MISCELLANEOUS TEXT (FEC Form 99)

NAME OF COMMITTEE (In Full)
RYAN 4 PREZ

FEC IDENTIFICATION NUMBER
C00703512

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City	State	ZIP Code
CITRUS HEIGHTS	CA	95621

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Federal Election Commission (FEC)
Reports Analysis Division
1050 First Street, NE
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(Part 3 of 6)

Similar to how technological advances destabilized commodity prices in farming, comparable advances in industry also wreaked havoc on U.S. industrial and labor markets, producing pressure for government intervention. As Kennedy noted, by 1933, [w]ith the economy prostrate and thirteen million people still unemployed, the pressure in [government] to take swift and dramatic action was growing irresistible and President Roosevelt had been casting about for some means to stimulate industrial activity (Kennedy, 1999, p. 149-150). Many politicians understood the need to reduce the number of labor hours expected from employees and stabilize wages. However, Roosevelt believed, correctly, that reducing the workweek without maintaining wages would simply punish workers by shrinking their paychecks and that to maintain wages while adding six million workers to the nations payrolls might bankrupt already faltering businesses (Kennedy, 1999, p. 150). Eventually, the FDR Administration attempted to solve the dire conditions in the U.S. labor market via the National Industrial Recovery Act of 1933 (NIRA), which created the Public Works Administration (PWA), which managed a federal jobs programs aimed at building infrastructure and public works, and the National Recovery Administration (NRA), which sought to align (and even coerce) the forces of industry toward scheduled production in a planned economy. The hope was that by coordinating industrial efforts through the NRA, the government could prevent unfair competition and disastrous overproduction (Kennedy, 1999, p. 151), thus benefitting both management and labor interests.

Subsequently, the NRA instituted a vast process of government-sanctioned cartelization that mandated that production in whole industries would be controlled, and prices and wages would be raised, by government-sanctioned industrial compacts, where the antitrust laws were largely to be suspended (Kennedy, 1999, p. 151). To organize this vast endeavor, the NRA operated under the leadership of Hugh S. Johnson, a former U.S. Army general. During World War I,
Johnson had directed a division of the War Industry Board (WIB), namely the Purchase and Supply Branch, representing the military purchasing bureaus to the various commodity sections of the WIB (Kennedy, 1999, p. 178). Johnson undertook this new role with missionary zeal and maniacal energy, as NRA regulators drafted some thirteen thousand pages of codes and issued eleven thousand interpretive rulings (Kennedy, 1999, p. 179, 185). As the NRA pushed forward under Johnson, even though many business leaders appreciated NRA price controls that guaranteed them a profit in turbulent economic times, the NRAs intrusiveness into the business world rankled many former supporters in industry. Eventually, the NRA succumbed to a unanimous Supreme Court declaration of its unconstitutionality in May 1935 (Kennedy, 1999, p. 188).

Modern economists and policymakers have criticized the NRA for abandoning free market principles, noting the economic inefficiencies of scheduled production under a planned economy, which necessarily prevent markets from converging to a natural equilibrium. However, at the time, those same free market principles had yielded an economy teetering on the edge of collapse, and as the FDR Administration had already identified price supports as a successful tool for stabilizing markets facing excess supply, it seems likely that this administration sought to use the authority of the NRA to artificially create the benefits of a Price Support for Labor, but without actually directly paying potential workers to not work. And the only way that the FDR Administration could accomplish this goal was if it possessed the power to manipulate

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both the supply curve and demand curve for labor, which is what it sought to do under the NRA. However, on such a large scale, the incentive for individual actors to cheat restrictions for their own personal benefit is immense, and this incentive to cheat is surely another factor that prevented the NRA from obtaining the FDR Administrations desired objectives for the program (Alexander, 1997, p. 323), necessitating a shift to a fundamentally different approach to solving the same problems.

After transitioning away from attempting to use the NRAs economic planning powers to approximate the effects of a Price Support for Labor, the FDR Administration subsequently enacted a formal (but disguised) Price Support for Labor via the Social Security Act of 1935, exhibiting tremendous growth in both its understanding of the underlying problems and its ability to craft solutions that would be acceptable to Congress. In describing the Social Security Act, FDR explained that We can eliminate many of the factors that cause economic depressions, and we can provide the means of mitigating their result. This plan for economic security is at once a measure of prevention and a method of alleviation (Kennedy, 1999, p. 270), indicating that he fully understood that a Price Support for Labor would not only solve the current economic conditions, but also prevent future economic depressions by stabilizing the real wages paid to workers, thus stabilizing the base of demand on which national economic activity depended.

The FDR Administration further revealed its shrewd approach to creating a Price Support for Labor by failing to enact universal public healthcare programs, even though a large portion of the Democratic Party constituency vociferously advocated for such programs. In the final bill, Kennedy noted that health care had been dropped, and in its place, only modest sums for public health services were allocated (Kennedy, 1999, p. 269, 271). From the economic perspective of an administration that was attempting to enact a Price Support for Labor under dire economic conditions, any government spending that reduced the labor pool was useful, but any government spending that enlarged the labor pool was counterproductive. Universal public healthcare programs function as the latter, as they prolong lives and increase health, thus increasing individual readiness for and ability to work. Given this situation, as well as the precarious conditions of the time, it is not surprising that the FDR Administration would prioritize spending that would enhance the effectiveness of the Price Support for Labor, even if that choice meant that some individual healthcare needs would go unmet.

Ultimately, after the passage of the Social Security Act of 1935, economic conditions in the United States stabilized, and the country slowly emerged from the shadow of the Great Depression with a new sense of optimism. As Kennedy noted, for workers themselves, a poll in 1939 revealed that [] when asked to which social class they belonged, 88 percent replied middle (Kennedy, 1999, p. 322).

Subsequently, the need for mass produced war supplies created by the onset of World War II, as well as the foreign devastation that resulted from the events of the war, ensured that the United States would arise from the struggles of the 1920s and 1930s as an economic powerhouse in the 1940s (Kennedy, 1999, p. 363). But more importantly, to the benefit of individual wage earners, the Price Support for Labor enacted via the Social Security Act of 1935 ensured that workers would actually share in the economic benefits of this post-war economic boom for decades to come as members of a strong, stable U.S. Middle Class.

The GPRA-Inspired Drive to Minimize Waste and Inefficiency

In the 1990s, widespread concerns that waste and inefficiency in Federal programs undermine[d] the confidence of the American people in

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the Government and that policy-making was seriously handicapped by insufficient attention to program performance and results (Government Performance and Results Act, 1993, Section 2(a)) rippled through American political circles. To allay these concerns, both major political parties sought to introduce modern managerial techniques from the business world, following the lead of GPRA architect John Mercer. Mercer had previously adapted such techniques for the management of the Sunnyvale city government in the state of California, and he was keen to introduce similar techniques into the management processes of federal agencies, fostering a vision of performance-based, results-oriented government (Mercer, June 19, 2001, p. 16).

As early as 1990, efforts started toward crafting legislation to modernize federal management processes, as the genesis of GPRA as a specific piece of legislation began with a conversation [Jim Mercer] had with Senator Roth in January of 1990 (Mercer, June 19, 2001, p. 2). These efforts ultimately culminated in the passage of the Government Performance and Results Act of 1993 (GPRA), which introduced new strategic planning requirements for federal agencies and mandated adherence to those requirements by 1997 at the latest.

These new strategic planning requirements leveraged industry-standard business techniques around setting strategic goals, measuring progress toward those goals, and determining performance results based on that progress (or lack thereof). Particularly, federal agencies were required 1) to produce five-year strategic plans that included measurable goals, 2) to produce annual performance plans that described the expected progress toward specific goals over the course of the year and how such progress could be measured, and 3) to produce annual performance reports that detailed the actual progress made over the year toward the agencies goals. To ensure that agencies were motivated to perform, the GPRA mandated that performance results would be used in determining subsequent year budgeting (Government Performance and Results Act, 1993). Later, the GPRA Modernization Act of 2010 reinforced these requirements for the purpose of ensuring compatibility with modern information technologies, mandating that these strategic planning outputs be easily accessible, searchable, and machine-readable.

Furthermore, the GPRA sought to use modern accounting techniques to imbue accountability down to the most granular level of program activity for showing adherence to the overall agencys strategic plan. To this end, the GPRA encouraged use of modern accounting systems that generated cost per unit-of-result, unit-of-service, or other unit-of-output, so that sophisticated performance-based budgeting techniques could provide the type of transparency [that] makes much clearer the efficiency and cost-effectiveness of government programs (Mercer, June 19, 2001, p. 10).

However, while the GPRA established a performance management framework that mandated accountability and continual improvement, this framework was never intended to mandate the entirety of the changes necessary to accomplish its goals. Furthermore, fundamental change within many federal agencies, such as those administering entitlement programs, required further legislative action to accomplish. As the GPRAs original architect, John Mercer, explained in his 2001 Senate testimony:

From the beginning, GPRA was intended to point the federal government in a particular direction toward a generally defined vision of improved government performance, and then to begin moving it down that road a ways toward fulfilling this vision. The law that was enacted in 1993 was not really expected to get us all the way there by itself. Subsequent reforms, either administrative or statutory, would likely be needed. GPRA [] was not drafted to be a comprehensive reform. (Mercer, June 19, 2001,

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Notably, many agencies within the federal government were established to serve a social need that was not obviously compatible with the GPRA style of management, and so John Mercer lamented from his perspective that Too many
federal managers still believe that GPRA does not apply to them and their responsibilities (Mercer, June 19, 2001, p. 14). This was especially true of agencies that were responsible for administering entitlement programs, whose core purpose was to provide a guarantee to U.S. citizens, not to minimize cost or maximize efficiency of resource allocation. Also, changes to entitlement programs required legislative action by the United States Congress, so altering the administration of those programs was mostly beyond the purview of the GPRA alone.

And in the post-GPRA political landscape, it became obvious that such reforms were not only politically desirable, but inevitable. In the 1990s, both major political parties sought to attract voters by claiming commitments to the core values of work and family. As the Democratic Party shifted toward the middle in supporting the application of business concepts to government management with the enactment of the GPRA, the Republican Party swiftly moved even further to the political right-wing. Seizing on the criticisms of the federal government that justified the passage of the GPRA, Congressional Republicans, led by Newt Gingrich, crafted their latest pitch to voters in the Republican Contract with America of 1994. This political proposal promised, amongst other right-wing objectives, to audit the federal government, implement zero-baseline budgeting, and reform AFDC by enacting strict work requirements, child support enforcement rules, and initiatives to promote marriage (Republican Contract with America, 1994). These promises were based on ideological commitments to promote personal responsibility and discourage dependency on government and laziness.

In the wake of the GPRA and the Republican Contract with America, the two main entitlement programs that became targets for subsequent reform were Social Security and AFDC (previously ADC), which were both enacted under the Social Security Act of 1935 as part of the FDR Administrations Price Support for Labor. However, the types of reforms that were politically acceptable to voters at the time for these two seemingly different programs were completely dissimilar. AFDC, which was often portrayed as encouraging dependency and laziness and therefore as detrimental to the long-term self-sufficiency of poor families, was targeted for reduction and eventual elimination, with the goal of minimizing the cost of moving poor parents back into the workforce. However, Social Security, which was viewed as returning monies already paid into the system and was a policy priority of elderly voters (who themselves were a much sought after block of voters), was targeted for streamlining and simplification, thereby empowering the SSA to focus its fixed resources on fostering return to work for recipients of its Disability Insurance (DI) and Supplemental Security Income (SSI) programs, as both of those programs were political targets for eliminating waste, similar to AFDC. Efforts to reform these various programs were all grounded in the GPRA-compatible socio-political goals of minimizing waste and inefficiency in government programs, implementing modernizations, encouraging personal responsibility, and fostering return to work.

Additionally, it is worth noting that these same socio-political pressures also impacted Price Supports in farming. Particularly, the Federal Agriculture Improvement and Reform Act of 1996 discontinued the Acreage Reduction Programs (ARPs) that served as supply management programs for producers (Young, 1996, p. 1) of traditional contract commodities, as this act did not reauthorize authority for ARPs (Young, 1996, p.

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22), as federal budget costs were
high and variable and ARPs allowed foreign competitors to expand (Young, 1996, p. 1). While the exact economic impact of this reform to Price Supports in farming is outside the current scope of analysis, it is also worth noting that this reform eliminated the types of acreage reduction Price Supports instituted in the 1980s U.S. Farm Bills (and periodically earlier) to reduce supplies and boost prices and generally incentivized U.S. farms to maximize production.

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