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The Impact of the New Deal Legacies on Modern American Economical, Political, and Psychological Thought

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Dedication

To the tenderest and purest heart, my mother

Bouchra AISSANI

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*To my first source of knowledge, my loving father, **Seddik**,*

*To my role model, Miss **Romaissa Chibani***

Amira BOUBAYA

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Abstract

Roosevelt's first and second New Deal policies, implemented in the 1930s, were applied to handle the repercussions of the 1929 Stock Market Crash, particularly, the Great Depression and unemployment. In this perspective, the objective of the present study is to see if such initiatives still have an impact on modern America's economic, political, and psychological thinking. In this regard, the descriptive method is used to discuss such a topic because it depicts many historical events and facts. Also, included is a comparative analysis to compare the stock market crashes of 1929 and 2020 - of which were sparked by Covid-19-. According to the findings of the study, the New Deal was a two-edged sword with both positive and negative features. The New Deal then succeeded in reviving the American economy but failed to end the Great Depression, which was instead brought to an end by WWII mobilization. The most significant finding of the study is that some of the New Deal services are still operating in the United States today. They have a major economic, political, and psychological effect on contemporary America.

Key Words: Roosevelt, New Deal, the Stock Market Crash, 1929, 1930s, 2020, the Great Depression, unemployment, modern America, thoughts, economical, political, psychological.

List of Figures

List of Tables

List of Abbreviations

GDP: Gross Domestic Product

FDR: Franklin Delano Roosevelt

AAA: Agricultural Adjustment Act

CCC: Civilian Conservation Corps

TVA: Tennessee Valley Authority

FERA: Federal Emergency Relief Administration

NIRA: National Industrial Recovery Administration

NRA: National Recovery Administration

FDIC: Federal Deposit Insurance Corporation

SEC: Securities and Exchange Commission

SSA: Social Security Act

WWI: First World War

WWII: Second World War

CWA: Civil Works Administration

FSRC: Federal Surplus Relief Corporation

WPA: Works Progress Administration

SERA: State Emergency Relief Administration

NYA: National Youth Administration

ERCA: Emergency Relief and Construction Act

NLRB: National Labor Relations Board

GNP: Gross National product

COVID-19: Corona Virus Disease 2019

WHO: World Health Organization

GFC: Global Financial Crisis

GFC: Great Financial Crisis

DJIA: Dow Jones Industrial Average

Table of Content

General Introduction

During a decade named “Roaring Twenties” dated from 1920 until 1929, Americans were depicted as almost the most prosperous and the happiest people in the world. They enjoyed having cars, higher incomes, and electrical devices such as refrigerators, vacuum cleaners, stoves as well as radios among other things. In the same context, the twenties, a decade of fads and trends resulted in self-indulgence as members of the new mass audience compared themselves to ideals of better sanitation, easier housekeeping, enhanced salesmanship, and greater riches, all of which were intended to sell things. Meanwhile, society played fast and loose with its money, with wage earners developing habits such as installment buying and stock market gambling. Vacuum cleaners, washers, dryers, refrigerators, radio sets, irons, and sewing machines were all suddenly available and necessary in the store windows. The agrarian past disappeared into popular nostalgia in the pages of magazines and novels; to be contemporary and urban meant clean fingertips, education, pressed clothes, comfort, and an actual job. By the census of 1920, the United States had become an urban society for the first time, with more than half of the people residing in cities (Streissguth).

Surprisingly, this feeling of ease did not endure long. It was completed by “the Crash” of Wall Street in New York City, which resulted in unemployment due to a drop in American stock prices, as O’ Callaghan confirmed, “Twelve million people, one out of every four of country’s workers, were unemployed” (98); there is one fact that stands out. The "great crash" was a strong indicator of serious economic problems in the United States. These issues worsened throughout 1932, and their consequences lingered for another ten years (Hanes 88). The great depression affected the American economy, politics, and psyche. In fact, Democratic Franklin D. Roosevelt was inaugurated president of the United States of America in March 1933. Roosevelt launched his hundred-day plan, dubbed "The New Deal," to save the American economy and people from such peril and to restore America's greatness. This was a series of economic programs that included institutions and organizations to assist Americans in finding work and improving their circumstances following the 1929 financial crisis. In reality, many prior studies focused on the New Deal and its impact on improving Americans' living standards and the government; however they overlooked the deal's impact on modern American economic, political, and psychological philosophy.

Additionally, The Great Depression was sparked by the market crash of 1929, which was driven by economic devastation and panic selling and launched the Great Depression. Other well-known stock market disasters that took place during the course of the history of the USA include Black Monday in 1987, the 2001 dotcom bubble burst, the 2008 financial crisis, and the 2020 COVID-19 pandemic crash. The latter, the March 2020 stock market crash, which was caused by COVID-19, was a recent and significant stock market catastrophe, with far-reaching implications for financial markets and economies (investopedia.com). Fundamentally, several insights may be drawn from the Great Depression to combat the Covid-19 crisis.

Statement of the Problem:

When taking a look back at the outline of the American history, it can be noted that it is filled with several prominent chapters that contributed in shaping contemporary America. The Great Depression represents a major historical event which is considered to be a turning point in the American life; its occurrence did not only led to a severe economic crisis, but also helped in redefining the role of the government under Franklin Roosevelt administration of the New Deal agencies. As a matter of fact, this research seeks to solve a problem which was not given the appropriate significance in a certain way by previous researchers and scholars, hence; this study is an effort to fill this gap by addressing the issue of the influence that the

New Deal has created in contemporary America, mainly to analyze to what extent and what areas was such period crucial in reshaping the thought and altering the perspective of American people. Furthermore, comparing the 1929 Stock market crash alongside the Great Depression with the 2020 stock market crash triggered by the Covid-19 pandemic, this study expands the research to extract the major lessons derived from a severe economical downturn, namely, the Great Depression, and how such lessons can be relevant in dealing with the current situation of the Covid-19 recession.

Aims of the Study

The study is an attempt to analyze notions like: Great Depression, New Deal Legacies, Modern America, Lasting Impacts on Thought, 2020 market crash etc. by reviewing important historic milestones that took place since 1929. One of the concerns of this study is to discover whether New Deal reforms were sufficient to pull out the country from its depressed state. This research also aims at exploring whether the New Deal reforms are still employed by the American governors today to solve the economic problems. The conducted study addresses the issue of the New Deal and how it contributed in altering the thought of American people. In general, the objective of this dissertation is to evaluate the legacies of the New deal, as well as it seeks to link such prominent chapters in history with the present economical crisis induced by Covid-19.

Research Questions

This study attempts to answer the following questions:

1- What is the New Deal? , Who is Franklin D. Roosevelt?

2- What were the key factors behind the adoption of such a deal?

3- What were the New Deal Programs? , were they effective and useful?

4- Are they still employed by the American governors to solve economic problems?
5- Does the New Deal still influence modern America? If yes, how and to what extent?
6- How can the Great Depression of the thirties be similar or dissimilar to the 2020 economical downturn in the USA?
7- The great depression: what lessons can be drawn from it to fight the Covid-19 crisis?

Hypothesis

In attempting to investigate the problem of this research the following hypothesis is proposed:

If Roosevelt's New Deal was not implemented, the modern American thought would have developed differently.

Structure of the Study

The dissertation is divided into three main chapters. The first chapter is devoted to reviewing the literature concerning a period known as the "Roaring Twenties", then what comes after it: the stock market crash of 1929 followed by the Great Depression, in which a thorough interpretation is provided concerning this whole issue. The first chapter elucidates Hoover's administration during the Great Depression, concluding by Franklin Delano Roosevelt coming to power. The second chapter mostly deals with the president Franklin D. Roosevelt coming to the scene with his promising policy called the "New Deal" as an attempt to pull out the country from its depressed state adopting a number of programs and reforms, which are analyzed and explained in details. Third chapter sheds light on the long term impact of the "New Deal" legacies on the economical, political, and psychological thought of Modern American people, i.e. how Americans view such prominent phase in their history. In addition to linking the 1929 stock market crash and depression to the current economic situation caused by Covid-19, and lastly, extracting key lessons from such severe economic downturn, and how these lessons might be applied to the present state of the Covid-19 recession.

Chapter I

From Luxury to Crash to Depression

1.1. Introduction

It is critical to delve into the American past and explore the main circumstances for each rise and fall of the American society throughout history. The Great Depression, also known as the Crash, was the most severe economic downturn in the history of the industrialized America. In this regard, Chapter one of this research addresses the following sections: a historical background concerning the Roaring Twenties, the main causes and consequences of the Stock Market Crash shedding light on the Herbert Hoover supervision at the early beginning of the Great Depression. Then, moving to Franklin Delano Roosevelt's reaching to presidency.

1.2. Life before the Thirties: The Roaring Twenties

"The Roaring Twenties, good times, wild times" a significant phase of American life took place during the 1920s. The Jazz Age, the Age of Intolerance, illegal liquor, and the Age of Wonderful Nonsense were all terms used to describe this time period. The 1920s also marked the beginning of modern America, as it was a period evident by rapid technological advancements and innovations, the United States was very rich in these years. Other nations owed it a huge amount of money as a result of the First World War. There were plenty of raw materials and factories. Its national income - the aggregate of its entire people' earnings - was much higher than the combined incomes of the United Kingdom, France, Germany, and Japan (O'callaghan 92).

Along similar lines, McNeese explained that the 1920s are frequently regarded as the start of the modern era. Radios, automobiles, movie theaters, washing machines, vacuum cleaners, refrigerators, and telephones all became popular during this decade. Women were given more freedom to work or attend university. The majority of people had jobs and money to spend, and they chose to spend it by having fun. The time became known as the "Roaring

Twenties" as a result of this reprieve from the horrors of the war. Nightclubs were frequently visited by wealthy socialites who ate, listened to live music, and danced (88).

By this time, more Americans lived in cities than on farms, and the country's wealth had doubled, resulting in a surge in consumerism. Many Americans purchased the latest home appliances and clothes, and life was in full swing for them, with plenty of money and time. Entertainment was in high demand, and the film industry exploded. People went to music halls and danced the Charleston, the Flea Hop, and the Cakewalk during the Roaring Twenties. Correspondingly, this era witnessed new advancements in transportation and infrastructure, with the automobile being one of the most important consumer goods. In 1908, Henry Ford created the first affordable car, the Model T; therefore, over ten million Model Ts were manufactured by 1924. On the other side, Prohibition was a statewide constitutional ban on the production, importation, transportation, and sale of alcoholic beverages, which resulted in the rise of speakeasies and gangs selling alcohol illegally. As a matter of fact, crime rates in major cities rose by twenty four percent during prohibition (Bolles 03:26).

According to *Britannica* encyclopedia, a new feminism emerged during the Roaring Twenties. Due to labor shortages, many women were forced to work outside the home during World War I. They refused to give up their newfound social and economic independence after the war ended. When American women finally got the right to vote in 1920, it was a leap forward in their empowerment. Flappers were young women who accepted the free and fun-loving lifestyle of the time. By cutting their hair short in a "bobbed" style, they defied the conventional image of women. They ditched their suffocating corsets, shortened their skirts, and experimented with bold makeup. They also drank and smoked in public, defying the expectations of “respectable” women yet again. During the 1920s, this liberation spirit flourished among African Americans as well. They, too, fought against "tradition," which included centuries of racism and discrimination in their case. African American writers, artists, and musicians were inspired by a new sense of racial pride to question traditional "white" norms and experiment with new forms of self-expression. That is to say, Literary and visual arts were also influenced; the emergence of the Harlem Renaissance, which focused on arts related to African-American culture.

All things considered, many Americans became well-off as a result of the growth of industry. Thousands spent money in successful companies so that they could share in their profits, and millions earned good wages. With their money, people bought a variety of new products. Frequently, they were able to attain these items by paying a small deposit and agreeing to pay the remainder of the cost through an "installment plan", which was totally unsustainable. "Live now, pay tomorrow," they said, believing that tomorrow would be just like today, only better, with even more money in their wallets. Nonetheless, things started to change at the end of 1929, the American share prices collapsed; it was the beginning of an era known as the Wall Street Crash. It marked the end of the prosperity of the 1920s (O' callaghan 92-97).

1.3. The Stock Market Crash, Black Thursday: The Beginning

The 1929 stock market crash is the first thing that comes to mind when people think of the Great Depression. It is true that the stock exchange of the 1920s was regarded as a sign of American economic growth. In other words, although the United States enjoyed the prosperous years of the Roaring Twenties, many flaws remained in the American economy, and income inequality persisted in the 1920s on many levels. Money was distributed unequally between the wealthy and the middle class, between industry and agriculture within the US, and between the US and Europe, so, the economic problems were long in the making .Besides, the bank system at the time was neither powerful nor cautious enough to keep up with the era's economic and social changes (Lahcene 17).

On this concern, Galbraith explains that the federal government led to the increasing divide between the wealthy and the middle class. Since business was supported and, therefore, the rich who invested in these businesses. Therefore, the wealthy were becoming wealthier at a faster pace and the poor were becoming poorer (7).

In addition, although new industries thrived in the 1920s, others, especially agriculture, were in steep decline. As a result, the average annual income of all Americans was significantly higher than the average annual income of all Europeans. Hence, it can be stated that the Stock Market Crash of 1929 was kind of “predictable”.

As regards to Kindelberger’s point of view many people believe that the 1929 Stock Market Crash and the Great Depression are the same things, but economists argue that they are not. Nonetheless, they agree that the stock market crash was undoubtedly one of the factors that accelerated the course of the economic recession that had already begun prior to October 1929. However, the rapid fall in the value of stocks, the collapse of the fortunes of people who were gambling the stock market, and the immediate effect on investment and consumer spending triggered by the stock crash had a negative impact on production, profits, and jobs, making it difficult to claim that the stock market was merely a warning or triggering, rather than a fundamental force in the economy (127).

Apart from this, economists continue to study the Great Depression and still, they did not settle for one factor that could be the ultimate reason behind such destructive economic collapse, especially when things seemed all bright and promising. Many explanations have been proposed over the years, but no single, widely accepted explanation for why the Great Depression occurred or why the economy ultimately recovered has emerged. Accordingly, The New York Stock Exchange is located on Wall Street, and it was a sign of the era's prosperity, here. Stockbrokers are people who buy and sell valuable pieces of paper called share certificates. Each certificate signifies a certain amount of money invested in a company. Huge profits were made during the Roaring Twenties.

In this respect, O’Callaghan stated:

> Owning shares in a business gives you the right to a share of its profits. But you can make money from shares in another way. You can buy them at one price, then, if the company does well, sell them later at a higher one. More and more people were eager to get some of this easy money. By 1929 buying and selling shares - "playing the market" - had become almost a national hobby. You could see this from the rise ill the number of shares changing hands. In 1923 the number was 236 million; by 1929 it had grown to 1,125 million. (96)

Furthermore, the stock market attracted not only financiers and businessmen, but also ordinary Americans. Many people took their savings out of banks and invested them in stocks and services in order to make more money. Some people also went as far as mortgaging their homes to boost their cash flow. Simply put, a mania took over the city. Meanwhile, those new investors “on the margin” purchased millions of shares of stock. By combining the purchasing of common stocks with the purchase of bonds or debentures, investors were able to benefit from the entire rise in value with limited personal investment. In effect, this practice was similar to financing a car purchase. Investors had to pay just 10% and borrowed 90% of the share value from banks, with the hope of repaying the loan and the brokers' fee with the benefit from the sale. If stock prices rose as a result, the investor would profit significantly (Lahcen 48).

It is crucial to consider the fact that the true value of shares in a business firm depends on it profits, by that time, real production and prices both plummeted. Industrial production in the United States dropped 47 percent between the peak and the trough of the downturn, while actual Gross Domestic Product (GDP) fell by 30 percent. According to

Investopedia, GDP refers to the overall monetary or market value of all the finished goods and services generated within a country's borders in a particular time span, as a large measure of overall domestic production, it serves as a detailed scorecard of a given country's economic performance. The wholesale price index fell by 33%. (Such declines in the price level are referred to as deflation), wrote Pells & Romer in Encyclopedia *Britannica.* Under those circumstances, people began to have doubts, and began to sell their shares, their numbers rose by the day. As a result of the large number of people selling their stocks, prices began to decline. Many investors initially kept on to their stocks in the expectation that rates will rise again. However, the descent became more rapid. Panic ensued. On Black Thursday, October 24, 1929, thirteen million shares were sold. The following Tuesday, October 29th, dubbed "Terrifying Tuesday," 16.5 million copies were sold. The value of all shares had fallen by S40, 000 million by the end of the year. Thousands of people, especially those who had borrowed to buy on the margin, were left in debt and on the verge of bankruptcy. Some people took their own lives (O'Callaghan 97).

Consequently, the crash not only wiped out a lot of money, but it also raised concerns about the economy's health and future. This has resulted in a lack of trust on a wide scale. Americans who were personally or indirectly involved in stock market practices were mentally harmed by the sudden and brutal drop in stock prices and commodities (Lahcene 16-32).

Therefore, on October 29th, 1929, the most disastrous day in the history of the New York stock market, when 16,410,030 shares were sold, and the market continued to decline for two weeks, before rates hit their lowest level on November 13th of the same year. The chart below illustrates the 1929 Crash on a monthly basis; the drops on October 28th and 29th appear to be very significant...

Figure01: The Dow Jones Industrials during the 1929 Crash

Taken from the University of Notre Dame Website: Https://www.nd.edu/

1.3.1 The Essence and Effects of the Great Crash

The stock market did indeed crash in 1929, but investors and financiers believed that the market was merely readjusting and that there was no reason to panic. However, the predicted recovery did not happen. In addition, in July 1929, the Federal Reserve's (The Federal Reserve System is the United States' central bank, which was created in 1914 as a result of the 1907 financial crisis, when the National Monetary Commission was formed to investigate what was wrong with the American banking system. The Commission's report, released in early 1912, contributed to the creation of the Federal Reserve System.) index of industrial output fell. Other indexes started to decline in August and September. Stockholders revised their aspirations and began to buy their behavior as a result of the mixed news and rising interest rates. As a result, a wave of selling was triggered by the accumulation of hundreds of thousands of shares of stock in the hands of traders whose margins had run out or were about to run out (Lahcene 29).

“What had gone wrong?” people asked. For his part, Galbraith and other academics suggest that a stock market bubble, an article on thebalance.com website written by Amadeo in which she explains the concept as it is identified by the Board of Governors of the Federal Reserve System, an asset bubble occurs when the price of a product, such as homes, stocks, or gold, rises rapidly over a short period of time without being backed by its actual value. Irrational exuberance—a condition in which everybody is buying up a particular asset—is the hallmark of a bubble. When a large number of investors rush to a particular asset class, such as real estate, demand and price rise, during a bubble, investors continue to bid-up the price of an asset beyond any real, sustainable value. Eventually, the bubble "bursts" when prices crash, demand falls. Such bubble asset emerged during the 1920s' rapid economic growth. They emphasize the irrational element—what they call the mania—that led the public to invest in the bull market in this regard. According to Galbraith, the stock market's rise is due to "the vested interest in euphoria [that] leads men and women, individuals and organizations to assume that all will be better, that they are meant to be richer, and to ignore as intellectually defective what contradicts that belief." This strong desire to purchase stocks and profit was then boosted by a rise in credit in the form of broker loans, which enabled investors to make more and more trades (53).

Indeed, many Americans were drawn to the stock market by the common idea that everyone could become wealthy. This mentality was captured by a financier in an article titled "Everyone Ought to Be Rich." “Invest $15 a month in sound common stock,” he recommended, “and your investment will rise to $80,000 in twenty years.” Despite this, several observers agreed that the incompetent financial system, devoted international exchange, uncompetitive manufacturing, and stagnant agriculture were all signs of the American economy's severe illness.

Along similar lines, the stock market crash of 1929 was caused by a combination of factors, according to most economists. A soaring, overheated economy that was destined to crash played a significant role. Overpriced stocks, public panic, rising bank loans, an agricultural crisis, higher interest rates, and a pessimistic press all contributed to the chaos. Many investors and common citizens lost all of their money, and many banks and businesses went bankrupt. Simply put, low wages, debt proliferation, a faltering agriculture sector, and an abundance of large bank loans that could not be repaid are all contributing factors of the Great Crash, also Stocks were wildly overpriced at the time of the crash, according to some analysts, and a collapse was imminent (history.com).

Although several theories have been proposed to elucidate the Crash, no one has been able to completely explain it. Here are some of the proposed explanations:

Not to mention, many people claim that stocks were overpriced, and that the crash brought stock prices down to normal levels. However, several researches that use traditional stock valuation metrics like Price/Earnings and Price/Dividend ratios claim that the stock prices were not too high. Furthermore, Repeated Statements by Public Officials, Many government officials claimed that the stock prices were too high. For example, Herbert Hoover, the newly elected President of the United States, claimed publicly that stocks were overvalued and that speculation harmed the economy. Hoover's comment revealed the extent to which he was willing to go in order to maintain leverage of the stock market. These comments led investors to assume that the market will continue to perform well, which may have contributed to the Crash. (University of Notre Dame: https://www.nd.edu/)

To sum up, O'callaghan wrote:

> Some blamed the blindness of politicians for the Crash, others the greed of investors and stockbrokers. But it had a more important cause. The fact was that by the end of the 1920s not enough people we re buying the products of America's expanded industries. Why? Because too little of the United States' increased wealth was finding its way Into the hands of the country's workers and farmers. The most important cause of the Wall

> Street Crash was simply this –that too few Americans were earning enough money to buy the goods that they themselves were producing.(97)

The burden of debts was, in effect, one of the reasons that turned the crash into a serious economic downturn. The Crash affected the life of many people. The key and direct result of the 1929 Stock Market Crash was that a significant portion of the country's income, which had been invested in wild speculation and highly inflated stock prices, disappeared in a matter of days. As Allen wrote about the case:

> The disaster which had taken place may be summed up in a single statistic. In a few short weeks it had blown into thin air thirty billion dollars – a sum almost as great as the entire cost of the United States participation in the (first) World War, and nearly twice as great as the entire national debt.(QTD in. Davis 270 & 271)

As a result of the Crash, a large portion of the country's consumers' credit was depleted, and Americans found themselves investing a large portion of their current income to pay for past, rather than new, purchases. This slashed demand for products and exacerbated company losses.

With this in mind, it is necessary to note that people were wiped out by the crash. They had no choice but to sell their businesses and liquidate their life savings. When the stock market began to fall, brokers called in their loans. People struggled to come up with enough cash to support their margins. They had lost trust in Wall Street.

The intensity of the Depression can then be attributed to an autonomous and entirely unexplained collapse in consumption as a result of the stock market crash and subsequent contraction of money, taking into account the fact that consumers respond more quickly when wealth contracts than when it expands. Because of the drop in demand, there was a drop in spending, which led to a drop in production and exacerbated the economic downturn, as manufacturers and merchandisers saw an unintended increase in inventories.

To sum up, in early October, the market began to fall. As trading volume grew, brokerage firms became overburdened, margin calls became more common, and the ticker started to fall behind. Investors lost track of their status as timely monitoring of prices became unlikely. On Black Thursday and Black Tuesday, panic sales started. Margin calls were placed on damaged accounts, and many others had to liquidate their holdings as a result of the vertical price declines. Even when the frantic selling subsided, the market was unable to be bolstered by bankers or large-scale stock purchases (White 81).

The stock market made a strong comeback in the first term of 1930, and the industrial signs showed measurable positive indices. “With the conclusion of a period of deep concern in the spring of 1930, American industry is slowly returning to a normal degree of prosperity. However, the market's supposed self-correcting mechanism did not occur, and stability did not return. Instead, things went from bad to worse (Allen 243). As a result, the Great Depression was just around the corner.

Apparently, after the crash, caution took the place of speculation, and the question was whether the financial sector's events could be prevented from spreading to the real economy of employment, profits, and development. At that time, and in view of the economic circumstances preceding the crash, the claim that causes and consequences flow from the economy to the stock market, rather than the other way around, was right. Even though the stock market crash signaled the start of the downturn, the deep economic issues of the 1920s had already converged a few months before, kicking off the downward trend that led to the Great Depression (Lahcene 33). Following the stock market crash if 1929, the US economy fell into a recession that lasted for a decade. The major consequence of this period was a notable increase in unemployment.

1.3.2. Unemployment

Many people lost money in the market, but widespread unemployment and subsequent difficulties, which began in 1930, were what made the Great Depression the Great Depression. In this respect, the year 1929 ended on a high note, unless you are a farmer or a stockbroker. The Great Depression brought ruin and despair to the farmlands. Farmers were unable to sell their crops due to a lack of demand. Customers in the cities could no longer afford to buy as the number of people out of work grew by the day. If someone did buy them, it was for the cheapest price possible (O'Callaghan 98).

O'Callaghan demonstrated also that Nearly eight million Americans were out of jobs by the end of 1931, and they were not receiving unemployment benefits from the government. Many people were soon without a home or food, and they were forced to depend on charity. Millions of people waited in "breadlines" for hours at a time. They were given a few slices of bread or bowls of soup, which were paid for with money raised by those who could afford it (98).

In this sense Allen cites:

> A vicious circle of ebbing sales, followed by declining corporate income, followed by attempts to restore that income by cutting salaries and wages and laying off men, which caused increased unemployment and further reduced sales, which led to increased business losses, which led to further wage cutting and further firing men, and so on toward disaster. (165)

To give a sound illustration and an authentic source concerning this issue, and with reference to the U.S. Bureau of Labor Statistics, the United States recorded the highest unemployment rate which was 25 % in 1933, and it remained above 14% from 1931 to 1940 .Statistically speaking, and according to the Federal Reserve, the natural rate of unemployment is between 3.5 and 4.5 percent. If the rate falls any lower, the economy may experience too much inflation, which is defined by Hanson in his book: A Dictionary of Economics and Commerce, to be a condition where the volume of purchasing power is persistently running ahead of the output of goods and services available to consumers and producers, with the result that there is a persistent tendency for prices and wages to rise that is for the value of the money to fall and businesses may fail to find qualified employees to expand their operations.

As far as this matter is concerned, the following chart represents to what extent the unemployment rate in the United States rose from nearly 0% in 1929 to 25.6 percent in May 1933 i.e. during the Great Depression. This amounted to 15 million people were unemployed. Those on reduced hours or migrants/women who were not able to sign on for welfare were not included in this unemployment rate. Unemployment wreaked havoc on the economy, as unemployment benefits were severely restricted:

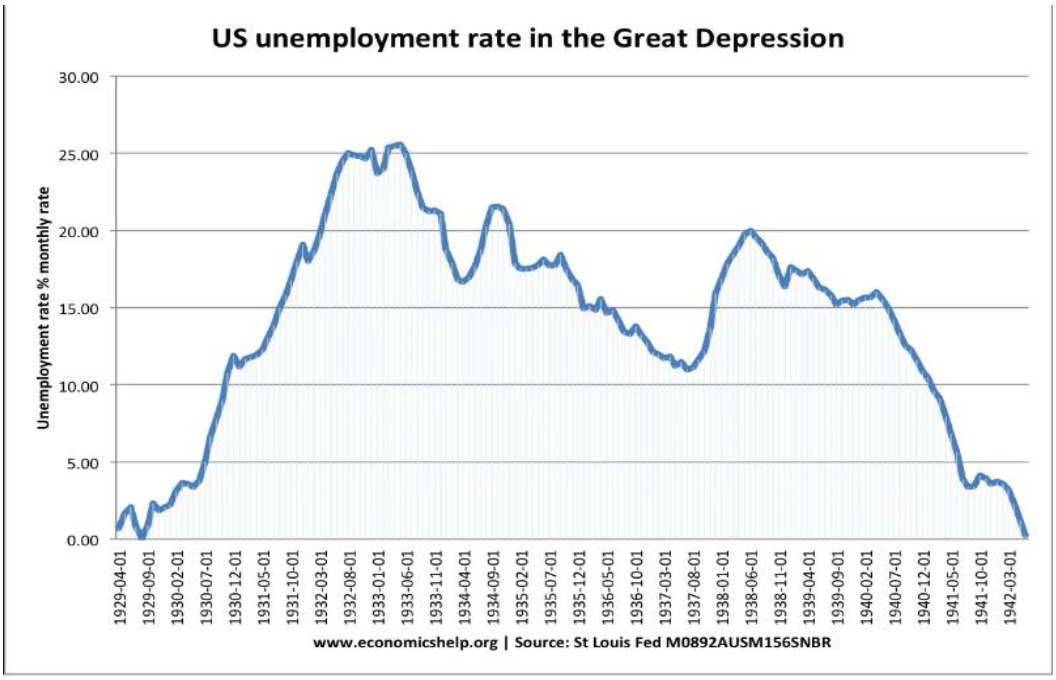

Figure02: US Unemployment Rates in the Great Depression

In essence, the unemployment rates rose during this era due to the circumstance that the demand for products plummeted; many companies went out of business, laying off their workers. Other businesses needed to cut expenses, so they employed fewer people. Almost all of the unemployment was caused by a lack of demand (or cyclical unemployment.). It is worth noting that during the Great Depression, unemployment increased in almost every country in the world. Unemployment increased sharply in countries that depend on foreign trade, such as Chile, Australia, and Canada (producers of raw materials). Countries that were isolated and self-sufficient were also spared the worst effects of the Great Depression. Countries like the Soviet Union, Spain, and Japan are examples. Detailed rates are illustrated as follows:

- UK unemployment reached a peak of 23% in 1932
- In 1932, Germany had a 30 percent unemployment rate (or five and half million)
- France – unemployment rate peaked at 5% in 1932 – France has never had a high unemployment rate since they have had a chronic lack of manpower since the First World War, and the crisis did not hit them as hard as it did the United States.
- New Zealand has a 15% unemployment rate (though unofficial measures suggest nearly double)
- The Soviet Union claimed to have a 0% unemployment rate. The Soviet form of Communism was more resilient to global capitalism.

Statistics taken from: https://www.economicshelp.org/

As reported by O'Callaghan, in the year 1932, the situation was much worse. Thousands of banks and over 100,000 companies had shut down as a result of the crisis.

Industrial output had dropped by half, and wage payments had dropped by 60%. The amount of new investment in industry has dropped by 90%. Unemployment amounted to 12 million people, or one out of every four jobs in the country. In the city of Chicago alone, almost a quarter of a million people were unemployed. This accounted for four out of every ten of the city's usual working population. In other areas, the condition was just as bad (98).

All in all, the Great Depression contributed to altering the lives of the majority of people in the United States in a negative way, unemployment rates stand as a solid example for such radical change. The bank failures on the other hand had a share in disrupting the American financial system were a major factor in the 1929-33 economic downturn.

1.3.3. American Banking System

The link between the banking crisis that followed the Stock Market Crash and the Depression-era economic recession is indeed very relevant. For this reason, it is essential to comprehend the relationship between the real economy, money, and banks. A modern economy, it is widely accepted, could not work without money. When so much money is printed, its value decreases, causing prices to increase (inflation). In the other side, shrink the money stock and the value of money increases, i.e., prices fall (deflation). In this regard, any abrupt or significant shift in the amount of money results in an economic catastrophe. Simply put, in order for an economy to function properly, the "money supply," or the total amount of money circulating in the economy, must grow at the same rate as the economy. Inflation occurs at a faster rate, while deflation occurs at a slower rate (Lahcene 42&43).

Despite the fact that the Federal Reserve System of the United States was established in 1913, the vast majority of America's banks were small, independent businesses that had to rely on their own resources. If the bank did not have enough liquidity on hand, it would go bankrupt. When there was a panic and depositors hurried to take their money out. As a result, a series of failures started in Louisville in 1930, spreading to Indiana, Illinois, Missouri, Arkansas, and eventually North Carolina. Banks called in loans and sold properties as depositors lined up to get their money out before the banks went bankrupt. In the end, this meant that credit froze, which was the catalyst for the economy's demise. Hence, the Federal Reserve's policies helped to push the economy further into a recession ("The Great Depression Crash Course US History #33" 04:12).

The video posted by Crash Course channel on YouTube further explained that since the credit system was frozen, there was less money in circulation, resulting in deflation, which is worse than inflation. As prices drop, business cut drops, primarily by laying off workers. Since these employees are unable to purchase anything, inventories continue to rise and prices continue to fall. Since banks were unable to lend money, employers were unable to make payroll and pay their employees. As a result, a growing number of businesses went bankrupt, leaving an increasing number of workers unable to afford the products and services that would keep the business afloat. As a result, the banks are partially to blame for the Great Depression. In other words, to counteract this deflationary spiral, the Federal Reserve did not bail out the banks or inject money into the economy (05:05).

Differences of opinion existed among Federal Reserve leaders about whether and how much assistance to extend to financial institutions that did not belong to the Federal Reserve. Help can only be granted to commercial banks that are part of the Federal Reserve System, according to some politicians. Others believed that member banks, including financial institutions that were not members of the Federal Reserve, should obtain sufficient assistance to allow them to assist their customers.

These disagreements led to the Federal Reserve's most critical omission: failing to stem the downturn in the money supply. The money supply dropped by nearly 30% from the fall of 1930 to the winter of 1933. The decrease in the supply of funds lowered average prices by the same amount. Deflation raised debt burdens, distorted economic decision-making, decreased demand, increased unemployment, and pushed banks, businesses, and individuals into bankruptcy (federalreservehistory.org).

To elaborate the issue from various aspects, Lahcene in her thesis entitled “THE GREAT DEPRESSION OF 1929 IN THE UNITED STATES OF AMERICA: Causes, Effects and Recovery” elucidated that some claim that the original Federal Reserve Act of 1913 had three significant deficiencies that explain why the Fed struggled to avoid the Great Depression's panics. First, membership was not necessary for all banks; it was required (by mandate) for national banks but optional for state banks and trust companies, limiting access to Federal Reserve loans and the discount window. The third point was that the decentralization of power among the twelve Federal Reserve Banks and the Federal Reserve Board made coherent and efficient policy action difficult and hindered policymakers' attempts to respond rapidly when banking panics arose. In fact, in addition to destroying the lives of thousands of individual investors, the dramatic fall in the valuation of assets had a significant impact on banks and other financial institutions, leaving bankers and financiers in a precarious position because their activities were blamed for the Great Depression. Hence, the bank collapses that shook the American financial system were a major factor in the 1929-33 economic downturn (44).

Moreover, The Bank of the United States, which had 400,000 depositors and was the fourth largest bank in New York at the time of the crisis, was one of the first banks to close. Despite being a private bank, economists argue that the Bank of the United States bankruptcy fed a fear psychology that gripped depositors across the world (Garett 55).

The third, and largest, wave of banking panics struck the financial markets in December 1932. The table below shows the estimated number of bank failures between 1930 and 1932:

Panic dates	Number of Failures
November –December 1930	806
April- August 1931	573
September-October 1931	827
June-July 1932	283

Table01: Number of Bank Failures: Great Depression

Source: Wicker, Elmus. Banking Panics of the Gilded Age. New York : Cambridge University Press,2000.Bannking and Monetary Statistics ,Washington,1943. p. 143.

As a result, anyone related to the bank or its customers was economically paralyzed in some way. A series of financial panics, or "bank runs," during which large numbers of distressed citizens withdrawn their deposits in cash, causing banks to liquidate loans and sometimes contributing to bank collapse, added to the nation's financial troubles during the Great Depression.

1.4. Herbert Hoover Administration during the Great Depression

"In Hoover we trusted, now we busted" (QTD in. O'Callaghan 98). It is relevant to underline the role of the president Herbert Hoover during the depressed state American people were facing during the thirties, for doing so; an introductory paragraph on the legacy of Hoover seems to be in order.

Taking into consideration the information provided by the White House website , it is mentioned that before becoming the 31st President of the United States from 1929 to 1933, Herbert Hoover rose to international prominence as a mining engineer and earned worldwide acclaim as "The Great Humanitarian" for feeding war-torn Europe during and after World

War I. Herbert Clark Hoover, the son of a Quaker blacksmith, brought to the White House an unrivaled reputation for public service as an engineer, administrator, and humanitarian. He was born in 1874 in an Iowa village and grew up in Oregon. When Stanford University first opened in 1891, he enrolled and graduated as a mining engineer. President Wilson appointed Hoover to lead the Food Administration after the US entered the war. He was able to reduce overseas food intake while avoiding rationing at home, ensuring that the Allies were fed. Hoover became the Republican Presidential candidate in 1928 after serving as Secretary of Commerce under Presidents Harding and Coolidge. “We in America today are nearer to the final triumph over poverty than ever before in the history of any land,” he said at the time. His election appeared to guarantee prosperity. However, the stock market collapsed within months, and the country descended into depression.

Basically, Hoover was certain that American prosperity would continue to rise, and that the hardship that some Americans already experienced would be a thing of the past. "There will be a chicken in every pot and two cars in every garage," he predicted. Many other Americans believed the same thing after seeing how their standard of living had risen during the 1920s (O’Callaghan 93).

O’Callaghan continued on writing on this subject that by 1932, citizens of all types - factory workers, farmers, office workers, and storekeepers - were clamoring for President Hoover to take more effective measures to combat the Depression. Hoover assumed that he could stop the Depression by doing two things. The first was to "balance the budget," or ensure that the government's expenditures did not surpass its revenue. The second goal was to revive businessmen's confidence in the future, enabling them to resume recruiting. In the early 1930s, Hoover repeatedly claimed that recovery from the Depression was "just around the corner." The factories, on the other hand, remained closed. The breadlines lengthened. People became hungrier. To a significant number of unemployed employees, Hoover seemed callous and incapable of assisting them (98).

Briefly the President proposed a plan to Congress that included the establishment of the Reconstruction Finance Corporation to assist enterprises, additional assistance for farmers facing mortgage foreclosures, banking reform, a loan to states to feed the unemployed, expansion of public infrastructure, and a dramatic government economy. Simultaneously, he reaffirmed his belief that, while people should not go hungry or cold, caring for them should be mainly a local and voluntary duty. “His opponents in Congress, who he felt were sabotaging his program for their own political gain, unfairly painted him as a callous and cruel President. Hoover became the scapegoat for the Depression and was badly defeated in 1932” (whitehouse.gov).

Along the same lines, Hoover's policies shed light on the labor force, with the aim of maintaining high wages and jobs. Hoover continued to believe in limited government and European-style liberalism, but his conduct prior to and after the 1929 stock market crash indicate otherwise. Hoover spent several years of government service as an advocate for interventionist policies before becoming President. Following his election as President, Hoover took drastic and far-reaching measures to fix the 1929 stock market crash. His interventionist policies were enough to transform a normal economic downturn into the Great Depression. His decisions were only "restricted" in the sense that he did not want any of his proposals to become permanent government policies. Furthermore, the federal government did not have the full complement of agencies and powers in Hoover's day (Thorntor 88).

Additionally, Thorntor asserts that because of Hoover, the labor market “failed.” Hoover's industrial labor policy and his famed White House conferences, where he urged workers not to slash salaries and instead use labor sharing programs when jobs needed to be decreased, contributed to the failure. Hoover claimed that if he could use government spending to boost the economy, protect employment, and keep salaries from dropping, he could avoid a major economic downturn. Hoover would do everything that was strategically possible to accomplish his goal during his presidency. Surprisingly, Hoover felt completely justified in his decisions even after more than three years of devastating economic repercussions as a result of his policies (89&90).

All things considered, the generally held view of Hoover as a laissez-faire adherent -laissez faire means being relatively free of government control or regulation-, as shown by Rothbard, is simply nonsense. He demonstrated that Hoover's attempts to protect labor and hold salaries high were destined to fail, and that his policies were largely responsible for turning the 1929–30 recession into the Great Depression.

Then appeared Franklin D. Roosevelt, Roosevelt was the Governor of New York State. Conversely, in 1931, the Democratic Party nominated him to run against President Hoover in the presidential election that year.

1.5. Franklin Delano Roosevelt Coming to power

Based on the data published by the website of the White House Organization Franklin D. Roosevelt became President in the midst of the Great Depression, and he helped the American people restore confidence in themselves. He instilled hope by promising swift, decisive action and declaring in his Inaugural Address that “the only thing we have to fear is fear itself.” He attended Harvard University and Columbia Law School after being born in 1882 in Hyde Park, New York, which is now a national historic site. He married Eleanor Roosevelt on St. Patrick's Day, 1905. Franklin D. Roosevelt entered public service through politics, albeit as a Democrat, following in the footsteps of his fifth cousin, President Theodore Roosevelt, whom he respected greatly. In 1910, he was elected to the New York Senate. He was named Assistant Secretary of the Navy by President Wilson, and he ran for Vice President as a Democrat in 1920. Afterwards, in 1928 Roosevelt became Governor of New York. In November 1932, he was elected to the first of four terms as President. By March, there were 13 million unemployed people, and nearly every bank had closed its doors.

As O'Callaghan points out, Roosevelt exuded vigor and resolve, as well as a genuine concern for the welfare of common citizens. Anxious men and women around the United States thought that at long last, there was a man who understood their problems, who empathized with them - and, most importantly, who seemed as though he might go out of his way to assist them. Roosevelt's central concept was that the federal government should lead the war against the Great Depression. He said to the citizens of the United States: "The country needs and demands bold, persistent experimentation. Above all, try something." He promised a "New Deal" to them (98-99).

Generally speaking, Franklin D. Roosevelt is regarded as one of the most influential political figures of the twentieth century, managed to lead the United States through 12 years of domestic and foreign chaos to its transition into a stable and modern world force. The following time chart summarizes the journey of president FDR from birth till ascending the throne of presidency:

1882	January	Birth of Franklin Delano Roosevelt
1896	September	Roosevelt enters Groton School
1900	September	Roosevelt enters Harvard College
1905	March	Franklin Roosevelt marries distant cousin Eleanor Roosevelt
1907	June	Roosevelt joins Wall Street law firm
1910	November	Roosevelt elected to New York State Senate as Democrat
1912	November	Woodrow Wilson (Democrat) elected president

1913	March	Roosevelt appointed Assistant Secretary of the Navy
1917	April	United States enters First World War
1920	July	Democrats nominate James Cox for president and Roosevelt for vice-president
	November	Republicans under Warren Harding win presidential election
1921	August	Roosevelt crippled by poliomyelitis
1928	November	Election of Republican Herbert Hoover to the presidency
		Election of Franklin Roosevelt as Governor of New York
1929	March	Herbert Hoover inaugurated as president
	October 24	'Black Thursday': Stock market collapse
	October 29	Stock market prices fall 40 points
1930	June	Hawley-Smoot Tariff raises rates
	December	Congress authorises $ 100 million spending on public works
1931	August	New York's Temporary Emergency Relief Administration established
	September	United Kingdom comes off gold standard
1932	January	Reconstruction Finance Corporation (RFC) established
	July	Bonus Marchers driven from Washington
	November	Democrat Franklin D. Roosevelt defeats Herbert Hoover in presidential election
1933	March 4	Roosevelt inaugurated as president

Taken from: M.J. Heale p. xi/xvi

1.6. Conclusion

To sum up, according to Britannica the 1929 stock market crash, also known as the Great Crash, was a sudden drop in stock market prices in the United States in 1929 that led to the Great Depression of the 1930s. The Great Depression lasted about ten years and affected both industrialized and non industrialized countries around the globe. Major figure like Franklin D. Roosevelt is considered as a prominent leader in dealing with the crisis.

Chapter II

The New Deal under FDR Administration

2.1. Introduction

> This great nation will endure as it has endured, will revive and will prosper. So first of all let me assert my firm belief that the only thing we have to fear is fear itself- nameless, unreasoning, unjustified terror which paralyses needed efforts to convert retreat into advance. (Roosevelt) [1]

In his first inaugural address on March 4, 1933, President Roosevelt clearly announced his strong will to redeem his nation from 1929 crisis upshots and make it great de novo.

Of this, the second chapter endeavors to report and analyze in- depth the First New Deal programs, specifically, The Agricultural Adjustment Act (AAA); the Civilian Conservation Corps (CCC); the Tennessee Valley Authority (TVA); the Federal Emergency Relief Administration (FERA); the National Industrial Recovery Administration (NIRA); Federal Deposit Insurance Corporation (FDIC) and Securities and Exchange Commission (SEC)**.** As well as, the Second New Deal legislations focusing on the Social Security Act of 1935(SSA) and the Wagner Act. Another point to deal with in this chapter is the main causes that contributed to ending the most despondent era in the history of the United States of America answering whether it was mainly terminated by Roosevelt's New Deal or World War Two (WWII) or both of them.

2.2. The First New Deal (The First One Hundred Days New Deal), 1933-1935

2.2.1. The Relief Programs

The relief programs refer to the various activities, projects, acts, agencies, and organizations set by the American President Franklin Delano Roosevelt to restore hope, prosperity, and social welfare to the Americans after the economic crisis of 1929. The

[1] . taken from Roosevelt' s first Inaugural Speech of 1933
Source: avalon.law.yale.edu/20th –century/froos1 .asp

principle was providing the poor and unemployed citizens with funds and the needed tools to work and refresh the depressed economy sectors; as Kantor, Fishback & Neumann illustrated, "In response to this massive unemployment as well as other economic and financial panics, Roosevelt's New Deal in 1933 introduced the first targeted federal relief programs for the poor and unemployed"(5).

The Civilian Conservation Corps (CCC):

In his first inaugural speech on March, 4, 1933, Roosevelt released:

> Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the government itself, treating the task as we would treat an emergency of war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources. (Roosevelt)[2]

Along these lines, Roosevelt introduced his relief work project called the Civilian Conservation Corps (CCC). This latter was formally established in March, 1933 and ended in 1942 by which more than two million youths were recruited that must be American citizens, have a good health, declaring their monetary necessity (The Editors of Encyclopedia Britannica). Moreover, the CCC was founded to provide jobs for the jobless and single men aged between eighteen and twenty five years old in reply to the Stock Market Crash effects of 1929 as well as protecting the American natural resources from deforestation and drought.

Another point to consider is the CCC administration. The American Army was at the helm of overseeing the CCC. In addition to other departments' charges concerning this agency including the Labor, the War, the Agriculture, and the Interior Departments. At the start, the young men who wanted to be enrollees in CCC camps were chosen by the

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[2] . Taken from Roosevelt' s First Inaugural Speech of 1933
Source: avalon.law.yale.edu/20th –century/froos1 .asp

Department of Labor. The War Department was responsible for physical conditioning, haulage, camp building and management, and provisions. Also, the Agricultural Department outlined and supervising labor projects on national forests in The U.S.A. In this regard, the Department of the Interior had the same mentioned Departments' activities. Furthermore, the CCC recruited men constituted over six million erosion control structures; cultivated more than two billion trees; made one hundred and twenty five thousand miles of trails and roads and passed six million labor days battling forest fires. In addition, they annihilated runnel contamination and saved gas, petroleum and helium deposits. Also, these young men had been spending six months in recruitments; then in late September the Department Labor made it possible of two years of service for the ones who want. Along the same lines, the enrollees were provided with clothes, food, medicines as well as a fee measured of 30 $ for each month. Every recruit was coerced to send a sum of money of at least 25 $ monthly to a reliant.

The Civil Works Administration

The CWA was established in November, 1933 by the President Roosevelt. It operated until May, 1934. It attempted at meeting the needs of the unemployed and the relieved people through public works to ameliorate the infrastructure. It was administered by Harry Hopkins who in turn appointed local and state civil works supervisors. In doing so, the CWA projects were selected by county fiscal courts, municipalities, or school board as well as the state administrator. Then, the projects were sent to Washington for the final approval. Also, the CWA worked on all types of projects; what mattered most was to employ more people at a rapid pace to get out of depression. The mentioned agency achieved great accomplishments comparing to the short period of time it occupied, for example, it employed almost four million persons on public labor programs nationwide spending more than sixty two million dollars to build parks, schools, airports, playgrounds, and roads, Watkins claimed (QTD in. Johnson & Kennedy 13).

The Federal Emergency Relief Administration

The federal emergency relief administration was officially established in March, 1934 by the Federal emergency relief act. It was supervised by Harry Hopkins selected by The American President Roosevelt. The primary goal of the FERA agency was to reduce unemployment relying on the principle that the federal government ought to support local or state relief activities, as Betters confirmed, "I t has now been pretty largely settled that the federal government does have some definite responsibility for meeting the relief needs of the nation"(QTD in. Johnson & Kennedy 23). Therefore, the FERA was cooperatively partnered by both the states and the federal government. In this regard, the federal government funded the states with five hundred million dollars to maintain public buildings and bridges as well as education for poor learners.

Concerning FERA's administration, states were obliged to be supervised and establishing local relief offices so as to be furnished with money. Of this, programs and strategies were provided to the State Emergency Relief Administration (SERA) by the Federal Emergency Relief Administration. The SERA requested immediate local offices which were mainly in charge of recording and checking the enrollees' living circumstances as well as the families badly affected by the depression. Also, the weekly needs of the receptors and the weekly income were the bases to determine the payment of relieving. The forms of relief were in different ways, for example, cash payments, the poor were provided with fuel, and sporadically occupied on public work projects. It should also be note that the FERA administrators insisted on that the payments must be utilized to help the homeless and those in an urgent need not consorted with state or provincial establishments.

Along the same lines, the food oriented to the jobless people was originated from surplus agricultural products that were gotten from the market in order to equalize prices via the Federal Surplus Relief Corporation (FSRC). Additionally, the relived people were also provided with cotton, cheese, beans, flour, and canned meat. By the course of time, local relief employees were engaged in producing canned tomatoes, clothing, soap, mattresses, and firewood. The FERA program was finally ended operation and officially replaced by the Works Progress Administration (WPA) on December 1935.

The Works Progress Administration

One of the most popular New Deal programs founded in May, 6, 1935 was The Works Progress Projects (WPA). It was an extension of the FERA agency directed by Harry Hopkins. The WPA activities and works were managed by national, state, district and local offices and sponsored by local and state government. Besides, the sponsors set up outlines counting a complete project description, cost estimates and labor requirements. These projects had first to be approved by WPA state Office, and then federal matching payments were approved at the national level. This new agency completed the uncompleted projects of the CWA and FERA and started new ones like building roads, the foundation of public recreation facilities as well as projects related to health sector such as purifying water and sanitary sewers.

Since it was tough economic period, the local materials were utilized to cost less, for instance, wood, handmade brick, and quarried native stone emphasizing on high labor rather than machines to decrease joblessness. It was effective and helpful in such period, it employed more than eight million people during its operation producing over than 650, 000 miles of roads; 75, 000 bridges; 800 airports; and 125, 000 public buildings. It also helped thousands of artists and writers to work, for example, creating art work for public buildings. Lastly, it was ended in 1943 (The Editors of Encyclopedia Britannica).

The National Youth Administration

As a New Deal agency the National Youth Administration (NYA) was founded as part of the WPA organization in June, 1935 and terminated in 1943. It was administered by Aubrey Williams and Harry Hopkins. Its main concern was youth. It helped them to stay in schools, getting jobs as well as vocational training to lessen the negative impact of the Great Depression on them. What is more, the NYA furnished young people aged between sixteen and twenty five years old with part-time employment in WPA projects funding them with payments, specifically, needy college and graduate students as well as those students from relief families. Furthermore, the NYA supported the job trainings, counseling and placement services for youth. It also encouraged educational jobs construction activities occupying advantageously leisure times.

The Tennessee Valley Authority

The Tennessee valley is an American valley covering 105,930 square kilometers of the Tennessee River basin. The latter surrounds seven U.S southeastern states including Tennessee; Virginia; Georgia; Mississipi; North Carolina and Kentucky. Such valley is featured of being rich of natural resources, for instance, water, land, minerals and forests. However, during 1930s the Tennessee area had become bushed with soil attrition. Thus, poor yields produced. In this regard, the poor conditions of land and valley are veritably triggered from the malpractices exercised by farmers such as digging precipices to be exploited to cultivate crops like tobacco and cotton which were grown in spring and by-produced in autumn season. Consequently, disrobing land and soil deteriorated, as a result, floods inevitably immersed land and inhabitants left such place escaping the bad circumstances.

Of this, in 1930s incomes in Tennessee were the lowest in the U.S, evidently, above 20 percent of farms had revenues of less than 250 Dollars. Also, Tennessee was poorly electrified that solely four percent of valley farms were with electricity. High levels of tuberculosis, typhoid and infant deaths stemmed from the poor sanitary conditions. Another problem was low-quality education; Tennessee states were classified as the ten lowest in education quality, in addition to illiteracy (Miller & Reidinger 10). Besides, Tennessee was also influenced by the Great Crash of 1929. Therefore, there should be a move toward development and lifting out of the depression.

Roosevelt's New Deal programs, specifically, The Tennessee Valley Authority (TVA) was the savior and the effective solution for the Tennessee valley problems. TVA was established by the U.S congress Act in May 1933 and still operates today (History.Com Editors). It granted the desperate farmers and inhabitants of the seven states surrounding the Tennessee River millions of dollars to reform the destroyed economy and fertilize the dead soil. The recruited men built dams to procreating electricity and running water so as to be available for all seven states. As a consequence, thousands of the unemployed men got jobs again. The primary goals of the TVA was improving navigability; reforestation, proper use of marginal lands; controlling floods and developing agriculture and industry in the Tennessee Valley through introducing new techniques concerning the mentioned sectors. . As any agency, the TVA had had personnel to manage its affairs and activities. It was supervised by a board of directors assigned by the President Roosevelt in 1933. Primarily, Arthur E. Morgan was appointed as a chairman of the TVA. Under his supervision the first dam called Norris Dam was accomplished over a period of less than three years. So as to employ more people and reduce unemployment, Morgan fostered the policy of an enlightened labor working only six hours per a day and equal payment for females. He promoted the town of Norris, for example, building hospitals, schools, libraries and provided affordable housing. Secondarily, Harcourt A. Morgan succeeded in indoctrinating the philosophy of working at the grass roots level. His experience with farmers, as Hangrove explained, "Had taught him that long lasting change could only be successfully accomplished by the farmers themselves. And this, he thought, was best achieved through farm demonstrations and by working with existing agencies already connected to the farm community. Lilienthal was later to articulate these concepts as democracy at the grass roots" (QTD in. Miller & Reidinger 19). Another director of The TVA board management is named David E. Lilienthal. He was in charge of TVA power programs. He largely decentralized the distribution of power via urban electricity systems and electric confederations of countryside. As well as, Lilienthal introduced the concept of power centered production by TVA and decentralized distribution by locally owned distributers (Miller & Reidinger 20).

2.2.2. Recovery Programs

The Agricultural Adjustment Act

Several New Deal projects were applied to refurbish the federal allowance system in agriculture and purvey yeomen with fees reducing production for increasing farm revenues and prices. Based on the information displayed on the Website "The Living New Deal", "Farm income in 1935 was more than fifty percent higher than farm income during 1932, due in part to the farm programs" thus, it was advantageous for farmers although not citizens. As an example, the Agricultural Adjustment Act of 1933 (AAA) that was officially enacted into law by the President Roosevelt on May 12, 1933and ceased in 1942 (The Living New Deal). Important to note, the crops that were adjusted by the AAA in 1933 were cotton, corn, wheat, hogs, milk and its products, rice, cattle, and tobacco. Then, in 1934 were added peanuts, barley, flax, sugarcane and sugar beets, rye, grain, and sorghums as well as potatoes in 1935. Additionally, the Department of Agriculture was the primary responsible for directing the AAA in addition to the state and local working groups of producers that it constituted.

Actually, the management of the AAA was often accomplished by a set of activities whose farmer's crops. In doing so, the selection of crops before being immersed in the AAA and the criteria specified for the crops have a major role to play when dispensing the AAA fees throughout the different regions of the U.S.A. The dispensing of every one crop is decided by the local associations and extension agents, the federal supervisors as well as the farmers that had the choice about whether they would enroll the act. Also, the national price determined to decrease the estate and the farmer's fees medium crop for each acre over a specific period of time are the bases for the farmer's payments for acreage reduction. Something to keep in mind that the crop and the acreage reduction entrenched by the federal decision makers affect the farmers involvement and attraction to such program.

The National Industrial Recovery Act & the National Recovery Administration

The recovery programs were initiated by the establishment of the NIRA that was on June 16, 1933 and ended in 1935. It was composed of three Titles; Title One was sacred to the creation of the codes of fair competition to improve centralized economic planning. The second Title dealt with the provision of money considered of 3, 3 billion Dollars to public works projects. The last Title contained some amendments to the Emergency Relief and Construction Act of 1932(ERCA).

The NIRA set up the National Recovery Administration (NRA) to manage the operation of the codes of fair competition. Hugh S. Johnson was appointed by the President Roosevelt to oversee this administration. The NRA started working with companies to create codes for fair competition which should be released from antitrust regulations. Collaboration would generally be banned among competitors. Industrial groups introduced to the president the codes for approval. The president should approve the Codes should not be racial against small industries and must not assist trusts and the codes of the combined organization that did not limit the enrollment and was deputy of the industry and the codes which follow and improve the provisions of the Act. After approving them, the codes were legitimately required for that business. In section 3(c) of the law, the federal district courts had juridical power on codes injuries, and the district lawyers in the United States had the power to seek juridical instructions to force the legal arrangement to implement the codes.

Section 3(f) of the Act provided that any injury influencing the external and internal economics, it was to be regarded as an offense. In this regard, the perpetrators of abuse was to cost them a fine of about five hundred Dollars per a violation. Also, any infraction happened everyday was to be considered as a separate breaking.

Section 7(a) protected workers, for example, the right to collectively bargain, minimum salaries and working hours to raise the number of laborers in order to employ more people as a way to decrease the negative effects of the Great Depression.

Under the direction of the NRA, several hundred industry codes were quickly adopted, but public support quickly waned. Codes aimed at raising efficiency and employment, promote wages and hours, diminishing price cuts and unjust competition, and foster collective bargaining. Nonetheless, they also tried to raise prices and restrict production. Companies have found the codes troublesome. More than 540 codes have disseminated and it was not uncommon for a company to be regulated by several codes. Furthermore, there were struggles between codes and businesses were to fee workers with various rates of wages at several times of the day. Many thought that the NRA activities had helped employers not workers. Along the same lines, workers were unhappy with the NRA implementations. Despite that Congress designed the 7(a) section to please employees to be well- managed, NRA did not operate the way wanted (Social Welfare History Project).

2.2.3. Reform Programs

The Securities and Exchange Commission

To manage the securities markets the Securities and Exchange Commission (SEC) agency was established. Its foundation was determined by Congress in 1934 and still exists. Its function lies in controlling individuals and organizations in the securities markets involving investments endowments and counselors, brokerage firms, merchants, and securities exchanges.

With regard to the SEC management, it was supervised by Joseph P. Kennedy that was selected by the President Roosevelt. It was composed of five segmentations that were administered by five commissioners and one of these five commissioners was to be chosen as the Chairman; the first segmentation was called the Division of Trading and Markets which is concerned with the protection of honest and efficacious exchange markets; the second segmentation which is Investment Management, it defended investors through monitoring the investment administration business and its performers, the Division of Enforcement inspected infractions against the securities regulation and the Economic and Risk Analysis Division that was in charge of administering the changes that occurred in industries and helped in maintaining exchanges productive and straightforward.

In effect, the SEC to a great extent contributed to the meet the investors' needs and restoring confidence in the stock market again. Its regulation to businesses aided in decreasing insincere dealings. Also, it provided the public with all relevant information concerning endowment dangers as well as restricting the business of buying shares on margin.

The Federal Deposit Insurance Corporation

As the U.S.A. had suffered a financial crisis triggered from the stock market crash of 1929 that more than 9.000 banks failed, it had come to concede the importance of deposit insurance in improving fiscal steadiness. Therefore, the FDIC was created in 1933 under the Banking Act and still operates. It was established to mainly refurbish public confidence after losing it as a result of the economic crisis of 1929. FDIC is a federal agency in charge of commercial banks, it was founded to renovate confidence in banks by providing insurance coverage for bank deposits. In relation to FDIC supervision, it was administered by a board composed of the chairman, president of the vice president, director, currency comptroller and director of the second supervisory office.

The assurance of bank deposits started operating on January 1, 1934 under the Temporary Federal Deposit Insurance Corporation. For example, at the beginning it insured 12, 987 commercial banks and 214 mutual savings banks. Important to mention, the savings banks involvement in such insurance is lesser because they were not toughly impacted by collapses, dissimilar to commercial banks. In 1934 the insurance defense was elevated from 2, 500 to 5, 000 Dollars per a shareholder at an assured association. The Temporary FDIC was legally canceled in 1935 by the Banking Act of 1935 and substituted by the permanent one.

Under the Permanent FDIC the commercial banks insured were about 14, 163 and the mutual savings banks were 56. The Banking Act of 1935 provided that the payment of interest demand deposits in assured nonmember banks was banned as well as the rates of interest paid on savings and time deposits were restricted.

2.3. The Second New Deal (1935-1941)

2.3.1. The Social Security Act

There is no doubt that the great depression roughly affected every American citizen. However, it more hurt the elders because they were the first to retire and lose their jobs as well as the last to be provided with fees during the most critical economic period in the history of the U.S.A. Therefore, it should be thought that there must be an insurance and financial aid for them since they had retired and had no alternate source of financing to meet their own daily living needs. Substantially, the Social Security Act was proposed by the President Franklin D. Roosevelt to help such category of society as the start-up of his Second New Deal.

Historically, the Social security Act was presented to Congress on January, 17th 1935. Both houses (the senate and the representatives) discussed the bill for eighteen days. Then, it was legally signed as a law on August, 14th, 1935. This act initially contained seven major program counting the Old -Age Assistance; Federal Old -Age Benefits; Unemployment Insurance; Aid to Dependent Children; Grants to States for Maternal and Child Welfare; Public Health Work; and Aid to the Blind. To put this act into practice, a social security board (SSB) was initiated constituted of three members who were chosen by the President Roosevelt including Vincent M. Miles, John G. Winant and Arthur J. Altmeyer. Their first activity was the recording of workers and employers. However, they did not have materials to achieve such task. So, they made a contract with the U.S. postal Service to allocate the applications starting from 1936. Practically, the completed ready forms were collected and the social insurance number cards were typed by the post offices, then the cards were returned to the claimants. Subsequently, the numbers were registered and the different employment accounts were created in Baltimore's SSB processing center. As a consequence of such submissions, more than thirty five million SSN cards were constructed during the period of 1936 and 1937.

This social insurance system had been undergoing through different developments and amendments. First of all, the law that was enacted on August, 10^{th}, 1939 added the dependents and survivors benefits and made benefits more generous for early participants. Secondarily, in 1950 coverage and financing were adjusted increasing benefits for the first time as well as providing gratuitous wage credits for military service. Thirdly, in 1952 benefits were also augmented, liberalizing retirement test and extending gratuitous wage credits for military service. Fourthly, in 1954 coverage expanded. Fifthly, in 1956 cash disability benefits were added at age fifty and offered women early retirement. Sixthly, in 1958 benefits were supplemented to dependents of disabled beneficiaries. Seventhly, in 1960 disability benefits were provided at any age. Eighthly, in 1961 and 1968 early retirement for men and disabled widow benefits were added respectively. Ninthly, in 1972 and 1977 automatic annual cost- of - living added as well as increasing taxes and scaled back benefits respectively. Also, in1980 disability eligibility rules were tightened. In 1981 student benefits after high school were eliminated. In 1983 taxes and scaled back benefits were raised. Additionally, in 1993 the taxes portion of Social Security insurance was increased from fifty percent to eighty five percent. Finally, in 2000 the social security passed through another amendment which eliminated the retirement earnings test for those at the full retirement age (Dewitt 8). Actually, the social security act was and still the most popular and successful of social systems. For example, poverty among elders had been reducing since the establishment of such act in 1935 as shown in chart number one:

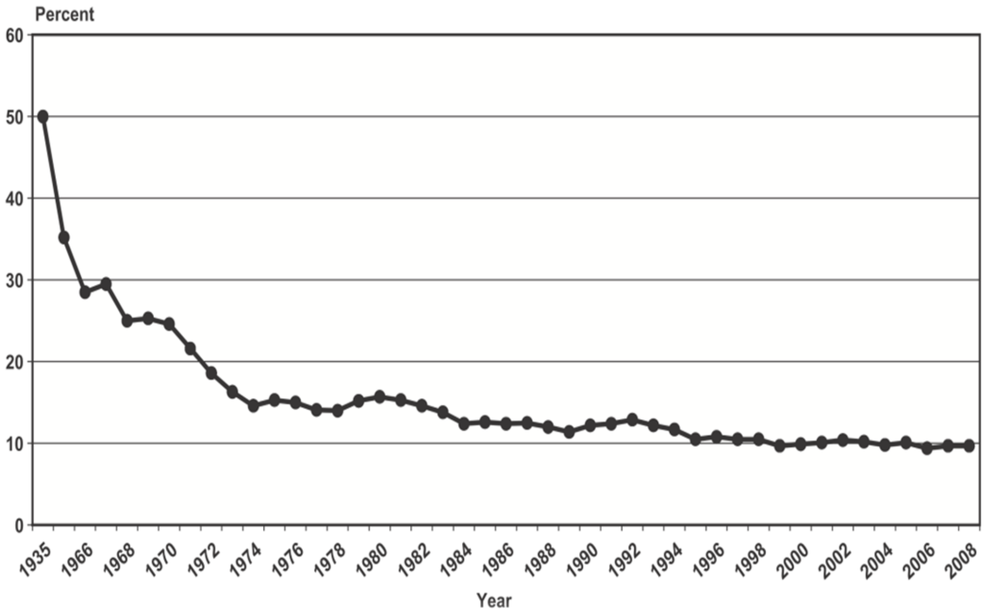

Figure 03: Poverty among the Elderly 1935-2008

Source: (Dewitt 21)

2.3.2. The Wagner Act

As history shows**,** the Wagner Act can originally be traced back, first to the National Labor Board that was established by the President Roosevelt in 1933 through an executive order under the NIRA. It was the first federal legal board that was concerned with the workers' rights and affairs as having the right to bargain with their bosses. It was supervised by Senator Robert Wagner. Moreover, after the embodiment of the NIRA Roosevelt suggested that the employers who did not have a code, they should join the President's Reemployment Agreement; such agreement added some standards concerning workers and certain organized parts of & 7(a) of the NIRA. Therefore, a "blue Eagles" term was given to any company agreed with the NIRA standards, however, any employer disagree with them, they would be expelled from it. Additionally, the compliance with the NIRA terms had an advantageous side that it could contribute to give to the complied companies an economic privilege as well as surviving them.

In fact, the National Labor Board had an authority over the working discords that appeared under the NIRA and President's Reemployment Agreement, nevertheless, that authority was solely concerning the surveying of the declared infractions of &7(a). Due to the employers' non- compliance with the NIRA requirements, Roosevelt released two executive orders. The first executive order gave the National Labor Board the right to adapt all the industrial disagreements resulted from the proceeding of the President's Reemployment Agreement or the codes of the NIRA. The second one insisted on that the National Labor Board could settle all the violations that might threaten the U.S industry's stableness.

Subsequently, another two different rights were added to the National Labor Board including organizing union voting as an attempt to choose the suitable workers' delegates in the whole haggling operation, also addressing the section 7(a) contraventions. Furthermore, the National Labor Board was composed of the board itself, regional boards, and agent-employees (Sanchez638). Practically, the National Labor Board manipulated and resolved numerous cases as Wagner reported during the sittings over the Wagner Act,

Approximately two-thirds of these settlements were agreements, and agreements spell sound settlements. The boards mediated 1, 323 strikes, involving 870, 000 workers not counting many more thousands directly affected. Three-fourths of theses strikes settled. In addition, 497 strikes were averted. Thus, the boards in strike situations alone returned to work or kept at work 1,270,000 workers directly involved, or about 1,500,000 including workers directly affected. Moreover, the boards reinstated 10, 000 men found to have been discriminated against and unjustly discharged. Of the 3, 755 cases, the primary cause of the complaint in 2, 655 cases was alleged violation of section 7(a), the collective-bargaining provision of the recovery law (QTD in. Sanchez 639). Officially, the National Labor Board was dissolved on June 29, 1934.

Another board that paved the way to the establishment of the Wagner Act was the First National Relations Labor Board (The First NRLB**).** It was created on June 16, June 1935 and supervised by Francis Biddle. As a matter of fact, this board adopted the same principles and standards of the former one.

Finally, on July, 5, 1935 the Wagner Act was signed into a law by the President Roosevelt. Under this Act, the New National Relations Labor Board was established and still operates in today's era playing a major role in protecting workers' rights. What characterized this new NRLB was that it had a quasi - judicial power over unjust labor practices as well as over workers' voting of a union for representation in an employment relationship with management, specifically, during the bargaining operation. So, NRLB had the authority to examine and attest to the parties the names of the representatives that had been allocated and endow with an appropriate hearing, also workers had the right to decide their representatives through a referendum. Additionally, this board had the right to control vows, collect verifications and listen to eyewitnesses. Virtually, the new NRLB significantly contributed to holding and reconciling many employment quarrels in its beginning as shown

in Table number two:

Cases Handled by the NLRB under the Wagner Act 1935-1936		
	Number of cases	**Number of workers involved**

By withdrawal of charge or petition	**201**	**65,211**
By petition dismissed before hearing/ refusal to issue complaint	**113**	**21,781**
By transfer or consolidation	**19**	**5, 915**
By settlements(nature of settlement listed directly below)	**331**	**40, 358**
• Recognition of workers' representatives	**108**	**17,990**
• Reinstatement	**91**	**4,721**
• Reinstatement and recognition	**51**	**5,738**
• Reinstatement and improved working conditions	**17**	**1,973**
• Consent election	**24**	**5,610**
• Arbitration	**4**	**439**
• Other (abolition of company unions; agreement to cease interference with employees' exercise of freedom of self-organization, posting notions to this effect, etc.).	**36**	**3,883**
By intermediate finding of no violation	**6**	**306**
By issuance of decisions		
➢ Cease and desist orders	**56**	**5,514**
➢ Artifications	**6**	**2,474**
➢ Dismissal of complaints or petitions	**5**	**2,057**
➢ Refusal to certify	**1**	**700**
Injunctions issued restraining board from further action	**44**	**27,792**
Cases pending	**286**	**68,761**
Total	**1,068**	**240,865**

Table 02: Cases Handled by the NLRB under the Wagner Act 1935-1936/ Source (Sanchez 662).

2.4. The End of the Great Depression: WWII vs. the New Deal

A war considered as the most effective, destructive and changing event in the history of the twentieth century affecting all countries. It was the second version of the First World War. As history shows, WWII flared in 1939 initially took place in Europe. It started between two major warriors named the Axis including Germany, Japan; and the Allies counting France, England, and Soviet Union. Historically, the United States of America entered the war and joined the Allies. Its involvement was because of the Japanese Attack on the U.S. Pearl Harbor on December 7, 1941. Such violation caused many losses, for instance, eight American battleships were damaged and more than two thousand men died (O'Callaghan 105).

Once U.S.A. entered the war, it started mobilizing it. American factories made tanks, arms, ammunition warplanes, and weapons. WWII mobilization eventually helped in decreasing the unemployment rates that were caused by the Stock Market Crash, for example, in 1940 the unemployment rate was nearly about 15 percent, while in 1944 it was reduced to 1, 2 percent during war times (Table Three). Also, the GNP -Gross National product- was increased to 126 billion Dollars after it was 91 billion Dollars in 1939, 193 and 214 billion Dollars in 1943 and 1945 respectively.

Historians and economists do agree on the long-term and positive impacts of the New Deal programs on the American Economy as well as public welfare. Nevertheless, they confirm that the main cause that was behind the end of the Great Depression was WWII. Lichtenstenin stated, "The reforms put in place by New Deal, including encouraging the beginning of the labor movement, which fostered wage growth and sustained the purchasing power of millions of Americans, the establishment of Social Security and the federal regulations imposed on the financial industry; as imperfect as they were, essentially ensured there would not be another great depression after 1930s" he went on, " It really could be argued WWII which ultimately lowered unemployment and increased GNP through weapons production really played a much bigger role"(QTD in. Dunleavy).

Also, during WWII the farmers benefited from the war mobilization because of their supplying of food to the Allied Armed Forces, for instance, the incomes of farms increased from 5, 3 billion Dollars in 1939 to 13, 60 billion Dollars in 1944; in addition, some of the farmers became economic chiefs. (Encyclopedia.Com). Furthermore, the New Deal agencies, especially, the relief ones greatly contributed to relieve the poor and the jobless, however, as Gordon believed, "Were insufficient [because] the amount of government funds for stimulus was not large enough" she added, "Only WWII, with its demands or massive war production, which created lots of jobs, ended the Depression"(QTD in. Dunleavy).

What is more, in 1943 all debts were refunded. Savings increased. The political and economic power that was demolished by the Stock Market Crash, it was revived again during WWII.

Generally speaking, it can be stated that the New Deal to a great extent was effective for it had revived the American destroyed economy by providing jobs, securing the elderly, and protecting deposits as well as workers' rights, yet, the WWII mobilization was the most effective and the redeemer from the Great Depression. As was published in Encyclopedia. Com, "The New Deal programs introduced after 1933 had helped relieve some of the economic hardships brought on by the Great Depression, but it took massive war mobilization to actually end the depression."

Year	**Unemployment Rates**
1929	**3,2**
1930	**8,7**
1931	**15,9**
1932	**23,6**
1933	**24,9**

1934	**21,7**
1935	**20,1**
1936	**16,9**
1937	**14,3**
1938	**19,0**
1939	**17,2**
1940	**14,6**
1941	**9,9**
1942	**4,7**
1943	**1,9**
1944	**1,2**
1945	**1,9**

Table 03: Unemployment Rates (1929 - 1945)

Source:www.thebalance.com/unemployment -rate-by-year-330550

2.5. Conclusion

By the end of the second chapter, it can be summed up that the First and the Second New Deal agencies and programs introduced by the American President Franklin D. Roosevelt dating from 1933 until 1941 to relieve, reform, and recover the different crippled sectors of economy, the social institutions as well as the Americans' catastrophic conditions triggered by the Crash; they helped in lessening unemployment and refresh economy once again.

Moreover, in this chapter a whole image was gathered concerning the American involvement in WWII and how such participation helped in ending the American depressed era.

Chapter III

Assessing the Legacy of Roosevelt and the New Deal

3.1. Introduction

Assuredly, the New Deal had significantly contributed to save Americans from the weightiest period- the Great Depression- in the history of the young nation, and still affects the American policy, its economy as well the Americans' Psyche.

Within this general context, the third and last chapter of this conducted research discusses the following important points including the effects that Roosevelt's New Deal still have on Contemporary America emphasizing on the economic, the political, and the psychological impacts, as well as the negatives and positives of such deal. It also sheds light on the Stock Market Crash of 2020 and in which points such crash differs and resembles with that of 1929 ending with the lessons that Americans can catch from both crises and the New Deal.

3.2. The Impact of the New deal On Modern American Thought

3.2. 1. On Economical Thought

Some of Roosevelt's New Deal agencies that were created in the mid-twentieth century are still operating and playing a significant role in the Twenty-First American economic way of thinking and managing. Of this, this section will focus on five programs counting the SEC, " The SEC is still in place, and works" (Hadley); The FDIC : "Today, the deposits up to 250, 000 Dollars are protected by the FDIC coverage"(Ibid); the SSA Social Security provides benefits to over 63 million Americans today" (ibid); the TVA "The TVA still provides power to ten million people in seven states"(ibid); and the NLRB; as Pearce stated, "And the law continues to let unions and employers resolve their differences at the bargaining table and devise solutions to meet economic challenges" (QTD in National Labor Relations Board).

The principles and standards of protecting workers as well as the management of unions' relations and conditions of the working place that were set in 1935 by the establishment of the NLRB are still dynamic. As illustrated by Pearce, the Chairman of the NLRB, "Both our country and the world have changed a great deal over the last eight decades, but the values reflected in the NLR Act- democracy in the workplace and fairness in the economy-are still vitally important" (QTD in National Labor Relations Board). Furthermore, the NLRB today plays an essential role in fostering and developing the American economy through protecting employers' rights and resolving the disputes as well as collectively bargaining. These actions and others are achieved through the management and the enactment of the NLR Act provisions, as was clearly declared in the Annual Report of the NLRB of 2004:

> The purpose of the Nation's primary labor relations law is to serve public interest by reducing interruptions in commerce caused by industrial strife. It seeks to do this by providing orderly processes for protecting and implementing the respective rights of employees, employers, and unions in their relations with one another. The overall job of the NLRB is to achieve this goal through administration, interpretation, and enforcement of the Act. (04)

Additionally, the disputes that are settled by the NLRB have a share in the working place stability and the strikes diminishing, therefore, the American industry is growing alongside the economy's enhancement.

As far as TVA is concerned, it greatly contributes to the development of today's American economy. It provides jobs to about 10, 900 Americans, it annually revenues about eleven billion Dollars. Additionally, it is the largest provider of electricity for businesses and local power companies and to more than ten million consumers of seven Southeastern states of U.S.A. 56% of electricity TVA generates are carbon-free and the utility projects. Also, it sells power to 155 local and collaborative wholesalers. Hickman said that TVA's energy portfolio "includes 29 hydro plants; 3 nuclear plants; 8 natural gas combined cycle gas plants; 9 natural gas combustion turbine gas plants; 6 fossil plants." It has built over than fifty dams and controls floods.

Another New Deal agency that still operates is the Securities and Exchange Commission. It directs over than 30, 000 enrollees involving 12, 000 public businesses, 4, 600 mutual funds, 11, 300 investment counselors, 600 transfer organizations and 5, 500 broker marketers. It protects securities and affords the financial workings of U.S. companies with transparency. Also, it aids investors to get authentic and constant information about joint utilitarianism. This transparency, that the SEC guarantees, permits shareholders to basically decide a fair stock price for business. It penalizes the manipulation of businesses as well stocks and bonds vending without accurate enrollment. Economically, the New York Stock Exchange is the most developed and famous exchange in the world thanks to uniformity, clearness and confidence in stock market. In doing so, the fiscal associations are becoming popular and allure many enterprises. Hence, it contributes to promoting American economy.

In addition, 1, 150 of the companies enrolled with the SEC are foreign businesses which they, "may submit financial statements that conform to US GAAP or (starting 4 March 2008) financial statements that conform to international financial Reporting Standards as adopted by the IASB (that is, not jurisdictional adaptations of IFRSs), without need to provide a reconciliation to US GAAP. Alternatively, a foreign registrant may submit financial statements prepared using its national GAAP or using a jurisdictional adaptation of IFRSs (such as IFRSs as adopted by the EU), but then a reconciliation of earnings and net assets to US GAAP figures is required" (US Securities and Exchange Commission (SEC)).

FDIC also still affects the U.S.A. It plays the same role it played in the past, in the mid-twentieth century, it protects customers' deposits. It notifies the clients when a bank is failed and closed. For instance, in 2019 the chairman of the FDIC McWilliams declared, “We continue to fulfill our vital mission to maintain stability and public confidence in the nation’s financial system by achieving high standards in all areas of operation: insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, making large and complex financial institutions resolvable, and managing receivership” (QTD in FDIC Annual report). Also, it does not protect investments, it rather preserves deposit accounts. The insurance amount for each depositor is estimated of 250, 000 $. There are different categories of the deposit account ownership counting: the accounts that are owned by only one individual is called single accounts; joint accounts which are constituted of two or more; revocable and irrevocable trusts; certain retirement accounts; and employee benefit plans held at an insured institution . FDIC savings are from deposit insurance premiums funded by banks and savings institutions and from earnings on investments in US treasury securities (Federal Deposit Insurance Corporation). Furthermore, the FDIC today utilizes risk-based premium system to determine the premium rates. As in June, 30th 2000, the rates ranged from zero to 27 cents per 100 US $ in assessable deposits per year. Only 7% of all banks and saving institutions paid premiums into the deposit insurance funds, the remaining 93% or 8139 institutions did not need to pay premiums. (Federal Deposit Insurance Corporation)

McWilliams continued to confirm that the FDIC has an effective importance in promoting the American banking system as well as economy, “The banking industry remains strong and well-positioned to support economic growth. In 2019, net income, net operating revenue, and loan growth were positive, and the number of banks on the FDIC’s problem bank list declined to its lowest level since 2007” (QTD in FDIC’s Annual Report). The following table contains what is covered and what is not covered by the FDIC:

Covered by FDIC	Uncovered by FDIC
• Checking accounts • Savings accounts • Money market deposit accounts • Time deposits such as CDs • Negotiable order of withdrawal(NOW) accounts • Bank- issued cashier's checks and money orders	• Stocks and bonds • Mutual funds • Insurance policies • Annuities • Federal or municipal securities • Safe deposit boxes or their contents

Table 04: FDIC Coverage

Furthermore, the Social Insurance was and still the contributor to the economic and social insurance for millions of American disabled, retirees, families of retired, disabled employees as Dewitt put it, "Today, an estimated one-third of seniors rely on social security for 90 percent or more of their retirement income; two- thirds rely on it for the majority of their income" (21). As statistics show, 61 million Americans gather benefits per a month, 169 million pay social insurance taxes and each family in four collects wage from Social Security. Its programs also provide medical care for millions of Americans.

It also betters the today's American social life standards, for instance, the percentage of poverty is solely nine percent; as Koenig & Miles further explained, "Social Security is arguably the most successful federal program. It keeps 22 million people out of poverty- the most of any public program-and serves as the foundation of retirement security for millions more"(19). The following table shows some statistics concerning the Social insurance benefits monthly in June 2017:

Beneficiaries	Benefits
✓Retired Workers ✓Widows or Widows over the Age of Sixty ✓Disabled Workers ✓Disabled Worker or a Spouse ✓Widowed Mother and two Children	✓1, 391 $ ✓1, 3071 $ ✓1, 172 $ ✓2, 278 $ ✓2, 664 $

Table 05: Monthly Social Insurance benefits in June 2017

Source: www.nasi.org/learn/socialsecurity/overview.

The sixth table shows the augmentation of social insurance during 2000-2008. It indicates that number of people benefited from such insurance has been increasing from 2000 of about 45, 414, 794 through 2008 of about 50, 898, 244, the modern era, and since the number of beneficiaries has been augmenting that means that the benefits have also been growing during such period of time from 407, 644, 000 to 615, 344, 000 Dollars.

Year	Number of beneficiaries	Benefit payments ($ Dollar in thousands)
2000	45, 414, 794	407, 644, 000
2001	45, 877, 506	431, 949, 000
2002	46, 444, 317	453, 746, 000
2003	47, 038, 486	470, 778, 000
2004	47, 687, 693	493, 263, 000
2005	48, 434, 436	520, 748, 000

2006	49, 122, 624	546, 238, 000
2007	49, 864, 838	584, 939, 000
2008	50, 898, 244	615, 344, 000

Table 06: Growth of Social Insurance 2000-2008

Source: (Dewitt 20)

The impact of the Social Security on the American economy can clearly be seen in the output that involves the value of Dollar of all merchandises made in the economy; employee compensation means any form of financial compensation given to workers; tax revenues value added, and employment includes the jobs sustained by Social Insurance benefits . Hence, it helps in fostering the growth of U.S. economy.

As an example, the below table briefly shows the accurate statistics related to the effects of the Social Insurance on the U.S. economy for 2012:

	Output($ millions)	**Value Added or GDP($millions)**	**Employee Compensation($Millions)**	**Employment (Actual)**	**Output Multiplier**
Social Security Benefits Impact	$ 1, 396, 882	$ 774, 459	$ 371, 970	9, 203, 069	$ 1, 95
As a percent of U.S. Economy	2, 9 %	5, 1 %	4, 5 %	5, 3 %	N /A

Table 07: The Impact of Social Security on U.S. Economy, 2012

Source: (Koenig & Myles 12).

As indicated in table five, more than nine million Americans work thanks to the Social Security's benefits. In Addition, these millions of workers are employed in sectors supported by the Social Insurance benefits which they are as follows: health care manufacturing like doctors and dentists' offices, private hospitals, and nursing and residential care facilities; also food services and drinking places as well as wholesale and retail trade.

Therefore, Social Security's role in the American economy goes well beyond just benefit payments. Millions of Americans are employed because of social Security benefit spending and thousands of small, medium, and large businesses exist in whole or in part because of the effect of Social Security on our economy. Every state and every community feels these benefits. (Koenig & Miles 19)

3.2.2 On Political Thoughts

The New Deal programs set in the 1930s not only still affect and shape the American economic institutions but also the political system and government. It is evidenced in the prominent presence of the federal system in modern United States of America as was put it by Davenport & LIyod, “In a very real sense, the New Deal managed to reinvent and reshape the federal government in ways that still or the basic shape of American domestic policy”(3). In this sense, it is necessary to define and elucidate what is meant by Federalism. This latter is a political and governmental system in which authority is split between local and state governments; Cavalli explained it as it is, “A political system in which power is divided between a central government and multiple constituent, provincial, or state governments” (27). In addition, as was illustrated by Dilulio &Wilson; federalism can be defined as a governmental system, “ in which sovereignty is shared between two or more levels of government so that on some matters the national government is supreme and on others the states, regions or provincial governments are supreme”(QTD in CRS Reports for Congress 01).

Also, in order to be described as adopting the federalism or federal system; there should be three fundamental characteristics which are as follows: Primarily, the existence of more than one level of government and they must be on the same region boundaries with the same citizens. Simultaneously, the U.S. system is having the same features mentioned supra with a national government and fifty states. The second feature is that every government has its own power. If a conflict occurs between the two powers, the federal legislation will have supremacy under the American constitution. The third feature is that neither the state nor the federal government has the power to nullify the other.

The federal grants to state and local governments have been changing from giving grants for building roads, public highways criminal justice systems; to individuals like Medicare, insurance income, social services, and shelter aid (Cecire & Dilger 07).

As clearly indicated in table eight below, the federal grants to state and local governments have been changing from giving grants for building roads, public highways criminal justice systems; to individuals like Medicare, insurance income, social services, and shelter aid.

Fiscal Year	Nominal $	% Outlays for Individuals	Constant $ (in Billions FY2012)	% of Total Federal Outlays	% of National GDP
2000	285, 874	65, 2 %	389, 1 $	16, 0 %	2, 8 %
2005	428, 018	65, 1 %	511, 6	17, 3 %	3, 3 %
2010	608, 390	64, 3 %	637, 6	17, 6 %	4, 1 %
2011	606, 700	64, 7 %	620, 9	16, 8 %	3, 9 %
2012	544, 573	66, 9 %	544, 6	15, 4 %	3, 4 %
2013	546, 178	69, 4 %	536, 4	15, 8 %	3, 3 %
2014	576, 978	71, 5 %	556, 8	16, 5 %	3, 3 %
2015	624, 357	74, 2 %	599, 3	16, 9 %	3, 5 %
2016	660, 833	75, 0 %	630, 3	17, 2 %	3, 6 %
2017	674, 712	75, 3 %	632, 2	16, 9 %	3, 5 %

2018	**696, 507**	**75, 5 %**	**635, 1**	**17, 0 %**	**3, 4 %**
2019	**749, 554**	**75, 3 %**	**667, 3**	**16, 5 %**	**3, 5 %**

Table 08: spending for federal grants to state and local governments, Fiscal Years, 2000-2019

Source: (Cecire & Dilger 7)

3.2.3. On Psychological Thought

The American people have been through many economic downturns throughout the course of history, but the Great Depression, along with the New Deal Legacies and the entire bankruptcy of the thirties, was without a doubt the longest, deepest, and broadest economic recession ever faced by the industrialized world. Without a question, such transitional events have had a significant impact on defining and precisely influencing American psychology. Since psychology is considered to be the main core in deciding how people respond to a given situation, psychological effects must be prioritized and given the same significance as political and economic effects.

Basically, the study of the mind and actions is known as psychology. It includes the biological, social, and environmental forces that influence how people think, act, and feel. Psychology is a discipline that affects both individuals and communities as a whole (*Very Well Mind*).

With that in mind, the psychological effects of both the Great Depression and the New Deal Legacies must be investigated in order to gain a better understanding of how such influence contributed to the formation of the modern American system. Initially, the United States' crisis followed by the huge bankruptcy fed a psychology of fear that gripped people and depositors across the country. At that time, the stock market collapse had far-reaching consequences for the entire economy. People's and businessmen's key reactions were psychological in nature. The Great Crash destroyed public faith because most Americans saw the stock market as the primary predictor of the stability of the American economy. In reality, this created an atmosphere of anxiety and uncertainty about the future, which most Americans had forgotten about during the prosperous 1920s (Lahcen 38).

Based on the article written in Encyclopedia website entitled “Psychological Imp act of the Great Depression”, many Americans began to associate self-worth with material possessions in the 1920s. As a result, when things went tough, people felt useless. The fact of economic uncertainty and confusion replaced the country's conventional positive outlook. The Great Depression took a psychological toll on even those who were lucky or rich enough to escape economic hardship. As unemployment rose and the Depression set in, the average American's morale sank to a state of general malaise and inertia. People spun in circles waiting for something to happen as they struggled for survival. Suicide became a topic of discussion, in one well-known case, James J. Riordan, president of the New York County Trust Company, committed suicide in November 1929, expressing profound guilt over the loss of other people's money as well as his own. Hence, The American psyche was deeply scarred by the Great Depression. The stock market crash shattered the nation's sense of invincibility, leaving its citizens fearful and guilty (Encyclopedia.com).

> “Everyone was emotionally affected. We developed a fear of the future which was very difficult to overcome. Even though I eventually went into some fairly good jobs, there was still this constant dread: everything would be cut out from under you and you wouldn’t know what to do.” (Ward James, qtd in *Hard Times*).

Nevertheless, The New Deal of Franklin D. Roosevelt helped to undo some of the psychological harm caused by the Great Depression. The New Deal relief services made citizens understand that the collapse was the product of systemic failure rather than individual failure. Many Americans were able to deflect some of their guilt for their personal economic failures thanks to the New Deal. Likewise, it is imperative to understand the significance of the New Deal legacies on contemporary America from psychological dimensions. Though the New Deal did not stop the depression or bring about a full recovery, the New Deal is making today's America more optimistic, ameliorating economic situation, and providing aid to millions of people in the United States. Banks and depositors are forever freed from the dread psychology of bank "runs" and panics thanks to the FDIC. The New Deal programs impact the lives of ordinary Americans and enlarge government's power and reach, resulting in a modified welfare state that garnered FDR millions of supporters. The New Deal is still promoting nutritional and psychological respite to the population; the New Deal of Franklin D. Roosevelt halts the bleeding and alleviates the agony. As a result, the New Deal is now an integral part of everyday life in the United States (Addis).

As a result, people's perceptions and reactions to government policies and economic procedures actually reflect the psychological effect the New Deal mostly has on modern American thought in a large scale. Consequently, the Depression and the New Deal have a long-term impact on the American government and society; thus, the services that arose from the New Deal for the most part continue to influence American politics today.

3.3. Roosevelt's New Deal: Pros and Cons

Roosevelt's New Deal agencies and programs to a great extent benefited both the Americans and the economy as Kennedy declared, "The New Deal powerfully revitalized American life in the second half of the twentieth century. It built a platform for sustained economic growth, spread the benefits of prosperity widely, made more people more secure than they had ever been"(268). For instance, the FDIC contributed to stop bank runs and restored confidence in banks by federally preserving of bank deposits. The New Deal reduced unemployment providing millions of jobs through engaging citizens and youths in public works projects. The federal government's interference in business and economy was effective and helpful. The New Deal constructed bridges, schools and hospitals. Twelve millions acres were used to build parklands like Isle Royal in Lake Superior, the Olympic National Park in Washington State, the King's Canyon in California and the Ever Glades in Florida. Numerous trees were planted to fight drought (Kennedy 267).

It socially and economically secured Americans through the creation of the Social security Act of 1935 that was the most significant program as Apfel put it, "One of the great social and economic successes of the early 20th century was the effort to enact meaningful social insurance legislation" (QTD in A Brief History of Social Security 3). The New Deal reduced the unemployment rates and made a huge number of Americans back to work again playing a significant role in lessening the effects of the depression and restored confidence in themselves as well as hope. Kennedy summarized the advantages of the New Deal programs as follows, the New Deal provided more assurance to bank depositors (FDIC), more reliable information to investors (SEC), more safety to lenders (FHA), more stability to relations between capital and labor (NLRB), more predictable wages to the most vulnerable (FLSA), and a safety net for both the unemployed and the elderly (Social Security). Those innovations transformed the American economic and social landscape. (254)

Even though the new deal held positives and benefited the American economy as well as the Americans, it had some negatives, too. Examples, poor Americans were hurt by the New Deal, evidently, the financial source of the New Deal programs' operations was Excise Taxes that were gathered from alcoholic beverages, candy, chewing gum, cigarettes, matches, fruit juice, soft drinks, margarine, cars, movie tickets, playing cards, electricity. In this sense, such kind of taxes was taken from the poor and middle class; that meant that the New Deal harmed such category of society more than it built them. Also, employers were also harmed by the imposed taxes; high taxes on industries discourage the augmentation of money as well as jobs. The expensiveness of Excise Taxes concerning social security payments in some ways hindered the operation of hiring employees. Powell additionally illustrated:

These did not increase the number of jobs in the economy, because the money spent on New Deal projects came from taxpayers who consequently had less money to spend on food, coats, cars, books and other things that would have stimulated the economy. This is a classic case of the seen versus the unseen _we can see the jobs created by New Deal spending, but we cannot see jobs destroyed by New Deal taxing. It failed in terminating the Great Depression since unemployment's rates was nearly at 19% in 1938.

Along the same lines, the NIRA provision of reducing production and making salaries above market levels was expensive for employers and businessmen to pay workers, for instance, the black lost about 500, 000 jobs. Also, the CCC benefited white people more than the blacks. Concerning the Collective bargaining that was enacted by the NLRA, it caused some destructive strikes. The AAA was racialists towards the African American farmers and most of the programs were implemented in the East and West states enjoying higher revenues than those in the South. Powell also stated, "We should evaluate government policies according to their actual consequences, not their good intentions." Relatively, even if Roosevelt did not intend to harm blacks and his programs were not apparently against them, however, some of them did like the AAA.

Although the New Deal was disadvantageous in some ways and failed to end the great depression, it was advantageous since it helped in restoring hope and revived the American economy again during the darkest times in the history of the American nation.

3.4. Comparing the COVID-19 Stock Market Crash and the Great Depression

James Chen, an expert trader, investment adviser, and global market strategist delineates that a stock market crash occurs when stock prices drop suddenly and unexpectedly. A stock market crash can occur as a result of a major disaster, economic recession, or the bursting of a long-term speculative bubble. Public hysteria in response to a stock market crash may also be a significant contributor, causing panic selling and further depressing prices. He continued explaining that while there is no set level for stock market crashes, they are typically described as a sudden double-digit percentage drop in a stock index over a few days. Stock market crashes frequently have a major economic effect. Selling shares after a sharp drop in price and buying too many stocks on margin before a market crash are two of the most popular ways for investors to lose money. In addition , the market crash of 1929, which was triggered by economic recession and panic selling and sparked the Great Depression, was not the only economic crisis the U.S. has experienced. Black Monday of 1987, the 2001 dotcom bubble collapse, the 2008 financial crisis, and the 2020 COVID-19 pandemic crash are all well- known other stock market crashes (investopedia.com).

March 2020 stock market crash triggered by COVID-19 is a recent as well as a notable stock crash. “March 9 is quickly becoming a day to remember for investors”, said Sean Williams, he also claimed that:

> Did we catch the license plate of the train that hit Wall Street, you ask? Well, look no further than growing fears over Corona virus disease 2019 (COVID-19) and the impact we're beginning to see it have on the global economy. According to the World Health Organization's March 9 situation report, the world is closing in on 110,000 confirmed cases, which have led to over 3,800 deaths. What's particularly worrisome is that, while China's newly confirmed cases have slowed dramatically, new confirmations of the COVID-19 illness are surging in

> numerous countries around the globe. This includes Italy, which has taken the drastic step of putting the entire country on lockdown, as well as Iran, South Korea, and even the United States. Aside from the clear and obvious point that COVID-19 is a direct threat to the well-being of people around the world, it's also a threat to people's financial well-being. That's because this illness, and more importantly the uncertainty and fear surrounding COVID-19, has the ability to affect supply chains for most industries and sectors.

Moreover, according to the World Health Organization (WHO), the COVID-19 pandemic resulted in over 87.6 million confirmed cases and over 1.9 million deaths worldwide in January 2021. The virus's spread has wreaked havoc on the world's healthcare systems, real economy, and financial system. The COVID-19 pandemic has caused more harm than the global financial crisis of 2008 (GFC). The pandemic has halted national and foreign economic activity and financial markets; it is also having a short-term negative effect on stock market returns. Hence, stock market returns are continuing to fall as the number of reported cases rises (Hanif et al. 1).

At the time of writing, it has been more than one year and a half since the outbreak of COVID-19 in early 2020.

In research from Contessi and De Pace (1), it is deducted that even when compared to other episodes of infection and disease transmission, the March 2020 international stock market crash associated with the first major wave of the COVID-19 pandemic due to a novel Corona virus seems unprecedented by historical standards. The volatility of the US stock market in the first half of 2020 is unprecedented. It outnumbers the Great Depression, the Great Financial Crisis (GFC), and the Spanish Flu pandemic combined. During the first phase of the COVID-19 pandemic, realized stock market volatility in the United States was comparable to the Great Crash of 1929 and the Depression Era of 1933.

In this respect, Sean Williams provided the following example: West Texas Intermediate crude oil was down as much as 34% in the overnight session before trading began on Monday, March 9. Since the Gulf War in 1991, this was its worst single-day result. To put it another way, the oil and gas industry's washout –on March 9th- shows that recession worries are widespread. Besides that, no matter what the Federal Reserve does, the stock market will continue to fall into market crash territory, and the US economy will enter a recession. While most economic downturns can be mitigated by lowering interest rates, COVID-19 is an exogenous shock. Simply put, the Fed might allow companies to borrow, but lower rates will not help if customers are hesitant to buy anything. He subsequently commented:

> "To be clear, I'm not saying COVID-19 will send the U.S. economy into recession or the stock market into bear territory. Rather, I'm pointing out that the Fed won't be able to do much of anything if the U.S. economy contracts from this illness and the fear associated with it" (Investopedia.com).

In essence, and although the COVID-19 pandemic did not start out as a financial crisis, its effect on financial markets and economies has been far-reaching. Many countries' public health responses to slow the spread of COVID-19 have included closing international borders, instituting quarantine measures, and restricting resident movement. These steps, on the other hand, have monetary implications. Consider the manufacturing sector, where many businesses have benefited from the use of global supply chains and just-in-time technologies to reduce costs. Customers have more options for goods and services because they can sell their products for international sales. Disruptions in global trade are expected to have a major effect on these businesses. COVID-19 is expected to result in a 13 percent–32 percent decrease in merchandise trade and a 30 percent–40 percent decrease in foreign direct investment in 2020, according to existing projections (Au Yong &Laing 1).

A solid and authentic representation can be illustrated concerning this point, the Dow Jones Industrial Average (DJIA), Dow Jones, or basically the Dow which is a stock market index that indicates the value of 30 major corporations classified on US trading platforms, According to *Forbes* website, between February 11 and March 12, 2020, the Dow Jones fell by about 28%, On March 12 and March 16, two more record-breaking point drops occurred owing to the Corona virus pandemic and crude oil market turmoil. While it is difficult to predict where the current crisis will lead, it is instructive to compare it to previous stock market/economic crises, especially the Great Depression of 1929 (-89 % decline). In short, The Great Depression was the harshest stock market crash in history, with the Dow Jones Industrial Average descending 89 % from its pre-crisis peak. The downturn took place throughout a 34-month period. Furthermore, *Forbes* website published estimated consequences the pandemic has caused by that time:

> “The economic fundamentals of the Covid crisis are looking far worse than previous recessions. U.S. GDP shrank by 4.8% in Q1 2020 and a contraction of over 30% in Q2 appears likely. Unemployment figures stood at 14.7% in April, and the number is likely to cross 25% in May - approaching levels of the 1930s depression.”

The following chart summarizes the DJIA's ten greatest one-day losses:

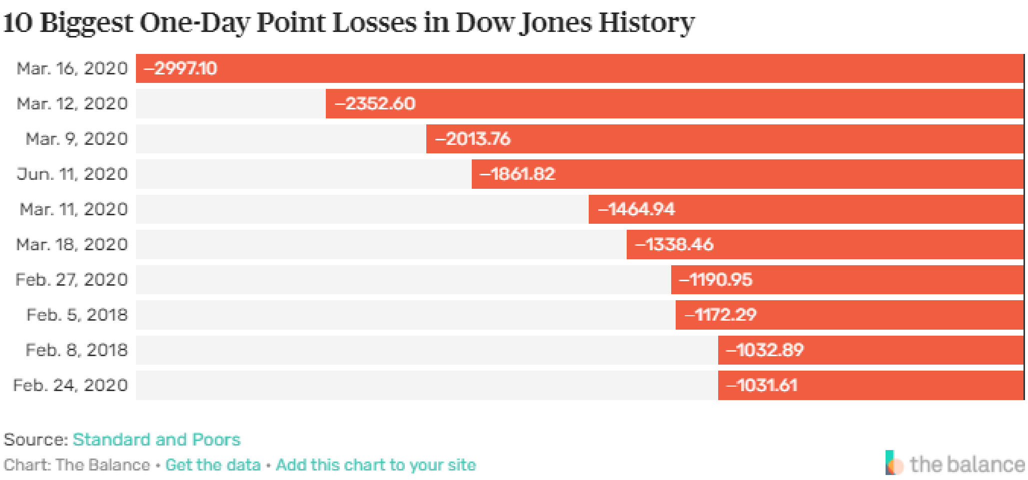

Figure 04: One-Day Point Losses in Dow Jones History

Felix Richter, who is a data journalist wrote an article on March 23rd, 2021 where he stated that the U.S. stock market hit an all time low precisely one year ago, on March 23, 2020, just after Corona virus breakout caused a tumultuous month marked by dramatic shifts I n both paths, resulting in 30+ percent declines for each of the three main stock market indices from their previous peaks. The world is still in recession a year later, but stock prices are near all-time highs. Both three largest U.S. stock market indexes petered out on March 23, 2020, as seen in the chart below. Since then, the Dow Jones Industrial Average, S&P 500, and Nasdaq have risen by 76, 76, and 95 percent, collectively, making the past 12 months one of the strongest 365-day stretches since World War II:

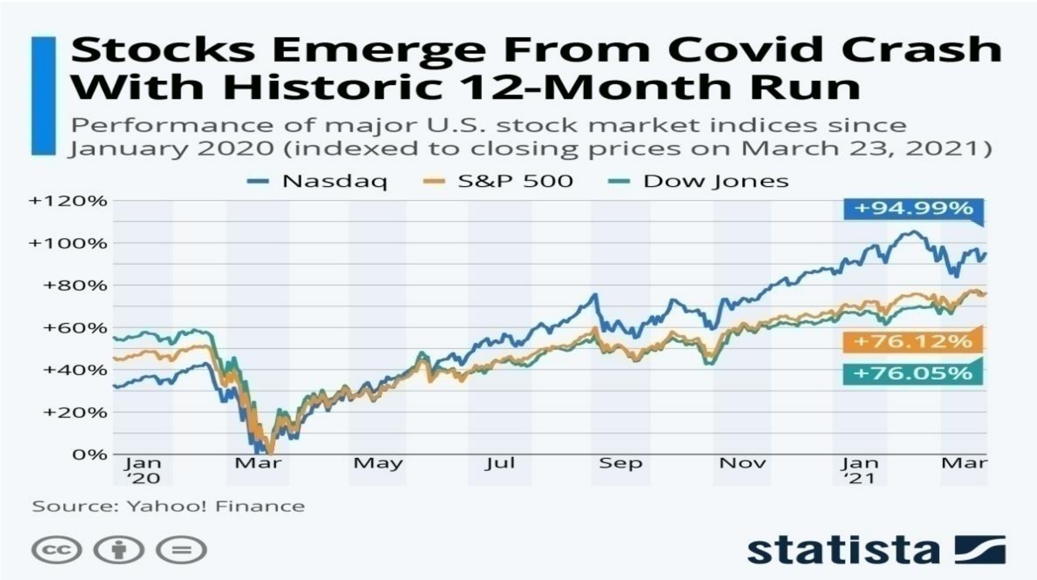

Figure 05: Performance of Major Stock Market indices during the Covid-19 Crash

Three of the worst point fall in US history occurred during the stock market crash. Fears of the corona virus spreading across the world, oil price declines, and the likelihood of a 2020 recession all contributed to the decline. It is true that the market crash of 2020 was drastic, but it did not last. Even when many aspects of the US economy continued to struggle, the stock market made a surprising comeback.

All things considered, Investors were concerned about the effects of the COVID-19 Corona virus pandemic, which caused the 2020 crash. Many parts of the economy were harmed by the confusion surrounding the virus's dangers, as well as the closure of many companies and industries as states enforced shut-down orders. Staff will be laid off, according to investors, resulting in high unemployment and lower purchasing power (Amadeo). Wheelock mentioned that unemployment has risen substantially in the 2020 recession, from 3.5 percent in February to nearly 15 percent in April before falling back to 11.1 percent in June. The unemployment rate in the 2020 recession and the Great Depression are compared in Figure 6. Unlike the abrupt surge at the start of the 2020 recession, the unemployment rate increased gradually throughout the early months of the Great Depression, rising from around 2% in late 1929 to just under 4% in June 1930. The unemployment rate, on the other hand, continued to climb, hitting 25% in 1933 and remaining above 10% throughout the 1930s.

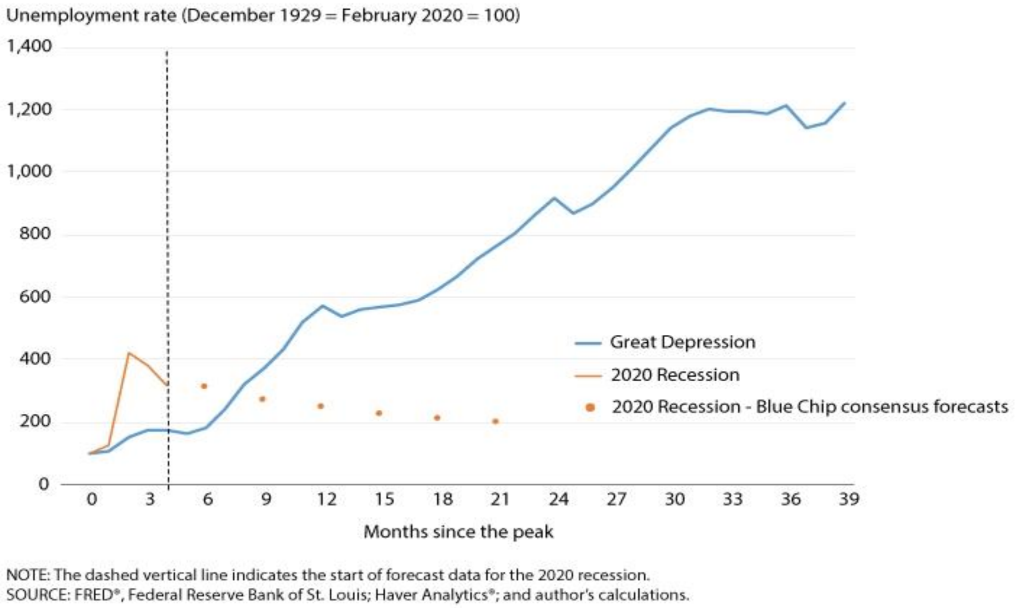

Figure 06: Unemployment Rates (December 1929 – February 2020)

After President Donald Trump initiated trade wars with China and other nations, investors have been nervous. The Dow had dropped more than 10% from its record high on February 12 by February 27. When it closed at 25,766.64, it was the first time it formally entered a correction. Financial crises typically last 22 months, although others have lasted as little as three months. Throughout the summer and fall of 2020, a thriving stock market preceded the recession. The Dow Jones Industrial Average had surpassed 30,000 points by November 24, 2020. On May 5, 2021, the market continued to rise, with the Dow surpassing 34,000 points and the S&P 500 surpassing 4,000 points (Amadeo).

Amadeo resumed the article by answering a prominent question related to this issue: What comes next? Here it is the answer

> The 2020 stock market crash was followed by a recession. That, however, was followed by a substantial but unevenly distributed recovery. The federal government, under both the Trump and Biden administrations, passed multiple bills to stimulate the economy. These included help directed at specific sectors, as well as cash payments to taxpayers, increases in unemployment insurance, and rental assistance. These measures further encouraged investors, leading to additional gains in the stock market. Investors were also encouraged by the development of multiple COVID-19 vaccines, which had begun under the Trump administration. Vaccine eligibility was initially restricted to specific groups by age or health status. However, in March 2021, President Biden directed states and territories to make all adults eligible to receive vaccines by May 1, 2021. As more adults receive vaccinations, more sectors of the economy can return to normal operations. This could lead to further drops in unemployment as jobs open up one more to low-income and wage workers.

In a whole, The COVID-19 outbreak has impacted negatively the financial markets and elsewhere. In the short term, it has slowed the flow of trade and investment from an economic and financial viewpoint. On the one hand, it emphasizes the drawbacks of globalization and the vulnerability of a globalized economy, but we must note that foreign trade and investment have also led to decades of global economic growth and higher living standards. COVID-19's long-term impact has yet to be determined. Global diversification and economic cooperation will be needed to weather the storm and restore financial stability (Au Yong & Laing 12). All in all, unlike previous crashes, the market rapidly recovered and set new highs in late 2020 and early 2021.

Conclusively, the factors that pushed the stock market down in 2020 were unparalleled. Investor confidence, on the other hand, remained strong, thanks to a combination of federal stimulus and vaccine production. Despite the fact that unemployment remains a major economic issue in 2021, the stock market continues to hit new highs. This may indicate either accelerated economic growth and the possibility of lower unemployment, or the end of a stock bubble as gains plateau and prices return to more normal levels (Amadeo).

3.5. Lessons from the Great Depression that are Relevant Now

To start, it is worthwhile to address the fact that the Great Depression of the 1930s is described as one of the most severe economical traumas of the twentieth century; it also remains a measure by which recessions are assessed. For many Americans, President Franklin D. Roosevelt's New Deal remains the gold standard for how the federal government should react to a significant national crisis. The New Deal is more than just a step-by-step roadmap to regaining some form of stability. The greater takeaway is that recovery is a difficult and painful process that necessitates the participation of many people rather than commands from a few (Cohen).

In this regard, the COVID-19- provoked U.S. recession has been likened to previous recessions, particularly the Great Depression of the 1930s, which was arguably the country's greatest and longest fall in economic activity. As a result, numerous lessons can be drawn from this historical catastrophe that can help to mitigate at least some of the economic, political, and even psychological concerns that have plagued the world since the beginning of 2020.

What is more, Rick Biel, who is a financial advisor, initiated his essay by presenting the following annotation concerning this subject:

> While the COVID-19 pandemic has rocked the world with millions of people out of work and struggling to pay their bills, it is important to remember that this is not the first time the economy has crashed. On Oct. 29, 1929, known as Black Tuesday, a record 16.4 million shares of stock were sold in one day, compared with a range of 4 million to 8 million shares a day sold earlier in the year. The great crash had begun. The crash contributed to the Great Depression, which destroyed millions of Americans financially.

Similarly, he noted that due to the Great Depression, people who lived through it acquired many essential lessons about money. Perhaps we may learn from their mistakes and put some of their suggestions into practice currently. Biel introduced a number of lessons. First and foremost, people should establish an emergency fund. Most financial advisors recommend setting aside three to six months' worth of living expenses, if not more. If a person is concerned about losing income due to the COVID-19 pandemic and is currently employed, it is critical that he or she establishes an emergency fund. They can avoid delving into retirement funds and taking on debt if they have a properly established emergency fund. While looking for job or waiting for the economy to revive, having a reasonable amount of cash on hand can ensure peace of mind. Next, it is better to stay out of debt and pay it off. When it comes to peace of mind, individuals who have little or no debt are in a much better position to withstand an economic storm. In other words, many individuals are unaware of this lesson from the Great Depression: consumer debt is among the factors that contributed to the Depression's severity. The United States' economy was booming after World War I, and debt was easy to get by for the first time. Regular citizens began to build up debt in order to purchase items like refrigerators and radios. Ordinary people began to borrow money in order to purchase stock - a practice known as margin buying. As a result, when the Great Depression struck, many people were unable to make their debt payments. Those who were debt-free or had very little debt were able to weather the storm. Following the Great Depression, many people made it a point to avoid debt for many years. Biel did not cease at this point, he also claimed:

> Another practical lesson we can learn from the Great Depression that may be applied to the current economic crisis is the importance of having a budget. When you lose your job or have reduced income, it is important to have an accurate handle on your spending. I distinctly remember my grandmother showing me a notebook that she used to budget her expenses during the Depression. She actually found herself divorced as a single mother of two during this time, and she emphasized to me—at 7 years old—how tough things were and how important it was for her to track her expenses. She found it so crucial to track all of her expenses during that time that she never discarded her budget notebook as a cautious reminder.

Accordingly, there are numerous other lessons to be gained from people who endured the Great Depression. People that made it through that period, for example, sought for any kind of side job to stay going. They also obtained new skills, and many of those who lost their employment went into business for themselves. Many people also set out to become more self-sufficient by learning to fix things on their own.

Biel concluded his article by stating his opinion about this matter by illustrating that resilience was the most important lesson acquired from individuals who lived through the Great Depression. So, to those who have lost a lot of money as a result of the COVID-19 outbreak, remember that others have been there before and always come out on top.

3.6. Conclusion

Taking everything in mind, even though the New Deal programs were decided and implemented almost one century ago, some of them like the SEC, FDIC, SSA, NLRB, and TVA still exist in nowadays' America impacting the three crucial aspects of modern U.S. including the economic, the political, and the psychological ones. Concerning the economic sector, they have a great share in developing American economy in a way or another through protecting deposits and securities, providing jobs, enhancing workers conditions and employers' relations; in addition to the preservation of natural resources. The political impact can be traced in the adoption of federalism. Also, the psychological effect can be observed in the restoring of hope and confidence of Americans in the federal government, the financial sector through the existence of FDIC and SEC programs, as well as strengthening them and make them know that every problem has a solution.

Besides, it is agreeable that the New Deal was effective and contributed to the recovery of the American economic institutions; nevertheless, it was disadvantageous since it could not end the Great Depression or even reducing unemployment's rates until WWII's mobilization did. Another point of a crucial significance tackled in this chapter was the similarities and differences of the Stock Market Crashes of 1929 and 2020. As well, the most important and advantageous things that can be deduced from the Great Depression of the Thirties and the New Deal that are still favorable:

- Creating an emergency fund
- Staying out of debt
- Having a budget
- Resilience
- The federal government should and must intervene in Americans' affairs.

General Conclusion

A student of the American history can readily see how full of events, ups and downs it was. They have influenced the past, are having an impact on the present, and will undoubtedly inspire the future. The Impact of "The New Deal Legacies on Modern American Economical, Political, and Psychological Thought" was an inspirational and engaging topic to explore because history repeats itself and no nation in this world can move forward today without citing and returning to yesterday. The following are the key points that surfaced after performing study on the subject:

At the outset, from 1920 through 1929 Americans enjoyed the industrialized inventions that made their life and working conditions easier, better, and happier, a period known as the “Roaring Twenties” .The good times mentioned supra were ended by the most cataclysmal event in the twenty century history of the American economy when the stock market of New York smashed. The main answer for the reason of the Crash was that value shares of the New York Stock Market in Wall Street declined. The stock market crash had a detrimental impact on financial and economic institutions in the United States. As unemployment rates rose to their peak levels, Americans became the world's most miserable and hungriest people. Banks have also closed and fled. As a result, the American economy imploded.

The 31st President of the United States, Herbert Hoover, fought the Great Depression from 1929 to 1933. He implemented a number of policies and plans to help the American economy recover and get out of its slump, such as the budget balance, business confidence revival, and the Reconstruction Finance Corporation, but they all failed and added nothing; instead, they made the situation worse, with unemployment rates rising and Americans going bankrupt.

The alternative plan was then proposed by Franklin Delano Roosevelt. It was called “The New Deal” that was a set of programs to relieve, recover, and reform the American economy after being collapsed. In this research, the main first New Deal relief, recovery, and reform programs dealt with are: the civilian conservation corps (1933- 1942); The Civil Works Administration(1933- 1934); The Federal Emergency Relief Administration(1934- 1935);The Works Progress Administration(1935- 1943);The National Youth Administration(1935- 1943);The Tennessee Valley Authority(1933- until now);The Agricultural Adjustment Act(1933- 1942);The National Recovery Administration(1933- 1935); Federal Deposit Insurance Corporation(1934- until present);Securities And Exchange Commission(1934- until today). Then, the second New Deal programs, particularly, The Wagner Act and the Social Security Act that were implemented in 1933and 1935 respectively, operating until now.

Furthermore, it appears that the New Deal was the driving force for the end of the Great Depression, however, the outbreak of WWII and America's participation and mobilization were the true turning points for the end of the most depressed decade in the American economy and society's history in the twenty century.

Also, this dissertation shed light on the effects of the New Deal programs that still have on the modern era; economically through the existence of SEC, FDIC, SSA, NLRB, and TVA. In this sense, the SEC still affects the American economy through guaranteeing transparency and preserving securities. FDIC protects deposits, reducing banks’ runs and declines. NLRB makes the working place safer, more stable, and fights unfair labor practices. The SSA compensates retired Americans and decreases the number of poverty as well as unemployment. Last, TVA provides electricity, preserves natural resources, and controls floods. Politically, federal government still exists as a political system and intervenes in Americans’ affairs as well provides them with grants and fees related to health, security income among other things. Psychologically, Because of their effectiveness and durability, the New Deal programs mentioned above have a psychological impact on American governors, citizens, and economists; they give them hope when they lose it, they can use it as an effective strategy when the economy collapses, they can employ the unemployed, they can think positively, and they can be psychologically strong.

Additionally, there is no doubt that the New Deal in the thirties helped Americans get hope, being employed, and activate economic institutions, however, it could not end the Great depression or even reduce the unemployment rates to its lowest as WWII did. Also, some of its programs negatively affects African- Americans, specifically, the AAA.

Another significant point is that the United States of America has experienced numerous stock market crashes throughout its history, including the 1929 crash and the current one, which occurred in 2020 as a result of COVID-19. The aforementioned crashes have some similarities and some differences. The stock market crash of 1929 was the worst and lasted the longest, whereas the one in 2020 was drastic and only lasted a few months. The stock market in 1929 took a long time to recover; however, the stock market in 2020 recovered quickly, reaching new highs in late 2020 and early 2021. They share the following: they both contributed to a decrease in trade, investment, and economic activities both domestically and internationally. During both periods, unemployment rates were nearly ten percent. They both made Americans feel hopeless and despondent.

Last but not least, any experience whatever its type is, people should have get lessons from it so as to employ the positive aspects whenever they are in need and avoid the negative ones. The Stock Market Crashes and great depression of the thirties taught and teach Americans that they must prepare themselves for the unexpected; they should have a budget and stay always out of debt, and having an emergency fund. From the New Deal, they ought to trust the Federal government and put hand in hand to fight big crises.

Indeed, the New Deal programs set in the thirties still affect modern American way of thinking, governing, and managing. That means that if the New Deal programs and agencies were not implemented in the thirties by the President Roosevelt, the today's American thought, specifically, the political, the economic as well the psychological ones would have developed in a different way not like the currently adopted.

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Résumé

Les première et deuxième politiques du New Deal de Roosevelt, mises en œuvre dans les années 1930, ont été appliquées pour gérer les répercussions du krach boursier de 1929, notamment la Grande Dépression et le chômage. Dans cette perspective, l'objectif de la présente étude est de voir si de telles initiatives ont encore un impact sur la pensée économique, politique et psychologique de l'Amérique moderne. À cet égard, la méthode descriptive est utilisée pour discuter d'un tel sujet car elle décrit de nombreux événements et faits historiques. Une analyse comparative est également incluse afin de comparer les krachs boursiers de 1929 et de 2020 - qui ont été déclenchés par Covid-19-. Selon les conclusions de l'étude, le New Deal était une arme à double tranchant, avec des caractéristiques à la fois positives et négatives. Le New Deal a réussi à relancer l'économie américaine mais n'a pas réussi à mettre fin à la Grande Dépression, à laquelle la mobilisation de la Seconde Guerre mondiale a au contraire mis un terme. La conclusion la plus importante de l'étude est que certains des services du New Deal sont toujours en activité aux États-Unis aujourd'hui. Ils ont un effet économique, politique et psychologique majeur sur l'Amérique contemporaine.

Mots clés : Roosevelt, New Deal, le krach boursier, 1929, 1930, 2020, la Grande Dépression, chômage, Amérique moderne, réflexions, économiques, politiques, psychologiques.

ملخص

الاتفاق الجديد الأول والثاني لروزفلت لسنوات الثلاثينات طبق استعجاليا لحل مخلفات انهيار سوق الأسهم لعام 1929 خاصة الكساد العظيم والبطالة. ومن هذا المنظور، الهدف من الدراسة الحالية هو معرفة ما إذا هذه المبادرات لا زالت تؤثر على التفكير الأمريكي العصري الاقتصادي السياسي و النفسي. في هذا القياس تستخدم الطريقة الوصفية لمناقشة هذا الموضوع لأنها تصور العديد من الأحداث والوقائع التاريخية. ويشتمل أيضاً على تحليل مقارن لمقارنة حوادث سوق الأوراق المالية في عامي 1929 و2020 - التي أثارها وباء كوفيد-19.

ووفقا لنتائج الدراسة، كان الاتفاق الجديد سيفا ذا حدين له سمات إيجابية وسلبية على حد سواء. بعد ذلك، نجح

الاتفاق الجديد في إنعاش الاقتصاد الأميركي ولكنه فشل في إنهاء الكساد العظيم ، الذي انتهى بدلاً من ذلك بتعبئة الحرب العالمية الثانية. وأهم نتيجة خلصت إليها الدراسة هي أن بعض خدمات الاتفاق الجديد لا تزال تعمل في الولايات المتحدة اليوم ولهم تأثير اقتصادي وسياسي ونفسي كبير على أمريكا المعاصرة.

الكلمات المفتاحية: روزفلت، الاتفاق الجديد، انهيار سوق الأسهم، ، 1929، الثلاثينات، 2020، الكساد العظيم، البطالة، أمريكا العصرية، الأفكار، الاقتصادية، السياسية، النفسية.