

Contra Costa Times

Economic stimulus -- then and now

By Lisa Vorderbrueggen
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An obdurate recession and President Barack Obama's \$787 billion economic revival package has engendered numerous comparisons with President Franklin Roosevelt's New Deal.

Time magazine even recently coined Obama's economic stimulus proposal the "New New Deal."

Like any comparison that spans 75 years and disparate political landscapes, this one has both strong parallels and deep divergences.

When Roosevelt took office at the height of the Great Depression in 1933, unemployment was a staggering 25 percent.

Fourteen million Americans had lost their jobs.

Nine million people saw their life savings evaporate.

And without jobs, many could not make their house payments and lost their homes to foreclosure.

The government safety net Americans take for granted today did not exist. Congress, during the New Deal era, adopted Social Security, minimum wage, unemployment benefits, bank depositors' insurance and federal home loan guarantees.

Obama faces a far less dire economic landscape.

Nationwide, unemployment is around 8.5 percent. And economists are beginning to talk, albeit cautiously, about a reversal of the devastating stock market declines of the past year.

Metropolitan Transportation Commission chief Steve Heminger described the New Deal as larger, longer and bolder than the modern stimulus bill.

"The big difference is that the New Deal wasn't just one thing," Heminger said. "It was several years of many different things. So, all we got is a stimulus bill that has only 5 percent for transportation."

'Alphabet soup'

Broadly speaking, Roosevelt created an alphabet soup of new agencies during the New Deal era between 1933 and 1939 as he fulfilled his campaign promise to give Americans a "New Deal for the forgotten man."

The piece of the New Deal that most directly corresponds to Obama's economic stimulus package centers around the iconic programs that have come to represent the era — agencies such as the Civilian Conservation Corps, Public Works Administration and perhaps its most famous, the Works Progress Administration.

Through these agencies, the federal government directly hired millions of desperate people.

In a significant departure from the federal government's prior hands-off attitude, the president believed government spending would ignite the economy.

Precise New Deal job and cost totals are difficult to nail down, chiefly due to poor record-keeping coupled with the numerous and, in some cases, short-lived, programs.

But in rough numbers, these New Deal programs cost about \$320 billion in today's dollars and generated about 15 million jobs.

In comparison, Obama's \$787 billion package is estimated to create or save 3.6 million jobs by 2010 in a variety of sectors, according to a report by the president's Council of Economic Advisers.

A substantial portion of Obama's package includes relief in the form of tax credits, food stamps, an extension of unemployment compensation and payments to states to help avoid cuts to Medicaid and education.

The piece that matches the jobs and construction component of the New Deal earmarks \$80 billion for transportation and infrastructure.

Putting people to work

Many New Deal jobs were temporary, low-skill jobs that paid subsistence wages and were designed to get people off the streets.

In the Civilian Conservation Corps, the government hired primarily young men, set them up in camps and paid them small wages to do everything from tree planting to firefighting.

The Works Progress Administration and Public Works Administration put more than 8 million people to work on projects in nearly every community in the nation. They erected schools, roads, water systems, courthouses and dams.

In the Bay Area, New Deal workers built hundreds of projects big and small such as the Contra Costa Canal, [Alameda County Courthouse](#), [Caldecott Tunnel](#), Berkeley Rose Garden, a Crockett elementary school, the [Hayward Plunge](#) swimming facility and the murals of the [Coit Tower](#).

Granted, construction costs have outpaced inflation rates in the past 75 years due to a global market coupled with environmental and safety enhancements.

Workers built Hoover Dam, for example, in five years for the equivalent of \$736 million in today's dollars. On the other hand, the world's largest hydroelectric dam in 1935 did not come cheap: 112 people died during its construction.

Compare the dam's cost and construction schedule with that of the fourth bore in the [Caldecott Tunnel](#), which is little more than another hole in a modestly sized hill next to three existing holes.

But that bore will cost an estimated \$460 million, and it has already been tied up for three years in environmental study and lawsuits.

Critics of the New Deal argue that Roosevelt's expanded government spending did not bring the United States out of the Great Depression. During the New Deal years, unemployment never dropped below 14 percent.

It took the onset of World War II to end the persistent joblessness rate as millions of Americans were either drafted into the military or joined the war effort back home.

Some economists blame the duration of the Depression on other Roosevelt initiatives such as his drive to control the market through government-mandated prices and wages.

"All told, these anti-market policies choked off powerful recovery forces that would have plausibly returned the economy back to trend by the mid-1930s," wrote economics professors Harold Cole and Lee Ohanian in The Wall Street Journal in February.

New era, new attitude

Ideology aside, the fundamental difference between Obama's stimulus package and the New Deal may be one of public attitude.

The New Deal emerged during a time of great personal suffering yet the public openly embraced massive transformative public works projects along with arts and music.

The iconic Golden Gate and Bay bridges and the Hoover Dam were all built during the Great Depression.

Traveling musicians performed symphonies in small towns and artists painted murals. Taxpayer dollars even paid an artist to travel throughout California and make rubbings of rare Indian rock art.

"We have allowed our sense of public life to wither and die and to be content with the bare minimum of everything," said Robert D. Leighninger Jr., author of "Long-Range Public Investment: The Forgotten Legacy of the New Deal."

"Now, we don't want to pay for schools, and things like public art and museums are regarded as frills instead of things that we can all enjoy. We don't have a sense of what public life could be like if we were willing to pay for it."

Don't get Randy Rentschler wrong. The government affairs director at the Metropolitan Transportation Commission is happy to get the money.

But he, too, senses a lack of transformative power in the modern stimulus package.

Except for a few programs such as high-speed rail, medical record modernization and an update to the electric grid, the bulk of the money will help soften the recession's blow on existing government services.

And most of the \$1.2 billion earmarked for Bay Area transportation will go to fix crumbling streets and roads or replace aging transit equipment.

"No doubt, we need the money," Rentschler said. "But during the New Deal, there was a notion of building really big things that were transformational. If we had kept up our infrastructure, how might we have used that money to transform our future now?"

NEW DEAL REVISITED

SUNDAY: New Deal workers tell their story.

MONDAY: Economic stimulus -- then and now.

TUESDAY: Artful legacy of New Deal.

For more information about the New Deal, visit California's Living New Deal Project on the Web at livingnewdeal.berkeley.edu. The California Historical Society and UC Berkeley's Institute for Research in Labor and Employment Library and the California Studies Center developed the collaborative research effort to identify, map, and interpret public work projects from the New Deal era. A map pinpoints projects in the Bay Area.

NEW DEAL AGENCIES

Civilian Conservation Corps, 1933 to 1942: Put millions of young unemployed men to work to build or repair roads, buildings, parks, trails, to fight fires, improve streams and forests. The federal CCC was the inspiration for many state conservations corps, including the California Conservation Corps.

Works Progress Administration (Renamed in 1939 to Work Projects Administration) 1935 to 1942: The largest New Deal agency, the WPA provided millions of jobs to build public schools, roads, bridges, and also funded writers, artists, and theater projects.

The Public Works Administration, 1935 to 1942: Offered grants and loans for construction of schools, dams, airports, hospitals, firehouses, pools, court houses, post offices and other public works projects. The Caldecott Tunnel got funding from the PWA.

Civil Works Administration, 1933-1934: Early New Deal agency that lasted for winter of just a few months. It employed millions of workers to build or repair schools, parks, airports, ball fields, and employed artists, and came under fire for its high cost and emphasis on high wages.

National Youth Administration, 1935 to 1943: Offered "work-study" for students, and part-time work and job training for boys and girls.

The Public Works of Art Project (PWAP) created December 1933: Employed more than 3,700 artists until June 1934. Nearly \$1.3 million dollars was spent during the PWAP funding projects like the Coit Tower murals.

The Treasury Section of Painting and Sculpture (known as "The Section"), created October 1934: Hired artists to create public murals and sculptures for new federal buildings. Many post office murals were created under The Section.

The Treasury Relief Art Project (TRAP), 1935 to June, 1939: Employed artists to decorate nearly 2,500 federal buildings in a variety of mediums. It started in July 1935 with money from the Emergency Relief Appropriations Act of 1935 and continued until June 1939.

Sources: "Forgotten Legacy of the New Deal" by Robert Leighninger Jr., and "The New Deal" by Kathryn A. Flynn.



The Mount Diablo Summit Building, seen Sunday, March 29, 2009 in Mt. Diablo State Park, Calif., was constructed under the auspices of the Works Progress Administration, or WPA, during the Great Depression. (D. Ross Cameron/Staff)



A visitor to the would-be control tower atop the Administration building on Treasure Island gets a spectacular view of the Oakland-San Francisco Bay Bridge, left, and the San Francisco skyline, Friday, March 27, 2009 in San Francisco. (D. Ross Cameron/Staff)



With a spectacular view of the San Francisco cityscape in the background, a cyclist pedals along Skyline Boulevard in Oakland, Calif., Saturday, March 28, 2009. Skyline is one of many Bay Area roads and bridges built during the Great Depression under the auspices of the Works Progress Administration, or WPA. (D. Ross Cameron/Staff)



Visitors to the Mt. Diablo Summit Building check out a marker that orients one to the panoramic view out the windows, seen Sunday, March 29, 2009 in Mt. Diablo State Park, Calif. The Summit Building was constructed under the auspices of the Works Progress Administration, or WPA, during the Great Depression. (D. Ross Cameron/Staff)