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UNEMPLOYMENT AS A REAL THREAT TO THE NATIONAL SECURITY OF THE USA IN THE YEARS OF THE GREAT DEPRESSION: A HISTORICAL RETROSPECTIVE

BEZROBOCIE JAKO PRAWDZIWE ZAGROŻENIE DLA BEZPIECZEŃSTWA NARODOWEGO USA W LATACH WIELKIEJ DEPRESJI: RETROSPEKTYWA HISTORYCZNA

Zarys treści: Oparta na metodologii administracji publicznej analiza wsteczna stanu bezpieczeństwa narodowego USA w okresie Wielkiego Kryzysu rozważana jest w kontekście zapewnienia stabilności instytucjonalnej na tle nowych wyzwań i zagrożeń geopolitycznych. Udowodniono teoretyczne i praktyczne znaczenie wyników badań aspektów historycznych zatrudnienia, bezrobocia w okresie Wielkiego Kryzysu, na które istnieje zapotrzebowanie w obecnych realiach bezpieczeństwa narodowego i wzrostu gwarancje społecznych. Celem artykułu jest próba przedstawienia wpływu bezrobocia na bezpieczeństwo narodowe USA pod względem wzrostu gospodarczego i zabezpieczenia społecznego w okresie Wielkiego Kryzysu. Twierdzi się, że jako całość skutki Wielkiego Kryzysu stanowiły poważne wyzwania i realne zagrożenie dla bezpieczeństwa narodowego, integralności terytorialnej i suwerenności państwowej Stanów Zjednoczonych. Należy zauważyć, że bezprecedensowy poziom bezrobocia doprowadził do masowego zubożenia Amerykanów.

Słowa kluczowe: administracja publiczna, bezpieczeństwo narodowe, wielki kryzys, zatrudnienie produkcyjne, bezrobocie

Key words: public administration, national security, major crises, production difficulties, unemployment

Introduction

From historiography it is known that the range of unbiased understanding of a certain social phenomenon can be expanded if we analyse it through the prism

of evolution – the process of its genesis, change and development. In other words, a social phenomenon must be viewed in the inseparable connection of its past, present, and probable future states. The practice of public administration also convincingly shows that public policy in any field is more effective if the conceptual basis of its formation and implementation is an organic connection of three components – past, present and future.

The idea of human rights and the concept of human security is essential to human dignity. Human dignity is a complex notion involving philosophers, lawyers and anthropologists who operate within different social and political contexts, and who pursue diverse, often conflicting, interests and goals.

According to L. Novak-Kalyaeva, the arguments for expediency of research of fundamental principles, forms and methods of modern public administration in their direct connection with the status of human rights and values prioritises sustainable development. There is an organic link between the state of implementation of human rights and the prospects for implementing sustainable development strategies: without the entrenchment in human consciousness of human rights as a fundamental principle of the functioning and administration of society, sustainable development runs the risk of remaining, for a long time, just a loud slogan, especially in countries which are in the process of forming stable democratic institutions.¹

In the context of the study of foreign experience of productive employment and its impact on national security, it seems appropriate to consider the historical retrospective of the Great Depression – the world's largest economic crisis of the twentieth century, the “epicentre” of which was the United States.

According to the author, it is appropriate to show the historical perspective of aspects of unemployment and employment as determinants of the Great Depression. Let us define the chronological boundaries, patterns and features of the unfolding of events during this crisis in the economic, social, political and other social spheres. Let us analyse the dynamic changes in unemployment and employment during this crisis, as well as key policies to address it implemented by the US government.

Addressing the historical past of the Great Depression will determine the state's approaches to productive employment, identify the format and mechanisms acceptable to public administration in this area, explore trends in unemployment and its impact on national security. The results of the historical retrospective of the events of the Great Depression will provide a better understanding of the experience, achievements and mistakes made by the US government in the past. Today, when formulating and implementing a state policy of productive employment in the context of national security, it is important to take into account the historical events of the Great Depression, to learn the appropriate lessons and to prevent the recurrence of similar mistakes in the future. The Great Depression posed serious challenges to the country's economic

¹ L. Novak-Kalyayeva et al., “*Changing the paradigm of public governance in the context of the challenges of sustainable development*”, Proceedings of the 32nd International Business Information Management Association Conference, IBIMA 2018 – Vision 2020: Sustainable Economic Development and Application of Innovation Management from Regional expansion to Global Growth 2018. Pp. 2023–2031.

and national security, forcing us to reconsider and make appropriate adjustments to the modern concept of the national security of the United States and other countries.

A retrospective analysis of the Great Depression and its impact on US national security

For developed democracies, conceptual approaches to security are based on the requirements of state policy compliance with liberal doctrine, according to which the presence of a developed civil society is the main guarantor of the security of the individual, society and the state. Attention is consistently focused on the political, economic and military-political aspects of security. A. Kalyaev notes that global security management is a complex phenomenon whose structure takes into account sphere specificity, in particular, in the field of security. National security in the context of the changing general nature of wars and armed conflicts is considered as an open, dynamic, social system that is an integral part of international security and global governance systems in this area. It is consistently stressed that the organization of counteractions to such a system of threats requires timely identification of them at the theoretical level and definition of the status and countermeasures – at the practical level, including obligatory coordination of efforts with international security structures and support from influential states².

The Great Depression – a world economic crisis, which began on October 23, 1929 and ended during World War II – in 1941. It should be noted that in encyclopedic publications of Ukraine on public administration³, the following chronological boundaries of the Great Depression were determined: 1929–1933. According to the author, such boundaries are, given the opinions of many Western scientists and experts, not quite accurate. This is justified by the fact that these years are only the most acute phase of the Great Depression. In many scientific papers, American statistics of all the 1930s inclusive are attributed to the Great Depression. This is convincingly evidenced by the results of the analysis of the following material.

The Great Depression was the longest and most serious global economic crisis in the twentieth century, beginning in the United States and later affecting Canada, Britain, Germany, France and other countries. The paradox of the Great Depression in the United States, which scientists still cannot unanimously explain, is that it was preceded in the 1920s by a period of unprecedented prosperity. Then came a long-running economic crisis, accompanied by mass unemployment, impoverishment and starvation of most Americans. In turn, this led to a critically dangerous level of social tension in society, which posed a real threat to national security in the United States and elsewhere.

² A. Kalyayev et al. (2019), *Global security governance: conceptual approaches and practical imperatives*, Proceedings of the 33rd International Business Information Management Association Conference (IBIMA), 2019. Pp. 4484–4495.

³ L.A. Zlupko, *Employment in the conditions of formation of innovative economy of Ukraine*: author's ref. dis. ... cand. econ. nauk: спец. 08.00.01 / Л.А. Злупко; Lviv. nat. Univ. I. Franko. – L., 2010–20. P. 65.

The right to good administration is one of the aspects of the civil right to good governance. Its practical dimension is manifested in the continuously improved protection of civil rights and liberties in relations with the national administrative entities and institutions⁴.

The term “Great Depression” is associated with an unprecedented example of an intense global economic crisis and is usually used to focus on the process of economic decline. R.A. Margo, a professor of economics and a researcher at the US National Bureau of Economic Research, rightly suggests that the Great Depression be largely synonymous with the beginning of modern *macroeconomics*⁵ and continues to be a relevant subject of research for future generations of economists⁶.

However, it would be a mistake to look at this phenomenon only through the prism of economics, because the Great Depression, like any economic crisis, includes government, political, social and other components. This is due to the fact that the Great Depression was accompanied by a significant decline in production and mass unemployment, which affected the most vulnerable or vulnerable. Thus, during the crisis in Western countries, production of industrial goods, agricultural products and trade decreased by an average of one third compared to 1928. By 1932 the number of registered unemployed in 32 countries had reached 26.4 million people, in particular in: the USA – 13.2 million people or 32%; Great Britain – 2.8 million people (22%); Germany – 5.5 million people (43.8%)⁷. Historian V.V. Sogrin sees the Great Depression as a “natural disaster,” a “real catastrophe” that developed uncontrollably in the period 1929–1933, as the then leadership (Republican Party) of the United States, being a supporter of the principles of state non-interference in the economy and self-regulatory market mechanism, mistakenly let the situation in the country go, hoping that “everything will resolve by itself”⁸.

The Great Depression in the history of the United States was the second worst internal crisis since the Civil War. However, its resonance was not limited to the United States, but spread far beyond its borders on a global scale. It is widely believed among

⁴ The Administration of EU’s Good Practices in the Light of Human Rights / *Daria Bieñkowska, Agnieszka Lipska-Sondecka, Nataliia Seryogina and Oleksandra Voityk* // 35th IBIMA Conference: 1–2 April 2020, Seville, Spain :<https://ibima.org/accepted-paper/the-administration-of-eus-good-practices-in-the-light-of-human-rights/>.

⁵ Macroeconomics (from the Greek Μακρός - „long”, „big”, οἶκος - „house” and νόμος - „law”) – a branch of economic theory that studies the functioning of the economy as a whole, the economic system as a whole, a set of economic phenomena (inflation, unemployment, budget deficit, economic growth, government regulation, etc.) in the context of analysis of global markets, their relationships. The founder of modern macroeconomic theory is John Maynard Keynes, who in 1936 published a scientific work „General theory of employment, interest and money” (The General Theory of Employment, Interest, and Money).

⁶ Margo R.A. Employment and Unemployment in the 1930s / Robert A. Margo // The Journal of Economic Perspectives. – 1993. – Vol. 7. – No. 2 (Spring). – p. 41–45. P. 41.

⁷ Encyclopedia of public administration: in 8 volumes / Vol. 3: History of public administration / scientific-ed. Board: A.M. Mikhnenko (co-chairman), MM Bilinska (co-chairman) and others. – K.: НАДУ, 2011. – 788 p. P. 65.

⁸ Sogrin VV The economic crisis of 1929-1933. in the USA and modernity / VV Sogrin // Vestnik MGIMO. - 2009. - № 3–4. - Access mode: <https://cyberleninka.ru/article/n/ekonomicheskiiy-krizis-1929-1933-gg-v-ssha-i-sovremennost>.

many scholars and experts that the worst events of the twentieth century – the coming to power of Adolf Hitler and his Nazi followers, World War II and the Holocaust – would not have happened without the Great Depression. The economic collapse contributed to the spread of extremist views among the impoverished population, increased their confidence in Nazi politicians, their gaining of authority and the formation in January 1933 of Nazi Germany (“Third Reich”)⁹.

Despite its almost century-old history, various aspects of the Great Depression still remain the subject of much scientific research and a topic that is of increasing interest to the public today, not only in the United States. This is due to many reasons, the most important of which are the following. Today, the vast majority of Americans have no doubt that the Great Depression destroyed the country’s established way of life, putting its citizens on the brink of extinction – millions of people were reduced to poverty, ruin, impoverishment, homelessness, left alone with despair, poverty and hunger. One hundred years ago, the United States was neither a political leader on the world stage nor a creditor. Moreover, before the First World War, the financial debt of the United States to European countries amounted to almost 5 billion dollars – 0.5 trillion dollars at current prices! The realities of the time posed serious challenges to national security, territorial integrity and state sovereignty. Poverty, social and moral turmoil, experiences, values and world-views of this period were not only etched in the memories of an entire generation of Americans, but greatly changed their lives.

According to L. Novak-Kalyayeva, among the topical problems of the theory of public administration, the issue of human rights, as its theoretical basis and practical imperative, occupies a special place. State administration by its social purpose and structure largely correlates with the structure and social function of human rights as a social institution, and their interaction is quite organic. In conditions of social transformation against a background of democratization of managerial processes, the observance and maintenance of these rights in everyday life is the purpose of administration. The analysis of the theory and methodology of public administration based on modern approaches, enriched by human rights issues, allows us to see the significant democratic potential of public administration in the process of its modernization in the face of contemporary global challenges and threats¹⁰.

A specific feature of the history of the Great Depression and one of the reasons for the current public interest in it is its illogical origin given the economic postulates of the time, unpredictability for federal and regional governments and local governments, and its surprise for most Americans. The fact is that in the United States, Canada, Britain, Germany and France, the era of the 1920s was called the *Roaring*

⁹ Encyclopedia of the Great Depression / in 2 vol. – Vol. 1. – A-K. // Ed. Robert S. McElvaine. – USA: New York: Macmillan Reference, 2004. – 544 p. Encyclopedia of governance: in 2 volumes / [Mark Bevir (Ed.) et al. P. ix.

¹⁰ Larysa Novak-Kalyayeva et al. “Improvement of Public Administration Based On Human Rights: Theoretical Approaches and Practical Implementation” Proceedings of the 30th International Business Information Management Association Conference, IBIMA 2017 - Vision 2020: Sustainable Economic development, Innovation Management, and Global Growth. Pp. 945–952.

Twenties. This was the period after the First World War which was characterized by economic and cultural “prosperity,” especially in large cities such as New York, Los Angeles, Chicago, Detroit, Montreal, London, Berlin and Paris. The 1920s were a post-war era of the awakening of emotional patriotism and the dynamic development of all social spheres due to electrification and the invention of a number of new technologies. The United States began to widely produce and use cars, telephones, record players, radios, refrigerators, cameras, film cameras, air conditioners and more. The film industry, civil aviation, chemical and other industries developed rapidly in those years, and consumer demand and supply and the purchasing power of the population increased. Specific features of the 1920s for the United States were also mass immigration, racial unrest, rapid urbanization and the growth of giant industrial holdings.

In the 1920s, economic growth in the United States was positively optimistic. Thus, during 1923–1929, US national income increased by 17% due to the industrial boom: from 74.3 billion dollars to 86.8 billion dollars¹¹. However, Soviet scholars questioned the social justice of the redistribution of national income. They claim that in 1929, 14.5% of the country’s national income was appropriated by representatives of large capital, which accounted for about 1% of the total US population. 513 American millionaires received an income equalling the annual salary of 1 million workers employed in the country. At the same time, a significant share of national income, in their opinion, went to the middle classes of the United States, whose incomes were increasing.

It should be noted that the views of Soviet historians on events in the United States were to some extent ideologically engaged, inspired by political confrontation and based on the postulates of Marxist-Leninist political economy. Despite this, one can agree with such views to some extent. Indeed, the then widespread system of selling in *instalments*¹² allowed Americans to buy on credit cars, radios, refrigerators, vacuum cleaners, washing machines and other household appliances. Members of the middle and lower classes – the middle class in the United States with middle and lower levels of income and security – had the opportunity to purchase consumer goods for their households or individual comfort through their purchase on credit. Millions of Americans went into debt to improve their homes and belong to a cohort of “decent people” who then embodied the mainstream mass culture of consumption – the paradigm of American society. This is convincingly evidenced by the following statistics: by the end of the 1920’s, 85% of furniture, 80% of phonographs, 75% of washing machines, 70% of refrigerators and more than half of vacuum cleaners were bought on credit¹³.

Significant progress was made in the United States in the automotive industry: annual car production increased from 1.5 million in 1921 to 4.8 million in 1929. In 1929, 26.5 million cars were registered in the United States and the annual

¹¹ Change and Continuity in Twentieth Century America: The 1920’s / Ed. by J. Braeman, R.H. Bremner, D. Brody. – Modern America. – No. 2. – USA: N.Y.; The Ohio State University Press, 1969. – 456 p. P. 403.

¹² Installment (purchase on instalments) – the purchase of goods on credit, which involves payment of both their value and interest on the loan in instalments.

¹³ R.A. Goldberg, *America in the Twenties* / Ronald Allen Goldberg. – USA: N.Y: Syracuse University Press, 2003. – 232 p. P. 129.

production in the country accounted for more than 75% of cars produced worldwide. At that time, every fifth American had a car, in Britain there was one car per 43 people, in Italy – per 325, and in the USSR – per 7 thousand¹⁴. Thanks to conveyor production, the Ford, General Motors and Chrysler Motors plants began mass production of cars of various categories at affordable prices for Americans, meeting their demand and needs. In general, American companies produced 45% of world industrial output. The economic boom boosted American employment, wages and material well-being. The expression “American exclusivity” and claims of a “crisis-free” stage of development in the United States were spreading in the country.

Indeed, in 1926–1928, the US economy was on the rise: the country’s national income increased 2.8 times – from 32 billion dollars in 1913 to 89.7 billion dollars in 1927¹⁵. This was achieved primarily through increased productivity and rapid development of the securities market, the value of which in the 1920s amounted to 50 billion dollars and had a steady trend towards “colossal growth.” Thus, during 1924–1929, the value of securities increased 3.2 times: from 27 billion dollars up to 87 billion dollars. In the late 1920s, there was a real “stock market bacchanalia” in the United States, involving large investor campaigns and millions of Americans investing their savings in securities, hoping that the steady rise in stock prices in “perpetual prosperity” would make them rich¹⁶.

Foreign investors did not invest in the development of production, but in the purchase of securities. Ordinary Americans also bought securities, both at their own expense (cash deposits) and at the expense of loans taken from banks at 3.5–4%. At the end of October 1929, the New York Stock Exchange experienced a stock market panic, which escalated into a sharp decline and a sharp fall in stock prices of catastrophic proportions. This led to the stock market crash of the US stock market, which President *Herbert Hoover*¹⁷ called the “orgy of crazy speculation,” which had begun in 1927¹⁸.

Many scholars share the view that the stock market crash was the beginning of the Great Depression. However, some of them, in particular the American professor of history R. Sobel, having studied scientific works, empirical data and events of those years, claim that there are no clear causal links between the stock market crash and the Great Depression¹⁹. Soviet historians included the “stock market game,”

¹⁴ V.V. Sogrin, *The economic crisis of 1929–1933. in the USA and modernity* / VV Sogrin // Vestnik MGIMO. - 2009. - № 3–4. - Access mode: <https://cyberleninka.ru/article/n/ekonomicheskii-krizis-1929-1933-gg-v-ssha-i-sovremennost>. P. 4.

¹⁵ Nureev RM American experience of coming out of the Great Depression: history lessons for the present / R.M. Nureyev // *The world of the new economy*. - 2013. - № 2. - Access mode: <https://cyberleninka.ru/article/n/amerikanskiy-opyt-vyhoda-iz-velikoy-depressii-uroki-istorii-dlya-sovremennosti>. P. 11.

¹⁶ *History of the USA: in 4 volumes* / Ch. ed. G.N. Севостянов]. - М.: Nauka, 1983-1987. - Vol. 3: 1918-1945. / ed. I.V. Galkina [et al.]. - 1985. – 671 p. P. 93–94.

¹⁷ *Herbert Clark Hoover - The 31st President of the United States from 1929 to 1933*, elected by the Republican Party.

¹⁸ J.K. Galbraith, *The Great Crash, 1929* / John Kenneth Galbraith: – USA : N.Y.; Mariner Books, 2009. – 224 p. Pp.16–24.

¹⁹ R. Sobel, *The Great Bull Market: Wall Street in the 1920s* / Robert Sobel. – USA: N.Y.: Norton, 1968. – 175 p. P. 147.

“overproduction” and “market element” amongst it is noted that 1929–1933 was a period of unprecedented economic decline (“dysfunction”) in the history of the United States, as a result of which millions of Americans lost their jobs. R. Margo²⁰, a professor of economics at Harvard University notes the inherent features of the labour force and labour market of that period, namely: strict wage restrictions; a consistently high unemployment rate; underemployment and long-term unemployment. The economist emphasizes that “unemployment was the paradigmatic cause of the Great Depression, the consequences of which spread to the economy.” In other words, unemployment was a determinant of the deepening crisis. An “army of millions” of unemployed people, many of whom were middle-aged breadwinners for their families, “generated” a sharp sense of despair that swept the country.

Unemployment in the United States during the Great Depression peaked in 1933, when a quarter of the country’s workforce (13 million people) was unemployed. This figure had increased by more than 20% compared with 1929. It should be noted that in the 1920s, unemployment rates ranged from about 5%. According to expert estimates, in 1921 the unemployment rate in the United States reached its peak – 11.9%. At that time, this figure was critically high, which led to the holding of the Presidential Conference on Unemployment, aimed at eliminating the negative consequences and preventing its growth²¹.

In other words, in the late 1920s, the United States did not expect and was not prepared for such an unprecedented, sharp rise in unemployment, which in 1933 exceeded the shocking limit of 25% of Americans. High unemployment rates (15–25%) persisted in the period 1933–1939, reaching 14.3% in 1937. This, in turn, led to a reduction in the wages of part-time employees, the majority at the time. Unemployment was so widespread that no region of the country was able to avoid job cuts and unemployment: both in West Virginia and Kentucky, where there were coal deposits, and agricultural, rural areas of the south; and in its large cities such as Los Angeles, San Francisco, New York and Philadelphia. A serious problem, and a feature of economic and social policy of the 1930s, was large-scale and chronic long-term unemployment (over one year), which was as high as 60% of all unemployed.

Unemployment had a different impact on demographic age groups: young people, the elderly, uneducated, skilled and rural workers, blacks, Mexican-Americans and immigrants were the hardest hit. Workers under the age of 20 and over the age of 60 were twice as likely to lose their jobs as other age groups. One in five unemployed people was black. Thousands of immigrants returned home, and in 1931, 100,000 Americans went to work in the USSR. During the decade, approximately 400,000 immigrants from Mexico were deported. It is striking that those most affected by the Great Depression were not immigrants, marginalized and black workers, who were usually the last to be employed and the first to be fired. Instead, the “typical” unemployed worker, according to research at the time, was a 30-year-old white man, the head and

²⁰ R.A. Margo, *Employment and Unemployment in the 1930s* / Robert A. Margo // The Journal of Economic Perspectives. – 1993. – Vol. 7. – No. 2 (Spring). – P. 41–45.

²¹ D.M. Kennedy, *Freedom from Fear: the American People in Depression and War, 1929-1945* / David M.Kennedy. – USA: New York; Oxford: Oxford University Press, 2001. – 936 p.

sole breadwinner of the family, uneducated but skilled in industry, industry being the most affected during the Great Depression. Thus, by 1933, two-thirds of Ford's employees had been laid off. Paradoxically, in many American families the main breadwinners were women, which later changed the relationship in households²².

From 1929 to 1940, changes in wage and unemployment levels correlated positively. From 1929 to 1932, the levels of real wages (by 11.4%) and unemployment (by 20.4%) grew at different rates. However, American economists are critical of the wage figures provided by the US Bureau of Labour Statistics. According to their calculations, the *nominal salary*²³ was underestimated by a factor of two. Consequently, they reasonably question the reliability and show the bias of these statistics²⁴.

American historians argue that one of the key reasons for such a surge in unemployment, meagre wages and incomes in the United States was *laissez-faire*²⁵ politics and obsolete dogmas which were uncompromisingly followed by President Hoover. *Herbert Stein*, an American economist, believes that Hoover tried to hand over the "helm of economic management" to capitalists, transfer responsibility to them, state governments and local governments to restore the economy and retain "ceremonial functions." To confirm this, the economist draws attention to the relatively small size of the US federal government staff²⁶ at the beginning of the depression.

Increased productive employment and positive developments in the resumption of economic growth in the United States

The deep economic crisis in the United States caused by unemployment had an extremely negative effect on the popularity of President Hoover, who was never able to bring the country out of it. In the autumn of 1932, Hoover lost the presidential election and Democrat *Franklin Delano Roosevelt* convincingly defeated his rival by proposing a reformist policy known as The New Deal. This reform programme provided for state funding of public works, state regulation of labour relations and production, the introduction of social protection and changes in the country's banking system²⁷.

Attention should be paid to components of this programme and the mechanisms of public administration used in the field of employment such as public funding of public

²² *Encyclopedia of the Great Depression* / in 2 Vol. // Ed. by Robert S. McElvaine]. – USA: New York: Macmillan Reference, 2004. – 544 p.

²³ Nominal wage – the actual amount of money that an employee receives from the sale of its labour and its operation.

²⁴ Margo R.A. Employment and Unemployment in the 1930s / Robert A. Margo // *The Journal of Economic Perspectives*. – 1993. – Vol. 7. – No. 2 (Spring). Pp. 41–45.

²⁵ Laissez-faire (from French – „let me do” or „principle of non-interference”) – an economic doctrine according to which state intervention in the economy is minimized and focuses on national security, protection of property rights and the provision of certain public goods.

²⁶ D.M. Kennedy, *Freedom from Fear: the American People in Depression and War, 1929–1945* / David M. Kennedy. – USA: New York; Oxford: Oxford University Press, 2001. – 936 p.

²⁷ *Economic encyclopedic dictionary: in 2 volumes* / S.V. Mocherny, Ya.S. Larina, OA Ustenko, SI Yuri Ed. SV Mocherny. - Vol. 2. - Lviv: Svit Publishing House, 2006. – 568 p. P. 65.

works. Firstly, community service enabled the US government to employ a significant number of unemployed (usually young and physically able men) and significantly increase the country's productive employment. Secondly, due to state funding of public works, for which in 1932 5.5 billion dollars was allocated, there was significantly development of the infrastructure of the urban economy (highways, large bridges, etc.), development of uninhabited areas and more. Under this programme unemployed Americans could get a job on a voluntary basis. Government agencies provided such workers with special clothing, housed them in specially created settlements such as tent camps, where they were fed, paid small amounts for their work, and transferred the money earned to relatives at home²⁸.

The New Deal reform programme was based on the adoption by the US Congress and the implementation of a number of pieces of legislation. Let us analyse some of them, namely those that regulated the social relations of the labour market. The US labour market was then characterized by large-scale reductions in working hours, jobs, lay-offs and wage cuts. The unions had been negotiating with employers about this, insisting on measures to mitigate the negative effects of the depression. In this context, the *Norris-La Guardia Act* was passed in 1932²⁹, which removed legal barriers, restrictions on trade union activities (anti-union practices), judicial interference in labour disputes (hiring only non-union workers, recourse to labour courts on labour disputes and making appropriate court decisions). This Law prohibited:

- employment contracts in which provisions forced employees to refuse union membership;
- adoption by federal courts of decisions (instructions) on non-violent labour disputes;
- interference of employers in the free establishment of trade unions by employees and obstruction of their membership.

These three provisions of the law provided for the protection of self-organization and freedom of the worker or “collective bargaining,” limiting the jurisdiction of federal courts to issue anti-union court orders.

The National Industrial Recovery Act of 1933, NIRA contained provisions that allowed President F. Roosevelt to regulate the minimum wage and the price of industrial goods. Chapter 7(a) of this law protected the rights of trade unions to bargain collectively. According to this law, the *State Programme of Public Works* was established and the *Federal Emergency Administration of Public Works* was established, which was later renamed the Public Works Administration (PWA) in 1935, and in 1944 - closed. Under this law, the National Recovery Administration (NRA) was also formed in 1933, a federal government whose activities during the Great Depression were aimed at eliminating “wolf competition” by uniting the efforts of American

²⁸ *History of the United States: in 4 volumes / Ch. ed. G.N. Севостьянов. - М.: Nauka, 1983-1987. - Vol. 3: 1918-1945. / ed. I.V. Galkina [et al.]. - 1985. - 671 p. P. 52.*

²⁹ *Note. The Norris-La-Guardia Act of 1932 is the US Federal Labour Code, named after its Republican senators, J.W. Norris and H. La Guardia.*

industrial enterprises and creating industry codes for “good practice,” pricing of industrial products, etc.

In May 1935, the US Congress passed *the National Labour Relations Act*, or Wagner Act, which gave private sector workers the right to form unions, participate in collective bargaining with employers and strike. De facto, this law legalized trade unions in enterprises and the right of workers to join them without hindrance. The management of the enterprises was obliged to conclude collective agreements with the trade unions, which included articles on wages, conditions of employment and dismissal, labour protection and social insurance. The law also banned anti-union practices and established the National Labour Relations Board, which was empowered to conduct and decide on trade union elections. By its decision, this commission approved the established trade unions and employers had to agree in good faith with the trade unions on the working conditions of employees.

In June 1938, the US Congress passed the *Fair Labour Standards Act* of 1938 (FLSA), a fundamental part of American labour law. The law established minimum wage rates and introduced the concept of “overtime work” for work over 40 hours a week. Employers of interregional trade had to pay workers at least 25 cents an hour and pay extra for overtime, initially exceeding 44 hours a week and later 40 hours a week. According to the provisions of this law, the minimum wage and the share of employees had to increase constantly. The law also prohibited the use of minors in “repressive child labour.”

It is known that unemployment leads to a decrease in income and the level of security of households and negatively affects the moral and psychological condition of the unemployed and his family members. In such cases, the state must take on the obligations and provide social protection for unemployed citizens, in particular through the payment of unemployment benefits. In this context, consider the regulations that governed public relations of social protection in the event of unemployment in the United States during the Great Depression.

One of the most far-reaching socio-economic measures of the New Deal programme was the adoption in August 1935 of the *Social Security Act*, on the basis of which three types of social programmes were created:

- 1) pensions, which were to be financed by payroll tax – pensions were paid in fact, not on demand;
- 2) unemployment insurance, which was administered by the states and financed by another payroll tax (by the end of the twentieth century, these programmes were included in the federal tax system);
- 3) federal programmes to help low-income families, which were administered in the states and financed from the total income of the Federal Budget – assistance was provided to low-income families. The programme to help families with dependent children proved to be the most controversial.

From 1932 to 1940, federal cash payments to the population doubled from 4.8 billion dollars to 9.6 billion dollars. Raising tax rates increased the amount of income

for the government by 3.5 times: from 2 billion dollars up to 7 billion dollars. Most economists today believe that such a high-tax policy restrains the potential incentive effect of federal spending.

Paradoxically, a real increase in productive employment and positive changes in the resumption of economic growth in the United States was achieved not through the adoption of the above legislation within the “New Deal” reform programme, but with the entry of the US in World War II (1941). Although most government emergency and reconstruction programmes were phased out, some, including benefits for the elderly, the unemployed, workers affected by industrial accidents, fixed minimum wage levels and union support have survived in the United States. As a result of the Great Depression, the powers and spheres of influence of the federal government were greatly expanded. In order to promote full employment and economic growth, the US government committed itself to “regulating demand.” Among the cardinal changes that took place in the United States during the Great Depression, American scientists attribute significant positive transformations in relations between citizens and the federal government³⁰.

Summarizing the above, we can briefly conclude that in the modern history of the United States, the Great Depression had unprecedented negative consequences in the country, namely:

- *economic* – deterioration of the investment climate and reduction of foreign direct investment (capital investment, “outflow” of capital), reduction of trade, production (industrial) and services, rising unemployment, declining GDP, the decline of agriculture, etc.;
- *social* – impoverishment, marginalization of the middle class, cases of starvation, social insecurity of socially vulnerable groups, low wages (poverty of employed workers), declining incomes, purchasing power and living standards, its “survival” in a crisis, the state’s inability to provide decent pensions, social guarantees for their citizens, etc.;
- *demographic* – reducing the birth rate and increasing mortality (depopulation), deportation and voluntary departure of emigrants, etc.;
- *political* (internal, external) – prompted the administration of President Hoover to change and “reset” the format of government, led to its fiasco in the 1932 presidential election; intensification of the struggle on the world stage for markets, raw materials, investment. The negative consequences of the Great Depression listed above posed ever newer, more serious challenges and posed a real threat to US national security. An integral manifestation of this was an increase in social tensions among Americans, the intensification of social movements, mass protests, strikes and the loss of US positions in the international political and economic arenas. Indeed, the economic catastrophe lasted, which led to panic, despair, impoverishment, loss of hope for help from the state and trust in it. Later, it escalated into widespread public discontent, the spread of protests among

³⁰ *Encyclopedia of the Great Depression* / in 2 Vol. // Ed. by Robert S. McElvaine. – USA: New York: Macmillan Reference, 2004. – 544, p. 404–405.

the population, an increase in the number of supporters of communist and nationalist parties, an increase in the likelihood of illegal change of government (coups), and the loss of state sovereignty.

It was poverty, the poverty that plagued Americans during several years of economic crisis, that led them to unite in mass social movements in the early 1930s. Initially, such movements were somewhat spontaneous and unprofessionally organized, as in the late 1920s only 10% of workers were union members and their numbers were tending to decrease. Thus, in 1920 there were 5.034 million people in the country's trade unions, in 1929 – 3.625 million people, and in 1933 – 2.857 million people. According to official statistics, in the United States in 1930, 183 thousand workers went on strike, in 1929 – 37% (more than 100 thousand strikers) less than in 1929, and in 1931–342 thousand, which is almost twice as much. It was in 1931 that the largest and most combative strikes took place by 40,000 striking miners in Pennsylvania, Ohio, and West Virginia, who fought steadily for 2.5 months against pay cuts and mass lay-offs. They were later joined by Kentucky miners, Massachusetts textile workers, and New York seamstresses. The social movements of the multimillion-dollar “army” of the unemployed, which were to some extent inspired by the Communist Party, developed intensively. The unemployed demanded the introduction of a state social security system, including insurance and unemployment benefits, the organization of public works and fair pay. In 1930, about 1.25 million unemployed under the auspices of the Communist Party took to the streets of New York, Chicago, Detroit, Philadelphia and other industrial centres in mass demonstrations of anti-unemployment protests. A bill on social insurance was later drafted at the Chicago Unemployment Convention.

In the summer of 1932, 17,000 unemployed World War I veterans went on a protest march in Washington to protest against famine and demand immediate cash veteran benefits (bonuses) guaranteed by a 1924 US law. During the economic crisis many veterans lost their jobs and faced the threat of starvation. The ranks of the strikers, numbering a total of 43,000 people from all states, were infiltrated by Communist revolutionaries who, according to the FBI, were determined to overthrow the US government. Radical veterans set up camp near the *Capitol*³¹, demanding that Congress pass a law on payments and threatening uprisings in other states. The month-long confrontation between the representatives of Congress and the “cone army” ended with its violent dispersal (2 veterans were shot by the police, 55 were wounded) and the burning of the tent camp. The Washington Daily News described the event as “a pitiful spectacle of the world’s most powerful government pursuing unarmed men, women and children with battle tanks”³².

Mass movements of social protest also spread to American farmers, whose indignation intensified in 1929, when prices for agricultural and livestock products fell

³¹ The Capitol is a building in central Washington that houses the US Congress.

³² *Justified in his course: [Electronic Resource]* // the Washington Times: website. – 2017. – Oct. 9. – Acces Mode: <https://www.washingtontimes.com/news/2017/oct/9/herbert-hoovers-bonus-army-decable>.

sharply and attempts at the federal level to stabilize the agricultural market failed. In the spring of 1931, large-scale protest campaigns began in Iowa (in dairy areas), during which farmers clashed with police and the National Guard.

In the summer of 1932, farmers embarked on a massive organized struggle against the exploitation of monopolies, creating a farmers' boycott movement that later engulfed Minnesota, Dakota, Nebraska and other states. Attempts by the authorities to involve the police against the strikers led to farmers refusing to sell agricultural products at all, and later to clashes that lasted for two months. Although the authorities managed to weaken and end this farm boycott by force in the fall, in 1933 it resumed in other states. Thus, the rapid development of mass social movements exacerbated the already tense political situation in the United States, putting the country on the brink of clashes between capitalist monopolies and its multimillion unemployed and impoverished population, who had doubts about the justice of the capitalist system. Radical intellectuals, workers and peasants, through the Communist Party, successfully began to spread the belief in the need to replace capitalist society with a new, so-called "co-operative society," a paradigm in which "the process of producing and distributing material goods is to meet the needs of all Americans," which would also allow achieving the "common good." According to Soviet historians, Americans began to see the cause of their plight in capitalists and financial oligarchs, who concentrated resources, the means of production and political power in their hands, which allowed them to become even richer during the economic crisis. The question of "the conquest of political power by the people," and "the transfer of power into the hands of the people" was raised. That is, we are talking about the overthrow of the government and establishing control over it. This question was "a prerequisite for the implementation of the programme of restructuring capitalist society." Proponents of these slogans were strikers and some trade union movements³³.

In other words, the Americans' deep frustration with the policies of President Hoover's government, the spread among them of public sentiments not only of protest, but also of separatism and coup d'état, was then a real internal threat to US national security.

The institutional processes in this area, particularly during the second half of the last century shaped the organic link between intercultural interaction and human rights. Thus, in 1947, during the elaboration of the text of the UN Declaration on Human Rights, the American Anthropological Association proposed a "Memorandum of Human Rights," reflecting a distinct view of their universality. In it, in particular, it was emphasized that "standards and values are correlated with the cultures in which they occur"³⁴.

The economic crisis had a negative impact on US foreign policy and the social situation in the world, including Latin America, the Far East and Europe.

³³ *History of the United States: in 4 volumes* / Ch. ed. G.N. Sevostyanov. - M.: Nauka, 1983–1987. - Vol. 3: 1918–1945. / ed. I.V. Galkina [et al.]. - 1985. - 671 p. Pp. 163–169.

³⁴ *Multiculturalism as an Alternative to the Development of Western Democracy and the Problems of Global Governance* /Svitlana Andreyeva, Daria Bienkowska, Orest Krasivski, Iryna Kolo-sovska and Nataliia Seryogina // 34 International Business Information Management Association Conference (IBIMA), P. 18316–18322.

The consequences of this crisis were a sharp decline in world trade, intensified competition for markets and the controversy between states over geopolitical influence in the international arena. There were trade and customs wars, which severed international financial ties, and the devaluation of the US currency and the bankruptcy of American banks led to the strengthening of the British pound in the global financial market and the creation of a sterling bloc. The desperate efforts of the US government not to lose influence in the world led to escalating tensions and geopolitical confrontations between developed countries.

Strong positions and important geopolitical interests in US foreign policy were in Latin America, to which American monopolies and the government tried to shift part of the burden of this crisis. In the 1920s, more than two-thirds of US trade was in the Caribbean, and the main economic resources were controlled by the United States. In 1929, the total investment from the United States in Latin America amounted to 5.6 billion dollars, and investments in the countries of this basin - 3.7 billion dollars (2 times more than in the UK). During the economic crisis in Latin America, unemployment and inflation rose, prices for agricultural products and raw materials fell, and foreign trade declined (3 times). Increased social tensions, political confrontations and power struggles escalated into coups in Latin America (Argentina, Brazil, Bolivia, Haiti, Nicaragua, Paraguay, Peru, Cuba, Chile, etc.), which was partly due to Anglo-American rivalry in this region.

US foreign policy during the crisis was directed to the Asian continent, especially the Far East. Asia was an important market, a source of raw materials and a sphere of US investment, which in 1930 amounted to 1 billion dollars (almost 50% of which was Japan and 25% – China). For comparison: US investment in the UK reached 1.25 billion dollars. At the beginning of the economic crisis, conflicts of interest, the struggle between the United States and developed countries for markets and sources of raw materials in Asia (especially in China, Manchuria and Japan) intensified.

An important area of US foreign policy was Europe, in which significant American investment was made: after the First World War Europe's debt to the United States amounted to 10 billion dollars. During the economic crisis, the United States demanded the repayment of debts and interest from European states (Germany, Britain and France), which proved to be insolvent and so American bankers refused to provide loans. The economic crisis had an extremely negative effect on US trade with Western European countries, which refused to buy many American goods. Thus, in 1930, imports of American goods were reduced in Germany by 26.2%, Great Britain – 15.8%, France – 9.6%. Thus, relations between the United States and Western Europe were quite tense, which in turn, negatively affected the solution of a number of serious issues in world politics³⁵.

³⁵ *History of the United States: in 4 volumes* / Ch. ed. G.N. Севостьянов. - М.: Nauka, 1983-1987. - Vol. 3: 1918-1945. / ed. I.V. Galkina [et al.]. - 1985. - 671 p.

Conclusions

It is determined that the Great Depression was a global economic crisis, the largest in the 20th century by its size and duration, which began in the United States and spread to Canada, Britain, Germany, France and other countries. Referring to the research of many Western historians, economists, scientists and other branches of science, it is proposed to change the chronological boundaries of the Great Depression to 1929–1941, which in domestic encyclopedic and other scientific publications is stated to be 1929–1933. The need for such clarification is justified by the fact that this period is only a phase of exacerbation of this crisis, and in official US statistics it is indicated that all the 1930s include the years of the Great Depression. The theoretical and practical significance of the results of the study of historical aspects of employment and unemployment during the Great Depression are in demand, given the current realities of national security.

An analysis of the statistics shows that during the Great Depression in the United States: the number of registered unemployed in the United States was 13.2 million or 32% (as of 1932, while in the 1920s – about 5%); volumes of trade, production of industrial goods and agricultural products decreased by a third. The factors that led to the Great Depression have been identified, the most important of which are: the widespread tendency for companies and individuals to invest in stocks, securities and the stock market crash of the US stock market; mass consumer culture of Americans “living in instalments;” the policy of the administration of President G. Hoover’s “non-interference in the economy” and the “gold standard,” the bankruptcy of banks; lack of mechanisms for social protection. It is noted that the unprecedented level of unemployment against the background of severe wage restrictions on employees and the spread of part-time work led to mass impoverishment and starvation of Americans. In 1932, President Roosevelt introduced a reformist policy known as the New Deal, which helped the United States emerge from this economic crisis. This reform programme provided for state funding of public works, state regulation of labour relations and production, the introduction of social protection and changes in the country’s banking system. Thus, the application in the field of employment of such a mechanism of public administration as public funding of public works allowed the US government to: employ a significant number of unemployed and increase the level of productive employment of the population; significantly develop the infrastructure of the municipal economy (build highways, large bridges, etc.), develop uninhabited areas, etc. The New Deal reform programme was based on the adoption by the US Congress and the implementation of a number of legislative acts regulating public relations in the labour market and social protection system, namely: the Norris-La Guardia Act (intensified trade union activities, resolution of labour disputes); Law on the Reconstruction of National Industry (regulated the minimum wage, prices for industrial goods, collective bargaining); The National Labour Relations Act (giving private sector workers the right to form unions, participate in collective bargaining with employers, strike); the Fair Labour Conditions Act (the basis of U.S. labour law,

set minimum wage rates, etc.); the Social Welfare Act (insurance, in accordance with its provisions, social old-age pension programmes, unemployment insurance, and federal programmes to help low-income families were created).

The consequences of the Great Depression were identified, which together posed serious challenges and posed a real threat to national security, territorial integrity and US state sovereignty, namely: economic – rising unemployment, declining GDP, declining foreign direct investment, “outflow” of capital; reduction of trade, production and provision of services, decline of agriculture, etc.; social – impoverishment, marginalization of the middle class, cases of starvation, social insecurity of socially vulnerable groups, low wages (poverty of employed workers), declining incomes, purchasing power and living standards, its “survival”, the state’s inability to provide decent pensions and social guarantees to its citizens; demographic – reduction in the birth rate and increasing mortality (depopulation), deportation and voluntary departure of emigrants, etc.; political – intensification of the struggle on the world stage for markets, raw materials, investment.

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Summary

Based on the methodology of public administration, a retrospective analysis of US national security during the Great Depression was conducted, which is considered in the context of ensuring institutional stability against the background of new geopolitical challenges and threats. The purpose of the article is to determine the impact of unemployment on the US national security during the Great Depression in terms of economic growth and social security.

The interrelation between increasing employment productivity and positive opportunities for economic recovery in the United States has been established through the application of the systemic method. The factors of the Great Depression have been identified, the most important of which are: the collapse of the US stock market, lack of social protection mechanisms, and the widespread trend of investing in stocks and securities by companies and individuals. It is stated that the effects of the Great Depression as a whole presented serious challenges and posed a real threat to US national security, territorial integrity and sovereignty. It is indicated that the unprecedented level of unemployment and the spread of underemployment resulted in widespread impoverishment of Americans.