A. Between the Wars

1. Consumer Products

a) Post – War prosperity and industrial expansion

(i) Despite the turmoil of the period and the dissatisfaction of intellectuals, the 1920s was an exceptionally prosperous era in America.

(ii) After seeing the wartime efficiency and production power, business boomed, real wages rose, and unemployment declined.

(iii) Perhaps as much as 40 percent of the world's wealth lay in American hands by the end of the decade.

(iv) Government policy, pent-up demand from the war, and the continuing mechanization and rationalization of industry fueled economic growth.

(v) Assembly lines and time and motion engineering helped increase productivity and profits.

b) Rising productivity

(i) Productivity is the increase of output while decreasing time and cost.

(ii) Mass production spread new consumer goods into every household. The modern auto and airline industries were born during the 1920s.

(iii) The amount of production in the US that helped the Allied victory in World War I gave the country its first experience of being a global industrial power.

(iv) That productivity continued after the war rationing and war production. The efficiency that was hallmark during the war continued to consumer goods and production.

(v) Soldiers returning home from Europe brought with them a new perspective, energy, and skills as well as the yearning to return to normal after the horrors of the war.

(vi) The economy grew 42 percent during the 1920s. The United States produced nearly half the world's output. That's because World War I destroyed most of Europe. New construction almost doubled, from $6.7 billion to $10.1 billion. Unemployment never rose above the natural rate of around 4 percent.

c) Real wages and availability of credit

(i) Average income rose from $6,460 to $8,016 per person per year. But this prosperity wasn't distributed evenly.

(ii) In 1922, the top 1 percent of the population received 13.4 percent of total income. By 1929, it earned 14.5 percent.

(iii) The United States transformed from a traditional to free market economy.

(iv) Farming declined from 18 percent to 12.4 percent of the economy. Taxes per acre rose 40 percent, while farm income fell 21 percent.

(v) At the same time, new inventions sent the manufacturing of consumer goods soaring. As the production rose, so to did the need to sell those goods.

(vi) "BUY NOW, PAY LATER" became the credo of many middle-class Americans of the roaring twenties.

(vii) For the single-income family, all these new conveniences were impossible to afford at once. But retailers wanted the consumer to have it all.

(viii) Department stores opened up generous lines of credit for those who could not pay up front but could demonstrate the ability to pay in the future.

(ix) Similar installment plans were offered to buyers who could not afford the lump sum, but could afford "twelve easy payments."

(x) Over half of the nation's automobiles were sold on credit by the end of the decade. America's consumers could indeed have it all, if they had an iron stomach for debt. Consumer debt more than doubled between 1920 and 1930.

d) Growth of Marketing and advertising

(i) Accompanying the rise of new consumer-oriented businesses were profound shifts in the ways that businesses operated.

(ii) To stimulate sales and increase profits, businesses expanded advertising, offered installment credit, and created the nation's first regional and national chains.

(iii) The nation's first million-dollar advertising campaign (Uneeda Biscuits in a waterproof box) demonstrated advertising's power.

(iv) Before the 1920s, most advertisements consisted of vast expanses of print. Absent were brand names, pictures, or catch phrases.

(v) During the 1920s, advertising agencies hired psychologists (including John B. Watson, the founder of behaviorism, and Edward Bernays, Sigmund Freud's nephew) to design the first campaigns.

(vi) They touted products by building-up name brand identification, creating memorable slogans, manipulating endorsements by doctors or celebrities, and appealing to consumers' hunger for prestige and status.

(vii) By 1929, American companies spent $3 billion annually to advertise their products--five times more than the amount spent on advertising in 1914.

e) Electric power and electric appliances

(i) The production of domestic electric appliances such as washing machines, vacuum cleaners, fans, iron boxes, and dishwashers among others erased work load and enabled tasks to be completed faster and more efficiently.

(ii) Through the “Electrify Your Home Campaign,” majority of households were convinced to modernize their homes by fully fitting them with electricity.

(iii) Many new appliances and products were developed and popularized during this time. Washing machines, Irons, Vacuums, Ovens, Dishwashers, Electric Fridge, even Electric Razors.

(iv) Electricity had a significant impact on the entertainment scene. Televisions and radios that broadcasted various programs were manufactured.

(v) Due to the eased workload by household appliances, people found more time to engage in leisure activities. Many say that Hollywood’s growth during this time was a result of the free time available due to electric appliances.

(vi) While seriously impacting the home life, electricity also impacted factories and businesses as it allowed for automation in the production sector as companies moved more and more to assembly line procedures for mass production.

(vii) This mass production made possible by the electric assembly lines created far cheaper products and more accessible availability.

2. 1920’s Boom

a) Rise in personal credit

(i) Installment credit soared during the 1920s. Banks offered the country's first home mortgages. Manufacturers of everything--from cars to irons--allowed consumers to pay "on time."

(ii) About 60 percent of all furniture and 75 percent of all radios were purchased on installment plans.

(iii) In contrast to a Victorian society that had placed a high premium on thrift and saving, the new consumer society emphasized spending and borrowing.

(iv) The nation's families spent a declining proportion of their income on necessities (food, clothing, and utilities) and an increasing share on appliances, recreation, and a host of new consumer products.

(v) As a result, older industries, such as textiles, railroads, and steel, declined, while newer industries, such as appliances, automobiles, aviation, chemicals, entertainment, and processed foods, surged ahead rapidly.

b) Speculation and “buying on margin”

(i) Although the 1920s were marked by growth in stock values, the last four years saw an explosion in the market.

(ii) In 1925, the total value of the New York stock exchange was $27 billion. By September 1929, that figure skyrocketed to $87 billion. This means that the average stockholder more than tripled the value of the stock portfolio he or she was lucky enough to possess.

(iii) Fueling the rapid expansion was the risky practice of buying stock on margin.

(iv) A margin purchase allows an investor to borrow money, typically as much as 75% of the purchase price, to buy a greater amount of stock.

(v) Stockbrokers and even banks funded the reckless speculator. Borrowers were often willing to pay 20% interest rates on loans, being dead certain that the risk would be worth the rewards.

(vi) The lender was so certain that the market would rise that such transactions became commonplace, despite warnings by the federal reserve board against the practice. Clearly, there had to be a limit to how high the market could reach.

c) Over – production

(i) The efficiency and productivity that was beneficial during the war making of WWI continued after the war subsided. By the end of the 1920s there were too many consumer goods unsold in the USA. The supply was bigger than the demand leading to rapidly falling prices and values.

(ii) Same productivity in production was seen as farmers tried to keep up with food demands during the war, however that too continued after the war. As farming techniques improved, farmers started producing too much food. There was less demand from European countries for food from America because they could grow their own crops now that the war was over, the fields were open again, and the farmers back from war. An abundance of crops led to falling prices and thousands of farmers became unemployed after having to sell their farms.

(iii) By the end of the 1920s, America tried to sell its surplus goods and crops to European countries. But, in response to the Fordney-McCumber Tariff Act, European countries had imposed a tax on American goods. So American goods were too expensive to buy in Europe and, as a result, there wasn't much trade between America and European countries.

3. Stock Market Crash and Depression

a) Black Tuesday, Great Depression and poverty

(i) On Thursday, October 24, 1929, an unprecedented wave of sell orders shook the New York Stock Exchange. Stock priced tumbled, falling $2, $5, and even $10 between trades.

(ii) As prices fell, brokers required investors who had bought stock on margin to put up money to cover their loans. To raise money, many investors dumped stocks for whatever price they could fetch. During the first three hours of trading, stock values plunged by $11 billion.

(iii) At noon, a group of prominent bankers met at the offices of J.P. Morgan and Co. to stop the hemorrhaging of stock prices. The bankers' pool agreed to buy stocks well above the market. At 1:30 p.m., they put their plan into action.

(iv) Even though the market recovered its morning losses, public confidence was badly shaken. Rumors spread that eleven stock speculators had killed themselves and that government troops were surrounding the exchange to protect traders from an angry mob.

(v) The worst was yet to come. It occurred on Black Tuesday, October 29, the day the stock market experienced the greatest crash in its history.

(vi) As soon as the stock exchange's gong sounded, a mad rush to sell began. Trading volume soared to an unprecedented 16,410,030 shares and the average price of a share fell 12 percent.

(vii) Stocks were sold for whatever price they would bring. White Sewing Machine had reached a high of $48 a share. One purchaser--reportedly a messenger boy--bought a block of the stock for $1 a share.

(viii) The bull market of the late 1920s was over. By 1932, the index of stock prices had fallen from a 1929 high of 210 to a low of 30.

(ix) Stocks were valued at just 12 percent of what they had been worth in September 1929. Altogether, between September 1929 and June 1932, the nation's stock exchanges lost $179 billion in value.

(x) The great stock market crash of October 1929 brought the economic prosperity of the 1920s to a sudden end.

(xi) For the next ten years, the United States was mired in a deep economic depression. By 1933, unemployment had soared to 25 percent, up from just 3.2 percent in 1929. Industrial production declined by 50 percent.

(xii) In 1929 before the crash, investment in the U.S. economy totaled $16 billion. By 1933, the figure had fallen to $340 million--a decrease of 98 percent.

b) Hoovervilles

(i) As the Depression worsened and millions of urban and rural families lost their jobs and depleted their savings, they also lost their homes.

(ii) Desperate for shelter, homeless citizens-built shantytowns in and around cities across the nation. These camps came to be called Hoovervilles, after the president they felt was doing nothing to help.

(iii) Democratic National Committee publicity director and longtime newspaper reporter Charles Michelson (1868-1948) is credited with coining the term, which first appeared in print in 1930.

(iv) Hooverville shanties were constructed of cardboard, tar paper, glass, lumber, tin and whatever other materials people could salvage.

(v) Unemployed masons used cast-off stone and bricks and, in some cases, built structures that stood 20 feet high. Most shanties, however, were distinctly less glamorous: Cardboard-box homes did not last long, and most dwellings were in a constant state of being rebuilt.

(vi) Some homes were not buildings at all, but deep holes dug in the ground with makeshift roofs laid over them to keep out inclement weather. Some of the homeless found shelter inside empty conduits and water mains.

c) Dust Bowl

(i) Nature itself seemed to have turned against farmers. On the Great Plains, the top soil literally blew away, piling up in ditches like "snow drifts in winter."

(ii) The Dust Bowl produced unparalleled human tragedy, but it had not occurred by accident. The Plains had always been a harsh, arid inhospitable environment. Nevertheless, a covering of tough grass-roots, called sod, permitted the land to retain moisture and support vegetation.

(iii) During the 1890s, however, overgrazing by cattle severely damaged the sod. Then, during World War I, demand for wheat and the use of gasoline-powered tractors allowed farmers to plow large sections of the prairie for the first time.

(iv) The fragile skin protecting the prairie was destroyed. When drought struck, beginning in 1930, and temperatures soared (to 108 degrees in Kansas for weeks on end) the wind began to blow the soil away. Soil blizzards were felt all the way to the coast and affected even New York City.

(v) One Kansas county, which produced 3.4 million bushels of wheat in 1931, harvested just 89,000 bushels in 1933.

(vi) Tenant farmers found themselves evicted from their land. By 1939, a million Dust Bowl refugees and other tenant farmers left the Plains to work as itinerant produce pickers in California.

(vii) As a result, whole counties were depopulated. In one part of Colorado, 2,811 homes were abandoned, while an additional 1,522 people simply disappeared.

d) Health issues

(i) To save money, families neglected medical and dental care.

(ii) The rise in poverty contributed to a decline in sanitation and hygiene in the rural areas and inner cities of the nation.

(iii) During the Great Depression the public health movement of the United States had many successes and some spectacular failures.

(iv) The New Deal programs played a key role in promoting health, particularly among the most impoverished. Leading up to the Great Depression the leading causes of death in the United States had become degenerative conditions.

(v) Heart disease and cancer killed twice as many people as influenza, pneumonia, and tuberculosis. Rates of infectious childhood diseases including measles, scarlet fever, whooping cough, and diphtheria had dropped significantly, and deaths from enteritis, typhoid, and paratyphoid fevers had been drastically reduced.

(vi) These reductions were due in large part to medical advances and public health successes from the previous decades. Knowledge of how disease spread led to public health efforts to clean up water supplies, suppress epidemics through quarantines, and vaccinate populations threatened with infectious diseases.

(vii) Research demonstrating that poor diet caused pellagra and scurvy and that unpasteurized milk could carry bovine tuberculosis resulted in education on how to prepare and store healthy foods and legislation that monitored the quality and content of food products.

(viii) After 1932 public health officials in New Deal programs could point to these successes to prove the need for more health care spending as part of providing relief to those most affected by the economic crisis of the Great Depression.

(ix) During the period of the government social and economic recovery programs of the New Deal, the 1930s saw the second great push for national health insurance and the second great fight to defeat it.

(x) There was also the belief that the federal government could not adequately respond to local needs as they varied, depending on where you lived.

(xi) Counties in the rural South were in desperate need of doctors, nurses, and hospitals. Cities in the urban North had better access to medical care but continued to suffer from the effects of overcrowding and poor sanitation.

(xii) Finally, there was the belief that additional funding for public health simply was not necessary. Statistics from the Metropolitan Insurance Company showed that despite slashed health department budgets, widespread unemployment, and the general lack of medical care, the death rate continued to decline.

(xiii) Between 1900 and 1930 the average life expectancy of a Caucasian male had increased by 11 years.

e) Impact on families

(i) The collapse was staggering in its dimensions. Unemployment jumped from less than 3 million in 1929 to 4 million in 1930, to 8 million in 1931, and to 12 1/2 million in 1932.

(ii) In that year, a quarter of the nation's families did not have a single employed wage earner. Even those fortunate enough to have jobs suffered drastic pay cuts and reductions in working hours.

(iii) Only one company in ten failed to cut pay, and in 1932, three-quarters of all workers were on part-time schedules, averaging just 60 percent of the normal work week.

(iv) The economic collapse was terrifying in its scope and impact. By 1933, average family income had tumbled 40 percent, from $2,300 in 1929 to just $1,500 four years later. In the Pennsylvania coal fields, three or four families crowded together in one-room shacks and lived on wild weeds. In Arkansas, families were found inhabiting caves. In Oakland, California, whole families lived in sewer pipes.

(v) Vagrancy shot up as many families were evicted from their homes for nonpayment of rent. The Southern Pacific Railroad boasted that it threw 683,000 vagrants off its trains in 1931. Free public flophouses and missions in Los Angeles provided beds for 200,000 of the uprooted.

(vi) Many families sought to cope by planting gardens, canning food, buying used bread, and using cardboard and cotton for shoe soles. Despite a steep decline in food prices, many families did without milk or meat. In New York City, milk consumption declined by a million gallons a day.

(vii) President Herbert Hoover declared, "Nobody is actually starving. The hoboes are better fed than they have ever been." But in New York City in 1931, there were 20 known cases of starvation; in 1934, there were 110 deaths caused by hunger.

(viii) There were so many accounts of people starving in New York that the West African nation of Cameroon sent $3.77 in relief.

(ix) The Depression had a powerful impact on families. It forced couples to delay marriage and drove the birthrate below the replacement level for the first time in American history.

(x) The divorce rate fell, for the simple fact that many couples could not afford to maintain separate households or to pay legal fees. Still, rates of desertion soared.

(xi) By 1940, there were 1.5 million married women living apart from their husbands. More than 200,000 vagrant children wandered the country as a result of the break-up of their families.

f) Rise in discrimination

(i) A year after the stock market crash, 70 percent of Charleston's black population was unemployed and 75 percent of Memphis's black population was unemployed.

(ii) In Macon County, Alabama--home of Booker T. Washington's famous Tuskegee Institute--most black families lived in homes without wooden floors or windows or sewage disposal and subsisted on salt pork, hominy grits, corn bread, and molasses. Income averaged less than a dollar a day.

(iii) In Chicago, 70 percent of all black families earned less than a $1,000 a year, far below the poverty line. In Chicago and other large northern cities, most African Americans lived in "kitchenettes." Apartment owners took six-room apartments, which previously rented for $50 a month, and divided them into six smaller-unit kitchenettes.

(iv) The kitchenettes then rented for $32 dollars a month, assuring landlords a windfall of an extra $142 a month. Buildings that previously held 60 families now contained 300.

(v) The Depression hit Mexican American families especially hard. Mexican Americans faced serious opposition from organized labor, which resented competition from Mexican workers as unemployment rose.

(vi) Bowing to union pressure, federal, state and local authorities "repatriated" more than 400,000 people of Mexican descent to prevent them from applying for relief.

(vii) Since this group included many United States citizens, the deportations constituted a gross violation of civil liberties.

4. New Deal

a) First Hundred Days 1933

(i) In Roosevelt's first hundred days in office, he pushed 15 major bills through Congress. The bills would reshape every aspect of the economy, from banking and industry to agriculture and social welfare.

(ii) The president promised decisive action. He called Congress into special session and demanded "broad executive power to wage a war against the emergency, as great as the power that would be given me if we were in fact invaded by a foreign foe."

(iii) Roosevelt attacked the bank crisis first. He declared a national bank holiday, which closed all banks.

(iv) In just four days, his aides drafted the Emergency Banking Relief Act, which permitted solvent banks to reopen under government supervision, and allowed the RFC to buy the stock of troubled banks and to keep them open until they could be reorganized.

(v) The law also gave the president broad powers over the Federal Reserve System. The law radically reshaped the nation's banking system; Congress passed the law in just eight hours.

(vi) Roosevelt appealed directly to the people to generate support for his program. On March 12, he conducted the first of many radio "fireside chats." Using the radio in the way later presidents exploited television, he explained what he had done in plain, simple terms and told the public to have "confidence and courage."

(vii) When the banks reopened the following day, people demonstrated their faith by making more deposits than withdrawals. One of Roosevelt's key advisors did not exaggerate when he later boasted, "Capitalism was saved in eight days."

(viii) The president quickly pushed ahead on other fronts. The Federal Emergency Relief Act pumped $500 million into state-run welfare programs.

(ix) The Homeowners Loan Act provided the first federal mortgage financing and loan guarantees. By the end of Roosevelt's first term, the Homeowners Loan Act provided more than 1 million loans totaling $3 billion.

(x) The Glass-Steagall Act provided a federal guarantee of all bank deposits under $5,000, separated commercial and investment banking, and strengthened the Federal Reserve's ability to stabilize the economy.

(xi) In addition, Roosevelt took the nation off the gold standard, devalued the dollar, and ordered the Federal Reserve System to ease credit.

(xii) Other important laws passed during the 100 days included the Agricultural Adjustment Act--the nation's first system of agricultural price and production supports; the National Industrial Recovery Act--the first major attempt to plan and regulate the economy; and the Tennessee Valley Authority Act--the first direct government involvement in energy production.

b) Stabilizing financial institutions

(i) In days past, depositing money in a savings account carried a degree of risk. If a bank made bad investments and was forced to close, individuals who did not withdraw their money fast enough found themselves out of luck.

(ii) Sometimes a simple rumor could force a bank to close. When depositors feared a bank was unsound and began removing their funds, the news would often spread to other customers. This often caused a panic, leading people to leave their homes and workplaces to get their money before it was too late.

(iii) These runs on banks were widespread during the early days of the Great Depression. In 1929 alone, 659 banks closed their doors. By 1932, an additional 5102 banks went out of business. Families lost their life savings overnight.

(iv) Thirty-eight states had adopted restrictions on withdrawals in an effort to forestall the panic. Bank failures increased in 1933, and Franklin Roosevelt deemed remedying these failing financial institutions his first priority after being inaugurated.

(v) Two days after taking the oath of office, Roosevelt declared a "Bank Holiday." From March 6 to March 10, banking transactions were suspended across the nation except for making change.

(vi) During this period, Roosevelt presented the new Congress with the Emergency Banking Act. The law empowered the President through the Treasury Department to reopen banks that were solvent and assist those that were not.

(vii) The House allowed only forty minutes of debate before passing the law unanimously, and the Senate soon followed with overwhelming support.

(viii) Banks were divided into four categories. Surprisingly, slightly over half the nation's banks were deemed first category and fit to reopen. The second category of banks was permitted to allow a percentage of its deposits to be withdrawn.

(ix) The third category consisted of banks that were on the brink of collapse. When the holiday was ended, these banks were only permitted to accept deposits. Five percent of banks were in the final category — unfit to continue business.

(x) On the Sunday evening before the banks reopened, Roosevelt addressed the nation through one of his signature "Fireside Chats."

(xi) With honest words in soothing tones, the President assured sixty million radio listeners that the crisis was over and the nation's banks were secure.

(xii) On the first day back in business, deposits exceeded withdrawals. By the beginning of April, Americans confidently returned a billion dollars to the banking system. The bank crisis was over.

(xiii) But the legislation was not. On June 16, 1933, Roosevelt signed the Glass-Steagall Banking Reform Act. This law created the Federal Deposit Insurance Corporation. Under this new system, depositors in member banks were given the security of knowing that if their bank were to collapse, the federal government would refund their losses.

(xiv) Deposits up to $2500, a figure that would rise through the years, were henceforth 100% safe. The act also restricted banks from recklessly speculating depositors' money in the stock market. In 1934, only 61 banks failed.

(xv) Bankers breathed a sigh of relief knowing that Roosevelt did not intend to nationalize the banking system as many European countries had already done. Although radical in speed and scope, Roosevelt's banking plan strengthened the current system, without fundamentally altering it.

c) Relief provision Job creation, economic regulation

(i) Congress established the National Recovery Administration (NRA) to help revive industry and labor through rational planning. The idea behind the NRA was simple: representatives of business, labor, and government would establish codes of fair practices that would set prices, production levels, minimum wages, and maximum hours within each industry.

(ii) The NRA also supported workers' right to join labor unions. The NRA sought to stabilize the economy by ending ruinous competition, overproduction, labor conflicts, and deflating prices.

(iii) Led by General Hugh Johnson, the new agency got off to a promising start. By midsummer 1933, over 500 industries had signed codes covering 22 million workers.

(iv) By the end of the summer, the nation's ten largest industries had been won over, as well as hundreds of smaller businesses. All across the land businesses displayed the "Blue Eagle," the insignia of the NRA, in their windows. Thousands participated in public rallies and spectacular torchlight parades.

(v) The NRA's success was short-lived. Johnson proved to be an overzealous leader who alienated many businesspeople. Instead of creating a smooth-running corporate state, Johnson presided over a chorus of endless squabbling.

(vi) The NRA boards, which were dominated by representatives of big business, drafted codes that favored their interests over those of small competitors.

(vii) Moreover, even though they controlled the new agency from the outset, many leaders of big business resented the NRA for interfering in the private sector. Many quipped that the NRA stood for "national run-around."

(viii) For labor, the NRA was a mixed blessing. On the positive side, the codes abolished child labor and established the precedent of federal regulation of minimum wages and maximum hours.

(ix) In addition, the NRA boosted the labor movement by drawing large numbers of unskilled workers into unions.

(x) On the negative side, however, the NRA codes set wages in most industries well below what labor demanded, and large occupational groups, such as farm workers, fell outside the codes' coverage.

d) “Alphabet Agencies”

(i) Progressive politicians saw their wildest dreams come alive. The Great Depression created an environment where the federal government accepted responsibility for curing a wide array of society's ills previously left to individuals, states, and local governments.

(ii) This amount of regulation and involvement requires a vast upgrading of the government bureaucracy. An armada of government bureaus and regulatory agencies was erected to service the programs of the New Deal. Collectively, observers called them the "Alphabet Agencies."

(iii) While the CCC, CWA, and WPA were established to provide relief for the unemployed, the New Deal also provided a program intended to boost both industries and working Americans.

(iv) The National Industrial Recovery Act contained legislation designed to spark business growth and to improve labor conditions. The National Recovery Administration attempted to create a managed economy by relieving businesses of antitrust laws to eliminate "wasteful competition."

(v) The NRA, like the AAA for farmers, attempted to create artificial scarcity with commodities. The hope was that higher prices would yield higher profits and higher wages leading to an economic recovery.

(vi) In 1933, Roosevelt asked Congress to create "a corporation clothed with the power of government but possessed of the flexibility and initiative of a private enterprise." The Tennessee Valley Authority was born, and economic recovery came to eastern Tennessee.

(vii) To avoid charges of Socialism, the NRA allowed each industry to draw up a code setting production quotas, limiting hours of operation, or restricting construction of new factories. Once the President approved each code, pressure was put on each business to comply.

(viii) A propaganda campaign reminiscent of World War I ensued. Firms that participated in the NRA displayed blue eagles reminding consumers of a company's apparent patriotism.

(ix) To enlist the support of Labor Unions, the NRA outlawed child labor, set maximum hours, and required a minimum wage. The greatest victory for labor unions was the guarantee of the right to collective bargaining, which led to a dramatic upsurge in union membership.

(x) Unfortunately, the NRA did little to improve the economy. The increase in prices actually caused a slight slowdown in the recovery. Workers complained that participating industries found loopholes to violate minimum wage and child labor obligations. When the Supreme Court finally declared the NRA unconstitutional in 1936, many had taken to calling it the "National Run Around."

(xi) By displaying the Blue Eagle, businesses indicated that they had joined the National Recovery Administration. By 1933, over 2 million participants in the NRA were hanging Blue Eagle window signs, posters and flags.

(xii) There seemed to be no end to the alphabet soup. The Securities and Exchange Commission (SEC) was created to serve as a watchdog on the stock market.

(xiii) The Federal Housing Authority (FHA) provided low interest loans for new home construction. The Home Owners Loan Corporation (HOLC) allowed homeowners to refinance mortgages to prevent foreclosure or to make home improvements.

(xiv) The United States Housing Authority (USHA) initiated the idea of government-owned low-income housing projects. The Public Works Administration (PWA) created thousands of jobs by authorizing the building of roads, bridges, and dams.

(xv) The National Youth Administration (NYA) provided college students with work-study jobs. The National Labor Relations Board (NLRB) was designed to protect the right of collective bargaining and to serve as a liaison between deadlock industrial and labor organizations.

(xvi) Critics bemoaned the huge costs and rising national debt and spoon-feeding Americans. Regardless, many of the programs found in FDR's "alphabet soup" exist to this day.

e) Second New Deal of 1935

(i) Despite the best efforts of President Roosevelt and his cabinet, however, the Great Depression continued–the nation's economy continued to wheeze; unemployment persisted; and people grew angrier and more desperate.

(ii) So, in the spring of 1935, Roosevelt launched a second, more aggressive series of federal programs, sometimes called the Second New Deal.

(iii) Still, the Great Depression dragged on. Workers grew more militant: In December 1936, for example, the United Auto Workers started a sit-down strike at a GM plant in Flint, Michigan that lasted for 44 days and spread to some 150,000 autoworkers in 35 cities.

(iv) By 1937, to the dismay of most corporate leaders, some 8 million workers had joined unions and were loudly demanding their rights.

f) New Agencies and legislation

(i) In April, he created the Works Progress Administration (WPA) to provide jobs for unemployed people. WPA projects weren't allowed to compete with private industry, so they focused on building things like post offices, bridges, schools, highways and parks.

(ii) The WPA also gave work to artists, writers, theater directors and musicians. In July 1935, the National Labor Relations Act, also known as the Wagner Act, created the National Labor Relations Board to supervise union elections and prevent businesses from treating their workers unfairly.

(iii) In August, FDR signed the Social Security Act of 1935, which guaranteed pensions to millions of Americans, set up a system of unemployment insurance and stipulated that the federal government would help care for dependent children and the disabled.

g) Rural electrification

(i) The government blazed other new trails by creating the Tennessee Valley Authority in may 1933. The geography of the Tennessee River valley had long been a problem for its residents. Centuries of resource exploitation contributed to soil erosion and massive, unpredictable floods that left parts of seven states impoverished and underutilized.

(ii) Funds were authorized to construct 20 new dams and to teach residents better soil management. The hydroelectric power generated by the TVA was sold to the public at low prices, prompting complaints from private power companies that the government was presenting unfair competition. Soon flood control ceased to be a problem and FDR considered other regional projects.

h) Social Security system

(i) The 1935 Social Security Act, a goal of reformers since the Progressive era, aimed to alleviate the plight of America's visibly poor--the elderly, dependent children, and the handicapped.

(ii) A major political victory for Roosevelt, the Social Security Act was a triumph of social legislation. Financed by the federal government and the states, the act offered workers age 65 or older monthly stipends based on previous earnings, and it gave the indigent elderly small relief payments.

(iii) In addition, it provided assistance to blind and handicapped Americans and to dependent children who did not have a wage-earning parent. The act also established the nation's first federally-sponsored system of unemployment insurance.

(iv) Mandatory payroll deductions levied equally on employees and employers financed both the retirement system and the unemployment insurance.

(v) Conservatives argued that the Social Security Act placed the United States on the road to socialism. The legislation was also profoundly disappointing to reformers, who demanded "cradle to grave" protection as the birthright of every American.

(vi) The new system authorized pitifully small payments; its retirement system left huge groups of workers uncovered; its budget came from a regressive tax scheme that placed a disproportionate tax burden on the poor; and it failed to provide health insurance.

(vii) Despite these criticisms, the Social Security Act introduced a new era in American history. It committed the government to a social welfare role by providing for elderly, disabled, dependent, and unemployed Americans.

(viii) By doing so, the act greatly expanded the public's sense of entitlement and the support people expected government to give to all citizens.

i) Limitations of New Deal for African Americans & Women

(i) Instead of using New Deal programs to promote civil rights, the administration consistently bowed to discrimination.

(ii) Time and time again, Roosevelt and Democrats backed away from equal rights to avoid antagonizing southern whites.

(iii) Most New Deal programs discriminated against blacks. The NRA, for example, not only offered whites the first crack at jobs, but authorized separate and lower pay scales for blacks.

(iv) The Federal Housing Authority (FHA) refused to guarantee mortgages for blacks who tried to buy in white neighborhoods, and the CCC maintained segregated camps. Furthermore, the Social Security Act excluded those job categories blacks traditionally filled.

(v) The story in agriculture was particularly grim. Since 40 percent of all black workers made their living as sharecroppers and tenant farmers, the Agricultural Adjustment Administration (AAA) acreage reduction hit blacks hard.

(vi) White landlords could make more money by leaving land untilled than by putting land back into production. As a result, the AAA's policies forced more than 100,000 blacks off the land in 1933 and 1934.

(vii) Even more galling to black leaders, the president failed to support an anti-lynching bill and a bill to abolish the poll tax.

(viii) Similarly, women, though not to the extent of African Americans, were passed over for benefits, jobs, and positions by New Deal Programs for their male counterparts.

(ix) The thought of the time was it was better to help men than women for the purpose of family stability.

(x) Positions that were normally held by women was still held by women, but not protected by New Deal legislation or benefited by any New Deal Agencies.