



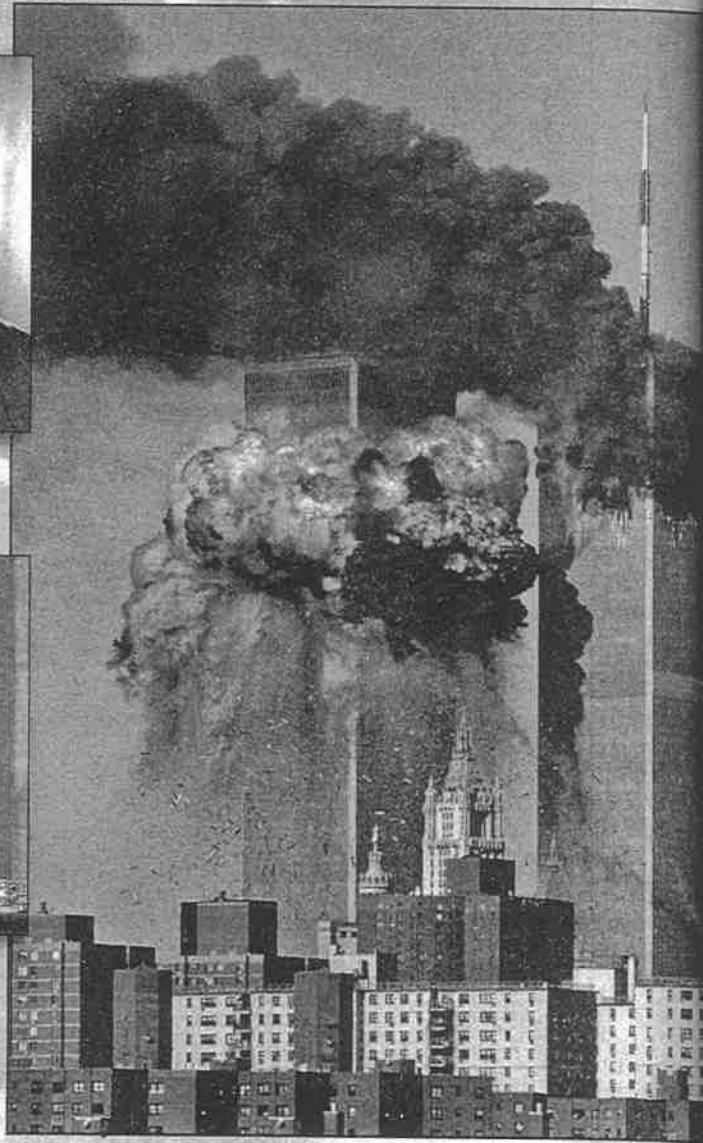
House Impeachment Committee, 1998



William Jefferson Clinton



Speaker Newt Gingrich



Terrorist attack, September 11, 2001

The Great Depression, the New Deal, and World War II

WITHIN ONE DREADFUL month the stock market continued its descent until something like \$30 billion in the market value of listed stocks was wiped out. This economic collapse would continue for ten years. Businesses by the hundreds went bankrupt, unemployment soared, deflation resulted, and the price of commodities hit an all-time low.

There were many causes for this disaster, besides those already suggested. The Federal Reserve banking system had not been properly run, allowing all manner of improper procedures to generate profits; abuse of credit invited investors to buy stocks without paying the full price; a high incidence of criminal dishonesty had seeped through the business community; and the inflexibility of the gold standard system.

To address the growing agony, President Hoover called for a relief program that would initiate federal leadership to assist voluntary efforts at the state and local levels. He also requested funds in the amount of \$100 million to \$150 million for a program of public works. But by the summer of 1931 conditions had worsened, and the depression intensified for the next five years. Approximately 2,300 banks, with deposits of over \$1.5 billion, failed that summer. The number of unemployed increased from 7 million in 1931 to 14 million by 1936. People migrated from the cities back to the countryside in the hope of scratching out a living. People starved, they lost their homes through foreclosures; they took

charity where they could find it; they begged for help. There was a profound loss of confidence in both business and government. A number of congressional investigations turned up evidence that bankers had misappropriated the funds of depositors and had manipulated the stock market in a gamble for greater returns. Investment bankers were seen as villains who, by their actions, had brought on the depression, and Americans blamed Herbert Hoover for failing to bring it to an end. The secretary of the treasury, Andrew Mellon, argued that somehow the normal operations of the business cycle would come into play and bring about an upswing in economic conditions. It was simply a matter of waiting it out. "Let the slump liquidate itself," he declared. "Liquidate labor, liquidate stocks, liquidate the farmers. . . . People will work harder, live a more moral life. Values will be adjusted, and enterprising people will pick up the wrecks from less competent people." Small wonder the American people came to loathe the Hoover administration.

Strangely, Americans did not lose confidence in the capitalist system. Communism did not attract them, nor did fascism—unlike citizens of several European nations. And although there were some hunger marches and riots, the actual number of violent incidents was relatively few. Perhaps the most spectacular display of organized marches was the "Bonus March" on Washington that occurred in 1932, when 12,000 to 15,000 unemployed war veterans descended on the capital and demanded immediate payment in cash of the bonus promised them in 1924 when Congress authorized it over Coolidge's veto. It was meant to compensate veterans for their low-paying service during the last war compared with the high wages earned by civilians. The act provided compensation to all veterans on the basis of \$1.25 a day for overseas service and \$1 a day for service in the United States. Unfortunately the bonus was not to be paid until 1945. But these veterans and their families were starving. They needed the money now, and they demanded that the government give it to them. To bolster their spirits they sang war songs and displayed placards that read: "Cheered in '17, Jeered in '32." Just outside the capital, on Anacostia Flats, they built shelters that constituted little more than a shantytown. Then violence erupted, causing two deaths, whereupon President Hoover summoned the army, under the command of General Douglas MacArthur, then chief of staff, to restore order. Using excessive force, which was hardly

necessary, the army dispersed the veterans with tear gas and then burned the shantytown. The incident only led to further bitterness toward the government.

The Hoover administration did propose a Reconstruction Finance Corporation (RFC) that would create a government lending agency with a capital of \$500 million and authority to borrow up to an additional \$1.5 billion. Some Democrats and Progressives dubbed it a "millionaires' dole." What was needed, they insisted, was a national system of unemployment insurance. Despite this criticism, the RFC passed Congress on January 22, 1932, and the agency subsequently extended credit to banks, corporations, life insurance companies, building and loan associations, farm mortgage societies, and railroads. However, it did not assist small businesses or individuals threatened with the loss of their homes; nevertheless, it did prevent the largest banks throughout the country from going bankrupt. Then, on July 21, 1932, an Emergency Relief and Construction Act passed, broadening the scope and authority of the RFC to aid construction and agricultural agencies and provide funds to states that were unable to ameliorate economic distress within their jurisdiction.

On February 27, 1932, Congress also enacted the Glass-Steagall Bill, permitting the Federal Reserve Bank to sell \$750 million from the government's supply of gold, which had been used to support the currency in order to meet the continuing foreign withdrawals. This measure was also designed to counteract the hoarding of gold by citizens. In July the Federal Home Loan Bank Act established a series of eight to twelve banks around the country by which savings banks, insurance companies, and building and loan associations might join and thereby have the capital to provide home mortgages for home buyers. The act was intended to prevent foreclosures.

Two Progressives in Congress—Senator George W. Norris and Representative Fiorello La Guardia—sponsored the Norris-La Guardia Act, which recognized labor's right to unionize. It outlawed "yellow dog" contracts, which obliged workers to promise not to join a union, and it limited the power of the federal courts to issue injunctions against labor's right to organize.

But efforts to provide federal money for relief and public works were resisted by Hoover, who insisted that the government should help end the depression by balancing the budget and should cease enlarging the

right of citizenship, not charity or special privilege. His goal, according to Frances Perkins, was a broadly inclusive cradle-to-grave system of social provision that guaranteed every American a measure of economic security. But as enacted, New Deal measures were far from universal. Political realities—especially the enduring power of urban political machines in the North and black disenfranchisement in the South—powerfully affected the drafting of legislation. The result was a two-tiered system that offered generous, nationally established benefits to some Americans, primarily white and male, while leaving others with lesser entitlements or none at all.

The Social Security Act of 1935 encompassed a series of programs with divergent structures and target populations. The most generous—old age pensions and unemployment insurance—provided aid automatically and without the stigma of dependency. By linking benefits to taxes paid by eligible wage workers, these programs identified assistance as a right rather than charity. The payroll taxes were harshly regressive, but Roosevelt believed they gave contributors “a legal, moral, and political right to collect their pensions and their unemployment benefits,” which no future Congress could rescind. But this link to paid work eliminated most women, and the exclusion of agricultural, domestic, and casual laborers left uncovered the large majority of the employed black population.

Social Security also included public assistance programs, notably aid to dependent children and to the impoverished elderly. These were open to all Americans, regardless of race, who met a means test. But they set benefits at extremely low levels and authorized the states to determine eligibility standards, which in some instances included moral behavior as determined by local authorities. As a result, public assistance programs allowed for widespread discrimination in the distribution of benefits. Because recipients did not pay Social Security taxes, they soon came to bear the humiliating stigma of dependency on government handouts. The gap between the two programs widened in 1939, when wives, elderly widows, and dependent survivors of covered male workers were moved from general public relief into the Social Security system, leaving single mothers and the non-white poor to dominate what would come to be called “welfare.”¹⁶

Designed to alleviate poverty and economic insecurity, the Social Security law of 1935 established the key elements of federal social policy for the next half century. From the system's inception, boundaries of gender and race circumscribed the new definition of economic freedom. White male (and some female) workers were covered by different programs and benefits from non-white men and poor women and children. These boundaries of inclusion and exclu-

sion reflected prevailing social norms and political realities. The Depression had inspired widespread demands for married women to remove themselves from the labor market to make room for unemployed men. Indeed, many states and localities prohibited the hiring of women whose husbands earned a “living wage,” and employers from banks to public school systems adopted rules barring married women from jobs. Although the CIO organized women workers, it too adhered to the family wage tradition. “The working wife whose husband is employed,” said a vice president of the United Auto Workers, “should be barred from industry.” The Social Security Act institutionalized the assumption that in normal circumstances, the man was household head and economic provider, and the wife a homemaker. The large number of women still employed as domestics also enjoyed no benefits under Social Security. “Those who need protection most are completely overlooked,” the sister of a household worker complained to Secretary of Labor Perkins. “What about the poor domestics, both in private homes and private institutions. What have you done for them? Nothing.”¹⁷

Even more dramatic was how the power of the solid South helped to mold the New Deal welfare state into an entitlement of white Americans. Roosevelt spoke of the system's universality, but the demand for truly comprehensive coverage came from the political left and black organizations. Representing Minnesota's Farmer-Labor Party, Congressman Ernest Lundeen in 1935 introduced a bill establishing a federally controlled system of old age, unemployment, and health benefits (illness being a major cause of economic hardship completely ignored by Social Security) for all categories of wage workers, plus support for female heads of households with dependents. Recognizing the long-term dangers of relegating blacks to “welfare” programs, black organizations like the Urban League and NAACP supported the Lundeen bill and lobbied strenuously for a Social Security system that enabled agricultural and domestic workers to receive unemployment and old age benefits and that established national relief standards. The Social Security Act, however, not Lundeen's proposal, became law, and its limitations, complained the *Pittsburgh Courier*, a black newspaper, reflected the power of “reactionary elements in the South who cannot bear the thought of Negroes getting pensions and compensations,” and who feared that the inclusion of black workers would disrupt the region's low-wage, racially segmented labor system.¹⁸

Despite his great personal popularity and political power, Roosevelt preferred to work within the Democratic Party's prevailing power structure and felt he could not frontally challenge the power of southern Democrats, who during the 1930s chaired about half the committees of Congress. In 1938, with many

southern congressmen turning against the New Deal (in large part out of fear that continued federal intervention in their region would upset race relations), Roosevelt tried to persuade voters to replace recalcitrant congressmen with more cooperative ones. The South's truncated electorate dealt him a stinging rebuke. In the end, because of the "Southern veto," non-white workers were confined to the weakest, least generous, and most vulnerable wing of the new welfare state. The National Resources Planning Board presciently noted in 1942 that because of their exclusion from programs "which give aid under relatively favorable conditions," blacks were becoming disproportionately dependent on "general relief," a program widely viewed with popular "disfavor." The situation, the report concluded, seemed certain to stigmatize blacks as recipients of "welfare," and welfare as a program for minorities, thus dooming it forever to inadequate "standards of aid."¹⁹

Overall, the Great Depression and the New Deal had a contradictory impact on black Americans. Hit hardest by the Depression, blacks benefited disproportionately from federal relief measures. Although Roosevelt seems to have had little personal interest in race relations or civil rights, he appointed Mary McLeod Bethune, a prominent black educator, as a special adviser on minority affairs and a number of other blacks to important federal positions. Key members of his administration, including his wife Eleanor and Secretary of the Interior Harold Ickes, directed national attention to the injustices of segregation, disenfranchisement, and lynching. These developments contributed to a historic shift in black voting patterns. In the North and West, where they enjoyed the franchise, blacks in 1934 and 1936 abandoned their historic allegiance to the party of Lincoln in favor of Democrats and the New Deal. A "new day" had dawned, Bethune proclaimed, when blacks would finally reach "the promised land of liberty."²⁰

But hopes for broader changes in the nation's race system were quickly disappointed. Despite a massive lobbying campaign, a southern filibuster prevented passage of a federal antilynching law. Federal relief and public works employment were implemented in a blatantly discriminatory manner. In the South, many New Deal works projects refused to hire blacks. "They give all the work to white people and give us nothing," a black resident of Mississippi wrote the president in 1935. The New Deal began the process of modernizing southern agriculture, but tenants, black and white, footed much of the bill. Tens of thousands of sharecroppers were driven off the land as a direct result of the Agricultural Adjustment Administration's policy of supporting crop prices by paying landowners to reduce cotton acreage. Landlords were supposed to share federal payments with their tenants, but many failed to do so. Eventually, sup-

port for civil rights would become an acid test of liberal credentials. But in the 1930s, there was no correlation between support for Roosevelt's economic program and support for antilynching legislation or moves to incorporate black workers within Social Security. Roosevelt gave no assistance to the antilynching initiative, and Theodore Bilbo, the notoriously racist senator from Mississippi, was one of the New Deal's most loyal supporters.²¹

Nowhere were the limits of New Deal freedom more evident than in the evolution of federal housing policy, which powerfully reinforced residential segregation. Owning one's home had long been a widely shared ambition in American society. "A man is not a whole and complete man," Walt Whitman had written in the 1850s, "unless he owns a house and the ground it stands on." Although the renter is, in some ways, "freer" than the owner, in the industrial age homeownership increasingly replaced ownership of productive property as an economic measure of freedom. More than an investment, a home was a mark of middle-class respectability, and, for workers, a form of economic security at a time of low wages, erratic employment, and limited occupational mobility. In the early twentieth century, immigrants invested heavily in ethnic building and loan associations in order to purchase homes. Indeed, on the eve of World War I, a considerably higher percentage of immigrant workers than the nativeborn middle class were homeowners.²²

The Depression devastated the American housing industry. The construction of new residences all but ceased and banks and savings and loan associations that had financed homeownership collapsed or, to remain afloat, foreclosed on many homes (a quarter of a million in 1932 alone). In 1931, President Hoover convened a Conference on Home Building and Home Ownership to review the housing crisis. Owning a home, the president proclaimed, was a "birthright" essential to "the national well-being," the embodiment of the spirit of "enterprise, of independence, and of . . . freedom." Rented apartments, Hoover pointed out, did not inspire "immortal ballads like *Home, Sweet Home*, or *The Little Gray Home in the West*." The conference revealed that millions of urban families lived in overcrowded, unhealthy slums, and millions of other Americans resided in ramshackle rural dwellings. Private enterprise alone, it seemed clear, was unlikely to solve the nation's housing crisis.²³

Despite Hoover's aversion to federal economic intervention, his administration established a federally sponsored bank to issue home loans. Not until the New Deal, however, did the government systematically enter the housing market. Roosevelt spoke of "the security of the home" as a fundamental right akin to "the security of livelihood, and the security of social insurance." In 1933 and 1934, his administration moved energetically to protect homeowners from

It was to stabilize the system in the face of labor unrest that the Wagner Act of 1935, setting up a National Labor Relations Board, had been passed. The wave of strikes in 1936, 1937, 1938, made the need even more pressing. In Chicago, on Memorial Day, 1937, a strike at Republic Steel brought the police out, firing at a mass picket line of strikers, killing ten of them. Autopsies showed the bullets had hit the workers in the back as they were running away: this was the Memorial Day Massacre. But Republic Steel was organized, and so was Ford Motor Company, and the other huge plants in steel, auto, rubber, meat-packing, the electrical industry.

The Wagner Act was challenged by a steel corporation in the courts, but the Supreme Court found it constitutional—that the government could regulate interstate commerce, and that strikes hurt interstate commerce. From the trade unions' point of view, the new law was an aid to union organizing. From the government's point of view it was an aid to the stability of commerce.

Unions were not wanted by employers, but they were more controllable—more stabilizing for the system than the wildcat strikes, the factory occupations of the rank and file. In the spring of 1937, a *New York Times* article carried the headline "Unauthorized Sit-Downs Fought by CIO Unions." The story read: "Strict orders have been issued to all organizers and representatives that they will be dismissed if they authorize any stoppages of work without the consent of the international officers. . . ." The *Times* quoted John L. Lewis, dynamic leader of the CIO: "A CIO contract is adequate protection against sit-downs, lie-downs, or any other kind of strike."

The Communist party, some of whose members played critical roles in organizing CIO unions, seemed to take the same position. One Communist leader in Akron was reported to have said at a party strategy meeting after the sit-downs: "Now we must work for regular relations between the union and the employers—and strict observance of union procedure on the part of the workers."

Thus, two sophisticated ways of controlling direct labor action developed in the mid-thirties. First, the National Labor Relations Board would give unions legal status, listen to them, settling certain of their grievances. Thus it could moderate labor rebellion by channeling energy into elections—just as the constitutional system channeled possibly troublesome energy into voting. The NLRB would set limits in economic conflict as voting did in political conflict. And second, the workers' organization itself, the union, even a militant and aggressive union like

the CIO, would channel the workers' insurrectionary energy into contracts, negotiations, union meetings, and try to minimize strikes, in order to build large, influential, even respectable organizations.

The history of those years seems to support the argument of Richard Cloward and Frances Piven, in their book *Poor People's Movements*, that labor won most during its spontaneous uprisings, before the unions were recognized or well organized: "Factory workers had their greatest influence, and were able to exact their most substantial concessions from government, during the Great Depression, in the years before they were organized into unions. Their power during the Depression was not rooted in organization, but in disruption."

Piven and Cloward point out that union membership rose enormously in the forties, during the Second World War (the CIO and AFL had over 6 million members each by 1945), but its power was less than before—its gains from the use of strikes kept getting whittled down. The members appointed to the NLRB were less sympathetic to labor, the Supreme Court declared sit-downs to be illegal, and state governments were passing laws to hamper strikes, picketing, boycotts.

The coming of World War II weakened the old labor militancy of the thirties because the war economy created millions of new jobs at higher wages. The New Deal had succeeded only in reducing unemployment from 13 million to 9 million. It was the war that put almost everyone to work, and the war did something else: patriotism, the push for unity of all classes against enemies overseas, made it harder to mobilize anger against the corporations. During the war, the CIO and AFL pledged to call no strikes.

Still, the grievances of workers were such—wartime "controls" meant their wages were being controlled better than prices—that they felt impelled to engage in many wildcat strikes: there were more strikes in 1944 than in any previous year in American history, says Jeremy Brecher.

The thirties and forties showed more clearly than before the dilemma of working people in the United States. The system responded to workers' rebellions by finding new forms of control—internal control by their own organizations as well as outside control by law and force. But along with the new controls came new concessions. These concessions didn't solve basic problems; for many people they solved nothing. But they helped enough people to create an atmosphere of progress and improvement, to restore some faith in the system.

The minimum wage of 1938, which established the forty-hour week

and outlawed child labor, left many people out of its provisions and set very low minimum wages (twenty-five cents an hour the first year). But it was enough to dull the edge of resentment. Housing was built for only a small percentage of the people who needed it. "A modest, even parsimonious, beginning," Paul Conkin says (*F.D.R. and the Origins of the Welfare State*), but the sight of federally subsidized housing projects, playgrounds, vermin-free apartments, replacing dilapidated tenements, was refreshing. The TVA suggested exciting possibilities for regional planning to give jobs, improve areas, and provide cheap power, with local instead of national control. The Social Security Act gave retirement benefits and unemployment insurance, and matched state funds for mothers and dependent children—but it excluded farmers, domestic workers, and old people, and offered no health insurance. As Conkin says: "The meager benefits of Social Security were insignificant in comparison to the building of security for large, established businesses."

The New Deal gave federal money to put thousands of writers, artists, actors, and musicians to work—in a Federal Theatre Project, a Federal Writers Project, a Federal Art Project: murals were painted on public buildings; plays were put on for working-class audiences who had never seen a play; hundreds of books and pamphlets were written and published. People heard a symphony for the first time. It was an exciting flowering of arts for the people, such as had never happened before in American history, and which has not been duplicated since. But in 1939, with the country more stable and the New Deal reform impulse weakened, programs to subsidize the arts were eliminated.

When the New Deal was over, capitalism remained intact. The rich still controlled the nation's wealth, as well as its laws, courts, police, newspapers, churches, colleges. Enough help had been given to enough people to make Roosevelt a hero to millions, but the same system that had brought depression and crisis—the system of waste, of inequality, of concern for profit over human need—remained.

For black people, the New Deal was psychologically encouraging (Mrs. Roosevelt was sympathetic; some blacks got posts in the administration), but most blacks were ignored by the New Deal programs. As tenant farmers, as farm laborers, as migrants, as domestic workers, they didn't qualify for unemployment insurance, minimum wages, social security, or farm subsidies. Roosevelt, careful not to offend southern white politicians whose political support he needed, did not push a bill against lynching. Blacks and whites were segregated in the armed

forces. And black workers were discriminated against in getting jobs. They were the last hired, the first fired. Only when A. Philip Randolph, head of the Sleeping-Car Porters Union, threatened a massive march on Washington in 1941 would Roosevelt agree to sign an executive order establishing a Fair Employment Practices Committee. But the FEPC had no enforcement powers and changed little.

Black Harlem, with all the New Deal reforms, remained as it was. There 350,000 people lived, 233 persons per acre compared with 133 for the rest of Manhattan. In twenty-five years, its population had multiplied six times. Ten thousand families lived in rat-infested cellars and basements. Tuberculosis was common. Perhaps half of the married women worked as domestics. They traveled to the Bronx and gathered on street corners—"slave markets," they were called—to be hired. Prostitution crept in. Two young black women, Ella Baker and Marvel Cooke, wrote about this in *The Crisis* in 1935:

Not only is human labor bartered and sold for the slave wage, but human love is also a marketable commodity. Whether it is labor or love, the women arrive as early as eight a.m. and remain as late as one p.m. or until they are hired. In rain or shine, hot or cold, they wait to work for ten, fifteen, and twenty cents per hour.

In Harlem Hospital in 1932, proportionately twice as many people died as in Bellevue Hospital, which was in the white area downtown. Harlem was a place that bred crime—"the bitter blossom of poverty," as Roi Ottley and William Weatherby say in their essay "The Negro in New York."

On March 19, 1935, even as the New Deal reforms were being passed, Harlem exploded. Ten thousand Negroes swept through the streets, destroying the property of white merchants. Seven hundred policemen moved in and brought order. Two blacks were killed.

In the mid-thirties, a young black poet named Langston Hughes wrote a poem, "Let America Be America Again":

. . . I am the poor white, fooled and pushed apart,
I am the Negro bearing slavery's scars.
I am the red man driven from the land,
I am the immigrant clutching the hope I seek—
And finding only the same old stupid plan.
Of dog eat dog, of mighty crush the weak. . . .

O, let America be America again—
The land that never has been yet—

Soon after he took office in 1929, Hoover faced another major threat to his ideal of a rational marketplace. Imperial Japan, heedless of American plans, moved troops into the northern Chinese province of Manchuria. But in 1931 Hoover refused to use military power to check this Japanese expansion. An important reason for his refusal to compromise his principles in the foreign-policy crisis was the fear of the Soviet Union. Hoover, like other American business leaders, had been terrified by the success of the Bolshevik revolution. The United States had managed to contain the revolution within Russian borders, keeping it from spreading in Germany and destroying it where it had gained a foothold in countries like Hungary. Hoover had decided during the 1920s that World War I had been a civil war in which the European capitalist nations had destroyed one another. This anarchy and self-destruction by the supposedly reasonable middle classes had allowed Russia to fall into Communist hands. What would happen if another such civil war, comparable to World War I, broke out among the capitalist nations? Would such conflict provide an environment for another rapid spread of Communist influence? Hoover feared such an outcome.

Hoover, the Republican, feared and distrusted the Democrat Franklin D. Roosevelt, who replaced him in March 1933. The difference between Hoover and Roosevelt was as deep and emotional as the difference between fundamentalist and liberal Protestants. Hoover was the fundamentalist capitalist and Roosevelt, the liberal. Roosevelt was willing to use political power in the marketplace without the sense of reluctance or agonized conscience that Hoover had felt. "The country needs and demands bold, persistent experimentation," Roosevelt had declared. "It is common sense to take a method and try it. If it fails, admit it frankly, and try another. But above all, try something." "I experimented with gold and that was a flop," Roosevelt laughed. "Why shouldn't I experiment a little with silver?"

Born to an old, established family, Franklin Roosevelt had not rebelled against its model of the relaxed gentleman as had Theodore Roosevelt. Satisfied with mediocre academic achievement at Harvard, he had participated fully in the social life of the college. When he became active in politics during the "progressive" years, his reform philosophy was close to the paternalism of English conservatives. He was so sure of his place in the social and economic order, and in the strength of that order, that he could contemplate

the government of his class providing organized charity for the poor and dependent masses.

Roosevelt and his advisers had revealed no dramatic or radical plans to deal with the Great Depression during the 1932 campaign. Instead, his speeches criticized Hoover's experiments as irresponsible. Hoover had raised the national debt from \$16 billion to \$19 billion, and Roosevelt said, "Let us have the courage to stop borrowing to meet continuing deficits." Hoover had asked farmers to reduce their crops and livestock, and Roosevelt said that it is a "cruel joke" to advise "farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and shoot every tenth dairy cow."

When Roosevelt took office, he had received advice from the conservative farm organizations, representing the larger farmers, to go beyond Hoover's call for voluntary restrictions and have the federal government set limits on production. He responded by supporting the Agricultural Adjustment Act (AAA) of 1933, which ordered the slaughter of six million pigs and the plowing under of ten million acres of cotton. Corporate leaders also came to Roosevelt to plead for direct government backing of the trade associations. He responded with the National Industrial Recovery Act of 1933. Based on the precedent of the War Industries Board of World War I, NIRA legalized the trade-association agreements on production and prices. Section 7(a) of the law recognized the right of labor to bargain collectively. But most union growth in 1933 and 1934 came in the form of company unions.

Even before the quick passage of these acts by a Congress that did not examine or debate them, Roosevelt had used his executive power to close the national banks temporarily during his first day in office. He moved dramatically to use the power of the national government to sustain the property structure of the nation. From an average failure of 100 banks a year in the 1920s, the rate of collapse had reached the catastrophic figure of 4,004 in 1933. By his quick actions from March to June 1933, Roosevelt had stopped the disintegration of the property structure of the nation and the economic status quo in banking, industry, and agriculture had successfully been sustained.

Roosevelt also checked social and economic disintegration by releasing federal funds to the states for relief of the unemployed and the starving. The Federal Emergency Relief Administration (FERA), therefore, was a radical means to maintain stability and

lessen the rebellious discontent of the unemployed. So too was the Civilian Conservation Corps (CCC), which took many jobless young men out of the cities, gave them uniforms and military discipline, and put them into work camps. An important experiment in regional planning was established with the Tennessee Valley Authority (TVA), which developed the rural area along the Tennessee River and its tributaries by building dams, fertilizer factories, and electrical generating plants.

Further stabilization of the economy came from the Home Owners' Loan Corporation. The HOLC loaned billions to homeowners to enable them to pay their mortgages, and the Roosevelt administration was much more willing to use Hoover's Reconstruction Finance Corporation. Under the New Deal, the RFC loaned \$10 billion to the railroads, as well as to many large and small businesses.

All these activities, for Roosevelt, were emergency measures, with the exception of the NIRA. Once economic disintegration had been halted, he expected to stop deficit spending. But he believed that the political and legal marriage of the national government and corporations was a permanent necessity that reflected the end of American economic expansion. "Our last frontier has long since been reached," Roosevelt declared. "The day of the great promoter or the financial titan, to whom we granted anything if only they would build or develop, is over."

By 1934, Roosevelt was under heavy attack from Huey Long, a senator from Louisiana, for his lack of concern for the poor of America. Long demanded justice for those people, not relief. His twenty-seven thousand Share-Our-Wealth clubs spread across the entire country, reaching seven million people. Long demanded a minimum wage for all workers and pensions for retired people to be financed by a heavy tax on the rich.

The average age of the population had begun to increase dramatically as the birthrate declined and the immigration of young people from Europe ended. Americans therefore became aware of the elderly for the first time during the depression. Francis Townsend, a sixty-seven-year-old doctor from California, organized a national movement of older people. Townsend called for a pension of two hundred dollars a month for every person over sixty. The money was to be raised by a national sales tax.

It was a series of spontaneous strikes across the country in 1934, however, that forced Roosevelt and his advisers to consider the need

for legislation to provide some permanent security for workers and the elderly. In 1932, Congress, no longer in awe of the demoralized corporate leaders, passed the Norris-LaGuardia Act, which largely protected labor's use of boycotts, strikes, and picketing from court injunctions. It also outlawed the "yellow dog" contracts. Workers had hoped that the replacement of the antilabor Republicans (in control from 1920 to 1932) by the Democrats meant a supportive administration. Finally they decided to take matters in their own hands when Roosevelt seemed interested only in stabilizing the status quo.

For the first time since the Civil War, workers demonstrated enough solidarity in city after city to enable them to match the violence used against them by the establishment. In Minneapolis, truck drivers, struggling to unionize, mobilized support from twenty thousand workers to defend themselves successfully against the police and management vigilantes who attempted to break their strike.

These militant strikers were condemned by the AFL leadership. The older labor leaders did not recognize that with the end of massive European immigration in 1914, something like an American labor force was being created as the result of a common industrial experience shared by a generation of workers. Rebellious AFL leaders such as John L. Lewis of the United Mine Workers, Sidney Hillman of the Amalgamated Clothing Workers, and David Dubinsky of the International Ladies Garment Workers, however, visualized the possibility of industrial unions and created the Committee for Industrial Organization to encourage such unionization within the AFL. Met with hostility by top AFL leadership, they withdrew to begin a new labor movement, the Congress of Industrial Organizations (CIO). The CIO rapidly gained two million members as the newfound sense of worker solidarity exploded in massive illegal sit-down strikes where the workers occupied automobile and steel plants. "It was like we was soldiers, holding the fort," one striker remembered. "It was like war. The guys with me became my buddies." No longer able to count on federal troops or even the police as they had before 1929, corporations like General Motors and Ford spent a million dollars a year for spies and a private police force to fight the strikers. But worker discipline gradually defeated the automobile and steel companies and established CIO unions throughout these industries.

In his message to Congress in 1935, Roosevelt declared that "we

Name: _____ Date: _____ Period: _____

From the Historians: The Great Depression

Robert Remini, *A Short History of the United States* (215-217)

1. How much market value was lost in one month during the stock market crash?

2. How much money did Hoover invest in “public works”? What was the result?

3. How would you describe Secretary of the Treasury Andrew Mellon’s reaction to the economic crisis? Why?

4. What led to the “Bonus March”?

5. What was the RFC, and what was its purpose?

Eric Foner, *The Story of American Freedom* (206-209)

6. Who benefited from the programs enacted under the Social Security Act of 1935?

7. How did gender and race play a part in the Social Security system?

8. Why did “black voting patterns” begin to change during the New Deal?

9. How was the implementation of the New Deal in the South discriminatory?

Howard Zinn, *A People's History of the United States* (392-395)

10. What was the purpose of the Wagner Act of 1935?

11. How did World War II effect unions?

12. According to Zinn, what really put people back to work?

13. How did the New Deal contribute to the arts?

14. According to Zinn, how were African Americans treated under the New Deal?

David Noble, *The Free and the Unfree* (338-341)

15. How was Franklin Roosevelt's attitude toward government involvement in the economy different from Hoover's?

16. What was the AAA? Why was it passed into law?

17. What were some of the government programs created under FDR to help the poor and unemployed?

18. Who was Huey Long? What was his criticism of FDR?

19. What was the purpose of the Norris-LaGuardia Act?