

# UC San Diego

## UC San Diego Previously Published Works

### Title

The Great Exception: The New Deal and the Limits of American Politics. By Jefferson Cowie. Princeton: Princeton University Press, 2016. 273p. \$27.95 cloth, \$19.95 paper.

### Permalink

<https://escholarship.org/uc/item/27h9n5ng>

### Journal

Perspectives on Politics, 15(4)

### ISSN

1537-5927

### Author

Kenworthy, Lane

### Publication Date

2017-12-01

### DOI

10.1017/s1537592717002419

Peer reviewed

dominated neighborhoods such as Bronzeville and Pilsen, they remain unconvinced that the regular residents (rather than housing speculators) benefited considerably. Indeed, many former residents of these neighborhoods found themselves priced out by gentrification.

Collectively, these three works suggest that scholars should pay considerably more attention to the distributional consequences of urban redevelopment and critically reexamine the extent to which improvements in the built environment actually trickle down to benefit the people who reside there—particularly the most vulnerable among them.

**The Great Exception: The New Deal and the Limits of American Politics.** By Jefferson Cowie. Princeton: Princeton University Press, 2016. 273p. \$27.95 cloth, \$19.95 paper. doi:10.1017/S1537592717002419

— Lane Kenworthy, *University of California, San Diego*

How should we understand the place of the New Deal era, 1935 to 1978, in the evolution of America’s political economy? Jefferson Cowie, author of a lively and insightful earlier book on labor’s decline in the 1970s (*Stayin’ Alive* 2010), offers a new take on this much-debated question.

*The Great Exception* advances three core arguments. First, America’s economic institutions (extensive corporate power), political structure (numerous veto points), and culture (individualism and antistatism) impose formidable barriers to the enactment of progressive government policies. According to Cowie, these obstacles were surmounted in the New Deal era due to a particular balance of forces: Labor was well organized and politically active; relatively liberal Democrats held considerable sway in the federal government’s legislative and executive branches; and the ascendance of Keynesianism among economists, the immigration restrictions put in place in the 1920s, and a tacit pact on race muted the influence on policymakers of individualism, small government sentiment, and racial and ethnic divisiveness.

Cowie’s second argument is that New Deal liberalism’s hegemony was shallow and fragile. By the 1980s, labor had weakened, a small-government Republican was in the White House, income inequality was on the rise, and New Deal programs were under attack. This, he says, is because the New Deal coalition limited its focus to government programs. It had no coherent strategy pointing toward fundamental shifts in economic institutions (an attack on corporate power) or culture (an attack on individualism). Franklin Roosevelt argued for such a strategy in his Second Inaugural Address in 1937, suggesting that the country needed to reduce economic inequality in order to safeguard political equality and offering a new conception of individual rights based on economic security. But Roosevelt abandoned these themes relatively quickly,

and neither he nor the New Deal coalition returned to them. In Cowie’s telling, the compromises the New Deal coalition made with corporate capitalism and with individualism left it vulnerable to internal divisions (between segments of the coalition and within the Democratic Party), to economic downturn (stagflation and slower economic growth), to structural economic change (manufacturing decline), to weakening of key members of the coalition (union decline), to bad policy choices (Vietnam), and to renewed energy and organizing by opponents (business, free-market economists, conservative Christians, and others).

Cross-country comparison offers grounds for skepticism about Cowie’s argument here. Consider the British case. The Labour Party in the 1970s was committed to the transformative goal of nationalizing the means of production, and it operated in a less individualistic, less antistatist cultural environment. Yet its policy strategy and political fortunes in the ensuing decades look similar to those of American liberals.

Think, too, of Sweden’s Social Democratic Party, which has long embraced a solidaristic and egalitarian orientation. In the 1970s and early 1980s, on the heels of four decades of electoral dominance, it signed on to a plan to shift ownership of firms into public hands via “wage-earner funds.” Yet the party has struggled electorally since then, and it now emphasizes employment and flexibility more than decommodification or industrial democracy.

Germany has a law allowing employees to elect half the board of directors in large firms; it has strong unions; it has limited racial and ethnic divisions; and it is not plagued by an individualist, small-government culture. Yet in recent decades, collective bargaining in Germany has weakened significantly, and a social-democratic government enacted policy changes that did away with a key element of the unemployment insurance system and facilitated the emergence of a large low-wage segment of the labor market.

Consider also the California experience. Like much of America, this state, with a population of 40 million (more than the Nordic countries combined), features little restraint on corporate power, high top-end income inequality, weak unions, racial and ethnic heterogeneity, and an individualistic culture. Yet since 2004, California has adopted paid parental leave, paid sickness leave, a more generous Earned Income Tax Credit for the lowest earners, a supplemental defined-contribution pension program with automatic enrollment, a \$15-per-hour minimum wage (to be fully phased in by 2022), and more.

*The Great Exception’s* third argument is that not only New Deal liberalism’s hegemony but also some of its signature achievements have proved ephemeral. Since 1978, says Cowie, the United States has drifted “back to

a contemporary version of Grover Cleveland's America" (p. 29). It has not simply stopped advancing; it has regressed.

This seems correct in three respects: Labor unions are weak (the unionization rate has fallen to about the same level as in 1933), the Democratic Party no longer dominates national politics, and income inequality between the top 1% of Americans and everyone else has risen sharply (to pre-1930s levels). And in one respect, the present era may be worse than its pre-New Deal counterpart: Wages for workers in the middle and below have been flat for four decades.

At the same time, there have been important, lasting improvements. Americans are more economically secure due to an array of public insurance programs—Social Security, unemployment insurance, disability benefits, Medicare and Medicaid, food stamps, the Earned Income Tax Credit, and more. For instance, in 1935 only 6% of Americans had health insurance, whereas today 91% do, almost all of them via a government program (Medicare, Medicaid, and the Veteran's Administration) or a government-subsidized employer-provided plan. We have a much higher wage and income floor. The poverty rate, likely greater than 50% prior to the mid-1930s, is now about 15%, and even that understates the gains in living standards for the least well-off. In the mid-1930s, about 45% of Americans were homeowners; today 65% are. Although we are not doing as well as we should on equality of opportunity, we are surely ahead of where we were in 1935. Funding inequality across K–12 public schools and districts is much less unequal; more families who do not have access to a good public school can choose a charter alternative; and 65% of a typical cohort enters college, including 30% of those whose parents' income is in the bottom fifth.

What of the present and future? According to Cowie, the "most urgent of projects" is to reduce economic inequality (p. 32), because it leads to political dominance by elites and because it correlates with "a host of negative outcomes, including shorter life expectancy, higher infant mortality, higher incarceration rates, lower levels of trust, higher rates of mental illness, more crime, and truncated social mobility" (p. 221). Here, too, we need to be clear about what the evidence says. While top-end income inequality has returned to pre-New Deal levels, that is not true of inequality more broadly. Gender and racial gaps in schooling, jobs, and incomes have decreased significantly, as Cowie notes. The effective federal tax rate on the top 1% of taxpayers was the same in 2013 as in 1979 (cuts by Ronald Reagan and George W. Bush were canceled out by hikes under George H. W. Bush, Bill Clinton, and Barack Obama). Wealth inequality almost certainly is a good bit lower than pre-1935. For all of the justifiable concern about inequality of political influence, we lack systematic evidence that corporations and the

richest Americans have more control over policy decisions now than they did a generation ago, much less a century ago. And the empirical case that income inequality is bad for health, safety, and other social outcomes is thin at best.

Cowie's arguments imply that enacting public social programs will not secure much in the way of sustained progress for ordinary Americans unless coupled with a significant weakening of corporate power, economic inequality, and individualism. While I am not persuaded, it is a reasonable hypothesis. And *The Great Exception* is an engaging, thoughtful, provocative contribution.

### **Diversity Matters: Judicial Policy Making in the U.S. Courts of Appeals.**

By Susan B. Haire and Laura P. Moyer.  
Charlottesville: University of Virginia Press, 2015. 200p. \$45.00.  
doi:10.1017/S1537592717002420

— Rachel Paine Caufield, *Drake University*

For the past six decades, the subfield of judicial politics has adopted an overarching focus on the determinants of judicial decision making. During that time period, a dramatic change has taken place in American courtrooms as individuals from traditionally underrepresented groups have been selected to serve as judges. In this important new work, Susan Haire and Laura Moyer admirably undertake a comprehensive examination of the growing number of women and minority judges appointed to the U.S. Courts of Appeals to determine how diversification has altered decision making on these courts.

*Diversity Matters* is theoretically nuanced; insights from social psychology, critical race and gender studies, and organizational theory are seamlessly integrated with existing political science scholarship. In a chapter on panel diversity, the authors develop hypotheses based on "expectations states theory" (which argues that when called upon to operate in small groups, individuals' expectations are based on relative status within the social hierarchy) and "superadditivity" (which proposes that diverse groups will engage in more thorough information processing), both theories borrowed from recent social psychological research that is only beginning to be fully appreciated by political science (pp. 83–85). Similarly, they adopt a theory of "group identity" in their exploration of race and ethnicity, drawing on biographical information to derive differing expectations for African American and Latino judges. A "different voice" framework is used to examine the role of women judges (p. 34), and the authors examine the idea of "critical mass theory" and "critical actors" in their chapter focusing on circuit diversity (p. 102). The inclusion of these theoretical perspectives provides a fresh lens through which to view judicial decision making.