

The liberal agony: Why there was no new New Deal

by [Robert Westbrook](#) in the [September 20, 2011](#) issue



President Obama meets with his advisors (official White House photo). Below: The *Time* magazine cover for November 24, 2008 portrayed the president-elect as a new FDR, reflecting the hopes—and fears—of many voters.

Shortly after the election of Barack Obama to the presidency in 2008, the cover of *Time* magazine featured a fabrication of an iconic photograph of Franklin Roosevelt, cigarette holder at a rakish tilt, sitting at the wheel of a convertible. FDR's face and hands had been displaced by those of Obama's above a headline speculating on the arrival of a "New New Deal." That same week, the *New Yorker* featured an article by George Packer advancing a similar speculation, which was illustrated with a drawing of much the same invention.

What this image in two major American magazines mani-fested was the hope on the left and the fear on the right that Obama would revitalize and extend the New Deal order that had been significantly dismantled by the conservative ascendancy since the mid-1970s (and that "new Democrat" Bill Clinton did little if anything to stem in his eight years in office).



In the *Time* cover story, young liberal intellectual Peter

Beinart burred that "the coalition that carried Obama to victory is every bit as sturdy as America's last two dominant political coalitions: the ones that elected Franklin Roosevelt and Ronald Reagan." He predicted that "taking aggressive action to stimulate the economy, regulate the financial industry and shore up the American welfare state won't divide his political coalition; it will divide the other side." Packer saw the Obama victory as the promise that "for the first time since the Johnson Administration, the idea that government should take bold action to create equal opportunity for all citizens doesn't have to explain itself in a defensive mumble."

At the same time, the conservative *Wall Street Journal* lamented that the election promised "one of the most profound political and ideological shifts in U.S. history. Liberals would dominate the entire government in a way they haven't since 1965, or 1933. In other words, the election would mark the restoration of the activist government that fell out of public favor in the 1970s."

Few on the right or left contested the claim that the election of a candidate of African-American descent to the presidency was an event of historic proportions. Simply by winning the election Obama manifested a change of enormous significance in American politics. Fifty years before, African Americans were struggling to secure voting rights; now they had witnessed the election of a black man to the highest office in the land.

But the principal question in the air in November 2008 was whether, in addition, Obama's election would be ideologically and politically transformational—a term given wide currency at the time and since. There could be little doubt that his presidency would be a departure from that of his predecessor, George W. Bush, but

a transformation is more than a mere departure—and it was the prospect of a transformative presidency that elicited comparisons with FDR's victory in 1932.

Like FDR, Obama entered the Oval Office in the midst of a grave economic crisis, a crisis that presented enormous challenges but also perhaps afforded an exceptional opportunity for redirecting American politics and public policy. Liberals hoped that Obama—and the Democratic majorities in both houses of Congress which the 2008 election also secured—would, in the face of the meltdown of the nation's economy in the last months of the Bush administration, revive, update and apply the principles of New Deal progressivism and egalitarian reform so badly battered in the Age of Reagan. And conservatives feared the same thing.

Not surprisingly, in this context, New Deal historiography has become a political battleground. Right-wing critics anxious about a revival of liberal reform have argued that the New Deal failed to stem the tide of unemployment and even made the Great Depression worse than it would have been under the leadership of FDR's conservative critics in the Liberty League. The most widely publicized of these revisionist accounts is Amity Shlaes's *The Forgotten Man* (2007). Historians have savaged her evidence and arguments, though word of this criticism has apparently not reached Fox News.

Both sides in this debate agree that it was not the New Deal but World War II that put an end to the Great Depression. But while Shlaes and other conservatives argue that FDR's failure in this respect can be attributed to overzealous government intervention in the market, critics to their left contend that the modest (if not insignificant) impact of the New Deal on unemployment can be attributed to unduly timid action by the government leaders, who never fully embraced the view (associated with economist John Maynard Keynes) that when the economy contracts, more government spending is required in order to create demand for goods and services and reduce unemployment.

It would be well to be more precise about which New Deal was on the minds of right and left alike on the eve of the Obama presidency. Because it was not the National Industrial Recovery Act and the Agricultural Adjustment Act, the signal legislation of the early "First New Deal" (1933-34), that hopeful liberals had in view when they ventured to hope for a new New Deal in 2008. These measures, which elicited the cooperation of corporate and agricultural elites in government-authorized cartelization and self-regulation, were continuous with the "cooperative capitalist"

recovery policies initiated in the Hoover administration. Such efforts to use state power and resources to salvage the existing private sector of the economy by relying on the initiative of the leaders of big business are definitely not the New Deal that Beinart, Packer and the *Wall Street Journal* had in mind.

No, the New Deal that hopeful liberals (and fearful conservatives) looked to in the fall of 2008 was principally the "Second New Deal," above all the remarkable burst of recovery and reform legislation passed around 1935—most notably, the Emergency Relief Appropriation Act (which established the Works Progress Administration), the National Labor Relations Act (the Wagner Act) and the Social Security Act but also such important measures as the creation of the Civilian Conservation Corps, the Resettlement Administration, the National Youth Administration, the Glass-Steagall Act (Banking Act of 1933), the Homeowners Refinancing Act, the Federal Emergency Relief Act, the Securities Exchange Act, the National Housing Act of 1934, the Wealth Tax Act of 1935, the Revenue Act of 1936 (which included an undistributed profits tax on corporate income), the Housing Act of 1937 (Wagner-Steagall Act) and the Fair Labor Standards Act (which established the federal minimum wage and outlawed child labor).

As David Plotke says in his fine study of the Second New Deal regime, *Building a Democratic Political Order* (1996), the "progressive liberal bloc" that built it was wedded to the ideological conviction that the national state should intervene forcefully and broadly in society. Progressive liberals regarded aggressive state regulation as a necessarily permanent feature of American politics and not merely a temporary response to the emergency of the Depression. And while never anti-capitalist social democrats or radical egalitarians, they were committed to the redistribution of wealth. They felt "an urgent need to aid the most disadvantaged" and held to the view that "extreme social and economic hardship and inequality were socially and politically destructive." The progressive bloc established these convictions as the "common sense" of American politics from the mid-1930s through the late 1960s, the years of the "New Deal Order."

There was good reason to believe that Obama was inclined toward a resurrection of this progressive liberal "common sense" when he ran for president (though less so than the now-fallen John Edwards). He said as much in *The Audacity of Hope* (2006), one of two bestsellers that brought him national attention (and a small fortune). He called for an alternative to the antigovernment, profoundly inegalitarian common sense of the Age of Reagan (1974-) that "recasts FDR's social compact to meet the

needs of a new century." On the campaign trail, he told Joe the Plumber that "I think when you spread the wealth around, it's good for everybody." Calling for repeal of the George W. Bush tax cuts for those with annual incomes over \$250,000, Obama wryly remarked that "once your drapes cost more than the average American's yearly salary, then you can afford to pay a bit more in taxes."

Well into the third year of the Obama presidency, both hopes and fears of a new New Deal appear in retrospect to have been decidedly misplaced. Obama and congressional Democrats can certainly claim some considerable reform accomplishments, but his presidency has not been the "transformational" liberal revival that some commentators forecast with hope or loathing when he took office. And it is even less likely now than it was then that such a transformation will occur any time soon, even if Obama wins reelection in 2012.

The fading of the prospect of a new New Deal has engendered some bitter criticism of Obama from the left. Writing in the Nation, journalist William Greider remarked earlier this year in an article titled "The End of New Deal Liberalism" that Obama "has been a crushing disappointment for those of us who hoped he would be different. It turns out Obama is a more conventional and limited politician than advertised, more right-of-center than his soaring rhetoric suggested."

Even those who credit Obama with genuinely "reaching for a New Deal"—the title of a recently published important collection of articles on the first two years of his administration by Obama-friendly liberal social scientists—admit that his reach has exceeded his grasp. "The euphoria that accompanied Barack Obama's election and inauguration is long gone," editors Theda Skocpol and Lawrence Jacobs readily admit.

Was it Obama or the circumstances he and his administration have encountered that enthusiasts and enemies of a new New Deal misjudged in 2008? Both, I think.

A new deal—for the bankers

Like FDR, Obama faced a twofold task upon taking office in 2009: recovery and reform. On the one hand, he had to steer the country out of a deepening economic crisis. On the other hand, he aimed to institute not only reforms that would prevent a recurrence of the meltdown but also those that would provide "a future in which the economy grows and prosperity is shared."

As noted, FDR's record on recovery was disappointing, if not as disappointing as right-wing critics have said. A quarter of the labor force was unemployed when he took office, and on the eve of American mobilization for World War II that figure still stood at over 14 percent. (It might have been better had Roosevelt—never a Keynesian—not exercised his distaste for budget deficits and cut government spending drastically in 1937, plunging the economy into a deep recession.) Obama's record is also unimpressive: unemployment when he took office stood at 7.8 percent, rose to 10.1 percent in October 2009 and has largely remained between 9 and 10 percent since.

The crucial difference between FDR's response to crisis and Obama's response is not that the former delivered full recovery while the latter did not, but rather that the recovery measures that Roosevelt and the progressive bloc pursued in the 1930s were egalitarian and paid political dividends, while those Obama has undertaken are not and have not. This difference is evident, as Robert Kuttner demonstrated in his important book *A Presidency in Peril* (2010), in three crucial areas of recovery policy: job creation, bank bailouts and mortgage protection.

Obama's efforts to use state power to attack unemployment have been largely confined to the stimulus of federal funds he proposed to inject into the economy in February 2009 shortly after becoming president (the American Recovery and Reinvestment Act of 2009). Though this stimulus has had an impact, its effects have been disappointing. The consensus among new New Deal hopefuls is that it was too small (as such critics as Paul Krugman and figures within the administration such as Cristina Romer warned when it was proposed) and structured—much of the stimulus took the form of tax cuts—so as to have only modest effects.

This sort of Keynesian economic stimulus by means of government spending was (intentionally) not part of the New Deal recovery arsenal, so direct comparisons are not in order. In only two years (1934 and 1936) did the federal deficit under FDR's watch in the 1930s exceed that of Hebert Hoover's last year in office—and economists, beginning with Keynes himself at the time, have lamented FDR's unwillingness to entertain explicit, ambitious Keynesian remedies. Instead, the New Deal attacked unemployment with direct relief to the unemployed and, even more substantially, with workfare—by means of the WPA, above all. Over the course of its operations (1936-1943), the WPA employed over 8.5 million people at existing skills levels.

In short, FDR did help millions of the unemployed in direct, palpable fashion—as Obama has not. Consequently, FDR got political credit for his efforts, whatever their shortcomings, as Obama has not.

At the root of the economic crisis of 2008 was the collapse of the subprime mortgage bubble and the elaborate structure of risky speculation that major American financial institutions built upon it. The response of the Obama administration (continuous with that of the Bush administration) has been to rescue Wall Street with massive infusions of taxpayers' money (under the Troubled Asset Relief Program), while extracting little from the bankers by way of a quid pro quo. By the end of 2009, no one responsible for the crisis had been subject to federal investigation or indictment. Wall Street had been stabilized and Wall Street bankers were collecting their accustomed billions of dollars in bonuses. Those whose lives had been devastated by their irresponsibility and malfeasance continued to suffer.

As Kuttner suggests, one can usefully compare Bush-Obama policy on bank bailouts with that of the Reconstruction Finance Corporation, a recovery institution established late in the Hoover administration and managed with vigor through much of the New Deal by Jesse Jones. Among a wide set of responsibilities, the RFC was empowered to make loans to banks and other financial institutions and authorized to invest in failed banks in hopes of resuscitating them. At one point, half the nation's banks had the RFC as a stockholder. Unlike TARP, the RFC took advantage of its leverage over bankers and often extracted stringent conditions for its money. After the bank holiday of March 1933, the RFC closed banks, reopened banks and reconstructed banks. And as Kuttner observes, "Jones put directors on company boards and replaced corporate managers. He got authority from Congress to limit the salaries of corporate executives receiving RFC aid, and he used it."

As for the collapse of the housing market itself, Obama has relied on voluntary programs and incentives to lenders to give desperate homeowners a break. The results have been exceedingly modest. At the beginning of 2009, foreclosures over the next four years were projected at 8 million. By the end of the year, JPMorgan Chase had permanently modified all of 4,302 mortgages—though that was an impressive record compared with that of Citigroup (271 mortgages) and the Bank of America (98 mortgages).

Contrast these policies with the New Deal's Home Owners' Loan Corporation, which sold government bonds to finance the purchase of faltering mortgages from banks.

The HOLC then refinanced these mortgages for homeowners at long-term, low-interest rates. HOLC would eventually hold a fifth of American mortgages and saved at least a million homeowners from foreclosure.

In sum, FDR's recovery policies centered on the unemployed, depositors and homeowners. Obama's recovery policies have centered on employers, bank managers and shareholders, and mortgage lenders. FDR's more egalitarian policies generated enormous political capital; Obama's much less egalitarian policies have helped push him to the edge of political bankruptcy.

Pieces of reform

If little about Obama's recovery program can be said to be in a new New Deal vein, his credentials as a more long-term new New Deal reformer are more credible. His claim to have secured legislation underwriting the security of ordinary Americans comparable to that of the Second New Deal rests principally on his administration's achievements in health-care reform (the Patient Protection and Affordable Care Act) and financial reform (the Dodd-Frank Wall Street Reform and Consumer Protection Act). Obama himself put the latter in the tradition of New Deal reforms of financial institutions, labeling it "the toughest financial reform since the ones we created in the aftermath of the Great Depression." Presidential historian Robert Dallek declared Obama's health-care reform legislation "on a par with Franklin Roosevelt's 1935 Social Security law," and Skocpol and Jacobs hold it out as evidence that Obama has managed at least to "fashion parts of another New Deal."

Both Affordable Care and Dodd-Frank are significant pieces of reform legislation, with provisions to warm the heart of New Deal nostalgists. The former will (eventually) extend medical coverage to many of the uninsured and regulate some of the troubling practices of the insurance industry such as denying coverage to those with preexisting conditions. The latter establishes a new Consumer Financial Protection Bureau and renders more transparent some of the more arcane and imaginative instruments of financial speculation. Had Affordable Care included a Medicare-for-all public option in the insurance market and had Dodd-Frank restored the bright line established by the Glass-Steagall Act between commercial and investment banking (a bright line erased in the Clinton administration at the urging of several of Obama's most influential economic advisers), both reforms might easily merit the new New Deal label. But neither is the case.

The public option was killed with Obama's compliance. And Dodd-Frank (that is, Democrats Christopher Dodd, Barney Frank and the Obama Treasury Department) gutted the pro-proposals banning proprietary trading and playing the derivatives market with federally insured deposits—practices at the heart of the financial meltdown.

Supporters of the Obama health-care program argue, rightly, that the Social Security system was quite imperfect when first passed and improved steadily with time and growing public support. Like Social Security, they argue, Obamacare is best thought of as a "starter home," which will become a dream house eventually with renovations, additions and landscaping. Perhaps. But the reverse could also happen—not just outright repeal of Affordable Care but (more likely) implementation and regulatory practice that much better serve the powerful insurance, pharmaceutical and medical interests with whom the Obama White House cut the deals that got their reform moving than the uninsured and underinsured Americans whom the program is supposed, above all, to protect.

Much of the impact of Dodd-Frank will also depend on rule-writing and regulatory practice. Already Wall Street interests have mounted a massive lobbying campaign to shape the rules so as to preserve as much as possible the speculative practices that brought the country to the brink of ruin. Even Frank foresees the very real possibility of "death through a thousand cuts."

In short, it is much too soon to credit Obama with even a partial New Deal.

Obama as pragmatic minimalist

How do we explain the collapse of the hopes and fears in late 2008 of a new New Deal? Five factors seem to have the greatest explanatory power.

Those who credit Obama with expansive reform ambitions argue that they have been the victim of the fierce opposition he has encountered from a united, obstructionist Republican Party, opposition that was underestimated in the warm glow of his election. They rightly point out that despite his efforts to reach out to Republicans, he has been met with little favorable response and few concessions. His achievements have been the product of party-line votes—party-line votes that, moreover, he could secure only by making nice to conservative and corporate Democrats in his own much more diverse, faction-ridden party.

FDR too faced bitter right-wing opposition. Indeed, today's Republican Party is the offspring of the conservative, anti-New Deal coalition of southern Democrats and northern Republicans that began to take shape in 1938. But this opposition was much weaker. Throughout the 1930s Roosevelt could count on Democratic majorities in both houses of Congress that dwarf Obama's short-lived, relatively slim margin there. He too had to contend with Democrats to his right, but he could also reach out to progressive Republicans, a species long since extinct. (When a group of independent radicals tried to mount a third-party challenge to FDR's left in 1932, their leader, John Dewey, tried to persuade a Republican, George Norris, to throw his hat in the ring on their behalf.) And unlike Obama, FDR did not have to mount a supermajority of 60 in the Senate to render legislation filibuster-proof from Republican fire-breathers. "The most common flaw of the various expressions of liberal disappointment," Jonathan Chait contended in September 2010, "is a tendency to attribute to Obama power over forces beyond his control."

One cannot then deny the significance of the opposition Obama has faced. And had his own proposals for recovery and reform been bold efforts at the use of state power for egalitarian recovery and reform, and had he waged a fierce and bitter struggle for them only to go down to defeat in the face of superior numbers, then one might think the power of the foes he encountered a sufficient explanation for his failures and anemic successes. But neither was the case. Why not?

The second factor, then, is Obama himself. Right and left alike misjudged him. And it is not as if they were not warned. In a (now) oft-cited article in September 2008, Obama's friend and adviser Cass Sunstein warned against construing him as a "doctrinaire liberal." Rather Obama was a pragmatic "minimalist," who "prefers solutions that can be accepted by people with a wide variety of theoretical inclinations." This disposition, Sunstein insisted, did not preclude "vision," but it did preclude visions that could not elicit consensus.

This understanding of Obama is echoed in James Kloppenberg's book on Obama's political philosophy, *Reading Obama* (2010). As Kloppenberg sees it, Obama is a pragmatist not just in the commonplace sense that he is more than willing to take half a loaf at the risk of securing none at all, but also in the philosophical sense pioneered by William James and John Dewey. That is, he is an "antifoundationalist," skeptical of claims to certainty, willing to subject belief to experimental test and careful to make no more than provisional and fallible truth claims.

Politically, Kloppenberg argues, this philosophical pragmatism makes for a commitment by Obama to "deliberative democracy" in which, as Obama himself has said, "all citizens are required to engage in a process of testing their ideas against an external reality, persuading others of their point of view, and building shifting alliances of consent." For Obama (and for Kloppenberg), pragmatic fallibilism and experimentation are thus tied to a willingness, indeed an eagerness, to compromise as a testament to one's lack of dogmatism and respect for the competing views of others.

If Sunstein and Kloppenberg are correct about Obama's philosophical views, it helps make sense of the trademark features of his approach to policy making, much of which passes under the heading of principled bipartisanship: his propensity to begin every political struggle with major concessions to anticipated opposition and his protracted efforts to persuade his foes to agree with him no matter how apparent the futility of such efforts. At the same time, it illuminates Obama's apparent reluctance to articulate fully and clearly a vision he knows his foes will hate and to fight fiercely not to persuade them of its virtues but simply to defeat them. Change we can believe in turns out for him to be change we can all agree to, whatever our differences.

As something of a philosophical pragmatist myself, I think there is another way of conceiving of its political implications. Although I certainly agree with Obama (and Kloppenberg) that pragmatism is antifoundationalist, fallibilist and experimentalist and has affinities with deliberative democracy, I would contest a conception of pragmatist deliberative democracy such as theirs that makes a fetish of agreement and consensus. To be sure, agreement is the regulative ideal of pragmatic inquiry and deliberation, but pragmatists are generally more alert than others (because of their antifoundationalism and fallibilism) to the difficulties of securing agreement on many matters of debate, particularly moral and political matters. Hence, in such contexts, pragmatists regard deliberative democracy less as a means to agreement (though agreement may happen) than as the best way of structuring disagreement so as to make collective decision making as intelligent and fair as possible.

From this sort of pragmatist perspective, which I believe was Dewey's, democratic elections are about politicians trying to secure the authority and the opportunity from their fellow citizens to experiment and put their conception of the good life for all and the means to it to the test. By these lights, Obama had no obligation (as a philosophical pragmatist) to make any concessions to Republicans until and only

insofar as he (as a commonplace pragmatist) needed their support to get what he wanted and could reasonably hope that such concessions would elicit it. Which, it turned out, was never.

Sunstein suggested that Obama's "reluctance to challenge people's deepest commitments might turn out to be what makes ambitious plans possible." But this sort of minimalist pragmatism proved instead to serve only the enemies of a new New Deal.

And it raised the question of where exactly Obama's vision lay, to evoke doubts in the minds of many that he really was committed to a presidency that "recasts FDR's social compact to meet the needs of a new century." Pragmatism, Dewey said (while complaining about FDR, as it happens), "implies a coherent body of ideas, a theory, that gives direction of effort." If, as Kloppenberg claims, Obama is "the most penetrating political thinker elected to the presidency in the past century," then one has to wonder why he has not produced a single speech as president to compare with any one of FDR's three or four best efforts at sharing his political theory with his fellow citizens and cementing the common sense of progressive liberalism.

Even Obama's strong supporters have been astonished at his inability to rise to the rhetorical challenge of an effective reform presidency. Rhetoric, after all, was supposed to be one of his strong suits. Hopeful new New Dealers were confident that Obama would "seize control of the narrative"—that is, fight effectively to change the conservative "common sense" (or, as pragmatists would say, the "definition of the situation") that has shaped American politics since the 1970s. They assumed from the outset that Obama would be able to argue their case, if not win every policy victory. Instead, even Skocpol and Jacobs lament that Obama

failed to understand that American citizens have heard for many years a steady stream of arguments about how government spending hurts the economy and that tax cuts are the only way to spur growth and create jobs. Against that backdrop of public beliefs and misunderstandings, the president needed to invest his time and institutional resources in effectively framing his overall economic recovery strategy if he wanted citizens to understand why he proposed what he did—especially if he wanted citizens to be able to track successes and shortfalls and remain patient through a protracted recovery process.

His failure to do so, they conclude, "constitutes, in an important sense, democratic malpractice."

A third important factor thwarting a new New Deal in Obama's first term was the influence of investment bankers in the Democratic Party. Investment bankers, as Thomas Ferguson has shown, have been important "investors" in the Democrat Party for decades, and their influence has grown dramatically in the past generation. If one heeds Ferguson's advice and follows the "golden rule" ("to see who rules, follow the gold"), it leads in the Obama administration to Wall Street. A party's top investors have a disproportionate impact on its policies, and in the Democratic Party investment bankers rule the roost.

As political scientist Larry Bartels has said, "in the New Deal era, the Democratic Party was about as liberal as it could be without alienating Southern racists. In the contemporary era, the Democratic Party is about as liberal as it can be without alienating Wall Street bankers."

Much of Obama's vast campaign treasury came from Wall Street. And after his election, executives connected to big investment banks and in particular to one leading investment banker, former Clinton Treasury Secretary Robert Rubin, filled many of the top economic policy-making posts in the administration—led by Treasury Secretary Timothy Geithner and chairman of the National Economic Council Lawrence Summers. As Kuttner demonstrates, Obama recovery policy had Geithner and Summers's fingerprints all over it. And, as the delightfully profane Matt Taibbi has said, it was corporate Democrats—Dodd, Frank, Charles Schumer and "noted pencil-necked Wall Street stooge, Timothy Geithner"—who constructed the loopholes in Dodd-Frank that the financial services industry is lobbying hard to stretch further.

Had it not been Summers and Geithner at the helm but rather, say, Joseph Stiglitz and Paul Volcker (let alone Paul Krugman), Obama's recovery policy would have tacked closer to that of the New Deal. And dissenters among policy makers such as Sheila Bair (a remarkable Republican) at the Federal Deposit Insurance Corporation and Elizabeth Warren at the TARP Congressional Oversight Panel, both of whom thought Jesse Jones was a better model to follow in dealing with big banks than Hank Paulson, might have exercised more influence. (Both have recently departed government service.) Throughout the first two years of Obama's term, the Treasury Department acted as the executive committee of the American ruling class—or, at least, of that part of it with ties to Goldman Sachs and Citigroup. And this seems to

have been fine with Obama.

Fourth, the New Deal might not have been as egalitarian as it was if FDR had not been pushed leftward as the First New Deal faltered in 1934 by social movements demanding more radical reform than he initially seemed willing to pursue: populist insurgencies led by Huey Long, Father Charles Coughlin, Upton Sinclair and Francis Townsend and a resurgent industrial union movement on its way to building the CIO.

Obama has had no such effective organized pressure from the left. The labor movement, the most significant extragovernmental force in the New Deal order, is a shadow of its former self, and its crucial piece of current legislation, the Employee Free Choice Act, which aims to prevent employers from evading or simply violating the Wagner Act, has died on the vine, with little energy expended on its behalf by the Obama administration. Obama and his advisers cannot, of course, be blamed for the weaknesses of the labor movement or the American left generally. Yet they did effectively demobilize the grass-roots organization that was so significant in Obama's election, replacing it with an Internet project (Organizing for America) that invites citizens to "support the President's agenda" rather than to shape it. If indeed Obama believes, as he said in the campaign, that "real change comes from the bottom up, not the top down," he has done little to foster a more participatory democracy. Instead of a social movement pressing for reform from the left, we have a right-wing insurgency in the streets, the Tea Party movement of relatively well-to-do white Republicans outfitted in tricorne hats—a "libertarian mob," as Mark Lilla nicely termed it. If the cry of the 1930s populism was "share the wealth," that of our own time is "what's mine is mine."

Finally, one should not gainsay the effect of racial politics on the prospect of Obama leading the country to a new New Deal. FDR tread lightly on racial issues, anxious not to alienate the substantial southern white supremacist wing of the Democratic Party (at risk of alienating his wife). Nonetheless, he won the allegiance of black voters by providing them with some of the benefits of the recovery program and the modest welfare state he forged. Insofar as African Americans were working class—and most were—the New Deal served their needs, if not equally, at least much more so than the Republicans promised to do.

But now any president who hopes to advance a new New Deal must confront the "racialization" of the American welfare state that has occurred since the 1960s. One of the great triumphs of American conservatism in the last 50 years has been to

convince many white working and middle-class voters to think of themselves in the first instance not as beneficiaries of the welfare state but as taxpayers stuck with the bill for the welfare state benefits of an "undeserving," racially marked underclass.

Eager to mend, even efface, racial divisions, Obama has bent over backward to avoid conveying the impression that the nation's first black president will in any respect be disposed to pay particular attention to the needs of America's black citizens. But because redistributive policies have in the minds of many become (misleadingly and tacitly) racialized, it is even more difficult for him than it would be for a white president to press for aggressive programs of recovery and reform that target the most disadvantaged. For Obama, tacking to the right is the price of his pursuit of a postracial politics, as such African-American critics as Cornel West have bitterly complained.

Following the "shellacking" that Democrats took in the off-year elections of 2010 and Obama's concession to Republican demands to extend the Bush tax cuts for the wealthy, all talk of a new New Deal has been put on hold. (In the 1934 elections FDR and the Democrats picked up nine House and nine Senate seats.) Center stage in American politics is now held by budget deficit reduction, and Obama seems willing, indeed eager, to make the same mistake Roosevelt made in 1937 and slash away at government spending in the middle of a deep economic downturn. He has even put Medicare and Social Security benefits on the chopping block, the sort of thing one cannot imagine FDR doing on his own initiative and without a fierce fight.

In recent months, Obama has not just ceded control of the narrative to Republicans and conservative Democrats, he has started contributing to their narrative, reinforcing their "common sense." As Paul Krugman recently complained, "If all you did was listen to his speeches, you might conclude that he basically shares the GOP's diagnosis of what ails our economy and what should be done to fix it. And maybe that's not a false impression; maybe it's the simple truth."

So when all is said and done, we might well find ourselves in 2012 with a choice for president between a moderate and a radical Republican. The Obama presidency, even if it goes to two terms, will, like the Clinton administration, take a place in the history of the post-1980 conservative ascendancy analogous to that held by the tenure of the unthreatening Dwight Eisenhower in the history of the New Deal order. The Affordable Care Act, if it avoids repeal, will come to hold a place in the hearts of

liberal Democrats similar to that held in the hearts of post-New Deal Republican conservatives by the Taft-Hartley Act—a Texas League single to right center field that denied the other guys a no-hitter.

Let me end by extending the fable with which I began. FDR's New Deal convertible quickly proved an unsuitable vehicle for minimalist Barack Obama. Upon taking office, he parked it at the curb and took a cab downtown to Wall Street. There, at a hedge fund managers' watering hole, he met billionaire Warren Buffett, and they slipped into a conversation about the estate tax. A bit of a traitor to his class, like Roosevelt, Buffett denounced repeal of the tax and audaciously hoped that Obama would vigorously take on pernicious inequality and do at least as much as FDR to stem its tide. Buffett wryly remarked (as he has) that "if there's class warfare going on in America, then my class is winning." Obama smiled knowingly. "Well, you know Warren, there is and they are. But for the life of me, I can't figure out a way to do much about it without pissin' off a bunch of folks."

This article draws on a series of lectures Robert Westbrook gave at the Third Presbyterian Church in Rochester, New York.