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Senator Harry F Byrd and the New Deal Reform Policy in Virginia, 1933-1938

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SENATOR HARRY F. BYRD AND THE NEW DEAL

REFORM POLICY IN VIRGINIA, 1933-1938

A Thesis
Presented to
The Faculty of the Department of History
The College of William and Mary in Virginia

In Partial Fulfillment
Of the Requirements for the Degree of
Master of Arts

by
Chitose Sato
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This thesis is submitted in partial fulfillment of the requirements for the degree of Master of Arts

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Approved, August 1991

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ABSTRACT

The purpose of this thesis is to examine the reaction of Virginia state politics to the federal relief and social security policy from 1933 to 1938. Political leaders of the Byrd machine or "organization" led by Senator Harry F. Byrd were engaged in the state politics based on their firm belief in a balanced budget, administrative efficiency and voluntarism in that time period of the Commonwealth.

Organization leaders tried hard to hinder the full implementation of the New Deal reform policy. Even after the Great Depression hit the bottom, Governor George C. Peery insisted that they had fulfilled their obligations by increasing expenditure for highway construction and creating employment for work relief programs. While chief administrator of the Federal Emergency Relief Administration (FERA), Harry Hopkins challenged their policy of "no direct relief" through Virginia Emergency Relief Administration (VERA), it was to no avail.

The General Assembly enacted Virginia Unemployment Compensation Act of 1936 and Public Welfare Act of 1938. Although the state's attempt to launch these measures was innovative, the actual procedure of the enactment was filled with the limitations of progressive ideas. The solid rule by the Byrd machine shattered the original intentions of the liberal reform policy initiated by the New Deal.
SENATOR HARRY F. BYRD AND THE NEW DEAL

REFORM POLICY IN VIRGINIA, 1933-1938
In Virginia the impact of the Great Depression was relatively small compared to its influence elsewhere. This was mainly because of her rural and agricultural characteristics and her balanced economy. Therefore the New Deal had been considered to have little to offer that would meet the state's social and economic conditions in the 1930s. Many Virginians did welcome the New Deal relief programs and demonstrated their enthusiastic support for President Franklin D. Roosevelt, yet the enduring effects of the New Deal liberal measures remained minimal in the Commonwealth throughout the 1930s.

As elsewhere, changes in the traditional political structure of Virginia were limited by a group of conservative political leaders. The Byrd machine or "organization," as Virginians usually called it, led by Senator Harry F. Byrd and his successors, tried to hinder the full implementation of the New Deal reform policy at the local level. Although its political conservatism could not be the single cause of the New Deal's failure in the state, the dominance of the machine politics played a significant role in insulating the state from external forces and maintaining the status quo in Virginia.

Recent studies of the organization's politics in the 1930s have questioned the solidness of the Byrd machine in Virginia as well as the
influence of anti-New Deal coalition formed by conservative southern politicians in Congress. In the mid-1930s, some close observers pointed out that the Democratic state machine was in trouble because New Deal sympathizers became increasingly hostile toward the leaders of the organization and began to seek an opportunity to wrest political control from them. Yet, it is safe to say that the machine politics was still supported by the majority of Virginia voters, and the main reason why the New Deal failed to change Virginia into a modern progressive state can be found in the fact that local political leaders feared that Roosevelt was jeopardizing their principles of fiscal conservatism and state rights. They were also concerned that the New Deal would undermine the present racial relation and traditional social order in Virginia.

This thesis examines the reaction of Virginia state politics to the federal relief and social security policy from 1933 to 1938. Major political leaders in that time period of the Commonwealth, such as Governor George C. Peery and William M. Tuck, were loyal successors of the Byrd machine and led the General Assembly based on their firm belief in a balanced budget, administrative efficiency and voluntarism. Virginia Senators Harry F. Byrd and Carter Glass represented the political conservatism of the Old Dominion leading the anti-New Deal campaign at the national level. As a result of this antagonism against New Deal reform policy, Virginia became the last state in the Union to be incorporated into the New Deal type of welfare state.
The first chapter of this thesis focuses on the organization of the Byrd machine and the views of Senator Byrd and other political leaders on the New Deal. On some crucial occasion their devotion to the principle of "pay-as-you-go" frequently sacrificed people's urgent needs for the fiscal orthodoxy. The relief and social welfare were especially controversial fields of policy for them, because the idea of providing economic security for the destitute was against their principle of voluntarism. Even in the midst of the Great Depression, their reaction to the reform policy was basically negative. They tried to cope with economic difficulty by providing solid conservative leadership which placed great emphasis on financial soundness.

The second chapter interprets how the state stayed away from the business of relief for the destitute and the unemployed, passing the burden on to the localities and private charities. Even after the Great Depression hit the bottom, political leaders in Virginia insisted that they had fulfilled their obligations by increasing expenditure for highway construction and creating employment for work relief programs. Although the Federal Emergency Relief Administration (FERA) challenged their policy of "no direct relief" through its subordinate organization, Virginia Emergency Relief Administration (VERA), it was to no avail. The ideological conflict between chief administrator of FERA, Harry Hopkins, and Senator Byrd and Governor Peery neglected the practical necessities of adopting New Deal measures at the state level.
The third and fourth chapters examine the legislative process of Virginia Unemployment Compensation Act of 1936 and Public Welfare Act of 1938, which were subordinate to the Social Security Act of 1935. Outside the legislature, several pro-enactment groups played an active role in getting Virginians' support for the two acts. While the state's attempt to launch the unemployment insurance and the public welfare program was innovative, the actual procedure of the enactment was filled with the limitations of progressive ideas. The reports of special commissions as well as debates both in the House and Senate proves how the bill was emasculated by the conservative ideology of political leaders of the organization. It concludes that the solid rule by the political machine shattered the original intentions of the liberal reform policy initiated by the Roosevelt administration.
Chapter II

Virginia State Politics in the 1930s:
The Organization's View on the New Deal

In the middle of the 1930s, the conservative state politics in Virginia was challenged by the liberal reformative policy of the New Deal initiated by the Roosevelt administration. Local political leaders were concerned that the president was "jeopardizing the caste system." from a racial point of view as well as a class point view. The local Democratic machine was so firmly entrenched in the Old Dominion it succeeded in emasculating the New Deal measures and defending its traditional political ideology. In this chapter, major characteristics of state and local politics in Virginia from 1920 to 1935 will be examined by focusing on the conservative principle of political leaders who identified themselves with the machine.  

The politics of Virginia in the twentieth century has been characterized by the political oligarchy firmly rooted in the social structure of the Commonwealth. Especially when it comes to the problem of political ideology held by conservative leaders of the machine politics, Virginia had stood out because of its consistency and solidness. The Byrd organization, the political apparatus put together

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by Harry F. Byrd in the 1920s, dominated and controlled Virginia
politics for more than forty years. After having examined Democratic
factions within the one-party states in the South, V. O. Key
observed that:

Of all the American states, Virginia can claim to the most
thorough control by an oligarchy. Political power has been closely
held by a small group of leaders who, themselves and their prede­
cessors, have subverted democratic institutions and deprived
most Virginians of a voice in their government. The Commonwealth
possesses characteristics more akin to those of England at about
the time of the Reform Bill of 1832 than to those of any other
state of the present-day South. It is a political museum piece. 2

Key defined the character of the organization in terms of its
pro-business and anti-labor policy in Virginia. The leaders of the
organization represented the interests of business and that pursued the
well-being of the well-to-do. Key pointed out that "the quid pro quo for
support of the organization is said to be taxation favorable to corpora­
tions, an anti-labor policy, and restraint in the expansion of services,
such as education, public health, and welfare". 3

Although the machine politics in Virginia has been associated
with the authority of Harry F. Byrd since the 1920s, the machine itself
existed long before Byrd. Thomas Staples Martin, a railroad lawyer who
served as a district counsel for the Chesapeake and Ohio Railroad, began

2 V. O. Key, Jr., Southern Politics in State and Nation
(Knoxville, 1984) p. 19.
3 Ibid., p. 27.
to grasp the reins of power, when he won an election to the United States Senate over Fitzhugh Lee, who was an authentic aristocrat, nephew of the Confederate general and former governor in 1892. Martin served in the Senate and led the majority Democratic organization in the Commonwealth from 1894 until his death in 1919. During that period, the organization acquired most of the characteristics which persisted to the machine politics after the 1920s. The organization's first accomplishments was the Virginia Constitution of 1902, which aimed to reduce the number of state's electorate drastically through such restrictive measures as a poll tax and a literacy test. The state constitution also provided racially segregated public schools in Virginia. As a result, the number of blacks qualified to vote decreased immediately from 147,000 to 21,000 as well as that of poor white voters. The number of votes cast in Virginia in the presidential election of 1904 was only slightly more than half of all votes that had been cast four years earlier. 4

After Martin died in 1919, state politics went through a short period of collective leadership. First emerged as a prominent figure during these years was Harry F. Byrd. His father, Richard Evelyn Byrd, was speaker of the House of Delegates and a trusted friend of Senator Martin and his uncle, Henry D. (Hal) Flood was also a state congressman from Appomattox county and loyal leader of the organization. Born in

Born in 1887, Byrd was a direct descendant of William Byrd, founder of the city of Richmond. He had grown up during a period of hard times both for his family and Virginia. He left school in 1902 at the age of fifteen and took over his father’s business of local newspaper, the Winchester Evening Star. Although the company was almost bankrupt when Byrd succeeded to it, he managed to build it into a thriving business within a few years. He learned how difficult it was to struggle out of debt through this experience. By the age of twenty, he began to buy apple orchards around Winchester and later became the largest family-owned apple producer in the world. With his two brothers, Byrd raised the family from near poverty to one of the most successful entrepreneurs in Virginia. Many people have traced Byrd’s frugality and abhorrence of public debt to his early struggle to save the family newspaper and apple-growing business.

In 1923, when a referendum authorizing a $50 million bond issue for the construction of state highways went to the vote, Byrd led the opposition to the proposal based on the slogan "pay-as-you-go." He became a young promising state senator from Frederick county, the northeastern part of the Shenandoah Valley in the same year. After Byrd led the successful fight against the bond issue in 1923, his "pay-as-you-go"

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fiscal policy was firmly instituted in Virginia state politics. Voters confirmed Byrd as their leader of the Democratic organization in Virginia and supported his idea that any kind of public debt should be avoided. Revenue from gasoline taxes and automobile licenses was reserved for highway construction, and the pavement of roads was done as fast as that revenue permitted. In November 1924, Byrd announced his candidacy for governor challenging another Democratic candidate, Bishop Cannon at the primary. Byrd defeated Cannon by 40,000 votes and was elected governor of the Commonwealth, receiving almost seventy-five per cent of the votes cast in November 1925. 

Byrd's gubernatorial term is generally considered as "one of the most fruitful in Virginia history." He converted a million dollar deficit into a $2.5 million surplus, and fought successfully with the monopolistic management of oil companies and telephone utility. He also realized the first state anti-lynching legislation which provided that all members of a lynch should be subject to murder charges. Byrd worked especially hard on the reorganization of state administration with the aim of the concentration of executive power and the promotion of efficiency in bureaucracy backed up by his masterly machine politics. 

In May 1926 Byrd announced that he would have the New York Bureau of Municipal Research conduct a survey of Virginia state government and appointed thirty-eight Virginians to a citizens' committee to receive the final report of the bureau and to make recommendations to the General Assembly.\(^9\) In January 1927, the research bureau presented its report to the committee. It stressed that the bureau was "particularly impressed by the scattered, disjoined, and irresponsible type of organization that existed in all counties" and strongly recommended the reorganization of state and local administration.\(^10\)

Based on the report Byrd consolidated nearly one hundred bureaus, departments, boards, and various commissions into more empowered fourteen departments which were tied up with executive authority. Byrd also reduced the number of elected state-wide officials from eight to three: the governor, the lieutenant governor, and the attorney general. This measure called short-ballot amendment made plenty of room for appointive power by governor as well as for the maintenance of patronage system in Virginia state politics. With the view of managerial efficiency, he proposed measures for the state to take greater control

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in the fields of highways and education and tried to reduce the autonomy of local governments substantially. 11

Although some of these measures might have been little more than devices for machine control, Byrd's "program of progress" was praised by many state political leaders who followed him.11 Critics in Virginia later claimed that the type of Byrd's politics in early years might have been progressive but that its substance became increasingly conservative as the framework of his machine politics was established. For example, a Virginian journalist, Cabell Phillips once said that the Byrd organization had produced "leaders and functionaries of uniform honesty and competence, but few have risen above the dead level of mediocrity. It has given Virginia 'good' government but it has been uninspired, unimaginative government." 13

When the new governor, John Pollard, was inaugurated on January 15, 1930, Byrd was out of office for the first time since 1916. In order to ensure that programs he had initiated were preserved in Virginia, he worked through close associates of his organization while out of office. Even after the Great Depression had started, Byrd's principle was clear and consistent: accomplish fiscal conservatism and avoid deficit spending. 14

The Byrd machine owed its existence both to the efficient management of the organization and to a very restricted electorate. After Byrd retired from state political office, it was Ebbie R. Combs who controlled the organization. He was the chairman of the state board of compensation, and later became the clerk of the state senate. He served as Democratic national committeeman until 1948. In addition, Congressman Howard Smith, Senator A. Willis Robertson, William M. Tuck, Albertis S. Harrison, and Thomas B. Stanley dominated the "high command" of the machine by making crucial decisions on the state politics. The members of the high command were in agreement on such issues as fiscal conservatism, state's right, and racial relations. 15

The backbone of the Byrd machine was consolidated through the control of the State Compensation Board which had a decisive role in fixing the salaries and expenses of major county officials. The chairman of the three-man Compensation Board was appointed by a governor who was always loyal member of the machine. The Compensation Board manipulated allowances of local officials on the basis of contribution and subservience to the organization. County officials usually managed the local outposts of the machine, although nonofficials served as local leaders in some counties. The chief figures in each county organization were five elected administrative officers: commonwealth's attorney, treasurer, commissioner of revenue, clerk of circuit court, and sheriff.

Especially the clerk of circuit court played the most significant role in the county organization because of his eight-year tenure of office.\textsuperscript{16}

In addition to the control through the State Compensation Board, the circuit judge who possessed appointing powers of county officials assumed special importance in maintaining the cohesion of the machine politics. In the 1930s Virginia was divided into forty circuits and each circuit had at least one city or county. The General Assembly elected one circuit judge for an eight-year term. Because the Byrd organization always maintained absolute majorities in both houses of the General Assembly, they had rarely elected circuit judges of anti-Byrd sentiments. The circuit judge appointed the Board of Reassessors, which appraised real estate in the county every six years, the Welfare Board, which administered local relief programs, and the School Trustee Electoral Board, which mostly named the local school board. Moreover, the most influential appointment made by the circuit judge was the Electoral Board, which supervised all official elections of the county. The Byrd machine could take great advantage of the patronage system through the circuit judge and the state politics in Virginia had maintained an orderly and centralized system at least for two decades since the 1920s.\textsuperscript{17}

\begin{footnotesize}
\begin{enumerate}
\item[16] Key, \textit{op. cit.}, pp. 20-21.; Wilkinson, \textit{op. cit.}, pp. 31-35.
\end{enumerate}
\end{footnotesize}
Although it seems that the high command of the organization was dictatorial on its control of local subsidiaries, the machine leaders admitted some degree of "democracy" within the organization on candidates. For example, loyal organization men had to compete for the support if local leaders in order to be elected for state-wide office. Once a candidate was chosen for the post with an agreement of a majority of leaders, the high command gave him "the word" accepting him almost unanimously and assured him of the nomination in the Democratic primary. Opponents to the organization often concentrated their attack on its patronage, spoils system, and corruption of local authorities and engaged themselves in the anti-organization campaign. However, Byrd and his followers were proud of their fairness and gentlemanly character and had gained a wide reputation for honest and frugal management of the state politics from many Virginians. It is difficult to label the Byrd organization a Virginia version of Tammany Hall. 18

The small turnout at the polls also guaranteed the success of the machine politics. The Byrd machine had to win the support of only from five to seven per cent of the adult population in order to nominate its candidate for governor in the Democratic primary. Approximate percentages of the adult population supporting the winning organization candidate in each gubernatorial primaries in the 1920s and 1930s were: 1925 (Byrd); 8.6 %, 1929 (Pollard); 8.1 %, 1933 (Peery); 8.5 %. On the

average, from 1925 to 1945, only 11.5 per cent of those 21 and over voted in Virginia Democratic primaries during that period. 19

The anti-organization faction of Virginia Democratic party was based on urban liberal Democrats from Richmond to Norfolk and in the cities of the Tidewater area. They were supported mainly by industrial workers and blacks criticizing Byrd's "pay-as-you-go" policy and the low level of public service. The anti-organization movement, however, was usually without leaders, almost completely lacking in patronage, and poorly disciplined. The political apathy was prevalent throughout the state. However, the most important fact was that many people who had anti-organizational sentiments were disfranchised and could not vote against the organization. 20

Suffrage restrictions undoubtedly prevented many people, who otherwise would have opposed to the machine oligarchy, from voting against Byrd on crucial occasions in the state politics. The Commonwealth had mainly two types of voting restrictions. One was the poll tax of $1.50 per year levied uniformly over the entire state by Virginia constitution of 1902. The cumulative tax provision had also to be met in order to be qualified to vote. If a Virginian over twenty-one years old who had not paid his poll tax and wanted to qualify to vote, he had to pay for three preceding years or a total of $4.50 exclusive of penalties or whatever additional tax up to $1.00 made by local authorities. 21

19 Ralph Eisenberg, Virginia Votes, 1924-1968 (Charlottesville, 1971)
20 Key, op.cit., pp.28-29.
21 Ibid., pp.578-584.
The other restriction was the literacy requirement for the voting registration. Virginia required every person to apply to registrar "in his own handwriting" stating name, age, date and place of birth, residence, and occupation. Many blacks as well as poor whites were deprived of the right to vote because of their illiteracy. The literacy test provided the legal means of keeping racial discrimination for the Byrd organization until forbidden in Virginia by the 1965 Voting Rights Act. 22

Whereas the conservatives of the Byrd machine had their foundation in agricultural areas, farmers in the southwest mountainous regions had traditionally been against mainstream Democrats. They had played an important role in agrarian revolts in the period of Populism in the late nineteenth century. Virginia Republicans, who had been in direct descent from the Readjuster movement in the Reconstruction, were also active in attacking the organization politics. They were supported in the western mountainous regions, especially so-called the "Fightin' Ninth" Congressional district of the southwest Virginia. The district almost always elected a Republican Congressman, while the rest of the state remained overwhelmingly Democratic. The Republican party in Virginia pursued a uniquely progressive course and formed the "liberal" wing in the state politics. Because of the Byrd organization's tight grasp on the conservative voters, however, the Republican party had very

limited room to grow in Virginia. Key pointed out that "in the mountain counties of southwestern Virginia the Republicans are fighters, but that in most of the remainder of the state they are a faction of the Byrd organization." Since Byrd tended to represent the Republican point of view, Virginia Republicans often found it difficult to criticize him. On many political issues the line between Byrd Democrats and Republicans was not often clear.

In the New Deal years, the national Democratic party began to change the traditional party alignment by gaining support of urban voting blocs outside the South. Democrats had succeeded in gaining as broad a constituency as possible and moving with popular opinion in most part of the nation since 1932. The Virginia Democratic party, however, did not necessarily keep pace with the national shifts holding on to the old notions of Democratic factionalism within the one-party system in the state throughout the 1930s.

Because Byrd was only forty-two years old when he retired from state office, there was a speculation that he might come on the national scene. When Franklin D. Roosevelt easily defeated Republican incumbent President Herbert Hoover in 1932, some expected that Senator Carter Glass, or Representative Claude A. Swanson would be offered a cabinet post in the new administration. Though Roosevelt offered Glass the post of Secretary of Treasury, Glass declined, officially because of his age.

23 Ibid., p.285.
24 Wilkinson, op.cit., pp.210-211.
and poor health, but in truth because of his disagreement with Roosevelt’s fiscal policy. Senator Glass then asked the president-elect to give one of the cabinet posts to Swanson so that Byrd could run for the Senate in 1934. Swanson accepted the position of Secretary of Navy and Byrd took the oath of office as the junior Senator from Virginia on March 4, 1934.  

From the early years of the New Deal Byrd was worried about the direction of the Roosevelt administration, though he did not articulate his opposition to the New Deal measures from the beginning, partly due to the severity of the Great Depression and partly due to his loyalty to the Democratic party and the popularity of Roosevelt. As a new Senator, he did not want to risk his chances of re-election and encourage a political struggle within the Democratic party in Virginia. By the spring of 1934, however, having won the election and believing the economic emergency was over, Byrd began to attack the New Deal economic policy openly. The National Recovery Administration (NRA) and Agricultural Adjustment Administration (AAA) became the first targets of his criticism by late 1934. He objected to the wage codes of the NRA and the licensing policies of the AAA based on his own experience of apple growing business. He also disliked the processing tax of the AAA imposed on processors of agricultural commodities in order to finance benefits for farmers who agreed to limit production. Roosevelt told Assistant Secretary of Agriculture Rexford G. Tugwell that "I know what's the

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26 Hawkes, *op. cit.*, p. 245.
matter with Harry Byrd. He's afraid you'll force him to pay more than ten cents an hour for his apple pickers."  

Byrd regarded these measures as dangerous efforts "to control the daily activities of our people." 

Although Byrd was not a consistent New Deal opponent until 1935, as a Senator he rarely voted for the New Deal domestic programs. According to the analysis of Congressional votes by James T. Patterson, he was the fifth most conservative Senate Democrat from 1933 to 1939. A historian, Charles Michelson, pointed out that Byrd's opposition to the Roosevelt administration came from his disappointment at not being appointed vice-president at Democratic primary in 1932. While this might explain some parts of Byrd's antagonism against Roosevelt, it could not have been a major factor. He called himself as the "last of the original New Dealers," by which meant that he had supported the original Democratic platform in 1932 demanding a balanced budget, spending cuts and no innovative measures. As the economy got out of the crucial conditions, Byrd called for a return to the sound economic policy in order to restore business confidence.

In the Senate Byrd had had considerable influence on the

28 Richmond, Times-Dispatch, March 15, 1935.
policy making process since the beginning of his tenure. He was a powerful member of the Senate Finance Committee, on which he served for thirty-three years until 1966, the Naval Affairs Committee, and the Rules Committee. Although he continued to go along with the New Deal in such progressive legislation as rural electrification and soil conservation which promoted the development of backward regions in the South, he repeatedly cast votes against the relief, social security and labor bills in the second New Deal years after 1935.  

"Relief" and "welfare" were especially nasty words for Byrd. He regarded the welfare state that the New Deal created as "that state of twilight in which the glow of democratic freedoms is fading beyond the horizon leaving us to be swallowed in the blackness of socialism, or worse." He was concerned over the federal-administered relief programs and social security benefits because "we are chasing a mirage of easy money in the form of deficit dollars." The Senator insisted that there was nothing more important than the preservation of the fiscal integrity of the federal government and of the economic freedom which would promote the enterprise system even in the Great Depression. Byrd believed that he was first a Virginian, secondly a Southerner, and thirdly a United States Senator. In Congress the low-tax and low-social service attitudes of the Byrd organization were supported by Senator Glass, Virginia Congressmen A. Willis Robertson, Howard Worth Smith.  

31 Ibid., p.449.
Colgate Darden and other members of the Southern conservative coalition. 32

President Roosevelt's most effective measure for promoting his New Deal programs was federal patronage, which was dispensed selectively to strengthen pro-administration forces and weaken conservatives. In most of the Southern states, however, resistance of local political leaders to centralization doomed any serious federal efforts to liberalize the state politics in any case. According to James Patterson's argument, such "satraps" as "the Byrd machine in Virginia," were so "strongly entrenched" with the voters that they "were invulnerable to threats of loss of patronage." 33

After the emphasis of the New Deal shifted from recovery to reform in 1935, the Social Security Act became one of the major targets of attack of southern conservative leaders. The Senate Finance Committee was seen as a more formidable obstacle to the passage of the Social Security legislation, because "a very large percentage of the members of this committee were from south of the Mason and Dixon line, and several were among the most conservative of all senators." From the very beginning of the deliberation on the bill, Senator Byrd criticized its idea because it dictated to states the amount and recipients of pensions. He was joined in his opposition by "nearly all of the members of

both the House Ways and Means Committee and the Senate Finance Committee who feared federal interference in state rights." Southern members hated the fact that Northern standards would be forced on the South in providing Social Security benefits for blacks and poor whites.

The machine politics in Virginia maintained the ideological consistency in its opposition to the New Deal throughout the 1930s. Although some close observers have pointed out that the Byrd organization was in trouble after the "left turn" of the Roosevelt administration in 1935, its political leaders were still consolidated under the leadership of Senator Byrd defying the realization of the liberal New Deal measures in Virginia.

Chapter II

The Virginia Emergency Relief Administration
and the Direct Relief Policy, 1933-1935

As the economic situation grew worse in the midst of the Great Depression, Virginia state government began to recognize the necessity of adopting the New Deal relief policy at the state level. However, the majority of the state political leaders still clung to their principle of fiscal conservatism and dared to challenge the authority of the Federal Emergency Relief Administration (FERA) and its chief administrator, Harry Hopkins, from the beginning. In this chapter, the ideological conflict between FERA and Senator Byrd and Governor Peery will be examined in terms of the problem of direct relief policy in Virginia.

In his inaugural address on January 17, 1934, Governor George C. Peery announced the principle that would set the course of his administration for the next four years: "The one outstanding lesson that has come to all during these critical days is the need for thrift and economy in all lines of endeavor... We need economy in government today, as we had never needed it before." 1 Peery sought to cope with economic difficulty by providing solid conservative leadership which emphasized a balanced budget, administrative efficiency and voluntarism. Although

1 "Inaugural Address of George Campell Peery," January 17, 1934. (House Document No.6, Richmond, 1934) p.4.
he was not a complete reactionary who opposed every progressive policy, he was a loyal member of Byrd's organization. Peery was convinced that Virginia's progress should be based on financial soundness.  

The devotion to the "pay-as-you-go" principle led Peery to sacrifice urgent needs of the people for the fiscal orthodoxy on some crucial occasions in state politics. Traditionally the Commonwealth had stayed away from the business of relief for the destitute and unemployed, passing the burden on to the localities and private charities. Even in the midst of the Great Depression, political leaders in Virginia insisted that they had fulfilled their obligations by increasing expenditure for highway construction and creating employment for work relief programs. In addition, they held to a policy of "no direct relief" against the federal government's policy until the end of the first New Deal in 1935. Peery wrote to one of his supporters in January, 1935 that "financial insecurity on the part of the state" simply would not promote the permanent social security of the people. 3

The Peery administration was also the most successful defender of states' rights. Governor Peery joined Virginia's Senators, Carter Glass and Harry F. Byrd, in their non-cooperative stance toward the New Deal relief policy. The Richmond *Times-Dispatch* criticized the typical attitude of state political leaders toward relief policies:

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The political leaders were determined not to spend any of the State’s money for the neediest unemployed.... They are great advocates of State rights when such advocacy meets their convenience, but when it does not, they believe in letting Uncle Sam hold the bag. 

The legislative session of the General Assembly in 1934 did not realize any significant measures to deal with the social and economic disarray wrought by the Great Depression. Because of her rural and diversified economy, Virginia had been less seriously affected by the depression than most other states. Having hit bottom in 1932, economic conditions steadily improved in terms of major economic indexes such as value of industrial production, number of manufacturing workers, farm income and agricultural prices. There were still over 125,000 unemployed, however, and the living standards of the destitute were too low to be neglected. 

By the enactment of the Federal Emergency Relief Act in May, 1933, the Federal Emergency Relief Administration (FERA) was established with a budget of $500,000,000. This new legislation expressed the Roosevelt administration’s attitude toward relief policy. The act recognized that relief was a socio-economic problem to be administered by a separate federal relief agency, rather than by the Reconstruction Finance Corporation, which had been created by the Hoover administration.

4 Richmond Times-Dispatch, December 16, 1934.
in 1932. FERA provided for direct grants to states for relief purposes. It recognized that relief was not the complete responsibility of the states and their local subdivisions, and that the federal government had its share of responsibility when state and local resources proved inadequate. Although Roosevelt's remarks on signing the legislation emphasized that states and localities must do their utmost to relieve the destitute before the federal government would make funds available, the need for immediate assistance was so apparent that Harry L. Hopkins approved grants to seven states on the day he took office as head of FERA. 6

Under Hopkins' leadership, FERA proved to be one of the most successful and innovative of all New Deal executive agencies. Both President Roosevelt and Hopkins preferred work relief to direct cash relief, which he often referred to as "the dole." Hopkins thought that direct relief might tide the unemployed over for a period of a few months, but he believed that the jobless were committed to the work ethic, hated "the dole," and wanted to earn their money. The Works Division of FERA created a variety of local work relief programs, some useful and some being mere "make work" projects. Although FERA rules and regulations specified that in the distribution of relief funds "there shall be no discrimination because of race, religion, color, non-

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citizenship," the problem of wage scale put FERA in a dilemma. The early wage standard was a "fair rate," which was understood as the prevailing local wage for ordinary work. It meant that blacks on work relief in the rural South received as little as ten cents an hour. 

One month after the start of FERA, the Virginia Emergency Relief Administration (VERA) was created as a subordinate organization of FERA. The Virginia Commissioner of Public Welfare, Arthur W. James, headed VERA, and William A. Smith served as executive secretary of the administration. FERA appropriated financial aid of five hundred million dollars for the direct relief policy of Virginia and did not deal with the applicants for relief programs directly. Under VERA, local emergency relief administrations were established in major cities and counties in order to pay close attention to each case. In the city of Richmond there existed four divisions under the local emergency relief administration: Work Division, Social Service Bureau, Transient Bureau, and Subsistence Garden Division. By mid-1935, 40,000 to 50,000 people in Virginia participated in over 2,500 work relief projects.

FERA-VERA operated several special projects for particular groups of people such as transients, college students, and impoverished rural residents in Virginia. Transient bureaus were established in

Richmond, Norfolk, Roanoke, Lynchburg, Bristol, Danville, and Staunton to take care of jobless wanderers. The bureaus organized camps in Blackstone, Montgomery, Seaside, and Tazwell, accommodating people who had been in Virginia for less than a year. There was also a camp for blacks at Chatham. Later, in October 1934, a regional transient camp was set up at Fort Eustis which eventually accommodated 3,000 to 4,000 men and became a self-sustaining community with its own work projects in the Tidewater area. 9

The college student aid program of FERA-VERA employed students on a part-time basis who otherwise could not have continued their studies. The program provided a student with $10 to $20 per month in return for work such as research assistance and school clerical work. By fall 1934 thirty-eight colleges and universities in Virginia received funds from FERA-VERA putting 2,000 students back to school for the new academic year. 10

The people in rural Virginia benefited from the relief programs to a great extent. Although most of them were less affected by the Great Depression than people in cities, many marginal farm families, which had undergone economic hardships long before the depression, took advantage of the New Deal projects in order to improve their living conditions. In June 1935 FERA-VERA managed 21,936 rural relief cases in Virginia.

The central Piedmont and the mountains regions bordering Kentucky and West Virginia had the highest percentage of people on relief. In addition to providing both direct and work relief, FERA-VERA organized the rural rehabilitation project and provided farmers with loans to buy seeds, agricultural equipment and livestock which would improve their farms. This project was succeeded by the Resettlement Administration in June 1935 and 3,500 families were transferred to it. 11

FERA played a significant role in the relief policy which saved the lives of the unemployed, the rural poor, college students, and transients, with an expenditure of $26 million in Virginia. The number of Virginians benefiting from FERA-VERA programs is estimated conservatively at 375,000 to 500,000. Despite the fact that FERA-VERA achieved remarkable success in Virginia, there was a perpetual conflict between Washington and Richmond with regard to the financial burden of the relief programs. 12

From the beginning, the difference of views on relief policy between Harry Hopkins, the chief of FERA, and the administrators of FERA, was very evident. Hopkins had always emphasized the critical need for a large amount of emergency relief and was not satisfied with the slow and passive reactions of VERA. Virginia state administrators had little sympathy with the people's demand for direct relief programs and

11 B. L. Hummel and C. G. Bennett, Magnitude of the Emergency Relief Program in Rural Virginia (Blacksburg, 1937) pp.20-23.
refused to take an active role in relief distribution. Providing
emergency direct relief promptly and effectively was not their primary
concern. 13

The first major disagreement between FERA and VERA arose in the
fall of 1933 when FERA's field representative, Allan Johnstone, had a
conference with Senator Harry F. Byrd and Governor-elect George C. Peery
in Washington D.C. The two Virginia politicians made it clear that the
State could not raise funds for relief on the grounds that it had
already had a financial deficit and had launched programs to improve
public schools and insane asylums. Then Johnstone proposed that VERA
should be organized more efficiently and that the appointments of all
personnel had to be approved by FERA. He also requested that the relief
standard of Virginia be raised to meet the actual demands of the
destitute. 14

For all Johnstone's efforts, the response of VERA was far from
satisfactory for the administrators of FERA. On October 28, 1933
Johnstone finally telegraphed a note to VERA administration that FERA
would not grant money to Virginia because the Commonwealth had used
federal aids "to prosecute a program of relief so inadequate as to be
absolutely indefensible." 15

Social Worker (Richmond, 1942) pp. 273-275.; Harry Hopkins,
Spending to Save : The Complete History of Relief (New York,
1936) pp. 97-98.
14 Brock, op.cit., p.227.
15 Ibid., p.228.
In order to calculate the amount of federal grants to each state, FERA adopted the dollar-matching method which took account of not only state population but other factors such as per capita income, property, and tax payment as criteria. Hopkins was allowed some discretion in figuring out the federal grants to every state. There was room for him to make exceptions in case a state had problems financing the matching portion of the relief appropriation for some reason. Counting on this discretion given to Hopkins, administrators of VERA did not contribute their share to the relief programs initiated by FERA. 16

In an effort to avoid terminating appropriation of the federal grants of $4,000,000 to Virginia, Harry Hopkins made public his conciliatory proposal in March 1934. He demanded that Virginia contribute $2,000,000 in order to be qualified for the federal grant of $4,000,000 and that the balance should be paid by local governments in Virginia. 17

Soon after Hopkins' announcement, Virginia state officials arranged a conference with him. On April 12, 1934, Hopkins met Senator Byrd and Governor Peery in Washington D.C. again. The result of the meeting was that Hopkins gave in to their resistance to direct relief programs and allocated the federal expenditure of approximately $6,000,000 to VERA through February 1935. According to a private letter

Peery wrote to Hopkins, Johnstone of FERA once asked President Roosevelt, to no avail, whether he could persuade Senator Byrd to agree to any contribution from Virginia to the FERA direct relief program.  

In October 1934, Hopkins again tried to cut off the federal funds to Virginia. All that Governor Peery did in response was to explain Virginia's own way of providing relief for the needy. He said that his state had spent $3,000,000 of its expenditures on highways and $14,000,000 for work relief in the past two years. Peery also pointed out that neighboring states with comparable populations, such as West Virginia and North Carolina, had received more federal grants than Virginia and questioned the fairness of the matching formula used by FERA. On the other hand, Hopkins argued that FERA decided a state's contribution based on its capacity to bear the fiscal burden of the relief program. Since Virginia had a relatively low deficit, it was expected to be responsible for a greater share of the financial burden.  

According to the statistics of September 1934, the numbers of relief case load and individuals on relief in Virginia were 36,418 and 156,597 respectively, and the percentage of beneficiaries in the total population was 6.4 per cent. By May 1935 the number increased to a peak of 51,919 cases and about 250,000 individuals. More than sixty per cent

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18 Peery to Hopkins, April 17, 1934, George C. Peery Executive Papers, Archives Section, Virginia State Library, Richmond, Virginia.
19 Peery to Hopkins, October 17, 25, 1934, George C. Peery Executive Papers.
of the beneficiaries of relief programs lived in rural areas, especially in the southwestern part of Virginia where many unemployed coal miners and low income mountain farmers resided. However, the percentage of people on relief was higher in big cities: one out of nine in urban areas compared to one out of thirteen in farm areas. Richmond shared 9 per cent and Norfolk 8.2 per cent of the total resources provided in Virginia between 1933 and 1935.  

From June 1933 to its termination in November 1935, FERA had granted $26,303,851 to Virginia. This was ninety per cent of the state's relief cost. The state provided only $34,452, mainly for administration, and the localities appropriated $2,248,924 for their own relief programs in communities. The amount of federal grants ranked thirty-third among the forty-eight states and it was much lower than those of other neighboring states of similar character. For example, federal grants were $45,900,000 in West Virginia, $39,000,000 in North Carolina, $37,300,000 in South Carolina, and $35,700,000 in Maryland.  

Although the proportion of people on relief was far lower in Virginia than that of neighboring states, it was not necessarily because Virginia was better off. Rather, it was due to the fact that the eligibility requirements were so strict. Furthermore, the average amount spent on relief was $9.50 per case and $2.20 per individual, compared to the national average of over $20 per case. It was $14.42 in North

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21 James, op.cit., pp.259-260.
Carolina, $14.42 in West Virginia and $30.24 in Maryland. Other data show that fifteen to eighteen per cent of relief expenditure was spent on administrative costs in Virginia, while the national average was around ten per cent. In the Commonwealth the barrier for entry into relief programs was higher than in other states, and even if accepted, the level of protection was far from satisfactory for the needy in the Great Depression. These problems caused bitter conflict among FERA, VERA and the state government. 22

Agreement on direct relief policy between the federal government and the state government of Virginia was never realized under FERA-VERA. The relationship between FERA and the governor was certain to be difficult in Virginia. Although FERA had its own requirement for the approval of state staff, it could not change the governor's right to appoint and dismiss state directors. It was often more convenient for FERA to agree to an appointment made by FERA than to engage in a long dispute while nothing had been done. 23

In the summer of 1935, when President Roosevelt appointed Harry Hopkins as chief administrator of the newly established Works Progress Administration (WPA), the center of the relief policy shifted from direct relief programs to work relief projects. William Smith of Petersburg, who headed VERA, became director of the Virginia Works

23 Brock, op.cit., p.176.
Progress Administration and VERA hold-overs staffed the WPA in Virginia. The WPA was a replica of FERA on a much larger scale. The WPA spent more money on the new construction of roads, schools, sewer and water systems, bridges, parks and recreational areas than FERA, which had concentrated on repair and improvement work.  

FERA-VERA benefited urban blacks as well as rural poor whites. Thirty-six per cent of Virginia's population was black, which was twice that of the national average. In Virginia there were 79,263 unemployed workers in March 1935. Among them, 12,474 were farm laborers, 12,086 domestics, 11,552 unskilled and 10,881 semiskilled workers. Black dominated in domestic and unskilled jobs.  

Governmental relief meant an improvement of living standards among blacks. Those standards were still incredibly low, but they were better under FERA than they had been before. Local agencies of FERA provided food, clothing, and employment for blacks in economic difficulty. Forrester B. Washington, the social worker who served as the FERA's first adviser on race relations, called FERA "a godsend to the Negro of the masses."  

According to FERA's first relief census, the share of FERA benefits dispensed to blacks exceeded their proportion of the total population. It reported that nationally more than two million blacks

were on FERA relief in 1933, and the percentage of blacks on relief was 17.8, whereas that of whites was 9.5 per cent. By 1935, the number of blacks on relief had risen to 3,500,000, almost 30 per cent of the total black population, and an additional 200,000 blacks were working on the WPA work relief projects.  

Along with material aid, FERA had education programs which started schools to teach illiterate adults to read and write, classes ranging from typing and stenography to art and music, and instruction in home economics and planting vegetables, raising livestock, and canning food. These programs played an important role in improving the quality of life among blacks as well as whites who were in economic hardships.

However, there were large inequities in the way FERA relief was distributed between whites and blacks. Blacks were paid lower wages than whites and were hired only after white workers had found jobs, and even then were employed only as unskilled laborers. In most cases blacks were excluded from promising jobs in spite of FERA's non-discrimination policy. This discrimination happened mainly because state and local officials who controlled the relief administration on the regional level took racial discrimination for granted, and reflected their strong prejudice against colored people in the distribution of relief. Even liberal officials like Lorena Hickok who worked enthusiastically for Harry Hopkins and his FERA had sympathy for the point of view of the

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27 Federal Emergency Relief Administration, Unemployment Relief Census, Report II (Washington D.C., 1933)
state and local administrators. She toured throughout the country investigating the situation of the relief policy for the Roosevelt administration. After she observed conditions in the South, she was convinced that a double standard of wages and racial classifications in the distribution of relief could be acceptable in terms of traditional state and local politics. The idea of non-discrimination of within FERA was too radical to be realized on the regional level. 29

The business of direct relief led by FERA-VERA in the early years of the New Deal represented a typical conflict between the practical necessities of adopting New Deal measures at the state level and the dominant ideology of conservative state politics in Virginia. While Virginia accepted or welcomed the benefits from the federal government to the needy in the midst of the Great Depression, she refused to compromise with the new direction that the Roosevelt administration was trying to take.

Although the relationship between FERA and Virginia was not good at all, the fact that VERA was established exclusively to assume the responsibility for relief programs in Virginia should not be overlooked. Before VERA was formed, there existed only local relief projects developed sporadically under the Department of Public Welfare. In that sense, the development of relief programs initiated by FERA-VERA and its succession to the WPA marked the heyday of the New Deal reform policy.

Chapter III
The Unemployment Compensation Act in Virginia

Although the New Deal could not change the conservative state politics in Virginia, it did transform the social welfare system of the Commonwealth to some extent in the late 1930s. Instead of the voluntary efforts of political leaders, Virginia was almost forced to implement unemployment compensation and social security programs through coercive federal legislation. Because of the long negligence in providing adequate economic security for the destitute, Virginia's advances in social welfare remained minimal compared to the progress in other states. In this and its succeeding chapter, the legislative process of Virginia Unemployment Compensation Act and Public Welfare Act will be examined emphasizing on the reaction of conservative political leaders to the enactment.

On January 3, 1936, Governor George C. Peery started his annual address at the opening session of the General Assembly with an optimistic view of the new year. Although Peery admitted that the Commonwealth was still in the grip of the Great Depression, he presented bright prospects that she had come through the worst part of the economic decline and was on the way to recovery in terms of her modest deficit, reduced bonded indebtedness and the increase of manufacturing workers. ¹

¹ Address of George C. Peery, January 8, 1936. (Senate Document No.1, Richmond, 1936), pp.1-2.
Since the inauguration in January 1934, Peery had sought to cope with the economic difficulties by providing steady, conservative leadership. He emphasized a balanced budget, administrative efficiency and voluntarism in his state politics. Virginia's deficit was originally small compared with that of other states. Partly due to his administrative skill, the deficit of state government was reduced from $2,291,482 in June 1934 to $1,726,806 in June 1935. In a time when financial integrity was regarded as a hard and fast rule, the record could be called a triumph of Peery's politics. 2

The number of the unemployed was still over 125,000 in 1935, however. This was 8.6% of total population. From July 1934 through June 1935, the average relief rolls stood at 208,626. The percentage of residents receiving relief was especially higher in urban areas than in rural regions: 9.6% in Richmond, 10.0% in Roanoke, 11.6% in Norfolk, 13.6% in Portsmouth. The governor could not ignore the need for extensive appropriations for the destitute. He admitted that the time had come for the state government to abandon the longtime principle of "no direct relief" in Virginia. In his address on January 8 Governor Peery reluctantly showed his readiness to bear the state financial burden occasioned by the emergency and recommended an appropriation of $1,330,000 plus $500,000 from the reserve, fund by profits from the Alcoholic Beverage Control Board, for the purpose of emergency relief. 3

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2 Ibid., pp.5-6.
3 Address of George C. Peery, op.cit., p.18.
The change of the state's relief policy was mainly encouraged by the announcement of President Franklin D. Roosevelt in January 1935 that the federal government would quit the business of direct relief to the destitute throughout the nation.\(^4\) Thus Peery had come to admit the need of some permanent system to protect the people's economic security.\(^5\)

In August 1935, five months before the opening of the General Assembly, the United States Congress had passed the Social Security Act. The two Virginia Senators, Byrd and Glass, paired against the bill, and four Virginian Congressmen, Bland, Burch, Darden, and Robertson joined nine other Democrats in opposition in the House.\(^6\) Title I of the act provided grants to the states to pay half the cost of Old Age Assistance. It established the general conditions a state must adopt to be eligible for federal money, how payment to the states should be made, and how the program was to be administered for those of age sixty-five or over who were eligible. Title IV authorized federal grants to the states for Aid to Dependent Children. It was to provide a federal contribution to what in Virginia had previously been called mothers' pensions. If a state developed an approved plan, the Secretary of the Treasury would pay one third of the cost of the benefits up to a monthly maximum of $18 for the first dependent child and $12 for subsequent


dependent children. These two public assistance programs required urgent participation of the states. Furthermore, the titles III and IX provided federal-state Unemployment Insurance. Governor Peery's primary concern was how the Commonwealth could implement the national social welfare system with a minimal violation of the state's financial integrity. 

Since 1927 welfare functions in Virginia had been concentrated in the State Department of Public Welfare. The Department was established after a comprehensive study of the State government done by the New York Bureau of Municipal Research in 1926. As the report concluded:

When the organizations responsible for the spending of State appropriations are critically examined and the result of their expenditure appraised, it is clear that the decentralization of responsibility for public welfare work furnishes a constantly increasing opportunity for waste of money and efforts, and contributes to the perpetuation of ideals of public welfare work, which are not in accord with modern conceptions of what this important State function represents. 

Although the report commended that Virginia had succeeded in enacting public welfare legislation in the early 1920s, its efforts had been "largely wasted because of the failure to incorporate a sound administrative plan into law." The creation of a single State department was recommended to coordinate various welfare programs. The State Board of Public Welfare was reorganized into a newly created

Department of Public Welfare with a Commissioner appointed by the governor. 9

On the local level, however, the public welfare programs had been under the influence of the out-of-date poor law and institutionalized paternalism since the last century. By 1930, only 12 counties and 5 cities had a superintendent of welfare. The rest of the State still had overseers of the poor and private welfare organizations in order to provide for the destitute. 10

According to the definition by Commissioner of Public Welfare in 1938, William Stauffer, the term "public welfare" referred to "a group of services and functions having to do with the care, treatment and relief of those members of society who are anti-social, who are morally or mentally incompetent, or who suffer under adverse economic conditions in a degree that requires governmental intervention or aid." Stauffer called these groups the delinquents, the defectives and the dependents, respectively and estimated that more than thirteen cents out of each dollar Virginians paid as taxes was spent on them. 11

In the 1930s, the Department of Public Welfare consisted of five major boards: (1) State Board of Public Welfare, (2) State Prison Board, (3) State Hospital Board, (4) State Commission for Blind.

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10 Arthur James, The State Becomes a Social Worker (Richmond, 1942) pp.252-259.
(5) Industrial School Board. Under the State Board of Public Welfare, there were mainly five bureaus: Bureau of Public Assistance, Children's Bureau, Mental Hygiene Bureau, War Service Bureau, and Bureau of Statistics and Investigations. In terms of expenditures, total public welfare costs in Virginia amounted to $4,443,284 in the fiscal year 1937, an increase of $1,481,816 over 1929. Most of this was accounted for by the growth of state aid to local public welfare units.

Before the reorganization of the public welfare system was launched in 1927, the only public assistance program already operating in Virginia was the Mother's Aid, which provided economic protection for the children of families with no breadwinner. At the beginning of the 1930s, 110 families and 309 children received aid. This represented only 0.4% of total families in the state, and only 4% of those eligible actually received aid. The total cost of the program was $21,300, and the average monthly payment per family was $16.52. Compared to the other 47 states and the District of Columbia, Virginia ranked in the lowest eighth in the percentage of families aided and the lowest tenth in the amount of the monthly payment. Because the Social Security Act of 1935 required the creation of three kinds of state public assistance programs that would meet the federal standards to get federal grants based on the matching formula, the most significant function of the

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Department rested upon the Bureau of Public Assistance. In May 1936 Governor Peery sent a letter to the Department of Public Welfare with regard to the transfer of federal Work Progress Administration (WPA) personnel to the Public Assistance Division. He had expected that the Mothers's Aid program of Virginia would be admitted to qualify for the federal grants in the near future. When the state of Virginia submitted its Mother's Aid plan to the Social Security Board in the fall of 1936, however, W. L. Painter, Director of Children's Bureau notified Frank Bane, Regional Director of the Region IV, that Virginia's plan did not meet the federal requirements. Its inadequencies were due, in part, to the way it was administered. The Superintendents of the poor and the ten members of the county boards of welfare, who were directly in charge of public assistance programs in each district, were strongly influenced by conservative local politics. They were appointees of the circuit judge, and often served as acting agents of the machine politics in the Commonwealth.

With regard to the state's implementation of the federal unemployment insurance system of the Social Security Act, Governor Peery

14 Ronald L. Heinemann, Depression and New Deal in Virginia: The Enduring Dominion (Charlottesville, 1983) p.156.
15 Peery to the Department of Public Welfare, May 4, 1936. George C. Peery Executive Papers, Box 75, Public Assistance Division, Archives Division, Virginia State Library, Richmond, Virginia.
17 Brock, op.cit., p.57.
was cautious from the beginning. In the spring of 1935, he had already referred a thorough study of the state Unemployment Insurance to the Legislative Advisory Council. This body consisted of six appointees by the governor. Three were elected from the state Senate and three from the House of Delegates. The Tax Commissioner also attended the Council. It submitted a final report before the opening of 1936 session which recommended the enactment of an Unemployment Insurance law and proposed a bill drafted along the federal guidelines. Peery commented favorably on the Council's work in his address of the General Assembly on January 8, 1936. 18

As the adoption of a state Unemployment Insurance would necessitate tax increase, Peery's decision was at odds with his usual fiscal conservatism. But he had a strong incentive to urge such a move because the law provided that a state would lose the entire contribution of its manufacturers to the federal Unemployment Compensation fund if it did not set up a state unemployment insurance system. Peery thought that the higher taxes would be better than the loss of the contributed money. The federal Social Security Act provided the mandatory payment of the uniform federal excise tax of 1% in 1936, 2% in 1937 and 3% thereafter on payrolls of all employers of eight or more employees. Ninety per cent of the contribution was to be returned only to those states with satisfactory state unemployment insurance acts. This system was called the tax-offset and it was used widely to promote state

18 Address of George C. Peery, op.cit., pp.21-23.
enactments through economic incentives.\textsuperscript{19} The Virginia’s cost was estimated $3,000,000 in 1936 and $9,000,000 by the end of 1938. The deadline of the state’s enactment in order to participate in the federal system was on December 31, 1936.\textsuperscript{20}

On January 15, 1936, state Senators John S. Battle and Morgan R. Mills introduced the Unemployment Compensation bill (Senate Bill, No.30) and referred it to the Committee on Finance.\textsuperscript{21} During the deliberation on the bill, two major conflicting amendments were proposed and its constitutionality was questioned. Senator Battle introduced an amendment providing that the Commonwealth should participate in the federal unemployment insurance system regardless of the problem of its constitutionality. It said that it would not be too late for the state to make


\textsuperscript{21} Journal of the Senate of Commonwealth of Virginia (Richmond, 1936) pp.43, 127. The full title was : A bill to provide for Unemployment Compensation in Virginia ; to that end to create an Unemployment Compensation Board and to define and provide for the appointment, removal, compensation, costs and expenses of such Board, and its members, officers, agents and of certain designated employers, and to provide for the collection, appropriation and distribution of the same and all moneys which may be received by the Commonwealth pursuant to the provisions of the act ; to appropriate money for the administration of the act and for the payment of benefits hereunder; to provide penalties for violations ; and to provide that this act shall constitute and be designated and cited as the "Virginia Unemployment Compensation Act."
the state law invalid and return the contributed money to the employers after the Supreme Court declared Titles III and IX of the federal Social Security Act unconstitutional. State Senator Aubrey Weaver submitted the other amendment. It stated that the state act should go into effect "if and when" the Supreme Court passed judgement on the constitutionality of the federal Social Security Act. After a harsh debate, the Senate agreed to the Battle amendment and finally passed the whole bill on February 25, by a vote of 22 vs.14. 22

Two days later, the bill was referred to the House Finance Committee. The House debated an amendment which provided the way to refund the contributions of manufactures in case the Supreme Court ruled unfavorably on the Social Security Act. In early March, however, the House of Delegates rejected the Virginia Unemployment Compensation bill by 48-40. The lack of active support of the bill by the Governor during its final stages contributed to its defeat. Even though Peery recognized the significance of the bill, he still doubted that the federal Social Security Act would ever be implemented. If he had demonstrated political skills, such as he employed in putting his educational proposals into action in 1934, the General Assembly might have passed the Unemployment Compensation bill. The strong state-rights sentiment among the legislators may also has discouraged the governor. 23

22 Ibid., pp. 359, 410.
In addition to the state Unemployment Compensation bill, the 1936 session of the General Assembly defeated two other social welfare measures: the Old Age Pension and the Blind Assistance bills. It left little hope for the adoption of the federal welfare measures. The Times-Dispatch commented that "The General Assembly of 1936 will go down in history as one of the most reactionary legislatures which has sat in Virginia since the first parliamentary gathering in the New World convened at Jamestown in 1619." 24

During this period two different organizations showed a special interest in this social legislation. One was the Virginia Manufactures' Association (VMA) which represented an employers' point of view. It originally lobbied against the enactment of the Unemployment Compensation Act. The VMA objected to the additional tax burdens, estimated at 1% of payrolls, they would have to bear after the passage of the state act. Since the federal Old Age Insurance of the Social Security Act of 1935 had already provided the taxation of 0.5% on payrolls from both employers and employees for the federal fund, the employer's burden was supposed to be 1.5% of payrolls. The amount was large enough to distract entrepreneurs from the expansion of their business in the midst of economic difficulties. After the introduction of the bill in the General Assembly of 1936, the VMA supported the Weaver amendment.

24 Times-Dispatch, March 9, 1936.
The VMA expected that the Supreme Court would declare the federal act unconstitutional. 26

The other active lobby was the Virginia Consumers' League (VCL), a branch of the National Consumers' League. It strongly supported the unemployment compensation measure and various other laws designed to protect workers. Thus, the VCL blamed the General Assembly for its failure to enact an Old Age Assistance bill, eight-hour and minimum wage laws for women, a stricter mine safety law, better workmen's compensation law, as well as the unemployment compensation act. Editors Virginius Dabney and Douglas Southall Freeman and Labor Commissioner Hall were among its members. The overwhelming victory of Franklin D. Roosevelt in the presidential election in November, 1936 strengthened the hand of the VCL which was trying to get a special session of the General Assembly called. This only could be done upon the request of two-thirds of the members of each House. The VCL also played a significant role in arousing public opinion of the Commonwealth for the enactment of public welfare acts. 26

As the pressure for the opening of a special session increased in the fall of 1936, the governor excused himself by saying that since thirty-two states other than Virginia had not enacted any unemployment compensation legislation yet, it was likely that the Congress would extend the deadline for the state enactments. In actuality, Peery supported the passage of a resolution which urged Congress to extend

the deadline so that states would get the refund of unemployment compensation taxes that had paid by the time of the Governor's Conference which would be held in Missouri. He cooperated especially with Lloyd C. Stark, Governor of Missouri, for the extension of the deadline and asked Senators Harry F. Byrd and Carter Glass for their support.  

Meanwhile, the demand for a special session grew, and by December had won the endorsement of the two-thirds of the members of both Houses. On December 14, 1936 the governor finally called an extra session. By then he acknowledged the urgent need to cope with the issue of the Unemployment Compensation Act in Virginia. In an attempt to speed up matters, Peery requested the Director of Legislative Reference Bureau, the Attorney General, the Tax commissioner and others to redraft the bill that had been submitted to the last session. Although they made no major changes in the original bill, they did take account of some additional suggestions made by the Social Security Board in Washington in order to improve the bill. The most important changes concerned the members of the Unemployment Compensation Commission. The redrafted bill proposed that the chairman of the Commission be appointed

27 Lloyd C. Stark to Peery, July 12, 1937. Peery to Stark, July 12, 1937, Peery to Carter Glass and Harry Byrd, July 12, 1937, Byrd to Peery, July 13, 1937. George C. Peery Executive Papers, Box 80, Archives Division, Virginia State Library and Archives, Richmond, Virginia.

The most important changes concerned the members of the Unemployment Compensation Commission. The redrafted bill proposed that the chairman of the Commission be appointed by the governor, Commissioner of Labor and two full-time members. The bill provided that the unemployment compensation would become payable twenty-four months after the first day of the first period of contributions. The amount of the benefit was defined so that the maximum weekly benefit would be 50% of full-time weekly wage, but not more than $15.00 per week, nor less than $5.00 per week. Contributions from employers amounted to 0.9% of their payrolls for 1936, 1.8% for 1937, and 2.7% for 1938. No contributions were required from employees. Contributions would be paid first into a state pooled fund and eventually to the Secretary of the Treasury of the United States to the credit of the Unemployment Trust Fund established by the Social Security Act. The bill also provided that in case the Title IX of the Social Security Act was declared unconstitutional, the state would pay back the contributions to the employers.  

29 The original bill provided the same maximum weekly benefit, but not minimum weekly benefit.

30 Address of George C. Peery, December 14, 1936. op.cit., pp.5-7. Other important provisions of the bill were as follows: Benefits would be paid through public employment office. The waiting period was two weeks and a beneficiary should not receive money for more than 16 weeks a year. The Unemployment Compensation Commission was requested to consider the problem of merit rating system and to make report on it to the governor no later than December 1,1939. The bill was drafted as an emergency measure, so that it would become effective upon passage.
In the Virginia Senate, most of those who had opposed the bill now backed it in the last session. They apparently thought that its enactment was inevitable. Furthermore the first contributions had already been collected under the federal act. On December 17, 1936, the Senate passed the Unemployment Compensation bill (S.B.1), 39 to 1. It was immediately referred to the House of Delegates and passed after a short debate by 93 to 1. 31

Concerned over the reaction of the Social Security Board (SSB) to the Virginia Unemployment Compensation bill, William R. Shands, Director of legislative Drafting and Reference Bureau, sent a copy to Merrill G. Murray, Chief of the Division of Legislative Aid and Approval of the Bureau of Unemployment Compensation of the SSB, on the last day of 1936. The SSB reacted favorably to the Virginia bill, which was based upon the District of Columbia Act and on January 6, Murray sent one of his staff to Governor's Council meeting in Richmond in order to give advice on it. 32

Just before the opening of a special session, Governor Peery himself had requested an opinion from the SSB on the proposed bill. In response, R. Gordon Wagenet, Director of the SSB told Peery, with some minor changes, the bill seemed to meet the requirements of titles IX

and III of the Social Security Act and be qualified for tax credits and federal administrative grants. Thus, soon after its passage, the SSB approved the Virginia Unemployment Compensation Act was approved by the SSB. Subsequently the act did prove its effectiveness during the recession of 1937-38, when it benefited more than 320,000 workers in the Commonwealth. 33

In May 1937 the Supreme Court finally put an end to the debate on the constitutionality of the federal Social Security Act. In Stewart Machine Company v. Davis, the Court, by a vote of 5 to 4, upheld the constitutionality of the excise tax for the unemployment insurance, and in Helvering v. Davis it upheld the old-age insurance system. These two decisions marked a turning point in the so-called constitutional revolution of 1937. 34


Chapter IV

The Public Welfare Act in Virginia

Another area of concern was the assistance to the elderly. By 1937 Virginia was the only state that had not enacted any Old Age Assistance laws under the federal guidelines of the Social Security Act. The demand for the enactment had been strong since the beginning of Peery’s gubernatorial term in 1934. Hundreds of Virginians sent letters to Governor Peery supporting Judge J.S. Lehman’s campaign for the National Old Age Dependent Pension which started in Humboldt, Kansas. They advocated the Old Age Pension law of New York enacted during Franklin D. Roosevelt’s governorship. Townsend Clubs Executive Council and Virginia State Aerie of Fraternal Order of Eagles were also active in their letter-writing campaign to the governor from 1933 to 1935. Although Peery expressed his sympathy with older people living in economic difficulties, he continued to respond that “we are facing a deficit in Virginia, and I do not believe the financial condition of the State is such that we could not assume the burden of such a pension law.” 1

On January 25, 1935 the Richmond Times-Dispatch reported that Governor Peery joined with Senator Byrd in opposing the Old Age Pension bill pending in Washington and that Virginia would not adopt an act any

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1 Folders 1-7, Box 69, Old Age Pensions, George C. Peery Executive Papers, 1934-1938.
time soon regardless of Congressional action. Although Peery claimed that he was not opposed to sound social security and relief legislation, he stated that he was concerned over the estimated cost, $10,000,000, and tax burden. The *Times-Dispatch* also pointed out that about 25,000 aged blacks out of the total 116,673 persons 65 years or over in Virginia, would have to be put on the pension list. Political leaders were not willing to accept the Old Age Pensions which would have many black beneficiaries.  

Another concern was the cost of such a program. While Senator Byrd had suggested that it would require a tax increase of 130 per cent, Virginian Dabney in the *Times-Dispatch* claimed that it was groundless. In a January 26 editorial, he pointed out that approximately 68 per cent of Virginians were living in rural area and only 32 per cent in cities. People who lived in rural communities certainly did not require the same amount of financial assistance that urban dwellers did. The 1930 census showed that of the 116,878 Virginians over 65, no fewer than 33,264 were rural dwellers, with only 33,414 in the cities. The editorial also stressed the fact that twenty-eight states had already have Old Age Pensions, though many of these states were not so strong financially as Virginia. It concluded:

> The United States is the only major nation in the world, except India and China, which has no social security laws. Does Mr. Byrd wish this country to continue to trail along with the backward nations of Asia, instead of going to the van with the socially enlightened nations of Europe?  

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Some older Virginians agreed with Dabney. For example, a company owner in Lebanon wrote to the governor soon after he read the news:

You have pointed out that in order for the State of Virginia to take care of their proportional part of this bill $10,000,000.00 in additional taxation would have to be levied. I consider this unimportant in comparison to the security and soundness the passage of such a bill would create. Your position is entirely too conservative and out of line with the consensus of your constituency in this part of the State... I want you to understand, also, that I am no New Deal "crank." Much of their legislation and proposed legislation I consider unsound, but I do feel like the Old Age Pensions bill is one of vital importance, and in saying this I not only express my opinion.... but that of hundreds of others (both Democrats and Republicans) to whom I have talked. 4

Nevertheless, the organization politicians continued to support the position of Byrd and Peery in regard to the Old Age Pension plan. William Munford Tuck, Virginia Senator from South Boston, was one of the most conservative members of the organization who admired Byrd's staunch opposition to the Social Security proposals. On January 25, Tuck wrote to Senator Byrd in Washington D.C., referring to the editorial of the Times-Dispatch:

Such a proposal is not only undemocratic in that it places in the hands of a bureaucrat in Washington a stick to whip over our heads and tell us what and how much we shall do, but it also

4 Garland Easterly to George C. Peery, January 23, 1935, Box 69, Old Age Pensions, Folder 3, George C. Peery Executive Papers.
penalizes frugality and economy in government, and at the same
time rewards extravagance and waste.... I believe that it would be
most unfortunate for us in Virginia if this pension proposal
should pass and become law in the form in which it now appears to
be. I congratulate you on the stand that you have taken and can
only wish that other states had senators as able and courageous
as you. 5

Byrd's reply revealed his anti-black prejudice.:

[Under this proposed plan] negroes will be placed on the same
basis as white people. The result will be that practically all
negroes over sixty-five years will be pensioned, receiving from
$30.00 to $40.00 per month, and all their children and grand-
child ren, cousins and aunts will live on them,... it will simply
mean that nearly all the colored population of the South will
stop working. 6

Senator Byrd and other southern congressmen also saw a threat
to states' rights. The original bill of the Old Age Assistance specified
that states had to furnish assistance sufficient to provide "a
reasonable subsistance compatible with decency and health." Another
clause required states to establish "a single state authority to
administer or supervise the administration of the plan and insure
methods of administration which are approved by the Administrator." 7

5  William M. Tuck to Harry F. Byrd, January 24, 1935, Folder
2780 (Political and Legal Correspondence, 1935), William M.
Tuck Papers, Manuscripts Division, Earl Gregg Swem Library,
College of William and Mary, Williamsburg, Virginia.
6  Harry F. Byrd to William M. Tuck, January 26, 1935, Folder
2780, William M. Tuck Papers.
7  Lee J. Alston & Joseph P. Ferrie, "Labor Costs, Paternalism,
and Loyalty in Southern Agriculture: A Constraint on the Growth
of the Welfare State." Journal of Economic History, Vol.XLV,
No.1 (March, 1985) p.113-114.
Most of the Southern congressmen objected to both clauses because they thought that the federal government was undermining the power of the state. Senator Byrd, who was an influential member of the Senate Finance Committee, argued that the federal government should not have "supreme power to deny sovereign State of this Union any benefits of this pension system at all unless that State complies with regulations" made by the federal government.  

Southern political leaders also feared that federal benefits would undermine planters' paternalistic control over tenant labor, especially black workers. In 1935 three-fifths of all black labor were employed in agriculture and domestic service. Southern congressmen did not want the federal funds to go directly to black workers. Furthermore, southern industrial wage standards, which were considerably lower than in the North, might also be undermined. President Roosevelt needed southern support in order to get the Social Security bill out of Congress, so he had to make some concession to such sentiment. Thus, the "decency and health" provision was eliminated from the bill, and the states were left free to pay Old Age Pensions of any amount and still receive a half of the costs from the federal government. States were also granted the right to set eligibility criteria arbitrarily and select anyone to administer Old Age Pension programs by the legislation. As a result, the effective control of old age benefits was left in the

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8 The United States Senate, Committee on Finance, Hearings on S.1130 (Washington D.C., 1935) p.71.
hands of local authorities. 42

Black leaders argued for greater federal control of standards because they were afraid that local standards would become the rationale "to give less assistance to aged Negroes than to aged whites." The Old Age Assistance had also the residence requirements which were especially unfair to blacks engaged in migratory labor. 43 George Edmund Haynes of the Race Relations Department of the Federal Council of Churches testified before the Senate and the House committees that locally administered federal programs had been plagued by "repeated, widespread and continued discrimination on account of race or color." 44 The Norfolk Journal and Guide commented on the Social Security bill that "like NRA, this new economic panacea seems to be intended to bring security to certain people, but no to all." 45

From the beginning reliable data on the implementation of Old Age Assistance programs in Virginia were not available. Two existing estimates were quite confusing with regard to the state's expenses.

Soon after Roosevelt presented the Social Security bill to Congress in January 1935, Senator Byrd challenged its practicality by figuring out the costs of an average state like Virginia. He estimated that about half of all the population 65 years old or over, 77,500 elderly in Virginia, would be eligible for the assistance program. Based on this figure, the state would have to spend about $21,000,000 a year, requiring it to increase taxes as much as 130 per cent, to finance the program. Organization leaders including Governor Peery agreed with Byrd's estimate and expressed their fear that the enormous financial burden would make the adoption of the program impossible, or sacrifice the fiscal integrity of Virginia. 13

According to Byrd's estimate, about half of the elderly in Virginia would be eligible for the Old Age Assistance, and monthly payment would amount to $22.50 per person. The Labor Department's estimate was totally different from Byrd's. The Department figured that the number of eligibles in Virginia would be 7,000 and they would receive about $15 per month from the state government. Virginia's annual expense for the Old Age Assistance program was estimated at $1,260,000, which was one-seventeenth of Byrd's figure. When these two estimates were made public, the Times-Dispatch editor favored the more moderate estimate of the Labor Department: "The most disturbing aspect of Senator Byrd's statement is to be found in the fact that nowhere in it

13 Richmond Times-Dispatch, January 24, 25, 1935.
does he indicate that he regards the social security legislation as either necessary or desirable." The Old Age Pension League of Virginia, which promoted the enactment of old age assistance vigorously, observed that Byrd was "more concerned with public expenditures than he is with private suffering; [he] thinks more of property rights than he does of human rights." 14

In October 1935, Senator Byrd discussed the problem of the deadline of the enactment of the Old Age Assistance with Vincent Milos of the Social Security Board in Washington D.C. Byrd expected that other states which had not enacted the old age assistance by then would defer action with Virginia because it was too late to take advantage of the law for the next year. On the next day of the meeting, Byrd wrote to Peery that "if only four or five states start the plan, certainly Virginia cannot be censured greatly if action is deferred for a year or eighteen months or even for two years." 15

After the Virginia Senate killed the Old Age Assistance bill presented in the General Assembly of 1936, Governor Peery created a Commission on Old Age Assistance in order to investigate the cost of the program. He requested the Commission to report its findings and recommendations prior to the next regular session of 1938. The Commission

14 Ibid., January 25, 1935.; Harry F. Byrd to George C. Peery, October 14, 1935, Box 146, Harry F. Byrd Papers, Manuscripts Division, Alderman Library, University of Virginia, Charlottesville, Virginia.

15 Harry F. Byrd to Peery, October 22, 1935, Box 146, Harry F. Byrd Papers.
Commission was composed of seven members: two state Senators, Aubrey G. Weaver and Benjamin Muse, three Delegates, Horace H. Edwards, E. Blackburn Moor, and I. Gordon White, and two appointees of the governor, Charles J. Smith and State Tax Commissioner Charles H. Morrisett. 

Among the members Benjamin Muse was the most active supporter of the old age assistance proposal, and he had ties to a member of special interest groups favoring it. Virginia labor organizations, particularly the Virginia Federation of Labor and the Brotherhood of Locomotive Firemen and Enginemen, backed the proposal enthusiastically. So did several groups of the aged, such as the Virginia aerie of the Eagles and the Old Age Pension League. The Three-Score-and-Ten Club of Norfolk also had a large number of supporters though limited to one city. The Virginia Homemakers' Association of the Virginia Federation of Home Demonstration Club was a women's organization which played an important role in the lobbying for the Public Assistance legislation. According to Muse, the entire Richmond delegation in the General Assembly with one exception became to sponsor the Old Age Assistance bill because of these active movements by the end of 1935. 


On December 13, 1937, the governor received the final report and a draft of the bill from the Commission on Old Age Assistance. The Commission adopted two methods to estimate the cost of the program. First, they requested the Virginia State Planning Board to figure out the number of persons aged 65 or over on January 1, 1938 based on the latest 1930 Census. The Board estimated that there were 141,432 such people in Virginia. The Commission applied the national average percent of eligibles, 18.5%, and the average monthly grant reported by the Social Security Board, $18.54, to the estimated state population of 1938. The monthly cost was calculated at $485,099.10 and the annual cost at $5,821,189.20.

The Commission also conducted a field survey of twelve representative areas, ten counties and two cities. They registered people who believed themselves entitled to Assistance program under the supervision of the local departments of public welfare. Then they projected the results for the entire state and deduced the number of eligibles: 38,932

<table>
<thead>
<tr>
<th>Persons 65 and over</th>
<th>141,432</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent eligible</td>
<td>18.5%</td>
</tr>
<tr>
<td>Number eligible</td>
<td>26,165</td>
</tr>
<tr>
<td>Average monthly grant</td>
<td>$18.54</td>
</tr>
<tr>
<td>Monthly cost (exclusive of administrative cost)</td>
<td>$485,099.10</td>
</tr>
<tr>
<td>Annual cost (exclusive of administrative cost)</td>
<td>$5,821,189.20</td>
</tr>
</tbody>
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in 1938 and 45,782 in 1947. By estimating the needs of the applicants, they figured out the average monthly payment would be $9.48 in counties and $12.96 in cities. The total benefit costs were estimated at $4,896,282 and, if the administrative costs of about 10% were added, that would make $5,385,910 in all. 19

Although all the seven members of the Commission signed the final report, three of them disagreed on the estimate of costs after 1940 because of its modest value and attached their minority opinion as a warning to the legislators. With regard to the share of financial burden among state and local governments, the Commission stressed that local governments should bear a substantial portion of the burden. It estimated that for each dollar of state money, a local government should contribute 60 cents from its own budget. Thus the total share of the expense was to be as follows: 50% by the federal government, 31\(\frac{1}{4}\)% by the state government and 18\(\frac{3}{4}\)% by local governments. 20

The bill prepared by the Commission on Old Age Assistance provided the eligibility and the payment of benefits similar to Title I of the Social Security Act. It aimed to provide the elderly with "reasonable subsistence," while it defined the maximum benefits not to exceed $30 a month. The Commission also provided that the top administrative agency should be the Senate Board of Public Welfare, with

19 Ibid., pp.19-34.
the Commissioner of Public Welfare as the chief executive of the State Board. The local boards of public welfare and superintendents of public welfare were responsible for the local administration. The local boards were to be composed of three members appointed by the judge of the circuit courts. While this administrative structure was well-designed making the local units responsive to the local needs, it allowed local politicians' discretion in appointment of personnel outside the merit system. 21

In his last address at the General Assembly on January 12, 1938, Governor Peery summed up the work of the Commission on Old Age Assistance. He expressed his overall agreement with it, but stressed his belief that the old age assistance should be regarded as a relief measure in economic recession, not as a permanent welfare system. He quoted from the Commission's report that "relief is a single problem," and that "old age assistance is merely a part of the problem. Other relief needs be determined and the relief problem be so handled that no single class will be benefitted to the exclusion of others equally in need." 22

A week later, Peery's successor, Governor James H. Price, agreed with this notion in his inaugural address. While he "warmly favors the cooperation of Virginia in the several features of the

Federal Social Security program," he expressed his opinion that the maximum benefit for the Old Age Assistance should be fixed at $15 or $20 a year rather than the $30 recommended by the Commission. The new governor argued that "the Act must be conservatively administered, and should be made perfectly clear that Old Age Assistance, as the term implies, is intended to be based upon the actual needs of the individual case and is not to be regarded as a pension. It is in the last analysis a relief measure." 23

In the General Assembly of 1938, four bills in the Senate and one in the House were introduced to provide financial assistance to the aged needy and other categorized persons. The most popular bill was the Senate bill No. 87 presented by state Senators Weaver and Hillard on January 27. It went through the deliberation with some amendments and was passed in the Senate by 38 to 0 on February 25. Although in the House there was disagreement on the provision of local administrations, it was supported by a majority and enacted as the Public Assistance Act on March 12, 1938. 24

The provisions of this act were less generous than those in the bill proposed by the Commission. The maximum benefit per person a month was limited to $20 ($10 lower than the federal standard) and each locality was required to contribute the additional amounts of money to

the three categorical public assistance programs: Old Age Assistance, Aid to the Blind, and Aid to Dependent Children. The Old Age Assistance was categorized in relief program and the resources of Aid to the Blind and Dependent Children came from a relief program of $3,000,000. This measure was what Governor Peery, and his successor, James H. Price called an "integrated" relief plan. Some leaders of the conservative machine politics perceived an underlying threat to their authority and traditional social order. A permanent and comprehensive system of public welfare were not different to them from the conventional relief programs. Most of them still saw the public assistance programs as a type of relief, even though the federal government clearly stated the distinction between relief and social security. What the political leaders were trying to do was to maintain the policy of "no direct relief" as much as possible in Virginia. 25

Their idea was inconsistent with the principle of the federal Social Security Act. The basic idea of the act was that economic security for every U.S. citizen should be promoted by federal, state, and local governments not as an emergency relief program, but as a permanent policy. The Social Security Act, which has been the foundation for the contemporary social welfare system, was formed in accordance with the New Deal policy which emphasized on a new partnership between governments. Its administrative purpose was to persuade

states to enact certain public welfare programs, which they had not previously provided, or if they had, to bring them into conformity with the new federal standards. 26

Ironically, three Virginians held leading positions in the Social Security Board. Frank Bane, former chief of the Virginia Public Welfare Department, became the executive director of the Board in 1935. John J. Corson, former head of Virginia division of the National Recovery Administration (NRA), served as Bane’s executive assistant. Colonel Le Roy Hodges was appointed as chief of the Bureau of Old Age Benefits of the Social Security Board. 27

The Virginia Public Assistance Act became effective on September 1, 1938. The Social Security Board in Washington D. C. finally approved the Virginia act on the next day and the Commonwealth of Virginia joined other forty-seven states which had already participated in the public assistance system under the federal act. 28 By the fall of 1938, the public welfare functions of Virginia consisted of eight components: (1) Old-Age Insurance (OAI: federal/contribution) with 600,000 workers making contributions. (2) Old-Age Assistance (OAA:

state-federal grants, 50% each) for 20,000 needy aged. (3) Unemployment Compensation (state-federal/contribution). (4) Aid to the Blind (BA: state-federal grants, 50% each). (5) Aid to Dependent Children (ADC: state-federal grants, 1/3 and 2/3 respectively). (6) Maternal and Child Care. (7) Public Health Work. (8) Vocational Rehabilitation. Besides the temporary New Deal relief agencies, these diversified state programs formed a permanent and comprehensive system of public welfare under the "dual legislations," that is, the federal Social Security Act and the individual State laws. 29

After the United States was struck by recession again in the fall of 1937, most economic indexes declined in 1938 compared to those of the last year. Its effect was more modest in Virginia, however, than other states. Its unemployment rate was 3.1 per cent which was one of the lowest in the country, and in the first month of 1938, the number of employed declined 11.3 per cent while the national average was 20 per cent. During the 1937-38 recession, Virginia had the Works Progress Administration (WPA) and state direct relief program of $950,000 a year in addition to local relief of counties and cities. These relief programs did buffer the hardship of the destitute to some degree. In this economic decline, Virginia Unemployment Compensation Act quickly proved its effectiveness soon after the start of the recession by providing millions of dollars for the unemployed, and after the

enactment of the Old Age Assistance program in 1938, it worked as a more institutionalized measure to protect people in Virginia from the vicissitudes of life.

These accomplishments were products of a typical conflict between the practical necessities of adopting New Deal measures at the state level and the dominant ideology of conservative state politics in Virginia. Since the public welfare functions in Virginia before the New Deal were narrowly limited to basic and out-of-date measures, however, the realization of programs itself was a real innovation which could be called Virginia's "Little New Deal."
CONCLUSION

The limited success of the New Deal reform policy in Virginia resulted from the structural resistance of the state political leaders to the liberal ideology set by the Roosevelt administration. The presence of a conservative political organization thwarted the New Deal's attempts to change the status quo of the state. Despite the people's need for economic security in the Great Depression, a tradition of political apathy prevented the demand for more forceful action of the state government. Above all, an urban-labor-ethnic coalition which formed the strongest pro-New Deal constituency in most cities outside the South did not exist in the Commonwealth. The absence of anti-organization political groups also contributed to the failure of the New Deal at the state level.

Part of the difficulty in adopting the New Deal programs at the state level lay in the New Deal itself. Because it was originally designed to recover from the Great Depression, it was not radical enough to realize the innovative reform measures which aimed at eradicating the mal-distribution of wealth in society. Even the second New Deal after 1935 did not intend to go beyond the framework of the "American democracy" and limited the power of the liberal reformers to impose their idealism. Many New Deal programs were administered locally.
leaving a wide range of discretion to local officials who were employed based on the patronage system of the political machine. Thus, the original intension of the federal government was weakened in almost every program by the traditional principles such as pay-as-you-go and self-help ethic. The New Deal's sense of social responsibility toward the forgotten people of the American society was totally rejected by the conservative political leaders who feared that such a revolutionary idea might jeopardize their authority in the Commonwealth.

It is an undeniable fact, however, that the New Deal played a significant role in Virginia's transformation into a more democratic society which would eventually allow a competitive two-party state politics after the World War II. The gubernatorial election of James Price in 1937 was a herald of the movement. Although he was acceptable to the most of the organization leaders, he was not among the members of the inner circle of the machine politics: He became the first Virginia governor who supported the New Deal and frightened those who had believed in the solidness of Byrd's rule in the Old Dominion.

Despite the prospects for such a political change, the accomplishments of the New Deal reform policy in Virginia remained rudimentary in the 1930s. The Public Welfare Act of 1938 provided only minimal economic security for the destitute. Because the state Unemployment Compensation program as well as the federal Old Age Insurance was operated based on people's contribution, Virginians had to wait for a while to be fully benefited from the system. If the state
political leaders had sympathized with the liberal idea of the New Dealers that every individual has a right to security in old age and to protection from unemployment, the reform movement in Virginia might have got an impetus in the 1930s. In actuality the organization condemned the growth of government expenditures and the means of turning these basic rights into realities. The narrow and retrogressive vision of political leaders detered Virginia from taking an opportunity for a better future.
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