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Reevaluating the New Deal State and the Public Works Revolution

This is a history of how reformers built modern America during depression and war. Although I am indebted to the work of previous scholars, my goal with this book is to construct a new narrative. Using the interpretive lens of political economy, I seek to recast our understanding of the New Deal’s significance through a fresh investigation of the archival record. The New Deal, I argue, revolutionized the priorities of the American state, radically transforming the physical landscape, political system, and economy of the United States.

We can begin to recover the scope of this transformation by looking directly at how the New Deal state spent its money. On average, between 1933 and 1939 over two-thirds of federal emergency expenditures went toward funding public works programs. These dollars, representing an increase in federal construction spending of 1,650 percent over the four years that preceded the Depression (1925–29), were allocated to

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new agencies, such as the Public Works Administration (PWA), and later the Works Progress Administration (WPA). The PWA, created in 1933, received an initial appropriation of \( \$3.3 \) billion (about \( \$43.8 \) billion in 2002 dollars), which it mainly applied to heavy construction and large-scale building. To put this figure in context, this amount was just over 165 percent of the federal government’s revenues in 1933, or 5.9 percent of the 1933 U.S. gross domestic product (GDP). Relying on private contractors, the PWA deployed its funds in 3,068 of the nation’s 3,071 counties, while helping to pay for projects like the Tennessee Valley Authority and Boulder Dam. Created in 1935, the WPA did lighter construction work and avoided private contracting. Its initial appropriation of \( \$4.88 \) billion (about \( \$64 \) billion in 2002 dollars) was about 135 percent of the federal government’s revenues in 1935, or about 6.7 percent of GDP in that year. Although primarily intended as a vast relief effort for employing the unskilled, the WPA built an impressive range of projects, including over 480 airports, 78,000 bridges, and nearly 40,000 public buildings. Both programs were the beneficiaries of the federal government’s commitment to construction. During these years, the payrolls of the PWA and the WPA were among the largest in the nation, easily dwarfing those of the largest private enterprises. In carrying out their mandates, the two programs integrated a multitude of municipal construction experts, members of the Army Corps of Engineers, and civil engineers into the national state.3

By viewing the New Deal in this way, we can begin to see the outlines of a different interpretation. The terrific increase over pre–Depression


spending on public construction that these programs represented, the far-reaching federal efforts invested in directing this money, and the long-run impact of the infrastructure itself form the components of the story of a public works revolution. This revolution helped justify the new role of the state in American life, legitimizing – intellectually and physically – what has come to be known as Keynesian management of the economy. By sponsoring this infrastructure, New Dealers remade the built environment that managed the movement of people, goods, electricity, water, and waste. Among the New Deal’s projects were some of the largest and most significant structures ever built in human history.4

Although public works have had an undeniable impact on the nation, Americans have generally taken them for granted, often forgetting that government has long been central to constructing basic infrastructure. As early as 1776, economist Adam Smith observed that in a functioning economy it was the government’s duty to build “those public works, which, though they may be in the highest degree advantageous to a great society, are, however, of such a nature, that the profit could never repay the expense to any individual or small number of individuals.” In the nineteenth century, federal and state governments in the United States subsidized such projects as canals and railroads through a mixture of direct financing, land grants, and reliance on private enterprise. City governments, for their part, treated public works construction as their

primary activity. The economic upheavals of the twentieth century, however, brought into focus an increasing need for more public investment.5

In reconstructing this story, I argue that public works programs are critical to our understanding of New Deal liberalism. I reexamine the role that these government agencies played in the creation of the modern American welfare state, breaking sharply from previous accounts that dismiss them simply as temporary efforts that failed to solve the crisis of the Great Depression. Instead, I look at them as important, wide-ranging investments in national infrastructure, rich in significance for understanding the many changes that occurred in government policy, business interests, and organized labor during this period. Redefining the New Deal through an examination of its expenditures on public works allows for new questions to be asked, and for older questions to be asked again in new ways. How, seen through the perspective of the public works programs, do we view the expansion and growth of the federal government that took place between 1933 and World War II? Despite their documented failures as unemployment relief measures, were these programs successful in laying the structural foundations for postwar economic development and prosperity? Does the fact that New Deal spending priorities were directed toward these massive construction programs clarify what one historian has recently termed “the ambiguity of New Deal economics?”6 In light of all of this, can we better understand the successes and failures of New Deal liberalism as an episode in modern American politics?

In carrying out this study, I have greatly benefited from the insights of a number of scholars. I have relied on an older literature that clarifies the


historical relationship between government and the economy, while incorporating the insights of more recent scholarly attention to the contingent growth and development of structures of public finance, public works, and political economy. This interpretive focus restores the New Deal public works programs to the broader narrative of American economic development, a narrative that acknowledges the importance of World War II government contracts to American business and highlights the central role played by government spending in the subsequent growth of the postwar period, but has comparatively neglected the events of the New Deal years.

Public works were a crucial element of government policy making, from the Great Depression to the Cold War. During these years, changing rationales justified their use: from economic development (via the PWA) to social welfare (through the WPA) during the Depression, and back to economic development (by means of the Federal Works Agency, defense

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spending, and the postwar highway movement) during World War II and the early Cold War. These programs helped to shape the relations between economic development, state building, and party building at the federal, state, and local levels. The first head of the WPA, Harry Hopkins, claimed that the New Deal was a political project that could “tax and tax, spend and spend, and elect and elect.” This boast points to the qualities that made New Deal liberalism so powerful and so controversial: The taxing and spending functions of government could remake the political, as well as the physical, landscape of the nation. Before turning to these larger issues, however, let me first step back in order to address a straightforward question: Why have historians failed to tell the full story of the New Deal’s public works?

**PUBLIC WORKS IN NEW DEAL HISTORIOGRAPHY:**

**LIBERAL AND NEW LEFT APPROACHES**

Even before President Franklin Roosevelt’s first 100 days in office came to an end, Americans struggled to comprehend the nature and limits of the New Deal order. In the years since then, historians have argued over whether the New Deal was “America’s Third Revolution,” or if it is better viewed as a “halfway revolution” that left much undone. Whether portrayed as a new departure in the trajectory of a reforming impulse that stretched back to William Jennings Bryan or as a high point in a generation’s rendezvous with destiny, the New Deal is viewed by most interpretative traditions as a fundamentally liberal and progressive political event. This reading has been qualified by a variety of scholars who have, in different ways, presented the New Deal as a historical moment that signaled

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the end of reform. Where the older work of liberal historians presents these years as the Age of Roosevelt, dominated by the dashing president who soaked the rich and mobilized the state against economic royals on behalf of the “forgotten man,” the work of subsequent scholars is, on balance, much more skeptical. They argue that high federal income tax rates did not actually generate much revenue and served mainly as a smoke screen to distract the public from heavy sales taxes levied on consumers. The new regulations enacted by the state, they claim, in fact reflected the interests of business. Where earlier historians believed that organized labor had at last found its “Magna Charta” in New Deal labor law, their successors have asserted that this guarantee of collective bargaining functioned merely as a “counterfeit liberty.” In searching for ways to understand the New Deal, some scholars have recently employed a “new” institutional approach that studies the capacities of the state to shape society.

While historians have not fully grasped the far-reaching impact of the New Deal’s public works programs, it is clear that they have not ignored them. Discussions of public works find their place in the very first chronicles of the New Deal, written by the New Dealers themselves. In 1935 Harold Ickes, the Interior Secretary and head of the Public Works

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13 For the classic liberal account, see Arthur M. Schlesinger, Jr., The Age of Roosevelt, 3 vols. (Boston: Houghton Mifflin, 1957–60).


17 Kenneth Finegold and Theda Skocpol, State and Party in America’s New Deal (Madison: University of Wisconsin Press, 1995).
Building New Deal Liberalism

Administration, set the tone for future liberal interpretations of federal public works in his celebratory history of the PWA, Back to Work. The PWA was “an emergency agency born of the crisis,” designed to help the nation recover from the Depression. “The government embarked on the public works program,” wrote Ickes, “because of the timidity of private capital to come out from under the bed.”

Something had to be done about the depression if we were ever to shake it off. And fortunately the great majority of the people wanted to do something about it. They wanted to march out and meet the enemy in hand-to-hand conflict. President Roosevelt had the same impulse, and immediately after his inauguration he set out to engage in mortal combat as insidious and as relentless a foe as a champion has ever faced.

In short, the enemy was unemployment, and the weapon used to fight it was public works. If the overall purpose of the New Deal was to bring about relief, recovery, and reform, the public works programs were understood to focus on these first two tasks. According to these initial versions of the story, then, thanks to federally funded public works the nation was moving again, money was being pumped into the economy, and people were going back to work.

The creators of the New Deal had originally conceived of public works as a temporary recovery measure. The PWA, after all, was enacted as Title II of the National Industrial Recovery Act, passed as part of the emergency legislation signed into law by Roosevelt during the first 100 days of his first term. This conception of the New Deal public works organizations as temporary programs, designed to relieve the short-term effects of unemployment, quickly became entrenched in histories of the New Deal. Subsequent accounts have thus treated New Deal public works solely as a remedy for the unemployment question, concluding, not surprisingly, that programs such as the PWA and the WPA were stop-gap measures to combat joblessness and help the nation recover from the Depression.

Among the most influential of these accounts are the histories of Arthur Schlesinger, Jr. The Age of Roosevelt, Schlesinger’s trilogy, is a classic work of political history, with the interwar years’ politicians, labor leaders, businessmen, and events set in relief against an interpretation of American history as cycles of conservative reaction and progressive reform. While grounded in a variety of sources, Schlesinger’s

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19 Ibid., 229, 233.
account of the New Deal echoed the sentiments of New Dealers such as Ickes and Hopkins in its treatment of public works. The PWA was, for Schlesinger, “an emergency program,” part of a two-pronged strategy of recovery that presented the National Recovery Administration (NRA) and the PWA working in concert. The industrial codes of the NRA would restrict harmful competition, raising wages and reducing hours, while the PWA would inject cash into the economy. Schlesinger’s exposition of the PWA and the WPA emphasizes the administrative issues and personality conflicts that occupied Roosevelt and the members of his cabinet who were concerned with economic matters: fiscally conservative director of the budget, Lewis Douglas, NRA head, Hugh Johnson, Ickes, and Hopkins.

If to Hugh Johnson the object of public works was to stimulate the heavy industries, and if to Harry Hopkins its object was to provide relief and re-employment, to Ickes its object was to beautify the national estate through the honest building of durable public monuments. To Lewis Douglas, it had no object at all. These various conceptions clashed at the meetings of the Public Works Board during the sweltering summer of 1933, its members sitting, coats off, on leather-cushioned chairs around the polished oval table in Ickes’ office.

In Schlesinger’s view, then, these New Dealers jostled for political advantage and for Roosevelt’s ear, each eager to advance his vision for public works in a political climate characterized by economic crisis. Schlesinger’s work is essential for understanding the political debates and personalities that surrounded the New Deal, at the same time also providing much insight into the backstage workings of policy making. In echoing the heroic, liberal view of the New Deal that was first put forward by the New Dealers themselves, however, Schlesinger treats public works programs only as short-term relief and recovery measures, as political chips to be tossed around polished oval tables. Schlesinger and his liberal colleagues in the historical profession applauded FDR for finally “trying something,” viewing the public works programs as the epitome of the spirit of pragmatic experimentation that they felt permeated the New Deal. This point of view is invariably reflected in the story line attached to the public works programs in histories like Schlesinger’s, whose narrative unfolds as follows: Dr. New Deal made a bold attempt to end widespread unemployment and place the nation on a course toward recovery. Although the temporary programs he set up did not accomplish these goals, they provided

22 Ibid., 284.
much-needed welfare for the jobless; when the European conflict erupted, Dr. Win-the-War took over, effectively ending the Depression while his predecessor’s short-lived remedies were quietly phased out.23

The slow process of the historical revision of this interpretation can be dated back to William E. Leuchtenburg’s influential 1963 synthesis, Franklin D. Roosevelt and the New Deal. Indeed, in much the same way that Schlesinger’s Age of Roosevelt determined the boundaries of debate for an earlier generation of historians, Leuchtenburg’s book was a turning point in our understanding of the legacy of the New Deal. Leuchtenburg, like Schlesinger, approached the New Deal from a sympathetic, liberal perspective. Departing from the untempered optimism of earlier interpretations, however, Leuchtenburg advanced what historian James T. Patterson has termed a “cautiously positive interpretation of Roosevelt,” paying more attention to the limits of the New Deal, its inability to solve the puzzle of the Depression, its failure to restructure the economic order, and its mixed record on racial equality.24

With respect to public works programs, though, Leuchtenburg does not move beyond the analyses of previous scholars. He notes that FDR was initially opposed to large amounts of federal spending on public works programs, with Secretary of Labor Frances Perkins, adviser Hopkins, and Senators Robert Wagner, Robert La Follette, Jr., and Edward P. Costigan having to convince the president to support federal public works spending in 1933.25 In his treatment of the impact of public works on the economy, Leuchtenburg recapitulates the standard criticism of Ickes: that he was too slow and cautious in spending the PWA appropriations, barely holding the line in the fight against the Depression when he could have made significant strides against it. Leuchtenburg, however, does observe that even

25 Leuchtenburg, FDR and the New Deal, 52–53.