

City Beat

There are eight million stories in my albums. This is one of them...

The National Recovery Administration was a prime New Deal agency established by U.S. president Franklin D. Roosevelt in 1933. The goal was to eliminate "cut-throat competition" by bringing industry, labor, and government together to create codes of "fair practices" and set prices. The NRA was created by the National Industrial Recovery Act (NIRA) and allowed industries to get together and write "codes of fair competition." The codes were intended to reduce "destructive competition" and to help workers by setting minimum wages and maximum weekly hours, as well as minimum prices at which products could be sold.

In 1935, the U.S. Supreme Court unanimously declared that the NRA law was unconstitutional, ruling that it infringed the separation of powers under the United States Constitution. The NRA quickly stopped operations, but many of its labor provisions reappeared in the National Labor Relations Act (Wagner Act), passed later the same year. The long-term result was a surge in the growth and power of unions, which became a core of the New Deal Coalition that dominated national politics for the next three decades.

The NRA, symbolized by the Blue Eagle, was popular with workers. Businesses that supported the NRA put the symbol in their shop windows and on their packages, though they did not always go along with the regulations entailed. Though membership to the NRA was voluntary, businesses that did not display the eagle were very often boycotted, making it seem mandatory for survival to many. Most businesses adopted the NRA without complaint, but Henry Ford was reluctant to join.



The NRA negotiated specific sets of codes with leaders of the nation's major industries; the most important provisions were anti-deflationary floors below which no company would lower prices or wages, and agreements on maintaining employment and production. In a remarkably short time, the NRA won agreements from almost every major industry in the nation. According to some conservative economists, the NRA increased the cost of doing business by forty percent.

The National Recovery Review Board, headed by noted criminal lawyer Clarence Darrow, a prominent liberal, was set up by President Roosevelt in March 1934 and abolished by him that same June. The board issued three reports highly critical of the NRA from the perspective of small business, charging the NRA with fostering cartels. The Darrow board, influenced by Justice Louis D. Brandeis, wanted instead to promote competitive capitalism.

Representing big business, the American Liberty League, 1934–40, was run by leading industrialists who opposed the liberalism of the New Deal. Regarding the controversial NRA, the League was ambivalent. Jouett Shouse, the League president, commented that "the NRA has indulged in unwarranted excesses of attempted regulation"; on the other, he added that "in many regards [the NRA] has served a useful purpose." By the time it ended in May 1935, industrial production was 22% higher than in May 1933. [https://en.m.wikipedia.org/wiki/National_Recovery_Administration]