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Invisible Hands: The Businessmen's Crusade Against the New Deal. Kim Phillips-Fein. Reviewed by Robert Leighninger.

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Book Reviews

Kim Phillips-Fein, *Invisible Hands: The Businessmen's Crusade Against the New Deal*. W. W. Norton, 2009. \$16.95 paperback.

Most analysts of the conservative revolution begin with the aftermath of the failed Goldwater campaign. Kim Phillips-Fein goes further back: to the reaction of some American businessmen to Franklin Roosevelt's New Deal. If *Invisible Hands'* subtitle leads you to expect significant information about New Deal politics you will be disappointed. The New Deal is over by page 25. You will also find no mention of one of the most interesting and extreme reactions to the New Deal: the attempt by business leaders such as the DuPont brothers to persuade Marine Corps General Smedley Butler to lead an overthrow of the government. Nor is there any discussion of the attempts to erase from public memory the physical accomplishments of the New Deal, such as renaming Boulder Dam after Herbert Hoover (or the more recent renaming of Washington National Airport after Ronald Reagan).

What you will find is an otherwise very comprehensive account of the many and varied attempts to repeal the New Deal from the end of WWII to Reagan's election as president. Though that event is thirty years past, the book has great contemporary relevance. Phillips-Fein gives us good descriptions of the ideas that fueled the movement, the individual personalities that led it, and the rise and fall of the organizations they created and directed. She covers a vast amount of ground. The narrative moves along briskly and never bogs down in detail. She manages to show the many contradictions, schisms, tensions, and collisions of these groups while maintaining sight of common themes and goals. She notes that neither Goldwater nor Reagan had support of all segments of the business community and both had to duck certain issues to avoid repudiation.

The anti-New Deal movement was anything but monolithic.

Understanding the origins of the "crusade" is difficult and Phillips-Fein does not try to offer a definitive explanation. As she notes, Roosevelt posed no threat to capitalism, so the extremes of fear and rage he provoked seem basically irrational. But the psychological blow to the egos of the business class dealt by the Depression, reducing them from heroes of 1920s prosperity to "incompetent and absurd" blunderers, and the very real threat of organized labor to their previously unquestioned power, seems to have pushed many of them over the edge. In the end it may come down to an inability to cope with the perceived collapse of the world-taken-for-granted as embodied by the Tea Party. She hints at this by calling her first chapter "Paradise Lost."

The enormous influence of Frederick van Hayek, Ludwick von Meis, and to a lesser extent, Ayn Rand is followed through the decades. The contradictions that their absolute faith in the free market posed for their American followers are not overlooked. The attempts of various groups to involve religion in the free market crusade provoked similar ambivalence. Race relations offered yet another arena to unite conservatives but also threaten their principles. One thing most businessmen could agree on was opposition to labor unions, and there is an interesting chapter on role of General Electric as model strike breaker and nurturer of Ronald Reagan. What emerged from this amazing variety of competing and cooperating groups was a general opposition to government intervention on the grounds that, as Hayek pronounced, "submission to the impersonal and seemingly irrational forces of the market" is preferable to "submission to an equally uncontrollable and therefore arbitrary power of other men."

A point that Phillips-Fein might have made more strongly is that this de-legitimization of government and submission to the market were coupled with a belief that the government did not deserve the taxes it assessed and that society could run without them. This doctrine of what I would call "tooth-fairy economics" is perhaps the most important legacy of the anti-New Deal crusade and its embodiment in Ronald Reagan.

Another point that Phillips-Fein makes in her introduction and should have returned to in the conclusion was that a central New Deal discovery, articulated both by John Maynard

Keynes and domestic theorists like William T. Foster and Waddill Catchings, was that consumption is the key to recovery and economic growth during a depression. Ignorance of the crucial role of demand threatens to turn our current Great Recession back into Depression.

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William M. Epstein, *Democracy without Decency: Good Citizenship and the War on Poverty*. The Pennsylvania State University Press, 2010. \$65.00, hardcover.

American democracy, claims William M. Epstein, is “without decency.” Readers of this journal are unlikely to disagree that the level of poverty and inequality in this very rich country is indecent. Epstein reviews a prodigious number of programs: precursors to the War on Poverty; the brief war itself; social insurance and welfare; and charity and community organization (a strange mixture of auspice and method). He judges them all to be based on individualistic assumptions about the origins of poverty and thus doomed to fail.

Epstein is right that a War on Poverty employability program like the Job Corps did not result in more employment and higher wages for its enlistees. Head Start gains in cognition and educational achievement were not sustained, probably owing to the poor quality of subsequent schooling and persisting poverty of children’s families. Yet, assessment of Head Start could acknowledge that hundreds of thousands of poor children experienced the respect and resources regularly accorded to more affluent children. Medicare, Medicaid, Food Stamps, housing subsidies, legal services to the poor, comprehensive community health centers—all extended or initiated during the War on Poverty—decreased inequality although their cash value is not counted as income, and thus is not considered in determining the poverty rate. Nonetheless, poverty was cut in half—from 22% in 1959 to 11% in 1973.

In a rare admission that something worked, Epstein points out that clients on the Lower East Side got more from the welfare system as a result of welfare rights organization. Without evidence, he assumes, “this probably meant that clients in other