Dissing the New Deal

Edited by JAY PALMER

FDR slam. Hunting in style.

Reviewed by Glenn C. Altschuler

WAS THE NEW DEAL A BUST? Burton Folsom certainly thinks so. A professor of history at Hillsdale College in Michigan and senior historian at the Foundation for Economic Education, he claims Franklin D. Roosevelt’s programs didn’t help end the Great Depression. Worse, he insists income redistribution and regulation by the federal government -- the legacies of the New Deal -- are an albatross for the economy.

It’s an intriguing theory, especially coming as Barack Obama prepares his New New Deal.

But Folsom is unconvincing; he is an invisible-hand ideologue, not an economist. He relies heavily on the fact -- acknowledged even by fervent fans of Franklin Roosevelt -- that the economy of the United States did not recover until the 1940s. He does not do much, however, to demonstrate that New Deal Keynesians misdiagnosed the principal cause of the Depression as overproduction and underconsumption.

Folsom cannot contain his hatred of FDR. Roosevelt, he fumes, was a lousy businessman, gave small tips to Pullman porters and “never felt bound by the truth,” reneging on his promise to balance the budget and using the Internal Revenue Service to punish his enemies. The president, Folsom writes without a shred of evidence, could have pushed an anti-lynching bill through Congress. Intent instead on packing the Supreme Court, he sacrificed “the most noble liberal idea of the 20th century.”

Franklin Roosevelt was no saint. His New Deal was flawed, and the National Recovery Administration did err in fixing output, prices and wages. But the New Deal wasn't a "raw deal," for the rich or the poor. In 2008, social-welfare capitalism, with its mixed system of market incentives, regulations and safety nets, seems the least-worst alternative.

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Southern Comfort

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