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THE RISE AND FALL OF FULL EMPLOYMENT

Part III: A Second Bill of Rights

by Bertram Gross

The twin specters of want and fear stalked the entire United States during the Great Depression of 1929-33. Untold millions lost their jobs, homes, farms, businesses, savings, and confidence in the future. In saving capitalism from total collapse, the regulatory, fiscal and monetary programs of Franklin D. Roosevelt and the New Deal modified corporate rights, which the Republicans under Hoover had sought to protect. In reducing the level of destitution and despair in the country, the New Deal programs also raised the level of federal deficits and debt. They failed to end the depression, which continued with somewhat milder impact until finally ended by the outbreak of war in Europe. Jobs became available for anyone able and willing to work, and fear of economic catastrophe was replaced by fear of death or disability on distant battlefields.

Toward the end of the war, as victory seemed assured, haunting memories of the hard times after World War I and the harder times of the depression brought back near-hysteria over the specter of unemployment. "After winning the war," many people asked, "will we lose the peace?" From these anxieties, and from the legacy of a planning board which had been organized in FDR's first term, came the first "Economic Bill of Rights," conceived as an addition of new freedoms to the great manifesto, the

original "Bill of Rights" contained in the first 10 amendments to the U.S. Constitution.

A Planning Board's Legacy

In 1933, the Roosevelt administration started with a vague commitment to planning and an enormous burst of creativity. Alongside the dull routinization beloved by some bureaucrats, a new breed of bureaucratic entrepreneurs sprang up. Cabinet secretaries, administrators, and sundry aides competed with each other vigorously in inventing plans to capture the imagination of the public and/or the President.

Early in the game, Roosevelt set up a National Planning Board that might hopefully coordinate all these competing efforts. A city planner, an economist, and a political scientist were appointed to the Board, which sought to accomplish the following: (1) coordinate federal planning agencies; (2) promote regional, state and city planning; and (3) conduct policy research. The concern of these "three wise men" with coordination threatened many vested interests inside and outside of government. So the agency was quickly reorganized to include six cabinet members as watchdogs. The word "Planning" was stricken from the Board's title; "Resources" replaced the offending word. In their first report, *A Plan for Planning*, the wise men outflanked the watchdogs and criticized competing programs in public works, flood control, and irrigation. By raising "the awful threat of coordination," they ran into a hornet's nest of opposition.

"These unhappy times call for the building of plans . . ."

—Franklin D. Roosevelt, 1932

Another reorganization ensued. "Board" was replaced by "Committee," a less threatening term. But Roosevelt, who had earlier proclaimed that planning was "the way of the future," was not to be stopped. He sent Congress a proposal to make the planning group a permanent agency. Under pressure from threatened interest groups, Congress turned him down. So in 1939, Roosevelt issued a new order moving the planning agency to the President's Executive Office, and re-naming it the "National Resources Planning Board" (NRPB hereafter).

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The same 1939 executive order also transferred to the Executive Office the old-line Bureau of the Budget, which had long been languishing in the Treasury Department. The Bureau soon grew into a highly professionalized elite corps of budgetary planners and coordinators involved in almost every aspect of federal activity. In contrast, the NRPB stayed in the background, concentrating on long-range studies of natural resources, housing, transportation, urban life, nutrition, public works, and economic trends. After the war had started in Europe, Roosevelt instructed the NRPB to stay out of the defense-war effort, and to begin what was then called "post-defense planning."

With its new mission the NRPB began to propose post-war plans that went far beyond the pre-war New Deal. In *After the War—Full Employment*, Alvin Hansen projected into the future the liberal Keynesian principles of debt-financed spending for full employment: large-scale public works and social welfare programs, progressive taxation and, above all, a redistribution of income to build up mass purchasing power. These were the same ideas that liberals had advocated before the war, that had been stymied by powerful conservative opposition. Hansen's report aroused fierce and emotional criticism, especially in the business world. Another report, *After the War—Social Security*, proposed far-reaching, "cradle-to-grave" programs.

Having issued many reports on post-war planning, the NRPB's final touch was a report setting forth all the details of domestic and foreign policy needed to back up "a Second Bill of Rights," adding economic freedoms to the civic-political rights set forth in the first 10 amendments to the Constitution. To publicize its views more widely, the Board included a broadside declaration that "the translation of freedom into modern terms applicable to the people of the United States" includes the following rights:

The Planning Board's Declaration of Rights

1. **The Right to Work**, usefully and creatively through the productive years;
2. **The Right to Fair Pay**, adequate to command the necessities and amenities of life;
3. **The Right to Adequate Food, Clothing, Shelter, and Medical Care**;
4. **The Right to Security**, with freedom from fear of old age, want, dependency, sickness, unemployment, and accidents;
5. **The Right to Live in a System of Free Enterprise**, free from compulsory labor, irresponsible private power, arbitrary public authority, and unregulated private monopolies;
6. **The Right to Come and Go, to Speak or Be Silent**, free from the spyings of secret political police;
7. **The Right to Equality Before the Law**, with equal access to justice in fact;
8. **The Right to Education** for work, for citizenship, and for personal growth and happiness; and
9. **The Right to Rest, Recreation and Adventure**, including the opportunity to enjoy life and take part in an advancing civilization.

The NRPB projected the exercise of these rights in a world

governed by laws of international relations prohibiting violence and imperialism, old or new-fashioned, and encouraging and enlarging the fullest development of resources and rights everywhere in the world. Far from revolutionary, the declaration's broad concepts encompassed human rights in general without rigidly separating the economic from the civil-political. By updating the American anti-trust tradition, it transcended Keynesian economics. By putting flesh on the bones of "freedom from want and fear," it was one of the great social inventions of the FDR period. Even with gradual implementation, it could have gone far to curtail "irresponsible private power" in both domestic and foreign affairs.

The NRPB's declaration raised to a boiling point the antagonism toward the planning agency of the political and economic elite groups. They had other visions for the future: a "free world" empire not subject to international law, and a labor movement to be disciplined by job shortages which would replace the full employment of wartime. The elite groups also knew full well that public protection of the economic and political rights of "ordinary people" would lead to governmental limits on the rights of large-scale property owners, and might even continue a few of the wartime limits on managerial prerogatives. In this spirit, their loyal representatives in Congress killed the NRPB by denying it any appropriation, and forbidding the President from transferring its functions to any other agency. They then set up Special Senate and House Committees on Post-War Economic Policy and Planning under conservative Southern Democratic leadership.

Roosevelt's Second Bill of Rights

In January 1944, after returning from Teheran, Roosevelt opened his campaign for a fourth term with an historic State of the Union Message (January 11, 1944). He offered detailed legislative proposals to help win a war that was still being fought. He attacked "the pests who have come to look upon the war primarily as a chance to make profits for themselves at the expense of their neighbors." Looking ahead to the victory that seemed inevitable, he criticized "the unseeing moles who spread the suspicion that if other nations are encouraged to raise their living standards, our own American standard of living must of necessity be depressed." Looking to future domestic policies, he asserted that "true freedom cannot exist without economic security and independence. Necessitous men are not free men. People who are hungry and out of a job are the stuff of which dictatorships are made."

The high point of FDR's message was a resurrection of the NRPB's bill of rights. For reasons still wrapped in mystery, however, he omitted the civil-political and put forward the economic rights only. Faintly echoing the Declaration of Independence, he prefaced his economic bill of rights with this remark: "In our days these economic truths have become self-evident. We have accepted so to speak a second Bill of Rights under which a new basis of security and prosperity can be established for all—regardless of station, rank or creed." Among these rights, he said, are:

1. **The Right to A Useful and Remunerative Job**, in the industries or shops or farms or mines of the Nation;
2. **The Right to Earn** enough to provide adequate food and clothing and recreation;
3. **The Right of Every Farmer** to raise and sell his products at a return which will give him and his family a decent living;
4. **The Right of Every Businessman**, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad;
5. **The Right of Every Family** to a decent home;
6. **The Right to Adequate Medical Care** and the opportunity to achieve and enjoy good health;
7. **The Right to Adequate Protection** from the economic fears of old age, sickness, accident and unemployment; and
8. **The Right to A Good Education.**

"All these rights," Roosevelt proclaimed, "spell security" He challenged the conservative belief that security for all would require the sacrifice of freedom. And then he added: "Unless there is security here at home there cannot be lasting peace in the world." He quoted one of the great American industrialists of that time on the grave dangers of "rightist reaction" in this nation. And he further asserted that failure to prevent rightist reaction would mean yielding to "the spirit of fascism here at home."

For most members of Congress, however, these rights were far from "self-evident." In any case, during the first months of 1944, Congress concentrated on bills dealing primarily with transitional problems of demobilization. As staff director of the Senate Military Affairs Subcommittee on War Contracts, I fitted many of these measures, particularly the Contract Settlement Act and the Surplus Property Act. Representing Senators James Murray of Montana and Harry Truman of Missouri, the two Democrats on the Subcommittee, I discussed reconversion and post-war planning with officials in the White House and the War, State, Treasury, and Labor departments. I also worked with the Senate Committee on Post-War Policy and Planning, which passed legislation in October 1944, establishing the Office of War Mobilization and Reconversion. This added the reconversion issues to the Office, but nothing in the Act went beyond short term transition problems, and so Congress left the goal of post-war full employment hanging in the air.

The Post-War Planning Fog

The uncertainties of reconversion to a peace-time economy led many other individuals and groups to express a lively interest in economic planning. When officials of the Pabst Brewing Company announced prizes for the best essays on post-war employment, they were surprised and delighted to receive nearly 36,000 entries. Those at Columbia who read 5,200 of the best of these essays identified 19 main subject areas, which included nearly 200 specific proposals. Most of the proposals dealt with policy rather than structure and process.

Herbert Stein won the contest's first prize by articulating a broad fiscal policy of deficits to expand demand during recessions, and surpluses to depress demand and prevent inflation

during prosperity. Leon Keyserling won the second prize with a broad gauged philosophical essay dealing more with governmental structures than with specific policy. His "plan for planning" was to have a permanent American Economic Committee modeled after Roosevelt's Temporary National Economic Committee (the TNEC), but also including representatives of business, agriculture and labor. The Committee would formulate and popularize "an economic goal representing optimum production and full employment, and optimum standards of living for all." It would recommend to Congress economic policies and specific programs to meet the economic goal. It would even appraise the organizational ability of both the executive branch and Congress to meet the economic goal with greater efficiency.

Labor's proposals dealt with unemployment compensation, social security, minimum wages, and other New Deal programs that had been interrupted by the war. The steel workers had a panacea that attracted considerable attention: a guaranteed annual wage. Many labor leaders favored continuing or expanding the labor-management committees that had been set up to expedite war production. Keynesians attuned to labor union philosophy urged concentration on maintaining consumer purchasing power.

Many intellectuals, on the other hand, urged "above the conflict" research agencies, or "intelligence bureaus" (in Walter Lippmann's phrase), or Advisory Economic Councils (as proposed by Lewis L. Lorwin of the Brookings Institution). Others argued that the constitutional separation between the president and Congress prevented any coordinated planning. Their solution was to go part or all of the way toward a British-style parliamentary system.

"True individual freedom cannot exist without economic security and independence. Necessitous men are not free men. People who are hungry and out of a job are the stuff of which dictatorships are made."

—Franklin D. Roosevelt, 1944

Strangely, neither the economists nor the political scientists dealt with economic rights. One reason is that the language of human rights did not relate to the conceptual basis of either neo-classical or Keynesian thought. Another is that both economists and political scientists had reason to feel that if they stuck by President Roosevelt's economic rights too strongly, they might be hit by the same bolt of lightning that had struck the "subversive" National Resources Planning Board.

By mid-1944, after allied forces had invaded Germany and the November election was drawing closer, the Democratic Party's election platform transcended the confusing detail of the Pabst

proposals by going back to Roosevelt's State of the Union message. The platform committee picked up the first item in FDR's Bill of Rights, and promised to "*guarantee* full employment" after the war. The Republicans reacted by promising, in their platform, "to promote the fullest stable employment through private enterprise." Governor Thomas Dewey, in accepting the Republican nomination, went further: "We Republicans are agreed," he said, "that full employment shall be a first objective of national policy. And by full employment I mean a real chance for every man and woman to earn a decent living." Roosevelt then one-upped Dewey with a final campaign salvo just before the election, in which he promised 60 million productive jobs. "If anyone feels that my faith in our ability to provide 60 million jobs is fantastic," he said, "let him remember that some people said the same thing about my demand in 1940 for 50,000 planes."

This exciting rhetoric held forth the prospect of full employment planning for peace. But to many realistic observers, it sounded hollow. Not because it was political. That was good; that helped win the election for Roosevelt and Truman. Not because of any inkling that Roosevelt would have little to do about it; FDR's immortality was then still taken for granted. It was because realists knew that the bi-partisan conservative coalition

which had halted the New Deal before the war might be strong enough to stop jobs-for-all planning after the war. Thus far-sighted and inspiring statements of philosophy, even those of a war-time President, would have little meaning without an act of Congress that would bring some order into an emerging post-war muddle.

There was another difficulty: namely, the large array of actions needed to provide enough job opportunities for people able and willing to work. Some people emphasized taxation or social security. Others stressed foreign trade and investment. Still others were enthusiastic about wages and working conditions, or agriculture, or resource development, or public works. If we emphasized any single approach, we would have to overlook others. How could we get away from single issue panaceas, and bring them all together, and then be able to change them from year to year?

One Pabst proposal even argued that after victory, demobilization of the 12 million Americans in the armed forces should be help up until jobs were available for them. I was able to veto this gloomy prospect by getting a section into the O.W.M.R. Act which required the authorities to "get the boys home quickly."

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