

## ***Nothing to Fear: FDR's Inner Circle and the Hundred Days that Created Modern America***

by Adam Cohen

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Reviewed by Roger W. Garrison  
Auburn University

History buffs who focus on the world between the wars will find plenty to ponder in Adam Cohen's *Nothing to Fear*. Openly critical books—from *The Roosevelt Myth*



(1948) by John T. Flynn to *FDR's Folly* (2003) by Jim Powell—have laid bare the politics and economics of Roosevelt's New Deal, showing us how *not* to deal

with a depressed economy. The minimum wage, rent control, administered prices, trade barriers, and the cartelization of industry all made matters worse. The tax on undistributed profits dimmed entrepreneurial spirits, while the crop-destruction program added insult *and* injury. Make-work projects further prolonged the hard times by forestalling meaningful market adjustments. The horror stories of the depression era deepen our appreciation for the classical liberal tradition.

Franklin D. Roosevelt is front and center on the dust jacket of Cohen's book but is conspicuously in the background throughout most of the book's nine chapters. The spotlight is on the key operatives during the first hundred days—Raymond Moley, Lewis Douglas, Henry Wallace, Frances Perkins, and Harry

Hopkins. These are the people who had Roosevelt's ear. And as Cohen suggests, what Roosevelt knew was whatever he'd heard most recently. The hard left turn that America took during those days didn't come from any top-down planning of the Roosevelt administration but rather from a decisive triumph of the socialist-minded Secretary of Labor (Frances Perkins) and others over the ultra-conservative Budget Director (Lewis Douglas). The spectrum of ideologies was broad, but there was a substantial leftward bias, with or without Perkins in the mix.

Douglas's defense of fiscal responsibility was no match at all for the pre-Keynesian Keynesianism touted by Perkins. And in matters of economic theory, Roosevelt himself was completely out of play. Perkins was accustomed to addressing issues on a theoretical level, or so Cohen reports, while her boss, in Perkins' own assessment, was "illiterate in the field of economics."

So, where did Perkins get her own economic literacy? Not from Keynes, although his ideas were already in the air—and in some letters that he sent directly to the president. Perkins' belief that spending is the key to prosperity came from her studies (in her mid 20s) at the University of Pennsylvania under Simon Nelson Patten, who Cohen describes as a "renowned economist." Though Cohen doesn't dig further into the Patten-Perkins connection, we can note that S. N. Patten (1852-1922) had studied abroad, where he was fully immersed in the ideas of the German Historical School. Hence, the views he imparted to Perkins could hardly be described as "theoretical." And in espousing policy, Patten—like Thorstein Veblen and later American Institutionalists—was guided by a Keynesian-esque vision in which a spiral-

prone economy can be controlled by government spending. Cohen quotes Perkins from a *Chicago Tribune* interview conducted just before she became Secretary of Labor: "The depression is feeding on itself...." And "[w]e must have mass consumption or we will never get a market for mass production." From day one, Perkins was the driving force for a large-scale public works program, which was to provide the income to get the mass consumption and mass production going.

As a coincidence of timing, Cohen's book provides eerie insights into the first hundred days of the Obama administration. The many parallels are impossible to miss. For instance, then, as now, the political rhetoric entailed a commitment to budget cutting to hold down the cost of government and at the same time the promise of massive spending to stimulate the economy. This schizo-fiscal posturing reminds us of the episode involving the Bush-initiated project to produce a fleet of 28 "Marine One" presidential helicopters (the HV-71). By the time Bush left office, the cost overruns had increased the projected cost-per-copter to about \$500 million. The Obama administration scrapped the wasteful helicopter project while, at the same time, appropriating funds for a Harry Reid-supported high-speed rail service between Las Vegas and Los Angeles. (We wonder why the HV-71 project wasn't kept on track—with plans to press the copters into service shuttling Reid's constituency between Vegas and LA.) The news that Senator Reid (D-NV) has now given up on his dream train doesn't diminish the parallels in terms of political plums and fiscal irresponsibility.

For another instance, the procedures for sizing the stimulus packages then and now are enough, by themselves, to kill all confidence in the government's spending

policies. How did the Obama administration decide on a \$787 billion stimulus package (signed into law less than a month into the first hundred days)? Even the Obama-friendly media recognized that numbers were just made up and added together—and without anyone actually reading the final bill. In 1933, a key determinant of the actual amount stipulated in the Industrial Relief Bill involved a failure to hear rather than a refusal to read—at least, according to Harold Ickes' account as reported by Cohen. Just before submitting his bill, Senator Robert Wagner (D-NY) shouted to his secretary in an adjacent office, "Does the \$3.0 billion for public works include the \$300 million for New York?" The secretary shouted back, "I put it in," but Wagner heard only "Put it in." So, he made the adjustment and submitted a \$3.3 billion spending bill.

But after all of this and much more, Cohen ends his book on a warm and positive note. He offers a summary statement of Roosevelt's accomplishments, focusing on National Industrial Recovery Act, the capstone legislation of the first hundred days: "Although much of [the NIRA] failed, it still changed America. The workers' rights and public works provisions not only improved the lives of millions of destitute Americans—they marked the triumph of one faction of the administration, led by Perkins, Wallace, and Hopkins, and the defeat for another, led by Douglas. Taken together, these provisions stood for something fundamental: a recognition of the federal government's responsibility to look after its citizens." Alas, still another parallel—this time in the rosy perceptions and favorable ratings of Roosevelt and Obama despite the arbitrariness, incoherence, and perversities of their policies.