State Capacity and Economic Intervention in the Early New Deal

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The worldwide depression of the 1930s hit two capitalist industrial economies—Germany and the United States—hardest of all, and it spurred major political transformations in both nations. In Germany there was the jarring descent from parliamentary democracy into the Nazi dictatorship. No such radical change of regime occurred in the United States. Yet the "New Deal" of Franklin Delano Roosevelt's first two presidential terms (1933–1940) was one of the most innovative sets of measures put through by any of the liberal-democratic governments caught up in the maelstrom of the Great Depression. In the context of U.S. history, moreover, the New Deal—along with the national mobilizations for World Wars I and II—was a major watershed in the establishment of an economically interventionist national state.

Two of the New Deal's most ambitious efforts at economic intervention—one destined to be shortlived and the other to prove more enduring—were launched right at the start. Both the National Industrial Recovery Act (NIRA) and the Agricultural Adjustment Act were passed by Congress in the spring of 1933, during the heady "Hundred Days" of intense legislative activity that followed FDR's inauguration amidst the depths of the depression. These acts were an extraordinary new departure for the U.S. national government, which abandoned

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its previous stance of minimal interference in the domestic market economy in favor of comprehensive attempts at administrative intervention.

Signed into law on 16 June 1933, the National Industrial Recovery Act was hailed by President Roosevelt as perhaps "the most important and far-reaching legislation ever enacted by the American Congress."[1] The NIRA's goal, according to the president, was "the assurance of a reasonable profit to industry and living wages for labor with the elimination of the piratical methods and practices which have not only harassed honest business but also contributed to the ills of labor."[2] Title I of the NIRA envisaged the pursuit of industrial recovery through the "united action of labor and management under adequate governmental sanctions and supervision." Industry by industry, "codes of fair competition" were to be drawn up to regulate production practices across enterprises. Moreover, each and every code was required to include provisions ensuring workers minimum wage and maximum hours, as well as a Section (7a) guarantee of the right of employees, "to organize and bargain collectively through representatives of their own choosing."[3]

The Agricultural Adjustment Act actually preceded the NIRA: it was signed into law on 12 May 1933. More single-minded in purpose than the NIRA, it nevertheless undertook an equally challenging task. The act aimed to raise prices for "basic agricultural commodities"—raise prices, that is, in relation to the prices paid by farmers themselves for products of industry. The objective was nothing less than to change the overall economic relationship between commercial agriculture and industry in America. The Adjustment Act authorized government agencies to experiment with administrative controls over both production and marketing as well as over "rental or benefit payments" from the government to farmers who cooperated with public programs. All of this was doubly justified by the Roosevelt administration: first, as a new line of attack on the long-festering agricultural depression that had left farmers clamoring for government aid throughout the 1920s, and secondly, as a propitious route to national recovery from the post-1929 depression.[4]

Both acts declared very broad objectives and granted enormous authority—and leeway in legislative interpretation—to the executive branch. Essentially, the two acts mandated the establishment of authoritative new administrative organizations—the National Recovery Administration (NRA) and the Agricultural Adjustment Administration (AAA)—through which economic functions formerly shaped by market competition would be planned and regulated in the public interest. The "voluntary" participation of farmers' com-

[1] *The Public Papers and Addresses of Franklin D. Roosevelt*, 13 vols., compiled by Samuel I. Rosenman (New York: Random House, 1938), 2:246.

[2] Ibid.

[3] Quoted from the text of the act, reproduced in Leverett S. Lyon et. al., *The National Recovery Administration: An Analysis and Appraisal*, 2 vols. (New York: Da Capo Press, 1972; originally 1935), 2:895.

[4] See *Papers of Franklin D. Roosevelt*, vol. 2, p. 74, for Roosevelt's remarks in his 16 March 1933 submission of the Agricultural Adjustment Act to Congress.

mittees and trade associations was envisaged as the primary means for putting AAA and NRA programs into effect, but it was clear that the government had been granted authority to induce cooperation and coerce recalcitrants.[5] Moreover, government officials were allowed plenty of space to initiate plans and regulations to achieve the desired broad goals of recovery, stabilization, and relief. An advocate of public planning like Rexford Tugwell could be forgiven for hoping in the spring of 1933 that the Recovery and Adjustment Acts had together opened the door for unprecedented government coordination and direction of the entire U.S. productive economy.

Indeed, imagine for a moment that these two acts had together fully achieved their declared objectives. If both acts had succeeded—and if their efforts could have been coordinated—the United States might have emerged from the depression by the mid-1930s as a centralized system of politically managed corporatist capitalism. The state would have been directly involved in planning prices and production levels and in allocating income shares to capitalists, workers, and farmers. Commerical farmers would have made income gains relative to industry, and industrial workers would have gained some sort of collective organization (but without rupturing in the process their subordinate and cooperative relationship to industrial management). Industrialists, meanwhile, would have enjoyed minimally competitive relationships with one another under the aegis of government supervision.

What actually happened was quite different. Despite the parallel broad grants of executive authority in the recovery and adjustment acts, the administrative organizations established under their provisions had sharply contrasting trajectories of development: the National Recovery Administration became, over time, increasingly unwieldy, conflict-ridden, and uncertain about its basic goals and preferred means for achieving them, while the Agricultural Adjustment Administration (to a much greater degree) sorted out its priorities, resolved a major internal contradiction of programs and personnel, streamlined its organizational structure, and launched ambitious new plans for the future. When the Supreme Court declared the first Adjustment Act unconstitutional, it was quickly replaced, whereas Title I of the NIRA was not reformulated after the Schechter decision of May 1935. In short, the early New Deal's agricultural program ended up being successfully institutionalized, but the industrial program did not. And the ulterior political consequences of the Recovery Act's failure and the Adjustment Act's success reverberated throughout the rest of the New Deal.

The collapse of the NIRA left thoroughly unintended legacies in its wake. On the one hand, the ideal of overall business coordination was shattered and gave way to an uneven pattern of government regulation across industries; a few industries achieved special government intervention to help rationalize competi-

[5] In the case of the AAA, two supplementary acts were later passed to *force* cooperation with certain production-control programs. These were the Bankhead Cotton Control Act and the Kerr-Smith Tobacco Control Act.

tion in their own ranks, while most shied away from further "bureaucratic" entanglements.[6] On the other hand, the dream of harmony between corporate management and industrial labor dissolved into even more bitter conflict, first over the enforcement of NRA-sponsored code provisions protecting the interests of labor, and then over the emergence of labor unions independent of direct management control. These conflicts, moreover, fed back into the administrative and representative processes of government in ways that eventually led to the passage of the "Wagner" National Labor Relations Act to legalize independent labor unions.[7]

Meanwhile, the Agricultural Adjustment Administration proved much more successful in organizing commercial farmers for their own collective good than did the NRA at organizing industrial capitalists.[8] Between 1933 and 1936, the AAA contributed to raising farm prices toward "parity"—that is, raising farm prices relative to industrial prices so that the ratio approximated the pre-World War I standard of "prosperity" for American agriculture. What is more, commercial farmers, especially those of the South and Midwest, gained important political benefits as a by-product of AAA activities. A major farm lobby organization, the American Farm Bureau Federation (AFBF), was able to expand its operations in tandem with the local administration of production control programs under the AAA. In turn, from the mid-1930s on, the AFBF became pivotal in defending its own organizational interests and the class interests of commercial farmers. Whereas industrial capitalists ended up losing relative power to labor unions, commercial farmers were ultimately able to use well-institutionalized farm programs to beat back all challenges from the agricultural underclasses and to gain an enduring governmental niche within the post-New Deal political economy.

The full political effects of the Recovery Act's failure vis-à-vis the Adjustment Act's relative success cannot be explored in this article. But even to allude to these effects is to underline the importance of the fate of these two programs in the overall trajectory of the New Deal. Regardless of whether either program was successful in strictly economic terms,[9] it is obviously important to under-

[6] For the best general analysis of the NIRA, its failure, and the aftereffects, see Ellis W. Hawley, *The New Deal and the Problem of Monopoly* (Princeton, N.J.: Princeton University Press, 1966).

[7] The various strands connecting the NIRA (and its failure) to the formulation and passage of the Wagner Act are summarized in part 3 of Kenneth Finegold and Theda Skocpol, "Capitalists, Farmers, and Workers to the New Deal—The Ironies of Government Intervention" (Paper presented at the Annual Meeting of the American Political Science Association, Washington, D.C., 13 August 1980).

[8] A good overview of the New Deal's agricultural programs is Richard S. Kirkendall, "The New Deal and Agriculture," in *The New Deal: The National Level*, eds. John Braeman, Robert H. Bremner, and David Brody (Columbus: Ohio State University Press, 1975), pp. 83–109.

[9] For carefully reasoned assessments of the economic effects of the NRA and the AAA, see two Brookings reports: Lyon et. al., *National Recovery Administration*; and Edwin G. Nourse, Joseph S. Davis, and John D. Black, *Three Years of the Agricultural Adjustment Administration* (Washington, D.C.: Brookings Institution, 1937). Observers doubt whether either the NRA or the AAA did much to promote *national* economic recovery. Yet the AAA seems to have contributed to the

stand why the New Deal's initial effort to intervene in agriculture was institutionalized so much more successfully than its effort to regulate industry. This question becomes all the more intriguing when we realize that neither conventional pluralism nor conventional Marxism offers much help in answering it. Despite their sharp disagreements over the basic source and significance of power in society, both of these theoretical approaches seek to explain political outcomes in *socially determinist* ways. Thus pluralist theory suggests that the best organized interest groups in society, and those with access to the greatest political skills and resources, would be the ones to achieve their political goals in "the governmental process"—with the proviso, of course, that some compromise might have to be reached to satisfy other somewhat powerful and resourceful interests also involved in the political process.[10] As for Marxism, its various adherents would all tend to agree on one conclusion: capitalists as a class should benefit most from politics in capitalist society. Some Marxists would attribute this to capitalists' direct control over the state or political resources;[11] other neo-Marxists would say, instead, that the state can be expected to intervene "relatively autonomously" for the objective interests of the capitalist system (and class), regardless of whether or not capitalists control political decision making.[12] Either way, however, political outcomes (short of revolution) should work disproportionately to the benefit of capitalists.

But in light of these general expectations created by pluralism and Marxism, the paths of development of the National Industrial Recovery and Agricultural Adjustment Act cannot but seem surprising in various ways. To begin with the NIRA: Industrial capitalists were highly organized by 1932.[13] Not only were large firms formidable entities in their own right, there were also effective trade associations in many industries, and there were business-wide bodies such as the Chamber of Commerce and the National Association of Manufacturers. With remarkable unity from late 1931 on, industrialists and their representatives

raising of farm income while the increases in profits that capitalists had hoped would follow upon the stabilization of production and the regulation of conditions of competition under the NRA failed to materialize in many industries.

[10] For a classic statement of the pluralist position, see David B. Truman, *The Government Process*, 2d ed. (New York: Alfred A. Knopf, 1971; originally 1951).

[11] For example, Ralph Miliband, *The State in Capitalist Society* (New York: Basic Books, 1969).

[12] For various examples, see Nicos Poulantzas, *Political Power and Social Classes*, trans. Timothy O'Hagen (London: New Left Books, 1973); Claus Offe, "Structural Problems of the Capitalist State," *German Political Studies* 1 (1974): 31–56; and John Holloway and Sol Picciotto, eds., *State and Capital: A Marxist Debate* (London: Edward Arnold, 1978).

[13] The 1920s was a period when many new trade associations were founded, and when trade association leaders took on increasingly important coordinative functions. On this latter point, see Louis Galambos, *Competition and Cooperation: The Emergence of a National Trade Association* (Baltimore, Md.: Johns Hopkins University Press, 1966). For statistics on waves of foundation of associations by U.S. capitalists, see Philippe C. Schmitter and Donald Brand, "Organizing Capitalists in the United States: The Advantages and Disadvantages of Exceptionalism" (Paper presented at the Annual Meeting of the American Political Science Association, Washington, D.C., September 1979).

pressed upon federal authorities a single major strategy for the recovery of American industry: the relaxation of the antitrust laws and government sponsorship for industry-by-industry cooperation to coordinate prices and regulate production levels and conditions of employment.[14] Indeed, through the National Industrial Recovery Act, industrial capitalists got pretty much what they asked for—and their control over the implementation of the recovery program was even more complete than was their influence in the legislative process that produced the NIRA. Yet, this program of government intervention, although tailored to the industrialists' specifications, nevertheless led or contributed to very unwanted outcomes for the capitalists: internecine political quarrels, threats of increased government supervision, and the legalization of independent labor unions.

Farmers in the United States were not as highly organized as industrialists at the beginning of the 1930s. And, perhaps even more important, competing "national" farmers' associations were pushing quite different programs for farm recovery as late as 1932.[15] During Roosevelt's presidential campaign and in the months between his election and inauguration, the major farm organizations—the Grange, the American Farm Bureau Federation, and the Farmers' Union—had to be coaxed into supporting the innovative production-control provisions that eventually became embodied in the Adjustment Act. (The Farmers' Union, in fact, ultimately refused to go along.) Yet, even though the ideas for key AAA programs did *not* originate with farmers or their interest-group representatives, farmers still ended up doing well, both economically and politically, under the New Deal's venture of government intervention in agriculture. Thus, in neither the case of the Adjustment Act or Recovery Act can the demands, the organization, or the class economic power of social groups directly explain the results of the New Deal government interventions affecting the interests of either farmers or industrialists. To accomplish such explanation, we must go beyond the social-determinist proclivities of conventional pluralism and conventional Marxism alike.

Our explanatory approach centers on the issue of *state capacity*. Decisions made by governments cannot always be carried through; there is no law guaranteeing that governmental authorities will attempt only those interventions that they really can execute. The administrative organization of government is crucial, especially when policies calling for increased government intervention are to be implemented. Governments that have, or can quickly assemble, their own knowledgeable administrative organizations are better able

[14] Hawley, *Problem of Monopoly*, chaps. 2 and 3; and Robert F. Himmelberg, *The Origins of the National Recovery Administration: Business, Government, and the Trade Association Issue, 1921–1933* (New York: Fordham University Press, 1976).

[15] Robert L. Tontz, "Memberships of General Farmers' Organizations, United States, 1874–1960," *Agricultural History* 38 (July 1964): 143–56; Gertrude Almy Slichter, "Franklin D. Roosevelt and the Farm Problem, 1929–1932," *Mississippi Valley Historical Review* 43 (September 1956): 238–58; and William R. Johnson, "National Farm Organizations and the Reshaping of Agricultural Policy in 1932," *Agricultural History* 37 (January 1963): 35–42.

to carry through interventionist policies than are governments that must rely on extragovernmental experts and organizations. For historical reasons specified below, the U.S. national state in the early 1930s had greater capacity to intervene autonomously in the economic affairs of agriculture than in industry. Both the Recovery and Adjustment Acts pledged the early New Deal to grandiose objectives and granted broad interventionist authority to the government. But given the state capacities actually at hand, it explicably turned out that the NIRA promised the truly impossible, while the Adjustment Act set its sights, in part, on attainable goals.

The Weakness of the American State and the Failure of the National Recovery Administration

In his 1939 book, *Business Cycles*, Joseph Schumpeter underlined the absence of a previously entrenched "skilled civil service," an "experienced bureaucracy" in New Deal America: "As a rule, . . . reforming governments enjoy at least the advantage of having that indispensable tool ready at hand—in most historical instances it grew up along with the tendencies which they represent . . . In this country a new bureaucracy had suddenly to be created."[16] Nowhere was this more true than when it came to implementing the NIRA's program of industrial regulation. As Schumpeter's observation suggests, the National Recovery Administration can best be understood by focusing on the prior historical development of the U.S. state.

During the nineteenth century the U.S. national polity was uniquely "stateless." It was, as Stephen Skowronek has put it, a government of "courts and parties"—one that functioned remarkably well in an expanding, decentralized capitalist economy.[17] A potent judicial system regulated and defended property rights, while locally rooted and highly competitive mass political parties handed out divisable economic benefits to meet their patronage requirements. The parties knit together the various levels and branches of government and placed severe limitations on the expansion of any bureaucratic administration or civil service composed of positions outside the electoral-patronage system. The way was finally opened for the construction of autonomous national administrative systems—civil and military alike—but only after the electoral realignment of 1896 sharply unbalanced the parties in many formerly competitive states and created a national imbalance strongly in favor of the Republicans. Even so, administrative development came slowly, unevenly, and in ways imperfectly under central executive coordination and control. Presidents from Theodore Roosevelt onward took the lead, along with groups of professionals, in pro-

[16] From a selection reprinted in Robert F. Himmelberg, ed., *The Great Depression and American Capitalism* (Boston, Mass.: D.C. Heath and Co., 1968), p. 69.

[17] Stephen Lee Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (Cambridge: Cambridge University Press, 1982), chap. 2. This paragraph draws on Skowronek's analysis as a whole.

moting federal administrative growth and bureaucratization. Yet Congress resisted many of the efforts at administrative expansion and, at each step, contested the executive branch for control of newly created federal agencies.

One might suppose that World War I would have suddenly enhanced the U.S. national government's capacities for economic administration. In the historical experience of late medieval and early modern Europe, war was the great state-builder, as monarchs assembled officials to help them wrest men and goods from reluctant local authorities and resistant peasants. But America's first—somewhat limited—involvement in a modern international war came only *after* the emergence of a national capitalist economy in which capitalist corporations had taken the lead in the development of bureaucracy and in the employment of trained experts. Existing federal bureaucracies were not prepared to mobilize human resources and coordinate the industrial economy for war, so emergency agencies were thrown together for the occasion, mostly staffed by professional experts and "businesscrats" temporarily recruited from the corporate capitalist sector.[18] The major agency for industrial mobilization, the War Industries Board (WIB), was headed by freewheeling financier Bernard Baruch, who used business executives-turned-government officials to hound corporations into a semblance of cooperation in support of the war effort.[19] Because America's involvement in World War I was relatively brief, and because the task was to orchestrate a profitable overall expansion of production, the WIB's very tenuous ability to coordinate economic flows, control prices, and manage the interface between the military and industry was never made as glaringly apparent as it might have been. And once the "emergency" of war had passed, Congress quickly dismantled agencies such as the WIB, leaving the U.S. national state in many ways as administratively weak as before the war and leaving corporations on their own to pursue profitable growth, intramural control of their labor forces, and whatever industry-wide cooperation they could achieve without violating antitrust laws.

During their unbroken national political ascendancy in the 1920s, Republican administrations showed little inclination to extend the reach of bureaucratic state power. Instead, a distinctive way of extending government influence—an antibureaucratic strategy of state-building particularly well suited to the existing political and ideological circumstances—was ingeniously pursued by Secretary of Commerce Herbert Hoover, using his own initially relatively humble department, "the smallest and the newest of the federal departments," as a center of operations.[20] To Hoover, starting from a puny administrative base did not mat-

[18] The phrase "businesscrat" comes from Galambos, *Competition and Cooperation*, p. 205. He attributes the word to Gerald D. Nash and comments that it "accurately describes a twentieth-century breed of businessman who spends a significant part of his life working as a government bureaucrat" (p. 205, n. 3).

[19] See Robert D. Cuff, *The War Industries Board: Business-Government Relations during World War I* (Baltimore, Md.: Johns Hopkins University Press, 1973).

[20] Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an Associative State,' 1921-1928," *Journal of American History* 61 (June 1974):120.

ter because, as Ellis Hawley explains, he envisaged the Commerce Department as the core of an "associative state" that would "function through promotional conferences, expert inquiries, and cooperating committees, not through public enterprise, legal coercion, or arbitrary controls."[21] The personnel and budgets of the component units of the Commerce Department expanded steadily under Hoover. But the more significant form of growth was through the spread of "adhocracy" rather than of bureaucracy, for Hoover used many government officials as facilitators of cooperation within and among powerful private groups, especially business trade associations.[22] Indeed, Hoover's strategy of state-building was very congenial to American capitalists, not only because his Commerce Department did many useful things for them, but even more because it splendidly accommodated "business groups desirous of governmental services but reluctant to give up their own autonomy"[23] Given the enormous barriers in the way of centralized administrative development, Herbert Hoover had, it seemed, hit upon the perfect formula for modern government in America.

With the crash of 1929, followed by the deepening depression and the advent of the Democrats, Hoover's ideal of the associative state and the trappings of power linked to it were inevitably swept aside. If for no other than the obvious reasons of adversary politics, the National Recovery Administration was *not* (either by the terms of the NIRA or by Roosevelt's decision) put into the Department of Commerce; instead the early New Deal's major venture into industrial regulation was launched as an independent agency, with its head directly responsible to the president. Politics aside, however, there would have been little administrative advantage to be gained in placing the NRA within Commerce. Without Hoover and his "adhocracy"—his network of cooperating private associations—the Commerce Department was still, as it had been before Hoover, relatively weak administratively, disunified and decentralized.[24] For, while the Department of Commerce as a whole had grown during Hoover's tenure as secretary (1921–1928) by over 3,000 employees (a 50 percent increase), and had nearly doubled its annual appropriations,[25] the supervisory center of the department, the Office of the Secretary of Commerce, had not expanded commensurately; in fact, from 1920 to 1929 the office had actually declined in

[21] Ibid., pp. 118–19.

[22] See ibid. "Adhocracy" is Hawley's term for the links between the Commerce Department and private associations.

[23] Ibid., p. 119.

[24] On the situation before Hoover, see Lloyd Milton Short, *The Development of National Administrative Organization in the United States* (Baltimore, Md.: Johns Hopkins Press, 1923), p. 408. Short points out that Commerce was put together from bureaus transferred from various other departments, and he comments: "While there is some evidence to indicate that Congress, in organizing this department, sought to give the Secretary a large measure of supervision and control over the organization and work of the several bureaus and offices, without regard to their status prior to their transfer to that department, this authority is not as complete as that possessed by the heads of some other departments, notably the Department of State and Department of Agriculture" (ibid.).

[25] Hawley, "Associative State," pp. 138–39, n. 84; and Joan Hoff Wilson, *Herbert Hoover: Forgotten Progressive* (Boston, Mass.: Little, Brown and Co., 1975), p. 86.

personnel.[26] Moreover, the near collapse of foreign exports in the early days of the depression undercut the major thrust of the one departmental agency, the Bureau of Foreign and Domestic Commerce, that had grown the most (by 552 percent in expenditures and by 436 percent in personnel) during the 1920s.[27] All in all, the Commerce Department had relatively little to contribute to the formulation and administration of regulatory codes for domestic industries—certainly much less than one might imagine at first glance, considering the strategic position of the department in the 1920s.

In one way of looking at it, the National Recovery Administration had to start from scratch to implement government-supervised industrial coordination. But in another way of looking at it, the Recovery Administration simply reproduced still another variant of the same governmental strategies used to "mobilize business" under Bernard Baruch's War Industries Board and used to "cooperate with business" under Hoover's "associative state." For the implications of the American state's persistent administrative weakness were to prove as telling for the NRA as they had been for the previous major phases of government-business relations in twentieth-century America. To a discerning eye, the prodromal signs were already apparent in the spring of 1933, as Roosevelt became extraordinarily reliant upon one man, General Hugh Johnson, to put together the entire NRA apparatus needed to implement Title I of the National Industrial Recovery Act.[28]

Aptly, the early NRA has been characterized as "the swirling chaos over which Hugh Johnson reigned."[29] The tasks at hand were exhilarating and overwhelming. An entire NRA staff, destined to grow to over 3,000, had to be instantly assembled.[30] And since Roosevelt wanted to get people back to work at once, a "Blue Eagle Campaign" was quickly launched to persuade employers to agree immediately to the blanket wage and hours provisions of the "President's Re-employment Agreement." With an enormous amount of public hoopla, Johnson consciously modeled the Blue Eagle Campaign on the war bonds drive of World War I in an effort to put NRA "enforcement . . . into the hands of the *whole* people."[31] Meanwhile, Johnson used his formidable powers of personal persuasion to prompt industries to draw up their own individual codes of fair competition. For the major industrial executives, as Louis Galambos notes,

[26] Carroll H. Woody, *The Growth of the Federal Government 1915-1932* (New York: McGraw-Hill Book Co., 1934), pp. 166-67.

[27] Ibid., p. 176. Wooddy points out that the Bureau of Foreign and Domestic Commerce's work on export trade remained predominant in the 1920s. Work on domestic commerce grew, but less than one-fifth of the bureau's personnel specialized in this at the end of the decade (ibid., p. 177).

[28] A veteran of the War Industries Board, General Johnson was "Bernard Baruch's man" in the Roosevelt entourage, and he enjoyed a broad range of connections to the heads of corporations and to trade association leaders. See Arthur M. Schlesinger, Jr., *The Coming of the New Deal* (Boston, Mass.: Houghton Mifflin, 1958), pp. 87-88, 103-10.

[29] Galambos, *Competition and Cooperation*, p. 227.

[30] The 3,000 figure comes from Hugh S. Johnson, *The Blue Eagle from Egg to Earth* (Garden City, N.Y.: Doubleday, Doran and Co., 1935), p. 286.

[31] Ibid., p. 261.

"working with Johnson—or as they referred to him privately, Old Ironpants—was like trying to tame a whirlwind: if they succeeded, they would hold the reins on a source of tremendous power; if they failed, the whirlwind might well destroy them and all of their plans."[32]

When the dust settled after the first hectic months of the NRA, it certainly seemed that the business executives had succeeded in taming the whirlwind. Between June and October 1933, the major industries were brought under approved codes of fair competition, and processes were well under way that would result in over 500 codes covering about 96 percent of U.S. industry.[33] All codes necessarily embodied wage and hours provisions for labor, along with the pro-forma NIRA Section (7a) provision declaring labor's right to organize collectively. Despite these features, business leaders—especially the trade associations that represented many decentralized industries and the large corporations that dominated many oligopolistic industries—succeeded in formulating the codes so as to allow many loopholes in prolabor provisions as well as production cutbacks and noncompetitive, higher prices for most industries.

The key officials of the early NRA (besides Johnson himself) were "deputy administrators drawn almost invariably from the ranks of business"—indeed, sometimes from the very same industries with which they had to negotiate over code provisions.[34] These administrators were strongly sympathetic to the needs of the industrialists for a profitable environment and an end to "cutthroat competition" in the deflationary crisis. Beyond dealing with NRA "businesscrats" who were inherently sympathetic, industrial executives had even greater advantages in that they closely controlled most of the information about industrial operations on which the NRA codes and their enforcement would have to be based. "When the recovery program began," notes Galambos, "the government did not have much more information [on the workings of industry] than it had during the first World War."[35] Nor were there at hand trained government officials experienced in regulating or planning for industry with "the public interest" and some conception of the whole economy in mind. What is more, industrialists possessed the only organizational means—the trade associations—that could conveniently be used to implement the codes, once approved.[36] Most code authorities established for this purpose were selected and staffed by trade association personnel or industrial executives; and even the "government representatives" serving as code authorities were usually nominated by the Industrial Advisory Board of the NRA, a body itself made up of elite U.S. capitalists. Labor representatives, meanwhile, appeared on less than 10 percent of the initially established code authorities, and representatives

[32] Galambos, *Competition and Cooperation*, p. 209.

[33] Lyon et. al., *National Recovery Administration*, p. 141; and Johnson, *Blue Eagle*, p. 286.

[34] Hawley, *Problem of Monopoly*, p. 56.

[35] Galambos, *Competition and Cooperation*, p. 205.

[36] Ibid., chaps. 9 and 10 provide an excellent case study of the role of the Cotton Textile Institute in formulating and implementing the NRA code for the cotton textile industry.

of consumers made it onto a mere 2 percent.[37] A contemporary observer was hardly exaggerating, therefore, when he described the early NRA as a "bargain between business leaders on the one hand and businessmen in the guise of government officials on the other."[38] General Johnson corralled the various participants and made them play the codification game very quickly, but business executives and their organizations held all the good cards. So, naturally, they came up winners—at least in the first round of play.

Rapid codification accomplished in this way soon led, however, to increasingly bitter controversies within the NRA. Business executives found that legalized regulation and planning by industries' own efforts, rather than by state initiative, resulted in an incoherent pattern of cross-cutting jurisdictions and a proliferation of administrative red tape. As Ellis Hawley points out: "In the beginning, . . . almost any group of businessmen that saw fit to call itself an 'industry' was treated as such, and the result was an amalgam of overlapping jurisdictions. . . . Caught in this tangle of multiple code coverage, many businessmen found themselves subject to conflicting orders, multiple assessments, and overlapping interpretations. . . ."[39] Besides, by joining the NRA effort, business executives inevitably brought conflicts within and between industries into a political arena. There were "conflicts between large units and small ones, integrated firms and non-integrated, chain stores and independents, manufacturers and distributors, new industries and declining ones, and so on ad infinitum."[40] Naturally, industries and subgroups within industries tried to use the NRA codes to their own relative advantage. And the NRA apparatus, itself thoroughly permeated by conflicting business interests, was unable to resolve disputes in an authoritative fashion. At worst, internecine feuds among business groups intensified; at best, they settled into uneasy stalemates. Either way, many business executives were bound to become increasingly frustrated with the NRA.

Finally, business's disillusionment with the NRA had roots in the failure of even the most successful self-regulatory codes to ensure market stability and steady profitability. Louis Galambos tells a revealing story in this respect for the cotton textile industry—an industry whose trade association, the Cotton Textile Institute (CTI), led the way in the fight for government-enforced industrial guilds and then drew up the very first code to be approved under the NRA. The code authority in cotton textiles was directly established by the CTI, and during 1933–1934 it was remarkably successful in maintaining its authority within the industry and its autonomy from unwanted interference by government officials. Nevertheless, the code authority in cotton textiles was still having difficulty in 1934 with the hoary problem of how to fine-tune flows of production in the industry so as to prevent inventory backlogs from building up and undercutting

[37] Hawley, *Problem of Monopoly*, p. 61.
[38] Quoted in ibid., pp. 56–57.
[39] Ibid., p. 69.
[40] Ibid.

steady profitable yields. The trouble was that the code authority, as a representative of firms in the industry,

> could react to manifest problems, but could not anticipate difficulties before they impinged directly and decisively upon a large majority of the members. By opting for self-regulation instead of central planning, CTI had ensured that this handicap would be built into its NRA program.
>
> [Cotton Textile Institute officials] recognized by the summer of 1934 that prices could not be stabilized so long as the manufacturers' product groups had to initiate the decisions to cut production. They needed to give that responsibility to a person or persons who could keep in touch with the statistical reports and check any overproduction before it became serious. But that idea carried the association leaders onto dangerous ground: the experts who made these decisions might end up being government experts, and to the manufacturers that was an outcome to be avoided at any cost.[41]

Perhaps if there had existed from the start a well-established state administration knowledgeable about and sympathetic to the needs and aims of the business self-regulators, perhaps then the NRA, in its capacity as a government agency responsible for coordinating the formation of cartels of U.S. business enterprises, could have worked as the U.S. industrialists who initially pushed for it hoped it would. Under such circumstances, some U.S. capitalists (at least) would have consistently benefited from state-enforced plans and regulations, and they would not have perceived state administrators as threatening "meddlers." As it was, however, by the time expert administrators with their own ideas on how government intervention could induce recovery emerged within the NRA, they were seen as very threatening by capitalists, because they were acting as spokesmen for consumer and labor interests and were advocating social reforms as a concomitant of increased state regulation of certain aspects of business performance.[42] Under these circumstances, even industries that might have benefited from more state planning—or at least from more effective state backing for their own attempts at market regulation—simply shied further away than ever from the notion of "government interference in industry."

Despite—indeed, because of—the enormous influence they had in its operations, the NRA did not meet the original hopes of industrial capitalists for economic recovery through government-backed industrial coordination. And as the NRA became ever more conflict-ridden in 1934–1935, it actually generated dysfunctional side effects for its original business advocates. It helped to arouse and politicize labor-management struggles, and it set increasing numbers of disillusioned capitalists on a collision course with New Deal politicians. The virtually complete absence of autonomous capacity to administer industrial planning in the U.S. polity of the early 1930s condemned the NRA to be, at first, a charismatic mobilization effort, and then an arena of bitterly politicized and inconclusive conflicts. Whether the NIRA implied state planning for industry,

[41] Galambos, *Competition and Cooperation*, pp. 251–52.

[42] Ibid., pp. 236–39.

or merely state coordination and backing for business planning, it asked too much of the public intelligence and the government machinery of the time. Consequently, as the New Deal continued, U.S. capitalists would learn that it was perhaps worse to have tried the NRA experiment and failed than not to have tried at all.

Commercial farmers, meanwhile, were learning a different lesson about the effects of government intervention in the agricultural economy. For, as shown below, the public intelligence and governmental machinery of the day were sufficient to realize the aims of the Agricultural Adjustment Act.

The Federal Agricultural Complex and the Roots of the Agricultural Adjustment Administration

When the Agricultural Adjustment Administration was hastily launched in the spring of 1933, there was as much potential for bureaucratic confusion, and even more likelihood of policy conflict and stalemate, as in the National Recovery Administration. Like the NRA, the organization of the AAA had to be assembled anew in a very short time, and the omnibus possibilities of the enabling legislation had to be embodied in actual programs. In a sense the nascent AAA was even more handicapped than the NRA, because contradictory programmatic emphases had been deliberately built into its initial leadership and organizational structure.[43]

By the spring of 1933, Roosevelt was personally convinced that a program of government-induced production controls for major staple crops (for example, cotton, wheat, and corn and hogs) was the best way to raise farm prices to parity. But advocates of marketing programs (calling for price fixing and the export-dumping of surpluses) were still politically strong within farmers' organizations, in the world of business, and in Congress. Characteristically, Roosevelt simply melded together the divergent approaches, not only in the Agricultural Adjustment Act, but also in construction of the AAA itself. George N. Peek, a determined advocate of marketing programs, was made administrator of the AAA, yet he was made responsible to Secretary of Agriculture Henry A. Wallace, who, along with his assistant secretary, Rexford Tugwell, was a confirmed believer in production controls. Commodities sections were the key operational parts of the AAA, the places where policies for each major crop would actually be formulated. Understandably worried that his policy preferences might lose out to the production-control advocates who were being recruited to head several key sections, Peek insisted on a dual structure for the major crops. Thus, in an ideal formula for administrative confusion and stalemate, a Division of Processing and Marketing run completely by Peek and his appointees was set up to parallel the Division of Production, and duplicate sec-

[43] Schlesinger, *Coming of New Deal*, pp. 45-49; and Van L. Perkins, *Crisis in Agriculture: The Agricultural Adjustment Administration and the New Deal* (Berkeley and Los Angeles: University of California Press, 1969), chap. 4.

tions for wheat, cotton, and corn and hogs were established within the two divisions. There was no way to coordinate programs for these key crops except by recourse to the administrator (Peek himself) or, if his decisions were disputed, by appeal to Secretary Wallace or the president.

Policy clashes and appeals aplenty to higher authorities indeed abounded during the first nine months of the AAA. Nevertheless, the AAA's overall trajectory of development from 1933 to 1935 did not parallel the NRA's path toward greater divisiveness and ultimate stalemate. During 1933, a production-control program for wheat was formulated and implemented with some success, and (as plans were made for controls in 1934) emergency crop-destruction programs were carried through for cotton and hogs.[44] A series of clashes within the AAA pitted Peek and his people against the production-control advocates.[45] Peek had important business allies among processors of agricultural products, who naturally opposed production cutbacks. As late as August 1933, Peek was "still arguing that the whole farm problem could be solved by marketing agreements that would fix prices paid to farmers" and dispose of surpluses on the world market.[46] Peek was, moreover, determined to shield the business records of processing companies from AAA bureaucrats who were trying to keep down prices to consumers. But, after a number of showdowns on various issues—showdowns involving Wallace, and ultimately the president—Peek was forced out of the AAA and replaced as administrator by Chester A. Davis, a convert to the production-control approach.

Davis soon moved to reorganize the AAA, eliminating the parallel divisions by merging the sections under Processing and Marketing into the division of Production. During 1934, the AAA's programs—except for special cases like dairy products—became consistently oriented to raising farm prices by making payments to farmers to curtail their production. Overall plans were made by AAA experts in Washington and then implemented locally by committees of farmers. On the whole, the AAA functioned well.[47] And even as the NRA was coming under increasingly vociferous political attacks, the AAA benefited from a favorable review by Congress in 1934 and gained support from farmers and their organizations during 1934–1935. Moreover, while its emergency programs did their job, the AAA began to think ahead: a Program Planning Division was set up in 1934, and by 1935 it was proposing ways to coordinate new and existing agricultural programs and formulating plans for land use and soil conservation.[48] Planning Division ideas were to prove timely in 1936, when the first Ag-

[44] Perkins, *Crisis in Agriculture*, chaps. 6 and 7.

[45] The details are given in ibid., pp. 179–86; and in Schlesinger, *Coming of New Deal*, pp. 55–59. See also Gilbert C. Fite, *George N. Peek and the Fight for Farm Parity* (Norman: University of Oklahoma Press, 1954), chap. 15.

[46] Perkins, *Crisis in Agriculture*, p. 182.

[47] See the relatively favorable assessment of the Brookings Institution research team Nourse, Davis, and Black, *Three Years of AAA*. Perkins, *Crisis in Agriculture*, chap. 9, also gives a favorable overall assessment of the AAA.

[48] Richard S. Kirkendall, *Social Scientists and Farm Politics in the Age of Roosevelt* (Columbia:

ricultural Adjustment Act was declared unconstitutional and a new approach to production planning had to be quickly proposed to Congress. In the case of the AAA—in contrast to the NRA—new, substitute legislation (the Soil Conservation Act of 1936, followed by the second Agricultural Adjustment Act of 1938) was proposed and passed. Appropriate plans were available, and there was widespread political support for continuing the relatively successful efforts at government intervention in agriculture.

If, therefore, the AAA's relative success contrasts fairly clearly to the faltering of the NRA after 1933, how can we explain the difference? It might be argued that the task of regulating production and raising prices in agriculture was so much easier than the task of regulating industrial production, thereby making it possible to account for the entire difference between the AAA and the NRA in sheer economic terms alone. Agricultural production occurs on an annual cycle, with fewer key decisions to be regulated over time than in industrial production, where cycles from inputs to outputs are much more rapid. Yet there is an offsetting way in which regulation of industry should have been administratively easier: most production in many industries took place in small numbers of large firms, making interenterprise coordination potentially much easier than in agriculture, where production decisions on millions of family farms had to be coordinated and supervised. Otherwise, attempts to control production and raise prices inevitably created economic tensions within *both* sectors. Just as some industries bought the products of others, so did some farmers (for example, hog farmers) buy the products of other farmers (corn); and there were tradeoffs between competing products within both sectors. Finally, politicized class conflicts could (and did) emerge within both sectors; just as the organization and price of labor was an ever-present issue for industrial managers in their dealings with the NRA, so were conflicts between laborers or sharecroppers and farm owners a potent source of conflicts under the AAA, especially for cotton growers in the South. We would not deny that the economically determined sources of administrative difficulty faced by the NRA and the AAA were different in many particular ways. But we do maintain that these difficulties were sufficiently comparable—in either parallel or offsetting ways—to justify looking to contrasts in state capacity for economic intervention as a major, independent explanation for why the AAA ended up achieving its administrative goals more successfully than did the NRA.

Uniquely among the major emergency agencies of the early New Deal, the AAA was placed *inside* an existing federal department—the U.S. Department of Agriculture (USDA)—and under the authority of its secretary, rather than being placed under a special administrator reporting directly to the president. The latter was the arrangement for the NRA, and we have already suggested reasons

University of Missouri Press, 1966), chap. 5. The original AAA production-control programs had negative side effects—for example, encouraging wasteful patterns of land use—that planners in the AAA were hoping to overcome; the invalidation of the first AAA gave them a welcome opportunity to try some new approaches.

why little would have been gained by the NRA had it been put into the Commerce Department. In the case of the AAA, however, Secretary of Agriculture Wallace actively coordinated the special agency's activities with established USDA programs, and the AAA in fact benefited in numerous concrete ways from its embeddedness in the department. "There were some instances of friction between the AAA and the older organizations," notes historian Van Perkins; "more common, however, and rather remarkable, was the sense of accommodation and cooperation which existed. One of the most important connections was that between the AAA and the Bureau of Agricultural Economics, [BAE], which performed a considerable amount of statistical and analytical work for the AAA. . . .The records that had been compiled over the years by the BAE's Division of Crop and Livestock Estimates were indispensable for all control programs because, without those statistics, it would have been impossible to determine base production, allotments, and benefits."[49] In addition to resources of information, the AAA also drew key trained personnel from other parts of the USDA, especially from among present and previous employees of the Bureau of Agricultural Economics.[50] Moreover, the federally supervised Extension Service, tied to the USDA since the Smith-Lever Act of 1914, provided both personnel for the AAA and a ready-made field administration for organizing local groups of farmers to implement AAA programs. Without the Extension Service, the AAA in 1933 would have faced the almost impossible task of assembling a field administration from scratch in a matter of weeks.[51]

Just as we earlier linked the difficulties of the NRA to the historically explicable absence of relevant administrative strength in the U.S. national state, our explanation for the AAA's better performance looks back historically from the vantage point of the USDA's special administrative contributions. In general, as shown above, the civil administrative capacities of the U.S. national state in the 1930s were weak and poorly coordinated. But the historical development of different parts of the federal government had been uneven, and at the coming of the Great Depression, the U.S. Department of Agriculture was, so to speak, an island of state strength in an ocean of weakness. Although it did not achieve cabinet status until 1889, the Department of Agriculture was founded during the Civil War, when the Southern states were out of the union and when it was both possible and necessary for unprecedented federal initiatives to be taken. Influenced by the period of its birth, Agriculture enjoyed from its inception an unusual degree of administrative unity and flexibility: few component bureaus were legislatively created by Congress, and all but the top officials (and the head of the Weather Bureau) were subject to appointment and removal by the head

[49] Perkins, *Crisis in Agriculture*, p. 97.

[50] Nourse, Davis, and Black *Three Years of AAA*, p. 59. Personnel also came from "the staff of the vanishing Federal Farm Board and from state agricultural college and experiment station staffs" (ibid.). On the BAE's contributions to the AAA, see also John M. Gaus and Leon O. Wolcott, *Public Administration and the United States Department of Agriculture* (Chicago, Ill.: Public Administration Service, 1940), p. 54, n. 54.

[51] Perkins, *Crisis in Agriculture*, pp. 97–99.

of the department; thus, new offices could be created and periodic reorganizations could occur, subject only to post-hoc approval by Congress when appropriations were made. Much more than other department heads, Agriculture secretaries (or, before 1889, commissioners) were able to regard—and shape—their department as a functionally unified domain.[52]

In key steps taken before and after World War I, secretaries of Agriculture (especially David Houston and Henry C. Wallace) reorganized the department to heighten its capacities for policy-oriented research and for centrally coordinated policy implementation. Increasing emphasis was placed on agricultural economics rather than on the natural sciences, culminating in the 1922 establishment of the all-important Bureau of Agricultural Economics (formed through the consolidation of the Office of Farm Management, the Bureau of Crop Estimates, and the Bureau of Markets). During the 1920s, the "new Bureau performed important general-staff services for the Secretary and the Department in a period of formative development both in the field of agricultural economics as a social study and in the evolution of governmental policy on agriculture. . . ."[53] By 1931, the BAE's chief could rightly say of his bureau: "There is scarcely an economic phase of agriculture that is not comprehended in its services and research."[54] In the seven decades following its birth, the USDA had developed from "essentially a collection of natural-scientific research workers with attachés for informational and publication services" into an agency of government with extraordinary capacity to formulate and implement domestic economic and social policies.[55]

Moreover, well before the dawn of the Republican New Era, the USDA had become one of the heftiest civilian parts of the federal government. In 1915, the department's annual expenditures were about 8 percent of total federal civil expenditures (exceeded only by such other categories of civil expenditures as public improvements and marine transportation),[56] while the Commerce Department accounted for about 5 percent of civil expenditures. Herbert Hoover's Department of Commerce was the glamorous center of new governmental growth in the 1920s, but *both* Agriculture and Commerce grew by about 400 percent between 1915 and 1930, leaving Agriculture almost twice as big as Commerce at the end of that period, just as it had been at the beginning.[57] Moreover,

[52] Short, *Development of Administrative Organization*, pp. 393-94; and Wooddy, *Growth of Federal Government*, pp. 277-78.

[53] Gaus and Wolcott, *Public Administration and the USDA*, p. 53.

[54] Quoted in Wooddy, *Growth of Federal Government*, p. 209.

[55] Gaus and Wolcott, *Public Administration and the USDA*, p. 32.

[56] This figure is adapted by Skocpol from Wooddy, *Growth of Federal Government*, using the total civil expenditure figure given in Table II (p. 543) and using a rough (underestimated) total for Agriculture Department expenditures arrived at as indicated in note 57. The figures are calculated in 1930 dollars.

[57] Adapted by Skocpol from ibid. Reflecting the government's own practice in his time, Wooddy presents figures on federal expenditures by functional categories rather than by department. Since breakdowns by bureaus are given in individual chapters, it proved possible to modify the functional totals for "agriculture" and "commerce" by reshuffling bureaus. Certain major bureaus were omitted:

while the Office of the Secretary of Commerce did *not* keep up with Commerce's overall growth, the Office of Secretary of Agriculture—the center of coordination and staff services for the whole department—*did* keep pace in terms of personnel with the Agriculture Department as a whole.[58]

Tracing the genealogy of the USDA as an administrative part of government provides useful background information. Yet for the purpose of understanding the origins of agricultural planning in the New Deal, it is even more important to see the USDA as part of a larger nexus of institutions that functioned—to a unique degree in pre-1930s U.S. national politics—to bring professional expertise to bear on public issues and on governmental policymaking about them. At about the same time as the USDA was created, the Morrill Act was passed, authorizing federal land grants to support the establishment in each state of a college oriented to agricultural research and education. In practice, these "land-grant colleges" were slow to establish themselves, and their greatest impact on farm practices came after the establishment of federally subsidized, state-run Experiment Stations in 1887 and the federalization of the Extension Service in 1914. By the end of the nineteenth century, though, the USDA was already recruiting many of its civil servants from the land-grant colleges. Indeed, characteristic career lines were beginning to carry individuals from the colleges to Experiment Stations (or Extension Service posts), then into the Department of Agriculture, and perhaps finally back to administrative positions in the colleges or in state agricultural programs.[59]

One impact of the connection between the USDA and the land-grant colleges was, predictably, to solidify the department's distinctive collective identity. From the "homogeneity of origin, training, and type of career and professional interest of those who were rising to the higher posts in the permanent civil service of the USDA there emerged a corporate atmosphere in the Department."[60] Thus, looking back historically, the authors of a 1940 Social Science Research Council (SSRC) study of public administration in the USDA were able to conclude that "the personality factor"—that is, the influence of extraordinary entre-

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the Weather Bureau and the Bureau of Public Roads from Agriculture; and the Census Bureau from Commerce. Also (for minor deviations) the Food and Drug Administration was left out of Agriculture; the (independent) Federal Oil Board was left in Commerce; and the (independent) Federal Farm Board was left in Agriculture (for 1930). The Agriculture Department expenditure figures are therefore not exact, but they are good rough approximations, consistent over time. Both departments' budgets are underestimated, Agriculture's probably more than that of Commerce.

[58] Ibid., pp. 281, 166-67.

[59] Gaus and Wolcott, *Public Administration and the USDA*, p. 15.

[60] Ibid., p. 16. Indeed, one sure indication of Agriculture's "corporate identity" over the decades is the presence in the library of many "in-house" histories of the department, as well as major social-scientific studies of its structure and operations. The Gaus and Wolcott study is a fine example of the latter. For an example of the former, see Gladys Baker et. al., *Century of Service: The First 100 Years of the United States Department of Agriculture* (Washington, D.C.: Centennial Committee, USDA, 1963). Except perhaps the State Department, no other federal cabinet department has so much self-consciousness as Agriculture. There are no book-length studies of Commerce, for example.

preneurial secretaries or bureau heads—"has probably not been so important as perhaps in the history of other departments.". . ."Here [in the USDA, the personality factor] has been dissolved because a corporate factor—the influence of land-grant college training and tradition—has been overwhelmingly strong."[61]

Another important development flowing from the USDA's ties to the colleges was the symbiotic linking of academic life with the expanding domains of government research and policymaking. As farmers faced new problems and as government officials groped for new policies to help agriculture, teachers and researchers in the land-grant colleges redefined the scope of instruction and research. Indeed, the new disciplines of agricultural economics and rural sociology emerged and flourished at this intersection of agricultural policy and land-grant education.[62] In turn, of course, answers and dilemmas arrived at in the colleges were carried into the Bureau of Agricultural Economics where, partly under academic stimulation and partly because of the availability of accumulated statistics and experience, efforts were increasingly made to look holistically at U.S. agriculture, in order to understand and cope with its changing place in the American economy and the world economic order.

During the 1920s, farm pressure groups used government-collected statistics to highlight the disastrous decline in farm income, and political demands mounted for government corrective action. Agricultural experts—whether current, former, or prospective government employees—grappled with politically proposed solutions and in many cases formulated proposals of their own. Many divergent answers were offered during the debates of the 1920s and the early depression. The sheer proliferation of demands for government action reflected the previous contacts of farmers with the USDA (and with the state-level programs associated with the department). Similarly, the proliferation of technically and administratively sophisticated proposals reflected the ease with which, in the agricultural sector of the U.S. political economy, professionally trained people had for some time moved freely from scholarship to application, from academia to government policymaking and implementation. Both farmers and agricultural experts were, so to speak, "state-broken" well before the New Deal launched its planning efforts.

More than that, and finally perhaps most decisive of all, many agricultural experts were willing to make policy *for*, rather than just *with*, the farmers and their organizations.[63] Accustomed to the challenges of public office, their training and career experiences had given them a concrete sense of what could (and could not) be done with available governmental means. Having gained a public-service perspective—or, to put it another way, having learned to take the point

[61] Gaus and Wolcott, *Public Administration and the USDA*, p. 86.

[62] Ibid., pp. 35-37.

[63] In his *Social Scientists and Farm Politics*, Richard Kirkendall argues that the agricultural experts were more than merely "servants of power," that is, paid experts working for farmers' organizations (or, for that matter, for business executives). He contrasts them to the experts working for industry discussed by Loren Baritz, *Servants of Power: A History of the Use of Social Science in American Industry* (Middletown, Conn.: Wesleyan University Press, 1960).

of view of the state—agricultural experts could devise policies with means, and even goals, beyond those directly advocated by farm pressure groups. Two key examples are Milburn Wilson's advocacy of government-administered production controls and Howard Tolley's proposals for land-use planning: Although both Wilson and Tolley formulated policy proposals well before the New Deal, neither could successfully "sell" them to farmers' organizations or to Congress.[64] Without Roosevelt's support, and without the Democratic ascendancy in 1932, these agricultural economists could not have translated their ideas into government action. Yet once the Adjustment Act was passed, Wilson, Tolley, and other professionals associated with them could seize the opportunity to implement new policies. Familiar with the resources of the USDA, they quickly moved into key operational posts in the AAA, so as to launch the agency on a programmatically coherent course.[65] Had the agricultural economists merely responded to the diverse pulls of farmers' demands and of immediate political pressures in 1933, they would have bogged down in the omnibus possibilities of the Agricultural Adjustment Act and in the organizational contradictions of the Adjustment Administration under George Peek. Instead, their ideas about production control and other types of government planning *for* agriculture helped them to set the AAA on a course that turned out to be relatively coherent and successful.

Conclusion

Looking back historically from the New Deal, we can see that agricultural experts, their ideas, and the administrative means they could use to implement the ideas *all* were products of a long process of institution building whose roots go back to the Civil War, when the U.S. Department of Agriculture was chartered and the Morrill Act was passed. Two points of broader analytic significance are worth underlining about the political effects of the complex of agricultural institutions that developed in U.S. history between the Civil War and the Great Depression.

First, these institutions laid the basis for an *administrative will to intervene* in the national market economy. This happened in ways interestingly analogous to those analyzed by John Armstrong for European administrative elites and by Alfred Stepan for contemporary interventionist military regimes in Latin America.[66] Both of these authors place great emphasis on prior historical development of institutions and patterns of elite socialization that forge a unified ad-

[64] See Kirkendall, *Social Scientists and Farm Politics*, chap. 2; and William D. Rowley, *M. L. Wilson and the Campaign for the Domestic Allotment* (Lincoln: University of Nebraska Press, 1970), chaps. 7–9.

[65] Wilson gave up the chance to be assistant secretary of Agriculture in order to head the more operationally crucial Wheat Section of the AAA.

[66] John A. Armstrong, *The European Administrative Elite* (Princeton, N.J.: Princeton University Press, 1973); and Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton, N.J.: Princeton University Press, 1978), chap. 4.

ministrative leadership imbued with an "interventionist role definition," a collective sense that it can diagnose, and use state intervention to act upon, socioeconomic problems. In his study of European administrators and state activities to promote economic development, Armstrong writes that a "large measure of organizational unity and homogeneity in socialization among elite administrators has been crucial for development [of an] interventionist role definition," and he also points to the importance of administrative field experience, scientific education, and exposure to "systematic economics training."[67] Stepan asks how certain militaries in Latin America in the 1960s moved from a narrowly military definition of their roles to a collective belief that the military could and should take responsibility for national economic development; his answer focuses on the broadening of military education to include studies of society and the economy as a whole as well as techniques of economic planning.[68] As shown above, USDA administrators and agricultural-economics experts went through experiences analogous to Armstrong's interventionist administrators and Stepan's "new" military professionals: their education and career experiences tended to forge a corporate identity, the USDA itself was administratively unified to a high degree, and both government experience and social-scientific training encouraged the combination of technical expertise and orientation to practical action with a holistic view of agriculture in the national economy.

Second, the U.S. agricultural complex historically nurtured not only an administrative will to intervene but also a process of "political learning" about what could be effectively done for farmers and society as a whole through public agricultural policy. In a ground-breaking study of the long-term development of social policies in modern Britain and Sweden, Hugh Heclo maintains that politics "finds its source not only in power but also in uncertainty—men [that is, people] collectively wondering what to do."[69] He argues that social policy developments have not usually come simply as a result of electoral competition, pressures from interest groups, or programmatic initiatives by political parties. The *occasion* for new policy departures may be created by such precipitants: "Changes in the relationship of power—wider political participation, election results, party government turnovers, new mobilizations of interest groups—have served as one variety of stimulus, or trigger, helping to spread a general conviction that 'something' must be done."[70] But *what to do* is another matter, argues Heclo. Here the answers—the actual contents of workable policies—tend to come from government administrators and other expert elites who have been closely in touch over time with attempts and failures in a given field of public-

[67] Armstrong, *European Elite*, p. 305.

[68] In addition to Stepan, *State and Society*, chap. 4, see Stepan, "The New Professionalism of Internal Warfare and Military Role Expansion," in *Authoritarian Brazil*, ed. Stepan (New Haven, Conn.: Yale University Press, 1973), pp. 47–65.

[69] Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven, Conn.: Yale University Press, 1974), p. 305.

[70] Ibid., p. 306.

policy endeavor. "Even [successful] increases in administrative power," says Heclo in a passage that sounds ideally suited for a discussion of the New Deal's NRA versus the AAA, "have had as their basis less the ability to issue authoritative commands than the capacity to draw upon administrative resources of information, analysis, and expertise for new policy lessons and appropriate conclusions on increasingly complex issues."[71]

In the case of the relatively successful Agricultural Adjustment Administration, the New Deal was indeed able to draw on a well-established governmentally centered tradition of political learning about what needed to be and could be done through government intervention in agriculture. The policy innovators and eventual policy implementors were not simply government officials, for they had moved into and out of government posts and carried experiences back and forth from government to educational institutions, maintaining contacts in the processes with major farm interest groups.[72] Yet, there was an important thread of continuity in the succession of programs implemented by the USDA. As the authors of the 1940 Social Science Research Council study of the USDA put it, in a formulation strikingly like Hugh Heclo's "political learning" argument:

> Since 1932 public attention has been centered upon the New Deal program as marking a sharp reversal in trends in government policy; nevertheless, the more we study the evolution of agricultural policies the more we are impressed with their continuity over an extended period, notwithstanding changes in party control of government. Changes occur, but the new policy will be found to have roots in some undramatic research, fact-gathering, information-providing or similar "noncoercive" activity. . . .Civil servants assigned to the task of analysis come upon situations in which a public interest is discovered. . . .In this evolutionary process the functions of government are changed. . . .[73]

What is more, the SSRC authors might have said, in this way the basis is laid for a *successful* extension of government administrative intervention when a political conjuncture such as that of 1932–1933 creates the opportunity.

Like the Agricultural Adjustment Act, the National Industrial Recovery Act created an extraordinary opportunity to extend government intervention into the economy. But, leading into the depression, no properly *political* learning had been going on to lay the basis for the NRA. Such learning as was going on in the 1920s about how to plan for industry was happening within particular in-

[71] Ibid., pp. 305–6.

[72] Heclo argues that policy innovations usually come from "middlemen at the interfaces of various groups" (ibid., pp. 308–9). The interesting thing about the complex of agricultural institutions in the United States was that it encouraged (and allowed) trained people to *move about* from colleges to extension posts to the USDA, and so forth, within the public world of American agriculture. Farmers' associations were active at many points in this world, so experts were never divorced from "politics" even as they maintained their own scientific and administrative roles.

[73] Gaus and Wolcott, *Public Administration and the USDA*, p. 69. Part 1 of this study is, indeed, coherently constructed around a highly insightful "political learning" argument. The book bears reading not only for its "facts" but also for its sophisticated argument about the historical interplay of USDA development, farm politics, and agricultural policymaking and implementation.

dustries, with trade association leaders doing the learning.[74] When the federal government withdrew from even nominal control of industry after World War I, it left the field clear to the giant corporations and to the trade associations, whose efforts Hoover simply encouraged and attempted to coordinate, instead of building up independent governmental apparatuses. Thus, when the depression struck and the New Deal found itself committed to the sponsorship of industrial planning, there was only "the analogue of war" to draw upon—an invocation of the emergency mobilization practices used during World War I.[75] Yet, in the depression, government's job was much more difficult: not just exhorting maximum production from industry, but stimulating recovery and allocating burdens in a time of scarcity. For this, a tradition of political learning—from prior public administrative supervision of industry—would have been invaluable. But, in contrast to the situation in agriculture, the U.S. state lacked the "administrative resources of information, analysis, and expertise for new policy lessons and appropriate conclusions" on the "increasingly complex issues" presented by the challenge of industrial planning. Thus the National Recovery Administration failed in its mission of coordinating industrial production under the aegis of public supervision, and the apparent opportunity offered by the National Industrial Recovery Act's extraordinary peacetime grant of economic authority to the U.S. government was lost. The reach of the New Deal's ambitious early venture into industrial planning simply exceeded the grasp that could be afforded by the public institutions and intelligence of the day.

[74] Galambos, *Competition and Cooperation*, focuses on the "organizational learning" of trade association leaders as one of its major themes.

[75] See William E. Leuchtenburg, "The New Deal and the Analogue of War," in *Change and Continuity in Twentieth-Century America*, eds. John Braeman, Robert Bremer, and E. Walters (Columbus: Ohio State University Press, 1964) for an excellent discussion of the invocation of World War I symbolism and models, especially under the NRA.