Whatever Happened to the Commonwealth?

Jane Dailey and David Nirenberg ▪ September 30, 2008

Presidential elections, systemic economic crisis, global challenges to the dominance of the established order: 2008 sounds more and more like 1932. That was the year that the Dow Jones Industrial Average hit its Depression low of 42.11, Adolf Hitler became a citizen of Germany in order to lead the Nazis to power, and Joseph Stalin drew up his plan for the "Protection of the Property of State Enterprises, Collective Farms and Cooperatives and the Consolidation of Public (Socialist) Property."

It was also the year that New York Governor Franklin Delano Roosevelt challenged incumbent Herbert Hoover for the presidency, and it is worth asking how those two statesmen, campaigning in the midst of the only modern economic crisis comparable to our own, proposed to restore the shaken credibility of capitalism.

President Hoover's proposals sound the most familiar. In his August acceptance speech to the Republican National Convention, he conceded that "ugly weeds of waste, exploitation, and abuse of financial power" had invaded an economic soil "poisoned by speculation," but he insisted that those weeds were foreign to the American land. They were the few who "run riot in selfishness" and "race after the false gods of materialism." Hoover insisted that the answers to America's economic woes lay not in systemic change, but in "the fortitude of our people," as well as higher protectionist tariffs and severe limits on immigration. Calling for a return to spiritual values, he concluded with an oath to Almighty God.

All of these solutions are still heard on today's campaign trail. Curiously, it is Franklin Roosevelt's rhetoric and not Hoover's that sounds foreign to our twenty-first century ears. In the famous speech FDR delivered in San Francisco on September 23, 1932, before the Commonwealth Club of California, Roosevelt argued that the "responsible heads of finance and industry, instead of acting each for himself, must work together to achieve the common end. They must, where necessary, sacrifice this or that private advantage; and in reciprocal self-denial must seek a general advantage." To enforce this sacrifice, Roosevelt insisted that "the government may properly be asked to apply restraint" to "protect the public interest."

Nowadays it is difficult to imagine any presidential candidate, whether Republican or Democrat, using the terms Roosevelt used—"common end," "general advantage," "public welfare," "public interest"—to describe the primary responsibility of private industry. Decades of cold-war anticommunism and free-market ideology have deprived those phrases of the positive resonance they once had in our political imagination.

The aquatic metaphors that have replaced them—"trickle-down economics," "a rising tide lifts all boats"—invert the relationship between the individual and the group,

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making private self-interest the source of collective good. You can still join the Commonwealth Club in San Francisco, but the idea of "commonwealth" has disappeared as a dominant ambition for our collective economic and political life.

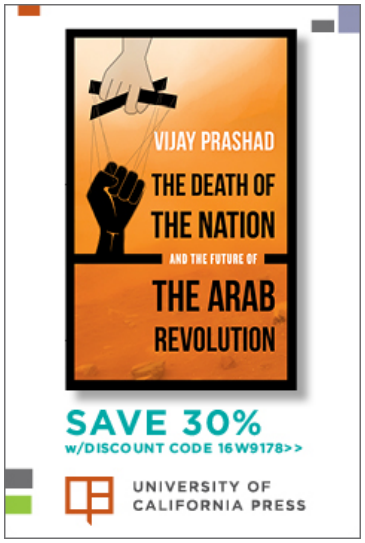
We no longer have a language in which to make claims for the rights of the polity against those of the market. Even as gifted an orator as Barack Obama, whose campaign explicitly invokes community, is forced to fall back on Christian ideals like "thy brother's keeper" when he wants to articulate a sense of common economic and civic responsibility. As for John McCain, he may be a maverick in his willingness to rail against "Wall Street fat cats" and inveigh against "greed," but he refuses or is unable to articulate any principled grounds for discrimination between legitimate finance and illegitimate speculation, acceptable self-interest and unacceptable avarice.

Roosevelt, like many politicians in our present crisis, did lash out at the reckless promoters. But he also made clear that the failure was systemic, not personal, and he offered a principled vision of a balance between private liberty and common good. "We know that individual liberty and individual happiness mean nothing unless both are ordered in the sense that one man's meat is not another man's poison," he proclaimed at the Commonwealth Club. Roosevelt's argument was that since the property of every individual is affected by the economic activity of everyone else in the system, individual liberty demands that the political community limit such activities whenever they threaten the wealth of another. "Every man," he explained, invoking Thomas Jefferson,

> has a right to his own property; which means a right to be assured, to the fullest extent attainable, in the safety of his savings. By no other means can men carry the burdens of those parts of life which, in the nature of things afford no chance of labor; childhood, sickness, old age. In all thought of property, this right is paramount; all other property rights must yield to it. If, in accord with this principle, we must restrict the operations of the speculator, the manipulator, even the financier…we must accept the restriction as needful, not to hamper individualism but to protect it.

As we watch (at current estimates) more than a trillion dollars in collective savings disappear into the whirlpool that was once Wall Street, we are already hearing calls for such restrictions and regulations. These calls are not misplaced, but they are not enough. We also need what Roosevelt provided three-quarters of a century ago: a politically convincing and principled way of imagining a relationship between the economic and political rights of the individual and those of the collective, which he called the "economic constitutional order."

We can't simply ask the free markets to provide the principles by which we restrict the economic rights of the individual. Even if our econometrics were perfect, even if our ability to measure risk were much better than it is, we would still need to decide how to allocate that risk between competing rights and interests. To put it in terms of the current crisis: In order to know what we want to regulate or whom we have to bailout, we first need to know what and whom we want to protect. That decision will always be political and ideological, as well as economic. Yesterday's failure to pass the "bailout bill" in Congress shows us the cost of forgetting this. Only the bill's fiercest opponents—conservative Republicans—could articulate ideological principles for their decision, and those principles were derived from the same extreme confidence in free markets and private interests that helped to bring about the present crisis. If their victory does not astound more of the electorate, it is in part



because there are few alternatives on offer. Today what we urgently require is what FDR provided in 1932: a compelling vision of the commonwealth.

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