Congress (LC-USF3301-006408-M5), digital ID: LC-DIG-fsa-15603.

In 1932, a group of 22,000 World War I veterans marched on Washington, D.C., to demand that the U.S. Congress pay them the bonuses they had been promised for their service in the war. For weeks thousands of veterans camped on Anacostia Flats, within sight of the Capitol, while President Hoover and Congress refused to pay the bonuses. Finally, the president sent the U.S. Army to break up the "Bonus Army" camps. Generals Douglas McArthur, George Patton, and Dwight Eisenhower led the operation. Photographs and newsreels showed tanks rolling through the streets of the nation's capital, and current U.S. soldiers setting fire to tents occupied by the heroes of World War I, and they contributed to Hoover's loss of public support as the 1932 election neared.

Workers and the Changing State during the New Deal

By 1932, Herbert Hoover had become by all accounts the most unpopular person in the United States. In contrast, New York's governor, Franklin Delano Roosevelt, brought his optimistic paternalism to the national public, projecting confidence and campaigning on the promise that he would bring "Happy Days Again." As governor, Roosevelt had experimented with unemployment relief and public works programs that became popular among New Yorkers. Yet he came to the presidency with no immediate or comprehensive solution to the nation's economic troubles. Instead, the New Deal represented a series of experiments which, though they did not pull the nation out of the depression (only economic mobilization for World War II would do that), still dramatically transformed the American economy by creating a new welfare state, strengthening unions, and affirming the economic importance of government action as a source of both spending and business regulation.

President Roosevelt immediately took steps to address the national crisis. He initiated important banking reforms, rationalizing and regulating the banking system and providing deposit insurance. Together, these reforms arguably created the conditions for relative financial stability that helped make possible the growth of a mass middle class after World War II. Roosevelt and his allies also ended the alcohol ban of Prohibition, eliminating one cause of suffering and chaos in working-class communities. He also expanded direct relief to the poor and enlarged public works projects significantly.

President Roosevelt then embarked upon a series of legislative efforts known by historians as the "first New Deal." Congress passed the National Industrial Recovery Act (NIRA) in June 1933, which sought to create a new corporatist style of regulated and planned economy in which big government, big business, and labor would work together to achieve greater efficiency. The NIRA eliminated most antitrust restrictions and, in return, asked businesses to cooperate with the National Recovery Administration (NRA), a new federal agency which would oversee a wide range of economic activities, notably wages, the prices of consumer goods, and the cost of transportation. The Supreme Court, however, struck down the NIRA because the law amounted to unconstitutional federal intervention in interstate commerce.

Yet the NIRA had two longer-lasting and largely unforeseen consequences. First, it reinforced the federal commitment to public works programs as part of the solution to the national crisis. Second, the NIRA stipulated that "employees