

The Harry Hopkins Method of Job Creation

by EIR Staff

In discussing the pressing urgency of conversion of some U.S. automobile production capacity to infrastructure-related projects in the urgent national interest, *EIR* Founder Lyndon LaRouche has referenced the job-creation methods of Franklin Roosevelt's confidant, Harry Hopkins. And that in this respect, as also in regard to the reforms of our financial system which must on the whole accompany such a reconversion, we should assimilate the *spirit* of FDR's leadership, in the tradition of the American System of political economy, rather than the letter of his executive orders and laws.

First, as to its context: By the morning of Franklin Roosevelt's inauguration on Saturday, March 4, 1933, a growing 25% of Americans were unemployed, many for two years, at a time when loss of a job usually meant loss of all means of existence. And after years of relentless downward pressure on wages, millions of those still employed received a wage which was only a negligible share of a minimal family budget. "Hoovervilles," shantytowns built of scrap, like the *favelas* of Brazil, flourished in or around every city; one of New York's Hoovervilles lined the Hudson River from 72nd Street to 110th Street. Roughly one to two million homeless men and boys were forever crisscrossing the country on freight trains, or hitchhiking the highways, looking for work.

Farms had been going ever more rapidly into the red since the end of the First World War, and both farms as well as homes in the cities were now being foreclosed in massive numbers. The steel industry was operating at 12% of capacity, while the wages of its workers had been cut 63% since 1929. It seemed that half the existing automotive capacity could make all the cars America would need for years to come.

What was becoming of our labor power, and likewise of our capacities as citizens of a republic? Hear the field reports from Harry Hopkins' investigators: "—the cry in September

1933 in Pennsylvania, 'Our children must have shoes, or they can't go to school;' the Catholic priest in Scottsville, Pennsylvania, begging for medical supplies to keep his people alive; the little boy in Houston, Texas, who refused to go to school wearing trousers of black-and-white-striped ticking because everyone would know his family was on relief; the man in Camden, New Jersey, explaining that he went to bed around seven at night 'because that way you get the day over with quicker;' the South Dakota farm wife who had a recipe for soup made from Russian thistles—'It don't taste so bad, only it ain't very filling'; the sixteen-year-old girl keeping house for her family in a dark tobacco barn in Wilson County, North Carolina, the place scrubbed spotlessly clean, the girl saying sadly, 'Seems like we just keep goin' lower and lower'; pinned on her bosom, as one wears a brooch, was a 1932 campaign button, a profile of Franklin Roosevelt. . . ."

Hopkins' investigator Martha Gellhorn added, "I find them all in the same shape—fear, fear driving them into a state of semi-collapse; cracking nerves; and an overpowering terror of the future. . . each family in its own miserable home going to pieces."¹

Hitler had been made dictator of Germany immediately before Roosevelt's inauguration,—not coincidentally, under conditions quite like these. Now, place yourself back in early March 1933. How many more weeks of this Hell could our own national spirit have survived, before Hitler became unstoppable?

President Hoover, meanwhile, hid paralyzed in a White House barricaded off behind slogans about "free markets." To avoid the drift toward a superstate, he said he wanted "to

1. Arthur M. Schlesinger, Jr., *The Age of Roosevelt: The Coming of the New Deal* (Cambridge: The Riverside Press, 1965), pp. 271-72.

solve great problems outside of Government action.” Victory over the depression must be won “by the resolution of our people to fight their own battles in their own communities” . . . The question for the future, he believed, was whether history should be written in terms of individual responsibility or of the “futile attempt to cure poverty by the enactment of law.” Depression, he said, could not be ended “by legislative action or executive pronouncement. Economic wounds must be healed by the action of the cells of the economic body.”

The first call for “action” in the new President’s Inaugural Address, attacked unemployment: “Our greatest primary task is to put people to work. This is no unsolvable problem if we face it frankly and courageously. It can be accomplished in part by direct recruiting by the government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources.”

In this task, Roosevelt found a providential man in Harry Hopkins, a leading social worker who was the son of an Indiana saddle-maker, and a graduate of Grinnell College in Iowa, with its tradition of Christian social activism. Hopkins had earlier worked for Roosevelt when the latter was governor of New York.

Although both he and the President favored provision of useful work over mere relief, Hopkins was brought on board for a still more urgent mission on May 22, 1933, when state, local, and other sources of subsistence had essentially been exhausted, while 17 to 18 million Americans stood in immediate need. “In less than an hour, Hopkins was in his office headquarters. Surrounded by boxes, unpacked files, and typewriters, workers arranging furniture, and without organized clerical help, he initiated within twenty-four hours formation of a staff, a notice to governors to form state relief organizations, and disbursement of over \$5,000,000 of federal relief money to seven different states.”²

Faced by what he knew would be the bitter winter of 1933-34, Hopkins presented the President on Nov. 1, 1933, with a plan for a Civil Works Administration (CWA), to be run by his staff, which would initiate federally-sponsored work projects throughout the nation, mainly projects of city, county, and state infrastructure, to be designed, planned, and proposed to CWA by those government units. These included repair and construction of streets, roads, schools, public buildings, playgrounds, and parks, as well as flood control, sewage and water management, and much else of that sort. Roosevelt created the agency nine days after their meeting. Its budget eventually rose to \$900 million.

Hopkins managed to employ 800,000 people on such worthwhile projects within ten days. Nearly 2 million had been employed by two weeks later. Nine weeks after the CWA

had been started—in the week ending Jan. 18, 1934—the CWA had its peak employment of 4,263,644 men and women. Despite orchestrated charges of corruption and waste in the controlled press, the exhaustive investigations found very little of either. A study commissioned by the Army praised Hopkins and his staff for what had been the largest peacetime project in U.S. history, noting that he had mobilized “in two months nearly as many persons as were enlisted and called to the colors during our year and a half of World War mobilization,. . .”³

Beyond preserving the lives and labor power of over 16 million Americans during a cruel winter, CWA built and repaired over 40,000 schools and 255,000 miles of roads and streets; built 469 airports and improved 529 others; laid 12,000,000 miles of sewer pipe; employed 50,000 teachers so that many rural schools could remain open; and built 3,500 playgrounds and athletic fields.

CWA was followed by the work program of Hopkins’ FERA (Federal Emergency Relief Administration), and that, in turn by his WPA (Works Progress Administration), whose operations were similar. But the story of the peacetime Federal programs of the 1930s which saved our nation, overcame the Depression, and laid the basis for the war mobilization and for victory in World War II, must also include Harold Ickes’ PWA (Public Works Administration), and other agencies such as the Tennessee Valley Authority and the Rural Electrification Administration (REA), which *EIR* has covered elsewhere.

The national interest, as it was understood at the time, dictated that the CWA, FERA, and WPA concentrate on projects which could be started quickly, and which emphasized labor costs, both skilled and unskilled, in preference to large capital investments. These agencies in general did not hire contractors, just as the sort of local infrastructure in which they specialized had often before been built and maintained by municipal, county or state workers. It was the complementary role of Ickes’ PWA and the TVA, which built such great projects of national infrastructure as the Grand Coulee Dam, Bonneville Dam, and of course the great projects on and around the Tennessee River, and many others less well-known. In contrast to Hopkins’ agencies, the work of the PWA and similar agencies had long lead-times, was capital-intensive, and employed contractors and subcontractors.

It should be noted that the U.S. Army, specifically its Corps of Engineers, was deeply involved in every one of the projects and agencies mentioned above, as it has been in all vital national infrastructure since the creation of the United States. For example, Gen. Lucius Clay, of the Corps, provided Hopkins his own personal assistant, several district administrators, and numerous other army officers for every district of the CWA and PWA.

—Research by Richard Freeman

2. Searle F. Charles, *Minister of Relief: Harry Hopkins and the Depression* (Syracuse: Syracuse University Press, 1963), p. 5.

3. *Ibid.*, p. 65.