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The Transformation of America's Social Welfare System During the New Deal

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Prior to the New Deal local governments provided almost all social welfare spending, or what contemporaries called "relief," which had long been associated with patronage and political manipulation. While Progressive Era reformers claimed victories on such matters as mothers' pensions, workplace safety, workers' compensation, and democratic reforms (such as the referendum, initiative, recall, and direct election of senators), they contemplated a larger role for the federal government in the provision of relief.[1] During the progressive movement private social welfare agencies became more widespread and were touted as "apolitical" organizations, which supposedly had the welfare of their clients, instead of politics, as their motivating interest. Social workers in public relief agencies were distinctly second-class citizens in the social works movement prior to the Great Depression, largely because of the taint of politics associated with relief distribution, but it was not until the New Deal that fundamental changes were made in the provision of relief. One outcome of the New Deal was the federal government's intervention in social welfare institutions, which had long been an objective of social reformers. Surprisingly, while the pre-1933 era when public administration of relief was widely regarded as corrupt, the New Deal public welfare system, as refined through the 1960s and still largely in place today, is often castigated as bureaucratic, but rarely corrupt. What changed? How did the country go into the Depression with a public welfare system that was riddled with political manipulation and emerge with one that was not?

The transformation to today's social welfare system itself was not devoid of politics.

Between 1933 and 1940, federal, state, and local governments combined to spend $2 billion per year to provide relief to at least 2 million cases (families) per month. At a time when unemployment reached 25 percent, the federal government introduced a relief program allocating 4 percent of GNP each year. Over the course of the New Deal between a fifth and a quarter of all families received some type of government assistance. Politicians at every level of government maneuvered, manipulated, and cajoled to get their hands on a share of the money. After two years of nationally-directed, but locally-administered, relief under the Federal Emergency Relief Administration (FERA), a composite welfare system was put in place under the Social Security Act of 1935 (SSA) and the Emergency Relief Appropriations Act of 1935 (ERAA). The compromise divided responsibility for welfare into several pieces, and returned permanent control of relief to the states. Social reformers complained that they had been sold out to the politicians: relief had been returned to the corrupt. They were right – partially.

Politics influenced every aspect of relief administration in the 1930s and the structure of relief adopted during the New Deal owed its nature to politics, particularly the politics of federalism. Certainly, if social work activists or progressive reformers had their say, the New Deal would have adopted a much different relief system. Yet the structure of relief that emerged during the New Deal mitigated some of the political opportunism inherent in the pre-Depression era. This new institutional structure partially removed politics not because it was morally and ethically wrong, but because it was distinctly in certain politicians' political interests for relief to transcend simple political expediency. The New Deal political conflicts over relief, which were most often conflicts over who would administer relief and thus benefit directly from the spoils of largesse, produced an institutional structure in which corruption was a bad outcome for a few politicians. Most notably, President Franklin Roosevelt was the largest beneficiary of electoral

support generated by the relief programs, but the electoral support the president received depended on the relief programs not being corruptible.[2] Unlike the president, senators, representatives, and local politicians viewed the benefits of largesse locally. They benefited from a relief system which enabled them to wield local political influence and to benefit electorally from the distribution of relief.

The SSA and ERAA represented a compromise between congressional and presidential interests on the one hand, and between national, state, and local interests on the other. The ERAA gave Roosevelt a blank check for $4.8 billion to relieve the emergency unemployment situation for the duration of the Depression. It was in Roosevelt's interests to see that this money was spent in such a way that adhered to his high-minded goals of "relief, recovery, and reform." In fact, as we document in this paper, institutional changes in the provision of New Deal relief from 1935 to the end of the Depression served to reduce the "political leakage" that would have occurred had the relief been administered at the local level. In exchange, the SSA returned administrative control of the permanent relief programs – unemployment insurance, old age assistance, aid to the blind, and aid to dependent children – to the states and gave the federal government control of old age insurance. The Social Security Board, of course, had no interest in allowing corruption at the state and local level and over the next two decades promulgated regulations that, while not depriving state governments of administrative control, effectively eliminate their ability to gain from political opportunism.

We begin with a brief history of relief before and during the New Deal. In the sections that follow we trace how political influences shaped the administration of relief programs, document how relief administered by the national government differed from relief administered by states, and describe how the administration of relief evolved under the Social Security Board.

I. Relief Before 1933 and the Beginnings of Federal Relief under FERA

Prior to 1933 most social services and virtually all public relief were provided by local governments: counties, townships, or municipalities. The legal structure governing relief had its roots in the English Poor Law of 1603. Relief was administered through a complex network of public and private agencies, ranging from the poorhouse to the Community Chest. The intellectual high ground in the emerging field of social work was dominated by private, rather than public, organizations. The centuries old debate over using relief to care for the truly needy as opposed to a dole for the truly idle, shiftless, and worthless produced in America a philosophy of social welfare focused on the individual case. Social workers were responsible for identifying the deserving from the undeserving poor, and relief was tailored to suit the needs of the needy and to discourage the dissolute. Independent private social agencies could make these distinctions without bias, while public relief agencies were always tainted by the possibility of the political and personal ambitions of the politician. The preference for private rather than public relief was further strengthened by the general low regard for the capacity of local governments, run by local machine politicians and staffed by untrained politicos as rewards for political service. Patronage and political influence – “corruption” – rather than the interests of the poor, were believed to motivate public relief.

It came as a surprise in 1929 when the newly formed Committee on Social Statistics reported that in the nation’s 15 largest cities over 70 percent of all relief funds, whether disbursed by public or private agencies, came from local governments. Relief, it turned out, was publicly financed even where it was privately administered. As the depression deepened after 1929, both public and private sources of funds were called on. The growing burden of relieving the unemployment problem was well beyond the ability of private agencies and the share of relief spending by local, and eventually state, governments rose steadily.[3] Public relief officials, who had taken a backseat to professional private social worker for decades, now began exerting a larger influence in discussions about and planning for a larger relief effort. But the leadership

of the social work movement had their roots in private social agencies, and it was those leaders who would assume the most important positions in the national government, both under Hoover and under Roosevelt. Those leaders brought with them the idea that local public relief administration was inefficient and subservient to politics.

Those ideas posed problems for Roosevelt and Hopkins when they began operations under FERA. Corruption in the administration of a relief program could come in several forms. One form of corruption may have involved the allocation of relief funds between political units (states, counties, and cities) and then at the local level the selection of who would be eligible for relief and to how much relief they were entitled. A secondary level of corrupt activities might have been more concrete: restrictions on the use of in-kind relief (e.g. issuing food checks drawn on a local grocer or mandating that coal be bought from one supplier rather than another); misappropriation and corruption in the execution of work relief projects (bid rigging, contract corruption, kickbacks, etc.); or imposing political dues on the lucky few who obtained administrative jobs in the relief agency. All of these problems depended to a degree on administrative discretion. For example, a social worker with a free hand in determining who was needy and who was not, could easily, and legally, reward fiends, family, and the politically connected with relief, while one who was held to higher standards of demonstrable need could not. The dominate philosophy of (private) social work in the 1920s was to determine what was best for each relief recipient on a case by case basis, i.e., give the local relief agency the maximum degree of flexibility and discretion in spending money.

The Federal Emergency Relief Act created the Federal Emergency Relief Administration and charged FERA's administrator with distributing $500 million in federal government funds to the states to be used to support unemployment relief throughout the country. The existing social welfare system, the only system capable of passing out relief to millions of unemployed Americans on short notice, was composed of thousands of independent public and private relief agencies. Few states were actively involved in financing, much less administering

unemployment relief (states were usually responsible for the care of the criminal and the insane, not the poor). The prospect of distributing $500 million through this system was a nightmare of accountability for Hopkins. Giving control of the funds to public relief agencies seemed guaranteed to exacerbate the use of relief for political purposes, but giving control of the funds to private agencies seemed guaranteed to insure that millions of decisions about who would receive how much relief would be made by social workers in the best interest of the needy, with no possibility of consistently explaining why one person got relief and another did not.

Roosevelt and Hopkins were in a hurry, however, and their initial decisions about FERA reflected the need to get started quickly. In 1935 they would propose a thorough overhaul of the country's welfare system, but in the summer of 1933 they had to figure out how to get hundreds of millions of dollars in relief to millions of families throughout the country. The FERAct required Hopkins to distribute the money to the states, even though most states had no formal structure for administering relief. The understanding was that most of the money would end up with local relief agencies. Hopkins and FERA were given some discretion in passing out money between the states (in the initial $500 million appropriation, half the money allocated by matching state and local contributions and the other half as allocated at the discretion of the administrator on the basis of need) and Hopkins could use this discretionary fiscal power to influence the standards of relief administration within individual states.[4] Hopkins made three key decisions:

1) All relief funds would be spent by public agencies. Even with his private social work experience and training, Hopkins understood that problems of accountability would be paramount. Public relief agencies could be held accountable in ways that private agencies could not. Moreover, it would have been fairly easy to transfer personnel from private to public agencies (FERA could help the process by making grants explicitly for administrative costs). On the other hand, funneling national relief grants through a network of state and local public

agencies obviously raised a principal-agent problem for Hopkins because delegating authority meant local relief agencies could use the federal money for their own political purposes.

2) Relief benefits would be set on a case by case basis using a need based standard. Local relief agencies would investigate each case, determine the amount of resources available to each family or individual in need, and then determine the benefits to be paid each month as the difference between the families' available resources and the relief "standard" for families of a given size. This reflected the philosophy of private social work that each case should be treated individually.[5] Relief benefits would not be pre-determined, e.g. $15 per month for each family, they would be at the discretion of the local relief agency. This opened the door to endless wrangling about the determination of benefits and accusations of political favoritism. On the other hand, it was popular with the rank and file of social workers who would staff local relief agencies and it gave the entire relief structure an inherent fiscal flexibility. Since benefits were determined case by case on the basis of need, it was relatively easy, when budgets got tight, to reduce all benefits slightly. Had benefits been flat and fixed, adjustments to budget fluctuations would have had to come in the number of cases rather than the generosity of benefits, which was something everyone wanted to avoid.[6]

3) Hopkins made it very clear that FERA would enforce the highest standards of relief administration possible, that it would use fiscal discretion (the threat of withholding funds) to enforce and persuade state and local relief administrations to meet those standards, and that it would vigorously prosecute state and local relief officials who used relief for their own political purposes. FERA established a division of investigation which would look into over a thousand complaints (ranging from the trivial to the felonious). Hopkins continually pressed states to increase the amount of funding they provided for relief, raise the standards of relief administration, and to reduce corruption and the political use of relief.

Roosevelt reaped enormous political gains from the relief programs, as he was seen as the source of relief for millions of American families. At the same time, by garnering the credit for

relief Roosevelt was obligated to bear the political costs of corruption when it was exposed. It was impossible for the federal government to quickly set up a relief organization directly answerable to the President. In 1933, relief had to be a joint effort of national, state, and local governments. It was bound to include some corruption. Although there were occasions when Roosevelt may have benefited from using relief politically, and there is persuasive evidence that he did so, by and large Roosevelt gained much more from an image and reality of incorruptibility.[7] In this respect, the interests of Roosevelt were at odds with the interests of individual Democratic senators, congressmen, governors, and state legislators who stood to gain little or nothing from the system being incorruptible if it meant that they could not use relief for their own political purposes.

The decisions to make FERA a joint effort of national, state, and local governments was mandated by the national emergency in 1933. Simply put, there was no other way to spend several billion dollars on relief on short notice without using the entrenched relief bureaucracy. The decisions made by Harry Hopkins about how relief would be administered inevitably involved setting the interests of the federal government sometimes at odds with state and local governments and, critically, involved conflicts between the president and Congress over how the relief program should be structured. Out of the resolution of these conflicts emerged the modern welfare state.

II. Building the New Deal Relief Structure

Even as FERA got underway in the spring and summer of 1933, discussion began on how to permanently structure a relief program. Hopkins immediately got into arguments with governors and state relief systems across the country about how much financial support state governments would provide, how relief benefits were to be determined, what constituted adequate relief, whether relief was to be given in cash or in kind, and over state and local efforts to bend the administration of relief to serve political ends. Characteristically, even as

Republicans accused Hopkins of playing politics with relief, Democrats accused Hopkins of appointing Republicans to important relief posts. There was no happy medium for Hopkins. The only certain solution to the problem was to create a national relief agency, staffed by civil servants answerable only to Hopkins. But that would not be acceptable to Congress or state and local governments. What resulted was a compromise that enabled Hopkins and the federal government to put some bounds on the agency problem they faced in allocating federal relief at the local level.

The administration of New Deal relief falls into two distinct periods, marked by the passage of the Emergency Relief Appropriation Act of 1935 (ERAA) and the Economic Security Act of 1935. Prior to 1935, all of the nation's relief efforts were coordinated and funded by FERA. After 1935, relief was broken into different pieces, some administered by the federal government, some by state and local governments, and some jointly (federally) administered. The upper panel of Table 1 outlines the major relief programs and the lower panel details whether the programs were administered by the national government or federally.

Under FERA, national relief funds were distributed to the states each month. Although there were distinct programs within FERA – for work relief, transients, commodities, etc. – the program was fluid and FERA's efforts focused on getting the maximum amount of relief to the largest number of people, quickly, and with a minimum of administrative costs. Being "on relief" was more meaningful than receiving work relief or general relief, as cases were readily moved between categories (in line with the private social work emphasis on individual cases). During the winter of 1933/1934, Roosevelt established the Civil Works Administration, which was a temporary program designed to provide jobs for 4 million unemployed. The CWA was a "national" program, in the sense that the federal government issued checks to individual recipients, and CWA administrators nominally worked for the federal government. In effect, the CWA was largely administered by FERA personnel, most of whom were state and local employees temporarily transferred to the federal government's payroll during the winter.

With the exception of some funds for transient relief, FERA itself granted money to states and either state or local agencies spent the money. There was constant friction between FERA and some of the states over the amount of money contributed by state and local governments, over low standards of relief administration, and over the intrusion of politics into the administration of relief. The state and local share of all relief expenditures varied from a high of 62 percent in Rhode Island to a low of 5.4 percent in Alabama. Hopkins threatened to withhold FERA grants to several states that refused to increase state contributions. The disputes were significant in about 20 states (detailed later). He made good on his threat to withhold funds in Colorado and Missouri. Dissatisfaction with the way relief was administered led Hopkins to take over the administration of relief, to "federalize" relief, in six states.[8] In North Dakota, Governor Langer had been indicted and convicted for extorting kickbacks from federal government employees, although he wiggled out of serving jail time. In Ohio, Governor Davey had a long feud with Hopkins over the administration of relief.[9] When Roosevelt finally authorized the federalization of relief in Ohio his letter began "My Dear Mr. Hopkins: I have examined the evidence concerning corrupt political influence with relief in the State of Ohio. Such interference cannot be tolerated for a moment. I wish you to pursue these investigations diligently and let the chips fall where they may. This administration will not permit the relief population of Ohio to become the innocent victims of either corruption or political chicanery" (as quoted in Brown, p. 210).

The compromise between the President, the Congress, and the states was embodied in the ERAA of 1935 and the Economic Security Act (commonly known as the Social Security Act, SSA), both introduced in January, the ERAA passed in March and the SSA in August. Two distinctions were critical: between employable and unemployable persons and between the temporary and the permanent relief programs. The ERAA appropriated $4.8 billion for the relief of the unemployed, to be spent at the discretion of the president, through agencies unnamed in the bill but to be created under its authority (these ultimately included the WPA, REA, FSA, and

NYA). The "E" stood for emergency. This was a one-time, temporary appropriation of funds for the relief of employable persons (people who would have had jobs had it not been for the depression).[10] The emergency appropriation was intended to tide the country over until the "permanent" relief structure could be put in place.

The SSA created the permanent program. The original bill submitted to Congress by the President's Committee on Economic Security, contained a plan for a national program of Old Age insurance and a series of "categorical" programs for the relief of specific portions of the population: the unemployed, the old (those not covered by the insurance program), the blind, and dependent children. When Congress got a hold of the bill, it left old age insurance under the administration of the national Social Security Board, but it transferred administration of the categorical programs to the state governments. Unemployment Insurance would be funded by a nationally administered payroll tax that would be deposited in individual funds accessible by all states with approved unemployment administrations. The other categorical programs would be administered by state governments and financed by matching national grants. Although the Social Security Board would be responsible for approving the initial design of state programs, actual administration of the programs was left up to the states and, significantly, the Board was explicitly prohibited from interfering with personnel policies of the state administration or withholding matching funds because of personnel policies. The patronage power of the categorical relief programs was to be firmly located at the state and local level. A provision required that each state establish a state administration, but initially that was interpreted to mean that a state merely needed to create a state agency, that local governments could still run the day to day program.

The elements of the compromise were clear. Roosevelt was given a free hand in the administration of relief for the remainder of the depression. The temporary programs created under the ERAA, of which the WPA was the most important, provided the lion's share of relief for the rest of the 1930s. How Roosevelt used his authority was up to him, subject to Congress's

power to approve further appropriations. Congressional Democrats lost the immediate advantage of controlling relief. But their position as the majority party was strengthened by the prospect of Roosevelt's reelection, and they could reasonably expect to share in some of the benefits of administering relief through the normal political process. Roosevelt and Hopkins could not afford to alienate powerful congressional interests. In the permanent program, however, almost all of the discretionary powers over relief administration had been reserved for the states. The national government's hands were tied, fiscally and administratively.

The social welfare profession was incensed at what it perceived to be a betrayal of its basic principles. National support and administration of relief was to be abandoned. Control over the permanent relief program was given over to the states. General relief, relief for those who did not fit into a category of relief supported under the Social Security program, was returned to local governments. Only the needy who were unemployed, aged, blind, or dependent children came under the protection of the federal system. The compromise of 1935 cast relief back into the realm of politics: "One of the greatest difficulties in the way of sound organization [after 1935] was political interference with legislation and standards of personnel... The fact remains that much of the confusion and many of the backward steps taken in state and local administration were due to political pressures" (Brown 1940, p. 321).

We do not ask what welfare in the United States would have looked like had a FERA-like omnibus relief agency continued to administer relief after 1935. It certainly would have been different from the system that we have today. Congress was not trying to eliminate corruption in the administration of relief programs in 1935; indeed, there is every suggestion that Congress explicitly designed the structure of relief programs to make it easier for politicians, particularly senators and congressmen, to meddle in relief for their own political ends. How, then, did the welfare system in the United States transform from what was in essence a political structure to one in which corruption played a very small role?

The answer lies in the creation of a national authority, both in the temporary and

permanent programs, that stood to gain very little from administering relief in a politically corrupt way. Roosevelt, as a politician with a national constituency, stood to lose a great deal if the public perceived that relief was being used corruptly or for overt political ends. In the case of the temporary program, it was to Roosevelt's and Hopkins's advantage to suppress corruption in the administration of relief. Roosevelt gained votes from those who received relief and could only lose votes if relief was allocated by political preference. For a time, Hopkins was the leading candidate to succeed Roosevelt. He was appointed Secretary of Commerce to bolster his *bona fides*, but Hopkins' ill health and Roosevelt's decision to run for a third term ultimately ended Hopkins' chance (Hopkins managed the Chicago convention that produced Roosevelt's nomination in 1940). In the permanent program, the Social Security Board was given passive control over state administration of categorical relief. Unlike Hopkins, the Board could not threaten to withhold funds on a monthly basis, the matching grant provisions gave states complete discretionary control over spending. Congress explicitly gave the states control over personnel policy (thus the comment in the quote from Brown earlier). But Congress also gave the Board the authority to approve programs and to insist that programs be administered at the state, rather than the local level. After reviewing the evidence on the role of political influence in Congress, we will show how the administration of the WPA and the subsequent administration under the Social Security Board reduced corruption and political influence in the administration of relief.

III. Congress and the Politics of Relief: Geography and Jurisdiction

Political institutions that endure must provide political actors with incentives to maintain the system. Prior to 1933, local governments dominated the provision of public relief and the financing of private relief. Accepted wisdom was that local public relief was more likely to be corruptible than private relief: relief was more likely to go to the politically connected needy, or at least to those in need willing to pledge their vote, that relief expenditures were likely to line the pockets of patrons, that funds were

likely to go to wards or counties where votes mattered, and that administrative jobs went not to those with professional training but those enjoying political patronage. If the New Deal relief programs challenged these local prerogatives, why did politicians elected from state and local constituencies, support the New Deal reforms? Or, as many have argued, did elected politicians support New Deal relief programs because they believed that they perpetuated, rather than reformed, the local political abuses of relief?

In this section, we examine the passage of New Deal legislation to determine whether Congress played politics with relief. First, differences between House and Senate versions of the same bill are examined to see if the two branches of Congress made predictable differences in the geographic allocation of funds between large and small states. These differences provide a simple and clean test of whether politics mattered in the political economy of New Deal spending. Second, differences between House and Senate versions of the same bill are scrutinized to see if the House was more likely to create administrative discretion and authority at the local level and if the Senate was more likely to create administrative discretion and authority at the state level. Since using relief for political ends required administrative discretion, these results give us an indirect indication of what politicians hoped to accomplish by structuring the relief programs in particular ways. There were ten important pieces of relief legislation during the New Deal, and each one is used in this section. They are listed in Table 2.

Congress influenced the geographical allocation of relief spending in two ways. First, within a given program legislation could specify that funds be spent in a particular way or according to a given formula. For example, in the Federal Emergency Relief Act, HR 4606 72nd Congress, the Senate bill appropriated $500 million to be divided between a $300 million matching fund ($3 state to $1 national matching rate) and a $200 million discretionary fund to be allocated by the Relief Administrator. The House bill allocated $250 million to each fund. The Act was ultimately passed with the House allocation and we can compare how the $50 million was allocated between the states in the discretionary fund and how it would have been allocated in the matching fund (using the actual allocation of funds in the discretionary and matching funds as guides to the counterfactual). Alternatively, Congress could

distribute funds between programs with different patterns of allocation. In the Emergency Relief Appropriation Act of 1935, HR 9830 73rd Congress, the Senate proposed a transfer of $100 million in FERA funds to the PWA; the House version did not transfer the funds. Since FERA and the PWA expenditures across states were different, we can compare the House and Senate allocations by examining how the $100 million would have been spent under the two proposals.

The difference between the House and Senate allocation of funds to state *i* is:

(1) $DF_i = \text{House allocation}_i - \text{Senate allocation}_i$

The proposition that the House will allocate more funds to large states better represented in the House than in the Senate can be tested using the regression:

(2) $DF_i = a + b*\text{Voting Share}_i$

where the independent variable is the voting share of state *i* in the House.

The House and Senate differed over the allocation of funds in seven of the ten pieces of New Deal relief legislation. Estimates of equation (2) for those seven bills are shown in Table 3. The dollar differences ranged between $50 million to $200 million, significant amounts of money but fairly small portions of the overall appropriations. In five of those cases the differences between the House and Senate versions were positively and significantly related to a state's voting share in the House. In the other two cases the coefficients were insignificant, one positive and the other negative. Geographical interests were, it seems, an important determinant of differences between the House and Senate.

A curiosity of the regression results lends additional support to the geographic story. We can solve for the voting share in the House that results in no difference between the House and Senate versions (i.e., $x = -a/b$ from equation (2)). The last column in Table 3 lists the implied "critical size" for each regression estimate. In six of the seven cases, states with more than 14 or 15 votes in the House received more money from the House bill than the Senate bill. Only nine states had 14 or more votes in the House, but the total vote of those states was 217, one vote shy of a majority of the 435 House votes. The nine states that, on average, benefited from the House version were almost exactly the number required to pass legislation in the House.

The House and Senate allocations differ in systematic and understandable ways. Unemployment, and therefore relief spending at the state level, was heavily concentrated in the large industrial states of the northeast and upper midwest. These states were much better represented in the House and the House pursued programs that allocated relative large amounts of money to these states. An important way of doing that was through matching grants, since the more wealthy, industrial, and hard hit states spent more of their own state and local funds on relief and therefore qualified for larger matching grants. The Senate, on the other hand, tended to prefer (relative to the House) programs and methods of allocation that favored the geographically large, sparsely populated states of the west and midwest. They preferred allocation formulae, like population or land size, that funneled more money into the west. They also showed a strong preference for large public works projects, like the type conducted by Harold Ickes and the PWA located primarily in western states with an abundance of public land, over the small, often urban work relief projects conducted by Harry Hopkins and the WPA.

The jurisdictional differences in the House and Senate were more marked and more important than the geographic differences. Geographical differences were usually over substantial amounts of money, but were minor in relation to the whole relief package and they never proved to be significant impediment to the passage of legislation. Jurisdictional disputes, however, were over central issues of administrative control and, on at least one occasion, were capable of bringing the whole legislative process to a halt.[11] The large number of differences in the House and Senate bills make it too cumbersome to discuss each one in detail. This section discusses general types of differences and their frequency in bills.[12]

There were four basic administrative decisions to be made in every relief program: decisions about money, patronage, project selection, and recipient selection. In general, we expect the House to locate administrative control over these functions at the local level and the Senate to locate control at the state level. Table 4 lists the ten relief bills, whether there was a difference in one of these four areas, and whether the difference was as expected (Y if it was N if it was not). An example from each category:

1) Money: The very first relief bill, HR 12445 72nd Congress, authorized the Reconstruction

Finance Corporation (RFC) to make loans to the states for relief purposes. The Senate version of the bill restricted RFC loans to the states, local governments could not apply. The House version of the bill allowed cities to apply directly to the RFC for loans, rather than going through the state government. In this case the House version was adopted.

2) Patronage: In the ERAA of 1935, the House proposed that any county relief agency was required to hire its administrative employees from the residents of that county, which would have given local relief authorities and congressmen strong control over patronage. The Senate version stipulated that administrative employees within a state had to live within the state, but employees from one county could be hired in another county. Neither restrictive residency requirement survived in the final bill.

3) Project Selection: Under the WPA, a class of projects called "federal projects" were financed and administered directly by the WPA with no state or local sponsorship. The most prominent of these were the Arts projects. In the Emergency Relief Appropriation Act of 1939, both versions of the bill eliminated all federal theater projects, and the House version of the bill required that any new federal projects have a local sponsor. The Senate bill had no provision for local sponsorship. The local sponsorship provision stayed in the final bill.

4) Recipient Selection: There was never a hard and fast legislative decision on who should select the recipients for the WPA. In practice local relief agencies "referred" potential recipients to the WPA, and it was usually impossible to receive a WPA relief job without the referral.[13] Local relief agencies were not paid, at least not directly, for this task and so effectively remained independent of the WPA. Hopkins and the WPA several times requested funds from Congress to pay local relief agencies for providing referral services, and a provision for payment was included several Senate bills. In every case the provision was eliminated from the bill by the House. Hopkins was unable to exert even indirect control on local recipient selection by providing money for the referral service, money that could have been withheld or reduced.

These examples are indicative of House and Senate concerns in relief legislation. As Table 4 shows, differences in the kind of administrative arrangements preferred by the House and Senate were

frequent, persistent, and systematic.[14] Both Senators and Congressmen were interested in locating administrative control of the relief program at the level of government were they exercised the most control. The changes Congress made to the Social Security Act submitted by Roosevelt were of exactly this form: moving administrative control to the state and local level.

IV. Comparing the Intra-State Allocation of FERA and WPA Funds

Congress "played politics" with relief during the New Deal. The differences between House and Senate versions of relief bills are direct evidence of how divergent congressional interests shaped the institutions that allocated relief to the needy. Dividing administrative control over relief between national, state, and local governments was they key element in the compromise of 1935. The states assumed control over permanent categorical relief and general relief, while the national government assumed control of the temporary relief programs and the permanent social insurance program. Roosevelt and Hopkins were given a blank check for $4.8 billion in the ERAA of 1935. Did they play politics with relief too? Compared to Congress, Roosevelt had less to gain and much more to lose if the public perceived that relief was corrupt. When Roosevelt and Hopkins were given a free hand in 1935, they pursued policies that were more in line with the stated New Deal goals of "relief, recovery, and reform" and paid less attention to politics.

The WPA succeeded FERA as the primary national program for the relief of the unemployed. Like FERA, under Hopkins the WPA provided relief to over 2 million cases each month. Unlike FERA, the WPA was a "national" program. Administrative employees worked directly for the federal government. Most work relief jobs on the WPA were created by projects sponsored by state and local governments, and in that sense there was a federal component to the WPA. But the national and regional WPA field offices decided what projects would be funded. Unlike FERA, WPA administrators controlled the intra-state allocations of WPA funds. Hopkins chose to centralize decision making about the distribution of funds because of the

problems created by the independent administration of FERA grants by state relief administrations.

We examine whether the distribution patterns within states differed for the WPA and the FERA. We expect that the WPA matched better what Hopkins and the Roosevelt administration wanted to do with the funds (that is, focusing on the three Rs). There is a caveat. WPA grants were not distributed in the absence of state and local activity. States and local jurisdictions lobbied for and spent resources to obtain funds from both FERA and the WPA. To the extent that the interest and skill of local districts in seeking funds did not change between 1933-35 and 1935-1939, the differences in distribution within states under the WPA and the FERA reflect differences in that administrative control under the two grants.

Our focus is the internal distribution within states. The values for every variable (dependent and independent) for each county are normalized by subtracting the state mean for that variable, by dividing by the standard deviation within the same state. As a result every variable in every state has a mean of zero and a standard deviation of one. This facilitates comparison of the coefficients determining spending for FERA, the WPA, and the difference between the two programs.[15] We include key variables that have been found to have influenced the distribution of relief grants in the literature on the distribution of New Deal funds (see Fishback, Kantor, and Wallis 2003 for references and a summary of many of the variables).

One group of variables measures economic conditions across counties that reflect the New Deal's stated goals of relieving financial distress, promoting recovery, and redistributing income. Relief spending should have been positively related to a measure of unemployment (measured in the 1930 census), negatively related to economic growth from 1929 to 1939 (measured as the change in log retail sales per capita between 1929 and 1933), negatively related to a measure of the share of high income people (the percent of the population paying income taxes in 1929), and negatively related to a measure of average consumption in 1929 (retail sales per capita in 1929). Unemployment relief programs were targeted at urban areas, so the

coefficient on percent urban should be positive.

The second group of variables reflects political influences. The Roosevelt administration may have used the allocation of funds to promote their prospects for re-election by rewarding long-term loyal Democrats (measured by the mean percent voting Democrat in presidential elections from 1896 through 1928), by trying to attract voters who were relatively fickle in their support of the Democrats (measured by the standard deviation of the percent voting Democrat from 1896 through 1928), by rewarding voters who swung to Roosevelt in 1932 (the percent voting for Roosevelt in 1932 minus the mean percent voting Democrat from 1896 through 1928), or by spending more in areas with higher turnout (the number of presidential votes in 1932 relative to the population in 1930) (see Wright 1974, Fleck, 1994, 1999, Wallis, 1998, Fishback, Kantor and Wallis, 2003).

Table 5 shows the results for the WPA and FERA separately. With regard to the economic variables, both programs provided more funds per capita in urban areas, provided more funds in counties with higher unemployment, and provided fewer funds to higher income counties as measured by retail sales per capita. FERA provided more funds, while the WPA provided fewer funds, to counties with higher tax returns per capita. On the political side, both FERA and WPA gave less money to counties that traditionally voted Democratic and more money to counties that swung to Roosevelt in 1932 and that had higher voter turnout. FERA gave more funds to counties with higher variance in their party voting, while the WPA gave less to these counties.

Our specific interest, however, is in the impact of the shift in administration from the FERA to the WPA. In the third specification in Table 1, the dependent variable is per capita WPA spending minus per capita FERA spending. The specification allows us to perform a test on the difference in how the states responded to different policy measures with the switch from the FERA to the WPA.

The shift toward more central administration associated with the move to the WPA

appears to have led the federal funds to be distributed internally within the states with more attention to the goals of unemployment relief and redistribution and less attention to presidential politics. A one-standard-deviation (OSD) increase in the unemployment percentage produced an increase in WPA funds that was 0.055 standard deviation larger than the response by the FERA. An OSD increase in retail sales per capita in 1929 was associated with a reduction in WPA spending that was .08 standard deviations greater than for FERA spending. Both differences are statistically significant. The WPA was less responsive to presidential politics. The responses to an OSD increase in long-term swing voters and voter turnout were statistically significantly lower by .06 and .03 standard deviation, respectively. The response to the Roosevelt swing voters was also lower under the WPA, but not in a statistically significant way. The one area where the WPA was much less responsive was to the drop in retail sales per capita between 1929 and 1933. The WPA had a negative response, but not nearly as large as the FERA.

The difference between WPA and FERA spending in urban areas is particularly telling. Representation in state legislatures was skewed in favor of rural areas. The national government distributed large amounts of aid to farmers through agricultural programs. Hopkins wanted FERA and the WPA to focus on relief of unemployed workers, not low income farmers. It is not surprising that Hopkins provided significantly more funds to urban areas under the WPA than state administrators provided under FERA. It makes sense that the Roosevelt administration would have been dissatisfied that these states were spending relatively more than “desired” in the rural and farming areas.

The comparisons of the WPA and FERA are imperfect because of the difference in time periods that they covered. However, they are consistent with the view that Hopkins’s dissatisfaction with the state’s internal distribution of FERA funds was driven by motives related to the stated purpose of the programs. When the WPA gained more control of within-state variation in spending, the Roosevelt administration moved more relief spending to urban areas, to promoting relief and redistribution, and paid less attention to the presidential political angle.

Another way to get at the effects of centralizing authority in the WPA is to compare states that caused problems for Hopkins under FERA. As noted earlier, Hopkins had significant trouble with some FERA state administrations, so much so that in several cases he withheld or threatened to withhold federal funds, and in six cases actually federalized the administration of relief. One of the issues Hopkins was concerned about was the within-state allocation of funds. We can compare the distribution of funds in these "disputed" states under FERA and the WPA, to see if the change in fund allocation is greater in the disputed states.

Hopkins withheld funds from Colorado in December 1933 and from Missouri in April 1935 until the state legislatures produced funds to help pay for relief. Threats to withhold funds went out to Alabama and Kentucky in 1933 and to Illinois in 1934. Federal officials federalized relief in Oklahoma on 2/23/34 when the governor announced that he would not apply for relief unless he had control over the distribution; in North Dakota on 3/1/34 as the result of charges that employees of the state relief administration were being assessed for political contributions; for work relief in Massachusetts on 3/7/34 because the state had a statute that all grants from the state had to be distributed on a population basis not on a need basis; in Ohio on 3/16/35 in a dispute over whether Ohio had supplied a fair share of relief funds; and in Louisiana (4/8/35) and Georgia (4/19/35) due to long-running disputes between the governors and federal administrators over the use of the funds. [Our categorization of disputed states is based on the discussion in E.A. Williams 1968, 170-8, 203-5; the disputed states are ND, OK, GA, LA, OH, KY, AL, IN, MA, OH, CO, MO].

To the extent that the state administration decisions prior to the federalizations and threats determined the overall distribution of FERA funds, we may be able to learn about the impact of the administrative switch from the following analyses. The later the federalization, the more likely that the state administrations were the dominant decision makers. (However, the earlier the federalization the more likely the WPA and FERA will look alike). First, we can compare the FERA per capita distributions within troubled states to those within the remaining

states. We can then see how the WPA distributions differed within the former troubled states and remaining states. And finally, we can test how the switch from FERA to WPA changed the distribution policies more formally by using the WPA minus FERA as the dependent variable.

In Table 6 we report the results when we create a dummy variable for the disputed states and interact the dummy with all of the independent variables. The first two specifications in the table examine FERA and the WPA individually. The upper panel of the table gives the coefficients for the undisputed states, the second panel gives the coefficients on the difference between the disputed states and undisputed states (the coefficient on the interaction term), and the lower panel the implied coefficients in the disputed states. Under both FERA and the WPA the disputed states are different from the rest of the states, F-tests reject the hypothesis that the interaction terms are all zero. When compared with other states, the disputed states distributed money within their states in ways that were less responsive to redistribution and less responsive to political activities than the remaining states. They allocated less money to urban areas and more money to areas with higher incomes. On the political side, the disputed states handed out less money to areas with more long-term swing voters and less to areas with higher voter turnout. Thus, at first look it appears that the troubled states were paying too little attention to politics and also not enough to relief and redistribution.

So what did the WPA do about it? When we compare the difference between the WPA and FERA allocation of funds between counties, the third specification in the table, and we look specifically at how disputed states differ (the coefficients in the middle panel of table 5) we find that under the WPA the disputed states became considerably more responsive to economic factors (again, an F-test rejects the hypothesis that all of the interaction coefficients in specification were simultaneously zero.) Under the WPA urban areas received relatively more in the disputed states and their high-income areas, as measured by retail sales and tax returns per capita, received less.

The political variables also tell an interesting story, although it is a bit hard to follow

through the table. Political forces had a much larger effect in disputed states, in both FERA and the WPA, as can be seen in specification (1) and (2). The coefficients on long-term swing voters, the swing to Roosevelt in 1932, and turnout all have the "right" sign for the Democrats in the non-disputed states and the "wrong" sign for the Democrats in the disputed states. These differences are large and statistically significant, as shown in the middle panel.

What happens when the WPA gets control of all the states? In both the disputed states and the non-disputed states the WPA is less sensitive to politics than FERA was, the absolute value of the coefficients go down or stay constant on every political variable in both types of states. But in the disputed states the effect of politics is still the wrong sign: the WPA did not reverse the effect of politics on allocations in the disputed states. In the case of the economic effects, the WPA did reverse the relationship between income, as measured by per capita tax returns, in the non-disputed states and eliminated the significant positive relationship between tax returns and allocations in the disputed states. Where the disputed states had paid no attention to urban populations under FERA, they did under the WPA.

The major bone of contention in the political economy of New Deal spending debate is whether economic or political factors influenced the allocation of federal spending. These results clearly show that giving Hopkins direct control over the intra-state allocation of WPA funds produced an allocation pattern that was less sensitive to political factors and more responsive to economic factors. Under the WPA, as under FERA, Hopkins conducted an active campaign to eliminate corruption and improve the standards of relief administration, an effort that shows in the numbers.

This section does not conclude, however, that Roosevelt and Hopkins did not use relief for political purposes. There is ample evidence that increasing WPA jobs in a state (or county) increased the number of votes that Roosevelt received in the election of 1936 (Wright 1974). Moreover, Dorsett shows that Hopkins and Roosevelt both communicated with machine bosses in large cities and, to some extent, gave them a freer hand in the administration of relief.

Roosevelt and Hopkins were not naive or pure, they were politically smart.

V. Concluding Remarks

The first concluding comment to emphasize is that this paper is very preliminary. The administration of relief in the United States shifted during the Great Depression and our goal in this paper is to provide evidence that this transformation occurred because of the national political interests of the Roosevelt administration. Whereas local officials, state politicians, and members of Congress could influence the distribution of early New Deal funds to satisfy their own political goals, Roosevelt benefited most if he was seen as solving the national crisis. A modern analogy is fitting. As a politician with a national constituency, President Bush benefits when voters see him trying to solve the "terror crisis" that confronts the entire nation. While politics has undoubtedly played a role in the distribution of early grants from the Department of Homeland Security (Arnold 2003), President Bush would gain the most politically if the grants were distributed where they were likely to reap the largest marginal returns in terms of fighting the terror threat.

Because FERA, the early New Deal relief program, was created rapidly to distribute millions of dollars to families in immediate need of financial assistance, it was difficult for Roosevelt and Hopkins to focus much attention on the agency problem they faced. As they delegated authority to distribute money to the established local public welfare bureaucracy, the federal government lost the ability to capture the largest marginal returns from the New Deal. Simply put, state and local politicians captured some of the rents for themselves.

The deal struck in 1935 with the passage of the ERAA and the SSA gave the Roosevelt administration complete authority over the distribution of emergency relief. States retained control over the other aspects of categorical relief (to the unemployed, the blind, and dependent children), but were subject to federal oversight. This deal, which solved the president's immediate agency problem in distributing relief to the millions of unemployed, set the stage for removing patronage and petty politics from the modern welfare system.

Table 1

Started	Ended	Legislation/Agency
May 1933	Fall 1935 and on	Federal Emergency Relief Administration (FERA)
		Civilian Conservation Corp (CCC)
December 1933	February 1934	Civil Works Administration (CWA)
Spring 1935	1941	Emergency Relief Appropriations Act of 1935
		- Works Progress/Projects Administration (WPA) - Rural Electrification Administration (REA) - Farm Security Administration (FSA)
Summer 1935	today	Economic Security Act
		- Social Security Board

		- Old Age and Survivors Insurance (OASI)
		- Unemployment Insurance
		- Categorical Relief
		  - Old Age Assistance (OAA)
		  - Aid to the Blind
		  - Aid to the Dependent Children (ADC)

Year	Federal Programs	National Programs
1933	FERA	CCC
1933/34		CWA
1935	WPA - State and Local WPA Projects	WPA - WPA National programs - National Youth Administration
1935		REA
1935		FSA
1935	UI OOA ADC Aid to the Blind General Relief Administered Locally	OASI

Table 2
Major Relief Legislation
1921-1939

Year	Congress	Bill #	Title
1932	72nd	HR 12445	Emergency Relief and Construction Act
1933	73rd	HR 4606	Federal Emergency Relief Act
1934	73rd	HR 7527	Act of February 15, 1934
1934	73rd	HR 9830	Emergency Appropriation Act of 1935
1935	74th	HJR 117	Emergency Relief Appropriation Act of 1935
1936	74th	HR 12624	Emergency Relief Appropriation Act of 1936
1937	75th	HJR 326	Emergency Relief Appropriation Act of 1937
1938	75th	HJR 361	Emergency Relief Appropriation Act of 1938
1939	76th	HJR 679	Emergency Relief Appropriation Act of 1939

Table 3

Regression Results
Difference in House and Senate Bills
On Voting Share in House

Bill #	Constant	Votes	R2	Critical Vote
HR 12445	-0.601 (1.75)*	14.39 (1.22)	.03	15.2
HR 4606	-0.03 (.72)	3.89 (2.6)**	.13	2.8
HR 9830	-11.38 (2.99)**	277.51 (2.71)**	.14	15.0
HJR 117	-6.49 (5.07)**	157.26 (3.59)**	.22	15.1
HR 12624	-1.38 (8.22)**	33.71 (5.86)**	.42	14.9
HJR 361	-0.82 (2.9)**	19.81 (2.04)**	.08	15.1
HJR 679	0.18 (.27)	-4.13 (.18)	.0007	15.9

Notes:

Dependent variable in all regressions is the difference between the House and Senate versions of the bill.

Independent variable in each regression is voting share of each State in the House.

All regressions have 46 degrees of freedom.

** = 5 percent significance level
* = 10 percent significance level

Table 4

Observable Differences in House and Senate Bills

Bill #	Money	Patronage	Project Selection	Recipient Selection
HR 12445	Y	---	---	---
HR 4606	N	Y	---	---
HR 7527	---	Y	Y	---
HR 9830	Y	---	---	---
HJR 117	Y	Y	Y	---
HR 12624	Y	Y	---	---
HJR 326	---	Y	---	Y
HJR 361	Y	---	---	Y
HJR 679	Y	---	Y	Y

Notes:

Entries correspond to differences in the House and Senate versions of each bill.
Y = Senate Version favored state over local interests.
N = Senate Version did favor state over local interests.
--- = no difference in this aspect of programs.

Table 5

National regressions

Variable	Estimate WPA	t Value	Estimate FERA	t Value	Estimate WPA minus FERA	t Value
% urban	0.216	7.54	0.125	4.29	0.091	3.27
tax returns per capita	-0.005	-0.15	0.076	2.52	-0.081	-2.79
retail sales per capita, 1929	-0.208	-6.74	-0.153	-4.87	-0.055	-1.84
retail sales per capita growth, 29-33	-0.016	-0.87	-0.130	-7.03	0.114	6.44
% unemployed	0.282	13.9	0.227	11.04	0.055	2.77
Democratic Loyalty, 1896-1928	-0.061	-3.28	-0.069	-3.64	0.008	0.43
Swing, 1896-1932	-0.034	-1.74	0.030	1.48	-0.064	-3.33
Turnout	0.048	2.63	0.078	4.21	-0.030	-1.69
Roosevelt Swing, 1932	0.048	2.25	0.056	2.6	-0.008	-0.4
R-squared	0.127		0.099		0.037	
R-bar squared	0.124		0.097		0.034	
N	3061		3061		3061	

Table 6

	Parameter Estimate WPA	t Value	Parameter Estimate FERA	t Value	Parameter Estimate WPA-FERA	t Value
	(1)		(2)		(3)	
Coefficients in non-disputed states						
% urban	0.201	6.17	0.152	4.61	0.049	1.54
tax returns per capita	-0.011	-0.32	0.045	1.28	-0.056	-1.66
retail sales per capita, 1929	-0.168	-4.67	-0.143	-3.93	-0.025	-0.71
retail sales per capita growth, 29-33	-0.019	-0.89	-0.153	-6.96	0.134	6.3
% unemployed	0.285	12.06	0.226	9.46	0.059	2.56
Democratic Loyalty, 1896-1928	-0.051	-2.33	-0.062	-2.83	0.012	0.55
Swing, 1896-1932	0.007	0.3	0.092	3.91	-0.085	-3.75
Turnout	0.100	4.62	0.161	7.36	-0.061	-2.88
Roosevelt Swing, 1932	0.061	2.46	0.057	2.3	0.003	0.14
Differences in coefficients between disputed and non-disputed states (Coefficient on interaction term)						
% urban	0.093	1.38	-0.097	-1.42	0.191	2.88
tax returns per capita	0.012	0.18	0.125	1.83	-0.113	-1.71
retail sales per capita, 1929	-0.149	-2.14	-0.018	-0.26	-0.131	-1.92
retail sales per capita growth, 29-33	0.002	0.04	0.061	1.52	-0.059	-1.53
% unemployed	-0.017	-0.37	-0.014	-0.31	-0.003	-0.06
Democratic Loyalty, 1896-1928	-0.055	-1.34	-0.041	-0.99	-0.014	-0.35
Swing, 1896-1932	-0.148	-3.35	-0.230	-5.16	0.082	1.91
Turnout	-0.169	-4.24	-0.283	-7.03	0.114	2.94
Roosevelt Swing, 1932	-0.038	-0.79	0.012	0.24	-0.050	-1.06
R-squared	0.139		0.120		0.043	
R-bar squared	0.134		0.115		0.038	
N	3061		3061		3061	
Coefficients for the disputed states. Sum of coefficients above.						
% urban	0.295	5.01	0.055	0.91	0.240	4.59
tax returns per capita	0.001	0.02	0.170	2.9	-0.169	-3.31
retail sales per capita, 1929	-0.317	-5.35	-0.161	-2.66	-0.156	-2.97
retail sales per capita growth, 29-	-0.018	-0.54	-0.092	-2.73	0.074	2.55

33						
% unemployed	0.268	6.9	0.212	5.33	0.056	1.64
Democratic Loyalty, 1896-1928	-0.106	-3.04	-0.104	-2.9	-0.002	-0.08
Swing, 1896-1932	-0.141	-3.8	-0.137	-3.63	-0.003	-0.09
Turnout	-0.069	-2.07	-0.122	-3.6	0.053	1.81
Roosevelt Swing, 1932	0.023	0.55	0.069	1.64	-0.047	-1.28

Disputed states are ND, OK, GA, LA, OH, KY, AL, IN, MA, OH, CO, MO

FOOTNOTES

[1] For example, according to Benjamin Parke Dewitt ("The Progressive Movement," 1915, pp. 162-3), "The third phase of the progressive movement in the nation – the extension of the functions of government to relieve distress – is important not so much because of what the national government is doing or can do in enacting remedial legislation, as it is because of what it seemingly ought to do and people generally expect that it will do. In the last dew decades, nations all over the world have been earning for themselves the title "paternalistic" because of the degree to which they have intervened to promote the welfare of their citizens . . . To give to the federal government the power to grapple with these problems, moreover, would mean more than the mere passing of an amendment or two to the constitution. It would necessitate an upheaval of our entire constitutional and judicial system."
[2] See, for example, Gavin Wright's (1974) analysis of WPA employment and electoral support for Roosevelt in 1936. We extend Wright's analysis in this paper.

[3] Get numbers from Brown on the share of relief spending from public sources. New York was the first state to establish an unemployment relief agency, TERA (Temporary Emergency Relief Administration) in May 1931. Roosevelt was Governor and Harry Hopkins was appointed the first TERA administrator. By May of 1933, 22 states had provided some money for unemployment relief, but not all states had a functioning state relief administration.

[4] Hopkins had faced a similar problem as the administrator of New York's TERA, where he was given an initial amount of money to distribute, but also charged with improving relief standards throughout the state.

[5] In the 1920s, the dominant social work organizations were composed primarily of private organizations. They engaged, however, in missionary work, trying to "socialize" public relief administrations. They were successful in a number of cases, and about 20 public relief agencies were admitted to membership in the Family Welfare Association (see Brown 1940, pp. 54-55). These socialized public agencies did not grant pre-determined, flat benefits to categories of recipients, but treated cases individually.

[6] Budget flexibility turned out to be important, the initial FERA appropriation was intended to last two years, but exhausted by the fall of 1933. FERA received new appropriations roughly every six months. The flow of national, state, and local funds to local relief agencies was never steady.

[7] The "political economy of New Deal spending" literature provides a thorough, exhausting, and somewhat inconclusive picture of the overall use of federal allocation of grants between the states for political purposes. See Wright, Wallis, Fishback, Kantor and Wallis, etc. There is evidence that Hopkins was in direct contact with relief administrations in large cities, including important and influential Democratic machine politicians, Dorsett, ???

[8] The six states were Oklahoma, North Dakota, Massachusetts, Ohio, Georgia, and Louisiana.

Relief was federalized in Massachusetts because state law prevented the state from allocating relief funds between townships on any basis other than population.

[9] For example, and I need to find the citation for this one, Governor Davey instructed relief administrations throughout the state to insert notes into the envelopes containing relief checks that went something like "courtesy of Governor Davey."

[10] It would not be a one-time appropriation, there would be ERAA's in 1937, 1938, and 1939.

[11] The case where a jurisdictional dispute prevented any legislation from passing was, interestingly, a relief bill proposed in the last Hoover Congress. The jurisdiction at issue was national versus state. In January of 1932 a bill sponsored by Senators LaFollette and Costigan, 72nd Congress S. 3045, proposed the creation of a Federal Emergency Relief Board that would be given $375 million to allocate between the states for relief purposes and an equal amount for highway construction. Forty percent of the $375 million would be divided between the states on the basis of population, the remainder to be allocated at the discretion of the relief board. The bill failed to pass the Senate, but not because of lack of support for relief. A substitute bill was proposed by Senators Black, Walsh, and Bulkley, which differed in only two ways. The substitute bill provided loans rather than grants and allocated all of the $375 million on the basis of population, thereby eliminating the need for a federal board of any kind. The substitute bill failed by a vote of 48 to 31, the original bill failed the next day, after extensive debate, by a vote of 48 to 35. Only 15 Senators voted for both bills -- in all 81 Senators had expressed voting support for some kind of relief program. The bill had failed to pass because of differences over how the program should be administered, specifically whether the states should answer to a national relief board or be completely free to administer relief on their own. Since only a handful of states had any existing relief program, the struggle in the Senate was over administrative arrangements that might be created, not interests that already existed.

[12] Wallis, Laws and Legislatures, goes through each of the bills in the table and discusses specific differences in the House and Senate bills.

[13] It was possible to get a non-relief WPA job without a referral. These jobs were either supervisory or administrative. Howard, The WPA and Federal Relief Policy, is the primary source on the WPA. He discusses referral policy on pp. 356-365.

[14] The one anomaly is a special case. In the original FERAct the Senate inserted provision enabling the federal government to take over the administration of relief in a state. This was called "federalizing" relief and it clearly weakened state independence, which I would not expect the Senate to do. Later, in 1934, the Senator McAdoo from California asked Hopkins to federalize relief in California, because he was in a political battle with the faction of the party controlling the relief administration. It appears that the anomaly in Table 4 was the result of the anticipated political gains that would come to Senators from "federalization." Those gains, it turns out, never materialized.

[15] We have also explored using the ratio of the county observation to the state mean and had the same general results. We have also run the analysis by demeaning the variable but not normalizing. Demeaning the variables does not completely eliminate the scale differences between the WPA and the FERA. The WPA spent more money so that the variance in spending

was likely to be higher. In such a situation the WPA and FERA could have responded to the same differences in unemployment by raising spending by 5 percent in that county, but because the WPA spent more on average, the 5 percent will generate a larger coefficient for the WPA than for the FERA.