Learning from the New Deal

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INTRODUCTION

In the first part of this paper I argue that New Deal social welfare planers developed an effective and affordable strategy for securing the economic and social entitlements recognized as human rights in the Universal Declaration of Human Rights over a decade before the Declaration was drafted and adopted by the United Nations. I further argue that in addition to securing these rights, the New Deal strategy also constitutes a highly effective anti-cyclical policy capable of achieving and maintaining sustained full employment without accelerating inflation across all phases of the business cycle. Finally, I argue that neither the New Dealers themselves nor the generation of progressive policy makers that followed them understood the multiple strengths of the New Deal strategy. Consequently, the strategy was permitted to languish, and its potential contribution to public policy in the post World War II era was lost.

In the second part of the paper I model a response to the current recession based on the New Deal strategy. The proposed response is designed to guarantee all Americans the right to work and income security proclaimed in the Universal Declaration of Human Rights and, in the process, to achieve the anti-cyclical goals pursued by the Obama Administration with the $787 billion economic stimulus package enacted by Congress in February 2009. The purpose of this modeling exercise is to show that the New Deal strategy is not only morally superior to the policies progressives normally pursue, but that it also works better than those policies, and at lower cost to taxpayers.

PART ONE

The New Deal

The Great Depression was the most severe economic contraction in United States history. In 1929 the country's GDP was $8389 per capita expressed in 2009 dollars. The average unemployment rate was 3.2 percent. Four years later, per capita GDP had fallen to $5975, and the unemployment rate had risen to 25.2 percent. If only non-farm employees are counted, unemployment rose from 5.3 percent in 1929 to 36.3 percent in 1932. In a total civilian labor force in 1932 of just over 50 million, 12 million were jobless.

Herbert Hoover was President of the United States during the entire 44 month economic contraction that followed the 1929 stock market crash. Despite his reputation today as a diehard conservative, Hoover was not a free-market ideologue. He considered laissez-faire a doctrine of the past and believed that public works spending could and should be used to reduce unemployment in periods of economic contraction; however, he argued that the paramount need in responding to the Great Depression was to restore business confidence, and this led him to resist the kind of fiscal policies that could have funded a large public works initiative. Instead, Hoover's response to mass joblessness was to promote businesses expansion while encouraging voluntary action to provide for the relief needs of the

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population. Consistent with this view, he maintained that the relief challenge could and should be met by self-help initiatives organized at the local level. Hoover expressed this position in the following terms.

> This is not an issue as to whether people shall go hungry or cold in the United States. It is solely a question of the best method by which hunger and cold shall be prevented. It is a question as to whether the American people on one hand will maintain the spirit of charity and mutual self- help through voluntary giving and the responsibility of local government as distinguished on the other hand from appropriations of the Federal Treasury for such purposes. . . .The basis of successful relief in national distress is to mobilize and organize the infinite number of agencies of self-help in the community. That has been the American way of relieving distress among our own people and the country is successfully meeting its problem in the American way today (Charles, 1963: 9-10).

State and local governments, along with private relief agencies, did try to respond to the needs of the unemployed, but they were overwhelmed by the magnitude of the task. Total public and private relief expenditures in 120 urban areas (containing approximately one third of the nation's entire population) increased from $43.7 million in 1929 to $308.2 million in 1932 (Geddes, 1937: 29-31). This amounted to a 900 percent increase in real terms, because average prices declined over 20 percent during the period.

At the same time that claims on relief systems were mushrooming, public resources were shrinking. Real federal tax receipts fell 37 percent between 1929 and 1932 (U.S. Bureau of the Census, 1975: 1104, Series Y335-Y338). Since state and local government revenue was derived mainly from taxes on property rather than income and excise taxes, their receipts were more stable, actually increasing in real terms between 1927 and 1932 by 23 percent (Ibid.: 1126, Series Y655 and 224, Series F5), but this meant the effective state and local tax burden, measured against either personal income or declining real property values, rose dramatically. The decline in property values not only eroded the tax base of state and local governments; it made it increasingly difficult for local governments to float bonds (Burns and Williams, 1941: 16). The same forces had an even greater effect on the ability of private charities to raise funds for relief purposes, as evidenced by their declining relative share of all relief spending between 1929 and 1932 (Geddes, 1937:31).

Strained beyond its fiscal capacities, the nation's public relief system also was ill-suited to relieve the victims of mass unemployment. The public assistance regime that existed in the United States prior to the 1930s was a product of state as opposed to federal law. With deep roots in the English poor law, this regime was designed to distinguish the deserving from the undeserving poor, to stigmatize all the poor as a means of discouraging dependency, and to dispense aid in meager amounts in order to minimize program costs. The system was predicated on the assumption that the able-bodied poor generally were at fault for their own condition and accordingly should be denied aid except when there was good reason to believe that their joblessness was genuinely involuntary. In the latter case, their willingness to work should be tested by requiring them to perform hard labor. Since the purpose of this work was to test the applicant's willingness to work rather to supply the applicant with work, there often was little or no relation between the amount of work required and the amount of aid dispensed. It also was common to require that the work test be performed in public to add an element of humiliation to its deterrent effect. Aid recipients were commonly termed "paupers" – both as a formal statutory designation and in common usage – and in many jurisdictions they were required to execute formal declarations of destitution and incapacity. This was generally referred to as "pauper's oath." Poor law administrators were commonly called 'poor masters" or "overseers of the poor," designations with a long history in the poor law but also redolent of associations with slavery. (Burns and Williams, 1941: 11-20). The system was generally despised by the unemployed because of its unsympathetic and demeaning treatment of applicants for relief.

With the onset of the modern business cycle in the second half of the 19th century, this system began to be supplemented during recessions, at least in larger cities, with ad-hoc efforts by public officials to provide emergency relief to the unemployed in the form of temporary work assignments. These "work relief" initiatives typically were short-lived, lasting only a few months at the deepest point of the recession. The work performed usually consisted of menial outdoor tasks such as street cleaning and snow removal. . (Harvey, 1999: 36-40).

Interestingly, these initiatives were almost never instituted or run by local relief officials. The unemployed had never been deemed an appropriate object of "pauper relief," and though the provision of small amounts of work relief to the unemployed was not unusual on an ad hoc basis during recessions, there was no experience with providing such aid for extended periods of time and no institutional capacity within the public relief system to take on the task. What little public aid the unemployed received between 1929 and 1933 was usually accompanied by work requirements that varied widely from a straightforward work test to low-quality, ad hoc work relief. Leaf-raking was both ubiquitous and emblematic of the kind of work required.

When the Roosevelt administration assumed office in early 1933, a consensus existed across the relevant political spectrum that some form of government intervention in the economy was necessary to meet the relief needs of the unemployed, reduce the level of unemployment, and facilitate a return to prosperity. The continuing debate concerned the form this intervention should take. The Roosevelt administration was eclectic and pragmatic in the strategies it pursued, guided by varied and often conflicting visions of how the economy should be structured. The administration also had to contend with other centers of power and interest both inside and outside government.

The policies that emerged in this environment were not based on a unified vision, and different policy-making centers within the Roosevelt administration and Congress pursued different ideas. Nevertheless, the New Dealers did share a common view of the general nature of the nation's joblessness problem, and this view directly contradicted the presumption embedded in the nation's existing public relief system and in mainstream economic theory. The New Dealers believed that joblessness was caused by a lack of jobs, not by a failure on the part of jobless individuals to seek or accept work. They believed that cutting wages would likely increase joblessness, rather than reduce it, because of its depressing effect on consumer purchases. They believed the goal of government initiatives addressing the problem of joblessness should be to close the economy's job gap, not to correct the moral failings of jobless individuals or to put pressure on them to seek and accept presumptively available work. Concerns about the negative effects public assistance might have on jobless individuals persisted, but they were overwhelmed by concerns about the negative effects of joblessness itself. The New Dealers believed that society had an obligation to offer aid to persons denied the opportunity to be self-supporting, and that the stigma associated with the receipt of such assistance under the existing public relief system was inappropriate and should be changed.

Despite the multiple failings of the nation's existing public relief system, the Roosevelt administration's first steps in reforming the system were cautious ones. Rather than restructuring the delivery of relief at the local level, where the attitudes and practices the New Dealers wanted to change were centered, a straightforward financial bailout was legislated. A new agency was created, the Federal Emergency Relief Administration (FERA), to distribute $500 million in aid over two years to existing state and local public relief agencies. Believing the need for federal financing would be temporary, Congress not only left the existing system in place, the same legislation that created the FERA provided for its demise when its two-year funding authorization was exhausted. True, the use of federal funds for poor relief was unprecedented in the United States, but compared to other New Deal initiatives, this legislation was remarkable mainly for its lack of reformist goals. The only lever for reform created by the legislation was that half the funds were to be distributed at the discretion of the Director of the FERA.

The person tapped to head the FERA was a Social Worker by the name of Harry Hopkins who had run then Governor Roosevelt's public relief system in New York State. Hopkins second in command was Aubrey Williams, another social worker with a strong administrative background. Hopkins, did try to use his control over the dispersal of FERA funds to effect change in the system. He had two principle goals. The first was to increase average aid levels. The second was to improve the quality of work relief programs. The first of these goals was easy to achieve since local relief officials had no objection to dispensing federal money. But the second goal was another matter. Steeped in the poor law tradition, the people who administered the system resisted FERA's blandishments, and Hopkins had no authority either to replace them or direct their activities. All he could do was deny them FERA grants, but that would only hurt the relief recipients he was determined to treat with greater sympathy and dignity.

Stymied in their reform efforts, Hopkins and Williams devoted considerable energy to thinking about the kind of system that should replace the existing one. The key flaws in the system, in their view, were its assumptions that the able-bodied poor did not want to work and that the private sector could be relied upon to provide the jobs they needed to be self-supporting. Hopkins expressed his own views in the following terms.

> [People] suggest that we make relief as degrading and shameful as possible so that people will want to get "off." Well – I've been dealing with unemployed people for years in one way and another and they do want to get off – but they can't, apparently, get "off" into private industry. Well – if they can't get off into private industry, where can they turn if they can't turn to their government? What's a government for? And these people can be useful to America; they can do jobs no one else can afford to do – these slums, for instance. No private concern can afford to make houses for poor people to life in, because any private concern has got to show a profit. Why, we've got enough work to do right here in America, work that needs to be done and that no private concern can afford to touch, to lay out a program for twenty years and to employ every unemployed person in this country to carry it out (Leuchtenburg, 1968: 74-75).

It was Williams, though, who best described the trajectory of their thinking in a conceptual memo drafted in the fall of 1933. "Relief as such should be abolished," he wrote. Instead, the unemployed should be offered real jobs paying good daily wages, doing truly useful work that suited their individual skills. The unemployed should not be forced to submit to a means test to obtain this employment, and their earnings should not be limited to a public assistance "need" level. In other words, the goal should be to provide quality employment of the sort normally associated with contracted public works, but at lower cost and with less bureaucratic delay. To minimize both cost and start-up time, the government should serve as its own contractor in providing this work, and the projects undertaken should be both less elaborate and more labor-intensive than conventional public works (Schwartz, 1984: 36).

What was truly revolutionary about this formulation was not only that it aspired to create work relief jobs that were indistinguishable from regular employment, but that it also aspired to eliminate the stigmatizing distinction between public relief recipients and other workers. The goal Hopkins and Williams pursued was to treat able-bodied recipients of public relief with the same respect accorded unemployed workers employed on public works projects, and to extend the helping hand of public aid to unemployed workers who had not been reduced to destitution. The goal of work relief, according to this model, should be to give unemployed workers what the economy denied them – decent paying jobs. As Hopkins commented in a 1936 speech:

> I am getting sick and tired of these people on the W.P.A. and local relief rolls being called chiselers and cheats. . . . These people . . . are just like the rest of us. They don't drink any more than the rest of us, they don't lie any more, they're no lazier than the rest of us -- they're pretty much a cross section of the American people. . . . I have never believed that with our capitalistic system people have to be poor. I think it is an outrage that we should permit hundreds and hundreds of thousands of people to be ill clad, to live in miserable homes, not to have enough to eat; not to be able to send their children to school for the only reason that they are poor. . . . I have gone all over the moral hurdles that people are poor because they are bad. I don't belief it. A system of government on that basis is fallacious (Leuchtenberg, 1995: 254-55).

Frustrated by their inability to implement the reforms they sought in local relief practices under the FERA umbrella, Hopkins approached President Roosevelt in early November 1933 with a proposal that an emergency employment program be established along the lines Willims had described. Hopkins proposed the establishment of a program that would operate separately from the existing relief system and which would provide immediate employment to 4 million jobless workers.

One of Hopkins concern in advancing this proposal was the apparent overlap between what he proposed to do and the mandate of the Public Works Administration (PWA). Created (like the FERA) during the New Deal's 100 day legislative blitzkrieg following President Roosevelt's inauguration in March 1933, the PWA was established to create jobs for the unemployed and "prime the pump" of economic recovery with a conventional public works spending program. Established under Title II of the National Industrial Recovery Act of 1933 (NIRA). With an initial appropriation of 3.3 billion dollars, the PWA had a broad mandate to "construct, finance, or aid in the construction or financing of" a wide range of public works. To increase the expected employment effect of the spending, PWA projects were required to pay prevailing wages and observe a 130 hour month (a 30 hour work week).

Headed by Harold Ickes, the PWA was destined to log an impressive record of achievements over the seven years of its existence, but Ickes determination to concentrate on major construction projects (like the Triborough Bridge and Lincoln Tunnel in New York City and the Grand Coulee, Bonneville and Boulder Dams in Washington and Colorado), his reliance on private contractors to undertake the work, and his insistence on following best practices in awarding the contracts, meant that the program was slow to start up. No projects had been begun by November 1933. Still, Hopkins felt it necessary to emphasize in his meeting with Roosevelt that the new program would complement rather than conflict with the PWA by concentrating on smaller-scale projects that could be started and terminated on short notice.

In his meeting with Hopkins Roosevelt mused that it would take about $400 million to put 4 million people to work through the winter. Noting that the NIRA was broadly-enough worded that money could be taken out of the PWA's appropriation to fund such an initiative, he surprised Hopkins by accepting his proposal on the spot. A week later the Civil Works Administration (CWA) was formally established by executive order, with Hopkins at its head and a budget allocation of $400 million diverted from the PWA (Schwartz, 1984: 37-39).

To understand the subsequent fate of the CWA it is important to understand that Roosevelt's motives in accepting Hopkins' proposal were different from Hopkins' own. Hopkins wanted to reform work relief – permanently and totally. Roosevelt's goal was more limited. He wanted a temporary employment program to fill the gap left by the slow start-up of the PWA, something that would tide the unemployed over the winter while providing a quick "pump-priming" to the economy. Disappointed by Ickes' slow pace in getting the PWA up and running, and concerned about growing political unrest among the unemployed, Roosevelt was quick to embrace Hopkin's proposal, but his long-term commitment to Hopkins' and Williams' vision of work relief was still untested.

Hopkins realized this from the beginning. At a December 6 staff meeting he responded to a suggestion that Congress might be persuaded to make the program permanent by cautioning his colleagues that he did not think it was "humanly possible for anybody to inject any chance of permanence in this thing" (Adams, 1977: 61). That lack of permanence, known from the beginning, made what Hopkins and his staff accomplished all the more impressive. Though it lasted only 5 months from its establishment in early November 1933 to its effective termination in early April 1934, the CWA still stands as the largest public employment program ever established in the United States. With a peak employment of 4.2 million in a labor force of 51 million, the CWA provided employment to about 8 percent of the nation's work force during the winter of 1933-34. A program of similar relative dimensions in the United States today would have to create 12 million jobs. Moreover, the CWA also was the New Deal program whose administrative structure, eligibility requirements, and wage policy came closest to achieving the policy goals Williams had formulated in the policy memo that crystallized his and Hopkins' thinking on the subject.

The administrative task of establishing the CWA – which moved from nothing more than an idea to a fully-operational program with 4 million employees in about 10 weeks time – was gargantuan. The program employed six and one half times as many people as the rest of the federal government combined. To illustrate the scale of this task relative to the existing capacities of the federal government, it is useful to note what was required simply to distribute that many paychecks. At the time the CWA was established the federal government was writing an average of about 33 million paychecks a year. During the next four and a half months an additional 60 million were issued. To insure that the first batch of one million would be available on time, President Roosevelt ordered several federal agencies to suspend normal operations in order to provide the CWA what it needed. The U.S. Government Printing Office undertook its largest single order ever in delivering enough check-writing paper. The Bureau of Printing and Engraving scheduled triple shifts to print the checks which were then flown by the Postal Service's fledgling pilot corps to local Veterans Administration offices – the agency designated as the program's paymaster because it was the largest and most heavily automated federal disbursing system then in existence (Schwartz, 1984: 48-50).

The CWA's administrative structured mirrored FERA's. In fact, the entire FERA staff was seconded by Hopkins to work on the CWA while continuing to perform their normal duties for the FERA. Parallel assignments were typical. Hopkins served as both FERA and CWA Director and the existing FERA staff similarly assumed dual roles. At the state level, Emergency Relief Administrators appointed by Hopkins to supervise the distribution of FERA funds were now called on to administer the CWA. To fill out this structure a much expanded staff was recruited, and whereas the existing FERA staff was dominated by social workers – like Hopkins himself – the new personnel tended to be engineers, managers, and economic planners. This infusion of administrators whose interests lay in production rather than social work caused some tension, but it also facilitated the CWA's break with older work relief practices. The new staff clearly viewed their task as the establishment of an emergency employment program for unemployed workers rather than providing public assistance to the poor.

Since the $400 million Roosevelt turned over to Hopkins came from funds appropriated under the National Industrial Recovery Act (NIRA) the CWA was subject to the same statutory restrictions as the PWA. The most important of these was that the funds could be used only for the planning and execution of construction projects. To allow for the employment of persons for whom such work would not be suitable, FERA funds were used to establish a parallel Civil Works Service (CWS) Program administered by the same officials that ran the CWA. Altogether the FERA contribution amounted to $89 million, with the CWS accounting for ten percent of combined CWA/CWS enrollment.

The program's administrative structure also included a Women's Division which, like the CWS, used FERA funds to establish non-construction work projects for working-class women while also encouraging the hiring of women in non-construction positions in CWA construction projects. These efforts were not particularly successful. The Women's Division staff consisted mainly of people with backgrounds in voluntary charity work. They tended to hold more traditional views of the functions of work relief and, consequently, the projects they organized (mainly sewing rooms) tended to be run more like traditional work relief programs than CWA and CWS projects. The CWA also failed in its goal of filling at least 10% of all positions with women. In the end, women accounted for only 7.5% of total employment in CWA, CWS and Women's Division projects combined (Schwartz, 1984: 158-80).

Non-whites also received disparate treatment. Discrimination on the basis of race or color was prohibited in the application of eligibility and wage standards, but segregation was permitted in project assignments. In some areas of the country separate projects were established for white and non-white workers. The CWA staff in Washington did not direct this activity, but they failed to object to it. It also was common for skilled minority workers to be discriminatorily categorized as unskilled. On the other hand, non-white workers were paid the same as white workers with the same job classification, and this was enough to precipitate significant political opposition to the CWA in the South where employers relied extensively on cheap black labour (Charnow, ___: 40-41).

Altogether the combined CWA/CWS program cost $976 million (1.4 percent of GDP), with the federal government providing over 90 percent of that total. When the program's initial allocation of $400 million in PWA funds was exhausted in February 1934, an additional $337 million was obtained from Congress to allow the program to wind down in an orderly fashion. The balance of the federal contribution consisted of FERA funds. The 10 percent of program costs contributed by State and local governments was provided in the form of payments for materials and supplies used in CWA work projects. The program's goal was to require local sponsors of work projects to bear all such non-labour costs, and they did so to a substantial degree.

Participant earnings totaled $750 million or approximately 79 percent of total program cost. This was a much higher ratio than for the PWA, reflecting the intentional selection of labor-intensive projects. No studies were conducted of the indirect employment effects of CWA expenditures, but they probably were substantial. Program wages almost surely were spent very quickly to make purchases of high labor-content consumer goods from relatively labor-intensive retail vendors. It would be surprising if the capital equipment and materials that commanded such a large portion of PWA budgets had as large an indirect labor content as these consumer purchases.

Given the structural links between the CWA and the FERA, Hopkins and his associates were unable to create a program as devoid of associations with public relief as they wanted. This was apparent in the CWA’s eligibility standards. The source of the problem lay in the fact that only 4.2 million jobs were created at a time when unemployment stood at approximately 11.5 million. This meant that program jobs had to be allocated among the unemployed.

Since Hopkins immediate goal was to replace locally-administered FERA work relief projects with federally-administered CWA projects, the decision was made to reserve half of all CWA positions for persons on relief. This meant that eligibility for those positions was made contingent on submission to a means test. The other 2.4 million jobs were filled using normal hiring criteria for public employment. No means test was required to apply for those 2.4 million positions, and hiring decisions were supposed to be based exclusively on considerations of skill, training and experience. In accordance with this policy, the first round of CWA hiring involved the transfer of 1.5 million former FERA work relief recipients to the CWA payroll.

A total of 9 million people applied for the 2.4 million program jobs available without means-testing. To emphasize the non-relief character of this hiring, it was performed by the newly organized United States Employment Service (USES) rather than local relief offices. However, relief offices also were swamped with new applicants for public aid, since job seekers quickly realized that qualifying for relief was a surer means of getting a CWA job than applying for one through the USES.

Special hiring procedures also were adopted for skilled craftsmen. Instead of requiring applicants for these positions to apply through the USES, unions were allowed to refer their members in accordance with customary procedures for the trades in question. More importantly, the CWA agreed not to fill these positions from among USES applicants unless a local union failed to refer enough qualified workers. In other words, the CWA formally adopted a union shop policy for the skilled trades; however, local CWA administrators often ignored this policy unless local unions insisted on its observance (Schwartz, 1984: 105-09).

The area in which the CWA broke most decisively with prior work relief practices was in its earnings policy. Customary practice in work relief programs had been to limit an individual’s earnings to the individual’s “budget deficiency” – that is, the difference between their available resources and their “need” as determined by local relief officials. Consequently, the number of hours an individual was required to work in a traditional work relief program depended on the size of the individual’s budget deficiency, and this was true of FERA-funded work relief projects as well. Thus, despite a minimum wage which would have generated a $12 weekly income for a 40 hour work week, actual earnings on FERA-funded work relief projects averaged less than $5 per week in the period immediately preceding the establishment of the CWA.

No such working-hour limitation existed under the CWA. Hourly wage minimums were higher, but the more important difference was that everyone worked the same number of hours. The result was that average weekly earnings among CWA workers were three times as great as the benefits received by FERA-funded work-relief recipients

Because the CWA's original funding came from the PWA, Hopkins also felt bound to use its wage scale – even though he was not statutorily required to do so and privately thought the CWA scale was too high (Schwartz, 1984: 117-18). The minimum hourly rates for unskilled workers were under this scale were $.40, $.45 and $.50 respectively (equivalent to $6.65, $7.47 and $8.32 per hour in 2009), depending on the area of the country in which the program operated. The corresponding rates for skilled workers were $1.00, $1.10 and $1.20 (equivalent to $16.62, $18.27 and $19.94 per hour in 2009). In highway construction, though, the usual rates paid by state highway departments were used, with a minimum set at $.30 per hour (Charnow: 58 n. 23). It also was national policy (though often ignored at the local level) to recognize locally negotiated union contracts in the construction trades as determinative of prevailing wage rates.

The hourly rates paid by the CWA were controversial because they often were higher than the rates employers in particular regions (especially the South) or industries (especially agriculture) were accustomed to paying. What this debate tended to ignore was that actual earnings were much lower than the published standards suggested because of the program's relatively short work week of 30 hours (the maximum work week permitted under the NIRA – the source of the PWA funding transferred to the CWA). When these funds began to run out in mid-January, the program workweek was shortened still farther to 24 hours per week in order to spread the remaining work as widely as possible. As a result, average program earnings declined from about $15 per week to about $11.30 per week. For purposes of comparison, average weekly earnings of privately employed workers equaled about $20 in 1933.

Hopkins goal was to give the unemployed work in jobs that utilized their existing skills, but both statutory and practical limitations made this impossible. First, as previously noted, statutory restrictions limited the CWA to construction projects. Second, a pre-existing FERA policy required that projects be performed only on public property. Third, no project was supposed to be undertaken that would duplicate work normally performed by state and local government employees. Fourth, no projects were supposed to be approved that could qualify for funding by the PWA.

Project selection also was constrained by timing issues and the desire to maximize the program's employment effect. This meant projects had to be labor intensive and capable of completion in a short period of time. It also meant they couldn't require significant advance planning or be hard to shut down on short notice. Finally, project selection also was subject to weather and political constraints.

Although the CWA hired its own workforce and carried out all projects without relying on private contractors, the CWA model called for projects to be sponsored by other government agencies at either the local, state or federal level. At the state and local level the sponsoring agency was expected to provide plans for the project and contribute the cost of the materials and supplies used in it, but that was the extent of their involvement. As a general rule, the program adhered to this model and state and local governments were enthusiastic in proposing projects. At the federal level the CWA assumed all program costs but still relied on sponsoring agencies to propose and plan the projects.

The quality of the sponsored projects varied widely. First, by taking over all FERA-funded work projects from the local relief officials who had been administering them, the CWA burdened itself with an initial portfolio of poor-quality activities. While the CWA gained direct administrative control over these projects, it took time to implement significant quality improvements. As noted above, these projects comprised a substantial share of all program activities, employing 1.5 million former FERA work-relief enrollees at the outset of the program's operations and additional CWA employees as more were hired.

A second large group of projects originated with suggestions for new undertakings by local government officials. Approval authority for these projects was exercised by state CWA Administrators whose review of the projects was often cursory. The quality of these projects varied greatly. Where sponsors had already developed plans for suitable construction projects, the activities tended to be quite successful and provided good value in terms of finished product. Where advance planning had not been completed, the results were less satisfactory, though the CWA's newly recruited and very competent Engineering Division was able to achieve steady improvement in the quality of the program's construction work over the life of the program.

A third large group of projects originated at the federal level. These projects were sponsored by a variety of federal government agencies including the Treasury Department, the Departments of the Interior and Agriculture, the Commerce Department, and the War Department. Most of these projects were developed in collaboration with CWA staff and also required the approval of a special office established within the Engineering Division that vetted them for quality control purposes. By all accounts the CWA's highest quality projects were found in this group.

As for the type of work performed, the single largest category of CWA projects consisted of road work. These projects accounted for 35 percent of all project expenditures and employed close to half of the program's entire workforce. Former FERA work-relief projects mostly consisted of this type of work. The road work consisted mainly of minor repairs and improvements rather than new construction. In many rural areas this was the only type of CWA work available.

The CWA administration was not happy with the predominance of road work in the program's activities. This type of project was associated both historically and in the public's mind with the kind of work relief the CWA was supposed to replace. Indeed a large proportion of these projects were taken over from FERA-funded programs. The difference between these earlier programs and their CWA counterparts was not immediately apparent to the public walking or driving by a CWA work crew. The fact that these projects were more visible than other, higher quality projects, also made it more difficult for the CWA leadership to explain the innovative character of the CWA to the public.

Nevertheless, the social utility of this work cannot be denied. Road repairs are valuable, and the CWA improved over 250,000 miles of roads. Sometimes these projects were very large. In Chicago, the second largest city in the United States, 11,500 CWA workers laid brick pavements in a major street-improvement project.

The next largest category of CWA projects consisted of construction and repair work on public buildings. This type of work accounted for about 15 percent of project expenditures. Approximately 60,000 public buildings were repaired or constructed, two-thirds of which were schools. Public health and sanitation activities constituted another major activity. Almost 2300 miles of sewer lines were laid or repaired, swamp-drainage projects to fight malaria employed 30,000 CWA workers, and 17,000 unemployed coal miners were employed sealing abandoned coal mines to protect ground-water supplies. CWA workers also were employed in emergency disaster relief – either fighting floods or assisting in post-flood clean-up and repair work.

Other CWA project categories included improvements to public recreational facilities and to public transportation and utility systems. Over 3700 playgrounds and 200 public swimming pools were constructed along with countless comfort stations, park benches and water fountains. Surprisingly, the CWA built 469 airports and improved another 529, but this was the dawning of the aviation age, and the facilities in question mainly consisted of unpaved landing fields.

Because the CWS was not limited to Construction projects and employed professionals, the projects it undertook were more varied. Since most of these projects were sponsored by federal government agencies, they also benefited from the attention of the CWA's Washington staff. Professional associations also assisted in the design and management of many of these projects.

Large numbers of unemployed teachers were employed by the CWS. Education projects started under FERA provided jobs for 50,000 laid-off teachers in local schools. Another 13,000 kept small rural school open through the winter. 33,000 were employed in adult education and nursery school programs. Adult education classes staffed by CWS teachers were attended by 800,000 people during the winter of 1933-34, and 60,700 pre-school children attended CWS nursery schools. The latter were generously staffed and provided warm clothes, hot meals, medical care, and parent education services in addition to childcare.

23,000 CWS nurses staffed a nationwide child health study, and 10,000 more were employed in a variety of other programs. The U.S. Coast and Geodetic Survey sponsored a triangulation and mapping project that employed 15,000 CWS workers. An aerial mapping project charted hundreds of U.S. cities and employed another 10,000 CWS workers. The National Park Service and the Library of Congress undertook a survey of the nation's historic buildings that provided work for 1200 draftsmen. Over 70,000 people were employed in CWS pest-eradication campaigns, and a group of 94 Alaskan Indians were employed restocking the Kodiak Islands with snowshoe rabbits.

Cultural projects were also undertaken. A well-organized Public Works of Art Project sponsored by the Treasury Department employed 3000 artists. Actors staged dramatic works in hospitals, schools and libraries. Opera singers toured the Ozark mountain region. CWS orchestras gave free concerts in major cities. The CWS also provided staffing assistance to public libraries and research assistance for scholarly projects. The Smithsonian Institution employed 1000 CWS workers at archeological excavations in 5 states.

The single largest category of CWS employment, though, consisted of work performed on statistical surveys. The Department of Commerce employed 11,000 CWS workers to conduct a census of real property in 60 cities. An Urban Tax-Delinquency Survey documented the fiscal condition of 309 cities. The CWA's own Statistical Division employed 35,000 CWS workers to collect and record data and documentation concerning program operations, labor market conditions, and the nation's public relief problem.

The establishment of a program as large, as complicated and as innovative as the CWA within a span of weeks was a major administrative achievement. A War Department engineer assigned to study the program compared it favorably to the country's mobilization effort in World War I (Schlesinger, 1958: 271). A New Deal historian commented that the "CWA stands out in all American history as one of the greatest peacetime administrative feats ever completed" (Charles, 1963: 65).

The CWA was a remarkable experiment, more ambitious in its goals than any other New Deal employment program. It contemplated nothing less than the replacement of means-tested work relief with a promise of public employment paying decent doing work of genuine social utility. The quick demise of the program shows how difficult this goal was to attain. Still, Hopkins and his associates continued to work towards it, hoping that by stepwise movement they could win the political support needed to establish a more sustainable, if less ambitious version of the CWA. This is exactly what the establishment of the Works Progress Administration (WPA) in 1935 achieved.

The major lesson to be learned from the CWA concerns the vision it embodied, however imperfectly. That vision challenged three important orthodoxies. The first was the assumption that the able-bodied poor were responsible for their own condition. Although discredited by the Great Depression, this assumption still survived in the nation's public relief system. Hopkins and his associates believed the able-bodied poor were no more responsible for their joblessness than unemployed members of the middle classes. As Hopkins commented, "They don't drink any more than the rest of us, they don't lie any more, [and] they're no lazier than the rest of us" (Hopkins quote)

The second orthodoxy challenged by the CWA was the assumption that helping the able-bodied poor to obtain work required a different strategy than helping other categories of unemployed workers. In simple terms, the prevailing view then (as it is today) was that helping the able-bodied poor to overcome their joblessness requires changes in them, whereas helping other unemployed workers requires changes in the economy – specifically, the creation of more jobs. The CWA was premised on the contrary assumption that the reason the jobless poor didn't work was the same reason other categories of unemployed workers remained idle. There weren't enough jobs to go around; and the remedy for this problem was similarly the same for the poor and non-poor alike. Create the jobs they needed.

Finally, the CWA challenged the assumption that social welfare policy should limit itself to relieving the non-able-bodied poor while applying pressure to the able-bodied poor to go to work. Providing the actual jobs the able-bodied poor needed to escape their poverty was viewed as someone else's responsibility. Hopkins and his associates accepted that it was not their responsibility as social welfare administrators to fix what ailed the private economy, but they believed it was their job to provide jobs for the unemployed when the private economy did not. That was as natural a function of social welfare policy, in their view, as distributing food to the poor during a famine. Work relief conceived in this fashion fit naturally with the New Deal's understanding of social insurance. The function of programs like the CWA was not so much to relieve poverty as it was to prevent it by providing employment security to the nation's labor force.

A year after the termination of the CWA, President Roosevelt appointed a Cabinet level "Committee on Economic Security" to develop a set of legislative proposals that would address the security needs of the American people by providing them "some safeguard against misfortunes which cannot be wholly eliminated in this manmade world of ours." Roosevelt's charge to the Committee was a call to design a comprehensive social welfare system for the country. Chaired by Secretary of Labor Frances Perkins and including Hopkins, the Committee submitted its report to the President in January 1935. The social welfare strategy it proposed can be described as having three legs.

The first leg consisted of a promise of employment security for everyone who depended on wage labor for their livelihood, to be secured by active measures to stimulate private employment and, whenever necessary, direct job creation by the government.

> Since most people must live by work, the first objective in a program of economic security must be maximum employment. As the major contribution of the Federal Government in providing a safeguard against unemployment we suggest employment assurance -- the stimulation of private employment and the provision of public employment for those able-

bodied workers whom industry cannot employ at a given time. Public-work programs are most necessary in periods of severe depression, but may be needed in normal times, as well, to help meet the problems of stranded communities and over manned or declining industries.

The second leg of the strategy targeted persons who were not expected to be self-supporting. It promised them income security via reliance on both means-tested and non-means-tested transfer programs. New federally administered and or financed programs were proposed to provide unemployment compensation, old age security, and children's aid. The Committee proposed that responsibility for the nation's residual relief needs remain with state and local governments. If the other components of the strategy were fully implemented, the residual population needing public relief would have consisted mainly of persons with disabilities.

The third leg of the Committee's proposed strategy was to provide certain types of social welfare benefits to all members of society, without regard to whether the recipients were or were not expected to be self-supporting. The Committee's only immediate proposal of this type was the establishment of a federally funded public health service, but its report also described the main features of a tentative national health insurance plan that it had developed to meet the needs of "American citizens with small means." This tentative plan was designed to cover both the costs of medical care and to provide partial wage replacement for persons who lost work due to illness or maternity. The Committee indicated that it had submitted this plan to organizations of health care providers in the hope that they would endorse it, and when this process of consultation was complete, it would submit the fully specified proposal to the President. The active opposition of the medical profession to a national health insurance system torpedoed this plan, and progressives are still struggling to enact a national health insurance plan today.

President Roosevelt endorsed all of the proposals the Committee actually did make and forwarded them to Congress. Congress responded by enacting legislation during the spring and summer of 1935 implementing the Committee's various proposals to one degree or another. Leaving aside the failure of the Committee's health insurance proposal, the most significant shortfall in Congress's response was its failure to provide adequate funding to fully implement the Committee's employment assurance proposal. The WPA was established (with Hopkins and Williams at its head) supplement the PWA and the Civilian Conservation Corps in performing this function, but instead of authorizing enough funds to provide jobs for all the unemployed, the more modest goal was adopted for the WPA of providing jobs for all the unemployed who qualified as needy—and even that goal was not consistently met.

Still, despite the failure of the Roosevelt administration and Congress to fully implement the proposals of the Committee on Economic Security, the vision of governmental obligation and individual entitlement expressed in its 1935 report came to comprise the core of what William Forbath has called the "New Deal Constitution of Social Citizenship." More than any other reform initiative from the era, it was the Committee on Economic Security's conception of the obligations of government to its citizens that defined the New Deal in the minds of the public, and the foundation on which that vision rested was the plan Hopkins and Williams developed in the fall of 1933 to close the economy's job gap.

Over the course of the following decade, both before and after World War II came to dominate the policy arena, President Roosevelt and other New Dealers regularly reaffirmed their commitment to the social welfare vision embodied in the Committee on Economic Security's proposals, and increasingly came to conceive of it as a human rights vision, one that ultimately found expression in Articles 22-25 of the Universal Declaration of Human Rights which was drafted under the leadership of President Roosevelt's widow and tribune of New Deal values, Eleanor Roosevelt. The genealogy of the list of economic and social rights recognized in the Universal Declaration is clear—from the foundational contribution of Hopkins and Williams in the fall of 1933, to the 1935 proposals of the Committee on Economic Security, to President Roosevelt's 1941 invocation of the "freedom from want" in his "Four Freedoms" speech, to the express invocation of the language of rights in the proposals of the National Resources Planning Board in 1942, to the Presidents quintessential adoption (and justification) of the language of human rights in his "Second Bill of Rights" speech in 1944, to the American Law Institutes 1945 "Statement of Essential Human Rights" (work on which had been begun 3 years earlier in response to the President's Four Freedom's speech), and finally to the embrace of this self-same vision by the drafters and adopters of the Universal Declaration. I am not suggesting that the "New Deal Social Constitution" was the only source of the economic and social provisions of the Universal Declaration of Human Rights. One of the reasons for the popularity of that vision was its consistency with similar ideas expressed in the political, philosophical, and religious traditions of other countries and other peoples throughout the world. Still, it is important for American progressives to be aware of the American contribution to that vision, since it now seems largely forgotten in the United States, even among progressives who one might have expected to have kept it alive at all costs.

Anti-Cyclical Policy

In the late fall and early winter of 2008-09, when the U.S. economy seemed on the verge of a possible meltdown, the example of Franklin D. Roosevelt and the New Deal was frequently invoked by progressive commentators offering advice to then President Elect Barack Obama. But what was it about FDR and the New Deal that these commentators thought the Obama administration should emulate? The only clear answers seemed to be the New Deal's boldness. Yet the policy area in which these commentators thought bold action was most needed—in deciding how large a fiscal stimulus to apply to the economy—their opinion of the Roosevelt administration was decidedly mixed. They applauded Roosevelt for loosening the federal government's purse strings, but they also criticized him for not spending enough to achieve a complete economic recovery. That did not occur, they noted, until World War II generated a far more massive burst of federal spending. Viewed from this perspective, the New Deal example invoked by progressive commentators was mainly negative. The Obama administration was encouraged to be less timid than the Roosevelt administration in spending money to boost aggregate demand.

Anyone with a passing familiarity with Keynesian economics and the history of the New Deal can appreciate the force of the advice these commentators were offering, and with unemployment rate more than 2 percentage points higher than it was when President Obama took office, and with more than three million fewer people reporting themselves as having jobs—there appears to be ample reason to affirm the judgment of those who thought a larger stimulus was needed than the $787 billion package approved by Congress. The only caveat to this judgment is that only 22 percent of the $787 billion authorization had actually been spent eight months later. So it's not clear whether the problem was the size of the stimulus package or the slowness with which it was disbursed.

I want to make a different point. That is, the importance of the New Deal example does not lie in what it can teach us about the size of the economic stimulus the Obama administration should have proposed, but rather in what it can teach us about how the money should have been spent. Stated differently, FDR may not have spent enough, but he did show us what a progressive fiscal stimulus should look like, and its nothing like what the Obama administration has implemented.

What distinguished the New Deal's fiscal strategy is that it was driven mainly by social welfare rather than macroeconomic considerations. The economists and businessmen who advised President Roosevelt on economic policy believed that increased government spending could promote economic recovery by "priming the pump" of business activity, but unlike Keynesian theory, the "pump-priming" metaphor provided no support for deficit spending per se, nor any guidance as to how large a fiscal stimulus was needed to "prime the pump." In this policy environment, Roosevelt's desire to increase government spending to meet social needs often had the support of his economic advisors, but his decision about how much to spend was based on a weighing of social welfare needs against the goal of reducing the federal government's budget deficits, rather than a judgment about how large a fiscal stimulus was needed for counter-cyclical purposes.

My argument is that except for President Roosevelt's commitment to closing the government's budget deficit, the New Deal's approach to designing and sizing a fiscal response to economic downturns is superior to the simple Keynesian strategy advocated by progressive economists and pursued by progressive policy makers (including those advising the Obama administration) ever since the demise of the New Deal.

The difference is that the New Deal strategy is based on a trickle-up fiscal policy grounded on a commitment to securing the economic and social human rights of all members of society. The strategy counts on the fact that securing these rights will boost aggregate demand and thereby restart or accelerate the process of economic growth during a recession, but the strategy's human rights commitment is independent of that economic policy consideration. Accordingly, the very same strategy is pursued across all phases of the business cycle, the only difference being that the amount of job creation and income support needed to achieve the strategy's human rights goals tends to increase during recessions and decline during periods of relative prosperity. The strategy therefore functions as an automatic stabilizer and a very powerful one.[2] During recessions its goal is to replace 100 percent of the income people lose because of the contraction in the private-sector economic activity, and for reasons I will explain below, the way in which jobs are created and income guaranteed tends to dampen the inflationary tendencies that tend to emerge at the top of the business cycle.

In contrast, the simple Keynesian strategy that progressives have promoted to combat recessions since the demise of the New Deal is grounded on economic policy considerations that are independent

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[2] The New Deal strategy also charts a path to be followed in responding to other manifestations of an economic downturn. Instead of bailing out banks directly, the New Dealers responded to their own mortgage foreclosure crises by creating a government agency that purchased individual non-performing mortgages and refinanced them at a lower rate of interest so that stressed homeowners would not lose their homes. The same agency also made direct mortgage loans to people who couldn't otherwise obtain credit. By coming to the rescue of ordinary home owners in this way (i.e., taking steps to secure the right to housing) economic benefits were created that trickled up to the financial services industry. Non-performing assets were removed from bank balance sheets and the banking industry was stabilized—but with a program designed to provide stressed families with help rather than the banks directly. A similar story could be told about the New Deal strategy for saving family farms. This strategy could have been used to respond to the "toxic asset" problem that precipitated the recession that began in the United States in late 2007. These "toxic assets" could have been "detoxified" from the bottom up, the way the New Deal did it, rather than by offer financial bailouts to banks. Protecting the ability of families to meet their mortgage obligations by guaranteeing them security of employment and income also would have helped, of course.

of any commitment to social welfare goals. The immediate goal of the strategy during a recession is to boost aggregate demand rather than to offer assistance to the victims of the economic downturn. True, the strategy is consistent with a policy of offering such assistance, and progressives would prefer to deliver the needed fiscal stimulus in that manner, but the economic policy considerations on which the strategy is grounded are indifferent in principle to the way in which the government decides to spend fiscal stimulus money.[3] Accordingly, the simple Keynesian strategy tends to favor trickle-down fiscal initiatives in practice, because they're easier to enact than the trickle-up fiscal stimulus provided by the New Deal strategy. At the top of the business cycle the simple Keynesian strategy has proved itself useless, since the only way it has of controlling the economy's inflationary tendencies is to decrease aggregate demand, which directly contradicts the simple Keynesian strategy for achieving full employment.

As noted above, in the period leading up to his inauguration, then President Elect Obama was being advised to emulate the boldness of President Roosevelt but not to make Roosevelt's mistake of stinting on the size of the fiscal stimulus package he was preparing to submit to Congress. The package he proposed, and which Congress approved with significant changes, authorized $787 billion in tax cuts and additional spending. Obama Administration economists have predicted that the package would create or save between three and four million jobs. Dividing 3 and 4 million into $787 billion produces a figure of between $197,000 and $262,000 in spending per created or saved job. Why does it cost so much?

The answer is because the immediate goal of the simple Keynesian strategy is not to create jobs. It is to increase aggregate demand. It's the increase in aggregate demand that leads to job creation. Depending on how the additional spending is injected into the economy, the simple Keynesian strategy could have a more immediate job-creation effect, but the size of that effect depends on how the additional spending is injected into the economy. To understand the importance of this variable it is useful to distinguish between "First-Round" spending and "Secondary" spending. As the term suggests, First Round spending is defined by the way the government spends the funds allocated to the stimulus effort. It may be a tax cut, in which case there is no First Round spending at all. It may be in increase in transfer benefit payments, in which case the First Round spending goes to the recipients of those benefits. It may be an increase in public works spending, in which case the First Round spending goes to the contractors who undertake the work. It may be an increased budget allocation to a government agency to hire more teachers, in which case the First Round spending goes to the teachers hired. Or it may be a budget allocation to a New-Deal style direct job creation program that provides jobs to unemployed workers, in which case the First Round spending goes to the unemployed workers who are hired.

In each of these cases Secondary spending follows upon the First Round spending and eventually leads to job creation or job preservation. The beneficiaries of tax cuts spend some or all of the money that stays in their pocket, and the businesses that benefit from that spending may be induced to hire additional workers or refrain from laying off workers because of this boost in demand for the goods

[3] A weak economic policy argument in favor of giving stimulus money to poor people rather than rich people can be made based on the higher marginal propensity to consume of the former, but this argument is both arcane and easily overcome by increasing the total size of the stimulus package to compensate for its reduced multiplier effect.

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and/or services they sell. The persons who receive increased transfer benefits similarly spend some or all of their additional income, and so forth.

What this process illustrates is that the simple Keynesian strategy can be characterized as producing two benefits. The first is the benefit defined by how the stimulus money is spent—i.e., on tax cuts, increased transfer benefits, etc. The second benefit is the job creation that ultimately flows from the Secondary spending that flows from this initial "purchase" of benefits. It is this characteristic of the simple Keynesian strategy that accounts for its political appeal, since interest groups that might oppose the stimulus strategy on ideological or other grounds are tempted by the opportunity to line their own pockets or to use the stimulus package to pursue other favored goals. We saw this process at work when the Obama stimulus package was being negotiated in Congress. While some of the debate focused on the overall size of the package, most of it involved conflict over what groups or program initiatives would be the beneficiaries of the stimulus package's First Round spending. As the famous epigram about sausages and the law suggests, it was not an elevating spectacle, but as noted above, it may explain why progressives have found the simple Keynesian strategy so appealing. You generally can get a stimulus package enacted. The question is how many of your own preferences have to be sacrificed in allocating the package's First Round of spending in order to get the votes necessary to enact the package.

Viewed from this perspective, the New Deal strategy for combating recessions can be defined as a simple Keynesian stimulus whose First Round spending is devoted to securing the economic and social human rights of the victim of the recession. Progressives generally have assumed that while the way a stimulus package is spent obviously is important for other reasons, they only reason to prefer one stimulus package over another on economic policy grounds is that the multiplier effect of the stimulus may vary depending on differences in the marginal propensities to consume of different recipients of stimulus money. I think this is a mistake. Over and above the reasons why securing human rights might be preferred over other possible uses of First Round spending, I believe the New Deal strategy has three distinct economic advantages.

First, it has the advantage of being equally well-suited for use at the top and the bottom of the business cycle. As noted above, one of the disadvantages of the simple Keynesian strategy is its ineffectiveness as a strategy for achieving sustainable full employment. It is useful only during recessions, and while it certainly is possible to design a system of automatic triggers to avoid the need to legislate a stimulus package each time it is needed, the stimulus package itself will always involve start-up delays—as we have seen with the Obama stimulus package. In contrast, the New Deal strategy is equally well-suited to deliver an anti-recessionary boost to aggregate demand and a non-inflationary or minimally-inflationary boost to job creation at the top of the business cycle. Moreover, the way in which the jobs program and transfer payment elements of the New Deal strategy would be administered would be identical in the two periods. The only variable would be the number of jobs created and the number of people eligible for transfer benefit payments of a given type and size. Thus, while the initial start-up of the New Deal strategy would take time, once it was in place it would retain the inherent capacity and practical administrative experience necessary to expand and contract over the course of the business cycle.

Second, to the extent the goals of an anti-cyclical stimulus are to protect the population from job and income losses, the New Deal strategy can achieve those goals both more quickly and at a lower budgetary cost (as my discussion in the balance of this paper will show) because the benefits "purchased" with First Round spending consist of precisely those goals. Instead of making job creation a secondary benefit of increased spending on other policy goals, the New Deal strategy supports other policy goals as a secondary benefit of job creation—a secondary benefit realized through the process of deciding what goods and services the strategy's direct-job-creation program will produce.

A Keynesian might question the desirability of reducing the cost of an anti-cyclical stimulus on the grounds that it would delay the economy's full recovery from a recession by reducing the multiplier effect of the stimulus spending. There are two responses to this objection. The first is that if a bigger boost to aggregate demand is considered desirable, it could be provided by funding spending initiatives in addition to those required to implement the New Deal strategy. The second response is to ask whether it really is desirable to achieve a more rapid recovery of aggregate demand. As conservatives frequently complain, government spending distorts and interferes with the operation of markets. They're right. It does, and progressives consider that as a good thing if the market forces in question are producing undesirable social or economic effects. A simple Keynesian stimulus causes sizable market distortions because the spending involved typically is sizable. This distortion has always been justified because of the social costs of economic downturns, but if those social costs are avoided by application of the New Deal strategy, would it still be desirable to foreshorten the market correction embodied in a recession?

Minimizing the duration of an economic downturn may be desirable even if the social costs of the downturn are avoided by other means. This could be the case, for example, where there is a pressing need for the foregone wealth an expanding economy produces. On the other hand, market corrections also produce benefits—the "creative destruction" that Joseph Schumpeter described, the bursting of speculative bubbles, or simply the weeding out of inefficiently run business enterprises. If the social costs of a recession can be avoided by pursuing the New Deal strategy, a government could decide to allow the process of correction that precipitated the crisis to proceed. The New Deal strategy would prevent that process of correction from degenerating into the downward economic spiral that job losses cause (and which unnecessarily undermines businesses that may be healthy) but allowing the correction could produce long term benefits. The opportunity the New Deal strategy provides to pursue this option is its third advantage as an economic policy.

When these advantages of the new Deal strategy are added to its ability to secure unprotected economic and social human rights recognized in the Universal Declaration, I believe progressives have ample reason to prefer it to the simple Keynesian strategy.

Learning from the New Deal

If the New Deal strategy is so clearly superior to the simple Keynesian strategy, why did progressives abandon it in favor of the Keynesian strategy? That question has perplexed me ever since I began my research on this topic 25 years ago. I have no clear answer but will offer two hypotheses, while hoping that an historian will someday do the research necessary to answer the question definitively.

My first hypothesis is that progressives never realized that what I have described as the New Deal strategy had positive lessons to teach them about anti-cyclical policy because they never thought of it as anything other than a social welfare strategy. That's how Hopkins and Williams conceived it. That's how the social welfare planners who incorporated it into their design of the American welfare state viewed it. And economists never paid the slightest attention to it other than as an easy way to inject purchasing power into the economy. Accordingly, when progressive economists turned their attention to the task of devising an anti-cyclical economic policy for the post World War II era it never occurred to them to even think about what the New Deal strategy might teach them—other than the negative lesson that more spending was needed to pull an economy out of a serious recession than President Roosevelt was willing to tolerate.

My second hypothesis is that progressives embraced the simple Keynesian strategy because it was politically easier to implement than the New Deal strategy. The New Deal commitment to securing economic and social rights was very controversial, particularly the right to work. Even President Roosevelt couldn't be counted on to spend enough on the goal to pull the economy out of a serious recession. In contrast, fight a war and the money flowed like water. It proved ridiculously easy to achieve full employment during World War II. Why fight over the obligations of government to secure the right to work directly if it was so easy to achieve the same goal indirectly by spending public dollars on something that conservatives found it hard to resist either for patriotic reasons or out of self interest. It was not until the mid 1970s that the limitations of this Faustian accommodation became apparent, when inflation emerged as a serious impediment to the achievement of full employment by means of the simple Keynesian strategy, and by then all memory of the New Deal strategy had dissipated in the mist of time.

Either or both of these hypotheses could explain the abandonment of the New Deal strategy by progressives, except for one part of the story that I find hard to explain. That is the willingness with which progressives also abandoned their reliance on the language of human rights in promoting social welfare reforms following the end of World War II. Rights talk is powerful, and progressives showed that they understood that power both during the New Deal era itself, when they embraced the language of rights to promote their social welfare agenda, but also in the post war era when they embraced the Civil Rights Movement in the United States and adapted is rights talk to a wide range of other reform initiatives—including an abortive attempt in the late 1960s and early 1970s to promote a right to welfare as an anti-poverty strategy. What kept Progressives from resurrecting or even acknowledging the existence of a rich, robust, carefully conceived, and fully elaborated strategy for securing a full complement of economic and social entitlements? Not only was it readily available to them in documents like the Universal Declaration and President Roosevelt's 1944 State of the Union Message (his "Second Bill of Rights" speech); it was described in abundant detail in sources like the Report of the Committee on Economic Security of 1935, the 1942 Report of the National Resources Planning Board, and the American Law Institute's "Statement of Essential Human Rights." It was an inheritance of enormous value that Progressives abandoned in the late 1940s and have yet to reclaim. Neither of my hypotheses can account for this conundrum, and I admit to being puzzled by it.

PART TWO

Modeling the New Deal Strategy

In the balance of this paper I shall describe how the New Deal strategy could be structured for application today, and I will estimate the cost of such an initiative. I have previously undertaken such an exercise for the 10-year period from 1977-1986 (Harvey, 1989). The direct-job-creation component of the model described below is similarly structured to that earlier model, but the income support element is treated differently. Also, the model described below is still in the process of development. A number of the cost factors included in it are rough estimates, and I have thus far estimated the strategy's cost only for 2009. I intend to continue working on the model, both to refine the accuracy of its cost

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estimates and to extend that cost estimate to additional years. Still, I believe it provides a reasonably good "ball-park estimate" of what it would cost to implement a robust version of the New Deal strategy—one capable of fully securing the right to work and income security recognized in the Universal Declaration—at a time when the cost of such an initiative would be at its maximum level because of the existence of a deep recession. I shall first describe the features of my model and then discuss my estimate of what it would cost to implement the model in 2009.

What Is the Program's Goal? The program has been designed to secure the right to work and income security recognized as human rights in Articles 22-25 of the Universal Declaration of Human Rights. In the course of achieving this purpose it would achieve the functional equivalent of sustained full employment; prevent the downward spiral of job losses that characterize recessions; and serve as a vehicle for delivering a fiscal stimulus to the economy if one were needed.

How Would the Program Achieve this Goal? The mechanism proposed would be a program of direct job creation combined with an expansion of conventional income transfer benefits, the latter to supplement the earnings of low-wage workers as well as to guarantee an adequate standard of living for persons who are either unable or not expected to be self-supporting.

The jobs program would create enough jobs to guarantee paid employment for all job seekers. The type of job creation contemplated is illustrated by New Deal programs such as the Civilian Conservation Corps (CCC), the Civil Works Administration (CWA), the Works Progress Administration (WPA), and the National Youth Administration (NYA), but also by more recent programs like the Jobs Corps (JC), the College and High School Work Study Programs (WS), the Comprehensive Employment and Training Act (CETA), and the Summer Youth Employment Program (SYEP). The program would differ from most of these earlier initiatives, though, in that eligibility would not depend on a means test, and the wages paid would be higher. Once the jobs program was fully implemented, the only involuntary unemployment that would remain would be genuinely frictional (Harvey, 2007).

The proposal assumes that income transfer programs would be used to supplement the wages of workers who lacked the skills necessary to earn enough to secure a decent standard of living for themselves and their families. Income transfer programs also would guarantee an adequate standard of living for persons who could not or were not expected to be self-supporting. The bulk of this support would be provided in the form of non-means-tested social-insurance benefits. The Social Security Old Age and Survivors Insurance (OASI) program exemplifies this type of benefit. Significant benefits also would be provided through means-tested programs such as Supplemental Security Income (SSI), the Section VIII housing voucher program, the Supplemental Nutritional Assistance Program (SNAP), and the Earned Income Tax Credit (EITC). The proposal assumes that these benefits would be increased, where necessary, to guarantee recipients an adequate standard of living.

Doesn't Means-Tested Income Assistance Stigmatize those who Receive It? That depends on the program. There is a centuries-old tradition in market societies of using means-tested public assistance to punish and stigmatize the poor (Harvey, 1999; 2000). Programs in which this tradition survives would not be relied upon under this proposal to provide income assistance to those who need it to achieve an adequate standard of living. The programs relied upon—SSI, Section VIII housing vouchers, SNAP, and the EITC—have been designed and are administered so as not to stigmatize their beneficiary population, and further changes could be introduced in them, if necessary, to ensure that they don't. The important thing to keep in mind is that means-tested benefits are not inherently stigmatizing.

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Is the Job-Creation Leg of the Proposal What Some Progressives call an Employer of Last Resort (ELR) Program? Yes, although I do not use that term because I think it encourages two misconceptions. The first is that the jobs created would provide "last resort" employment in a qualitative sense rather employment indistinguishable from employment provided in regular public and private sector jobs. The second misconception is that the jobs would be created in order to provide employment for people who lack the skills or work ethic necessary to succeed in a regular job rather than to eliminate a deficit in the number of jobs provided in the regular labor market relative to the number of people who want jobs.

My model also differs in certain substantive respects from most job-creation proposals advanced under the ELR banner. The most important of these differences is that most ELR proposals call for all program participants to be paid the same wage, whereas my proposal assumes that the wages paid to program participants would vary by job, just as is the case with regular public and private sector employment.

Who Would Administer the Jobs Program? A variety of administrative structures are possible and mutually compatible, so no one structure would have to be used to the exclusion of others. The largest New Deal jobs programs were operated by the federal government (which meant that program participants were federal employees) but most of the projects undertaken by these programs were proposed and sponsored by local governments who shared part of the cost. Projects also were sponsored by federal agencies. For example, the Commerce Department sponsored the WPA's famous Public Works of Art Program that provided jobs for unemployed writers, artists and performers. It also would be possible for a federally operated program to undertake projects sponsored by non-governmental organizations.

An alternative administrative structure that has been used in direct job-creation programs in the past is for operational authority for administering the program to be delegated to state and/or local governments who apply for federal funding for that purpose. This was the operational structure adopted for the CETA program, but that experience illustrates that this model requires careful monitoring to prevent local governments from using it to replace regular government employees.

A third administrative structure involves contracting with non-governmental entities, usually non-profit organizations, to operate work programs or administer individual jobs. An example of this structure that has worked very well for many decades is the Work Study program and its New Deal predecessor, the in-school work program administered by the National Youth Administration. Other examples include the many non-profit organizations that have provided jobs funded by the Summer Youth Employment Program. No one structure works best for all types of projects and participant populations.

What Kind of Work Would Jobs Program Participants Do? Since the program is designed to create jobs for unemployed individuals in the communities where they live (the exception being residential youth employment programs like the CCC and Job Corps) it is naturally well-suited to fill unmet needs in those communities. This linkage is also useful since unmet community needs tend to be greatest in those communities with the most unemployment.

Some of the unmet needs the program would strive to satisfy would involve the delivery of services to program participants themselves—such as the provision of high-quality, affordable child care. Meeting these needs probably would comprise the program's first projects, and since the services

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needed by program participants would be needed by other workers as well, providing them to all workers would be a useful function for the program to perform.

Other community needs the program could help fill would involve construction work – the rehabilitation of abandoned or sub-standard housing, basic conservation up-grades (such as caulking windows and doors and installing low-flow toilets), the construction of new affordable housing units, the improvement of existing public parks, the construction of new parks, and the beautification and improved maintenance of indoor and outdoor public spaces.

The program also could provide work expanding and improving the quality of public services in areas such as health care, education, recreation, elder care, and cultural enrichment. Keeping in mind that the jobs program would always be there but that its size would vary over the course of the business cycle, all levels of government could expand the services they provide on an intermittent basis and add new services to satisfy unmet needs. In short, communities would be encouraged to view their unemployed members as an untapped resource rather than as a burden.

What about Big Infrastructure Projects—Especially Green Infrastructure Projects? Big infrastructure projects tend to impress the public and win political support more easily than smaller projects because they are, well, BIG. But they don't lend themselves very well to a program designed to close the economy's job gap, except during major economic contractions. There are three reasons for this. First, big infrastructure projects take a long time to implement. As noted above, the New Deal's first large job creation program, the CWA, was created because of the length of time it was taking to get the PWA (the agency Congress created to undertake large infrastructure projects) up and running. Eventually, the PWA's did accomplish both its job-creation and infrastructure-investment goals, but the unemployed can't wait two or three years for a job. Even a few months is too long, and that means a jobs program designed to provide the unemployed with work needs to be designed with greater flexibility than is possible with most large infrastructure projects.

The second problem with big infrastructure projects is that they tend to be capital intensive. This doesn't mean they necessarily create fewer jobs. It's just that most of the jobs they create are in the industries that supply materials, supplies and equipment to the program rather than in the program itself. This may be fine during a deep and prolonged economic contraction like the 1930's when job shortages exist in all sectors of the economy for many years. But capital-intensive projects are hard to target on particular groups of unemployed workers, and that makes them less suitable for use in a program designed to target unemployed workers whenever and wherever their numbers increase.

The third problem with big infrastructure projects is that the direct employment they provide tends to be geographically concentrated, and that makes them less suitable as a vehicle for providing work to widely dispersed groups of unemployed workers. Big infrastructure projects need not be ruled out in a jobs program designed to secure the right to work, but they can't be the principle focus of the program's activities.

Isn't There A Danger that Small Community-Based Projects Would Degenerate Into, Or Be Perceived as "Make-Work"? Yes, this danger does exist. Indeed, no matter how valuable the goods and services produced by the program, critics would assail it as a boondoggle. The only way to counter those attacks would be to make sure the program doesn't deserve the criticism and to carry out an equally concerted and well-orchestrated campaign to publicize the program's accomplishments. The following rules of thumb could guide those efforts.

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(1) Insist on Community Participation in Selecting Projects. Take advantage of the program's need to create jobs in local communities by requiring public participation in the process of project selection.

(2) But Don't Leave Project Selection Entirely In Local Hands. One of the reasons the New Dealers structured their jobs programs the way they did is because they knew local participation was important for their success but also a potential source of corruption. The vast majority of WPA projects were locally sponsored, but they all had to be approved by a federal office of project review. Something like that model should be implemented.

(3) Be proactive in identifying and rooting out boondoggles. Insist on close monitoring of project implementation as well as project design. Respond to both incompetence and malfeasance quickly and decisively. This is another reason the WPA adopted a model of federal administration of locally-sponsored projects. It made it easier to take corrective action quickly when implementation problems arose.

(4) Put a plaque on it. Link the program in the public's mind with the New Deal's jobs programs by cataloguing and publicizing the accomplishments of the New Deal Jobs programs. Make sure the public knows how many CCC, WPA, and PWA projects are still being used and enjoyed. Then treat the accomplishments of the new program as adding to that list. Mark each project's launch and milestone accomplishments with public ceremonies and use signs and other types of publicity to remind the public of what the program has provided the community.

(5) Emphasize the "twofer" effect of Program Projects. The substance of leaf-raking claims is that job programs waste tax payer money—money that could be better spent elsewhere if not left in the pockets of tax payers. This legitimate concern about waste can be answered quite effectively by emphasizing the "twofer" effect (as in two-for-the-price-of-one) of a direct job creation program. The program's primary goal is to insure that everyone can have a job regardless of the state of the economy. This "insurance" function serves everyone's interest in the same way that other types of insurance serve everyone's interest. It's there if you need it; it makes you feel more secure even if you never need it; and no one has to worry that people who suffer an insured loss will be left out in the cold. But unlike other types of insurance, which merely redistribute income from policy holders who don't suffer an insured loss to those who do, a direct job-creation program actually increases the community's wealth. It does this by utilizing a resource (unemployed workers) that otherwise would be idle.

Because of this "twofer" effect (creating additional wealth while performing an insurance function) a direct job creation program provides two dollars worth of benefits for every dollar tax payers spend on it. Maybe you would like poor people to have jobs but you also would like to spend the money it would cost to create those jobs building more affordable housing for the poor. Fine, give poor people jobs building affordable housing. Maybe you would like to secure the right to work for all job-seekers, but you would like to spend the money it would cost to secure that right expanding the availability of child care for already employed workers. Fine, create jobs for unemployed workers providing child care for all workers. Once grasped, the point is a powerful one. Rather than wasting taxpayer money, the New Deal strategy constitutes an extremely cost-effective way to allocate government expenditures. It's the fiscal equivalent of multi-tasking.

But Is It Realistic to Expect the Unemployed to Perform Adequately In Jobs Especially Created for Them – Given the Personal Problems and Skills Deficits from which They Suffer? A jobs program like the one I have described would have to offer job training to participants who needed it and a range of services to address their personal problems, but there's no reason to view this need as a barrier to the program's success. At the end of the 1930s there was much handwringing in both the popular and scholarly media about the nation's "unemployables" – people whose ability to function in a job was thought to have been destroyed by years of joblessness. Yet when jobs became available a few years later this population seemed to disappear.

There may be people with problems so severe that they can't function satisfactorily in a normal work environment, and those individuals need and deserve special help. But there's no reason to believe that this is true of the unemployed in general or even a significant proportion of their number. Unemployment is caused by a lack of jobs. A lack of skills, a poor attitude, or invidious discrimination may explain who will be left standing at the end of a round of labor-market musical chairs, but the why of their joblessness is explained by the economy's job gap as surely as the reason people are left standing at the end of a game of musical chairs is because there aren't enough chairs for everyone to sit down.

What Would Program Participants Be Paid? My cost estimate is based on the assumption that program participants would be paid approximately the same wage that persons with similar qualifications reasonably expect to receive as new hires in the regular labor market. Unemployed school teachers would receive the same wage that school teachers with similar educational backgrounds, skills and experience receive when teaching jobs become available in the regular labor market. Unemployed factory workers would receive the same wage that factory workers with similar educational backgrounds, skills and experience receive when factory jobs become available in the regular labor market. And unemployed high school graduates entering the labor market for the first time would receive the same wage that high school graduates with the same skills and experience receive when jobs become available for them in the regular labor market.

This does not mean that individual program participants would be guaranteed the same wage they enjoyed in their last job. They might be qualified for a higher paying job than the one they last held, but it's also possible that they were lucky enough to be employed in a job that paid more than the going rate for persons with their qualifications. An increase or decrease in wages also might occur because of the program's inability to place all participants in jobs that closely matched the skill and experience requirements of their former employment. Finally, as is true of public sector employment generally, the program would not pay higher-level managerial employees as much as they could command in the private sector if jobs were available for them there. Instead higher-level managerial positions would pay wages comparable to those paid similarly qualified managers in the public sector.

Could a Program That Paid Market Wages Guarantee People A "Living Wage"? Article 23(3) of the Universal Declaration states that

> Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

This requirement means that a job program designed to secure the right to work would have to insure more than just the availability of enough jobs to provide paid employment for everyone who want it. The program also would have to guarantee that that everyone who accepted such employment could earn what progressives commonly refer to as a "living wage."

The living-wage standard I adopted for my modeling exercise is the Family Economic Self Sufficiency (FESS) standard developed by Wider Opportunities for Women (WOW) to provide realistic estimates of the minimum total income needs of working families of various sizes and compositions based on the actual cost of living where they reside.[4] For example, the FESS for a three-person family consisting of a full-time worker, one school-age child, and one pre-school aged child is about $56,500 on an annualized basis in the most expensive county in the state of Pennsylvania and about $30,800 in the least expensive county in the same state. Since some people with this level of need would be able to qualify for no more than a minimum-wage job, substantial subsidies would be required to guarantee all workers an adequate standard of living—the "other means of social protection" referenced in Article 23(3) of the Universal Declaration.

My model guarantees the FESS standard of living through a combination of employee benefits (health insurance and child care) and government transfers (the Earned Income Tax Credit, Supplemental Nutrition Assistance Program benefits, and Section VIII housing vouchers) to supplement the wages the program would pay. The model also assumes that job training could and should be offered on a priority basis to persons with significant family support responsibilities, with a guaranteed placement in a higher-paying job utilizing the skills acquired upon completion of the training program. Some of the social welfare benefits identified above would have to be adjusted, and in the case of Section VIII housing vouchers the program would have to be turned into an entitlement, but the cost of those changes is incorporated into my model.

Finally, it is important to note that except for the cost of providing universal health insurance coverage, the model assumes that all of these benefits would be made available to all workers—whether they were employed in regular jobs or in the jobs program. This is necessary because the goal of the program is not just to secure the right to work and income security of job program participants, but of all persons.

What Benefits Would Program Participants Receive? My cost estimate assumes that program participants would receive the same health care benefits, sick leave and vacation benefits as other federal government employees. I also assume that program jobs would be treated the same as any other paid employment for tax purposes and Social Security entitlement. This means program wages would be fully taxable, and the program would pay the employer's share of FICA and Medicare taxes for the individuals it employed. I also have assumed that program participants would be given the same pension benefits as other federal government employees employed for relatively short periods of time (i.e., less than 3 years). Finally, I have assumed that program participants would receive free or reduced price child care in centers operated by the program itself.

I realize that this package of benefits is more generous than what most private sector employers provide and that this difference would put pressure on them to improve their benefit packages. Care would have to be exercised to insure that this pressure did not impose undue burdens on smaller businesses. Assuming that the same child care services offered to program participants would be offered to all workers, the only important initiatives required to "level the playing field" between the job program and regular private sector employment would be the implementation of a comprehensive national health insurance plan. This is no small order, of course, but as a practical matter it is safe to

[4] See http://www.wowonline.org/.

assume that the nation will have a national health insurance system in place long before the New Deal strategy I model in this paper receives serious consideration.

How Many Jobs Would the Program Have to Create? The number of jobs the program would have to create to provide "employment assurance" to all job seekers would vary over the course of the business cycle. It also is important to understand that jobs would be needed not only for those persons who are counted as unemployed in government statistics, but also for two other groups. The first consists of involuntary part-time workers—persons who are working part-time not by choice but because they have been unable to find full-time jobs or have had their normal hours cut. The second group consists of so-called discouraged workers, though I use the term more broadly than the definition employed in government statistics. These are people who say they want a job and report themselves as ready, willing and able to begin working, but are not actively seeking a job because they think there are no jobs available or because they think employers would not hire them. On the other hand, there are some persons who are either employed or want jobs only because other members of their household are unemployed or underemployed. If the right to work was secured for all persons, some of these latter individuals would elect not to work. Finally, the creation of enough jobs to insure the availability of paid employment for everyone who wants it does mean the unemployment rate would be driven to zero. Even if jobs were plentiful, it takes time for job seekers who want employment and employers who have vacant jobs to find and assess one another. Unemployment attributable to this job "matching" activity rather than a shortage of jobs has been termed "frictional" by economists, and the best available evidence suggests that the rate of genuinely frictional unemployment in an economy with no shortage of jobs will be 2 percent or less. My estimate of job program cost tries to account for all of these factors in estimating the number of jobs that would have to be created and filled to secure the right to work.

Wouldn't the Program be Inflationary If It Were Continued After the Recession is Over? As explained above, one of the advantages of the New Deal strategy of responding to a recession is that it is equally well suited to securing the right to work and income support at the top of the business cycle. There are three reasons for the anti-inflationary effect of the New Deal strategy. First, it allows for the achievement of full employment without the increase in aggregate demand that would be required to achieve that goal using private sector hiring at the top of the business cycle. Second, the job-creation effect of the New Deal strategy naturally targets communities with high rates of unemployment while minimizing the fiscal stimulus delivered to communities and industries that already are fully employed. Third, the job programs upon which the New Deal strategy relies to achieve full employment would help stabilize wages, and hence prices, at the top of the business cycle because of the "buffer-stock" effect of having qualified and experienced program participants available for hire by private sector firms at stable wage levels. See Harvey (2006).

The Cost of the New Deal Strategy

Table 1 summarizes my preliminary estimate of what it would have cost to implement and fund the New Deal Strategy described above in the United States in 2009. The table overstates the actual cost of the strategy for several reasons. First, the estimate is a preliminary one that deliberately overstates the cost of the program. Second, the estimate does not take into consideration either the program's countercyclical effect or the job-creating effect of the $191 billion spent on materials supplies and other "non-Labor costs. In other words, it does not take into consideration any of the job creation that would result from the economic stimulus the program would deliver to the economy. Third, the estimate assumes that all program output would be distributed for free rather than sold to governments or the public. This is an assumption that is neither necessary nor desirable. If the goods and services produced by the program were sold, even at steeply discounted prices, it would reduce the funding burden of the program substantially. Finally, although this would not affect the cost of the program in 2009, it is important to remember that the average cost of the program over the entire course of the business cycle would be less than its cost in a year of deep recession like 2009. In my earlier estimate of the cost of a similar program between 1977 and 1986, the program's average net cost in non-recessionary years was negative. In other words, the program would have saved the government money compared to the existing policy regime rather than costing it money. The same relationship may hold today.

TABLE 1

Cost of Implementing New Deal Strategy, 2009
(millions, except for hourly wage)

Direct Job Creation Component		
Full Time Equivalent Jobs Needed		17.5
Estimated Avg. Hourly Wage of Full-Time Program Employees	$	14.41
Estimated Avg. Hourly Wage of Part-Time Program Employees	$	11.30
Annual Wage Bill	$	571,581
Federal Employees Health Insurance Benefits	$	101,011
Non-Labor Costs (space, materials, transportation, etc.)	$	190,527
Total Jobs Program Budget	**$**	**863,119**
Payroll & Income Taxes Receipts Included in Wage Bill	$	(105,808)
UI Expenditures Replaced by Job Guarantee	$	(138,767)
Medicaid and CHIP Expenditures Replaced by FEHB	$	(43,898)
Net Cost of Direct Job Creation Program	**$**	**574,647**
Income Assistance Component		
Increased SSI Expenditures	$	41,809
Increased Section VIII Expenditures	$	50,000
Total Increase in Income Assistance Expenditures	**$**	**91,809**
TOTAL NET PROGRAM COST	**$**	**666,456**

The most noteworthy feature of this estimate is how much less the New Deal strategy would have cost and how much more dramatic its positive social effects would have been than the simple Keynesian strategy the Obama administration and Congress decided to pursue. Given this contrast, the failure of progressives to appreciate the advantages of an anti-cyclical policy modeled on the economic and social human rights commitments promoted by their predecessors in the New Deal era is, quite simply, a shame.

References To Be Added