedly prosperity America was giving its increased wealth in much larger proportions to the wealthier than to the poorer regions and classes. It

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was therefore checking demand for consumers' goods and increasing the output of durable goods. This course, if long continued, was in itself calculated to produce a depression.

It is, however, only long after the event that so much is generally realized. Not merely Mr. Hoover, but many other Americans, including leading Democrats, persisted in believing that there was nothing fundamentally wrong, and that if particular problems—like the stock market crash of 1929, or the Austrian and German financial difficulties of 1930-31, or the British departure from gold in the autumn of that year—could once be dealt with, recovery would ensue without radical changes in American political or economic practice.

Mr. Hoover made his own attitude as to what the Government could and should do in relation to this depression clear at the outset. His message to Congress in December 1930 said :

“Economic depression cannot be cured by legislative action or executive pronouncement. Economic wounds must be healed by the action of the cells of the economic body—the producers and consumers themselves. Recovery can be expedited and its effects mitigated by co-operative action. That co-operation requires that every individual should sustain faith and courage ; that each should maintain his self-reliance ; that each and every one should search for method of improving his business or service ; that the vast majority whose income is unimpaired should not hoard out of fear but should pursue their normal living and recreations ; that each should seek to assist his neighbours who may be less fortunate ; that each industry should assist its own employees ; that each community and each State should assume its full responsibilities for organization of employment and relief of distress with that sturdiness and independence which built a great nation.”

He favoured Government encouragement and leadership, but in the promotion of such private or local

and State activities, not in a relief and recovery programme of its own. His words and actions then, as President, were in line with his attitude after he left the White House and became the most bitter critic of the New Deal.

To him individual responsibility and self-reliance were the rock on which America was built, and should endure. He felt that for the Government to assume responsibility for meeting the economic problems with which its individual citizens were faced would mean the end of what he called "The American System." The Government could not in his view meet the manifold problems of America as well as its citizens, each striving, in whatever station, occupation, or region he happened to be, to meet the problems of the moment as his forefathers had met the equally varied and urgent problems of the frontier. If it attempted to do so it would break down the self-reliance and the self-respect of its citizens. It would break down the essential qualities which deserved to be called "American."

The Hoover depression policy was, however, not so negative as critics then accused it of being, and as the general public, blinded by the magnetism of Franklin Roosevelt, now largely believes it to have been. Mr. Hoover worried more and worked harder than most chief executives. No one could have applied himself with more desperate zeal to the thankless task of a depression Presidency. He took no holidays, he allowed himself no smiles, thus acting exactly contrary to his successor. His efforts took six main directions.

Firstly, he convened conferences of employers and labour leaders to try to secure voluntary agreements which would prevent dismissals of workers, cuts in wages,

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strikes and lockouts, or undue contractions in the volume of industrial production or payrolls. His efforts in this direction were not unlike the efforts of his successor under the much publicized National Recovery Administration, and had the same object—to keep up not merely employment but purchasing power. The chief difference between the Hoover and the Roosevelt method was that the former resisted any idea of coercion, or of Government responsibility for, or control over, arrangements thus come to by employers and workers, whereas the latter was quite willing to make the State the master of industry. Mr. Hoover gave a meeting-place and fatherly advice to conferences of private citizens, in the hope of stimulating private effort. He was thus doing as President, to meet the necessities of the depression era, what he had previously done as Secretary of Commerce, to meet those of the prosperity era. He had no idea on either occasion of giving to the arrangements thus made the force of law, or of being himself, as representative of the Government, anything but a source of advice, technical assistance, and encouragement.

Secondly, Mr. Hoover accelerated Federal public works and encouraged States and cities to accelerate their public works programmes, so as to take up some of the slack in the durable goods industry, and thus to fill in the trough of the depression. He had no idea of undertaking unnecessary projects simply as a means of giving employment. Anything like a great made-work programme was anathema to him. But he did see reason in all public authorities compressing so far as possible into the depression period, when capital and labour would otherwise be idle, construction projects which they would in any case have to undertake some time. The Federal expenditures

designed directly or indirectly to promote public works averaged some \$600 million a year during Mr. Hoover's term, which was a figure well in excess of that of the opening part of Mr. Roosevelt's. Indeed, so far was it from being the case—that Mr. Hoover was utterly opposed to the idea of public works as a depression policy, and that this was a Roosevelt innovation—that Mr. Roosevelt's accession to office was in fact followed by a period when public works in hand actually shrank considerably in volume; though, of course, after an interval, the Roosevelt public works programme reached dimensions of which Mr. Hoover would never have approved.

In the third place, Mr. Hoover encouraged the Federal Reserve Banks to pursue an easy money policy. By purchases of securities and other devices the banks did create a considerable volume of credit, which should have stimulated economic activity had it not been so difficult for banks, however large their idle reserves, to find persons to whom to lend money who could, during the depression, offer adequate prospect of repayment. It was necessary in the end, in 1932, to create a new financial agency, the Reconstruction Finance Corporation, which was empowered to lend money to banks, railroads, and other corporations to amounts and under conditions which the Federal Reserve Banks could not have accepted. This body did serve to avert by timely loans the collapse of a number of great financial houses and railroads during the difficult last year of the Hoover term.

In the fourth place, Mr. Hoover tried to maintain agricultural purchasing power by an extensive system of loans to farmers' co-operatives and credit bodies, and by the establishment, under the Federal Farm Board

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(created in 1930), of Stabilization Corporations to buy up surpluses of basic farm products, notably grain and cotton, and to withhold them from the market until they could be disposed of without depressing the price of these commodities below the level at which returns covered costs of production.

In the fifth place, he not merely encouraged private charities, and especially the co-operative charities of great American cities known as Community Chests, to raise large sums for the relief of distress, but urged upon local governments and upon States their responsibility to step in if and when private charity appeared unable to prevent the destitute from being without food, clothing, and shelter. He also, in his final year of office, made loans available to States which could not handle their local burden of relief without such aid. He was as eager as Mr. Roosevelt that Americans should not go hungry or cold during the depression. He differed from Mr. Roosevelt only in believing that it was primarily a matter for private charity and secondly a matter for local and State action to relieve distress, and that under no circumstances should the Federal Government become itself a source of direct cash grants to the unemployed.

In the sixth place, he tried extremely hard to secure some measure of international economic co-operation, believing as he did so strongly that the depression, and more especially the further falls after 1930, were due to international rather than domestic causes. He initiated, at the request of President von Hindenburg of Germany, the Moratorium of 1931 which bears his name. He was willing to have America forgo for one year collection of its debts, if its debtors would similarly forgo collec-



tion of their debts, in order to avert economic collapse in Germany, and in the hope of checking the declining curve of confidence and credit which was dragging every country down during 1931. He also took great interest in the preparations for the Monetary and Economic Conference, which ultimately convened in London in 1933 shortly after he had left office. He tried hard, but unsuccessfully, to secure the co-operation of Congress and of his successor in plans to prepare for re-opened war debt negotiations and for the Economic Conference.

These various lines of attack on the depression failed, in the event, to make much impression on its spread. Employers did not long follow the President's advice, but felt forced to cut wages and dismiss men, thus further diminishing purchasing power, and with it prices, sales, profits, and employment. States and cities were brought, by the fall in their revenues and by the burden of their debt charges and relief expenditures, into such desperate straits that they could not continue to expand their public works programmes, but had instead to contract them, thus counterbalancing any good effects of an expanded Federal public works programme. The enlarged credits which the Federal Reserve Banks and the Reconstruction Finance Corporation made available did not lead, as they should have done, to increased economic activity and rising prices, since solvent borrowers could not be found to use more than a tiny proportion of these credits, and since private lending was contracting so much faster than government lending could possibly expand. The Farm Board could not hold up farm prices, since foreign sales and world prices were sagging so fast that the attempts of the Farm Board to check the fall were as vain as an attempt to bail water out of a

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sinking ship with a small pail. Private charity and local and State action were unable to handle the relief situation adequately, because it grew so immense and endured so long—vastly exceeding any estimates which had been made, or could have been made, as to its probable dimensions. The Hoover Moratorium failed of its purpose, partly because the situation was in any case too grave and too complex for a single measure of that kind, however bold, to stop the European financial rot, and partly because the delay, largely due to France, in adopting the Moratorium caused the problem to get out of control before the scheme went into effect.

It has to be remembered that Mr. Hoover was not possessed of anything like the measure of control over Congress enjoyed by his successor, or even by his two predecessors. During his first two years of office there was, it is true, a large nominal Republican majority in both Houses. In the Senate the majority amounted to 14 and in the House to 101. But a considerable number of these Republicans, especially from the farming States of the Middle West, were as radical in their outlook as Mr. Hoover was conservative, and could not be regarded as reliable members of the majority. It only took a shift over of 8 such nominal Republicans in the Senate, and of 51 in the House, to defeat a Hoover request. Such a shift was not difficult to secure, since even the conservative Republicans were in many cases not too friendly to Mr. Hoover. He had not been a professional politician by training. He possessed none of the qualities which appeal to the professional politician. The regular Republican was therefore ill-disposed towards him, and would have required careful handling if he was to be induced to back Presidential requests. Mr.

Hoover had been too accustomed—not merely as a mining engineer and business executive in private life, but as American Relief Administrator in Europe, as U.S. Food Controller, and as Secretary of Commerce—to issue orders rather than to obtain his way by flattery, patronage, and guile, and was too shy and cold to be capable of such handling. Moreover, as the third Republican President in succession, he entered office at a time when most of the available patronage had already been distributed. He could hardly make a clean sweep of Harding and Coolidge appointees. He had therefore much less power over politicians than the normal President, who can make a clean sweep of his predecessor's appointees, and use the immense resulting patronage to bribe and bully Senators and Congressmen.

In his second Congress, from 1931-33, Mr. Hoover was faced by a Senate in which the Republicans held exactly half the seats, and when a single shift on the part of one of the many unreliable members calling themselves Republicans would put the party in a minority of 2. He was also faced by a House of Representatives in which his party was in a minority of 7. It had become clear that only a miracle could prevent his defeat in the 1932 Presidential elections (for no party has ever won the Presidential elections immediately after having lost the preceding Congressional elections). There was therefore no inducement to the ordinary politician to defer to his views. His position had been morally as well as materially weakened by the 1930 election results. He would in all probability soon be on the way out of the White House. Every professional politician was therefore inclined to turn from the setting to the rising sun, *i.e.* to the probable nominees for President in 1932.

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It would therefore have been politically impossible for Mr. Hoover to put through a bold, comprehensive, and therefore controversial, programme for dealing with the depression, even if he had wished to do so. His freedom of action was very limited. Congress placed in his path every obstacle which it could. Particularly in the later part of his term it frankly disregarded most of his important proposals, for example, that of December 1932 for an immediate overhaul of the shaky banking system of the country.

Mr. Hoover cannot, however, wholly free himself from blame for this unhappy state of affairs. It was a measure of his own lack of personal magnetism, his own queer inability to stir even his own followers to any sort of personal affection for him or enthusiasm for his ideas, that he should have been so powerless to overcome any of the political difficulties with which he was faced. The human appeal which a Theodore or Franklin Roosevelt or a Lloyd George could exert, and which was able to win over, at least momentarily, even persons of opposing views, was utterly lacking in Herbert Hoover. He was as afraid of the friendly smile, the kindly word, the joke, the compliment, the slap on the back, which is so vital a part of the American politician's equipment, as the Roosevelts were fond of them. He was even afraid of applause, and shows obvious signs of acute discomfort when even a friendly crowd cheers him and calls for a smile—a gesture such as the Roosevelts throw off even in their sleep.

Moreover, he allowed the anxieties of his task to put grim lines into his face, and to take all the gaiety out of his voice and behaviour. To see or hear him was to be chilled with gloom, whereas, even in desperate moments, Franklin Roosevelt enjoys his job and radiates warmth,

confidence, humour. America was in too grim a condition during the Hoover and Roosevelt terms to feel much inclined to smile. But a gloomy executive like Mr. Hoover worried, and therefore irritated, an anxious public, whereas a gaily confident one like Mr. Roosevelt took the public mind off its worries, gave it hope, and therefore won its confidence.

Mr. Hoover has been much criticized for his constant refusal to admit publicly that American conditions were desperate, and for his repeated false prophecies of returning prosperity. Undoubtedly these gravely shook public confidence in him. His own defence for them is interesting. On being reproached once by a well-informed visitor for showing no signs of recognizing the gravity of the emergency, he replied, "I have information at my disposal which enables me to say that the situation is even graver than you suggest. The fact that I give no public sign of that is not due to an unwillingness to face unpleasant facts. It is due to my position. I am, as it were, the doctor at the bedside of a grievously sick America. What would you think of a doctor who told his patient that he was at death's door? Is it not his job to keep the seriousness of the complaint from the patient and to encourage him to believe that he is not so desperately ill, and will mend fast?" Had Mr. Hoover been able to check in this way the fear which was paralysing America during the depression, had any words of his been able to create an atmosphere of hopefulness which might stimulate recovery, his attitude might have been justified. He should, however, have realized long before he did that the patient could not be fooled, and that attempts to fool him would not raise his hopes but merely shatter his confidence in his doctor.

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The unhappiest period of the Hoover term was that between his defeat in November 1932 and his departure from the White House in March 1933. He is the last American President who will experience that unhappy interlude of responsibility without mandate or power. Future Presidents will leave office in the January following the elections, thus having a mere  $2\frac{1}{2}$  months to get through—during which there will be no session of Congress, instead of 5, including one full session of a Congress which, like the retiring President, had just been defeated at the polls. Mr. Hoover tried to get over the difficulties of this period, which happened to be the most critical of the whole depression, by consultation with his successor. He established a new precedent in the repeated efforts which he made to work out with Mr. Roosevelt a joint attack upon grave problems occurring during that period after Mr. Roosevelt had been elected but before he took office. He was anxious that the war debts, the preparations for the Monetary and Economic Conference, the banking situation, and other matters, should be quickly and boldly dealt with, and appealed to his successor, who was the leader of the majority party in Congress, to help him to achieve this end. Mr. Roosevelt agreed to meet him twice. He allowed his aides to collaborate with Hoover cabinet ministers. But he adroitly refused to accept himself any responsibility before his entrance into office. Mr. Hoover has never forgiven him for this, and feels that it was the Roosevelt purpose, and one successfully realized, to make action impossible prior to March 1933, so as to discredit the Hoover régime the more and to create a dramatic entrance for the new President. Mr. Roosevelt would probably defend his action not merely on strict con-

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stitutional grounds but also on the ground that confidence in Hoover had in any case disappeared and could not be restored, that it was vital to the nation that it should have entire confidence in the new President, and that such confidence might be lost by what would be at best clumsy collaboration between an outgoing and an incoming President, whose views on most matters were profoundly opposed.

Whatever be the merits of this dispute the facts are clear. The banking situation in particular piled up into a nation-wide crisis during this period, and because the Federal Government could take no action. Bank holidays in a few States, such as Michigan early in February 1933, shook confidence in the banks of other States. A downward spiral of fear set in. The run on the banks of the nation increased to a flood. Maryland, Ohio, and many other States had to follow the Michigan example, and finally, on the last evening of the Hoover term, the Governors of New York and Illinois issued proclamations closing the banks of those great States. Mr. Hoover and Mr. Roosevelt therefore drove together to the Capitol for the inauguration of a new President on the first business morning in American history on which no bank was open. No more dramatic finale for the grim, tired Hoover, no more theatrical entrance for the confident, eager Roosevelt, could have been planned. The Depression Presidency ended on a grimly fitting note of emergency.

## CHAPTER VII

### THE NEW DEAL, 1933-38

FRANKLIN ROOSEVELT showed in his Inaugural Address on March 3, 1933, how utterly his conception of the President's task differed from that of his predecessor. In ringing tones he assured the nation that the only thing it had to fear was fear itself. He did not attempt to minimize the gravity of the situation—with values shrunk, profits gone, millions unemployed, multitudes in distress. But he insisted this was due to no failure of substance. Plenty was at their doorstep. Compared with the perils their forefathers had conquered they had much to be thankful for. Theirs was a man-made depression. And what “the rulers of the exchanges” had brought about by stubbornness and incompetence a resolute nation could put right.

He assumed “unhesitatingly the leadership of this great army of our people dedicated to a disciplined attack upon our common problems.” He was prepared under his constitutional duty to recommend the measures which a stricken nation in the midst of a stricken world might require. Those measures, or such other measures as Congress might build out of its wisdom and experience, he would seek, within his constitutional authority, to bring to speedy adoption. But in the event that the Congress



should fail to pass his measures, or substitute others of its own, he would not evade the clear course of duty that would then confront him. He would ask Congress for the one remaining instrument to meet the crisis—broad executive power to wage a war against the emergency, as great as would be granted if they were in fact invaded by a foreign foe.

He had no sympathy with the Hoover thesis that the Government could not and should not seek to lead the nation out of the depression, but instead leave that task to the action of citizens themselves. He believed firmly that the Government, and it alone, could tackle a task as complex and critical as that which America then faced.

He had no doubt of his ability to give the necessary leadership, or of America's ability, given the right leadership, to conquer its problems speedily. He was no doctrinaire. As he frankly said on one occasion, "He did not expect to make a hit every time he went in to bat." If he could not achieve his objects one way he would try another. It was contrary to his nature to admit that anything was impossible, or to allow lawyers or theorists to tell him that some worthwhile object could not be achieved. He was, like many determined men, rather indifferent to means, when his will was set on some important end.

He frankly enjoyed power, and enjoyed, too, even those accompaniments of political power in America which had been so distasteful to Mr. Hoover—contact with the crowd, negotiations with politicians, back-slapping, ballyhoo. Whereas Mr. Hoover would have been happier working in the secrecy which surrounds the financial magnate, Mr. Roosevelt would have been

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disappointed had the limelight not been constantly fixed on his every move.

Mr. Roosevelt, moreover, sees America in human and visual terms—as multitudes of simple, sensitive men and women, whom he thinks of in terms of those he knows; as miles of forest, mountain, plain; as multitudes of homes; which he can see clearly, because it is of concrete bits of landscape that he thinks, not of maps, blueprints, and statistics. He and his wife, who has probably affected his outlook if not his policy considerably, know America better than any of their predecessors, with the possible exception of Theodore Roosevelt. Whereas Mr. Hoover had spent most of his life, between leaving Stanford University and becoming Food Controller in the Wilson Administration, abroad, and had spent almost all his public life at a desk in Washington, and had thus been confirmed in his engineer's habit of visualizing America chiefly in terms of reports, statistics, and diagrams, Mr. Roosevelt had seldom left America, and had travelled widely throughout it, even before his first campaign for the Presidency, and thus was confirmed in his layman's habit of judging things by his own personal impressions rather than by second-hand reports.

Mr. Roosevelt, moreover, had been a politician for 22 years before entering the White House. He had been a State Senator in New York from 1911-13, and had returned to New York politics again as Governor from 1929-33. He had been in Washington during the war years, from 1913-20, as Assistant Secretary of the Navy, and had the valuable additional experience of a strenuous, though unsuccessful, campaign for the Vice-Presidency in 1920. He had fought hard for Al Smith's candidature at the Democratic Conventions in 1920, 1924, and 1928,

and had thus got to know, and be known by, the men from all over America who run the party machine. He had thus every advantage over Mr. Hoover, who knew nothing of American politics except the little which comes to the attention of a Secretary of Commerce.

Moreover, Mr. Roosevelt's personal background and experience had given him certain advantages over Mr. Hoover. The latter had been born poor, on an Iowa farm. He had had to work his way through Stanford University in California. He had become rich through his mining and financial work in Australia, the Far East, and Europe. He had inevitably all the self-made man's conviction that there could not be much wrong with a social and economic system which allowed some one from his poor beginnings to become rich and powerful. He had also—like the Republican candidate for President in 1936, Alf Landon of Kansas, another self-made man—a horror of large expenditures, because his dollars had been hard earned, and a certain feeling that those who were unemployed and destitute had themselves to some extent to blame for it, because he, starting from the bottom, was not unemployed and destitute. Franklin Roosevelt, born into an aristocratic and comfortably well-off New York family, educated at Groton and Harvard and the Columbia Law School (the Eton, Oxford, and the Temple of America), inheriting a comfortable home in the most fashionable region of New York City and a beautiful country estate at Hyde Park on the banks of the Hudson River, and never having to worry about earning money, had naturally a very different outlook. He could sympathize with the fellow who was down and out, conscious that, but for his lucky choice of parents, he might well have been. He could

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see the faults in the social system in which so much depended upon luck, and could see, moreover, the faults in the corporation lawyers, company promoters, and industrial magnates who ran prosperity America, mostly *nouveau riche* to a Roosevelt and too grasping and materialistic for a leisurely aristocratic taste. He could indeed see these faults the more clearly in that he had had brief experience of the Bar and of business, had even been in a small way a company promoter, and had seen men, whom he inevitably thought less good than he, achieve in those callings greater material success.

Even what some might think his hardest blow at the hands of fate—the serious attack of infantile paralysis with which he was stricken in 1921, and which kept him bed-ridden for several years, and still prevents him leading a wholly normal life—was in some respects a blessing in disguise. All the strength in his face has come there since 1921. One would hardly know the Franklin Roosevelt of to-day in the pleasant but weak face that smiles out of the photographs taken of him when Assistant Secretary of the Navy 20 years ago. It was his own conquest of pain, conquest of what many people told him was an incurable disease, which has given him that determination which is now one of his outstanding qualities. It is the way he proved every expert wrong, in making a physical and political comeback from the paralysis which laid him low in 1921, which makes him now so unwilling to accept advice that any scheme in which he is interested “cannot be done.”

His greatest advantage over Mr. Hoover was, however, in the date of his election. As he himself frankly admits, his four years as depression Governor of New York State had opened his eyes to the new problems with

which America was faced, and had given him invaluable experience in handling, in what was a fair cross-section of America, the sort of tasks he would have to handle in Washington. Mr. Hoover's  $7\frac{1}{2}$  years as Secretary of Commerce in prosperity America had been the worst possible preparation for the awful responsibility which was to be his from October 21, 1929, to March 3, 1933—the responsibility of meeting a depression more unexpected, more severe, more chaotic than any country had ever experienced before. He had been elected to, and had entered, office in the expectation that the prosperity would continue, that his task would be one of leading America into an era of abundance and leisure. He had to make all his plans anew, and plot a course across uncharted seas, when the stock market crash knocked the bottom out of the American economy in the autumn of 1929. One can only guess, one can never know, what smaller measure of success Mr. Roosevelt might have enjoyed if elected in 1928 instead of 1932, what smaller measure of failure might have been Mr. Hoover's if he had had the Roosevelt term instead of the preceding one.

Mr. Roosevelt has accepted the name, the "New Deal," as a fit title for his policy. He has suggested that that policy is a coherent one, in spite of all its apparent inconsistencies, and that his objectives have never changed, only his tactics. As a keen yachtsman he has explained the twists and turns in his Presidential course as being merely like the tacking of a yacht, the fastest method of reaching one's objective in veering and sometimes contrary winds. It is doubtful whether the historian will agree that one can reduce to that degree of order the incredible number and variety of Roosevelt measures.

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Much of the "New Deal" wears to the foreign observer the appearance of having been improvised—without much planning, and with little relation to other parts—in response to some emergency or to some special advice or pressure. Mr. Roosevelt gives the impression of being a brilliant opportunist rather than a subtle planner. He seems to have more sympathies than principles, more prejudices than policies. For he is a man who feels rather than thinks, and who reacts to a situation rather instinctively than after careful thought.

It must, however, be admitted that even if Mr. Roosevelt has had all along a clear conception of what he was after, and has tried to fit every move that he has made into a single consistent plan, the "New Deal" would still appear rather a tangled forest than a straight row of trees. The emergency, when he entered office, was so pressing, the surge of events has been so swift, that there has seldom been time for careful planning. Solutions to critical problems had to be improvised rapidly, and must inevitably have been sometimes ill-advised and poorly related to other measures bearing upon the same problem. Moreover, the American system of government provides no general staff, either in the Civil Service or in the Cabinet, to relieve the President of part of his burden. And Mr. Roosevelt, by the character of his appointments and because of his habit of accepting advice from many quarters rather than relying on his Cabinet heads to sift all advice relating to their Departments before putting it before him, has added to the burden which would inevitably have been his. He has kept every thread in his own hands, and has concerned himself with details, and with the preparation of measures, in such a way that he is constantly making vital decisions

with little but his own memory and skill to save him from errors and inconsistencies.

Whether or not the "New Deal" as a whole be written down as the coherent application of a coherent plan, it must be admitted that Mr. Roosevelt has kept constantly in mind certain broad objectives.

1. He has been determined that the whole resources and power of the Federal Government be used to assist not merely or mainly the great corporate institutions of the country, but any group of citizens who are in distress because of flood, drought, or economic breakdown. Believing that America is rich enough to guarantee all its citizens not merely something to live on, but something to live for, he regards the Government as an instrument for bringing immediate aid to any Americans who, through no individual fault, are denied a fair return on their labour.

2. He has been convinced that only the broad action of the Federal Government could bring America back from the depths of 1933, and he has been determined that whatever the means, and whatever the cost, such recovery shall be achieved.

3. He has come to believe that the Hoover way to recovery, which was roughly to pump credit into the economic machine at the top, and to hope that the wheels of private enterprise would then turn again and allow prosperity to drip down to the bottom, is the wrong way, and that the correct method is to create purchasing power at the bottom, by aiding the unemployed, the wage-earner, the farmer, thus increasing consumers' demand, in the hope that prosperity will ultimately rise to the top.

4. He is convinced that there were many abuses in

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the America of 1929, and he is not willing, even in order to secure quicker recovery, to postpone a reform of those abuses—such as dishonest banking, exploitation of the consumer by monopolies, tax evasions, et cetera.

5. He believes that economic power had become so concentrated in America before 1933 that real democracy was disappearing. As he put it in his speech accepting renomination in June 1936, Economic Royalists had come into existence, upon whom not merely the individual labourer, farmer, and investor were dependent, but upon whom even the Government was largely dependent. If economic freedom, without which there could be no real political freedom, was to be restored to the American people, and if American private enterprise and political democracy were to endure, it was necessary, in his view, to dethrone these Economic Royalists, as political tyrants had been overthrown when the Republic was established.

6. He believes that America has been wasting her natural as well as her human resources in the past through reckless, unplanned, selfish exploitation of the continent. Soil, minerals, timber, water, the basic resources of the nation, were all, in his view, being dangerously depleted, as floods and dust storms vividly proved. He was as keen as his fifth cousin, Theodore Roosevelt, that these natural resources of America should be conserved. And he believes that only the Federal Government possesses the power to ensure such utilization of these resources as will benefit the entire nation rather than privileged and selfish groups, and posterity as well as the present generation.

7. He believes that much of the trouble of the past has been due to the way in which the national life has



got out of balance. Certain regions such as the South, certain classes such as the unskilled labourer, certain callings such as farming, had fallen behind others in the economic race, not merely to their own distress but to the national detriment. Believing that the nation is an organic whole, and that distress in one part has harmful effects upon all other parts, Mr. Roosevelt is eager to encourage a sense of interdependence amongst Americans, and to enlist the power of the State to restore and to maintain a healthy balance between different regions, industries, and classes.

A clearer understanding of the maze of Roosevelt measures from 1932 to 1938 can perhaps be obtained if they are studied in relation to these seven broad objectives than if the subject be treated chronologically, or even departmentally. It must, however, always be remembered that a single measure may have had many objects. Thus the relief expenditures were not merely meant to serve Mr. Roosevelt's primary purpose—to bring Government help quickly to any groups of needy Americans; they were also meant to increase purchasing power and thus promote recovery, to redistribute national income and thus restore a better balance in the national life, and also, to some extent, to add to the physical equipment, and to conserve the natural resources, of the nation. They also undoubtedly had the purpose, minor as Mr. Roosevelt's apologists would suggest, but major in the view of his critics, of binding masses of voters to the Roosevelt and the New Deal political machine.

The Roosevelt relief policy has grown during the years since 1933. His first measures, taken within a few days of entering the White House, were to extend financial aid to needy State relief administrations through the

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agency of the Reconstruction Finance Corporation, and to establish the Civilian Conservation Corps to provide relief in the form of jobs for 300,000 unemployed young men between the ages of 18 and 25. This Corps was recruited by the Labour Department, by arrangement with local relief agencies. The War Department prepared the camps in mountain, forest, and other areas, where the C.C.C. boys were to live and work, and handled problems of supply and discipline. The Agriculture and Interior Departments planned and directed the work which was to be done.

Boys were recruited for periods of six months at a time. They were paid \$30 per month, of which five-sixths was sent back to their needy families. They were employed to fight forest fires, dust storms, and floods ; to build fire breaks ; to undertake other forest service ; to open up roads and trails into remote areas of scenic beauty, which might then become available to the great public in need of recreation ; to build check dams, and undertake other water conservation measures ; to erect telephone lines, linking remote mountain and forest camps and observation posts with the main centres of population. There was nothing military about their camps except the fact that Army officers built and controlled them. Educational and recreational opportunities were provided for the spare time of the camp members.

The C.C.C., started as an emergency relief measure, has now become a permanent conservation agency. The numbers enrolled have been reduced by nearly one-third, and the tendency for boys to re-enlist for second and third half-yearly periods has become less marked as private employment has picked up. Almost from the beginning employers found that C.C.C. experience had

made boys so much more fit physically, so much more alert, so much better disciplined, and very often, because of the educational programme at the camps, so much better equipped technically, that there was a positive demand for such workers, so that many boys not merely got jobs at the end of their six-month period of enrolment in the C.C.C., but before its conclusion. And it has been estimated that the value of the work done amounts to almost one-half the total cost of the experiment. This part of the New Deal has therefore won for itself a more universal approval than almost any other.

Loans from the R.F.C. to State relief agencies were a carry-over from the Hoover policy, and not very satisfactory to Mr. Roosevelt. He therefore organized, in May 1933, under the direction of Harry Hopkins, who had been his State Relief Administrator in New York, a Federal Emergency Relief Administration, which would spend Federal money directly on relief, working with local relief bodies but having its own nation-wide organization, and not requiring repayment of grants made to States. Mr. Roosevelt was, however, opposed to relief in goods or cash if a less demoralizing form of relief could be arranged. He organized, therefore, in the autumn of 1933, the Civil Works Administration, also under Mr. Hopkins's control, which created quickly some 4 million jobs for men and women on the relief rolls. It was intended that the work should be worth while, and not just "made work." It was, however, obviously impossible to find quickly worthwhile projects, ready to go ahead with, able to employ so many men. Some of the work was therefore inevitably of doubtful value, and the men employed on it, feeling that it was not valuable, tended to loaf at their work, so as to

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spin the available employment out as long as possible. The system was therefore brought to an end in 1934. It was, however, replaced in 1935 by a somewhat similar scheme, under the name of the Works Progress Administration. This, also under Mr. Hopkins's direction, created several million jobs on projects of public value, whether or not they were likely to produce a cash return. Work was provided for white collar men, and even for professional men, and for women as well as for the unskilled. The Federal Theatre Project gave work to unemployed actors and theatrical workers and created a new people's theatre for America, plays being put on in most great cities, and by travelling companies, at very small admission charges. The Music and the Art projects gave similar work to the large number of unemployed artists, and left the community with countless works of art and countless free or cheap concerts as a result. Even writers were found W.P.A. work, producing guide books, or plays for the Theatre Project. There is no American community which cannot point to a new road, or stadium, or school, or public hall, or drain, or playground, or swimming pool, or mural in its post office, or Federal Theatre performances, as a product of W.P.A. efforts between 1935 and 1938. If some of these W.P.A. efforts are of doubtful value, if most cost more than their strict economic worth, if some were so farcical as to be worthy of the satirical name given them by anti-New Dealers of "boon-doggling," if many W.P.A. workers loafed on their jobs, if the total cost was staggering, at least Mr. Roosevelt and Mr. Hopkins can say that America not merely has given its able-bodied unemployed something better than a dole during these difficult years, but that it has, unlike

England, something concrete to show for immense relief expenditures.

The Federal Government has tried to restrict its relief work to the provision of jobs for the able-bodied unemployed, and to return the problem of caring for the other needy to the States and localities. The direct Federal Relief Administration was scheduled to close in 1938, though the closing was rendered more difficult by the renewed depression of the winter of 1937-38, and by the new relief crisis in many great cities, such as Cleveland, Ohio, in the spring of 1938. The appointment of Mr. Hopkins to the Secretaryship of Commerce in December 1938 may, however, perhaps be regarded as a sign that in his view and Mr. Roosevelt's the relief emergency had by then subsided enough for the Relief Administration to end, and for W.P.A. to settle down to permanent routine.

In any case, Mr. Roosevelt was anxious to give America a better system of relief even than W.P.A. He was eager that it should have a permanent, nation-wide, comprehensive system of insurance against the risks of life, such as Germany in the last century, and Britain in the last generation, had established. Hence the establishment in 1935 of a Social Security Board. This levies two payroll taxes—one payable by worker and employer jointly, for the provision of old age and sickness benefits, the other payable by the employer only, for the provision of unemployment benefit. The Act went into effect on January 1, 1937.

The Federal Government does not itself provide the benefits. To meet the provisions of the Constitution, it has been arranged that the Federal Government will pay money to such States as have established satisfactory

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systems of social insurance. It will pay States 50 per cent. of the cost of old age pensions to the needy, up to a maximum of \$30 per month. In and after 1942 it will also provide funds for annuities of from \$10 to \$85 per month to all workers who have contributed and who will give up their jobs at 65, without regard to their means. Payments will also be made to the physically handicapped, to the blind, to widows and orphans, and for public health schemes. Payments for unemployment insurance will also be made to States which have established a system satisfactory to the Social Security Board.

The Social Security Fund will be accumulating immense reserves during the next generation, since payments into the fund started in 1937 and payments out will remain much smaller than payments in for many years. It is estimated that the Fund will have reserves amounting ultimately to 40 thousand million dollars, all of which will be invested in American Government securities. This huge reserve, in the form of Government I O U's, has been much criticized. It will be a constant temptation to politicians who need cash to bribe bodies of electors, and to lobbies desirous of raiding the Federal Treasury. It will be to some extent a fraudulent reserve, since the actual money needed at any time will have to be provided by Government taxes or loans, and the existence of 40 thousand million dollars worth of Government I O U's in the Social Security Board's safe will not make the raising of those taxes or loans any easier than if no I O U's were held. Many people feel that it would have been wiser to have kept contributions down nearer to the amounts required to keep the Fund permanently self-balancing, more especially since payroll taxes, amounting to 4 per cent. in 1937 and rising at intervals to a

maximum of 9 per cent. by 1949, will constitute a heavy burden upon industry. It is, however, likely that both the rates of contribution and the rates of benefit will be revised from time to time. Indeed, Mr. Roosevelt's desire to outflank the growing pressure for pensions for all old people, as demanded by Dr. Townsend of California and by many other lobbyists, and as reflected in the recent California election slogan, "Thirty dollars every Thursday," will probably cause benefit rates to be raised in the 1939 session of Congress.

Relief to the unemployed and to the sick and aged was not the limit of Mr. Roosevelt's attempt to bring the whole resources of the Government quickly to the assistance of any distressed Americans. Even earlier, in point of time, because of the existence of the banking emergency on the day he assumed office, was his assistance to bank depositors. In closing all banks in America by Presidential proclamation on March 3, 1933, and in allowing banks to open only by stages and as the Federal Reserve Board or State Bank Examiners certified them to be solvent, Mr. Roosevelt was trying to prevent solvent banks and worthy depositors being ruined by a frantic run which no financial institution, however well managed, could withstand. In establishing a Federal Deposit Insurance Corporation—which would, for a premium of one-twelfth of 1 per cent. of their total deposits, insure the deposits of banks in full up to \$5,000, to 75 per cent. up to \$50,000, and to 50 per cent. over that sum—Mr. Roosevelt was trying to guard against similar runs, and therefore threats to bank depositors, in the future.

The Home Owners Loan Corporation, established under Mr. Hoover in July 1932, was much strengthened,

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and up to July 1936 had saved innumerable home owners from the loss of their homes through foreclosure of mortgages. The H.O.L.C. would re-finance home mortgages, and secure for the unfortunate tenant lower payments and more time. A Farm Mortgage Act gave similar assistance to countryfolk threatened with the loss of their homes and fields, and, being combined with a moratorium on farm mortgages giving the courts temporary powers to prevent evictions, stopped quickly that tragic series of foreclosures and evictions which was threatening the livelihood and order of rural districts prior to March 1933. The Resettlement Administration, later merged in the Farm Security Administration, brought immediate aid to those sub-marginal farm families who had settled on lands which were, or had become, unsuitable for profitable farming, or who were faced with ruin because of drought, dust storms, floods, or soil erosion. It also provided funds and help to enable such ruined farmers to make a fresh start, under more hopeful conditions, elsewhere. A number of agricultural agencies—the Agricultural Adjustment Administration, the Federal Surplus Commodities Corporation, the Farm Credit Administration, and others—together, were empowered, and urged by an active President, to see that no difficulty of the farm population—whether due to a sudden calamity like the severe droughts of 1934 and 1935, or to the catastrophic fall in prices which had occurred prior to 1933 and tended to occur again in 1937-38, or to other causes—was allowed to bring distress to the countryside without Government aid being promptly available. Government loans, Government purchases of stock which farmers could not afford to feed, Government jobs for farmers whose



crops were ruined and who were without cash income, Government purchases of unwieldy farm surpluses, and other devices, were resorted to in order that farmers could no longer say that their Federal Government had forgotten them.

All these measures served, of course, other objects merely than the one of using the wealth and power of the Federal Government to assist hard-hit groups of Americans to meet some pressing emergency. In particular, they all served to some extent to restore confidence and to create purchasing power in the hands of consumers, and thus to promote recovery. Mr. Roosevelt had, however, other ways of stimulating recovery. He resorted particularly to financial devices. Whereas Mr. Hoover had been urging the vital importance, as a means of restoring confidence and therefore of promoting recovery, of a balanced budget (though without success), Mr. Roosevelt made an unbalanced budget a major weapon in his attack on the depression. It is true that he had, as a candidate, bitterly attacked Mr. Hoover for the budget deficits of some three thousand million dollars a year which he had been running during his final two years as President, and had promised an immediate reduction in Federal expenditures of 25 per cent., so as to bring the normal budget into balance. It is true that, as one of his first dramatic moves, he did get Congress to give him the power to cut expenditures by that percentage, and thus to bring the cost of Government within the limits of the revenue available on the basis of his tax bill. But Mr. Roosevelt developed the theory that depression expenditures were, like war expenditures, or like the capital expenses of a business, not to be charged to current account. So long as the income of the Govern-

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ment was enough to cover the ordinary budget, and interest and sinking fund on emergency expenditures, it did not matter that these emergency expenditures had to be met by borrowing. The gross debt of the United States—which had been increased by Mr. Hoover from a post-war low of \$16 billion on June 30, 1930, to \$22½ billion 3 years later, an average increase of \$2 billion a year—was increased by Mr. Roosevelt in his first four years in office by no less than \$14 billion, or \$3½ billion a year, to an all time high of \$36½ billion. It has continued to increase since then, though the increase is now being offset by the reserves being piled up by the Social Security Board.

Mr. Roosevelt had not intended that the budget should remain so long out of balance. In 1933 he was hoping that deficits need last only 2 years. More than once since then he wrongly prophesied that a balanced budget would be soon in sight. He has, however, since the severe recession of 1937-38, and the revived spending of the summer and autumn of 1938, talked in terms of a balanced budget when the U.S. national income is again of the order of \$90 billion a year, as it was in 1929. As this income is not yet in sight, a balanced budget may be regarded as postponed indefinitely, so long as the Roosevelt objectives remain unaltered.

A budget deficit, which would have the effect of using otherwise idle credit and of pumping money into circulation, was not the only financial device which Mr. Roosevelt used to promote recovery. He took the United States off gold at the time of his banking holiday. He had the so-called gold clause in public and private contracts declared of no effect in May 1933. He compelled Americans and American banks to surrender all

gold, at the old price, to the Federal Government in exchange for paper currency. He started buying gold abroad in the autumn of 1933 at a progressively higher price in terms of dollars, thus depreciating not merely the gold but the foreign exchange value of the dollar. He hoped to force up commodity prices, and thus not merely reduce the real burden of debts within America, but also restore the profit margin to industry and agriculture, which was impoverished largely because costs could not easily be reduced beneath the 1933 level of prices. He thus used some of the powers conferred upon him by the Farm Relief Bill in May 1933. (These were: (1) to issue up to \$3 billion, in unconvertible Treasury Notes; (2) to reduce the gold content of the dollar not more than 50 per cent.; (3) to have the Federal Reserve Board purchase not more than \$3 billion additional Government securities.) The other inflationary powers thus conferred upon him he did not use, nor did he favour simple inflation, at least of the ordinary kind.

He did not find this policy of depreciating the gold value of the dollar as effective as he had hoped and expected, and therefore gave it up in January 1934. He then took the U.S. back on to a gold exchange standard, at a parity of \$35 equals 1 ounce of gold. He retained, however, the power to depreciate the dollar a further 9 per cent., to the legal maximum of 50 per cent., though he has shown no signs of resorting to this measure in the subsequent 5 years. He also established, at this time of the return to gold, an Exchange Stabilization Fund, to the amount of \$2 billion. This fund has been used, not merely to prevent the exchange value of the dollar rising to a point when it would hurt American exports and to prevent undue short-term fluctuations in foreign exchange

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rates, but also to maintain the price of American Government securities, huge quantities of which have been absorbed, chiefly by the banks, in order to finance the large New Deal deficits. The money for this fund was obtained from the profits of gold devaluation, the remaining \$800 million of which profit was paid into the general account of the Treasury for current expenses.

To placate the large bloc of Senators from the Mountain States, which produce silver, Mr. Roosevelt also resorted to a policy of buying silver at progressively rising dollar prices. The price for silver mined in the U.S., all of which the Government would buy, was raised progressively to 77 cents an ounce (the price at which silver was selling prior to the New Deal was about 45 cents an ounce), and silver was bought on the world market at a price rising ultimately to 65 cents an ounce in November 1935. He also accepted silver, at these higher prices, in payment of war debts, and allowed Congress to declare in 1934 that the U.S. metallic reserve should ultimately be one-fourth silver and three-fourths gold, thus committing himself, in view of the large continuing gold imports, to purchases of silver which would in the aggregate be immense. He has not, in fact, bought anything like enough to bring the silver reserve up to the statutory proportion, and has, since 1936, largely confined his purchases of foreign silver to China, Canada, and Mexico.

This depreciation of the dollar in terms of gold and silver, and the fact that the exchange value of the dollar has been unusually low in relation to relative prices in the U.S. and in other countries, combined with the continuing creditor position of the U.S.A. and with the war scares in Europe, has resulted in immense gold and

silver imports into America, and immense increases in the volume of credit which could legally be created on the basis of these metallic reserves. In fact, much of this metal has been sterilized, being buried at Fort Knox, Kentucky, and not used as a base for credit expansion. It has even been necessary, especially in the early part of 1937, to increase the reserve requirements of the Federal Reserve Banks, so as to diminish their excess of credit-creating capacity, and to check the possibility of an uncontrollable credit inflation. Fears of inflation, of credit if not of currency, have nevertheless been constant during the New Deal, and, psychologically, have had some importance—as a stimulus to purchases of common stocks and of goods, and as a depressing influence on fixed interest-bearing securities, and as a general source of uncertainty.

Another recovery device has been the negotiation of Reciprocal Trade Agreements. An Act was passed in 1934, renewed in 1937, giving the President power to reduce, by decree, import duties by not more than 50 per cent., if necessary, for the purchase of reduced duties on, and therefore of enlarged markets for, American exports. Under the able and enthusiastic direction of Secretary of State Cordell Hull—who has always been a low tariff man at heart, and who is indeed something of a nineteenth-century liberal—19 Reciprocal Trade Agreements have been negotiated between 1934 and 1938, starting with Cuba and ending with the United Kingdom. They have covered well over half of America's foreign trade, and have resulted in a reduction of a large number of tariff rates, at home and abroad.

They have perhaps had some share in bringing about the rise in American exports from a value of \$1,600,000

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in 1933 to \$2,454,000 in 1936, and to an even larger total in 1937. They have, however, not made much real inroad on the high protective nature of the U.S. tariff as a whole, nor have they brought American exports anywhere near back to the post-war maximum of \$5,128,000 in 1929. It should, however, be remembered that these agreements are meant to serve other purposes than merely the expansion of U.S. exports. They are meant to enlarge imports as well, and did have some share in bringing the total of the latter ahead of that of the former in the year 1936-37. They are also meant to promote more normal and peaceful international relationships, and deserve consideration as an important American contribution to world understanding.

Mr. Roosevelt was, however, well aware that more direct methods would be necessary if full recovery was to be achieved. His real faith was pinned on the direct aid he was determined to give to those great blocks of consumers whose diminished purchasing power was in his view a prime cause of the downward spiral of prices, profits, and production. His relief programme has been referred to. He has, however, helped the unemployed, the wage-earners, and the farmers in other ways too.

The National Industrial Recovery Act of June 1933 was a major recovery device. It established, amongst many other things, a fund of \$3 billion to be used for public works. A Public Works Administration under the direction of Mr. Harold Ickes of Chicago, who was also Secretary of the Interior, was established. It has spent very large sums of money during the 5½ years of its existence to date. To begin with, Mr. Ickes's determination that no loophole for corruption should be found in his departments, and the lack of any programme,

kept the actual total of public works under construction below the level established by Mr. Hoover, who had also been a keen advocate of public works as a recovery device. In the end, very large sums of money were spent on such works, and the total under construction rose high above the average Hoover level. Some such works have been undertaken directly by the Federal Government, and have included dams, war vessels, army expenditures, aeroplanes, post offices, Federal courthouses and office buildings, etc. Most have been undertaken by States and local authorities, on the basis that the Public Works Administration will give part, usually 30 per cent. of the cost, and will loan another part, usually 70 per cent. of the money required, if the State or local authority will assume the remainder of the financial obligation involved. Roads, public buildings, bridges, tunnels, housing experiments, and many other public works have been undertaken thus with P.W.A. aid. A considerable amount of employment has been created, and very large sums of money have been pumped into circulation. A much-needed stimulus has also been thus given to the durable goods industry, which was more depressed than any other, and which did not benefit much from relief expenditures or from the smaller public works undertaken by Mr. Hopkins's W.P.A.

More immediately dramatic than the P.W.A. were other provisions of the National Industrial Recovery Act. It established a National Recovery Administration (N.R.A.) to draw up codes of fair competition for different industries. These codes were to eliminate child labour, shorten hours of work, and raise minimum wages, thus spreading jobs and enlarging consumer purchasing power. They were also to eliminate unfair

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price-cutting and other competitive devices, such as unscrupulous business men resorted to in periods of falling prices and declining demand, and which tended to force the whole industry into reckless practices. The objects of N.R.A. were thus not unlike those which Mr. Hoover had had at heart, both when as Secretary of Commerce he encouraged trade associations during periods of prosperity, and when as President he had convened White House Conferences to try to avoid strikes, maintain wages and employment, and maintain purchasing power. The methods of N.R.A. were, however, vastly different from those of Mr. Hoover. The President was given power to license industry, though he never in fact used it. He was also given power, after consulting interests concerned, to proclaim codes of fair competition which should have the force of law.

General Hugh Johnson, a colourful, vigorous business man, who had been associated with Bernard Baruch during and after the war, was made National Recovery Administrator. He built up N.R.A. into the largest of Government departments, with over 2,000 employees. Codes were usually first drafted by trade associations. These drafts, being submitted to the N.R.A., were referred to Deputy Administrators. They held public hearings on each code, and considered the views of an Industrial Advisory Board appointed by the Secretary of Commerce, a Labour Advisory Board appointed by the Secretary of Labour, a Consumers' Advisory Board appointed by N.R.A. itself, and of Legal and Economic Research Divisions of N.R.A. Finally, a code was submitted by the Deputy Administrator to General Johnson, and by him to the President. The latter's signature gave



force of law. Some 600 codes—some covering small tries and a mere handful of workers, others, like the ail Trade Code, covering over 3 million workers—ere finally agreed on within some 12 months of the issing of the N.I.R.A. The total number of workers vered was some 22 million.

The adoption of these codes took time. Mr. Roosevelt was not willing to wait. A so-called "Blanket Code," officially designated the President's Re-Employment Agreement, was therefore adopted in July 1933. This simply obligated those who accepted it to refrain from using child labour, to limit hours to 8 a day and 48 a week, and to pay wages not less than \$12.50 for such a 48-hour week. Any one accepting the Agreement was given the right to display a Blue Eagle device on his goods, stationery, advertising, etc., and the public were exhorted to deal only with firms displaying this device. Some 2,300,000 employers did sign. More than 16 million workers were affected. Perhaps as many as 2 million jobs did quickly result from the consequent spreading of employment and increase of purchasing power.

The whole system of N.R.A. did, however, soon run into difficulties. It was difficult, if not impossible, to enforce the codes, not merely because of their number and complexity, and because the Federal Trade Commission and the Department of Justice, whose job it was to prosecute offenders, were understaffed for the purpose, but because there were, from the beginning, doubts whether the law was constitutional. Public opinion was largely opposed to the prosecution of small men, like the New Jersey tailor who was fined for pressing trousers a few cents beneath the code price. If the public disliked

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the prosecution of small men, who merely tried to cut prices or costs to secure a living in hard times, the Government feared to prosecute big men, who could fight N.R.A. right up to the Supreme Court. Many of the codes were poorly drafted, as was inevitable, considering the hurry in which everything was done. All of them, granting as they did some freedom from the Anti-Trust laws, tended to encourage monopolies and to lead to price increases. The network of red tape, both in Washington and in all the local offices of N.R.A. and of the individual code authorities, became irksome to business and to the public. Above all, the whole tendency of N.R.A. was to increase production costs, and business men doubted whether they could afford to do this without equivalent price increases. They would not take the risk that Roosevelt asked them to take, that of waiting for the increased purchasing power created by N.R.A. to lead to increased purchases, and therefore profits. They either restricted production because they saw no chance of profit at the new level of costs, or raised prices to meet that level of costs. Either course discouraged rather than promoted recovery. In any case, N.R.A., increasing as it did industrial costs and prices, hurt consumers of industrial products, especially farmers. The whole N.R.A. was therefore becoming so much a source of confusion and embarrassment, to Mr. Roosevelt as well as to the country, that it was probably lucky that the Supreme Court, in the Schechter case in May 1935, declared the code-making powers on which it was built to be unconstitutional. This is not, however, to deny that in its early stages N.R.A. may have done something to promote recovery, by increasing employment and payrolls and by checking price-

cutting, and, above all, by generating an atmosphere of confidence.

An important part of N.R.A. had been section 7A of the Act, granting labour the statutory right to bargain collectively through organizations of the workers' own choosing. This gave labour unions, for the first time, not merely the approval but in a measure the backing of the law. A National Labour Board under N.R.A. was established to secure this right of collective bargaining. This Labour Board was superseded in June 1924 by a National Labour Relations Board. This new Board, being supported by two Acts of Congress, of 1934 and 1935, did not share in the fate of the rest of N.R.A. It still functions, and the essential Act on which it is based, The Wagner Labour Relations Act, has successfully withstood a challenge as to its constitutionality.

The Board can hear complaints against employers who are deemed to have tried to intimidate, or otherwise interfere with, their workers in the free choice of a means of collective bargaining. It can, if it finds them guilty, fine or otherwise punish them. It can, moreover, enjoin them to discontinue any specified interferences with the free choice of their workers, and can itself step in and hold elections to determine which union, if any, a majority of the workers approve of.

Four main choices have been open to the worker. He can decide to remain unorganized. He can favour a "company Union," that is, one confined to the employees of a single company and favoured by it. He can favour a craft union, that is, one enrolling all persons of a particular skill and grade, whatever their industry or company. Or he can favour an industrial union, that is, one enrolling all workers, whatever their skill or grade,

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who are attached to a given industry. If he favours a craft union, the chances are that he will wish to be associated with the American Federation of Labour—a rather conservative and cautious federation of trade unions, mostly, though not entirely, on a craft basis—which dominated the field of American organized labour from the eighteen-eighties, when the earlier Knights of Labour died, until 1935. If he favours an industrial union, he will probably want to be associated with the Committee for Industrial Organization, a federation of industrial unions founded in 1935 by John L. Lewis, President of the United Mine Workers of America, and formerly a Vice-President of the American Federation of Labour. There are, however, some trades, or, as Americans call them, labor unions, not affiliated with either A.F. of L. or C.I.O., for example, the Railroad Brotherhoods. The combined membership of all labour unions other than company unions was in 1933 only about 3 million, of which 2 million were associated with the A.F. of L. The membership of the latter was at the time of Roosevelt's election only one-half what it had been in 1921. The vast majority of American workers had never been organized.

Various factors had caused the labour movement to grow more slowly in America than in western Europe. The influx of immigrants, and consequent heterogeneity of the working population, had been one of them. It is difficult to create a sense of unity between recently arrived immigrants, of Slav or Latin origin and speech, and native-born Americans whose national origins were Anglo-Saxon, German, or Scandinavian. Another factor militating against unionization of workers had been the mobility of the American population. Workers who

moved from factory to factory, from city to city, even from State to State, were difficult to organize. The open door to opportunity and the ambition of unskilled workers to become skilled, of employees to become employers, of the poor to become rich, also made unionization difficult. The ordinary worker was more interested, in America, while opportunity still seemed unlimited, in advancing himself than in advancing a class he hoped sometime to leave. The great disparity between the earnings of the skilled and the unskilled, due partly to the way immigration created a surplus of the latter while national growth created a shortage of the former, also stood in the way of anything but craft unions. American labour in the mass had therefore been always unorganized; and even the conservative unions, largely of skilled workers, which did exist, were far from enrolling the majority of potential members.

All these unfavourable factors were disappearing before 1933. Immigration had slowed down after 1920 and stopped in 1930. Mobility of labour was being diminished by technological unemployment during the prosperity era, by house, car, and other purchases on the instalment system, and by the depression. The closing of the frontier and the slowing down in the rate of material growth were narrowing the field of opportunity. So were the growth of monopolies, the increasing scale of production, the growing inability of a small company, with little capital, to compete with a great company, able to install the latest machinery and to use the labour-saving methods of large-scale production. It was becoming harder to climb from class to class.

But two unfavourable factors remained, the hostility

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to labour unions of the Government and courts, and of employers. The latter were almost mediæval, by British standards, in their opposition to any but company unions. Some would not merely dismiss any of their employees who attempted to unionize the workers, but would place spies amongst the latter, and resort to secret or open intimidation, and even to violence, to prevent the growth of really powerful trade unions. The courts were often willing to issue injunctions prohibiting workers from picketing or striking. The Governments, Federal and State and local, would often use the police, the State National Guard, and even the army, to prevent disorders during strikes or lock-outs, and, in practice, this almost always meant using them to protect "blacklegs" and strike-breakers, and to defeat picket lines.

It was therefore of immense importance to labour that section 7 of N.R.A., and that subsequently the Wagner Act and the National Labour Relations Board, put their right, not merely to organize but to strike and picket, beyond legal question. It was even more important that workers were assured of a Federal Government, and, thanks to New Deal influence, of many State and local governments, which would sympathize with the strikers rather than with employers. No longer would the courts and the machinery of government, at least where New Dealers were in control, be the allies of the employer. On the contrary, they would be the latter's enemy, punishing the use of those methods of obstruction and intimidation to which employers had previously successfully resorted to break unions and strikes.

There was therefore a rush to organize. Both A.F. of L. and C.I.O. increased their membership. The former,

despite the loss of the ten or more unions which left it to form the C.I.O., increased its membership to perhaps 3 million. The C.I.O. claims to have a membership of 4 million, though it is doubtful if the number actually paying dues is as many as this. Independent unions also grew. And company unions relatively declined.

This growth in the labour movement was not brought about without great disturbance. There had been little labour trouble during the Hoover term. There was to be much in Roosevelt's. 1934, 1935, and 1936 were years of constant strikes. The new technique of the sit-down or stay-in strike caused great anxiety in the industrial Middle West, especially Michigan. Workers found that to take possession of the factory was a much more comfortable and effective means of coercing an employer than to picket it. Blacklegs could, with police aid, get by picket lines and operate a mill whose employees were mainly on strike. There was no means, short of starving or blasting the strikers out, of operating a factory in which a "sit-down" strike was being staged.

Employers, and many members of the public, were gravely concerned at this development, and even more at the attitude of New Deal officials towards it. When Secretary of Labour Perkins stated that "sit-down" strikes had never been declared illegal she was thought to be not merely stating a fact but encouraging such action. When Governor Murphy of Michigan would not use the local armed forces to protect the property of employers, and to compel strikers to evacuate plants, he was felt to be undermining public order. When the National Labour Relations Board was constantly accusing employers of illegal acts but never raising its voice against labour violence, not merely employers but even the

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moderate labour unions in the A.F. of L., which condemned the "sit-down" strike, accused it of partiality to the C.I.O., which made much use of this new device.

Mr. Roosevelt allowed labour to let off steam in this way, though he did rebuke John L. Lewis when that strong man too blatantly reminded him of the very large C.I.O. contribution to his 1936 campaign fund. He felt that stronger labour unions would not merely promote recovery, by winning wage increases which would stimulate purchasing power, but would check the power of the Economic Royalists, and would help to restore the balance of American life, which had been overthrown by the pre-depression concentration of wealth and economic power in a few hands.

The C.I.O. did, however, overplay its hand during 1936-37, and the public has shown since then that it is opposed to such labour tactics, not merely in straw votes favouring the moderate A.F. of L. President, William Green, against the militant C.I.O. President, John L. Lewis, but in the defeat of men like Governor Murphy of Michigan in the 1938 elections, when in many States the attitude of officials to labour disputes was an important issue.

Mr. Roosevelt has, however, not lost his zeal for better conditions for the industrial worker, as a reform as well as a recovery device. He pushed hard in 1937 and 1938 for a Wages and Hours Bill. He finally got it, after several set-backs, in June 1938. It provides for minimum wages to industrial workers of 25 cents an hour in the first year, 30 cents for the next six years, and 40 cents from then on. It also provides for maximum hours of 44 per week during the first year, 42 during the second year, and 40 in the third and subsequent years. Addi-



tional hours may be worked at overtime rates of time and a half. Differential rates are allowed for a time as between the low wage South and traditionally higher wage regions. The Act covers only industries engaged in inter-State commerce. There are a number of wholly or partially exempted industries. Enforcement may be difficult. Evasions, often called by Americans "chiseling," may be hard to track down. But despite all this the Act should lead to better conditions for industrial workers.

It is, perhaps, doubtful how far these labour measures aided recovery. They shook business confidence, raised manufacturing costs, and tended to raise prices of finished goods. It is more than possible that in these ways they discouraged business more than it was stimulated by the spread of employment and increase of wages. Mr. Roosevelt would nevertheless still defend them on the ground that, even if a failure as a recovery measure, they were essential as a reform one.

Even more in Mr. Roosevelt's mind than the unemployed and the industrial workers were the farmers. If their purchasing power could be raised, that would, in his view, do more than anything else to bring about recovery. The Farm Relief Bill was therefore pushed through Congress in May 1933, a month ahead of the National Industrial Recovery Bill. It established, amongst other agencies, the Agricultural Adjustment Administration. This was given the task of raising the cash value of the farmers' crops to a point which would give agricultural America the same capacity to buy industrial products as it had during the years 1909-14. Certain crops were declared to be basic. These were, initially, cotton, wheat, corn, hogs, rice, tobacco, and

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dairy products. Ultimately, cattle, rye, barley, peanuts, flax, and sorghums were added. The prices of these were to be raised by an adjustment of supply to demand. This adjustment was sought in two ways. Firstly, farmers were bribed by the Government to enter into contracts obligating them to destroy a certain portion of the 1933 crop and to restrict the planned production of their subsequent crops to quotas fixed by the A.A.A. after careful study of the existing carry-over and probable demand. Secondly, for products like milk—which was not an export crop, and for which the restricted acreage system was not altogether suitable—co-operative marketing agreements, backed by Government, were resorted to. The money with which to reward farmers who co-operated by reducing production of basic crops was obtained from taxes paid by the first processor of the commodity concerned. The scheme—except in relation to cotton, which was covered by a subsequent special Act with compulsory features—was nominally voluntary. Farmers had to approve the scheme by special referenda, and even then were free, if they wished, to remain outside. Only those who wished to receive subsidies need sign crop limitation agreements with the Government.

The ploughing under of cotton and the slaughter of little pigs, which was a feature of the scheme in its first year, was much criticized. On the whole, however, commodities were not destroyed, though their production was limited. Existing surpluses were in most cases bought by the Surplus Commodity Corporation and processed, and then turned over for use to the Relief Administration. Only animals too small to process economically were just wasted. Even non-production agreements were, however, naturally under fire. Wits

As to the papers saying they wanted to go into the business of "not producing hogs," and could guarantee the Government, in return for its cash, not to produce better hogs than any competitors. Serious critics pointed out that America might permanently lose foreign markets if it restricted production, and lifted prices, of crops like cotton. They pointed out also the anomaly of limiting production in the midst of scarcity and want. They were doubtful whether the A.A.A. could estimate probable yields and demand accurately enough to secure a reasonable relation of supply to demand. They feared what actually happened in 1934 and 1935, naturally poor crops which, given the reduction of acreage brought about by A.A.A., would involve a real shortage, and therefore importations of commodities of which the U.S.A. is normally an exporter. Many observers also violently objected to the Government regulation of farming, that was to some extent the inevitable accompaniment of Federal subsidies and Federal adjustment programmes.

Farmers, however, concentrated their attention on the cheques the Government was willing to pay them, and on the higher prices which restricted supplies, whether due to A.A.A. or to the droughts of 1934 and 1935, were bringing. It is difficult to estimate how much of the improvement is due to A.A.A. or to other Roosevelt farming policies, some of which have been touched on above, and how much to more general causes. The fact of a great improvement is, however, beyond question. Farmers' cash income, down to little over 4 thousand million dollars net in 1932, was up to over 7 thousand million in 1937. Sales of mail order houses and other signs of the buying power of rural America, pointed,

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even in the midst of the general economic recession of the winter of 1937-38, to a more prosperous farming community than had been known for many years. There has been a serious decline since. Farm prices dropped again badly in 1938. Renewed distress and discontent in the rural Middle West was obvious in the autumn of that year, and was doubtless a factor in the falling off of the New Deal vote which was marked in that part of the country in the 1938 Congressional elections. But this distress and discontent was far from being comparable to that existing in 1933.

Long before 1938, of course, A.A.A. had come to an end. The Supreme Court declared the processing taxes by which it was financed unconstitutional in January 1936. Congress, however, quickly passed a Soil Conservation and Domestic Allotment Act to take the place of A.A.A. This continued agreements with farmers to adjust production to demand, and also compensating payments. But the necessary funds had to come out of general tax receipts rather than out of special processing taxes, and the agreements had to take the form of leases of poor land which could be retired from cultivation or contracts to shift crops in the interest of soil enrichment, rather than of direct acreage reduction. From the farmer's point of view the vital part of A.A.A. was retained, that is, the flow of Federal funds into his pocket.

The mixture of reform with recovery—so much criticized by many of Mr. Roosevelt's opponents and, undoubtedly, so calculated to delay recovery, but so dear to Mr. Roosevelt—is obvious in this agricultural programme as in so much else. Secretary of Agriculture Wallace, one of the most sincere, honest, thoughtful, and well-informed members of the Roosevelt Cabinet, has

brought out clearly in many speeches and writings the need of reform in American agriculture, and indeed in the American economy as a whole. In particular, he has stressed the fact that America cannot hope to export anything like the volume of farm produce she exported in the years 1914-20, and must, if she does not want to have unwieldy surpluses, and therefore low prices constantly impoverishing her farmers, take millions of acres out of those crops, like cotton, wheat, and corn, of which she has had unmanageable surpluses. He and many others have brought out the fact that much of mid-western America will become a desert, and that millions of acres there and elsewhere will become permanently valueless, if reckless farming continues. So much land is already badly eroded, so much is washing and blowing away every year, that—unless farmers take steps to retire marginal lands to the growth of grass and timber instead of grain, and to rotate crops so as to preserve the fertility of their soil, and to take other steps to preserve the soil itself, and the water and minerals without which it is valueless—much of the United States will go the way of Iraq and North Africa, which were fertile in the past and have been desert and semi-desert in recent centuries. A.A.A. and the Soil Conservation Service and the Re-Settlement Administration have therefore been trying, not merely to assist farmers in distress and to bring about recovery by restoring rural purchasing power, but to replan American agriculture in the interests of reform and permanent conservation.

Reform has been much in the mind of President Roosevelt in other directions. The Securities Act of 1933 was designed to prevent those frauds on the investing public which had disgraced the previous era. The

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Act put the burden of proof on the seller of stocks. It made it necessary for a company prospectus to give not merely true facts but all the relevant facts. The Securities Exchange Act of 1934 established a Securities Exchange Commission to administer the 1933 Act, and to restrict abuses on the stock and commodity markets. It is to protect the public by examining practices which seem undesirable and firms which are thought to be shaky, and to prevent speculation on small margin accounts. The Banking Acts of 1933 and 1935 separated investment banks from commercial banks in order to prevent the frauds upon investors and depositors apt to grow out of a connection between the two sorts of bank, gave the Federal Reserve Board more power to check improper practices, including loans for speculative purposes, on the part of national banks, took power from the Federal Reserve Bank of New York and lodged it in the Federal Reserve Board in Washington, and increased the representation of the Government on, and its power over, that Board. The Holding Companies Act of 1935 not merely called for all inter-States gas and electricity holding companies to register with the Securities and Exchange Commission, but subjected their dealings in shares to some measure of control by that Commission. It also attempted to secure the dissolution of such public utility holding companies as existed for purely financial purposes and were of no operational value. The various tax bills tried to close all those loopholes in the existing law which had enabled so many wealthy men to evade a large part of their taxes in earlier years. In particular, two taxes, the capital gains tax and the undistributed profits tax, were designed to prevent tax evasion by the method either of fictitious sales of stock or real estate so

as to establish a minimal capital loss which could be offset against real income and capital gains, or of failure to distribute profits so as to avoid creating in any given year income on which tax was due.

These last measures were favoured by Mr. Roosevelt, not merely as a means of checking abuses uncovered by the depression and of securing equality of burden as between those taxpayers who could afford to resort to such means of tax evasion and those without the means and legal assistance needed for them, but also as a means of diminishing inequalities of wealth and of limiting the power of the so-called Economic Royalists. If—by means of the capital gains tax and the undistributed profits tax, and by the greatly increased taxes on large incomes and estates (which were run by the New Deal up to 70 per cent. on the largest fortunes)—the Government could tap income quickly and diminish the reserves of great corporations and personal holding companies, it would decrease the ability of private individuals and corporations to finance capital developments out of their own resources, and give the Federal Reserve Board and the Treasury greatly increased control over all sources of credit and investment. A “sit-down” strike on the part of capital, such as New Dealers believed was a large factor in the 1937 recession, would become much more difficult.

These taxes were, however, bitterly attacked by business, which held them, and the attempt to break up personal and utility holding companies, to be a major factor in that recession. A great fight developed in the 1938 Congress on the matter. A large body of Democrats, including Senator Harrison, the Chairman of the Senate Finance Committee, tried to repeal the capital

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gains tax and undistributed profits tax, as originally proposed by New Dealers. Mr. Roosevelt, using his power over the House of Representatives to the full, managed in the end to retain both taxes, but in a drastically modified and, from his point of view, weakened form.

Another reform measure was the Pure Food and Drugs Bill, designed to protect purchasers of proprietary articles and to put the burden of honest advertisement on sellers, as the Securities Act did in relation to financial issues.

It was, however, in Mr. Roosevelt's view, not enough to try to eliminate those glaring abuses which the depression had shown to exist in the structure of 1929 America. He wanted not merely to get back to 1929, and under reformed conditions which would minimize the possibility of another similar crash and depression, but to create an America much more free, economically and politically, than that of 1929. The depression would have been not wholly without value for America, as he saw it, if it had shaken the American people into an awareness, as it had shaken him personally into an awareness, of the threat to political democracy, to private enterprise, to the American way of life, constituted by the vast private fortunes, amounting to private economic empires, which had come into being between the American Civil War and the depression, and especially between the closing of the frontier in the eighteen-nineties and the end of the Hoover régime.

Not merely had the fortunes of such families as those of Morgan, Rockefeller, Mellon, and others, reached staggering proportions, but innumerable financial devices—watered stock, interlocking directorates, the piling



of holding company upon holding company, and others—had given rich men the means of controlling aggregations of capital vastly in excess of their own personal or family wealth. Various sensational writers had talked, even before 1929, of fifty families controlling America. Serious studies, like that by Berle and Means, had proved that there was some foundation of fact behind these sensational statements. More and more great corporations were coming to dominate different fields of production, and even more of finance and distribution. More and more the smaller business was powerless to compete with the greater one, or at least to do so except as a dependency, as smaller States survive as the satellites of great powers.

Mr. Roosevelt hated this tendency. He was once reproached for his apparently prejudiced attitude with regard to big business. He was asked whether he did not object to big business just because it was big. He is said to have replied that he did. "When I was young," he said, "most employers knew their workers not merely by sight but by name. They walked through their shop or factory or bank addressing friendly words to their employees. 'How are you, John? I hear you have another son. How is he doing?' 'Hallo, Bill. Congratulations on your engagement.' 'I was sorry to hear, Ed., of your loss. My wife and I have been so distressed.' To-day," Mr. Roosevelt continued, "you big business men are so far from knowing your workers by name, or even sight, that you often don't know your factories by sight. They are just names, which mean to you nothing but figures on your balance sheet. The human relation has gone out of business. That is why I am against big business."

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One is inclined to believe that if Mr. Roosevelt could have his way America would return to the days when businesses were small, and when political liberty had meaning because the voter controlled his own individual farm, shop, or factory, and when industry was humane because it was small scale. But he is realistic enough to know that the clock cannot, and should not, be turned back. He is therefore compelled, in default of making men again the owners of their own means of production, to try to give the community complete control over those great monopolies, those great financial groups, those great blocks of wealth, which rule a modern nation more even than its political government.

It is perhaps true that, so far, he has done more to sound the battle-cry than to begin the campaign. Nothing that he has done yet will prevent big business from re-establishing much of its former power if and when public opinion again becomes indifferent, and if a friendly instead of a hostile administration is in power in Washington. The reforms of the New Deal are too minor to have in themselves brought about either such a breaking up and redistribution of wealth as would undermine, or such a growth of governmental controls as would effectively curb, the private economic empires against which Mr. Roosevelt was campaigning in 1936. Many of the New Deal measures which have been listed have, however, had amongst their objects the curbing of these economic empires, notably the tax bills, the securities and holding companies legislation, the banking acts, the labour policies, and the Roosevelt water power policy.

His critics insist that he has been stirring up class hatred, to cement his own political control of the country and from personal jealousy of wealthy men with whom he

was himself in private life unable to compete, without any effective remedy for such abuses as are genuine. Certainly he has stirred up class hatred, though rather hatred of the wealthy elements in the country against him personally and against the philosophy of the New Deal than, as yet, hatred of the poor against the rich.

It has been suggested by his critics that he is aspiring to become a dictator. Two of his 1937 proposals were thought to lend colour to this charge—the proposal to add up to six extra justices to the Supreme Court, and the request for drastic personal powers to reorganize the machinery of the Federal Government. Mr. Roosevelt would insist that the former proposal was a moderate reply to the bigoted opposition of five elderly justices of the Supreme Court to the New Deal, in spite of its endorsement by Congress from 1934-36, and by the electorate in 1936. Starting with what was known as the “hot oil” case in January 1935, in which the petroleum regulations adopted under N.R.A. were declared unconstitutional, and ending in June 1936 with a decision that the New York Minimum Wage Law was unconstitutional, the Supreme Court, often by decisions of 5 to 4, threw out, in whole or in part, a whole series of Federal and State laws, including N.R.A. and A.A.A. It seemed in the end to have reached the position in which it would deny States the power to deal with such matters as minimum wages, and at the same time, under other clauses of the Constitution, deny the Federal Government power in those same matters, thus creating a “no-man’s-land” in which no government could constitutionally act. In reaching this conclusion, the conservative majority on the Court had—in the opinion not merely of Mr. Roosevelt but in that of such able

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members of the Supreme Court itself as Stone, Brandeis, and Cardozo—allowed its “economic predilections” to prejudice its decisions. It had apparently departed from the old custom of the Court of giving Congress the benefit of the doubt, and of never holding a law unconstitutional unless it was so beyond a peradventure of a doubt (which it could hardly be, if 3, and sometimes 4, able Justices held it to be constitutional, and a majority of only 1 or 2 was against it). It seemed, in Mr. Roosevelt’s view, to make “all real progress towards the legitimate objectives for which the people voted at the polls in 1932, 1934, and 1936 impossible.”

To amend the Constitution, which was the procedure recommended by Mr. Roosevelt’s critics, was not a suitable means of dealing with this problem in Mr. Roosevelt’s view. For one thing, amendments to the Constitution, when of a controversial character, are difficult to put through, even though backed by a large majority of the people. For another thing, it would be difficult to put into the form of amendments the increased powers needed to legalize the Roosevelt objectives. Moreover, in the Roosevelt view these objectives and his methods were constitutional already, and had been so held by Judges as able as Holmes, Stone, Brandeis, Cardozo, and sometimes even Hughes. Finally, if prejudiced judges could torture the meaning of the Constitution as it was in 1936 to defeat economic and political policies they happened to dislike, no amendments would be sufficient to prevent a bigoted supreme Bench from obstructing the popular and Congressional will.

Mr. Roosevelt therefore decided to do what had already been done more than once before, to increase the

size of the Supreme Court as a means of coercing its obstructive members. Congress possesses the constitutional power to fix the size of the Court. This size has not always stood at the present one of 9. To add not more than 6 new judges, if existing judges over 70 would not freely retire, thus possibly enlarging the Court to 15, would not in Mr. Roosevelt's view be a revolutionary measure. It would merely be the simplest means of overcoming the prejudice of five old men who happened to be Supreme Court Justices.

Congress, despite its overwhelmingly Democratic character, refused, however, to do the Roosevelt bidding. Taking courage from its defeat of his Supreme Court Bill, it defeated his Re-Organization Bill. This was very similar to a Bill passed while Mr. Hoover was President. Indeed Congress had given Mr. Roosevelt himself similar powers briefly at the commencement of his first term. Neither Mr. Hoover nor Mr. Roosevelt had, however, had the time to use these powers and to re-group Government departments and agencies in the interests of efficiency and economy, since they were hard pressed by emergency problems. Mr. Roosevelt felt in 1937 that he had the leisure to take up the matter. No one denied that the jungle of Federal machinery needed to be cleared. No one doubted that if it was to be cleared the President must do it, since Congress would never be able to undertake such detailed and controversial work. Congress, however, refused the Roosevelt request, fearing that he would use the power not merely to reorganize in the interest of economy and efficiency the Government agencies, but to increase the power of his office and his own personal power.

No doubt Mr. Roosevelt, like most able and deter-

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mined men, is greedy of power for the office he happens to hold at any given moment. No doubt, like most politicians, he does dislike not merely opposition but criticism. No doubt he did concentrate in his hands, in 1933 and 1934, greater powers than any American President, or indeed any democratic statesman anywhere, has ever enjoyed in time of peace. No doubt he is eager to build for himself, and for his New Deal policy as a whole, the most powerful political machine possible. There is, however, nothing in his speeches or writings, or even in his record, to suggest that he intends to suppress criticism or opposition, or to resort to violence, or to minimize in any way the power of Congress and electorate to give and withhold from him and his successors the powers requested. Charges of dictatorship are therefore as out of place in relation to him as are the charges, also thrown—charges which might be held to cancel one another out—of being now Fascist, now Socialist, or even Communist.

Mr. Roosevelt is indeed avowedly a believer not merely in political democracy but in private enterprise. He has again and again insisted that his New Deal is an attempt to preserve democracy and private enterprise in America against the forces which are threatening them. He believes that only if political democracy and private enterprise can handle crises—like that of 1933 and national emergencies like that broader American one which still continues (and will continue until the nation has readjusted itself to the more confined, and less expansive, conditions of the new era, in which population is ceasing to increase and land and resources are becoming more scarce)—as energetically as dictatorships and as planned economies, will they be able to survive. He therefore

regards his New Deal as vital to the survival of democracy and the profit system, not merely in America but in the world.

His critics would, however, insist that, whatever be his purposes, the results of his measures will be to undermine the American system. Not merely conservatives like ex-President Hoover, but liberal journalists like Dorothy Thompson (Mrs. Sinclair Lewis), believe that the New Deal is becoming a Frankenstein which will control its creators and destroy freedom in America. Regimentation is becoming, they feel, the characteristic of a people which used to pride itself upon its "rugged individualism." A bitter and long-continued fight is therefore inevitable, and the Roosevelt campaign against Economic Royalists will almost certainly be opposed, not merely by the vested interests which it would hurt, and by the blindly conservative elements in the nation, but also by liberals who share the Roosevelt objectives but dislike the Roosevelt method.

One of the things which has convinced Mr. Roosevelt that the Federal Government needs enlarged powers, or at least an enlarged latitude in the use of existing implied powers, is the evidence which has recently come to light that continued exploitation of the natural resources of America in the wasteful manner which has been traditional will gravely impoverish, if not ruin, the nation. For natural resources—soil, minerals, water, timber—are no respecters of State boundaries, and cannot be effectively conserved by State action.

The reckless cutting of timber in America has not merely removed nine-tenths of the original forests and reduced reserves to a mere 1,600 thousand million board feet, it is continuing five times faster than reafforestation

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and timber growth. It has scarred the nation with ruined slopes covered with rotting stumps where the timber men have gone, or blackened ones where forest fires have done their deadly work. As trees have gone, water and soil have been wasted, since trees protect the land against too rapid water seepage and erosion. Floods, such as those which have so repeatedly devastated the great Mississippi, Ohio, Tennessee, and other river valleys, are a consequence of deforestation. So are dust storms, such as have torn the top-soil off and blackened the skies of the prairie provinces in recent dry years. Only a bold reafforestation programme, conducted by the nation as well as by its constituent States, can meet this emergency.

Water is perhaps the vital natural resource, after air. The water resources of America have also been wasted, not merely as a result of deforestation, but as a result of improvident farming. The Great Plains, running from Texas to the Canadian border and extending 500 miles east of the foothills of the Rockies, have a normal rainfall of less than 20 inches a year. They used to be covered with short grass and ranged over by wild buffalo herds. The buffalo were all killed. Cattle then poured in. But now, over large tracts, the cattle has gone, and war demand and post-war speculation led to this area being largely converted to arable. It is unsuited to the plough. It has too little rain. The plough exposes the soil to the hot sun and high winds, whereas the grass held the soil and water. Dust storms and droughts are an inevitable result.

But even in other areas, where the average rainfall should have been enough for arable farming, the watershed has been falling, due to the reckless cutting of



forested hillsides, the improvident ploughing downhill instead of along the contours of the slopes, the failure to plant soil and water-holding crops where needed.

Where water disappears, there soil will also. The South and East, which have been farmed for 300 years and which should have been fit for permanent farming, can produce many eroded hillsides, many sandy gullies, where the top-soil has all been washed away, where nothing to hold water or soil remains. It has been estimated that 3 thousand million tons of solid material is washed off the surface of America every year, containing 40 million tons of valuable phosphorus, potassium, and nitrates. It is estimated that 100 million acres of once good land has now been essentially ruined by erosion.

As timber and soil above the land, and water in it, have been exhausted, so have the minerals underneath it. It has been estimated that America has already used up 23 per cent. of its anthracite coal, 28 per cent. of its iron, 52 per cent. of its copper, 55 per cent. of its oil, 58 per cent. of its zinc, 66 per cent. of its lead, and 80 per cent. of its gold. Since most of this has gone in the last 50 years, the situation, given a continuation of this rate of use, will soon become serious.

Franklin Roosevelt was not the first President to be impressed by the need of conserving America's natural resources. This was a matter very dear to the heart of the Republican Theodore Roosevelt. The war and the prosperity era and the first impact of the depression had, however, diverted public, and therefore largely diverted political, attention from this vital national problem. Franklin Roosevelt has been in office at a period when depression has made Americans more conscious than ever before that all was not well with their country.

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Floods and dust storms and droughts of hitherto unprecedented severity have driven home the lesson that Nature cannot be ignored indefinitely.

A National Planning Board established under N.R.A. in 1933 was merged in 1934 in a newly created National Resources Board. This body has conducted a wide survey of the land, water, mineral, and other resources of America, and has issued reports which dramatize the problem as well as provide the facts upon which intelligent handling of it must be based. The Board should be a means of assisting Federal Government departments and States to plan measures which will better serve the general conservation needs of the nation than those haphazardly undertaken in the past.

Most striking indication of the new attitude towards such problems was the Taylor Grazing Act of 1934, and the orders issued by the President under it withdrawing from public entry and sale the remaining vacant lands in the West still owned by the Federal Government. Most of western America had been given away between the Civil War and the Great War, under the free homestead policy adopted by the Republican Party in 1862. But some 162 million acres remained in 1934. Most of it was unsuited for cultivation, and much even for grazing. It was therefore determined that no risk should be taken with it, and that it should be kept by the Federal Government for forest, park, game preserve, bird sanctuary, and other appropriate purposes, or for grazing where not otherwise needed and not liable thereby to be injured.

The C.C.C. camps have been an invaluable means of accelerating reafforestation work. These camps, and the activities of the Re-Settlement Administration, of the A.A.A., and of the Soil Conservation Service, together

with those of the Public Works Administration and the Works Progress Administration, have been the means of checking timber, water, and soil wastage over large parts of America. Improvident land use is being checked. Water is being conserved. Forest belts and other wind breaks and water conservers are being developed. Hopelessly damaged land is being retired from farming. Other land is being converted from arable, or being replanned, so as to make the most of the local soil, water, and other conditions, and to restore or maintain its fertility. Some of this work is being done directly by Government agencies, who lease or buy the necessary land, where not already publicly owned. Most of it is being done by farmers themselves, with advice, stimulus, and financial aid from Government agencies.

Most comprehensive experiment of this kind is that being carried out in the Tennessee Valley. The Tennessee Valley Authority (T.V.A.) was established in 1933 to build dams on the Tennessee River and its tributaries for navigational, flood control, and power purposes, to reafforest appropriate slopes in this watershed, to make the electrical power and fertilizer produced by the Muscle Shoals and other dams and associated plants available for improved farming and living conditions in the valley, and generally to replan the life of that valley and its impoverished inhabitants on the basis of the best use of its water, soil, mineral, and other resources. The control of this experiment was vested in 3 Presidential appointees, an engineer as chairman, an agriculturist, and a lawyer with experience in electrical power matters.

T.V.A. has aroused much controversy, chiefly because the building of dams and power plants, and the sale by

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the Authority of this power in competition with private power companies operating in the same area, has been held by Mr. Roosevelt's critics to be an improper entrance by the Government into private business, in competition with investors who cannot call upon Government funds to assist their work and pay their deficits. Mr. Roosevelt has been keen on this aspect of T.V.A. He believes that private power companies have grossly exploited consumers. He dislikes the pre-Roosevelt policy of leaving the building, or at least the operation, of power plants on America's rivers to private interests, which may exploit the public whose resources are thus being used. He believes that public power authorities, in competition with private ones, may serve as a yardstick whereby it can easily be seen whether the private companies are charging fair prices. These private companies complain that they cannot borrow money as cheaply as the Government, that they cannot charge off a large part of their capital expenditure to flood control, navigational, and other work, and that they must therefore earn interest on much larger amounts of capital than the Federal Government attempts to cover in its charges for power. It is felt that Mr. Roosevelt is attempting to ruin private power companies.

This controversy about one aspect of T.V.A. should not, however, be allowed to obscure other aspects of it. Sale of power is not the only, or even perhaps the major, function of the authority. It is trying to improve navigation on the river, to prevent floods, to conserve water for farming purposes, to prevent soil erosion, to refertilize exhausted lands, to improve farming methods, to bring the economies and facilities of cheap power to the farms and homes of the valley, to develop light industries

based upon widely and cheaply available power, to establish model villages like that of Norris, and, by a fair labour policy, to develop a new technique of employer-employee relationships. It is trying, that is to say, to do in the restricted area of the Tennessee Valley watershed what is the general purpose of the New Deal for the entire United States.

If T.V.A. had not run, in 1937-38, into difficulties, due to quarrels between its 3 Directors as well as to the fight between it and the power companies, a number of similar authorities would have probably been established in other similar watersheds. There is no reason, if the scheme works in the Tennessee Valley, why it should not work in other valleys—great ones like those of the Ohio and Mississippi, and smaller ones on the eastern seaboard or the Gulf of Mexico. Dams are being built on many of these rivers. Various agencies are attempting to promote similar policies to those of the T.V.A. But there is not elsewhere any such co-ordinated scheme under a single control, nor was the Congress or country, in 1938, in the mood to entrust Mr. Roosevelt with the power to create further such little States within the State.

All the foregoing measures, though directed primarily to one of the other objectives of Mr. Roosevelt which have been listed, have had some bearing upon the final objective given above—that of securing a better balance between different parts of the body politic and economic. The unemployed, labour, farmers, the people of the Tennessee Valley, and other under-privileged groups or regions, have been helped by Mr. Roosevelt, not merely for their own sake, but because he believes that their impoverishment before was a prime factor in bringing on the depression. The New Deal has in the aggregate

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been an immense system for aiding poor classes, industries, and regions. Inevitably the cost, which has been heavy, has fallen on the richer ones. The South and Middle West have received far more in Federal aid than they have contributed in Federal loans or taxes. The richer North and East have received far less. The farming community has nearly doubled its 1932 income, whereas the industrial community has increased its income by a far smaller proportion.

It is not certain that balance has similarly been restored as between workers and capitalists. Indirect taxes, including sales and luxury taxes, have multiplied and have fallen heavily on the poor. Costs of living have risen, though not very heavily. Debt burdens continue to be heavy. Unemployment and under-employment, however mitigated by Government aid, have kept annual earnings per family down. Those capitalists who could afford to buy when values were low are probably richer in real wealth, whatever the market quotation of their holdings, than they were before the depression. And those with middle-sized incomes still escape lightly, since U.S. direct tax rates are heavy only on the very rich, while indirect taxes bear heavily only on the poor.

But Mr. Roosevelt would be the first to admit that his New Deal has not been completed—only begun. He has, for example, been at pains recently to stress the way the South is out of balance with the rest of the nation. He calls that the Nation's "No. 1 Problem." As a part-time resident of Georgia he knows the old South well and loves it. He has not indicated yet what means he intends to employ to lift the economic level of the South nearer to that of the North, other than to rail against the Economic Feudalists who keep its workers unorganized

and its wages and farm incomes tragically low. His scheme of Government-aided sales of land to tenants, on the model of the Irish Land Purchase schemes of the late nineteenth century, may do something to reduce one great evil of the South—the number of tenant farmers and of share croppers (*i.e.* people who cultivate the soil in return not for wages but for a mere percentage of the basic cash crop, and who are always poor and utterly destitute if that cash crop fails) who live insecurely near the subsistence level, with no physical or moral reserves and no inducement to improve their land.

Opposition to this “New Deal” was very small to begin with. During the “hundred days” of March, April, May, and June 1933, when a rapid series of emergency measures, beginning with the banking holiday and ending with N.R.A., were stirring the nation to a new hope, there was hardly a contrary voice to be heard. Beginning with the temporary downward turn of business in the late summer of that year, opposition began to make itself felt. At first it was opposition to particular details of the New Deal; for example, to some aspects of N.R.A. It was long before Mr. Roosevelt lost the mantle of dynamic and successful leadership sufficiently for criticism to reach above his aides to the President himself. It was the members of the so-called “brains trust”—college professors, economists, lawyers, and other young intellectuals, headed by Raymond Moley, Assistant Secretary of State, and Rexford Tugwell, Assistant Secretary of Agriculture—who became the target of public, political, and Press criticism. If the President were criticized, it was largely for relying on their advice rather than on that of his Cabinet members; for relying, for example, on the advice of Moley rather than on that of Moley’s departmental

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head, Secretary of State Hull. Practical politicians and business men resented the young theorists and social workers who poured into Washington in those hectic early days, and who gave a crusading fervour to the new administration.

N.R.A. in 1934 became an especial target for critics, but not until well on into that year did opposition to the New Deal generally become at all vocal. The Press particularly was for a long time surprisingly cordial to Mr. Roosevelt and to much of his programme—surprisingly, because most of the newspaper owners were rich men, and therefore apt to be antagonistic to a régime so much less sympathetic to wealth than those which had preceded it, and because a majority had always been Republicans. This Press cordiality to Mr. Roosevelt was partly due to the President's flair for publicity, and to his skilful handling of the newspapermen accredited to the White House.

A significant difference between British and American political methods lies in the relationship of ministers to the Press. In the United States every public official, from the President downwards, is fully conscious of the advantages of good Press publicity, and therefore of the importance of personal contacts with newspapermen. The President and the Cabinet members have regular Press conferences. Mr. Roosevelt meets the Press twice a week when in Washington, once in the morning to give the afternoon newspapers a break, once in the afternoon for the benefit of the morning papers. He also meets the Press away from the White House, whether at his country home at Hyde Park, New York, or at his southern farm at Warm Springs, Georgia. A Press car is attached to the Presidential train on political journeys. Provision is



even made for the Press during fishing trips, though contact on such occasions must be less frequent.

At the White House, Press conferences are attended by upwards of 100 journalists, American and foreign. They crowd into the President's study, pressing close around his desk. Mr. Roosevelt sits there, flanked by a Secretary to provide information if needed to refresh the President's memory (which it seldom is), and by a typist to keep a record of proceedings. He puffs away at continual cigarettes and smiles upon the crowd, cracking jokes with those he knows personally, as he soon does all the regular attendants. Questions are then fired at him from right and left—without notice, without more than the minimum of formality, without consideration of whether they may be awkward. Nothing ever gets behind Mr. Roosevelt's guard. He is never at a loss for a quick reply. It is not always a direct answer. It is sometimes a brief "No comment." It is often a joking answer, which turns the flank of the questioner in a round of laughter. But the President does give the impression of being anxious to give a frank answer whenever possible. He also employs skilful tricks—the use of Christian names, a subtle suggestion that the questioner is particularly acute and well informed, an indication that he would like to know, and would value, the questioner's opinion on the point at issue. But these tricks, and the notorious Roosevelt charm, do not destroy the impression of sincerity and strength.

Undoubtedly Roosevelt Press conferences are a *tour de force* which few statesmen, American or foreign, could equal. But they have served the New Deal well. They did much to induce even critical writers and newspapers to give the President and the New Deal a friendly

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reception, for it was difficult to come thus in contact with so attractive a personality, so radiant with humour and friendliness, and remain bitter with regard to him, however opposed one might be to his policies.

Every President has what is known as a "honeymoon period." He is given a brief chance to show his paces before the dog fight begins. Roosevelt's "honeymoon period" lasted unusually long. He might well remember that, when he gets angry, as he sometimes has during the last three years at the bitter criticism which he himself as well as his measures receive at the hands of much of the Press.

For since 1936 the vast majority of the American Press has been anti-New Deal, and even anti-Roosevelt. While this has been more true of the city newspapers than of the small town and rural ones, it has been substantially true of 75 per cent. of all papers.

Since 1934 the volume of criticism against the general tendency of the New Deal, and against Mr. Roosevelt, has been rising to a flood. And this criticism has not come only, or indeed chiefly, from Republicans. Indeed that party has never taken an attitude of open opposition to the New Deal as a whole, bitter though some Republicans, notably Mr. Hoover, have been in their criticism of it during the last 4 years. Not merely the early New Deal laws, including N.R.A. and A.A.A., but such recent ones as the Wages and Hours Act of 1938, received a substantial number of Republican votes in House and even Senate. Many of the Republican candidates who won seats in Congress in the elections of 1938 were young, progressive men, who in some cases outdid Roosevelt in their appeals to the "forgotten man." Not merely did they stoop to appeal to the

Townsendites, that is, to those who are clamouring for universal, non-contributory old age pensions of substantial amounts, as did many successful Democrats, notably in California, but they gave the impression of accepting the revolution which has taken place since 1933, and of having little intention of wiping the whole New Deal programme off the statute book.

It has been rather conservative Democrats than regular Republicans who have led the fight against the New Deal, at least in Congress. Senators like Carter Glass and Byrd of Virginia, Champ Clark of Missouri, Burke of Nebraska, and on some issues, Wheeler of Montana, have opposed Roosevelt proposals with much more fire and energy and success than any Republican Senators. This has, of course, been partly a question of tactics. There were so few Republicans in Congress that only a Democratic revolt of large proportions could defeat a Roosevelt proposal. Republican Senators and Congressmen have been wise enough to know that such a revolt was more likely to take place if Democrats were allowed to lead it. But it has not been wholly a question of tactics. There are many Republicans who have no objection in principle to the New Deal, certainly not enough to induce them to oppose those parts of it which they feel to be good politics, like doles to the unemployed or to farmers. There are even some who really at heart approve of it, since not every Republican is a conservative, any more than every Democrat is a liberal. Whole-hearted antagonism to it, founded upon principle, is as present in such loyal southern Democrats as Carter Glass, who thought the repeal of the gold clause in contracts an act of frank dishonesty, as in such a Republican as Herbert Hoover.

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It has only been since the 1937 proposal to pack the Supreme Court that opposition to the President in Congress has been an important political factor. Mr. Roosevelt had, of course, been defeated before—on such matters as the proposal to join the Permanent Court of International Justice, or to ratify the St. Lawrence Waterway Treaty, as well as in the matter of the veterans' bonus. But he had never been in danger of defeat on an important New Deal measure, for which he was willing, as the Americans say, "to go to bat," that is, to use all the patronage and other pressure which is at his command. The defeat of his Supreme Court proposal, coming as it did from a Senate three-quarters Democratic, was an indication of a change of attitude, of a hardening of opposition, to the Roosevelt trend on vital political issues.

It brought out into the open what had been before obvious only to those with inside knowledge, that such Democratic stalwarts as Vice-President Garner, who are far too loyal party men to follow Al Smith or John Davis into open opposition or into association with Republicans, are still profoundly antagonistic to the, as they would say, recklessly extravagant and irresponsible features of the New Deal. Democrats would accept much of a leader who had brought them from the wilderness to such lush political pastures as those available to the "ins" under the New Deal. But many were, and are, unwilling if they can help it to accept a permanent and fundamental alteration in American life, such as they felt would be brought about if the Supreme Court were packed, if Roosevelt reorganized the Federal machinery, if his hold on the party and the country were made so strong that they could be delegated to a Roosevelt-appointed, 100 per cent. New Deal successor.

The immense victory of 1936, when Mr. Roosevelt carried every State except Maine and Vermont and won over 60 per cent. of the popular votes, so far from shaking such worried Democrats from their opposition to the New Deal and to a Roosevelt dictatorship of the party, confirmed them in it. It both gave them freedom to oppose in Congress, since the party majorities were so large that a break in the Democratic ranks would not play into the hands of Republicans, but also made them feel that if they did not fight then it might soon be too late.

A very potent factor in encouraging opposition to the New Deal was the very severe economic recession of 1937-38. Stock market prices, industrial production, automobile sales, steel output, and other indices of American prosperity took a more sudden and severe drop in the latter part of 1937 even than in 1929. America dropped as much in three months in 1937 as in over a year in 1929-30. Not all the New Deal charges—that this recession was due to a sit-down strike on the part of American capital, or that it showed that further reform was needed—shook the conviction of many Americans that it was a Roosevelt recession, even a Roosevelt depression, due to his attacks on big business, the industrial unrest he had encouraged, his punitive taxation, his attacks on holding companies and on public utilities, his deficits, and, above all, on his attempt, as his critics would say, to create a regimented, a pauperized, a class conscious America in the place of the individualistic America of the past.

Unemployment, falling prices, renewed distress, did more to make Americans listen to those who, like Mr. Hoover, had been talking for three years about "The

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Challenge To Liberty ” than all the political speeches, newspaper articles, and other means of publicity which had been employed by anti-New Dealers since 1934. And the proposal to pack the Supreme Court, tampering as it did with a fetish which meant as much to Americans as the monarchy to England, provided an issue which the public could understand on which to fight the Roosevelt Revolution.

But Mr. Roosevelt has not been defeated. Even in the elections of 1938, which were marked by great Republican gains in State and Congressional contests, the Democratic candidates not merely carried, as always, the Solid South but polled some 200,000 more votes than Republican candidates in the other regions of America. There is still a big Democratic majority in both Houses—of over 80 in the House, of nearly 50 in the Senate—even if all independents are counted as anti-Democratic, which in fact they are not. And if it be true that many of the successful Democrats are not New Dealers, and Mr. Roosevelt’s unsuccessful attempt to prevent the re-nomination of a number of them shows that they are not, it is equally true that many successful Republicans cannot be counted upon to vote against the New Deal root and branch.

It is, however, true that there will be in the 1939 Congress so large a body of Senators and Congressmen who are not New Dealers at heart that anything like the 1933–36 onrush of New Deal measures is out of the question. Mr. Roosevelt will have no “rubber stamp ” Congress on his hands. He will have to fight for new projects and even for the defence of some old ones, like the capital gains and undistributed profits taxes.

That he will fight is almost certain. There have been

times when, like Herr Hitler, he has given the impression that "the era of surprises is over." He has more than once offered the country and his critics a breathing space. Efforts on the part of business interests to pursue with him a policy of appeasement have been frequent. Often Mr. Roosevelt has seemed to be in a receptive frame of mind. He has been at pains to say that the position was not radical, only "slightly to the left of centre," and so only to redress the balance after many years when the Presidency was far to the right of centre.

But appeasement of Mr. Roosevelt has been as difficult as appeasement of Herr Hitler—and for much the same reasons. At bottom he is as discontented with the American *status quo* as Herr Hitler with the European *status quo*. He has been as determined to build a new America, in which wealth shall be less unequally distributed and great wealth less powerful, as Herr Hitler has been to build a new Europe in which German influence shall be dominant. His breathing spaces, his overtures to his opponents in the ranks of business, have therefore been either purely tactical or based upon the hope that those opponents would come round to accepting his fundamental purpose. The advocates of appeasement, on the other hand, have really hoped that they could stop the New Deal. Compromise has meant to them really that Mr. Roosevelt should, if not reverse his course, at least say, "Enough is enough." No real truce is possible, because, for all the confusion on both sides, there is now a real issue dividing America—who shall rule, and for what purpose? Mr. Roosevelt would say the common man, and for the purpose of bridling the power of privilege. His opponents would say, or at least mean, the propertied interests of the country, for

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the purpose of protecting not merely private property and private enterprise, but the national prosperity and personal liberty which they believe will disappear if property and private enterprise are undermined under guise of a war on privilege.



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