

suggests that approaches to the structure of the national economy that consider only industrial but not service organizations, or that look at the top 200 firms but not at the next 2000, are inadequate. They render us cognitively unable to see the large and varied array of capital structures (and inter-organizational fields) bound up with the policy-making and state-building process that came to fruition in the Second New Deal, for these structures were not among the top 200, nor were they industrial forms of capital activity.¹⁰⁰ It is the firms of the securities bloc--the railroads, utilities, primary materials producers, and capital goods suppliers to these industries--that dominated lists of the top 200 firms in the United States during the period under investigation.

What is most striking about manufacturing in general is that, on closer analysis, much of it dissolves into several groups of subordinate inputs to the major sectoral configurations: the securities bloc and mass consumption.¹⁰¹ The Taylor Society contained the major manufacturing inputs of important segments of mass consumption, while the corporatist forces of the securities bloc incorporated another major group of manufacturing firms, such as U. S. Steel and General Electric. There is very little in the way of independent, autonomous political behavior at the level of national elite politics during and prior to the 1930s originating in the manufacturing "sector"--the age of the multinationals as a major political force is a post-war phenomenon. On the contrary, large blocs of manufacturing firms were subordinate elements within the political economy presided over by the hegemonic service organizations of mass capitalism and the Securities Bloc.¹⁰² (The U. S. Chamber of Commerce and especially the National Association of Manufacturers were not elite organizations, but rather mass organizations of smaller and simpler capitals that fused popular Protestant individualist ideology with a profoundly provincial concept of "interests.")

Now, when we look at the political activity of the Taylor Society, we find that it is precisely the Society's *manufacturing* members that are notable for their complete absence from the state apparatus. In fact, a closer look at the Taylor Society personnel matrix in the Second New Deal (Figures 7 and 8 and Appendix 2) shows that it is comprised entirely of *producer services* personnel, mostly professional manager-politicians, economists, social workers, merchants and bankers. Here *producer services* means that fusion of semiotic and cybernetic functions found in corporate headquarters, in research and development facilities, advertising, legal, and other business services, the media, and academia. This producer services sector must be distinguished from consumer services, which includes functions that are not defined by and situated within large, modern corporate-bureaucratic organizations. Indeed, if we use this cybernetic-

semiotic conception of producer services, then many chief executives and their staffs in the corporate complex can be seen as engaged in service-type activities.¹⁰³ Figure 13 omits these *firm-specific* service activities and maps only the *function-* and *sector-specific* service personnel in the Taylor Society.

In examining Figure 13 note the presence of the bulk of the professional management firms in the Taylor Society, and the sectoral patterns exhibited by the trade journals and trade associations--once again delineating mass housing, semiotics, and mass retailing. Next, note the two key progressive periodicals, the *Survey* and the *New Republic*; the administrative agencies deriving from the Wilsonian era of Progressive reform; the major mass consumer-oriented foundations; and the major universities.

Thus defined, almost half (46%) of the Taylor Society's members came from *function-* and *sector-specific* segments of producer services. It was from this segment of the Taylor Society that the technocratic elite of the Second New Deal were drawn. When one adds onto this list the proto-CIO labor organizations and leaders closely linked to the Taylor Society (see above) we have a group that is isomorphic to the labor-liberal coalition of the Second New Deal.

This pattern of *skewed* representation must be generalized: an examination of the level and type of activity of the Taylor Society's members, based on an analysis of the Society's annual gatherings, leadership meetings, internal correspondence, and participation as witnesses at Congressional Hearings (as well as examination of the TS personnel matrix in the Second New Deal state apparatus), reveals that with increasing levels of organizational participation and cybernetic breadth there is a progressive *skewing* of the socio-technical profile of the participants toward sector- and function-specific producer services. It was the professional managers, economists, social workers, journalists, bankers, and merchants who became the cadre of the Keynesian elite, and of the welfare state.¹⁰⁴

This concept of skewing has an important political dimension. The participation of mass-oriented capitals in the Taylor Society does not mean that the executive cadre of these firms shared the same liberal, cosmopolitan, systems-oriented, scientific management perspective characteristic of the service-oriented leadership of the Society. On the contrary: it is the essence of the notion of functional hierarchies that strategic perspectives are shaped by functional and sectoral *Joci*, and that therefore higher-order functional positions will generate their characteristic

cognitive orientation and political praxis. It was the mass retailers and mass-oriented bankers who shared a broad Keynesian perspective, and who occupied leadership roles at the level of national politics and the state. On the other hand, the subordinate firms were contained within the force-field of the realization process of their sector, and were thus directly under the hegemonic influence of their service-oriented higher-order leadership formations which dominated their sector's realization process as a whole. Skewing, a consequence of functional and hierarchical differentiation, therefore implies the development of internal conflict as an inherent property of social formations, such as the Taylor Society, which are at the center of the modern political economy. *Skewing* is thus a political phenomenon of a fundamental kind, linking the semiotic/cybernetic with the structural, and always involves a synthesis emergent on a level of greater cybernetic control, complexity, and power.

One aspect of skewing can be seen in the kinds of stresses and conflicts generated by the opportunities the Taylor Society faced. From 1925 to 1936 the Society was occupied with the question of merging with the Society of Industrial Engineers. One finds in the correspondence of the leadership of the Society during this period evidence of a growing polarization and hierarchical distancing between the professional-technocratic function-specific leadership of the Society and its manufacturing (not retailing) chief executives. The professional-technocratic leadership--Morris Cooke, Harlow Person, and others--thought of the Society as the "spear-point" of scientific management thinking and strategy, and did not want to dilute its intellectual cohesiveness in order to meet with the approval of the average provincial manager. More to the point, it was the professional-technocratic elite of the Taylor Society that was increasingly oriented toward state power as the arena within which to create institutions of macro-economic controls. It was this cadre that was most resistant to the idea of a premature merger with the SIE.

The SIE, it is clear from this correspondence, was seen as comprised of younger, more technically and less managerially oriented employees of the lower and middle management ranks, with a much more limited outlook than the Taylor Society membership. The Taylor Society saw itself as older, comprised largely of chief executives and service personnel, and possessed of a coherent program of scientific management less bound to specific shopfloor practices. But some in the Taylor Society thought it would not be a bad idea to merge and "broaden" the appeal of the Society. These were largely firm- rather than function-defined members of the Society, and manufacturers rather than merchandisers. Thus, there is evidence of a polarization along the lines of functional differentiation not only within the

mass consumer sector, but within the Taylor Society itself. The skewing within the Society was in the direction of greater cybernetic breadth and power.¹⁰⁵

In this context Arthur Schlesinger Jr.'s statement--that the New Dealers were " . . . mostly lawyers, college professors, economists, or social workers"--is both true and misleading. It is true in that, on the level of a theoretically naive empiricism, this description of the Second New Dealers is valid. It is misleading, however, precisely because what we are dealing with is first, the division of labor within the mass consumption sector which shaped the praxis of these lawyers, college professors, economists and social workers; and second, with the dynamic of functional and hierarchical differentiation that generated, at the apex of its developmental logic, that personnel matrix--the Keynesian Elite in the New Deal state-- that we have referred to as: FF x TS.

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This genetic account of Keynesianism *reduces* certain key events to their structural and historical components. Structurally, instead of looking at the documentary evidence generated by the administrative activities of the state, at the activities of politically prominent New Dealers, at party politics and rhetoric, and at Congressional behavior, we have found that the genetic matrix we are searching for can be uncovered only in certain archeological strata, and is concealed by later deposits. The key strata are found in the functional peaks of the mass consumption sector, in the political-economic discourse of Louis D. Brandeis and his set of Progressive business associates, and in the inter-organizational matrix of mass capitalism known as the Taylor Society. And instead of looking at the external circumstances of the Depression and confining ourselves to the 1930s, we look back at least as far as 1910, and focus on the long-term internal development of the mass consumption sector as the source of the Second New Deal as policy as well as personnel. And--perhaps most striking to conventional views of the politics of the 1930s--there has been almost no mention of Roosevelt himself. This is because of the dual role of the President as both broker among competing elites at the level of the state, and as Party leader and strategist. The objective of the President was to forge a stable elite coalition on the one hand, and to manage the domain of electoral politics on the other. The Presidency was not the arena within which developed the logics of accumulation of historically specific sectors of capital, only the arena within which the elites generated by such logics sought hegemony and were forced to compromise. A decoding of the the politics of the Second New Deal therefore bypasses FDR and focuses directly on the Keynesian elite instead.

A few examples will indicate what this means.

One can deconstruct the National Labor Relations Act in the following way. First, Senator Robert F. Wagner--at the level of analysis that treats origins but not destinies--was a removable singularity. That is, if one narrows one's interests to the question of the origins of the NLRA and its corresponding center of state power, the National Labor Relations Board (later accused of being "communist-dominated"--a code-word for the *FF-TS* matrix), then one finds that Wagner's aides, Isador Lubin of the Taylor Society and the Brookings Institution, and Leon Keyserling, a young lawyer out of the Brandeis-Frankfurter milieu, were both part of the Keynesian reform matrix closely identified with that system of relations and strategy of organizational development found in the clothing unionism that emerged in 1910. The origins of the NLRA are found in 1910, not 1933 or 1935.¹⁰⁶ The political-economic matrix that emerged was elaborated thereafter in the experience of World War One, then in the host of union-management cooperation installations of the 1920s, and finally in the formation of a Taylor Society-Brandeis-linked Progressive bloc among the AFL unions in 1927 that called itself the Brookwood Labor College and published *Labor Age*. As we have seen, it was this Brookwood bloc of unions that would become the CIO of 1935.

By the time the NLRA was actually passed, however, its deep logic was buried under the archeological layers of mass politics, with its logos of resentment (the emphasis on justice, etc.), and bureaucratic administration, with its narrow technical and legal discursive orientation (the emphasis in the Hearings on the interstate commerce clause as justifying government intervention!). Passage of the Act--a codification and institutionalization, at the level of the state, of a complex of well-established practices and relationships--had become politically possible.

One can also, in a similar manner, derive the rationale for the Tennessee Valley Authority from a key Progressive document: Brandeis' July 29, 1911 letter to Robert M. LaFollette during the so-called Pinchot-Ballinger controversy--a textbook account of Progressivism as the political economy of modern capitalism. The controversy revolved around the question of the legality of claims that opened development of the Alaskan coal fields to the Guggenheim mining interests. Although usually interpreted as a conflict between pro- and anti-conservationists, the strategic logic of accumulation is the evident generatrix of Brandeis' texts on the subject. "All the wealth is of no good," Brandeis wrote, "without development, and the first step in the development is an adequate system of transportation. . . . Development of transportation and other facilities by the capitalists [the Morgan-Guggenheim

Syndicate] would, in a way, seriously impair development, because to give them a return which would seem to them adequate would entail rates . . . which would tend to retard development . . . The essential thing . . . is to provide through the general government those facilities essential to the development of the country . . . [T]he government should undertake not merely to build the railroad from Controller Bay to the coal fields, but . . . it should now acquire all the railroads in Alaska, and settle at once the policy of government ownership in Alaska; [and] it should similarly provide for the development through the government of the other public utilities, as it has of the telegraph and telephone . . .".¹⁰⁷

Deficit spending as an explicit strategy? In the ascent of the Keynesians in the Second New Deal the ground was prepared; in the sharp recession of late 1937 the occasion occurred: Harry Hopkins, FDR's closest advisor, consulted first with leading Keynesians Aubrey Williams, Leon Henderson, and Beardsley Ruml of R. H. Macy's. Then, armed with arguments and memoranda, Hopkins proceeded to Warm Springs, Georgia to persuade FDR to embark on a Keynesian spending program.¹⁰⁸ Roosevelt's *decision* is easy to explain: it was made--in the genetic sense--in the underconsumptionist arguments that had become dominant within the mass consumption sector of capital. It was developed, from 1910 to 1931, in the struggle for an underconsumptionist political economic strategy by the Keynesian elite. Roosevelt's decision was dependent on politics--the shift to the "left" in the 1935-1937 period; and dependent on circumstances--the 1937 recession. At this level of analysis, FDR is of secondary significance.

This approach leads to a reinterpretation of the origins of the legitimating rhetoric of reform. Since it was the accumulation logic of mass capitalism that generated the deep structures and praxiological thrust of the matrix of reform objectives associated with the Labor-Liberal coalition of the Second New Deal, we are led to the conclusion that a good deal of what has been ascribed to popular democratic influences in the Second New Deal was in fact generated by the strategic Keynesianism that emerged from within the accumulation process of modern capitalism itself, *however nicely resurgent populism and social democracy could be synthesized with the developmental strategy of the Keynesian elite*. Much of what we see as "humanitarian liberalism" was actually the result, on the level of discourse, of the fusion of populist and democratic imagery with the far more organizationally effective functional language derived from the logic of the accumulation process of mass capitalism.¹⁰⁹ The inter-organizational field of the circuit of realization of mass capitalism generated the topology over the field of discourse of the Keynesian configuration.¹¹⁰

iv. conclusion

Although McCarthyism and the Cold War are usually referred to as post-war phenomena, they clearly had their origins in the summer of 1937, when a tremendous reaction against the insurgency of the sit-down strike era set in, and FDR suffered major political defeats on fundamental questions relating to the scope and authority of the executive.¹¹¹ One of the significant characteristics of these defeats is that they involved the mobilization of the sentiments of resentment by Congressional conservatives of both parties. This Thermidorean reaction found its corresponding expression on the shopfloors of industrial America as well: the study of local union politics during the 1930s gives one a sense of a deeply structured and hotly contested system of ethno-occupational segmentation, and suggests that structural transformations of the conditions of work, as well as in patterns of status and income, are woven inseparably into electoral as well as shopfloor politics.

And it is precisely here that we can begin to uncover the process of hegemonization: on the one side, an increasing fragmentation, commercialization, and individualization, and thus, a weakening of the primordial bases for action. This is what is so strikingly about the social roots of artisan radicalism: for artisans, action sprang out of a matrix of kin, craft, and community. For modern industrial workers--or rather, the CIO-UAW cadre--action sprang out of an attachment to new roles in a functionally-differentiated expansion of the structure of shopfloor hegemony. Indeed, on a socio-technical level of analysis, the factionalism that rent the UAW from 1937 to 1939, pitting Homer Martin of the AFL faction against George Addes, R. J. Thomas and Walter Reuther of the CIO group, was rooted in the conflict of different socio-technical/ethno-occupational formations.¹¹²

The "welfare state" as a pattern of institutional, ideological, and electoral arrangements, one analyst has argued, must really be dated from 1939.¹¹³ There is a new, higher-order combinatorial beginning to unfold in the late 1930s that generated the "welfare state." That is why there is something very profound in the stalemate that occurred in the late 1930s--and why the epoch of the welfare state must be treated as a different topological space from that within which the Keynesian elite unfolded, one appropriate for the cold war synthesis that was made at a higher level of abstraction, where sector-specific logics of accumulation were only one set of inputs into an increasingly distended and unstable feedback-based meta-system of post-war politics.

To a great extent our post-modern socio-semiotic, as distinct from an earlier topology of the social over which kin and culture ruled,¹¹⁴ is the product of a limited strategy of the expanded reproduction of mass capital and the commodification of everyday life, combined with a mega-corporatism, in which the sweep of organizational power as agent of socialization produces behaviors both adaptive and reactive. It is the dynamic, interactive character of this relationship between political economy and the social-semiotic, its multi-dimensional feedback configuration, its exponential promise of discontinuity and rupture, that holds our attention. Nevertheless, we began with *political economy*, and an examination of the core socio-political formation in the making of the welfare state, the Keynesian elite in the Second New Deal, *circa* 1936, because the logic of accumulation under advanced capitalism has achieved unprecedented hegemony on a world scale.