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Elliot A. Rosen: Roosevelt, the Great Depression and the economics of recovery, Charlottesville / London: University of Virginia Press 2005, x + 308 S., ISBN 0-8139-2368-9, USD 39,50

Rezensiert von:
Andrew Kersten
University of Wisconsin, Green Bay, WI

With Roosevelt, the Great Depression, and the Economics of Recovery, Elliot A. Rosen, Professor Emeritus of History at Rutgers University, seeks to bridge the intellectual and disciplinary gaps that often divide historians and economists by relating an intricate and at times complicated story of the New Deal's monetary and fiscal policies. Rosen skillfully recreates the crises of the Great Depression, the fierce debates about competing courses of action, and the small galaxy of influential advisors, appointees, bureaucrats, and politicians that sought to reverse the deep economic decline and to foster the conditions for future economic growth and stability. Although no fan of the New Deal, much of which Rosen claims was in the final analysis "counterproductive from a macroeconomic point of view" (6), he credits President Franklin D. Roosevelt for untangling the knots in economy and for making the "great decisions of the day" (1). Rosen is equally critical of President Herbert Hoover and his devolutionist economic policies, which "collapsed like a house of cards in response to the economic downturn of the early 1930s" (2). Rather Rosen leans toward a third economic path. Instead of government-sponsored associationalism or state-centered economic planning, Rosen asserts that economic advances are best produced by technological development, improved workforce education levels, efficient use of natural resources, and support for scientific institutions.

The basic problem behind the Great Depression was monetary deflation, a problem that Rosen states was worse than any wartime inspired inflation. The collapse of price levels discouraged business investment, lowered profits, pushed down incomes, all of which in turn discouraged consumers. The resulting downward trends created conditions in which national and international debtors defaulted and banks closed. Those banks that remained solvent became reluctant to lend money. President Hoover closely watched the worsening catastrophe, but he remained convinced that the United States must play by the time-honored rules of economic game: maintaining a balanced federal budget and, significantly, keeping the United States on the international gold standard for investment, trade, and exchanges. President Roosevelt quickly turned away from this "Atlanticist" view and toward a nationalist position, one that emphasized: relief, social insurance, planned public works for the unemployed, removing the United States from the gold standard to cause price inflation, and strategic investments in struggling industries and in regional development. These aspects of the New Deal created an imbalanced budget.

As Rosen nicely summarizes, Roosevelt's plan for recovery was incredibly controversial both outside and inside the administration. Led partly by the ex-President Hoover and his Committee on Monetary Policy (based in Chicago), conservatives thought that the New Deal was in fact unconstitutional and a usurpation of political power. Their efforts along with several United States Supreme Court decisions stymied the New Deal in 1935. These defeats for those who favored a planned economic recovery momentarily put the New Deal on the defensive against others who backed proposals for a balanced budget, a return to Anglo-American currency stabilization plans, and a modified system of trade associations. But by 1937, New Dealers had rededicated themselves to state-centered planning, as the National Resource Planning Board (NRPB) sought to recast the relationship between the federal government, the economy, and American citizens. The NRPB lost many of the political battles over planning in the 1940s. However, as Rosen points out, over the course of the Twentieth Century, many of its initiatives found their way into American life.

Despite the New Deal's successes, Rosen is critical of the deficits that the federal government has run since the 1930s. Although he acknowledges that Roosevelt's monetary and fiscal policies, aided by social insurance, public works, and programs that sought to create equity and equality, "evened the economic cycle by stimulus to demand," he remains convinced that the keys to prosperity in the American Century were innovation, technological advance, and the building of institutions such as the Massachusetts Institute of Technology (240). Thus in his view, the New Deal was retrograde, putting breaks on American productivity and ingenuity. But this argument, which is underdeveloped in the book, discounts the larger political context in which Roosevelt and the New Deal operated. Although Rosen has done historians and economists a great service with his book, by focusing so closely on the inner circle of the economic debate, he looses much of average Americans' opinions and experiences during the recovery. Although part of the American electorate rejected the New Deal, most did not. Furthermore, not all of Roosevelt's opponents were conservatives, either. Socialists like Norman Thomas wanted the New Deal planners to go much further than they did. Perhaps a broader (that is, more bottom up) account of this era would capture not only the economic theories that undergirded the debates but also how average Americans interpreted them. Rosen has done yeoman work, but in the end, that bridge between economists and historians still needs to be a little wider for both camps to engage in a fuller historiographical debate.

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