

Roosevelt, the Great Depression, and the Economics of Recovery. *By Elliot A. Rosen.* Charlottesville: University of Virginia Press, 2005. x + 308 pp. Tables, notes, index. Cloth, \$39.50. ISBN: 0-813-92368-9.

Reviewed by Jason Scott Smith

In July 1932, Franklin D. Roosevelt broke with tradition and flew to Chicago to address the Democratic Convention in person. Accepting his party's nomination for the presidency, FDR declared to the assembled delegates, "We must lay hold of the fact that economic laws are not made by nature. They are made by human beings." In this meticulous study of how Roosevelt and his advisers responded to the Great Depression, Elliot Rosen confirms that while human beings make economic laws, they also bear responsibility for making economic policies. Rosen's New Dealers made many mistakes in the face of the twentieth century's worst economic crisis, groping toward solutions and often finding themselves overwhelmed by the scale of the problems they faced.

Drawing on many years of research in a great variety of archival collections, Rosen has produced a book that makes two contributions. First, it provides a finely grained portrait of the political and intellectual considerations that shaped the economic policies of the New Deal. Second, it links this research base to a larger argument about the relationship of the New Deal to the performance of the American economy during the 1930s. This is a book that endeavors to cover a great deal of ground, resulting in the trade-offs that often inhere in such an ambitious project.

In his treatment of economic policymaking, Rosen takes the reader through a thicket of dense material. The first five of the book's thirteen chapters focus on the years 1931 through 1935. After reviewing how Herbert Hoover's administration viewed the Great Depression in the context of the global economy, Rosen turns to the plans of Roosevelt and his advisers. He recounts FDR's rejection of the currency stabilization agreement negotiated at the London Economic Conference of 1933 and his subsequent decision to abandon the gold standard and devalue the dollar in order to attempt to raise prices within the United States. While advisers such as James Warburg, James Harvey Rogers, and George Warren put their cases for various policy options to the president,

FDR comes across in this account as being very much his own person. As Rosen puts it, “In the end Roosevelt followed his own muse. No adviser or cluster of advisers dominated the final decision to devalue the dollar” (p. 42).

After taking these steps, FDR, through the New Deal, then committed to distributing federal investment in infrastructure across different regions of the nation. While this spending fell short of the levels necessary to bring about economic recovery, Rosen praises it because it “provided for interregional transfers calibrated to achieve not simply better distribution of purchasing power” but also a long-run boost for “economic diversification in the nation’s commodity-producing areas” (p. 92). In contrast, Rosen argues that other policy approaches, such as the industrial codes of the National Recovery Administration, failed in part because of tepid backing from business leaders and organizations such as the U.S. Chamber of Commerce. Rosen’s treatment of farming, in a chapter titled “Trade Reciprocity, or the Land Used as Concealed Dole,” frames agricultural policy as a debate among New Dealers, who argued for shifting small farmers off unproductive land and insulating them from market forces; advocates of international trade, such as Newton Baker and William Wesley Waymack, who desired reciprocal trade agreements with other nations; and economic nationalists like George Peek, who favored “autarky and a corporatist economy” (p. 150).

In his final five chapters, Rosen continues to cover a wide range of subjects. His narrative includes treatments of the New Deal’s public works, relief spending, and social security programs; consideration of the roles played by FDR advisers Laughlin Currie and Gardiner Means as advocates for Keynesian spending after the 1937–38 “Roosevelt Recession”; an explanation of the rise and fall of the National Resources Planning Board; and a brief account of how New Deal ideas about the economy culminated in debates over the Employment Act of 1946. While specialists will be able to follow most of the twists and turns taken in these and preceding chapters, readers unfamiliar with this period may find it difficult to keep track of all the personalities and complicated policy debates that Rosen chronicles.

In his concluding chapter, Rosen steps back to make broader claims about the relationship of the New Deal to the performance of the American economy. Here he confirms the long-standing findings of many economic historians who have generally

underscored the limited economic impact made by New Deal policy measures in fighting the Great Depression. Business historians unfamiliar with recent contributions to this field will find Rosen's notes a useful introduction to the literature. Recent work by Alexander Field on the role of total factor productivity in the 1930s economy (see especially Field's "The Most Technologically Progressive Decade of the Century," *American Economic Review* [2003]), the essays presented at an important National Bureau of Economic Research conference (collected by Michael Bordo, Claudia Goldin, and Eugene White in *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century* [1998]), as well as chapters from volume three of Stanley Engerman and Robert Gallman's *The Cambridge Economic History of the United States* (2000), will help orient readers who want to locate Rosen's impressively detailed study in this wider intellectual terrain.

Jason Scott Smith, assistant professor of history at the University of New Mexico, recently finished an appointment as a Mellon postdoctoral fellow at Cornell University. He is the author of Building New Deal Liberalism: The Political Economy of Public Works, 1933–1956 (2006).