Presidential Address
The Outcast and His Critics:
Joe Davies and
George Kennan and Louis Brandeis

Elizabeth K. MacLean

The giants of history—those figures we hold in awe and treat with
great respect—can exert a powerful voice in shaping the world view within
which we frame the questions of history and determine its heroes and
villains. Such is the case for one of history’s best known outcasts, Joseph
E. Davies, whose two larger-than-life critics, Supreme Court Justice Louis
Brandeis and Soviet expert and diplomat George Kennan, established the
yardstick by which he has been judged. Their world views dominated the
analysis of Davies, while their personal indictments were so devastating
as to make him into a laughing stock of historians, undercutting serious
investigation of his role.

In a 1929 interview with journalist Ray Stannard Baker, Brandeis
initially set the tone. Recalling the origins of the Federal Trade Commis-
sion in 1915, Brandeis complained that President Woodrow Wilson had
failed to recognize “the importance of bigness” in business, and had “ru-
ined” the entire idea of the FTC by the commissioners he appointed. They
“were extremely poor,” the justice lamented, and in the all important post of
chairman of the new agency, the success of which, Brandeis insisted, hinged
“largely upon the quality of men selected,” Wilson had chosen a man of such
“poor” caliber as the young Wisconsin lawyer and Democratic politician,
Joseph Davies. “It was a stupid administration,” the justice told Baker.1

So impressive was Brandeis’ reputation as the “people’s attorney,”
who had fought for social justice against monopolies and the “money trust”
of Wall Street,2 that his denunciation of Davies created a one-dimensional
stereotype that has persisted until today. Historians highlighted the commis-
sioner’s lack of “force and judgment,” arguing that he “proved so incompe-
tent” that his colleagues deposed him from the chairmanship. Revisionist
scholars used Davies as a representative figure to show that progressivism
was ultimately a “triumph of conservatism,” with the government intervening
to serve the interests of large corporations. The image that was passed
down was that of an inept bureaucrat, whose policies on behalf of big busi-
ness undercut the original purposes of the commission and were largely responsible for its failure.\(^3\)

In 1937, Davies embarked on an entirely different career in diplomacy as Franklin Roosevelt’s ambassador to the Soviet Union. Serving at the Moscow embassy during Davies’ tenure was the young Soviet expert, George Kennan. Kennan later left a stinging indictment of the ambassador as a “politically ambitious man, who [knew] nothing about Russia [and had] no serious interest in it.” Dismissing Davies as a publicity hound, Kennan emphasized his obvious unfitness for the job, suggesting his motives “were personal and political and ulterior to any sense of the solemnity of the task itself.”\(^4\)

After World War II, Kennan became an icon among the foreign policy elite as author of America’s Cold War containment policy and primary spokesman for the “realist” school of diplomacy, which defined Soviet-American relations in terms of a sophisticated power-political analysis. Using Kennan’s paradigm, scholars juxtaposed Davies and Kennan to highlight the contrasts between liberal idealism, on the one hand, and realism, on the other. They argued that the gullible Davies, seduced by Soviet flattery, never really understood the Soviet Union. “A naive idealist, [he] embraced Woodrow Wilson’s and Josef Stalin’s dreams with equal enthusiasm.” Never lost for words, plain-spoken Harry Truman crystallized scholarly opinion when he consigned the former ambassador to special membership in the “American Crackpots Association.”\(^5\)

An object of scorn and abuse, Davies was dismissed as a subject of serious study. Ultimately relegated to the footnotes, little attention was given to his background nor to the broader cultural and institutional assumptions that guided his approach to policy. Well before landing the prestigious FTC chairmanship, however, Davies had been swept up in the larger movement of progressive reform, and it is only in light of his background and progressive vision that his role on the commission and his later career in diplomacy can be understood. In putting his larger career in perspective, his two chief critics serve as convenient foils for exploring the forces that contributed to Davies’ approach and his critics’ response.

Contrary to traditional assumptions of a big business bias, as chairman of the FTC, Davies hoped to fulfill a long-sought progressive goal of institutionalizing an “administrative” form of regulation to offset the traditional and primary role of the courts. Spurning the adversarial tactics of the judiciary, Davies envisioned a nonpartisan commission of experts, serv-
ing as mediators, resolving differences among interest groups and thereby providing a more effective response than was possible through the courts alone to what Alvin Toffler has since labeled the “second wave” of modernization, when the small town world of the nineteenth century gave way to the urban, bureaucratic, and consumer society of the twentieth.⁶ Davies’ promotion of administrative regulation put him on a collision course with Brandeis. Their differences, in turn, reflected, a larger national debate over administrative versus judicial processes in addressing the problems of modernization.⁷

In a nation with little experience in bureaucratic government at the turn of the century, the idea of nonpartisan experts regulating business in the “public” as opposed to the “private” interest was the progressive legacy bequeathed Davies by his mentors at the University of Wisconsin. The “Wisconsin Idea” was embraced by many members of Davies’ generation of university-educated, progressive, middle-class technocrats, who were spurred on by an almost religious zeal to offer themselves in service to the state. Influenced by the prevailing enthusiasm for scientific management and the popular assumption that experts could serve as genuinely neutral observers, the new generation put its faith in “facts,” made efficiency the panacea for all America’s problems, and “promised a nonpolitics of administrative competence” at the national level.⁸

In 1913, Davies was given an opportunity to advance the principles of the Wisconsin Idea, when Wilson named him to the top slot in the Bureau of Corporations, the predecessor of the FTC. Convinced that the common law courts had not succeeded in addressing the problems of corporate growth, Davies used his position to call for a new administrative agency, with responsibilities “extending even to quasi-judicial functions.”⁹

The statist implications of such a powerful new bureaucracy, however, set off bells of alarm for Louis Brandeis. Twenty years Davies’ senior, Brandeis had turned forty before becoming a progressive, his youthful enthusiasm having been channeled during his legal training at Harvard not into visions of government service, but into the law. In addressing the problems of corporate growth, he believed that by adopting the principles of “sociological jurisprudence,” the courts could make the common law more responsive to changing conditions.¹⁰

Less sanguine about the efficacy of the courts, Davies looked instead to the development of a new kind of “administrative” law, based on the carefully researched conclusions of nonpartisan experts. For the
Federal Trade Commission, a crucial element in the evolution of administrative law would be the commission’s power to offer businesses advice on proposed activities, a practice that has become normal procedure for most mature regulatory agencies today. A preventive mechanism, advance advice emphasized the resolution of differences through negotiation as opposed to the post hoc adversarial and punitive method used by the courts. Wisconsin Idea proponents envisioned the commissioners serving as mediators, restoring harmonious relations among a variety of disputing parties, none of which necessarily represented the “public” interest.11

Although Davies fell easily into the role of mediator, his effort to implement the practice came up against a roadblock in Brandeis. Calling advance advice “one of the most dangerous powers [the FTC] could possibly assume,” Brandeis argued that it would usurp the jurisdiction of the courts and would be requested only by businesses seeking to evade the law. His opposition was reinforced by his own experience in adversary law. More at home in the role of advocate, Brandeis loved “the combat of the courtroom” and relished the chance to go in “for the kill.” He could turn a disagreement into “a holy crusade of good against evil.” Wilson offered him a position on the commission, but, significantly, he wasn’t interested.12

The conflict between Brandeis and Davies was compounded further by genuine philosophical differences over the cultural and economic transition taking place at the turn of the century. Their debate was not over monopolies per se, for both opposed monopolies. The issue was “bigness.” Brandeis saw bigness itself as a curse. Identifying American democracy with the small-unit economy, he wanted the commission to sanction price-fixing agreements among small business associations to increase their power relative to big business, a policy Davies could not support. While endorsing other associational activities that aided small business, the young commissioner, along with his mentors in Wisconsin, could not simply write off the potential benefits of bigness to a modernizing economy. More optimistic than Brandeis, Davies was convinced that, as long as government oversaw the competitive struggle, big business could be safely “encompassed in a democratic state without yielding to monopoly” and without undermining the small entrepreneur.13

The differences between Brandeis and Davies over business size shaped their responses to the emerging consumer culture and economy. Duped by the cut-rate items advertised by the new chain stores, the “short-sighted” consumer, in Brandeis’ mind, had been taken in by big business,
thus becoming an “instrument of monopoly.” Davies, along with Walter Lippmann and other young progressives, however, saw the consumer and his pleas for lower prices in a far more positive light. For them, the consumer became a key element in their very definition of democracy and the public interest.¹⁴

Contrasting lifestyles reflected the policy differences. The epitome of today’s yuppie, the young commissioner embraced the new consumer economy with relish. While still a small-town lawyer, he had purchased his first automobile, a Rambler, “one of the very best machines of that make,” according to a sympathetic hometown press, and one he handled “as good as any expert.” Davies also was something of a clothes-horse. In Washington, he won a reputation as one of the best-dressed men in town. With his immaculately tailored clothes and malacca walking stick, Eastern reporters “were convinced, if he hadn’t procured [his suits] in New York, they must have come from London——never possibly from Madison or Milwaukee.”¹⁵

The contrast with Brandeis is instructive. The spartan furnishings of the Boston lawyer’s home and office reflected his disdain for material goods, which he saw as “engrossing man’s thought . . . and slaying his independence.” Brandeis turned a scornful eye on automobiles, telephones, and other modern conveniences, and instead of shopping for clothes, he preferred to reorder a comfortable outfit when necessary.¹⁶ (One is reminded of a lawyer of more recent fame, who takes the Brandeis tradition one step further. David Boies—from the 2000 Florida presidential election contest—prefers his wrinkle-resistant suits from Land’s End, which he orders by the dozen.)

The image Brandeis left of Davies as an inept bureaucrat whose appointment ruined the entire idea of the FTC must be reevaluated in light of their honest, but fundamental differences over the benefits of commission government and over the cultural and economic transition then taking place. While Davies, a Wilsonian loyalist to the core, failed to live up to his own professions of nonpartisanship, incompetent he was not. To the contrary, evidence suggests that he had the clearest understanding of economics of any of his colleagues.¹⁷ Had the new agency initially been more successful, it still would not have bridged the philosophical gulf between Brandeis and Davies.

What ultimately undermined the commission was the very legislation that had created it. Congress gave the FTC the crucial responsibility for
interpreting “unfair methods of competition,” but then, with the support of
Brandeis, circumscribed that power by sanctioning broad review of its deci-
sions by the courts, Davies’ advocacy of narrow review to no avail. By also
limiting the commission’s right to offer advance advice, Congress undercut
a practice that has become normal procedure for most mature regulatory
agencies, including the FTC of today. It even has been suggested that the
whole “idea of regulation itself has hinged on the workability of one or another
form of advance advice.” Davies’ efforts to institutionalize the principles of
administrative regulation alienated Brandeis and his chief supporters on the
commission. Yet it was Davies’ approach to commission policy that sub-
sequently became standard operating procedure for successful regulatory
agencies in the twentieth century.  

Twenty years later, as George Kennan witnessed the arrival of “Am-
bassador” Davies in Moscow, arm in arm with his new bride, the glamorous
Marjorie Meriweather Post, and accompanied by Marjorie’s hairdresser,
masseur, and some ninety pieces of luggage, the young Soviet expert and
his embassy colleagues nearly resigned en masse. Relations went from
bad to worse, when Kennan, serving as Davies’ interpreter at the first of
Stalin’s infamous show trials, was offended by the ambassador’s request
that Kennan pick up some sandwiches, while Davies, according to Kennan,
“exchanged sententious judgments with the gentlemen of the press.” “It is
possible that we did Mr. Davies some injustice,” Kennan wrote later. “He
drew from the first instant our distrust and dislike.”

Personal animosities were compounded by deep differences over
policy. Never sanguine about FDR’s conciliatory approach toward Moscow
and understandably outraged by the trials, Kennan and his colleagues
became ever more convinced that the dictator was an unworthy partner,
with whom a cooperative relationship was impossible. No less horrified by
Stalin’s brutal regime, but determined to carry out FDR’s effort to establish
a dialogue, Davies rationalized the trials not in terms of Stalin’s personal
paranoia, but as the “inevitable consequence of revolutionary change.”
Meanwhile, keenly sensitive to the power of public opinion in shaping foreign
policy and conscious of the American habit of defining international issues
as moral absolutes, Davies went all out to paint the Soviet regime in rosy
colors, further alienating embassy officials and ultimately undermining his
own credibility.

The conflict between Davies and Kennan over policy, in turn, reflected
deeper philosophical differences. Despite shared Wisconsin origins, Davies,
nearly thirty years Kennan’s senior, “was a product of the Progressive Era and its outlook.” From his perspective, the “old world” of Europe and nineteenth-century Russia was reactionary and corrupt. Though no admirer of revolution, as a progressive he could sympathize with “the professed long-range goals of communism for the betterment of mankind.” In contrast to Davies, Kennan had barely entered his teens just as the Progressive movement was losing its momentum, and it had minimal influence in shaping his values. While Davies spent seven years attending one of America’s most progressive public universities, Kennan was educated in the more elitist environment of Princeton. As a Foreign Service officer, Kennan lived in the Baltics and Germany, where he internalized a far more positive view of the culture of nineteenth-century Europe, shaping his assumptions about post-revolutionary Russia. “In personality Kennan was as shy, sensitive, and reserved as Davies was outgoing and gregarious. One exuded a brooding pessimism about human nature, the other a buoyant optimism.” A conservative on domestic issues, Kennan had scant sympathy for grass-roots democracy, partisan politics, or public opinion, all of which largely defined Davies.21

To most observers, then, Kennan seemed to symbolize the heart and soul of the anticommunist conservative ideologue, while Davies epitomized the opposite extreme of liberal idealism. Neither label, however, was entirely appropriate. As a Wilsonian, Davies was for some time an avid spokesman for liberal internationalism. As Hitler’s regime began to threaten Europe, however, Davies turned away from Wilsonian remedies for maintaining the peace. Admitting that the League of Nations was “as dead as a mackerel,” he became a convert to the old-world, balance-of-power paradigm, “a difficult philosophical about-face, assimilated in fits and starts and made more palatable only as the course of events in Europe became more menacing.” Calling for a London-Paris-Moscow alliance against Hitler, Davies argued that “cooperation with the Soviet Union was essential to America’s national interest within the world balance of power.” His recommendations, so in tune “with the power-political analysis that lay at the heart of FDR’s ‘Grand Design,’” contributed to his influence in the wartime administration.22

After World War II as the anti-Hitler alliance began to crumble, Davies publicly joined liberal idealists in pressing for continued cooperation with Moscow within the framework of the United Nations, but in private, he argued that ideological cooperation was both impractical and irrelevant for maintaining the peace. The Soviet dictator would not accept the Atlantic Charter. Nor would a new world organization allay his suspicions. A maverick among liberals, Davies called instead for what he viewed as a more sensible, pragmatic “working
cooperation' founded on a mutual recognition of vital interests,” a forthright “acknowledgment of spheres of influence and the creation of a stable balance of power.” Such recommendations, however, fell on deaf ears, for President Truman, deeply committed to the United Nations, had by 1946 grown “tired of babying the Soviets.” Davies found himself eased out of influence.23

How ironic then, that, at the end of the war, among the few Americans calling for a mutual recognition of spheres of vital interest and a forthright acknowledgment of power politics as a foundation for postwar peace was Davies’ long-time nemesis, George Kennan. “As much a maverick among conservative ideologues as Davies was among liberals,” at the center of Kennan’s realist paradigm “was a repudiation of the same moral and universal ideals rejected by Davies.” While dismissing liberal hopes for a peace based on the United Nations, Kennan also rejected Cold War conservative arguments that all levels of cooperation were negated by Soviet involvement in Eastern Europe. For unbeknownst to many observers, a critical element in Kennan’s containment strategy was a reliance on dialogue and peaceful diplomacy. His advocacy of what one scholar has since dubbed “‘realistic cooperation’ ultimately was not so different from what Davies had in mind.”24

By 1949, however, “Kennan’s recommendations for realistic cooperation, ironically, put him in a position vis-à-vis the Truman administration reminiscent of Davies’ situation in 1946.” With the communist victory in China and the Russian development of the atomic bomb, “Kennan’s recommendations for implementing containment through diplomatic means” lost credibility, and he too found himself on the sidelines. Kennan faced the same dilemma Davies had faced earlier: “how to reconcile the needs of foreign policy with the conflicting demands of public opinion. By supporting a power-politics approach to Soviet-American relations and by recommending negotiations with a perceived enemy, both Kennan and Davies found themselves at one time or another out of tune with the American mainstream, which rejected power politics as cynical and immoral and labeled negotiations with ideological opponents as appeasement.”25

No paragon of virtue, still Joe Davies was not the one-dimensional figure portrayed by his critics. The blanket assessments of Brandeis and Kennan, nevertheless, tended to become gospel, obscuring Davies’ role in the development of administrative regulation and as an unofficial wartime liaison to Soviet leaders for Roosevelt and Truman. His example serves as a healthy reminder that the opinions of even the most prestigious and highly regarded figures are shaped by personal and philosophical biases.
For his part, by removing from his papers virtually all disparaging references to his adversaries, despite abundant warts and blemishes, Davies ultimately paid them the compliment of treating them with more respect than they had him.

NOTES


20. Thomas R. Maddux, Years of Estrangement: American Relations with the Soviet Union, 1933-1941 (Tallahassee: University Presses of Florida, 1980), pp. 56, 67-68; MacLean, Envoy, pp. 30, 60-62, 190. (In the following analysis of Davies and Kennan, all quotations, unless otherwise noted, are from MacLean, Envoy.)


22. MacLean, Envoy, pp. 4, 51.

