

# Privileging Public Interest Above Private Interest: A Hegelian Analysis of FDR's New Deal

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## **Abstract**

*Despite its integral place in American political history and years of historical and political scholarship on the subject, the political philosophy of the New Deal is still not well understood or formulated. This study seeks to explain the influence of the New Deal upon American political thought through an analysis of G.W.F Hegel's political philosophy. This study claims that the New Deal economic and political policies and proposals, with their emphasis of the public interest over the private interest, are theoretically consistent with Hegel's notion of freedom. This claim is developed through the establishment of criteria for "Hegelian" policies and how Hegelianism envisions a fundamentally different role for the state than classical liberalism. The Hegelian theoretical framework will provide a new foundation for interpreting the reforms and effects of the New Deal in the subfield of political theory.*

## **Introduction**

The role of government in the lives of the governed has been contentiously debated since the founding of the United States. The American Founders consciously created a republic that attempted to maximize the freedom of its citizens. Throughout the history of the United States, situations have arisen that have challenged the foundations of this freedom. During the Great Depression, President Franklin Roosevelt presided over the largest expansion of the role, power, and scope of government since the dawn of the republic, directly challenging the Lockean liberal consensus around modern government. Was this challenge enduring, and did it constitute a fundamental shift in the way the state is understood in American political theory? This research project attempts to answer this question by viewing Roosevelt and the New Deal through the lens of the political philosophy of Georg Wilhelm Friedrich Hegel. Hegel's notion of freedom

maintains that the institution of the state is required for the actualization of the individual as a free person. Without the state, the individual is unable to achieve freedom in a universal sense, which requires living under a state that he is both author of and subordinated under. Viewing the New Deal as shifting the American theoretical orientation from a Lockean understanding towards a Hegelian understanding of the state could establish a theoretical foundation upon which to understand the shift that occurs in American politics as a result of the New Deal.

### **Research Question**

Before the New Deal, the American Government had a fundamentally *laissez faire* attitude toward economic activity consistent with John Locke's articulation of the role of the state. New Deal economic and political policies constituted a shift from Lockean views in the American theoretical orientation toward the state by emphasizing the necessity of an overriding public interest that ought to take precedence over the private interests of individuals in order to ensure the welfare of all citizens. This appears to be consistent with Hegel's notion of freedom, which reconciles the universal interest of the state and the particular interests of individuals in order to achieve the full freedom of the individual. Can Franklin Delano Roosevelt's New Deal and its associated policies be understood through Georg Wilhelm Friedrich Hegel's political philosophy?

### **Coping with Crisis: A Review of FDR and the Politics of the New Deal**

The scholarship on President Franklin Roosevelt and the New Deal essentially breaks down into a divide between classical liberals, who believe the state should have minimal involvement in the lives of its citizens and the economy, and those who believe the state should have a vibrant role in the lives of the people and the economy, such as those who believe in

Keynesian economics. Classical liberal theorists view the competition within a market economy as an essentially unqualified good, and the source of modern prosperity. Classical liberals, often conservatives in the United States, viewed the New Deal and Roosevelt's policies as a threat to the ability of the American economy to recover after the stock market crash in 1929. These conservative critics also accused FDR of using Marxist tactics to deliberately exploit class tensions in the United States in order to build his significant governing majority (Graham 1971).

Conservatives were also highly critical of the government's heavy hand in regulating industry. These critiques took on two forms. Free market advocates argue that the regulations imposed upon business, such as wage controls and the 40-hour work week, stifled innovation and thus stifled economic growth (Graham 1971). Other critics, most prominently former President Herbert Hoover, believed that the New Deal was essentially a "cartelization" of the American economy, endowing government-sanctioned businesses with distinct advantages over their non-sanctioned counterparts, which threatened the freedom that the United States was founded upon (Graham 1971). These interpretations of Roosevelt depict him as a fundamental enemy of the American way of life and a socialist or communist. However, these interpretations gained little broad support with the American public, as the monikers "socialist" and "communist" were used so frequently by the opposition to Roosevelt as to render them essentially devoid of meaning (Lindley 1936, Flynn 1948). Furthermore, FDR was also insulated from the charges of being a socialist and communist by the staunch opposition he received from both of these groups. Both socialists and communists believed that Roosevelt needed to go further in instituting state control of the economy. However, all sides were concerned about FDR's attempts to claim more power for the executive, or subvert the powers of the other branches. Most notably, FDR's attempt to "pack" the Supreme Court with justices favorable to his politics was seen almost universally as a

naked attempt to grab power (Graham 1971). Still, FDR's popularity prevented the opposition from making any substantial electoral gains or major political headway against him.

### **Incomplete Explanations from the Left**

While the Right was firmly united behind classical liberal critiques of the New Deal, the American Left has lacked a coherent defense of the theoretical basis for the New Deal. Hubert Humphrey's *The Political Philosophy of the New Deal* attempted to sketch the view of supporters of the New Deal. Humphrey argued that the New Deal was an experiment in bringing government into the modern age. Humphrey was critical of the notion that any truly "free" markets ever existed, and even if they had, he claimed that the rigorous demands of a modern economy required a more vigilant government. Locke's values of "life, liberty, and property" were no longer best protected by a government that stays out of economic activity, as negative externalities of the economy were no longer localized to individuals but rather shared on a much more nationalized scale (Humphrey 1970). Roosevelt's New Deal inaugurated an ongoing experiment as to what role that the government should play in a constantly evolving society. New Deal regulatory and social programs are viewed by Humphrey as a necessary development to confront the volatile nature of economic fluctuations and the complexity that technology has introduced into modern society. While Humphrey lodged an effective attack on many of the arguments made by classical liberals, he stopped short of suggesting the theoretical basis for such a departure, holding fast to the traditional Lockean conception of modern government.

### **FDR's New Deal**

The character of President Roosevelt is also an important aspect of New Deal scholarship that cannot be overlooked. H.W. Brands titled his 2008 biography of Roosevelt, *A Traitor to His*

*Class*, after the moniker applied to Roosevelt by his conservative opponents. Wealthy Americans viewed President Roosevelt as an enemy to their interests, and viewed his sympathy with the plight of the poor as a betrayal of his affluent upbringing (Brands 2008). These critics of Roosevelt also argued that he was much more interested in expanding and consolidating his own personal power as the President of the United States than he was in dealing with the concerns of the average American. The central piece of evidence to this viewpoint is Roosevelt's "court packing scheme," in which he proposed expanding the number of Supreme Court Justices from nine to fifteen in order to make the Court more amenable to his New Deal policies, many of which the Court had ruled unconstitutional (Karl 1963). This cynical attempt to expand his power base was transparent even to Roosevelt's most staunch supporters, and the failure of the court packing scheme was the most significant defeat for the President. While conceding the event marked an abuse of power, his supporters argued that the misguided tactic was motivated by Roosevelt's desire to achieve his reform efforts for the common man (Alter 2006).

As the two reactions to Roosevelt's greatest political defeat demonstrate, evaluating Roosevelt's intentions with respect to his reforms is a difficult venture. As Jonathan Alter notes, Roosevelt left no diary, and his sudden death in office prevented him from ever having authored any memoirs (Alter 2006). As a result, making claims about President Roosevelt's motivations are necessarily difficult. As early as 1932, critics and supporters alike questioned whether he had an overall philosophical project or if he was just a political opportunist (Lindley 1936). His leadership style of creating parallel structures with the same goal and different motivations makes it difficult to select one ideological viewpoint that Roosevelt adopted on any individual issue, let alone the entirety of his approach to government (Brands 2008). FDR would give identical assignments to different individuals and adopt the policy which he preferred. The

ambiguity of Roosevelt's political ideology has sparked much speculation into his motivations, and the lack of any conclusive evidence makes him an enigmatic figure that one can utilize as a Rorschach test for whatever one would like to see in the New Deal. Despite these challenges, Roosevelt's pivotal role in the New Deal makes an analysis of his leadership inescapable. Given the common themes of an increased role for the government in economics and the collectivization of individual risks through social programs, it would seem that there is a clear and distinct bias toward expanding the role of government in the lives of individual Americans, particularly within the economic sphere, that can be labeled as Roosevelt's "project." This attitude adopted by FDR through his policies merits theoretical explanation.

### **Searching for the Theoretical Foundation**

Where classical liberals are unified in their opposition to the New Deal and Roosevelt, the voices of the American left have not been able to agree about how to interpret Roosevelt and his contributions. Humphrey's discussion of the insufficiency of limited government to meet the demands of protecting life, liberty, and property highlighted the central strand of argumentation for the New Deal's left-wing supporters. Humphrey saw the New Deal as an alternative to the fascist and communist regimes of Germany and the Soviet Union respectively, but the theoretical foundation for this difference is less obvious. Humphrey merely described the New Deal as an open-ended experiment (1970), but he was unwilling to make an argument for the theoretical contributions of the New Deal to political philosophy or offer a theoretical explanation or defense of the ability of the government to experiment. Statements made by Roosevelt himself seem to support Humphrey's position of experimentation, which has led contemporary authors like Brands and Alter to characterize Roosevelt as a pragmatic politician above all else (Alter 2006, Brands 2008). While the "pragmatic" label may fit his political tactics effectively, this

label ultimately falls short of articulating a philosophical framework within which the New Deal can be interpreted.

Cass Sunstein observes that the expansions of individual rights that originated in New Deal legislation have failed to be fully integrated into the existing common law scheme, which builds upon the foundation of previous court decisions in similar cases. Legal innovations disrupt the common law tradition and render rulings difficult, given the break between the present and precedent. Cleavages between the common law system and New Deal reforms, particularly those linked with economic rights, have been the source of the legal challenges that have been fought and refought since the New Deal (Sunstein 1987). This observation would seem to indicate the possibility of a parallel theoretical approach to governance and a scheme of rights that is fundamentally different from that originally conceived in American political discourse, Sunstein merely identifies the difference. But the character of the difference is left undefined. Another point of contention in post-New Deal scholarship is the massive expansion of the federal government, and the executive branch most specifically. The expanding role of the executive to regulate the activity of the people has led to clashes between the original intent of the United States Constitution and the reinvented role for the government in its aftermath (Jacoby 1997, Sunstein 1987), since the Founders did not envision an especially activist state. The enduring nature of these problems suggests that the articulation of such a framework would be desirable.

### **Understanding the *Philosophy of Right*: A Review of Hegel Literature**

The scholarship on Georg Wilhelm Friedrich Hegel's political thought is extremely diverse. The very nature of Hegel's political philosophy makes it difficult to provide a comprehensive interpretation beyond that provided by Hegel himself. Two tensions combat one

another and are resolved by a more advanced philosophical evolution, which retains and elevates the original tensions. This “Hegelian dialectic” may never resolve its own tension and lends itself to multiple readings. By emphasizing one aspect of the tension or another or the importance of one step in the dialectical development over another, an author can draw out an entirely different interpretation of Hegel’s political philosophy. The interpretations that primarily draw the most attention of Hegelian theorists are tensions of two sorts: the tension that exists *within* Hegel’s notion of civil society and the tension that exists *between* civil society and the state. Marxist and classical liberal readers focus upon the tension that exists within Hegel’s notion of civil society, which the former believe is detrimental and the latter believe is beneficial. Communitarian scholars tend to emphasize the tension between civil society and the state, arguing that the more universal state should take precedence over the particular interests in civil society. By offering a one-sided reading of one of the tensions within Hegel’s thought, scholars have been able to skew Hegel’s political thought to extreme ends of the political spectrum, as will be demonstrated.

### **Communist and Fascist Critiques of Hegel**

Karl Marx is often regarded as the most famous of Hegel’s critics. Marx does not believe that the capitalist state is the “end of history” and the highest manifestation of freedom as Hegel articulates in the *Philosophy of Right* (Tucker 1978). Marx agrees with Hegel about the importance of historicism, but his central contribution to the critique of Hegel is to argue that this historicism is not idealistic—rather, it is materialistic in nature. Rather than ideas arising out of rational freedom as Hegel suggests, ideas develop as a direct result of the economic conditions of a time period conditioned upon the organization of the means and modes of production at the time (Tucker 1978).

Marx's main break with Hegel is his belief that the inherent tensions within civil society between the particular interests of individuals and the universal interest of the state will not be able to be contained within capitalism. The manifestation of freedom can occur only when the universal interest of the proletariat overthrows the capitalist system (Tucker 1978). Marx's critique of Hegel, while still popular within the field of Marxist scholarship, has not tended to influence other fields of study. Marx's political philosophy is most fully developed as a critique of the conditions of his time, with very little focus on the actual outcome of the successful communist revolution. Since this vision is never clearly articulated, it is, therefore, difficult to employ Marx's attack on Hegel on equal footing with other critiques that have a more stringently constructed alternative for comparison, such as liberalism or communitarianism. As such, Marxist critiques of Hegel are largely relegated to their own field of study.

Aside from the Marxist critiques of Hegel's political philosophy, little attention was given to Hegel's political philosophy until the post-World War II era, when interest in his notion of civil society was again aroused in the midst of the reevaluation of political philosophy that was a result of the conflict. Beyond his importance to Marxist studies, Hegel was largely viewed as an apologist for the Prussian politics of his time and thus as a fascist (Franco 1997). In contemporary Hegelian studies, this particular interpretation of Hegel has bowed to more explanatory articulations of his political philosophy. Contemporary theorists like Charles Taylor, Peter Stillman, and Paul Franco are intrigued by Hegel's novel approaches to political, social, and economic problems that often do not strictly adhere to rigidly-defined schools of thought. Depicting Hegel as a fascist apologist is considered to be an intensely superficial analysis in contemporary scholarship that ignores the richness of Hegel's political philosophy.

### **The Communitarian Hegel**

The destructive tendency embodied within Hegel's civil society that so attracted Marx and the Marxists was also influential elsewhere. This tension serves as the theoretical foundation for a more interventionist role for Hegel's notion of the state. Charles Taylor's works on Hegel are particularly influential in arguing that Hegel's political philosophy is essentially communitarian in nature. Taylor argues that Hegel's state is designed to prevent the social atomization that can arise out of the alienation associated with the individualistic, utilitarian calculations of modern economics (1979: 71). Taylor claims that resolving the inherent tension between individual autonomy and the socialized modes of production associated with capitalism and the barriers to self-realization that they entail is the crux of Hegel's project. This thesis is embodied within Hegel's defense of the ethical life. The state thus takes on a much more activist role, limiting the rights of individuals in order to preserve a community of citizens (Taylor 1979).

Hegel's communitarianism can also be understood as an attempt to resurrect the ethical character of the Greek *polis* in political theory, while still maintaining the individual interests of a market-based economic system. Paul Franco notes that a communitarian reading of Hegel's state can be utilized to place the rights discourse of traditional liberalism within a higher ethical context, which he argues can be an alternative response to the traditional liberal justifications of self-security and the arbitrary will (Franco 1997: 858). The state is justified in intervening within civil society in order to ensure that the benefits of civil society can be enjoyed by as much of the population as possible, reinforcing both the individual's ability to actualize himself or herself as well as the universal goal of actualization of the community.

The communitarian discussion of limitations on the rights of individuals traces its roots to the lack of a moment of consent as articulated in the contractarian discourse of Hobbes, Locke,

Rousseau, and Kant (Garza 1991). The absence of this moment allows the communitarians to extol a more active role for the state because Hegel does not create terms under which the individual will be able to join or form the state in the traditional liberal sense. Hegel therefore agrees with communitarians that there is no moment of consent. The process of the formulation of the state is more appropriately described as a natural, rational process of evolution than a sudden moment of realization and an act of express consent like that articulated by Locke's social contract.

### **The Conservative Liberal Hegel**

The lack of this moment of consent for the formation of the state also plays a role in classical liberal interpretations of Hegel that stand opposed to the communitarian formulation. The monarch occupies a space above civil society, so that he is not directly influenced by its inherent conflict. The monarch is thus viewed as an objective, inviolable office whose "majesty" is the stabilizing force in society and must be preserved (Cristi 1989). Hegel preserves the majesty of the monarch through its passage from one individual to another through inheritance. The majesty of the monarch has led some readers of Hegel to situate him much closer to Hume's more conservative political theory, with its emphasis on monarchy, stability and elitism, rather than that of Locke or other more democratic thinkers. F.R. Cristi, thus, argues that Hegel's position is one of "conservative liberalism" (Cristi 1989). Preservation of the majesty of the monarch is the counterweight to the tumultuous nature of a market-based economy. While the market is driven by competition, the monarch is driven by its constancy—lines of succession insure smooth transitions while the elevation of the monarch above the economy allows him to maintain objectivity. The conservative liberal theorists thus argue that while Hegel's justifications for rights are often not consistent with traditional liberal definitions, their character

is fundamentally the same and they exist for the same purposes, chiefly fulfillment of individual interests. The differences are, thus, rendered effectively negligible, since Hegel's project is essentially the same as the traditional liberal project. Hegel expects and allows for inequality to exist within civil society, and that inequality is an essential aspect of its effectiveness (Cristi 1989). The role of the state, as provider of stability, is to ensure that the security of the people is well-protected and the economic rights of individuals are not trampled upon. The constant monarch preserves the rights of the people so that they can pursue their own interests.

The conservative liberal reading of Hegel fails to take into account the complex nature of self-actualization for the individual in the Hegelian context. The tension of the particular and the universal must be very real and present for the individual in Hegel's system in order for the individual to achieve true self-consciousness. This renders readings of Hegel as purely focused on the particular interests of individuals problematic. The relations of Hegel's civil society are difficult to interpret within a purely individualistic framework—the individual derives fulfillment from being a member of a profession as well as being a member of associations that have a more social, and thus universal, objective. The classical liberal reading of Hegel simplifies the inner tension of civil society to merely that of individual vs. individual, without proper consideration for the legitimization the individual receives as an individual in the social context (Franco 1997). This viewpoint also ignores Hegel's situation of the bureaucratic aspects of the state within the realm of civil society rather than within the realm of the government, a curious distinction if the state is to remain separate from the realm of economics (Stillman 1980). Hegel consciously places governmental regulatory agencies as well as the police within the confines of civil society rather than within the state, in order to clearly establish their prominence in economic relations.

### **The “Hybrid” Hegel**

A newer wave of Hegelian scholarship holds that both the communitarian and classical liberal interpretations of Hegel fail to adequately address all aspects of his political system. Each side tends to focus only on the dialectical moment that tends to favor their side—communitarians place Hegel’s emphasis on the universal above the particular interests of the individual while classical liberals have a very limited notion of the universal in order to aggrandize the particular. A more balanced approach to the Hegelian scholarship is that of more “hybridized” interpretations of Hegel’s philosophy, which emphasize the importance of both the particular and the universal within his political discourse. Paul Franco articulates this approach as viewing Hegel as an “illiberal liberal,” erecting a state with many of the same features of the liberal state with thoroughly different foundations and purposes (Franco 1997). For example, Hegel argues for individual rights while rejecting the liberal notion of transcendent natural rights. Franco claims Hegel’s dialectical political philosophy is incomplete when only the universal or the particular is emphasized, effectively rendering each reading as only half of Hegel’s project. The complex interaction of the particular and the universal that drives Hegel’s dialectical method serves as the intellectual grounding of Hegel’s political philosophy and is the practical framework for a Hegelian politics.

### **Bringing the Two Together: Situating Hegel Within the New Deal Context**

How then should Hegel be viewed within the American context? The author himself had very little to say about the United States during his lifetime. G.A. Kelly argues that Hegel’s comments about the United States in his *Philosophy of History* are often stretched much too far (1978). Hegel pays the United States and the other states of the Americas little attention, as he does not believe that they have achieved as high a state of development as their European counterparts. The United States, with its sparse population and ever-expanding frontier

boundaries, did not have to confront the political conflicts that arise in the modern state. These confrontations were avoided in two key ways. The undeveloped frontier was a source of expanding resources and wealth, ensuring additional economic opportunity while the uncultivated nature of the frontier allowed for individuals to flee from state responsibilities and avoid making difficult political decisions that arose as a result of finite resources (Kelly 1978). Until the body politic of the United States was territorially confined and forced to cope with limited resources, it could not reach a fully developed status in Hegel's historical vision.

Kelly's reading of Hegel's position towards the United States serves as a foundation for the relevance of this project. In many ways, Franklin Roosevelt's presidency serves as the moment when the United States reaches the level of maturity that Kelly describes. New Deal America's territorial boundaries were firmly established (with the notable exceptions of Alaskan and Hawaiian statehood) and the nation was forced to cope with the economic problem of scarcity. For the first time, there was not a new frontier for daring souls discontent with their social status to blaze. If the United States is viewed as moving through the stages of Hegelian political development, then the problems of the Great Depression take on a much different character. Rather than serving exclusively as a crisis for modern liberal government, the Great Depression could instead be viewed as the event that served as the impetus to move the United States toward its evolution—the United States' "growing pains." In this view, the emergence of the United States as a world power would have occurred at the time when it could possibly be viewed as having reached its Hegelian "maturity." This research project addresses the evolution of the political system of the United States in a Hegelian context.

Viewing the New Deal from the perspective of Hegelian philosophy could offer an alternative explanation for the theoretical evolution of American political theory that resulted

from the New Deal. Hegel's political system, with its emphasis on the universal as well as individual interest, has close affinity with the modern welfare state as defined by the New Deal when viewed from the hybridized perspective. Sunstein's observation of the parallel rights structures within U.S. law creates conditions favorable for the hybridized approach to Hegelian political thought. More importantly, Hegel's philosophy itself is well suited to the hybridized approach for the American context in order to do justice to the New Deal and explore it in the totality of Hegel's project. As Humphrey notes (1970), Locke's values of life, liberty, and property permeate the political discourse of American political philosophy, so to attempt to negate these influences as communitarians are apt to do would be to mischaracterize the American system. The New Deal is also better characterized as a hybrid system of socialist and capitalist policies than it is as exclusively communitarian, as Roosevelt's economic policies, while obtrusive from the perspective of classical liberals, were not designed to demolish or expropriate the capitalist system (Humphrey 1970). The New Deal remains a decisive moment in American politics. The debate about the role of government in modern society that was sparked by the Great Depression and President Roosevelt's ambitious reform programs continue to play out contemporarily. This project will attempt to explain the motivations and results of the New Deal by exploring it in a Hegelian context, highlighting how the U.S. government takes on the role of the universal interest in Hegel's state and the ramifications of the addition of this new universal for the particular interests of individual citizens.

## **Study Design**

This study will be tested through an analysis of G.W.F. Hegel's political theory. The relevant texts to this investigation will be Hegel's *Philosophy of Right* and the *Philosophy of History*. The *Philosophy of Right* is Hegel's mature statement of his political philosophy and will

be the critical text in this analysis. The *Philosophy of History* will be utilized in order to provide historical contextualization for Hegel's method of historicism and his political philosophy, most specifically for his statements in regard to the modern age. Using these two texts, a coherent reading of Hegel's political philosophy will be presented. This research will allow for the formulation of criteria in order to characterize what would be meant by legislation or proposals being "Hegelian" in character.

This interpretation will be contextualized within the circumstances of FDR's New Deal, drawing special attention to how notions of the role, power, and scope of the state are fundamentally altered in a way that is consistent with the interpretation of Hegel that is established. This will be approached in two ways. First, the legislated policies of the New Deal, such as the Civilian Conservation Corps and the Social Security Administration, will be analyzed for how they articulate the relationship between the public interest and the private interest. In order to perform this analysis, the legislation and policy proposals were passed or advocated during the New Deal will be researched. This research will provide the basis for the argumentation of the claim that the New Deal can be read in a Hegelian context.

The legislation and public statements of President Roosevelt should represent a shift away from the classical liberal political tradition of the United States and its emphasis of the individual above the public good. Roosevelt's New Deal should demonstrate the employment of a universal state interest that holds sway over the particular interests of individuals in order to achieve the actualization of the individual. In other words, it should be consistent with Hegel's understanding of the role of the state as articulated by the hybridized approach to Hegelian scholarship, which both best fits the circumstances of the United States and provides a comprehensive interpretation of Hegel's political philosophy. The establishment of this claim

will provide a coherent way through which the New Deal can be understood, which is lacking in the current literature.

### **Contribution of the Analysis to the Literature**

Due to the enduring nature of the debate about the role of government in the political and economic lives of its citizens, it is of vital importance to be able to conceptually frame the debate. Hegelian political philosophy could provide an understanding for the role of government in the United States during and after the New Deal that would elucidate an understanding for the expanded role of government, particularly with reference to the Hegelian understanding of freedom. Hegel's unique presentation of freedom as being reliant upon both the universal interests of the state and the particular will of the individual provides an alternative prospective to the concept of freedom offered by classical liberalism that could be valuable in the theoretical discussion of the role of the state in the future. Analyzing the point at which the state expanded in the United States, the New Deal, can assist in the understanding of subsequent political debates and how they can be contextualized within American discourse.

### **The United States in Hegelian Philosophy**

Endeavoring to establish a link between the political philosophy of the United States and Hegel's political philosophy must be cautiously undergone. The logical starting place, then, is with direct claims about America that Hegel makes in his texts. In the *Philosophy of History*, Hegel articulates his views about America in relation to his greater project of articulating the rational unfolding of freedom over the course of history. Hegel reads the United States in his time as not yet having reached the stage of statehood, claiming "as to the political condition of North America, the general object of the existence of this State is not yet fixed and determined"

(Hegel 1956, 85). The reason the United States has not reached this degree of development is that “a real State and a real Government arise only after a distinction of classes has arisen, when wealth and poverty become extreme, and when such a condition of things presents itself that a large portion of people can no longer satisfy...[their needs] as it has been accustomed” (Hegel 1956, 86). The United States, in Hegel’s estimation, has not yet reached its maturity because it is not yet a confined state—open territory and opportunities to expand its borders present citizens from having to make the difficult choices associated with a body politic that is confined to a finite space with finite resources. Thus “only when, as in Europe, the direct increase of agriculturists is checked, will the inhabitants...press inwards upon each other...and so form a compact system of civil society, and require an organized state” (Hegel 1956, 86).

Nevertheless, Hegel is optimistic about the potential of the United States to achieve greatness, even if he believes this greatness is far off into the future. He speculates that “America is...the land of the future, where, in the ages that lie before us, the burden of the World’s History shall reveal itself—perhaps in a contest between North and South America” (Hegel 1956, 86). While his prediction is, as of yet, inaccurate, it is important that Hegel saw the United States as having the potential to reach this level of historical relevance. Hegel’s dialectical method for explaining the unfolding of reason requires that reason reach each stage of the dialectical progression. Thus, it is not unreasonable to assume, given the evidence here presented, that Hegel envisioned the United States as one day reaching the level of political development that is articulated in the *Philosophy of Right*. Therefore, this analysis is not misappropriating Hegel’s political thought in a way inconsistent with the original intent. The New Deal represents a crucial point in the history of the United States in which the Great Depression very suddenly creates a moment like that described by Hegel—the United States, with its borders firmly established, is

confronted with economic crisis and thrust into the position of having to cope with it. The goal of this analysis is to demonstrate the Hegelian elements of President Roosevelt's solutions to these problems. To this end, Roosevelt's response to the economic collapse that triggered the Great Depression will be viewed as the moment that the United States reaches its moment of Hegelian maturity.

### **Contextualizing Hegelianism in Roosevelt's Presidency**

In order to begin the Hegelian analysis of the New Deal, the context within which President Roosevelt came to power must be briefly established. Simply put, the United States was in the midst of the worst economic crisis that it had ever experienced during the campaign leading up to President Roosevelt's inauguration in 1933. During the election year of 1932, unemployment had reached an estimated 25% of the workforce, or 16 million Americans, which was a threefold rise from just three years before (Alter 2006, 75). Of those that were employed, less than half were employed full time, and when women, who traditionally did not work outside the home and therefore not counted in unemployment tallies, were factored in, only about one quarter of all adults were employed, and even many of these workers were working at reduced wages (Alter 2006, 75). *Iron Age*, a steel workers' publication, "reported that steel plants were operating at a sickening 12 per cent of capacity with 'an almost complete lack' of signs of a turn for the better" (Leuchtenburg 1963, 1). All across the country, families went without food and shelter as the economic conditions steadily worsened. Tensions mounted in the face of conditions that were unfathomable by any subsequent metric. Franklin Roosevelt emerged from a bloody battle for the Democratic nomination, which was hotly contested due to the perceived weakness of the Republicans on their central issue, the economy (Neal 2004). Incumbent President Herbert Hoover, who had "approached problems with a relentless pessimism" (Leuchtenburg 1963, 13)

was handily defeated by his FDR. Roosevelt won 22,815,539 votes to Hoover's 15,579,930 and was defeated only in Delaware, Pennsylvania, and some New England states (Lawson 2006, 60). The nation eagerly anticipated and was receptive toward its incoming leader.

Hegelian philosophical inquiry is not without precedence in the United States. John Dewey, a prominent American philosopher in the fields of education, logic, and political theory during the progressive period was deeply influenced by Hegel. In his article "From Absolutism to Experimentalism," he published in 1930 as a biography of his intellectual development, Dewey says that "acquaintance with Hegel has left a permanent deposit in my thinking" (Dewey 1930, 18). Dewey was not an uncritical adherent of Hegel, claiming "the form...of his [Hegel's] system now seems to me artificial to the last degree" (Dewey 1930, 18). What Dewey is referring to here is Hegel's method of dialectical logic. Dewey was highly skeptical of dialectic as a viable way to derive political theory. However, he does take up the teleological aspects of Hegel's thought. Dewey replaces Hegel's notion of world history with his own ideas of growth and progress (Dewey 1925. 8). Drawing heavily from the biological notion of evolution, Dewey believed that human logic, rather than reason as articulated by Hegel, would be refined over time by experimentation using the scientific method. The engine for this experimentation for Dewey is democracy, which took primacy in Dewey's political thought.

Dewey's application of the notion of growth is described in his article "Renascent Liberalism" in which he argues that "liberalism is committed to...the liberation of individuals so that the realization of their capacities may be the law of their life" (Dewey 1935, 323). He firmly believed that as methods of government are tested over time, a logical, or rational, solution to social problems would be obtained. Dewey believed that "social change is here as a fact" and that "flux does not have to be created...but it does have to be directed" (Dewey 1935, 323). The

deliberate direction of social change is the role of experimentation—the government ought to be empowered to attempt as many solutions as possible to social and political problems. The results of these solutions would determine the effectiveness of government policy. Negative results would therefore be just as important as positive outcomes for determining progress.

Employing both the positive outcomes and negative outcomes in order to arrive at a unified concept of truth is described in the Preface of Hegel's *Phenomenology of Spirit*, where Hegel claims that the negative is absolutely necessary in order to understand the positive, and the procedure of going through the positive and the negative is what allows one to arrive at truth (Hegel 1965, 70). Dewey argues that the experimental developments of politics will lead to a socialist economic system since experimentation will reveal that collaboration is superior to competition (Dewey 1935, 335). While his politics may be further to the Left than those of Hegel, the influences of Hegel in Dewey's thought are very readily apparent. It is further significant that Dewey is articulating these political positions as a contemporary of President Roosevelt. "Renascent Liberalism" was published toward the end of his first term as president.

While Dewey's recommendations may not have been heeded fully, he was still influential upon Roosevelt's administration. New Dealers were influenced by a wide variety of political and social texts, but they were particularly influenced by "Dewey's conviction that organized social intelligence could shape society" (Leughtenburg 1963, 33). New Dealers believed that they could actively confront social problems and work to create solutions to them. As will be demonstrated below, this position represents a formulation of the universal interest at the level of the state that will confront the problems that arise out of the conflicts between the particular interests of individuals.

## **Freedom from the Liberal Perspective**

Hegel's political project is substantially different from that of other modern political philosophers who predate him, and is, therefore, difficult to situate within the context of liberalism. A comparative analysis of Hegelianism and liberalism will illuminate the task of situating Hegelianism within the context of the New Deal. The logical starting point for this project is an analysis of the contrasting views of freedom in liberalism and Hegelianism, which will serve as the bedrock for the analysis of how the role of the state in Hegelianism is fundamentally different from that of liberalism. Liberalism's concept of freedom is generally expressed as the absence of external restraint. John Locke conceives of this freedom in the state of nature as the freedom for men to "dispose of their possessions and persons, as they think fit, within the bounds of the law of nature, without asking leave, or depending upon the will of any other man" (Locke 1980, 8). The authority of the government is, thus, very narrowly defined, in order to preserve the liberty of the state of nature as much as possible. The result is a government formed through the consent of each of its constituent members—Locke's notion of a commonwealth. The commonwealth, or state, compensates for the "lack of an impartial judge" in the state of nature. The requirement of consent for the individual citizen is of vital importance to liberalism, granting legitimacy to the actions of the government by explicitly delineating its functions. Consent also gives the individual a sense of ownership in the actions of the government. The Lockean citizen, as one of the state's architects, bears responsibility for the government's actions as well as his own. The citizen, as a member of the body politic, is able to participate in the political system for his own advantage. This participation is essential to develop the liberal notion of freedom

## **Hegel's Challenge to Liberalism**

Hegel's political philosophy is grounded upon a different source of freedom. Hegel argues directly against employing a contract to describe the orientation of the individual to the state, claiming that, "the intrusion of [the] contractual relation, and relationships concerning private property generally, into the relation between the individual and the state has been productive of the greatest confusion...they have transferred the[se] characteristics...into a sphere of a quite different and higher nature" (Hegel 1967, 59). Freedom in the Hegelian sense is a rational development over the course of history. Hegel argues that freedom as articulated by Locke's social contract is a necessary development in the course of the rational unfolding of freedom over the course of history; however, Hegel's notion of freedom at its most developed stages establishes higher standards for the conduct of the individual than does liberalism. His concept of freedom is not the freedom of indeterminacy, or the freedom to do as one wishes with minimal constraint that is protected in the Lockean state. Hegel claims that "talk of this kind is due to wholly uneducated, crude, and superficial ideas" (Hegel 1967, 206). Instead, freedom finds its embodiment in what Hegel terms the "ethical life," which will be shown to entail the major institutions of society. Rather than serving as a limit upon the freedom of the individual to exercise his will, the state is one of the institutions integral to the ethical life, which will be described at length below. In this regard, Hegel has more in common with the *polis* of Plato and Aristotle than he does with his contemporaries in modern philosophy. Hegel, in a similar vein to Kant, believes that the political must be a sphere of objective values. Unlike liberals, Hegel believes that there are transcendent values to which individuals should adhere. It is these values that will be explored in the analysis of Hegel's political thought.

## **Two Moments of Freedom**

Hegel's freedom is embodied through moments of tension between the particular interest of the individual will with the universal, objective manifestation of it. Every action a man takes has two moments. The first is the particular, subjective ground that drives the individual to take the action. This moment is very similar to Locke's notion of freedom. The second is the objective, universal result of the action upon the world external to the individual. This second moment is important for the development of the individual. The universal allows the individual to transcend his narrow interests. Hegel views freedom as unfolding over the course of history, and it materially manifests itself in man's activities. For example, in the case of property, Hegel argues "since property is the embodiment of my personality, my inward idea and will that something is to be mine is not enough to make it my property; to secure this end occupancy is requisite" (Hegel 1967, 45). This "occupancy" is a requirement for the will to be manifest, and it cannot occur unless others recognize the possession. In this way, Hegel's notion of property as the embodiment of one's own will demonstrates the fundamentally social character of the will. The will requires physical embodiment though the recognition from others that arises out of the tangible results of the exercise of the will in order to be free.

The universal expression of the will serves as Hegel's justification for why freedom cannot be defined as indeterminacy; even if individuals want to have an arbitrary ground for their will, it cannot be considered a free will unless the consequences of that will influence the wills of all others. This claim leads Hegel to argue that in the manner that property is appropriated that "substantive characteristics, which constitute my own private personality and the universal essence of my self-consciousness are inalienable and my right to them is imprescriptible" (Hegel 1967, 53). Hegel goes on to argue that "such characteristics are my personality as such, my universal freedom of will, my ethical life, my religion" (Hegel 1967, 53). On a superficial level,

this argument bears striking similarity to the liberal concept of natural rights, which offer the same protection to these faculties as the providence of the individual alone. Liberals would agree that the individual is responsible for himself. However, unlike natural rights, Hegel suggests that the individual must actively assert these inalienable rights by “tak[ing] possession of [his] personality, of [his] substantive essence and mak[ing] [himself] a responsible being” (Hegel 1967, 53).

Without this active acknowledgement and acceptance of responsibility for his will, the individual is alienated. This alienation can occur at two levels: personality and rationality. Examples of this alienation for the personality are “slavery, serfdom, disqualification from holding property,” while alienation of one’s rationality “is exemplified in superstition, in ceding to someone else full power and authority to fix and prescribe what actions are to be done” (Hegel 1967, 53). Both of these forms of alienation of one’s subjectivity debase the intellectual character of the individual by ceding one’s own authority over oneself to another. When one’s personality is alienated, he yields his ability to manifest his will objectively by submitting to others his property rights. Rational alienation exerts a more insidious influence over the individual who cedes his conscience to outside authorities uncritically. The distinction between the active claiming of inalienable rights as opposed the innate quality of natural rights is important. In Hegel’s thought, the individual must be responsible for asserting his individuality. It has no *a priori* status for him *qua* individual. He must *recognize* himself as free in order to *become* free. Freedom is asserted by taking responsibility for the outcome of what one wills and the content of that will. Natural rights are considered an innate quality of the individual—he has them irrespective of his recognition of them. This difference between actively taking up one’s

freedom and innately possessing one's freedom will have deep ramifications for Hegel's political theory. But first, how one can be free must be established.

### **Freedom through Duty**

The inherent universal impact of exercising the will renders Hegel less tolerant than classical liberals for the ill-effects of an arbitrary will manifested at the social level. A natural result of Hegel's robust concept of the responsibility that an individual must take for his will is for the individual to be bound by duty. Hegel argues that "in duty the individual finds his liberation; first, liberation from dependence on mere natural impulse and from the depression which as a particular subject he cannot escape in his moral reflections on what ought to be and what might be" (Hegel 1967, 107). This liberation comes from the individual's refusal to be carried away by his desires. Secondly, Hegel observes that "liberation from the indeterminate subjectivity which, never reaching reality or the objective determinacy of action, remains self-enclosed and devoid of actuality" (Hegel 1967, 107). What Hegel is articulating here is the distinction between thought and action. Before an individual takes an action, it exists as a thought. This is what is meant by Hegel as indeterminacy. As long as it remains indeterminate, the idea is void of a distinct form and can be shaped by the individual's subjectivity. However, the end of the will is to move beyond contemplation and manifest the idea through action. The act of manifesting the will gives the idea its determination through the objective impacts of the idea in the actual world. While individuals can achieve small objectives on their own, Hegel's real innovation here is that any substantial project requires individuals to engage with others, and those engagements must be governed by duty.

The individual, therefore, recognizes the limits of atomized individuals to achieve their ends; rather than having their wills achieve objective existence through their fulfillment, atomized individuals' wills remain "trapped" as merely subjective suppositions devoid of the positive content obtained through manifestation of the will. This leads Hegel to claim that "thus duty is not a restriction on freedom...duty is the attainment of our essence, the winning of *positive* freedom" (Hegel 1967, 259-260). This positive freedom is distinctive from the negative freedom of liberalism, which calls upon the individual to be left alone. But duty alone is not enough for the individual to be free. Hegel further argues that "the right of individuals to be subjectively destined to freedom is fulfilled when they belong to an actual ethical order, because their conviction of their freedom finds its truth in such an objective order" (Hegel 1967, 109). This subjectively constituted freedom within the ethical order allows for the individual, as a responsible part of the ethical order, to both obey his duty as well as be the author of his duty. He is author of his duty by being responsible for bringing his duty into concrete reality; his duty is given content by his adherence to it. The ethical order is thus composed of "Law, Morality, Government, and they alone," serve as "the positive reality and completion of freedom" (Hegel 1956, 38). Therefore, the institutions of the Hegelian society are constantly reified by the adherence of citizens to them.

### **The Ethical Life**

The objective ethical order that Hegel describes necessitates certain conduct, which Hegel deems the ethical life. While Hegel largely agrees with many aspects of Kantian ethics, he maintains his notion of freedom is fundamentally subjective rather than objective: "The right of individuals to their *particular* satisfaction is also contained in the ethical substantial order..." (Hegel 1967, 154). Positive freedom emerges in ethical life as the subjective realization of the

universal. In other words, it is the subjective desire of the individual to perform his duty for the sake of his duty, which is established by the ethical order. He performs his duty for its own sake because it is the requirement for participation in the ethical order, and therefore it is a requirement for him to receive the benefits of the ethical life because duties are the condition for the acceptance of the individual into the ethical order. This important distinction between Hegel's ethical life and Kant's categorical imperative allows Hegel to argue that the subjectivity of the individual is upheld within the concept of ethical life. He receives subjective satisfaction by fulfilling his role in the objective ethical order, and therefore his subjective desire is in accord with his moral duty. The individual need not divorce himself of his desires as Kant requires.

Ethical life unfolds in three phases: "its natural or immediate phase, the *Family*; a phase of differentiation into self-subsistent individuals, *Civil Society*; and the final, articulated unity underlying both [the family and civil society]... the *State*" (Hegel 1967, 110). These three social institutions form the basis for the individual's duties, and it is the benefits of each as well as the totality of all of them that endow the individual with positive freedom, or his fully developed subjectivity. Exploring these three institutions will articulate the main structural differences between Hegelianism and liberalism.

### **The Ethical Qualities of the Hegelian State**

Hegel's state is absolutely essential for the actualization of freedom for the individual. Rather than existing over and against the individual, Hegel's state is an integral part of the individual's identity. This higher sense of freedom is indicative of reason's transcendence of its narrow interests. Hegel believes that obtaining this freedom is inevitable as part of the rational process of freedom unfolding over the course of human events, which he describes at length in

the *Philosophy of History*. The realization that the particular interest of the individual can be transcended without impacting the individual is also crucial for the dialectical movement that results in the formation of Hegel's state. Hegel argues that the state is the "realization of freedom" and that "it must be further understood that all the worth that which the human being possess...he possess through the State" (Hegel 1956, 39). It is the mark of modern states in world history that their citizens have obtained this level of freedom, which is moral in character. Hegel defends this notion of freedom by appealing to human nature. For Hegel, "This is the seal of the absolute and sublime destiny of man—that he knows what is good and what is evil; that his Destiny *is* his very ability to will either good or evil" (Hegel 1956, 34). The state, as a requirement for the ethical life, *must* exist as a moral body in order for man to fulfill his true nature: to both know morality and will it. Therefore, unlike the modern liberal state, the Hegelian state cannot be indifferent to the ethical lives of its citizens. It is tasked with the preservation of the ethical order that is the constitution of the humanity of its citizens.

### **From the Family to Civil Society**

Having established the background of freedom in Hegel's political thought, the structure of the institutions that compose the ethical life must be examined. The family is the first of these highly developed stages of Hegel's political theory, and while a thorough analysis of the family as an institution is beyond the scope of this project, it will be necessary to explicate the basic qualities of the family. The interests of the members of a family are held in common—thus, the family represents a universal interest for the individual where "the Family may be reckoned as virtually a single person" (Hegel 1956, 42). The family thus serves as the "*primary* form of conscious morality, succeeded by that of the State in its *second* phase" (Hegel 1956, 41). Within the family, members have duties to one another that are reciprocated by other members. In

addition to the duties of marriage between husband and wife, Hegel envisions the family as the realm within which children receive their moral training in preparation for society. Thus, Hegel argues that parents have the obligation to instruct their children to “lift the universal into their consciousness and will” through the universal interest of the family (Hegel 1967, 117). Within the family, “the capital is common property so that, while no member of the family has property of his own, each has his right to the common” (Hegel 1967, 116). The family, thus, teaches the child that the universal interest must trump the particular. The family achieves its end when the children reach maturity and move on to found their own families, replicating this process.

Hegel observes that on a macro level, “the family disintegrates...into a plurality of families, each of which conducts itself as in principle a self-subsistent concrete person and therefore as externally related to its neighbors” (Hegel 1967, 122). This is the moment of the transition from the family to civil society, where the particular interests of the families as units as well as the particular interests of individuals as individuals are manifested. The competition between these particular interests forms the basis for civil society, which is the realm within which economic activity occurs within a market-based system. It is here, within civil society, that the liberal concept of freedom is employed, as “the concrete person...as a totality of wants and a mixture of caprice and physical necessity” pursues his particular interests (Hegel 1967, 122). However, there is a moment of universality present at this stage that is not emphasized by liberalism. For Hegel, the specter of universality is present in civil society because “each finds satisfaction by means of others” (Hegel 1967, 122). While this is implicit in any market based system, this claim has special significance within Hegel’s notion of civil society. There are limits to the caprice that an individual can exercise because “individuals can attain their ends only in so far as they themselves determine their knowing, willing, and acting in a universal way and make

themselves links in this chain of social connexions” (Hegel 1967, 124). This individual must find a role within which he can obtain benefits for himself that fits into the overall patchwork of positions that serve to fulfill the universal interests of society as a whole. In this way, the interest of “private persons whose end is their own interest...is *mediated* through the universal which thus *appears* as a *means* to its realization” (Hegel 1967, 124, emphasis added).

### **The Three Moments of Civil Society**

Hegel divides civil society into three moments that encapsulate specific key aspects of civil society. These moments are the “system of needs,” “the administration of justice,” and the “police and corporation.” The system of needs is composed of what is generally understood to be the content of a market economy. Hegel argues that the aim of the system of needs “is the satisfaction of subjective particularity, but the universal asserts itself in the bearing which this satisfaction has no the needs of others” (Hegel 1967, 126). Explaining the satisfaction of these particular needs is the realm of the science of political economy. The system of needs also “involves the demand for equality of satisfaction with others” (Hegel 1967, 128), which translates into a desire for an element of fairness of relations between individuals in particular transactions as well as equality of satisfaction at the social level. The system of needs is determined by the kinds of needs and the kind of work that are required. Hegel argues that in addition to basic needs of subsistence, suppliers stimulate demand for and create new needs for consumers (Hegel 1967, 127). Hegel argues this moment of economic activity constitutes liberating individuals from their purely natural needs of subsistence, which makes civil society an end for achieving “higher” needs.

The kind of work that is pursued by civil society is dependent upon the needs of the people that must be satisfied. Work is a deeply social endeavor for Hegel. Natural resources are transformed through labor into products that fulfill some sort of utility. This leads Hegel to argue that “what he [man] consumes is mainly concerned with the products of men” (Hegel 1967, 129). The market system makes this process possible. Man can satisfy his needs outside of the social context through bare subsistence. It is the interdependence of the new needs that are created by economic activity and the requisite work to satisfy these needs that expands the freedom of the individual beyond what is purely and “naturally” ordained for man. Hegel argues that the economic system leads to an “interdependence of producers and of consumers” that leads to capitalism (Hegel 1967 129-130). In this system, the natural strengths and weaknesses of individuals relegate them to different roles, which determine their share of social capital, which are readily apparent in the classes that arise as a result of this stratification. Hegel thus accepts the notion of uneven distribution of talents within a society that is a hallmark of liberalism and its defense of a market system. Despite some the acknowledgments of universal moments within particular wills in the market system, thus far Hegel is very much in line with the traditional liberal understanding of civil society.

However, Hegel makes a move that clearly delineates him from a liberal position with his treatment of classes. Within the system of needs, Hegel argues that “a man actualizes himself only in becoming something definite, i.e. something specifically particularized; this means restricting himself exclusively to one of the particular spheres of need” (Hegel 1967, 133). The individual is, thus, required to take on a role in the economy and perform its duties in order to receive the ethical benefits of participation in such a system. This allows the individual to gain concrete “recognition both in one’s own eyes and in the eyes of others” (Hegel 1967, 133). This

premise harkens back to Hegel's elaboration of nascent forms of freedom, like taking property. The individual needs both the personal and social acknowledgment of performing his duties in order for them to be made a concrete reality. This achievement on the social level is a moment of the universal within civil society. In addition to transcending the merely natural needs of the individual, the system of needs also gives him a role to perform that endows him with a sense of dignity as part of and contributor to the universal interest of society. Hegel is essentially calling here for division of labor, a concept central to any capitalistic economic system and accompanying political system. Division of labor is a system of utility in liberalism. It allows the individual to acquire wealth in order to employ his freedom to achieve his ends. Hegel's differentiation with liberalism is his attachment of an ethical status to the division of labor, claiming it is a necessary part of the development of the individual's freedom.

Hegel makes another major departure from liberal theories by describing the administration of justice and the police and corporations within the realm of civil society. Most liberals, like John Locke, consider justice and the courts to be part of the apparatus of the state. Hegel's placement of these institutions within the realm of civil society suggests a fundamentally different role for the state is within his philosophical system. Civil society cannot exist without accompanying state structures to regulate economic activity. State authority, thus, has a more robust role in Hegelianism than it does in liberalism; regulatory activity on the part of the state is assumed to be necessary for the system to function properly. While Hegel advocates for a market system, it clearly does not have as much of a *laissez faire* quality as liberalism would suggest. By placing these concepts within civil society, Hegel argues that these concepts are present *before* the formation of the state, indicating that there is a public authority that precedes the state. This movement to the administration of justice is necessitated according to Hegel by the "relatedness

arising from the reciprocal bearing on one another of needs and work” (Hegel 1967, 134). By understanding the interconnectedness of the system of needs, individuals come to recognize every other member of society as equivalent to themselves, where “the ego comes to be apprehended as a universal person in which all are identical” (Hegel 1967, 134). This is an important step for the individual, as this is the beginning of the recognition of the ego as being part of the greater whole that will come to be identified as the Hegelian state. The system of needs reveals to individuals their fundamentally similar nature to one another through their similar needs, transcending particular sources of identity like religion and ethnicity. While this may sound fairly unrealistic, Hegel’s argument here is not significantly different from Locke’s *Letter Concerning Toleration*, which calls upon people to do exactly what Hegel calls for here.

The law and its enforcement are key aspects of maintaining the universality of society. Laws, from the Hegelian standpoint, codify the customs of the nation. The legal code captures “the principles of jurisprudence in their universality, and so in their determinancy” (Hegel 1967 135). Law must serve as the determining ground for the individual’s will, regulating his conduct. The law, positively determined, is considered to be right by virtue of its own authority. Law is, thus, an incidence of the universal, and it is for this reason that Hegel maintains that “a trial is implicitly an event of universal validity” (Hegel 1967, 142). The event of the trial holds equally valid for each instantiation of a transgression of the law for each individual, which causes a recognition on the part of the individual of the universal quality of the trial. Breaking the law threatens every individual’s ability to be self-regulating; by setting himself against the established order, the criminal threatens the reification of the entire order. The ego of the criminal could just as easily be any other ego, and thus it is imperative that the system defend itself from attempts by criminals to effectively corrode the ethical qualities of the system.

Thus for Hegel, “instead of the injured party, the injured universal now comes on the scene,” and the action of the court “ceases to be the subjective and contingent retribution of revenge and is translated into the genuine reconciliation of right” (Hegel 1967, 141). Hegel claims that punishment is both objective and subjective. Objectively, the court does what is traditionally considered its task; it restores the universal order by annulling the crime. Hegel draws from Kant for the subjective moment—the court also reconciles the criminal with himself, demonstrating the force of the ethical order that the criminal attempted to subvert. This latter end of the court treats the criminal as a subjectively determined being. The court manifests the results of his actions objectively, that is, in relation to the universal order codified in law. The subjective ground of the court is demonstrative of Hegel’s conspicuous inclusion of ethics within the realm of civil society. Punishment is what is due the individual by virtue of his subjective determination of his actions.

The final moment of civil society marks Hegel’s starkest departure from liberal economic orthodoxy. Hegel maintains that “accidental hindrances to one aim or another be removed” within civil society as well as “that the securing of every single person’s livelihood and welfare be treated and actualized as a right” (Hegel 1967, 146). This is quite a strong claim. Hegel is calling for some measure of insulation for the individual from the caprices of the market system. His response is twofold: the police, or public authority, and the corporation, which can be understood as trade organizations. The police’s role in regulation extends beyond the criminal realm and into the realm of economics. Hegel maintains that “the differing interests of producers and consumers may come into collision with each other; and although a fair balance between them may be brought automatically, still their adjustment requires a control...above both” (Hegel 1967, 147). In other words, where there are failures with the market, the state may step in.

Where does this authority come from? A corrective policy, like fixing the prices of common necessities, “depends on the fact that, by being publicly exposed for sale, goods in absolutely daily demand are offered not so much to an individual as such but rather to a universal purchaser, the public” (Hegel 1967, 147).

There is an overriding universal interest in the public welfare that is derived from the ethical foundation of civil society. In a similar vein to the regulation of necessities, civil society replaces aspects of the family that were eroded as a result of the pursuit of the particular, “thus the individual becomes a son of civil society which has as many claims upon him as he has rights against it” (Hegel 1967, 148). Civil society expects the individual to take on a role within the system, and the system should reciprocate for the individual and allow him to succeed. Therefore, civil society has “the right and duty of superintending and influencing education, inasmuch as education bears upon the child’s capacity to become a member of society” (Hegel 1967, 148). This authority can even circumvent the authority of the parents. Civil society’s protections should also extend to provide protection to the poverty stricken, which “have the needs common to civil society, and yet since society has withdrawn from them the natural means of acquisition...their poverty leaves them more or less deprived of all the advantages of society” (Hegel 1967, 148-149). This problem deeply concerns Hegel. The ethical order is constructed so as to provide a fuller sense of freedom for the individual than exists naturally, and its value as a system is contingent upon the fulfillment of their role. The loss of the benefits of civil society is problematic. Merely providing benefits through taxation of the wealthy or from other endowments would deprive the poor of benefiting by the means of their work, which violates the principle of civil society and “the feeling of individual independence and self-respect” that the individual obtains by his labor (Hegel 1967, 150). Conversely, to merely create work intensifies

the problem of unemployment, which Hegel attributes to the lack of need for labor in the market. The problem of poverty will be especially acute for the analysis of FDR's response to the Great Depression through the New Deal, and will be investigated more thoroughly later.

While public action is necessary for civil society to provide its benefits, Hegel also wants individuals to promote their own welfare through corporations. Corporations are composed of laborers and businessmen of a certain class or profession. The corporation has four purposes: to look after its own interests, to regulate the numbers in its rank, to protect members from particular contingencies, and to provide education necessary to the field (Hegel 1967, 152-153). An apt analogy for the corporation would be medieval guilds, although a more modern occurrence of the concept might be manifested in trade unions. These organizations represent both the universal interest of the group as well as the particular interests of the individuals within the group. Hegel likens the corporation to "a second family for its members" in distinction to civil society, which is an "indeterminate sort of family because it comprises everyone and so is farther removed from individuals and their special exigencies" (Hegel 1967, 153). In other words, the corporation has more positive content than civil society as a whole because its interests are more determined by its smaller scope, and are thus easier to manifest for the individual because it is closer to his level of action. The individual member of the corporation also obtains subjective benefits from his situation within its ranks—he knows his place in society and can more easily fulfill his role. The police and corporations as articulated by Hegel are not present within liberalism due to alternative derivations of their utility. For liberalism, these institutions impede upon economic freedom, and thus economics is the metric by which these institutions would be measured. For Hegel, these institutions are mandated by the ethical concern for individuals obtaining their due benefits from society.

## The Hegelian State

The state arises as the supreme universal interest of society, which Hegel argues is present in nascent form within the family and the corporation. The state involves a reciprocal obligation between itself and the individual. The states' "substantial unity is an absolute unmoved end in itself, which freedom comes into its supreme right" (Hegel 1967, 156). The state is the achievement of the universal, wherein the individual contributes to the overall whole of the welfare of all other individuals. In this moment, the individual's subjectivity is fully actualized as a part of the universal project of the state. However, the state does have a claim over the individual, "whose supreme duty is to be a member of the state" (Hegel 1967, 156). This duty for the individual highlights one of the main differences between the liberal state and the Hegelian state: there is no moment of consent or contract for the individual. To have such a moment would be to submit to the caprice of the individual, moving from fully actualized universality to the basest form of particularity, where the individual can reject the ethical state in favor of his own narrow interests. Hegel argues that it is submitting the state to this sort of capriciousness that resulted in the disaster of the French Revolution, where the particular wills of a few individuals were seen as defining the project of the government, leading to state terror (Hegel 1967, 155-158). The remedy to such a situation is to have the state be a universal entity.

Hegel argues that the state has three separate phases: Constitutional Law, International Law, and World History. The central focus of this discussion will be the first phase, constitutional law, which is concerned with the domestic aspects of the Hegelian state. Hegel argues that the state is the concretization of universal freedom. To continue with Hegel's previous parlance, this can be described as the content of freedom being fully determined. This is what is meant by freedom being actualized: it is actualized within objective reality. In the state,

“personal individuality and its particular interests not only achieve their complete development and gain explicit recognition for their right” but also “pass over of their own accord into the interest of the universal, and, for another thing, they know and will the universal...they take it as their end and aim and are active in its pursuit” (Hegel 1967, 259). Here the individual becomes part of an institution whose interest is the broadly-defined welfare of society. The family and the corporation both involved universal interests since they were over and above the individual. However, on the social level, the interests of these entities were still particularized.

With the state, duty and right are entwined in the acts of the individual. If the individual is taken alone, “the isolated individual so far as his duties are concerned, is in subjection” (Hegel 1967, 161), meaning that outside of a social context, duties would be a constraint upon the otherwise unbounded freedom of the individual. However, within civil society and the state, “he finds in fulfilling his duties to it [civil society] protection of his person and property, regard for his private welfare...the consciousness and feeling of himself as a member of the whole,” and insofar as he lives up to his duties “by performing tasks and services for the *state*, he is upheld and preserved” (Hegel 1967, 161-162). The welfare of society is taken up by the individual as his end, and the way that he works to achieve this universal is to perform the duties required of him economically and politically. The individual recognizes that it is through the state that his particular interests that transcend his merely natural condition are possible. He, therefore, unites his will with the universal, and in so doing, his freedom is concretized.

### **The Hegelian Executive**

The fulfillment of the role for the state for the individual that Hegel proposes is no small task. In order for this end to be achieved, Hegel advocates the separation of powers, calling it

“the guarantee of public freedom” (Hegel 1967, 174). The separation of powers is achieved through a tripartite division, although Hegel selects different divisions than those that are familiar to the American context. Rather than a purely representative democracy, Hegel calls for a constitutional monarchy, which he refers to as “the achievement of the modern world” (Hegel 1967, 177). Hegel divides the constitutional monarchy into the legislative, executive, and the crown, claiming to draw inspiration from Montesquieu, not unlike the American founders. The sovereignty of the people is represented by the state, which is embodied in the crown. In its specificity, the monarch makes “the personality of the state actual” (Hegel 1967, 181), which allows the state to be viewed as single entity, or a symbolic representation of the universal interest of the state. The continuity of the monarchical line serves as a way to stymie the tumult associated with the market system, and the authority of the monarch is designed to intervene within the institutions of the state precisely because the monarch, as sovereign, transcends the particularity associated with civil society. Existing outside the market system, the monarch is able to represent the truly universal interest.

The Hegelian executive contains the states’ organelles which perform the roles of the administration of justice and the police within the state. The executive, therefore, is authorized to regulate civil society, which is “the battlefield where everyone’s individual private interest meets everyone else’s” (Hegel 1967, 189). The people within civil society submit to this because the citizens “know the state is their substance, because it is the state that maintains their particular spheres of interest together with the title, authority, and the welfare of these” (Hegel 1967, 189). Thus, the executive works in tandem with the corporations of civil society, and the people recognize the value in this partnership because the universal interest of the state is represented in this activity. This contrasts strongly with the liberal notion of the public authority, which is

viewed as an impediment, rather than an enhancer, of freedom. Hegel argues for a tension in civil society between particular individuals as well as the over-arching authority of the state to ensure that the tension between interests does not deprive individuals of the ethical benefits of the system.

The final moment of the constitution of the state is the legislature. The business of the legislature in relation to the people takes two forms, namely, the “provision by the state for their well-being and happiness,” and “the exaction of services from them [the people],” (Hegel 1967, 194). The state provides for the well being of the people through laws dealing with “private rights, the rights of communities, corporations, and organization affecting the entire state” (Hegel 1967, 194). The organizations to which Hegel refers to here are the apparatuses of the state that work on the purely universal level, such as the civil service. The services that are required of the people break down into monetary issues, primarily taxation. Once again, Hegel sees a reciprocal relationship between the particular individual and the universal state. Both the individual and the state have obligations to one another that each of them must meet.

### **Hegel’s Monarch and the American President**

Although Hegel favored a constitutional monarch, his view that sovereignty and ethical life are mediated through executive power allows for the possibility to understand Hegel’s political philosophy in light of the American Presidency. The monarch is of vital importance to Hegel’s system, as the constancy of the monarch serves as the grounding of his system. The monarch’s independence and transcendence of civil society allows him to objectively make decisions about the state in opposition to the turmoil of a competitive market system. The hereditary succession of the throne is another key aspect of Hegel’s monarch. This ensures that

the transition between monarchs is smooth, further serving as a firm foundation for the state. These qualities combine to constitute the monarch's "majesty," an inviolable quality of the state. Hegel observes that for the United States, "a subjective unity presents itself: for there is a President at the head of the State, who, for the sake of security against any monarchical ambition, is chosen only for four years" (Hegel 1956, 85). Hegel is skeptical about the utility of an elected leader because he would lack the aforementioned qualities that the monarch possesses. However, by examining the role and policies of FDR, it will be shown that the American President comes to possess many of the qualities of the Hegelian monarch despite the former's elective position. Like the monarch, the president is viewed as being situated above the American political and economic system. The intention of the American executive is to represent public sovereignty and the interests of all members of society. In terms of transition, elections serve as a means through which to peacefully, and with minimal controversy, pass the torch of leadership. The president is thus able to perform the functions of the Hegelian monarch despite the fact he is elected. In terms of the New Deal, it is consequential that President Roosevelt was elected to four separate terms, giving a level of constancy that may be roughly equated with that of a monarch.

### **Criteria for Hegelian Policies and Analysis**

Criteria for the evaluation for the Hegelian qualities of the policies of the New Deal must be established in order to conduct the analysis. The overall goal of Hegelian policies is twofold. First, Hegelian political policies should expand and reinforce access to the ethical order. The ethical order is essential for the constitution of an individual's identity as a responsible individual. Hegelian policies can expand access to the ethical order in a number of ways. For example, they can intervene economically in order to expand opportunity and avoid

unemployment. The second, and related, goal of Hegelian policies is to preserve the universal interest of the state. Here, the state must have the power to perform its role in the ethical life. This means that the state must be able to ensure that the universal interest of society is upheld. To this end, the state is able to supersede the particular interest of some individuals in society in order to uphold the interests of all.

### **Contextualizing Roosevelt's Inauguration**

In order to begin the Hegelian analysis of the New Deal, the context within which President Roosevelt came to power must be briefly established. Simply put, the United States was in the midst of the worst economic crisis that it had ever experienced during the campaign leading up to President Roosevelt's inauguration in 1933. During the election year of 1932, unemployment had reached an estimated 25% of the workforce, or 16 million Americans, which was a threefold rise from just three years before (Alter 2006, 75). Of those that were employed, less than half were employed full time, and when women, who traditionally did not work outside the home, were factored in, only about one quarter of all adults were employed, and even many of these workers were working at reduced wages (Alter 2006, 75). *Iron Age*, a steel workers' publication, "reported that steel plants were operating at a sickening 12 per cent of capacity with 'an almost complete lack' of signs of a turn for the better" (Leuchtenburg 1963, 1). All across the country, families went without food and shelter as the economic conditions steadily worsened. Tensions mounted in the face of conditions that were unfathomable by any subsequent metric. Franklin Roosevelt emerged from a bloody battle for the Democratic nomination, which was hotly contested due to the perceived weakness of the Republicans on their central issue, the economy (Neal 2004). Incumbent President Herbert Hoover, who had "approached problems with a relentless pessimism" (Leuchtenburg 1963, 13) was handily defeated by his FDR.

Roosevelt won 22,815,539 votes to Hoover's 15,579,930 and was defeated only in Delaware, Pennsylvania, and some New England states (Lawson 2006, 60). The nation eagerly anticipated and was receptive toward its incoming leader.

### **Roosevelt's First Inaugural Address**

President-elect Roosevelt was wont to disappoint. In his first inaugural address, Roosevelt intoned his famous claim that "we have nothing to fear but fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance" (Alter 2006, 339<sup>1</sup>). Such a phrase, while certainly a bold claim in the midst of crisis, is fairly typical fare for a president who is attempting to raise national morale. What is atypical, and what constitutes an early premonition of the Hegelian turn that would occur during his presidency, was FDR's argument for the root of the crisis. Roosevelt frankly claimed that "our distress comes from no failure of subsistence" since "nature still offers her bounty and human efforts have multiplied it" (Alter 2006, 340). Instead:

Primarily this is because rulers of the exchange of mankind's goods have failed through their own stubbornness and their own incompetence, have admitted their failure, and have abdicated. Practices of unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men... Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort... These dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men (Alter 2006, 340).

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<sup>1</sup> Roosevelt's First Inaugural Address is included in its entirety as an appendix in Alter's work.

This attitude is a stark departure from previous political responses to economic crisis. The “indictment in the court of public opinion” is more than just an attack on the “money changers;” it is an assault on capitalism itself. Roosevelt called upon the nation to use another standard other than material wealth to measure happiness—creative effort. This is consistent with Hegel’s notion of belonging to an ethical order that can promote the ethical life. Rather than be concerned with his accumulation of wealth alone, the citizen, as a member of the state, must value his contributions to the universal interest of society. Roosevelt’s call here is to do exactly that, signaling a willingness to depart from traditional liberal orthodoxy.

Roosevelt also just as viciously indicted the political order. He argued that it is a false belief that “public office and high political position are to be valued only by the standards of pride of place and personal profit” (Alter 2006, 340). Confidence in the system would never be restored as long as politicians were perceived as working in the interest of themselves and not the public. Roosevelt highlights the tension that is inherently present in liberalism—individual advocacy for one’s own interests opposed to the interest of all or the state. Roosevelt saw “our greatest primary task is to put people to work” (Alter 2006, 341). Fixing unemployment was a fairly uncontroversial way to unite an individual’s particular interests with the universal interest of the state, as it is to everyone’s advantage to stimulate economic activity. However, Roosevelt makes a fairly radical claim when he argues that “it [putting people to work] 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” (Alter 2006, 341, emphasis added). This argument is important for two reasons. First, Roosevelt effectively views the economic crisis as an existential threat to the United States, thus fixing unemployment

must be viewed as being equivalent to a war effort. Second, Roosevelt believes that is the role of the government to intervene in the crisis. The government cannot be indifferent to the welfare of its citizens—the negative freedom of liberalism is not enough when the country is under the spell of economic catastrophe, making the material needs of the citizenry urgent. This attitude is exactly what Hegel envisions as the role for the public authority. It must regulate civil society in order to ensure that the inherent tension between the particular interests of individuals does not undo the system.

### **Financial Reform**

In order to try to lift the nation out of the Great Depression, the new president knew that he would have to reform the financial system as well as restore confidence in it. President Roosevelt's first task upon taking office was dealing with the crisis within the banking system. Disjointed banking policies throughout the country sapped what little confidence was left in the financial system. Bank failures had prompted governors all across the country to declare bank holidays within their states, but these policies had been enacted rather haphazardly on a state-by-state basis at the end of the Hoover Administration. For example, on February 14, 1933 (the president was inaugurated in March at this time), Governor William Comstock of Michigan "declared an eight-day bank holiday which tied up the funds of 900,000 depositors and froze \$1.5 billion in bank deposits" (Leuchtenburg 1963, 38). Such policies escalated the situation from one of extreme unease to outright panic as "people stood in long queues with satchels and paper bags to take gold and currency away from the banks to store in mattresses and old shoe boxes" (Leuchtenburg 1963, 39). By the time President Roosevelt was inaugurated, 5,500 banks, or half of all the banks in the country, had been forced to shut their doors due to the lack of economic opportunity and consumer confidence (Lawson 2006, 64). The American people felt

that their money was much safer under the mattress than it was in a bank, which could close its doors at a moment's notice. Even the most solvent banks were threatened by the failures of those around them, and this problem was magnified by the lack of a coordinated, predictable response to the crisis.

### **A Banking “Holiday”**

Roosevelt took swift action upon taking over the presidency. Using a fairly dubious interpretation of the Trading with the Enemy Act of 1917, a law which was still in effect from World War I, President Roosevelt exercised his authority to declare a national “bank holiday” in order to “keep banks closed until they were safe from a ruinous run on their inadequate assets” (Lawson 2006, 66). Closing the banks would buy the administration time to shore up their assets and make as many banks solvent as possible. Roosevelt believed, with great economic justification, that any recovery efforts would require banks to be able to give loans to stimulate economic growth. To accompany the bank holiday, President Roosevelt called on Congress to pass an Emergency Banking Act, and after just 40 minutes of discussion (Lawson 2006, 66-67), the bill was passed. The bill “forbade transfer of any gold assets—in effect taking the nation off the gold standard,” going so far as to use the threat of prison time to encourage hoarders to bring their gold back to the treasury (Lawson 2006, 67). However, despite this provision, Congress found President Roosevelt’s solution to the crisis to be “exceptionally conservative” compared to his rhetorical “assault on bankers in his inaugural address” (Leuchtenburg 1963, 43). This is an important observation for Hegelian policies, and serves to exemplify how they can be distinguished from simply being socialism. Hegel calls upon the state to take the action that is necessary in order to preserve the ethical order. That action need not be nationalization or other direct methods of intervention; indeed, sometimes the best response is to stand back, which can

be just as much a response as is intervention. Many observers had expected President Roosevelt to attempt to nationalize the banks through the Federal Reserve (Leuchtenburg 1963, 43). While he did not do this, he also did not step back and take no action, which was the classical liberal position on the economy.

In many ways, President Roosevelt's response to the banking crisis was just as reassuring as his actual policy propositions. His rhetoric was more conducive to fostering confidence than that of his predecessor. Herbert Hoover had also called for a cessation of banking activity in order to get the nation's financial house in order. However, his dour call for a "moratorium" was much more poorly received than Roosevelt's call for a "holiday" (Lawson 2006, 66). The *New York Times*, no friend to Roosevelt during the recent campaign, now called him a "strong tower of hope," declaring that "instead of alarming the country, [the Banking Proclamation] seemed to cheer it up," (Alter 2006, 246). Roosevelt even won the praise of renowned economic historian Charles Beard, who would later go on to become a staunch critic of his policies, because his policy had worked "like a sharp slap in the face for a person gripped by unreasoning hysteria" by "giving them time to collect themselves" (Alter 2006, 246). Here, just by projecting himself as being in command of the situation and taking action to alleviate the problems of the financial system, Roosevelt was able to calm the panic. The President was able to fulfill his role exactly as described by Hegel; he was demonstrating that the ethical order, in this case, civil society, was able to provide its benefits for the people, if only they would believe in it.

### **The First Fireside Chat**

To this end, President Roosevelt altered yet another aspect of the American Presidency in order to fulfill a more Hegelian role—he directly explained to the people how they fit into the

ethical order. In the first of what would become known as his “Fireside Chats,” President Roosevelt went directly to the American people using the medium of radio in order to explain his banking policies. The President explained the minutia of the banking crisis in the simplest, easiest to understand term possible and then explained that “the success of our whole great national program depends, of course, upon the cooperation of the public—on its intelligent support and use of a reliable system” (Alter 2006, 346<sup>2</sup>). The ethical order would not be able to sustain itself without the faith and deliberate action of the public. Roosevelt explained that “some of our bankers had shown themselves either incompetent or dishonest in their handling of the people’s funds,” and even though “this was of course not true in the vast majority of our banks...it was true in enough of them to shock the people...” (Alter 2006, 347). While he believed that it was the role of the government to resolve the problem, he also wanted to set reasonable expectations for the outcome of the policy. He said that “I do not promise you that every bank will be reopened or that individual losses will not be suffered, but there will be no losses that possibly could be avoided” (Alter 2006, 347).

But, regardless of any proposal President Roosevelt made, the lynchpin of success would ultimately be the American people. Roosevelt astutely observed that “confidence and courage are the essentials to success in carrying out our plan...you people must have faith; you must not be stampeded by rumors and guesses...it is up to you to support and make it work” (Alter 2006, 347). Roosevelt made a direct appeal to the people to embrace the universal interest of society, which he argued was also in the interest of each individual. By appealing to the Hegelian universal, Roosevelt argued that it was in the subjective interest of each individual to preserve the banking system, which would require them to sacrifice any particular interest they might

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<sup>2</sup> President Roosevelt’s first Fireside Chat is also included as an appendix in Alter’s work.

have to make a run on the banking system and wait for the government to declare their bank solvent, if it was going to at all. Roosevelt was appealing here to the people to look at the overarching universal interest as opposed to their particularized self interest. Such a policy proposal was not without significant risk, but President Roosevelt was confident that a well-informed populace would be able to transcend their particular interests if only the problem was explained to them both rationally and realistically.

### **A Successful Holiday and Further Reforms**

The American people diligently followed President Roosevelt's instructions, giving the government the chance to try to make the banks solvent. The bank holiday was able to provide the much needed stability necessary to fix the problems with the banks; almost all of the nation's banks were declared solvent and reopened (Lawson 2006, 67). Raymond Moley, one of Roosevelt's closest advisors, famously declared that "capitalism was saved in eight days" (Leuchtenburg 1963, 45). Perhaps the most interesting outcome of the bank holiday and Emergency Banking Act was the reaction of bankers, who "despite the loss of the[ir] autonomy...generally endorsed the policy" (Lawson 2006, 67). The response of bankers demonstrates a Hegelian view of the state. Bankers, a group that was historically resistant to regulation because it is not in their self interest, were willing to endorse and see as in their own subjective interest to not just submit to the universal interest of the state, but wholeheartedly participate in the restrictions upon their negative freedom. While the bankers need not wholeheartedly back the regulations, as the government's authority transcends the particular interest, Hegel argues that the individual's particular interest ought to be united with the universal interest in order for his freedom to be fully actualized. Individually, bankers could have held out for their banks to survive, advocating for the maintenance of the traditional laissez faire regulation

scheme. In uniting their interest with the universal, the bankers are realizing their freedom to the fullest Hegelian sense.

President Roosevelt moved to establish more regulations in the financial sector in an attempt to minimize the damage already sustained to the economy and to attempt to prevent future crises. To this effect, the Banking Act of 1933, better known as the Glass-Steagall Act, was passed. This legislation had two major purposes. It established the Federal Deposit Insurance Corporation (FDIC) which would guarantee the bank deposits of almost all Americans using the funds available to the Federal Reserve Bank. The FDIC was extremely effective at injecting stability into the economy: “fewer banks suspended during the rest of the decade than in even the best single year of the twenties” (Leuchtenburg 1963, 60). This demonstrates the effectiveness of economic regulation in protecting the interests of all members of society. The FDIC was able to protect the savings of many Americans who would have otherwise been disenfranchised since many banks even failed during the so-called “Roaring Twenties.” The Glass-Steagall act also implemented a separation between investment and commercial banking (Lawson 2006, 1967). Instituting such a separation would also serve to protect the savings of the common man, particularly in light of the implementation of the FDIC. The federal government would not allow banks to take investment risks with federally insured funds. Banks would no longer be able to leverage the savings of the “average American” for investment activities, significantly reducing the risk of banking for the vast majority of the population (Lawson 2006, 67). Instead, investment banks would have to deal only with those who were consciously choosing to accept additional risk. Both of these policies are based on a basic expectation of financial security for the individual. However, this was not to say that the measures proposed by the administration were considered in the interests of others. While the federal government limits the possible

capital that is available for investment by creating a distinction between commercial and investment banks, it recognizes that allowing investors in their particularity to gamble on using the money of others is contrary to the universal interest of the state. One would not need to look further than the onset of the Great Depression for empirical evidence.

### **The Securities and Exchange Commission**

President Roosevelt was also determined to institute reforms in high finance, viewing the stock exchange as one of the main players in the economic collapse. Unlike his measures to reform the banking system, the reform package for stock transactions was met with nothing short of contempt by the financial sector. Richard Whitney, the President of the New York Stock Exchange boldly and publically declared that “you gentlemen are making a great mistake; The Exchange is a *perfect* institution” (Leuchtenburg 1963, 90, emphasis added). President Roosevelt expressed his willingness to negotiate with the financiers, but they put up a “spirited opposition to regulation in the name of free enterprise ‘confidence’” (Lawson 2006, 67). They maintained that if Roosevelt was to intervene in financial markets, he would undermine the capitalist system and corrode the confidence of would-be entrepreneurs. Their position was not without precedence—no regulation, and certainly not on the scale that FDR proposed, had ever been attempted. However, their efforts to outright prevent reform were to be in vain.

President Roosevelt tried to create a relatively moderate reform package which was centered around keeping the game of investment honest; they sought to “check the advantage of those with insider tips, to ensure that all transactions were what the brokers represented them to be, and to curb the amount of stock one could buy on credit” (Lawson 2006, 68). To this end, the Securities and Exchange Commission (SEC) was created to place stock transactions under

federal jurisdiction. He appointed Joe Kennedy, the famous bootlegger and father of the future president, to chair the SEC, “figuring correctly that a Wall Street buccaneer would know all of the tricks of the trade and how to crack down on them” (Alter 2006, 324). President Roosevelt was able to strike a moderate pose with the SEC despite choruses of socialism from the Right and accusations of taking insufficient action from the far Left, which wanted to control financial transactions directly rather than through the oversight of the SEC (Lawson 2006, 68). This process of creating the SEC operated under the Hegelian paradigm. High finance operated as a Hegelian corporation, banding together to advocate for its own interests. The state also acted in its Hegelian role, taking the particular interest of the members of the financial Hegelian corporation against the universal interest of society. In this case, unlike that of the bankers, the state had to supersede the interests of the financiers to be free from regulation. Opting to implement policy contrary to the interest of the corporation is not to say that the corporation’s advocacy was wrong—it was fulfilling its role to its constituent members. However, the corporation and its members must ultimately recognize the supremacy of the universal interest, whether it believes it to be sound policy or not. Roosevelt’s moderate reform policy was designed to reflect the need of the consumer to take up responsibility. The SEC could provide protections for consumers, but Roosevelt shied away from complete control of the financial sector. As one administration official put it, “no way was found of making would-be investors read what was disclosed” (Leuchtenburg 1963, 91). President Roosevelt would not implement reforms that did not make a demand upon the individual to be responsible. He summed up his position on the proposal thusly: “This proposal adds to the ancient rule of ‘caveat emptor’ the further doctrine of ‘let the seller beware’” (Alter 2006, 279).

### **Industrial Recovery and Public Works**

The financial sector was not the only aspect of the economy that President Roosevelt believed needed to be reformed. The President also advocated for reform in the industrial sector of the economy, which had taken significant damage as a result of the economic collapse. By the time FDR was inaugurated in spring of 1933, local governments were in crisis. In some counties, “as many as 90% of the people were on relief” (Leuchtenburg 1963, 52), and local resources were quickly being depleted as a result. Attacking unemployment would be the most direct, lasting way to combat the Depression; putting people back to work would spur economic activity. The National Industrial Recovery Act (NIRA) of 1933 was the main mechanism through which these reforms were implemented. NIRA was designed in order to foster economic cooperation rather than competition. Title I of NIRA “set out the high purpose...to establish federally supervised codes that would ‘eliminate unfair competitive practices’ through the ‘united action of labor and management’” (Lawson 2006, 84). NIRA envisioned a fundamentally different relationship between capitalist businessmen and employees than that which was typically acceptable under laissez faire capitalism. Title II of the bill “provided \$3.3 billion for public works that would engage the unemployed in projects that served the cause of conservation and the development of natural resources” (Lawson 2006, 84). Again, government was taking on a role that was not traditionally reserved for it. Finally, Title III created the National Recovery Administration as the federal government’s entity to oversee the economic recovery (Lawson 2006, 85).

Roosevelt proclaimed upon NIRA’s passage that “it seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country,” which was a “radical—even revolutionary—statement, arrogating to government the responsibility for determining which businesses should exist and

which not” (Brands 2009, 261). The argument might be radical from the perspective of Lockean liberalism, but not from the perspective of the Hegelian state. It is the role of the state to ensure that the people receive the benefits of the ethical order. It would be exploitation of the worker to be expected to contribute to civil society without receiving the ethical benefits of doing so. In implementing these policies, FDR moved the state toward realizing a Hegelian understanding of its role—the state would not stand idly by while unchecked economic forces disenfranchised sizable portions of the population. To this end, NIRA, and, after NIRA was declared unconstitutional<sup>3</sup>, the Wagner Act, opened more paths for workers to express their interests in relation to their employers. Both pieces of legislation eased restrictions structural restrictions prohibitive toward unionization (Brands 2008, 344), opening the way for laborers to have access to forming Hegelian corporations to advocate for their interests. In so doing, laborers were allowed greater access to the benefits of the ethical order through the representation of their Hegelian corporation, which also served as an engine of recognition for the quality of their work. Wherever possible, the NRA attempted to allow business and labor to come together and form the regulations for any given industry. Unionization allowed labor to approach such discussions as more of an equal party than it was able to before the implementation of NIRA and the Wagner Act.

Public works projects were an innovative way on the part of the Roosevelt Administration to confront the problem of unemployment. Hegel himself identified one of the central problems of unemployment: unemployment is caused by insufficient economic activity to employ the entire population due to a market that produces too much. As noted above, Hegel is deeply concerned about the problem of unemployment and poverty, and claims that the ethical

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<sup>3</sup> Which will be discussed at length below

order must strive to ensure that opportunities exist for employment for as much of the population as possible. But to simply provide laborers with work that is created expressly for that purpose is to compound the problem because workers would be creating products for a market that already does not require their services, further undermining the production that exists. The Roosevelt Administration ingeniously confronted this problem by putting the unemployed to doing socially beneficial work that was not encapsulated within the typical range of market activity—conservation of natural resources. The Civilian Conservation Corps, a personal favorite program of President Roosevelt's due to his interest in the subject of conservation, mobilized young males to engage in tree planting to prevent soil erosion and other ecologically-oriented projects, such as constructing trails for the National Parks Program (Alter 2006, 292-293). Such activities were not a part of the market system—employing these workers would have no effect on the over-saturated labor market. The CCC would also be able to quickly mobilize the young, unemployed population; unlike large-scale projects like dams, employing men clearing trails, draining swamps, planting trees, fighting forest fires, and building cabins could be begun virtually immediately (Alter 2006, 292). The CCC and other like-minded programs were able to open access to the ethical order for people that the traditional market would have been unable to reach. While wages for the CCC were well below what one would earn in equivalent private sector jobs, they included room and board and also the dignity of work which Hegel argues is so important to a positive construction of one's identity. Participation in the CCC provides support for this claim—the CCC remains the fastest mobilization effort in American history. From March 21, 1933 to that summer, a quarter of a million volunteers were recruited and deployed (Alter 2006, 293). By 1935, over 500,000 men lived and worked in CCC camps (Leuchtenburg

1963, 174), and all told, 3,000,000 men were employed over nine year existence of the CCC doing meaningful socially necessary work (Alter 2006, 299).

The CCC was not the only public works program supervised by the PWA. The Roosevelt Administration also secured funding for projects that went well-beyond established norms for the role of government in the lives of individual citizens. One such project was the Federal Arts Project (FAP). Holger Cahill, head of the FAP, was deeply influenced by Dewey's writings on aesthetics. Cahill's "concept of the role art should play in the community" was based upon Dewey's *Art as Experience*, which was "the most important aesthetic text of the period" (Lawson 2006, 138). Cahill believed that "artists themselves should be representatives of the common life" (Lawson 2006, 138). Art, like politics, should be democratized and brought to the people for maximal participation. Cahill hoped that by bringing art to the people, he would be able to draw out the latent talents of those who would otherwise be untouched. Of interest here is the emphasis on the enrichment of the populace by bringing aesthetics to demographics that would not have exposure to them otherwise. Again, the Roosevelt Administration found a way in which the government could sponsor employment opportunities that would not fall within the traditional boundaries of economic activity engaged in by the government, while at the same time providing a rich, cultural activity to enhance the lives of its people.

The NRA, created by Title III of NIRA, encapsulated Roosevelt's approach to economic recovery. The motto of the NRA, "we do our part," demonstrates the adoption of the universal interest trumping the particular interest of the individual firm. It was the task of the NRA to create regulations to maximize employment opportunities and spur economic recovery. The NRA was a "tremendous effort to instill into the country the idea and the sense that business should be a national game—not necessarily a communistic one, but one in which the individual

should never forget the interests of the nation” (Fay 1933, 341). To this effect, the NRA attempted to bring labor and business, which traditionally had an adversarial relationship, together to cooperatively devise regulations for their given industry. This cooperative grouping, as described above, demonstrated the importance of Hegelian corporations to the construction of economic policy. For example, the government directly negotiated with coal miners and managers to create a code of acceptable hiring practices, working conditions, wages, and hourly working conditions (Brands 2008, 282). These negotiations were fairly difficult for the NRA, however, because “each industry had its own history, problems, and grievances” (Brands 2008, 283). Nevertheless, the state engaged in these negotiations over wide sectors of the economy, accommodating business and labor wherever possible while at the same time asserting the state’s universal authority. The NRA was enormously popular program with the general public, with major demonstrations in its support, such as a 250,000 person march through downtown New York City (Alter 2006, 302). While membership in the NRA was voluntary, firms that participated received more than just government benefits: many people boycotted firms that did not proudly display their NRA decal in their storefronts (Alter 2006, 303). The NRA called for a level of mutual respect and cooperation previously unheard of among business, labor and consumers while at the same time trying to preserve as much as possible the capitalistic elements of the American system.

### **Social Security and a Safety Net**

The New Deal was also concerned about insulating vulnerable sections of the population from the greatest excesses of the market system. The elderly were particularly susceptible to economic problems, given their lack of income. The President wanted to construct a social insurance program that would protect citizens from “cradle to grave,” insulating people from the

negative economic consequences of not only old age but also from sickness or crippling injury (Brands 2008, 308). To this end, President Roosevelt called for the creation of the Social Security Program, which would provide old-age pensions with which retired workers could live. These pensions would be paid for by the current population of those who are employed, and so on. The construction of this program is important. The elderly who would receive Social Security would have worked their entire lives contributing to the fund through payroll taxes assessed to the worker and his employer (Leuchtenburg 1963, 132). In true Hegelian fashion, the retiree would be the “author” of his pension in a certain sense. He would receive *recognition* from the ethical order for his contributions to it throughout his life as an employed worker. In his retirement, he would receive a pension to support him during the twilight of his life as a sort of social recognition of his hard work.

The program finds its basis within this spirit of recognition and authorship as well as a prevailing universal interest that is sensitive to the vulnerability of the elderly population in relation to other social groups. When asked about the possible negative economic ramifications of the payroll tax that was part of the Social Security Program, President Roosevelt candidly argued that “we put those payroll contributions there so as to give the contributors a legal, *moral*, and political right to collect their pensions and their unemployment benefits” (Leuchtenburg 1963, 133, emphasis added). Here, the President was willing to flout economic orthodoxy in order to maintain a moral imperative for the positive developments of freedom within the Hegelian ethical order. Economic efficiency would have to bow before ethical claims. The program was a great success at achieving this end, “virtually wiping out poverty among the elderly” (Alter 2006, 329).

### **Confrontation in the Courts, or Hegel vs. Locke**

The New Deal met significant opposition from the courts. The Supreme Court, led by Chief Justice Charles Evans Hughes, dealt a crippling blow to the vast majority of the economic regulatory programs of the New Deal with decision regarding *Schechter Poultry Corp v. United States*. The Court had to address two fundamental issues: “whether the federal government could intrude so egregiously upon the private sector as the NRA codes allowed, and whether the intrusion, if constitutional, should be directed by the executive branch or the legislature” (Brands 2008, 319). The suit was over the NRA codes established for the poultry industry. The NRA code established a definition for what was considered a “sick” and a “healthy” chicken, and only those deemed healthy were considered to be “fit for human consumption” (Brands 2008, 319). Schechter Poultry was accused by other poultry firms of ignoring this distinction, unfairly inflating its profit margins against its competitors who honored the regulations. The company argued that the commerce clause could not be applied to their business that was done exclusively in New York, and further argued that the NRA’s codes were prohibitive to their business (Brands 2008, 321). The Court agreed, and ruled that the NRA violated the interstate commerce clause of the US Constitution because not all of the commerce it attempted to regulate occurred across state lines. Hughes, in writing the 9-0 opinion for the Court, maintained that “extraordinary conditions do not create or enlarge constitutional power” and that “Congress is not permitted to abdicate or to transfer to others the essential legislative functions” (Brands 2008 321). This was a major setback for President Roosevelt, who was determined to restore the programs that had been dismantled by the Court’s ruling. The Court had voted to uphold the Lockean understanding of the role of government, limiting the power of the government to directly influence economic activity.

The President formulated a plan to attempt to alter the composition of the court in his favor. Roosevelt called for “the power of the president to name a judge to preside alongside any judge of a federal court who declined to resign six months after turning 70,” a measure which would effectively allow the President to appoint six new members of the Court immediately, completely altering its ideological makeup under the guise of easing the burden of judging from the more elderly members of the Court (Lawson 2006, 174). Elevating the number of justices to fifteen would allow Roosevelt to change the composition of the Court in order to virtually guarantee victory for the program. Politically, this proposal was a severe miscalculation on FDR’s part, and would be his largest blunder as President. This “court-packing scheme,” as it was quickly called, was viewed as little more than a cynical attempt at a power grab on the part of the President, who appeared unwilling to adhere to the established tradition of the role of the judiciary; however, many observers believed that Roosevelt would be able to garner just enough support necessary to pass the bill (Lawson 2006, 175). In the end, it was the Court that blinked. Hughes and the other Justices made their opinions regarding after Roosevelt proposal well known with an open letter to the Congress derailing this crisis of executive power (Lawson 2006, 176). Nevertheless, the Court suddenly began to decide in the administration’s favor. In *West Coast Hotel Co. v Parrish*, the Court reversed the Taft Court’s refusal to allow state welfare laws to interfere with freedom of contract, with Hughes and Roberts, another conservative, coming down on the side of the administration just months after the *Schechter* case. This reversal on the part of the Court constituted the acceptance of the Hegelian conception of the state into the American common law framework. Pro-New Deal law became enshrined as precedent that would influence court rulings in the future and allow the administration to shape a discourse emphasizing positive, rather than negative, freedom like that embodied within the Hegelian

ethical order. The court overturned a tradition of protection of contracts that went back to the very founding of the Republic. This tension between classical liberalism and Roosevelt's Hegelian interjections, continues to manifest itself in the American legal tradition today.

### **Conclusion: Freedom from Want and an Economic Bill of Rights**

President Roosevelt did not abandon the principles that he had pushed for during the New Deal, even after the United States had to shift from economic recovery to the war effort in World War II. Throughout the war, Roosevelt would emphasize these values of the New Deal as the cause for which the United States was fighting. In one of his Fireside Chats during the war, the President outlined what he referred to as the "Four Freedoms" which were the heart and soul of the war effort. They were freedom of speech, freedom of religion, freedom from want, and freedom from fear (Roosevelt 1941). Of particular note for this analysis is the formulation freedom from *want*. It is the question of to what extent, if at all, this freedom can and/or should be protected within liberalism. This question remains at the core of most of the contemporary debates in the United States about the role of government in the lives of its citizens. The fact that this notion of freedom is even considered an *option* is a testament to the adoption of a Hegelian understanding of the state. Liberalism makes no such promise of material comfort—it provides the mechanisms within which the citizen can succeed, but makes no claim to take responsibility for the well-being of the citizen, which is ultimately his own responsibility. Roosevelt's call for the positive freedom of being "free from want" injects a new layer into the analysis of the role of government—an ethical one that appraises not the *opportunity* for a citizen to succeed but the *quality* of his life.

Roosevelt himself attempted to define this standard during his State of the Union Address in 1944, where he called for a Second Bill of Rights dealing with economics, which would include, among other things, a job with a living wage, freedom from monopolies, a home, medical care, education, and recreation. FDR died before he was able to seriously take up this proposal, and thus far, none of his successors have attempted such a radical project. Once the state ventures into this interested realm of ethical judgments about what constitutes freedom from want and how such determinations can be made, it has left the realm of “objective” liberalism. Understanding the New Deal from the Hegelian perspective can shed light upon the enduring and ever-present debate over the role of government, perhaps leading toward a more honest appraisal of what the individual can expect from the state.

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