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Modernity and Political Economy in the New Era and New Deal

In 1929 sociologists Robert and Helen Lynd published *Middletown: A Study in Modern American Culture*. Begun in 1924, the study developed and applied new survey techniques to examine religious and home life, labor practices, and the community and institutional dynamics of the town of Muncie, Indiana, which they dubbed “Middletown”. The fruits of modern industrial development had become widespread, the Lynds noted. An array of consumer goods pervaded residents’ lives: new technologies such as furnaces, running water and flush toilets, toasters, vacuum cleaners, irons, washing machines, and refrigerators. Muncie’s household cups ran over.

These findings painted a picture of what was initially praised – and later, in the wake of economic collapse, derided – as “Coolidge prosperity”. The Lynds’ sociological perspective helps in understanding the integral role of material goods and consumption in American social and political life during the 1920s, before the greatest heights of the stock market or the deepest troughs of the Depression. Flawed though portions of their analysis were, the Lynds’ work provides a unique lens on the political culture, economic conditions, and social environment of the era. The telephone, the car, films, radio, the year-round availability of fresh fruit, and innumerable canned goods – all this had reshaped everyday life and altered expectations about the permanent and vital role of consumables and leisure “as enricher[s]” of an ideal American “life”¹.

In charting the rise of two especially transformative technologies – the car and the phone – the Lynds held up “Middletown living” as exemplary of the era. The Lynds noted that many of the town’s adults had grown up on farms, where they lived and worked without much technology. But by the mid-1920s, they had adapted to city life, used machines in the workplace, and relied extensively on new technologies in everyday life. This altered their sense of self, as well as communal definitions of status and of society. The Lynds used these observations to mount a critique of the intensified consumerism inherent in so-called modern Americanism. They argued that technological change and enthusiasm in part drove this in-

satiable and conspicuous consumption – what they termed the “inventions re-making leisure” – and spurred a modern “preoccupation” with consumer goods. What the Lynds did not fully take into account in their explanations, however, was that the roots of this trend went back at least a generation, to the period of intense industrialization during the 1880s and 1890s. Consumerist enthusiasm for technology expanded as urbanization and modernization reached new heights in the ensuing decades. These rising socio-economic expectations – which constituted a genuine shift in the society’s economic value systems – were firmly entrenched by the beginning of the Lynds’ study in 1924.

The sweeping cultural and economic changes observed by the Lynds formed an undercurrent in politics and economic thought throughout the interwar era. Most historians are familiar with the intensity of debate over modern consumerism during the 1920s. The popular and historiographical emphasis on the crash of 1929 and the onset of the Great Depression as transition points, however, obscures the extent to which themes related to consumerist political economy and disputes over consumerist versions of modernity endured throughout the period, with the arguments on all sides remaining remarkably stable. The political economic perspective generated by awareness of consumerism’s central role in a modern, mass-production economy was sometimes explicit and in other instances implicit in the speeches, chatter, writings, products, advertising, and public policy actions of the interwar years. But it was always there, and it situated consumers as the central players in a flourishing American democracy. Even after 1933, as the New Deal remade the institutional structures of the U.S political economy and permanently altered the relationship of citizens to the state, the seemingly new statist visions of prosperity were founded on a consumerist model of American life. Integral to American liberalism as it had evolved by the late 1930s, this model endured and deepened over the ensuing decades.

This chapter argues that for U.S. political economy, the years from roughly 1920 through American entry into World War II in 1941 are best understood as a unified period. Portraying the interwar period as a continuous moment of political economy does not imply any simplified model of homogeneity. Quite the opposite. But while stasis certainly did not characterize the period’s intellectual, political, cultural, or economic life, there were powerfully consistent patterns in the developing thought and action of the period.

A focus on continuities, as well as discontinuities, in understandings of the role of the federal government in economic and social life reveals the underlying coherence to the stunning historical events witnessed during these two decades. Among policymakers and intellectuals as well as the public, perspectives certainly did shift on the private sector’s role in the political economy; and mounting critiques of social, economic, and labor relations prompted major reforms. But despite major transitions in policy, there was a more significant consistency across different levels of the public sector, as well as in public-private relations. In par-

2 Ibid. 1–20, 251–271, 496–504.
ticular, the associationalism (cooperative, voluntary partnerships between business and government) of the 1920s, often connected with Herbert Hoover’s theories and actions, reveals aspects of the consumerist model that informed the policies as well as the social thought of the 1930s. The breaks in vision and substance between Hoover’s New Era and Franklin Roosevelt’s New Deal were less stark than often imagined by the public or depicted by many historians. This chapter analyzes the roiling debates, social critiques, and controversial policy developments of the interwar era within the context of a continuing tendency toward associationalism and a consumer-as-citizen model.

In this chapter, I trace three crucial themes: first, how views of “modern” society were embodied theoretically, culturally, and materially in the new corporate-industrial structure; second, how modern society – often depicted as “modernity” – developed alongside mass production-mass consumption culture; and third, how modernity emerged as a vision of state management of the political economy, epitomized by the programs of the New Deal. These three themes were clearly interdependent, as observers at the time remarked with varying degrees of approval. A fourth theme in this chapter explores how modernism – as a set of intellectual and artistic ideas and practices related to the “modern” – appeared to contemporary critics of these trends to exist in contradistinction to both “tradition” and to the “pre-modern”. Political-economic notions of modernity and modernism and culture-criticism perspectives on the modern actually were complementary and served to enhance public and intellectual attention to the so-called “crisis of modernity”. The cultural criticism vein within modernism appears in the works of writers such as Sinclair Lewis and John Dos Passos, the literary and cultural analysis of Van Wyck Brooks and Lewis Mumford, and the sociology of the Lynds. These diverse visions helped to frame intellectual and, to a certain degree, popular understandings of the socio-economic and political developments of the period. In debates over how to grapple with economic, political, and cultural change though the two decades under review, these perspectives animated intellectual discourse.

This brief chapter illustrates but does not exhaust the comprehensive array of scholarship on the subject of political economy and modernity during the interwar years. It builds on a body of scholarship that has emphasized this era as formative for the development of a dominant consumer culture. Relevant historians range from Jackson Lears and Warren Susman to Lizabeth Cohen, Kathleen Donohue, and Roland Marchand. The cultural and social history approaches of such historians blend with the central insights of the so-called organizational synthesis and the analysis of business-government associationalism advanced by Louis Galambos and Ellis Hawley and in revised form by Brian Balogh. The essay also takes into account perspectives drawn from more conventional political history, such as appear in the writings of Alan Brinkley, who has sought to link the changing relationship between citizens and the state to the changing politics of liberalism during the New Deal era. The current consumerist-liberalism interpretation is the latest of many historical accounts that have depicted the New Deal as
not nearly as new or as radical as it seemed at the time; such arguments also have tended to assert that the political liberalism associated with Franklin Roosevelt and the New Deal made fatal compromises in limiting the scale and scope of government reorganization. My approach embraces aspects of these arguments. I focus here on the multifaceted ways in which the manifest consequences and subtle influences of consumer culture – such as those observed in *Middletown* by the Lynds in the 1920s and again in the 1930s – were always central despite the sharply changed economic situation between the two decades.

By looking at the era through the lens of the political economics of consumer culture, we are better able to account for the ways in which economic changes impacted individuals’ understandings of their roles and rights as citizens, competing conceptions of the good life, and contested definitions of modernity. Perspectives on prosperity, new visions of a consumer future, and new collaborations between labor, capital, and the state emanated from all levels of society and political persuasions – all these mirrored and paralleled the profound transformations of the period. Mass culture, modernity’s critics charged, took hold as small communities and individuals lost many of their traditional abilities to control their lives and livelihoods amid urbanization, industrial expansion, and the related reshaping of American civic, commercial, political, and social relations. The disastrous condi-

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tions caused by the greatest economic collapse in U.S. history led to the New Deal, a statist response that functioned to shore up consumerist modernity.

Within the Coolidge Prosperity

“The first real automobile appeared in Middletown in 1900”, the Lynds observed. “About 1906 it was estimated that ‘there are probably 200 in the city and county’. At the close of 1923 there were 6,221 passenger cars in the city, one for every 6.1 persons, or roughly two for every three families.” According to the Lynds, cars epitomized a broader transition in “group-sanctioned values”. Automobiles were iconic – one of many technological-consumer symbols of the era – particularly for those who could barely (or not at all) afford them. These vehicles connoted success and happiness; they were essential to many of the new leisure activities available in Muncie and around the country. In turn, the demographics of car ownership and usage mapped on to what became the central social observation of their study: class differences.

The Lynds’ notable omissions of African Americans and most ethnic groups, along with their systematic focus on American-born residents and especially the upper strata of their socio-economic hierarchy, illustrate some of the ways in which the study reinforced prevailing views of Middle America. In their assumptions of which groups comprised the city we find not just how the Lynds perceived and studied the scene but also, apparently, how Muncie-ites perceived matters, too. In a period of intense racism and nativism (the most stringent immigration restriction act in U.S. history passed in 1924), the prevailing cultural discourse envisioned Middle Americans as white, Protestant, Anglo-Saxon, consumer-citizens. The working definition of modernity was delimited along similarly exclusive lines. Though it was barely articulated in the Lynds’ work, modernity in Middletown was best understood in sociological, technological, and economic terms. It was aligned with “having” and “owning”, and to a lesser extent with “doing”. That is, the Lynds and their subjects viewed the challenges of the

4 Robert S. Lynd, Helen Merrell Lynd, Middletown, A Study in American Culture 253–254.
5 Regarding racial views in Middletown itself, a poll reveals that two-thirds of boys and three-fourths of girls whom the Lynds interviewed agreed that “the white race is the best race on earth”, Middletown 200. While the Lynds were right that there were relatively few foreign-born inhabitants of Muncie, the 1920 Census revealed one demographic anomaly: the city’s population was 5.6 percent African-American. Such a percentage was sizeable, amounting to several thousand residents and the third highest percentage among the eleven Indiana cities in its size category. This made the omission of black Muncie all the more conspicuous in Middletown. For more: Jack S. Blocker Jr., Black Migration to Muncie, 1860–1930, in: Indiana Magazine of History 92/4 (1996) 297–325, esp. 298; and Luke Lassiter et al., The Other Side of Middletown: Exploring Muncie’s African American Community (Walnut Creek, Cal. 2004). The Lynds dismissed other groups as well, such as the small but high-profile Jewish population (roughly 200 in the 1920s). See Dan Rottenberg (ed.), Middletown Jews: The Tenuous Survival of an American Jewish Community (Bloomington 1997).
“modern” in terms of processes such as social stratification, urbanization, the movement of people, ideas, and goods, and the reorganization of production and division of labor, which is to say, the combination of forces that had seemingly created contemporary Middle American society.

Class differences were at the heart of their study. Questions leading the initial section of the book included: “Who Earn Middletown’s Living?” and “Why Do They Work So Hard?” Labor and class conflict presented the core conundrum not just for the Lynds but also for reformist visions of progress in the 1920s and were a focus for sociological and economic inquiry. Across all the groups in the town, the Lynds identified the “outstanding cleavage” as between the working and business classes. This division between what they called “tribes” resulted in considerable vocational, political, and family differences. Class represented the single most important distinction in Muncie society. And their study reinforced a social-psychological understanding of these social and economic relations that was confirmed by later historians.

By the mid-1920s the booming economy generated a remarkably widespread belief in the inevitable, almost painless ascent to prosperity. Such a position seemed to undercut or at least minimize the tensions inherent in the class divide in fascinating ways. The rising standard of living for almost everyone played a key role in what many citizens saw as a deep wellspring of American pride that Middletowners reported to the Lynds. Townspeople’s responses often equated economic prosperity with modernity. Middletown residents tended toward homogenizing views about the modern Anglo-American democratic citizen, expressing parochial perspectives on Americanism.6

These factors also seemed to mute class conflicts through the tacit agreement to put consumer goods and, thus, businesses first. President Calvin Coolidge famously summarized this ethic with his remark: “The chief business of the American people is business.”7 The belief that to be American was to be a consumer, and perhaps a player in business and investment, was part and parcel of the late 1920s speculative boom and the aggressive purchasing of everything from stocks to cars on credit. Indeed historian Julia Ott has shown how the federal government’s impetus for the investing craze (known as “investorism”) built upon such an ideology8. The world economy depended on U.S. loans and export goods, while the domestic economy, particularly industry and finance, boomed. Unemployment averaged only 3.3 percent from 1923 to 1929. Real earnings for non-farm workers rose 23 percent from 1919 to 1929 and a total of 33 percent from 1914 to 1929. Of course, there were bumps along this largely smooth road of progress. A significant downturn occurred from 1920 through 1922, as the heated wartime economy de-

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6 Ibid. 23, 25, 73, 229, 305, 413–434, 480n3.
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clined to peacetime industrial output. And the agricultural sector suffered chronically low prices, in part due to large increases in production during the 1920s both within the United States and internationally.

The gap between rich and poor widened precipitously after World War I, even while workers’ wages increased to such an extent that in the public sphere concerns about inequality virtually disappeared as a mainstream political issue. Nonetheless, what was perceived as the excessive spending of the rich was a cause for popular scorn and notoriety in the tabloid press. Because of the increasing demand for industrial labor, salaries and benefits increased while union organizing dipped. Over the decade, union membership decreased from 12 percent to 8 percent of nonagricultural workers – often the result of vicious open shop campaigns, combined with welfare-capitalist inducements and shifts in employment patterns.

As the Lynds made clear, the period after the Great War witnessed a widely experienced economic ascent and with it new views of the attributes of affluence. Postwar prosperity also spurred new directions in progressive economic thought, with new notions evident with regard to matters of employment, the moral significance of work in an industrial economy, assertive methods of mass marketing and mass production, novel modes of mass consumption, and how people should treat the fruits of modern productivity. As evident in nearly all the period’s newspaper and magazines, the advertising industry generated and fed the view that to be American was to be a consumer. Leisure went hand-in-hand with products such as the latest clothes, cars, films, and drinks. It was advertising that clinched the meaning of prosperity during this period.

Advertising firms increased billings 400 percent from 1922 to 1929 alone. Their reach across American society mirrored the deepening social values of consumerism, the “cult of the salesman”, and an emphasis on the enhanced lifestyle provided by non-essential consumer goods. Coca-Cola, for instance, began with advertisements in the 1880s that billed the drink as a product to “revive” and “sustain”. By the mid-1920s, Coke’s changing ads reflected the influence of the era’s “ad men”, along with changing leisure ethos. The company proclaimed its product to be “refreshment” and a “fun food”. The idea was to market the product as making every day a “celebration”. Kodak also traded on such themes in marketing its cameras: “If it isn’t Eastman, it isn’t Kodak … Indoors or out, on your travels or at home, Kodak is at your service.” Another example of the era’s consumer-advertising nexus appears in Bruce Barton’s bestselling 1925 book, The Man Nobody Knows, in which he favorably compared religion and business, proclaiming Jesus’s parables as “the most powerful advertisements of all time”. Barton blithely remarked, “[Jesus] would be a national advertiser today”.


10 Inger Sole, Advertising on Trial: Consumer Activism and Corporate Public Relations (Urbana, Chicago 2001) and Marchand, Advertising the American Dream. For examples of
In short, the complacent optimism about consumerist capitalism evident in the rhetoric of political and business leaders and the language of advertising reflected the apparent lessons of the period’s rapid transformations in technology, production, marketing, and finance. All of these developments intersected to amplify a widespread sense that modernity in America hinged on a prosperous public’s consumption. Consumer capitalism in turn had two controlling centers, both located in New York City: advertising on Madison Avenue and finance on Wall Street. Economic thinkers such as Simon Patten, director of the Wharton School of Business at the University of Pennsylvania and author of *The New Basis of Civilization* (1907) and *The Reconstruction of Economic Thought* (1912), argued for an “evolutionary” approach. With proper public policy and social action, he claimed, technological innovation could be the driving engine in shifting from civilization’s previous “economics of scarcity” to a “new economics” characterized by abundance and thus “progress”. According to Patten, whose ideas gathered momentum in the 1920s, the emphasis on progress via production was tightly linked to a priority for consumption in what he termed a “pleasure economy, in which the motive of action is the pleasure derived from the goods enjoyed”. A mass-production, mass-consumption economy could make a high standard of living the new norm, at least in the United States and the industrial West.

Such perspectives were countered by robust critiques from contemporary political commentators and writers, as well as social analysts such as the Lynds. Literary and intellectual critics of middle-class culture and of the culture of affluence broadly assailed these values as shallow and suffocating. Such observers deplored the period’s widespread “glorification of everything American”, as Sinclair Lewis termed it. Adding further complexity were works such as F. Scott Fitzgerald’s *The Great Gatsby* (1925), which both reified and poignantly rejected facile assumptions about modernity, especially the hedonistic pursuit of affluence that seemed to have taken over American life.

This period, so often characterized by the glorification of affluence, is all the more misunderstood because such perspectives tend to imply widespread prosperity driven almost singularly by the engine of big business and finance without assistance from the government or from the average citizen. Such a view is patently false. Economists and historians have demonstrated that American political economy during the 1920s in reality comprised an innovative blend of economic coordination across the most sectors of industry, and in some areas of agriculture,

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in association with government, roughly in keeping with Hoover’s associational model and animated by small-scale spending. Consumer connections influenced, and were fed by, the rise of so-called “pocketbook politics”, which centered on domestic consumption, on fresh and expanded credit lines for consumers of all types, and particularly on the pivotal role of women as purchasers of family goods.

In addition to the writers and cultural critics who expressed ambivalence about many of these trends, economists and sociologists, including some working with the Social Science Research Council, voiced similar concerns. Critics of consumer capitalism from within the discipline of economics favored direct and sweeping government interventions in the economy, particularly in the regulation of financial markets in the 1920s. Yet by the 1930s, when such views were in vogue, many of the same figures had drawn back to support less statist and more associational solutions than they perceived to be at the heart of the New Deal.

In Depression, Voices for Change

By mid-1933, almost 25 percent of the population was unemployed. This bare statistic hardly does justice to the disastrous changes taking place in the lives of most Americans. In 1929, 1.5 million Americans were out of work. By 1933, the numbers soared to over 13 million. Part-time labor likely pushed the real number even higher, to more than 33 percent, or over 17 million workers, under- or unemployed. The gross national product sunk from $104.4 billion to $56 billion between 1929 and 1933. Astonishingly, total production of durable goods diminished 76 percent in just three years. As the familiar saying has it, “There was no place to hide.” Foreclosures, bankruptcies, and evictions dominated American life; hunger and despair became commonplace.

The severe downturn prompted many Americans to reject or rethink familiar perspectives about their relationships to the government, to employers, and to each other. It also shattered assumptions about the ease of progress in modern political economy. Struggling to survive, significant numbers of Americans came to doubt deeply held values about whether the advantages of modern life were worth the costs; they also voiced far-reaching concerns about whether their nation

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13 For domestic consumption patterns, Meg Jacobs, Pocketbook Politics; on some of the ways in which the “corporate commonwealth” as well as public policy came to rely on and target household consumers, Galambos, Pratt, Rise of the Corporate Commonwealth.


and its republican form of government was truly unique and thus whether and how much its foundations could or should be altered, particularly in a time of crisis and dire need. Many wondered in letters to the editor, on the radio, in conversations on street corners, and over the dinner table whether the nation and its current administration were up to the task of managing social, political, and economic relations on the scale necessary in a complex, modern society.

Hoover’s associationalism proved inadequate. It could not ameliorate, much less resolve, the national economic catastrophe. Still, even before the stock market crash, Hoover’s political economic initiatives were far more ambitious, state-oriented, and expert-driven than his later image would suggest. For example, early in his first year in office, Hoover orchestrated Congress into passing the Agricultural Marketing Act, which created the Federal Farm Board, with an initial fund of $500 million. The board set up a series of farm-government cooperatives to stabilize crop prices, order markets in a centralized way, and reinforce these markets with subsidies and assurances of aid, should cooperatives prove inefficient or prices drop precipitously. Initially, crop prices stabilized. Hoover’s reputation for administrative genius appeared to be confirmed. For the first time in nearly a decade direct government intervention seemingly ended periodic recessions in farm prices and goods. Predictions of a permanent change, however, were premature. Stability lasted a scant few months, from summer to fall 1929. By the time the Federal Farm Board was fully operational in the winter of 1929–30, the global depression had so depreciated crop prices that the board could barely prop them up. Nevertheless, this effort invites historians to take a deeper view of the ideologies at work in Hoover’s administration and of the key tenets of Hoover’s political economic model, as well as the policy implications that Hoover wrestled with during the Depression. The main component of Hoover’s response to the Depression became voluntary associations, which he envisioned as stimulated by the federal government. The backstop in his scheme was vigorous government intervention in the private economy only if and when such voluntary associations or markets failed. Recent scholarship on the role of government during the decade between WWI and the Depression reinforces such conclusions and challenges assumptions about the singular focus of local, state, and even federal government on business. For example, as historian Daniel Amsterdam has shown, business leaders working with state and federal government officials pushed for large-scale new expenditures well before the New Deal.

In contrast to Hoover’s associational model stood economists like Stuart Chase, who in a front-page story in the New Republic called for a “New Deal for America” just a week before Franklin Delano Roosevelt gave his Democratic presidential acceptance address on July 2, 1932. In that speech Roosevelt pledged

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16 He continued to maintain that this view was sound policy. Regarding the Farm Board see Herbert Hoover, Memoirs: The Great Depression, 1929–1941 (New York 1952) 51, 413–414.
himself “to a new deal for the American people”. In his article and subsequent work, Chase insisted upon a new vision of reform and a thoroughgoing reorganization of American economic and political life. The government-led reorganizations of FDR’s New Deal seemed to fulfill Chase’s vision. Designed to rebuild and reconfigure public and private life, they affected nearly every level of society.\(^{18}\)

Liberal politicians and economists increasingly perceived under-consumption as the main cause of the Depression, while more conservative business interests stressed over-production or excess productive capacity and supply. Historians such as Meg Jacobs and Michael Bernstein argue that New Deal policymakers (at times problematically) vacillated between these poles; they attempted to enhance consumer buying power and yet also sought to raise prices. The National Recovery Administration (NRA), which aimed to achieve these goals simultaneously, illustrates the dilemma.\(^ {19}\)

Yet the attacks on what FDR and his allies denounced as the profligate policies of the 1920s went deeper. Just as the dominant views of political economy remained strikingly consistent across the 1920s and into 1930s, so too 1920s critiques of American cultural and economic life established the contours of the criticism that emerged in the 1930s. Cultural critics assailed the assumption that modernity should be equated with progress. Creative writers such as John Dos Passos and cultural analysts such as Lewis Mumford deployed modernist techniques and critiques in their literary and polemical writings. They often expressed pessimism about the direction of American political, economic, and cultural life, while being optimistic about other attributes of modern life. For example, Mumford’s early writings on “technics” heralded technological advancement yet aimed to direct people to embrace more humane technological modes as well as a more egalitarian distribution of technological progress. Modernity, it seemed to these thinkers, had an ominous underside. Individuals in mass society were rendered anonymous cogs in the techno-socio-economic system. The “machine” of modern society produced the goods and technologies that reinforced its “monolithic” structure, eviscerating free will, standardizing experiencing, and homogenizing people.\(^ {20}\)

A number of public intellectuals, exemplified by the irascible H.L. Mencken, rejected such critiques even while deploring the ephemeral and shallow qualities of contemporary American society. Mencken lambasted the consumerist, emotion-driven, uncultivated middle-class “booboisie”, a term he coined in 1922. However Mencken also rejected cultural critics who prized the “authentic”. To


\(^{19}\) David Kennedy, Freedom from Fear: The American People in Depression and War (New York 1999) 131–189.

\(^{20}\) See Lewis Mumford, Technics and Civilization (New York 1934).
him, the authentic experiences contrived by intellectuals seemed as bogus as the consumerist fantasies constructed by middle-class boobs. Mencken despised the New Deal, which he portrayed as a power grab analogous to those of the monopolists and corrupt politicians he also had loathed. Even as he argued against the extension of federal power, he caricatured the heights of prosperity and the lows of depression with compelling, ironic humor. His prescription? Community and personal solutions were superior to centralization and, he argued, would create more enduring sources of relief21.

Yet another set of critics, the cultural and artistic activists of the era – for example, the Cultural Front side of the so-called Popular Front – favored a grassroots approach which sharply contrasted with Mencken’s unabashed elitism or Mumford’s idiosyncratic humanitarianism. These efforts, which drew on socialist and Marxist interpretations of the relationship between means and ends of production, were skeptical of modernist aesthetics. The Cultural Front, part of a broader left-wing attack on modern social values, exhibited particular concern with the supposedly pernicious effects of avant-garde art within a capitalist consumer ethos22. The failures of government to mitigate the economic crisis from late 1929 through the election of 1932 gave rise to ever more pointed critiques of the mass culture, mass production, and mass social relations. The economic collapse clearly illustrated the downsides of the system as it stood in 1929. Still, some of the most radical of these reform visions, such as calls for full-fledged communist revolution and the nationalization of virtually all utilities and entire industries, were never viable political-economic schemes in the American context.

Another vein of critique about political economy in the period was regionalist or localist in nature. The popularity of such perspectives hints at why more radical paths were never traveled. Localist-regionalist reform tapped into the deep undercurrent of American political thought that prized local autonomy. Such views received a much wider hearing and sympathy than socialist or communist views could hope for. To give only one example, figures who initially were part of FDR’s “brain trust”, such as Columbia Law professor Raymond Moley, ended up breaking with Roosevelt and criticizing the New Deal in ways that stressed the tensions between localist critiques and national solutions. More consistent New Dealers, such as Rexford Tugwell, also saw the merits of local-regional critiques and a regionalist approach to reform. Thus many smaller New Deal programs and plans, such as Tugwell’s Resettlement Administration, aimed at instituting productive local transformations organized at the lowest levels regarding employment, public works, and other schemes for economic uplift. While Mumford’s social criticism


tended to be regionalist in the urban-planning sense, others such as scholars Howard Odum in North Carolina and Carey McWilliams in California brought their intellectual talents to bear upon diagnosing the relationship between the state and regional levels and federal failures in a mass-production, mass-consumption society.

A comparable set of criticisms began to take shape in the South during the 1920s. First known as the Fugitives and made up largely of writers and artists such as Robert Penn Warren and John Crowe Ransom, this group attacked the depersonalization of social relations in industrial society by evoking the rural traditions of their own region. This movement later changed its name to the Agrarians, and in 1930 they published a formidable piece of social criticism entitled *I’ll Take My Stand*. In it they called for a repudiation of the soul-eviscerating aspects of modern life and modern capitalist economic relations, which relegated human interaction to mere “transactions”. These agrarians issued a manifesto that defended segregation and local, small-scale relations based around the life of the “soil”. Their assault on modern political economy was premised on “throwing off” the “evil dispensation” of “industrialism”\(^{23}\). The Agrarians argued against what they saw as a specious vision of modern life premised on limitless capitalist growth and impersonal affluence without “regard to individual wants” and argued that the purportedly backward South should serve as a model for the nation\(^ {24}\).

The Cultural Front and the Agrarians are but two examples of the wide array of critics and criticisms of American economics and social relations made all the more convincing by the conditions of the Depression. New efforts at reform and new plural perspectives on the nature of modernity flourished, as did fresh ways of envisioning modern economic, political, and social change for both individuals and groups. But many of these goals had been articulated long before. They can be traced back to the reform efforts of progressives at the turn of the century and in some ways to populist and socialist critics of industrial capitalism and its mass-production ethos since the late nineteenth century.

However by the late 1930s, critiques of industrial capitalism had expanded to encompass the complaint that modern society had become so massive and complicated that a new relationship was urgently needed between government, the economy, and citizens. How else to ensure access to the sacrosanct American ideal of “life, liberty, and the pursuit of happiness”? Such criticisms had appeared by the 1890s, but given the scale and scope of modern technological society more than a generation later, they had developed to become widespread and commonplace in educational materials, in literature and film, on radio, and in print during the 1920s and 1930s. Some skeptics of consumerist modernity demanded cultural tolerance and so-called “cultural gifts” education for children as well as adults to offset homogenizing, “melting pot-style” Americanism and xenophobia\(^ {25}\). Together

\(^{23}\) *I’ll Take My Stand: The South and the Agrarian Tradition* (New York 1930), xlvi.

\(^{24}\) Ibid. xxxvii–xlviii.

critiques of American society presented a sweeping agenda. They addressed the problems as well as benefits of the continuing nationalization of culture; they pressed the need for the redistribution of wealth and promotion of social mobility; they called for a renewed emphasis on morality and community; and, with exceptions such as the Agrarians, they aimed to elevate pluralist understandings of fellow citizens, along with revitalized reform in education.

By the 1930s the diverse array of critiques of “modern life” shared several important themes. Older American versions of anti-modernist expression, as the Arts and Crafts design philosophy, began to be rejuvenated and reinterpreted, as is evident in some late Art Deco design. Further, many of those with reformist mindsets, from the New Dealers to the era’s most strident cultural critics, shared what we might call a “reactionary” cause. Frequently, critics of the politico-economic status quo blamed the Depression on Thorstein Veblen’s “conspicuous consumption” and singled out unregulated or under-regulated business practices and excesses born of market speculation as other causes of disaster. This set of critical perspectives had emerged by the 1930s and included positive prescriptions characterized by an effort to enhance individual access to services and education as well as an effort to re-inscribe personal and group accountability. These causes united many of the sharpest critics – ranging from socialists to libertarians to religious conservatives – who sought to reconstruct American government and society in the 1930s. These groups tended to emphasize the collective and the communal in opposition to the atomistic and overly individualistic elements that they saw as leading to the Depression and to the attenuation of political, economic, and civil life, a process which they saw as inherent in an unrestrained mass modern society.

As historian Alan Brinkley has shown, these values undergirded some of the most revolutionary elements of New Deal liberalism. Such radical alternatives did not endure, even when they were tried. But the innovations of the era’s liberalism were transformative. That is to say, the political changes that became law under Roosevelt, while still sweeping, were “more coherent, less diverse, and on the whole less challenging than some of the ideas [they] supplanted”26. Both liberal and radical critics of American capitalism and society in the 1930s agreed on the basic assertion that systemic, largely global problems, along with issues of federal regulation and individual excess, were the central causes of the economic failures that give rise to the Depression.

To what did all this criticism lead? As historians Gary Gerstle and Steve Fraser remarked in their edited volume, *Rise and Fall of the New Deal Order*, economic elites retained the reins of power, even during the Hundred Days, which despite its crosscurrents some historians still envision as the most radical phase of the New Deal. The Depression’s “economic circumstances allowed these capitalists to tolerate prolabor legislation on the one hand and to demand an international policy of free trade on the other”, Gerstle and Fraser claimed. They further asserted

26 *Brinkley, The End of Reform* 4.
that a corporate capitalist bloc “occupied the ‘backrooms’ of Roosevelt’s administra-
tion” and ultimately were able to “engineer the New Deal’s sudden turn from
economic nationalism to free trade”, which, according to the authors of this vol-
ume is “why the political solutions embodied in those 1935 reforms [such as the
NLRB and Social Security] – unlike those of 1933 – endured”. Of course, some
scholars are skeptical of such interpretations and of the suggestion that an expansion
of state power into the private sector that businesses largely and explicitly resisted
was, in effect, a result desired by most of those same commercial interests. How-
ever one assesses the ways in which pro-labor and pro-capital interests collided or
collaborated in the 1930s, the underlying changes to American political economic
structures and thought, in fact, were far less dramatic and far more line with develop-
ments of the 1920s than most historians have tended to assume.

The Modernist Political Economy Endures

In the mid-1930s Robert Lynd returned to Muncie to investigate how the city and
community were faring in the midst of the Depression. In 1937 the Lynds pub-
lished their follow-up study as *Middletown in Transition: A Study in Cultural
Conflicts*. Their central finding was that not much had changed. Though the town
struggled through the Depression, it had not been as hard hit as some other urban,
industrial areas. Beneath the modest social and structural changes they observed,
the Lynds found an abiding absorption with consumerism, the ever-increasing
role of technology in daily life, and an even more stark division between the work-
ing and business classes.

According to the Lynds, all of this remained fundamental to the political eco-

demic values of Muncie even at the height of the Depression. In assessing the cul-
tural and economic effects of the long slump, *Middletown in Transition* noted that
even some of the staunchest Republicans among the business class in Middletown
accepted New Deal relief funds and Works Progress Administration programs, at
least during the worst of the crisis. Generally, however, the Lynds found that reac-
tion to Roosevelt and the New Deal was “uneven and sharply marked by class dif-
ferences”. Nevertheless, in this time of immense economic strain Middletowners
naturally “yearned” to have the incomes required not just to feed and house them-

selves, but also to participate in the broader fruits of the industrial marketplace.
The town, remarked the Lynds, “clearly operates on the assumption that the roots
of living lie in the acquisition of money”. Their book’s subtitle, with its allusion to
cultural conflicts, embodied these observations. It also evoked a central claim of
the study and of the broader body of developing criticism of modernity as it
influenced American views of political economy: A consumer ethos was the basis
of both the shared values of Americanism and of the cultural conflicts evident

27 Steve Fraser, Gary Gerstle (eds.), Rise and Fall of the New Deal Order, 1930–1980
(Princeton 1989) xii.
throughout the catastrophic economic collapse. These enduring values and conflicts hampered any rethinking of the foundations of the modern American economy that the Depression might have inspired.\(^2\)

Instead of presenting reflective or even radicalized responses, the Middle-towners as portrayed by the Lynds in the mid-1930s seemed perplexed and distraught by the Depression. They did not advocate revolution; they did not seek far-reaching revision of their political and economic lives. The Lynds’ survey data indicated that what those polled desired most was a return to the exuberant high-wage, low-cost, consumer goods-fueled lifestyle that seemed to be coming to fruition in the 1920s and that advertisers continued to proclaim and exploit. In some ways this had always been a fantasy. The Depression years simply proved just how profound and enduring that fantasy was. Such observations by the Lynds, in turn, hint at the deeper importance of the interwar era’s trends in the ideology and practice of political economy. For “twentieth-century consumerism”, explains historian Meg Jacobs, “was not merely a distraction for the working class nor simply a by-product of national prosperity. It was the linchpin in an ongoing political debate about how to organize, reform, and regulate American capitalism.”\(^2\)

In the regulatory debates of the New Deal, consumerism as the sine qua non for citizenship was almost perpetually reaffirmed as essential for economic growth. Though they documented its effects, the Lynds did not fully appreciate the ways in which consumerist thinking was integral to the New Deal reorganization of the government and the reconstruction of the relationship between the state and its citizens. Nonetheless, as the Lynds observed, naïve optimism about progress, productivity, and prosperity – developed over the course of the 1920s – collapsed amid the Depression, even though the values and priorities these ideas implied endured. In place of optimism came widespread misery and mistrust. Paradoxically, although the economic calamity altered understandings of modernity across various social, political, cultural, and economic arenas, the promises of mass consumption, modern advertising, and a cultural belief in prosperity and material goods as central to a quasi-religious “American Way of Life” were reinforced in the 1930s.\(^3\)

In short, a sanguine perspective on consumer culture – coupling economic and “technological enthusiasm” (in Thomas P. Hughes’s phrase) with a sense that

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29 Jacobs, Pocketbook Politics 266.
30 Margaret Bourke-White’s photograph, “There’s no way like the American Way”, juxtaposed poor African Americans in a long bread line during the Depression with a large billboard of a prosperous white family in a car behind them; Will Herberg depicted the “American Way of Life” as a common religion of sorts, composed almost equally of “free enterprise and democracy”. Will Herberg, Protestant, Catholic, Jew (New York 1955) 264; see also, Wendy Wall, Inventing the American Way: The Politics of Consensus from the New Deal to the Civil Rights Movement (New York 2007).
American citizenship and consumption were inextricably interconnected – survived the 1930s\textsuperscript{31}. The deepening of these values depended in part on their incorporation into rhetorically laissez-faire yet conceptually associational policies of the Coolidge and Hoover years, as well as in the sweeping, pro-government measures of Roosevelt’s New Deal\textsuperscript{32}. Though scholars have exposed the limitations of conflating any singular idea of modernism with Americanism, in many ways Americans living in the 1920s and 1930s enacted such a conflation. Citizens, policymakers, advertisers, and even economists often alluded to this particular nationalist vision – which Republican politicians often placed under the rubric “Americanism” – when depicting modern life, politics, business, and social relations, all in terms of consumerism.

The cataclysm of the Depression set in stark relief the irrational exuberances of the 1920s, with its excessive faith in the market, in ever increasing industrial productivity, and in a continued culture of consumption supported by easy credit, high rates of debt, and speculation. The rising power of the advertising industry depended upon all three of these enthusiasms. In addition, the Depression exposed a serious lack of oversight inherent in economic policies pursued by the federal government, particularly those of the 1920s Republican administrations. The crisis also exposed the costs of unilateral power and unaccountability in the private sector, of which the so-called American Plan of labor relations, privatized social insurance, and welfare capitalism offered merely one example. Mass unemployment, too, showed that much-heralded innovations in banking and the workplace – not simply welfare capitalism but more flexible methods of mass production than the stereotyped “Fordist” mode of production – did not provide for stable growth but instead left the economy vulnerable. Ultimately the Depression years illuminated the depth and breadth of ongoing economic stratification, what contemporaries like the Lynds termed the “cleavage” between the “working class and business class” and what scholars would later classify as the white-blue collar divide\textsuperscript{33}.

FDR and New Dealers such as Louis Brandeis, Thurman Arnold, Hugh Johnson, and Lewis Williams Douglas aimed to construct policies to limit the dangers of “bigness” and unconstrained speculation in economic life and finance. They also sought to increase employment and spending at the individual level and, importantly, to generate a viable, large-scale political movement to support their reform cause. The effort linked Democratic reformers and liberal social scientists and economists with three broad coalitions: consumer interests (aiming for lower

\textsuperscript{31} There were examples against the grain of technological optimism, for example among Keynesian stagnationists who sometimes argued that innovation had run its course. Franklin Roosevelt also occasionally flirted with this perspective.

\textsuperscript{32} Hughes saw the entire period from the mid-nineteenth century to World War II as characterized by “technological enthusiasm”. \textit{Thomas P. Hughes}, American Genesis: A Century of Invention and Technological Enthusiasm (New York 1989) introduction.

\textsuperscript{33} \textit{Robert S. Lynd, Helen Merrell Lynd}, Middletown: A Study in Modern American Culture 23.
prices), basic citizen interests (looking for higher product standards and more regulation), and various labor groups (seeking jobs, higher wages, and stronger lobbying power through union organization).

The resulting two major thrusts of the early New Deal had wide-ranging aims and effects, as well as more transformative components that never came to fruition as certain advocates hoped. Starting from FDR’s inauguration in March 1933, the New Deal fought to redistribute wealth and power while undermining the autonomy of business to determine wages, prices, and other vital elements of basic commerce and industry. The so-called Second New Deal of 1935–36 also focused on measures such as Social Security and the Wagner Act that affected citizens, consumption, and labor directly. Roosevelt’s “Brain Trust”, itself a group with divergent and often contradictory analyses and agendas, articulated a whirlwind of new ideas about how to design and implement reform.

The group included some experienced politicians, but social, economic, and legal scholars and activists such as Moley, Harry Hopkins, Henry Morgenthau, Louis Howe, Frances Perkins, Sam Rosenman, Adolf Berle, and Rexford Tugwell gave the New Deal its main ideas and impetus. Beyond their efforts to restructure the market and state-citizen relations, they adopted a pump-priming approach, though on a lesser scale and with less explicitness and consistency than advocated by John Maynard Keynes, whose views on macroeconomic policy were just then coming to be understood. To the extent that the Roosevelt administration was committed to large-scale public spending, this was based on a quasi-Keynesian assumption that as spending and consumption increased, businesses would expand to meet growing demand and employ new workers. FDR and his allies also argued that with more public spending, movement through a business cycle could be smoothed and expedited in order to spur additional spending and continued growth.

As numerous historians have explained, New Deal reform measures had different points of emphasis at different times, reflecting twists and turns in politics, policy, and in perceptions of economic circumstances. The first set of New Deal reforms, mostly passed during the Hundred Days, created a panoply of solutions for banking, industry, and farming, such as the Emergency Banking Act and the FDIC, AAA, and the NRA. The National Recovery Administration (NRA) can be seen as an apotheosis of Hooverism as well as a departure from it. The NRA entailed direct government intervention to create codes of fair competition and regulation; critics derided this as excessive federal regulation, but in line with the associationalist mindset, the NRA directed that different sectors of commerce and industry were to create this codes themselves. The organizational structure of the NRA, the criticisms leveled against it, and its practical, political, and legal prob-

lems illustrate the difficulties contemporaries had in articulating where the continuities and discontinuities between 1920s and 1930s political economy resided and where they wished them to reside.

A new consumer activism accompanied New Deal efforts to reorganize the producer side of the economy. The era’s consumer initiatives, however, also adhered to the state-led and associational reform models. For instance, consumer protections centered on a lobby for better “truth in advertising” laws, which resulted in a series of measures to prevent deceptive advertising. The 1930s thus saw a shift in marketing, as one might expect, toward more honesty but also toward depicting products in ways that fit the mood of the era. One sort of market strategem aimed to depict products as energy-boosting, beauty-enhancing, and self-improving, as exemplified by Camel cigarette ads that claimed, “You Get a Lift with a Camel.” Another set of techniques sought to make goods seem luxurious and youthful, and, even at the height of the depression, tried to add cachet as something to make “you the envy of your neighbors”. Even FDR’s fireside chats often amounted to radio advertising for his administration’s programs and the principles behind them. The Federal Art Project of the Works Progress Administration incorporated elements of consumerism and advertising into its public relations and programs. In an obvious turn, one final direction for marketing involved explaining the need for a product as an economic decision, a “great deal”.

Though international influences upon political economy have not been a major focus in this chapter, the series of international crises that began when Japan invaded Manchuria in 1931 gradually exposed the fallacies of so-called “Republican internationalism”, with its emphasis on the promotion of U.S. business interests. Competing nationalisms and economic ties continued to generate conflicts among Americans and complicated dealings with potential allies and foes alike. In the myriad ways that domestic politics hampered efforts to deal with the international dimensions of the crisis, the United States was hardly alone. In the scramble of the Depression, each country did what it could to achieve socioeconomic stability, often by protecting domestic markets against foreign competition. Protectionist isolationism took hold in various American policies designed to address the Depression, building on long-standing U.S. traditions of neutrality and restrictive tariffs. The most notable of such moves included the Smoot-Hawley Act (1930), which increased tariffs on more than 20,000 goods, escalating international tensions through retaliatory protectionist legislation, and the Neutrality Acts of 1935–39, which repudiated neutral rights as they had been previously understood. The neutrality legislation aimed to keep America out of war by ensuring that American businesses and citizens avoided virtually all commerce with belligerents.

and did not travel in war zones except at their own risk.\textsuperscript{36} Even as the country confronted the calamity of worldwide economic depression and attempted to prevent entry into a future war, most policymakers and citizens clung to modified laissez-faire capitalist values and an intuitive optimism about mythic American, rugged individualism.

**Conclusion: Continuity, Critique, and Consumption**

By 1941 America had developed a consumer-oriented society, with a political economy based on social stratification but premised on the free choices of citizens as consumers. Contrary to the principles of classical liberalism, Roosevelt’s “freedom from want” became fundamental to political relations; it now appeared to be one of the “essential human freedoms.”\textsuperscript{37} Many contemporary observers had come to insist that laissez-faire ideology was insufficient – particularly in times of crisis – to maintain basic standards of living across society and reinforce the consumerist potential of American capitalism. By the end of the period, the entrenchment of the consumer-consumption ethos combined with a gradual lessening of economic hardships along with increased attention to the U.S. role in world affairs to enable the consumerist view of modernity to seem natural and desirable. Critics from competing perspectives on modernism or from anti-modern points of view found themselves relegated to the fringes of public debate, to the intellectual arena sometimes disdained as “cultural critique”.

Thus underlying assumptions about the American economy that had taken hold by the mid-1920s were not fundamentally challenged or altered by the end of the 1930s. Most people agreed that the free market, albeit more regulated than before, the unequal distribution of wealth and goods, and individual self-interest and incentives were fundamental to American progress. Even patentely false views of the prospects for widespread access to social mobility were rarely challenged. The governmental structure and regulatory apparatus did change dramatically. But the entrenched political economic philosophy of interwar capitalism remained largely intact. New Deal liberalism adhered firmly to the notion of the citizen as a consumer; this vision was embedded in such sweeping measures the 1935 Social Security and National Labor Relations Act. Two powerful ideas intersected: mo-


\textsuperscript{37} Franklin D. Roosevelt, State of the Union Address to the Congress (January 6, 1941) Located at: http://docs.fdrlibrary.marist.edu/od4frees.html (accessed July 10, 2011).
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dernity as a mass production-mass consumption culture and modernity as state management of political economy. Organizational reconfigurations of business, labor, and capital at local, state, and national levels did not dislodge consumerism as a fundamental value and indeed were never intended to do so.

The consumer-as-citizen model of American nationalism – and a more centralized association of public and private sector – were strengthened during World War II and rejuvenated along with renewed economic prosperity by the late 1940s. This political economy formed the core of the liberal political consensus of the early Cold War. Indeed, one might say that Arthur Schlesinger Jr.’s “vital center” evoked not just the contest between democracy and totalitarianism, as was his goal, but also the fundamental ways in which socio-economic ideas persisted from the 1920s through the 1940s. Many Americans in the years before U.S. entry into WWII came to see modern society through the political economic prism of the consumer-citizen. In turn, this widely shared perspective contrasted sharply with the statist-oriented international models provided primarily by Soviet Russia. Consumerist modernity left relatively little room for alternative visions of American capitalism. Federal and state public policy solutions starting in 1933 brought about some of the most massive reorganization of governance in U.S. history. Nevertheless the underlying individualist and materialist bases of U.S. capitalism and the society’s consumerist values, having reached their apex in the 1920s, remained largely intact even amidst economic distress. In the years between the wars, visions of political economy tended toward associational and consumerist policy outcomes. These two tendencies amounted to a continuous thread that wove together the era’s political, economic, and social developments.

Summary

In einem kritischen Überblick über die amerikanische Wirtschaftsgeschichte von etwa 1920 bis zum Eintritt der USA in den Zweiten Weltkrieg 1941 plädiert Christopher Nichols dafür, die Zwischenkriegszeit als eine einheitliche Epoche zu interpretieren, obwohl sie durch den tiefen Einschnitt der Weltwirtschaftskrise eigentlich in zwei Teile zerfiel. Sein Argument stützt sich auf die zeitgenössischen Analysen und Diagnosen von Soziologen, Intellektuellen, Politikern, Ökonomen und politischen Aktivisten und gruppiert deren Debatten in vier Fragen- resp. Themenbereiche: erstens die Frage, wie Auffassungen der „modernen“ Gesellschaft theoretisch, kulturell und materiell in die neo-korporatistische industrielle Struktur der New Era und des New Deal eingebettet wurden; zweitens die Frage, wie sich diese „Modernität“ parallel zur Kultur der Massenproduktion und des Massenkonsums entfaltete; drittens die Frage, wie „Modernität“ als eine Vision staatlicher Kontrolle der politischen Ökonomie entstand, die sich in den Programmen des New Deal verkörpert fand; und viertens schließlich das Problem, dass „Modernismus“ – als ein Komplex intellektueller und künstlerischer Ideen...