

Presidential campaigns always begin earlier than you want them to. On April 9, 1935, Franklin Delano Roosevelt came home from a fishing trip in the South Atlantic braced for battle: his Treasury Secretary told a reporter that Roosevelt was tan and that he had a “firm set to his features.” The day before he had signed into law a program to help improve living conditions on Indian reservations and build Civilian Conservation Corps camps.

But Roosevelt was ALSO thinking bigger. “Parley at the White House,” read the headline that would describe the meeting that he had called. He, the Ways and Means chairman, the speaker of the house and Steve Early, his press spokesman, were figuring out how to get past opponents and make a new senior citizen pension plan law. The country thought it had seen politicians act, Roosevelt commented, but this was only the beginning. The president had much wider projects which he was said to be “very anxious” about passing. The press said that there were a number of bills that Roosevelt was about to “blast out of committee” and into law.

Thus began the most significant presidential campaign of the past hundred years. This campaign would not merely collect the support of a record number of electoral votes. It would also tip the balance of American federalism. At the beginning of campaign 1936, states were more important than Washington. At the end, Washington was more important. This was the campaign that shaped all American politics henceforward – and did so by promising Americans a special thing: that Washington was there to serve interest groups and pay them. The campaign was such a groundbreaker that it even changed the American language. It altered one of our most important words. Before 1936, the terms liberal meant one thing. After 1936, liberal meant another. The new politics that Roosevelt created seemed to be warranted at the time. But seven decades ago they locked into place the entitlement trap that confines candidates from Mitt Romney to John McCain to Barack Obama and Hillary Clinton in 2007 or 2008. If we are frustrated at politics now, it is because of 1936. Which is why I am so grateful to Chris Demuth of the American Enterprise Institute and Brian Lamb and colleagues at C-Span, to be able to talk with you about it here tonight.

This story starts not in the first week of April 1935 but almost precisely three years before, on April 7, 1932, one of the lowest lows of the Depression. At that time Herbert Hoover was still president, and he was leading a number of spending initiatives aimed at invigorating the economy. Though federal outlays were at a high for peacetime, they were still only five percent of Gross Domestic Product. States and local governments were ten percent. And it was to state and local governments that many looked for a means to recovery. As many of you who live in Washington know from the history of the district that Washington in those days was scared of big business. The financial capital of New York threatened Washington. It had not been so many

decades before, in 1910, that frightened legislators in Washington had passed a zoning rule that barred the downtown area of the District of Columbia from building structures taller than those on Capitol Hill. There was no big redistribution, and no common presumption of a class society. American workers did not view themselves so much as a class in these years; they viewed themselves as moving up and down the economic ladder. Even our greatest union, the American Federation of Labor, was more of a craft and trade union than a class union.

Into this context stepped Roosevelt, the candidate. One of Roosevelt's first big national speeches was on the National Broadcasting Company on the Lucky Strike Hour at 10pm. The governor talked about how bringing down tariffs could help the economy, and about how little banks needed help in lending to homes and farms. He was also concerned about farm and house foreclosures.

But Roosevelt also spoke of the plight of the average American, two in ten of whom were unemployed, the former soldiers, the economic infantry of the nation. These men, Roosevelt said, deserved more attention. They were the "the forgotten man" at the bottom of the economic pyramid.

"The forgotten man" phrase was the idea of a second speechwriter, Ray Moley, a reformer at Columbia whose specialty was criminal law. Moley, like so many of those around Roosevelt, was incandescent with excitement at the whole process: he was writing a speech for the presidential candidate from the state with the most electoral votes of all, 47. Moley wrote to his sister Nell about how he had come up with those two words for Roosevelt. Roosevelt, Moley said, "was trying to reach the underdog. And I scraped from my memory an old phrase "The Forgotten Man" which has haunted me for years."

But it wasn't just an old phrase. It was the title of another speech, given many times in the 1880s, years when Moley was a child, and called "The Forgotten Man." The author of that speech had been a critic of FDR's cousin Theodore, a Yale professor William Graham Sumner. Sumner had studied abroad in Goettingen and had watched as Bismarck built up a social welfare state in Germany. What he had seen had horrified him and he feared it might be replicated in America – even the America of the intimidated Congressmen who had tried to zone away growth. Sumner deplored the consequences of the progressive impulse. He wanted to sustain what people at that time called liberalism: A creed that stood for the anonymous individual, his freedom, his obligations, and his rights. Sumner had constructed an elegant algebra to describe his forgotten man.

“As soon as A observes something which seems to him to be wrong, from which X is suffering, A talks it over with B, and A and B then propose to get a law passed to remedy the evil and help X. Their law always proposes to determine what C shall do for X, or in the better case what A, B, and C shall do for X...what I want you to do is look up C. I want to show you what manner of man he is. I call him the Forgotten Man. Perhaps the appellation is not strictly correct. He is the man who is never thought of...He works, he votes, and he always pays.”

In other less poetic words, Sumner was talking about the romance of the interest group. A and B fall in love with their own charity, their brotherly love for the X's. But they are sacrificing the individual to that group, the group of X's.

There were people, even within Roosevelt's own party, who were troubled that Roosevelt even touched the Forgotten man phrase. These people suspected what Sumner suspected – that in the end C and X would find themselves opposed. That the country would then be divided into interest groups, or classes, like Europe. One of the troubled was Alfred Emanuel Smith, Roosevelt's predecessor as governor. Smith himself had as a child been so poor he had not even attended high school. But as a Democrat, and a believer in opportunity, he found Roosevelt's stance offensive. At the Jefferson Day dinner in Washington shortly after Roosevelt's Forgotten man talk, Smith said: "I will take off my coat and vest and fight to the end against any candidate who persists in any demagogic appeal to the masses."

So the phrase was out there from spring 1932. But it is not clear Roosevelt thought about where it all would lead, or what he even meant at that moment by his forgotten man, beyond that that man was poor or felt poor. Roosevelt could not be said to be against C, because he had not yet really thought about who C or X was. Certainly Roosevelt was not yet a consistent supporter of large-scale redistribution. Accepting the party nomination in July, Roosevelt would even make the case that the problem with America was that taxes were too high: "I know something of taxes. For three long years I have been going up and down this country preaching that Government, federal state and local, cost too much."

Like any candidate Roosevelt wanted to please the voters, and he had a gift for that: The offer of support for the repeal of Prohibition. But when it came to policy, he was taking great care not to box himself in: Once he described his general philosophy: "I am a Christian and a Democrat, that's all."

And shortly after his victory, in gratitude, FDR gave a universal definition to his forgotten man in his Thanksgiving Day proclamation as governor of New York. He read from the

Episcopalians' Book of Common Prayer: "remember this day in pity such as are this day destitute, homeless or forgotten of their fellow men."

As a new president, again, still Roosevelt did not yet make clear what he meant by the Forgotten man. Many of his programs were very general. The bank rescues; deposit insurance. The National Recovery Administration, A national business regulator. A program to raise the price of gold by buying gold, and efforts to reduce tariffs. All these projects aimed at helping the economy generally,

but a second sort of program that Roosevelt developed did target groups. His Civilian Conservation Corps for example provided jobs in the woods for homeless youth. Farm prices were low and Roosevelt embraced the farm subsidy concept in order to restrict supply. The new deal paid farmers not to farm, or even to kill off animals. In order to raise the price of pork, farmers received cash and were told to kill off six million young pigs early – this was the original pork and the original earmarks. The Tennessee Valley Authority benefited the region around that river basin. It did not necessarily make sense economically, but Roosevelt did not mind that. This was a region he knew. The TVA project was quirky, he knew, a mixture, but "whatever it is it will taste awfully good to the people of the Tennessee Valley." Yet another program, from which the TVA drew funding, was the Public Works Administration. The PWA funded buildings, bridges, and other structures in towns.

It is the PWA that will get our special attention, for of all the group projects the PWA had the greatest power to change American attitudes. Harold Ickes, secretary of the interior, and PWA administrator, had come out of Illinois and was a reforming lawyer: he had attacked the private utility grant in Chicago as corrupt. Ickes now created PWA regional offices, which went to towns and offered them a combination of grants and loans to build local structures. If a town needed a school, or a dam, or power plant, the PWA would supply money for that project. But the town got to pick the architect and the workers. Town and county authorities quickly noticed that Washington's gift spared the town itself the cost of building the necessary building. The town could then use its money elsewhere. The towns felt empowered.

On the other end, the PWA regional offices then sent bids for structures back to a national office, where Ickes reviewed them. Then, every week, with a manila envelope, Ickes went to the White House and Roosevelt looked them over personally, just as he looked, say, over his stamp collection in the evenings. This gave Ickes something rarely accorded a cabinet member: a guaranteed weekly audience with the President.

The most important part of this was the scale of the spending. The PWA spent \$3 billion in its first few years, or half the size of the federal budget in a given year. Even Ickes was stunned. "It helped me to estimate its size by figuring that if we had it all in currency and should load it into trucks we could set out with it from Washington D.C. for the Pacific Coast, shovel off one million dollars at every milepost" and at the end "still have enough left to build a fleet of battle ships." And, as Ickes's biographer has noted, somewhere on the TVA structure there were the words, "Harold L. Ickes, Secretary of the Interior."

It is hard now to imagine the headiness of the Washington experience. For people like Ickes, coming to the Capitol meant the possibility to reshape the country. People called Ickes a pharaoh, and in fact, this arrangement enabled him to like a pharaoh – simultaneously grandiose and petty. The greatest instance of his pettiness involved rewriting all past history, even the progressive efforts of preceding presidents, for example, the Hoover dam, already under construction. The dam was named after Hoover because Hoover, when he was still commerce secretary, had brokered the complex arrangements among seven states that allowed its creation. What's more, dams were named after other presidents. Even Coolidge had dams named after him. But Ickes insisted on changing the name to Boulder Dam. And then added insult to injury by refusing to acknowledge what he had done. "Boulder Dam is a fine, rugged and individual name," he told someone. And in his diary, Ickes complained that "a number of insulting letters, some of them anonymous have been attacking me for changing the name of Hoover Dam to Boulder Dam. I have always called this the Boulder Dam myself, as do many people and I have continued that usage since I came to Washington. I consider it very unfair to call it Hoover Dam."

But the principal fact about Ickes was that he was ferociously organized and ferociously committed to the PWA project. There were 3073 counties in the United States, and all but 33 of them was getting its own individual PWA project. And he, like Roosevelt was trying to sort out what Roosevelt meant by the Forgotten Man – and new that that answer was important.

The reason this PWA minutiae is worth recalling is because of who it cut out. You hear the word county in the transaction, and you hear the word region, and you hear about Roosevelt and Ickes, one of whose early acts was to move into a larger new Department of the Interior. But you do not hear about the states.

Some people complained about the architecture of these projects; the critic Frederick A. Gutheim wrote an article at the end of the 1930s and commented that the entire PWA had produced "not one architectural masterpiece."

But that in a way was the point. Roosevelt knew that masterpieces were not what was needed. On the contrary, a masterpiece from Washington might stand out too much in Indiana. This was a task of ingratiation. The goal was to make the towns feel the buildings were theirs, to get people used to Washington's hand being involved in projects that formerly had been entirely local. (PICTURE 1) This one, in Kansas sort of gives you a feel of how well situated the projects were in their community. People liked the buildings. You could almost put it biblically: Americans looked upon the PWA building and saw that it was good.

But even as all this was unfolding, in the fall of 1933, throughout 1934, and in 1935, the New Dealers were realizing something else. The buildings might be going up, but the economy was still in rubble. The National Recovery Administration, for example, did not seem to be working at all. An analysis by the Brookings Institution found that the NRA "on the whole retarded recovery." Unemployment was still two in ten. The Dow still hung around in the low hundreds, nowhere near even the 250 it had been at in 1930, well into the downturn.

It was at this point, in that April of 1935, that Roosevelt made the wager with himself that is our subject tonight. He would forget all about the economy. The economy wasn't interesting. Instead, he would worry about politics and connecting with groups. He would instinctually spend on projects that made sense to him: electoral sense, legislative sense, sense in terms of environmental conservation, or even, personal sense. If the politics that he pursued helped the economy, then so much the better. But that came second.

Once you know this you can look at the following eighteen months of the election period and see that it was a series of successive attempts to give to various groups of X's. Through the continuing construction of the PWA building or bridges Roosevelt created a very personal backdrop to his campaign. Swimming had made infantile paralysis tolerable to Roosevelt; he gave America swimming pools. (PICTURE 2) Here's the pavilion that went with the swimming pool in La Grange, Georgia, just about an hour from his own place, Warm Springs. 5500 more buildings began to go up, almost inexorably, as Roosevelt's campaign went on.

Ickes was being attacked on all sides for the pickiness with which he reviewed these projects. But Ickes soon learned that Roosevelt did not mind "This slowness did not displease him," Ickes wrote of Roosevelt. "On the contrary, he said to me 'I do not want you to move any faster.'" The extra months that the process took were extra months of activity that held the eye, evidence that Roosevelt was doing something.

With the backdrop in place, Roosevelt took a first election step, and created Resettlement Administration by executive order on April 30. The Forgotten man here was those Americans who had lost their homes or migrated. The next month in May, with the help of Congress, it was on from the migrants to the unemployed, as Roosevelt created another alphabet agency, all by itself as big as the entire federal budget just a few years ago: the Works Progress Administration. Senator Arthur Vandenberg of Michigan was so aghast at the scale of the spending that he spoke on it for double the length of his speech, decrying the “four or five billion worth of lost liberty,” and noting that, to date, the WPA was “probably the largest single appropriation ever made in the history of the world.” The WPA would have important cultural arms: the Federal Theater Project, the Federal Writers Project, the Historical Records Survey.

People in this room will be familiar with these humble, high quality WPA guide books to cities, states and regions. The guides were another way of making the new federal expansion seem less threatening. Just like the architecture of the PWA, these guidebooks said: we will respect local history and local custom. We will honor your folklore.

Next Roosevelt moved to legislate, starting in June – around the time of the completion of this second PWA public school in Kansas. Remember that Kansas was the state whose governor, Alfred Landon, was already looking like a presidential prospect. (PICTURE 3) Roosevelt pushed Congress. In a time where neither air conditioning nor angiograms was common, Roosevelt made middle-aged overweight tobacco smokers work deep into a hot summer passing his laws for his next groups. One was organized labor. Robert Wagner represented New York, Roosevelt’s state, the state with the electoral votes. On July 5, Roosevelt signed the Wagner Act which gave unions not only the right to organize collectively but also an opportunity to make the case for the closed shop.

IN August, it was senior citizens who were up. On the 14th, FDR signed the Social Security Act, which guaranteed pensions for retirees. It also created the national role in unemployment insurance, as well as providing financial assistance to dependent children and the blind. In other words here were three additional forgotten groups to be served. And people knew that more PWA buildings would shortly be completed.

At the very end of August came signature of another bill – one that was not for someone, but rather against someone, just as Al Smith had predicted. It was the Public Utilities Holding Company Act. The new law banned many holding companies, thereby undermining the firms that would have competed with Roosevelt’s Tennessee Valley Authority to electrify the South. Roosevelt was indeed finding that to justify his projects he had to argue that he was defending

them against someone – an enemy. Last of all, before Labor Day weekend, Roosevelt sought cash to pay for these new projects, by passing a new tax increase that raised rates on estates and higher income earners.

And on it went. September yielded more PWA buildings. (PICTURE 4) This was in Knoebel, Maryland, a visible earmark for the Administration, nearby. That month also brought some of the responses to Roosevelt's first series of gifts. Heretofore John L Lewis had been a mere subordinate to William Green of the American Federation of Labor. Now Lewis knew he could have a true class union, one of the workers versus the employer. Shortly Lewis would be in Atlantic City, at the convention of the American Federation of Labor, meeting up on the boardwalk with a union acquaintance. The acquaintance asked him whether he had been thinking of his old dream of a new kind of industrial unionism. "I have been thinking of nothing else for a year" Lewis replied, grabbing the friend's forearm.

Roosevelt knew that helping the defined group was only part of the job. You also had to show the rest of the country what you were doing for that group. And you needed a friendly media to do that. That autumn, the Works Progress Administration began to demonstrate that it could provide support, propaganda even, for the New Deal. In October, the WPA announced it was readying a play in New York about agriculture, called, "Triple A Plowed Under." But it was also producing "Power" a Marxist play. Power caricatured utilities executives as old men who exploited the American household. Artists in America had far less work than usual. It is hard to overestimate how welcome the new federal subsidy for their work must have seemed at this point. Newsmen, photographers, sculptors all went on the payroll.

They worked furiously, as though they never could spend enough. Illinois WPA staff had worked hard but had managed to employ only 15,000 on the WPA rolls by the end of October. Speaking from Washington WPA, Harry Hopkins gave his administrators in the state 25 days to employ 170,000 others. Hopkins likewise swore he had funds for California and promised to employ 160,000 family heads, asking Sacramento to carry ten thousand of those men. Across the country, academics, who are also important communicators, got their share. (PICTURE 5) October brought not only Bayless High School in St. Louis County Missouri but also beginning construction of Brooklyn College at Avenue H in Brooklyn; the PWA state director presided as Mayor Fiorello LaGuardia broke ground.

But there were also other parts of government tasked with selling these New Deal gifts. One was the Resettlement Administration. The head was Rexford Tugwell, a former professor at Columbia, a colleague and friend of Moley's. Tugwell worked hard on resettlement; one of his

political aims was to sustain American agriculture and to prove it was worth sustaining. He also devoted resources to documenting RA work. Tugwell hired Roy Stryker, an old colleague of his, to run a team of photographers. Those photographers documented the poverty of migrants. Among them was the great talent Dorothea Lange, which is how we get the most famous image of the Great Depression, "Migrant Mother," the picture from the California fields.

The poverty was real enough, but so too was the photographers' effort to justify new deal goals. The RA, Stryker later remembered, "simply could not afford to hammer home anything except their message that federal money was desperately needed for major relief programs. Most of what the photographers had to do to stay on the payroll was routine stuff to show what a good job the agencies were doing out in the field." Stryker channeled Tugwell's faith that agriculture was crucial to the future of the country, and asked for a photo from Kansas sending the message that "there is nothing in the world that matters very much but wheat."

By now, the end of 1935, Washington was so different that it would have been scarcely recognizable to someone from the minimalist 1920s. The Federal had spent \$5.6 billion for the year, double the level of 1930 – and this, even before the first Social Security payments. But Roosevelt could be pleased at what he got for that, important forgotten men as allies; the migrant worker, the writer, the actor, the newspaperman, the senior citizen, the blind, the union worker. In John L. Lewis's CIO alone, there were millions of votes.

It is worthwhile to pause and consider what all these steps did not do. They did no better job than the first New Deal when it came to bringing the economy back to health. Indeed they scared participants in the economy. Utilities, for example, were seeing increased use of electricity even in the depression. But utility stocks were not coming back because Roosevelt was attacking companies as enemies of the forgotten man. Infact, Ickes was helping him, by giving towns power plants in exchange for their commitment to use government power instead of private power. The Dow was still in the 100s. Unemployment was bad -- still 19 percent in March, 1936. In this sense, the economy was the Forgotten man whom Roosevelt forgot.

And even Roosevelt could not get to all the groups. One he neglected was blacks. Social Security did not provide for domestics or farm workers, where blacks were employed disproportionately. In my book, I spend a lot of time with Father Divine, a Harlem cult leader who begged Roosevelt to get to lynching, but though Roosevelt was cavalier about the constitution in other areas, when it came to lynching, he was punctiliously respectful of states' rights.

In 1936, CIO workers would launch sit down strikes within the factories of automakers even though those strikes were, arguably, against the law. In March, there was further unrest, and the PWA completed this city hall (PICTURE 6) in Pawtucket, as well as (PICTURE 7) this building for the Bureau of Mines at the University of Alabama. In April (PICTURE 8), Moose Lake Minnesota got this building. In May of that year, staffers on the Federal Writers project staged a strike across the street from the New York Daily News after it published an editorial saying the WPA ought to be abolished in favor less influenced by “politicians and communists.” Hallie Flanagan, the director of the Federal Theatre project, supported the men. Roosevelt himself grew furious at the aggressive way John L Lewis and other union leaders interpreted the law he had given them. And quoted Shakespeare to Lewis: “a plague on both your houses.”

Nonetheless, Roosevelt saw what his group work did do: it got votes. So he continued to reach out to the mythical figure of the forgotten man through the spring, summer, and fall of 1936. He was still emboldened to share a lot of himself in these projects (PICTURE 9) and many of the names that were selected seemed somehow or other linked to him or his New York past. Interestingly people especially preferred the projects that were not for the poorest – the ones that rather helped the middle class along. Like Roosevelt, they did not like relief, but rather, make work. From the PWA alone that decade there would be money for zoos in Cincinnati, St Louis and Washington D.C., waterworks for Los Angeles and Mamaroneck, as well as Honolulu and Hammond, Indiana, stadiums for Miami, Westfield, N.J. and sewage disposal plants from Fargo North Dakota to New Port Beach California and Pittsfield, Mass. (PICTURE 10) This is an auditorium in Hoover’s old territory, California. Hoover was making the argument that Roosevelt had the wrong Forgotten man, but it was falling on deaf ears.

Towards the end, near the elections, Roosevelt moved into a frenzy, reaching out even to those groups he might have neglected before. He announced a \$2 million expansion at the Virginia State College for negroes. On October 26, 1936, he told an audience at Howard University that there were “no forgotten men and no forgotten races.”

By the last days of the election Roosevelt therefore had cemented his position vis a vis William Graham Sumner and Sumner’s old algebraic model. Roosevelt’s forgotten man was definitely X, a defined group, and always would be. Whereas Sumner’s forgotten man was the C, the one who provided the money for X. C’s job henceforward was to pay for the larger Washington that in turn paid for the groups.

At the time, there were people who recognized what all this meant, and who protested. One critic noted that the liquor taxes that came with the abolition hit lower earners heavily, so that the

overall tax burden of the New Deal was regressive. “The New Deal found the Forgotten Man all right, but it was the tax collector they sent after him.” Moley, the same speech writer who had penned the original forgotten man speech, now began to move away from Roosevelt. He focused on the fact that the economy was still suffering. Moley saw that Roosevelt had created a terrible divisiveness, and feared that divisiveness would outlast this election. In the 1950s Moley would recall: “I stayed around as long as I could, but in 1936 I decided that the administration was not the friend of this average American. The chasm had been widening and I was scared, because something was happening that was inimical to that forgotten man.”

Moley’s departure is important. Today, we think of the word Neocon in connection with the war, but it originally described the democrat who turned right. Moley was the first big neocon, the ancestor of Irving Kristol, or Norman Podhoretz. But he, or Vandenberg, or the tax critic were such a minority in this election. And Roosevelt’s spending increases, symbolized by that PWA work, were so very convincing. In 1936, federal spending moved to 9 percent of GDP, up from 2.5 percent in 1929 and 6 percent in 1933. If the gift to the 1932 electorate had been liquor, this spending was like heroin after tea. Alf Landon, the republican opponent could do nothing against this, and he knew; indeed, his campaign was mild and offered promises that were almost new deal-like. Most of everything that the Roosevelt administration did was legal. Ickes was curmudgeonly, but not corrupt. But there was no Hatch Act in those days to preclude officials from using their office to practice politics. And it is also clear that the administration bought votes by buying jobs.

In a wonderful paper, professor Jim Couch of the University of North Alabama shows of the precision of this targeting. Couch found that Roosevelt poured money into the battleground states of this election, and gave short shrift to the safe states, including those of the south. And the difference in money spent was dramatic: between the top recipient state and the bottom, tenfold. Richard Vedder of AEI and the University of Ohio has data that suggests that the creation of jobs was also targeted politically. Reckoning unemployment rates month- by-month for 1930 to 1939, Vedder found that though the average for 1935 or 1936 was between 15 and 20%, there was one month where the unemployment level dropped low to 13.9% -- November, 1936. The following year, unemployment trended down – only to come back to 19% or 20% in 1938. In other words, Roosevelt was at his most popular point in 1936, yes, but his 1936 popularity cannot all be laid to his radio voice. Nor is it the heroic popularity of an ailing president leading a nation on the right side of a world war, as we remember him. (PICTURE 11) It is the popularity of a leader who has managed to reward his constituencies like no other. That is why Roosevelt took 46 of 48 states. On election night the forgotten man theme came back yet again. “There is again

a forgotten man,” a leader of the Progressive National Committee joked at one of the victory hotels: “Governor Landon.”

I think we have to respect this relationship, and say that it felt important to many at the time. But we do not need to have false nostalgia about it, and we can also be clear about the negative consequences of 1936. The first was the depression within the depression of 1937, when all the spending stopped and when Roosevelt’s power was so great and so unpredictable that Wall Street cowered. The emphasis here should be on the latter: scholars such as Robert Higgs before me have shown that the Depression within the Depression of 1937-1938 was a strike by financial capital. Roosevelt’s interventionism so scared Wall Street that the Depression went on for a number of extra years.

The second negative consequence was that this election provided perpetual justification for government spending. Though Keynesianism did not really succeed in the 1930s, 1936 gave the impression that it did. So that ever after when a government chose to spend, the New Deal provided justification.

The third negative consequence was to tip the balance of American federalism. That year, 1936, was also the first in peacetime in which Washington’s spending outpaced that of state and local governments. The year after that there was a retrenchment, a brief period when the states and towns were again the greater presence. But that was the last instance.

The fourth change, also a loss, was in the language of liberalism. Voters liked Roosevelt’s liberalism, and they tended to accept it as an alternative to Sumner’s old liberalism, English liberalism, ever after this. Some date this transition in the meaning earlier, to the progressive era. But I believe that Roosevelt’s spending sealed the deal. In 1947 for example, a New York Times author wrote what modern liberals stood for. Included in that was the statement that “liberals emphatically reject the notion that there is a fatal contradiction between planning and freedom.” Liberalism was lost for republicans.

And what about the practical meanings for governments later? There are plenty of consequences outside the United States. Third World leaders observers what Roosevelt did. Today, when Latin or Asian governments double spending before an election, we criticize them, but they are only copying the New Deal. In order to understand the social democratic states of Europe today we carefully reconstruct their histories. Every student of European history learns about the trade offs that Otto von Bismarck made in pension commitments in order to keep the Kaiser on the throne. But the New Deal also played an enormous role. It set a benchmark for the continent especially.

At the same time as the U.S. implemented the Marshall Plan, Ludwig Erhard was abolishing price and production controls, and establishing a hard currency in what would be West Germany. The free-market ideas were as important as the Marshall aid. The New Deal taught Germans, like Americans, to put the emphasis on the former. Proportional representation, codetermination, Europe in the postwar decades perpetually put the stakeholder over the individual.

But of course the New Deal has had its effect here. The Roosevelt benchmark set off a competition of spending among politicians, regardless of party.

Interesting event; had this crowd met in the 1960s, we would have talked about Roosevelt's legacy in Lyndon Johnson's Great Society, which aimed to help poor people. We would have said that those benefits were the hardest to undo. But that did not turn out to be true. Lyndon Johnson's Legacy turned out to be relatively easy to reform away – another Democrat, Bill Clinton did that. Just like Roosevelt, Americans prefer middle class entitlements to welfare. Roosevelt's legacy, the legacy of cash flowing to the non-poor, the middle class, is proving much harder to alter. And looking at all those comfortable PWA buildings, you can see why.

In the current election you can see the tension over this in both parties. It is evident among the Republicans, who want to offer an optimistic message but want to be honest as well. John McCain for example gave a terribly frank talk last year in which he said: "My children and their children will not receive the benefits we will enjoy. That is an inescapable fact, and any politician who tells you otherwise, Democrat or Republican, is lying." But McCain was not rewarded for his honesty. These days, the Republican party has a broad streak of social conservatism. And while this is on the one hand real, on the other hand social conservatism comes out of frustration at the party's inability to differentiate itself on spending. If you cannot reform Social Security, at least you may be able to block government funding of stem cell research, but that's a pathetic way of going about policy. Recently Professor John Marini gave a talk at Hillsdale College titled "Roosevelt or Reagan, a time for choosing." Marini is right: this is such a time for the GOP.

In the case of the Democratic Party in this election, you see the forgotten man question in the contest between Barack Obama and Hillary Clinton. You hear a lot about Obama as a race question. Whether he can be counted as black, whether he understands blacks, and so on. You have heard it argued that Hillary is actually black, just as Bill Clinton was said to be black. The argument is not however about race at all. It is about the contest between Sumner and FDR. What Americans like about Obama– as Sumner might have– is his very unplaceability. The fact that he does not belong to an interest group, the black group. What the democratic party,

especially donors, conversely like about Hillary is that she is the interest group and will defend the interest group.

Sitting here tonight, thinking about the election before us, its important to remember one last thing: politics used to be fun, but the entitlement economy takes the fun out of it for our generation. Jonathan Alter at Newsweek has an exuberant book called "The Defining Moment" about Roosevelt's first 100 Days, just coming out in paperback. That fun is what Democrats have been trying to recapture since they retook the Congress. But whatever party you are from, the entitlements don't leave any room to "blast things out of committee"; to reform. When he took such pleasure in "bold persistent experimentation," FDR did not tell people that his experiments would preclude future experiments.

Still, it is not only Roosevelt, but also Sumner who is our subject tonight. Writing this book about the 1930s, I found it odd that I kept coming back to Sumner, a Victorian who, after all, died in 1910. But I continued to hear Sumner in the background as I typed, and what he said continued to apply, both to the 1930s and to our current political life. Sumner spoke so prophetically about the voter who was not included in the interest group, the man or woman everyone fails to think about, that what he said might have been scripted for 2008. An election is not a good election if it does not welcome back that forgotten voter, "for whom there is no provision in the great scramble and the big divide."

Thank you...