

I. The Mixed Economy Social Contract, Part 1: The New Deal

1. In the 1932 presidential election, Americans were faced with a clear choice. President Herbert Hoover's message was that Americans needed to help themselves. Democratic challenger Franklin Delano Roosevelt's competing message was that government was going to help people get back on their feet. This social contract was known as the "New Deal." Roosevelt was elected, and became the longest serving president in American history.
2. If the private sector could not provide jobs and wages to workers, Roosevelt said, the government would do it. Multiple "alphabet agencies" were created to do this, including the Civilian Conservation Corps (CCC), which gave people jobs to plant trees and build bridges and other infrastructure for national parks, the Tennessee Value Authority (TVA), which gave people jobs to build hydro-electric power projects, etc.
3. If the private sector could not provide financial security to the population at large, the government would do it. The Social Security Administration was created in **1935** to compel all employers to contribute to the retirement savings of Americans.
4. If the private sector could not feed the poor, the government would do it. The government began issuing "food stamps" to the poor, so that they could purchase groceries.
5. If privately owned agriculture could not succeed, a government agency, the Agriculture Adjustment Administration (AAA) would step in and purchase produce and decide how to distribute it. (Ironically, one of the AAA programs was to deliberately *destroy* crops in order to raise prices for the remaining crops. Yup; there were people starving in America, and the government had a program to destroy crops!)
6. If private banks and companies could not provide affordable housing to people with low incomes, then the government would do it. The Federal Housing Administration (FHA) and other related agencies would help to finance the purchasing of homes, so that everyone could participate in the "American Dream."

J. The Mixed Economy Social Contract, Part 2: The Great Society

1. After World War II, as America accepted the responsibility of policing world to stop the spread of communism, a war of ideas was sparked between Russia, which claimed to provide for all the needs of its citizens equally, and America, which championed freedom, but which was troubled by social problems that seemed to discredit a free society.
2. Americans decided to expand the mixed economy to prove that a free society could be, in the words of president Lyndon Johnson, a "great society."
3. At the same time as the Civil Rights Act and Voting Rights Act were being passed to guarantee civil rights for African-Americans, a series of mixed economy laws and agencies were also created to expand the government's role in the economy.
4. A "war on poverty" was declared with the creation of the Economic Opportunity Act of 1964. Jobs programs, food stamps, education and health care would be provided to the

poorest communities to lift them out of poverty. (Poverty today stands at the same level as it did in the 1960s.)

5. The Social Security Act of 1965 created “Medicare” and “Medicaid,” the first major socialized medicine initiatives in the United States. While in other countries like Canada, the government completely took over health care, in the United States, private health care was still seen as the best basic system, but one which needed to be boosted by a public option for the most needy. The “Great Society” was about creating a mixed economy that was “the best of both worlds.”

### K. The End of the Mixed Economy

1. When Communist Russia / the “Soviet Union” collapsed in 1991, the mixed economy was declared the winner in the Cold War. That was thirty years ago. Since then, it is clear that Americans are no longer satisfied with such a system.
2. During the presidency of George W. Bush, a new economic crisis occurred in 2007/8 that threatened to turn into a new Great Depression. This time, the government “rescued” most of the banks and businesses, and nationalized others.
3. The next president, Barack Obama, championed the idea of the “right to health care,” leading the charge to create the Affordable Care Act, or “Obamacare” in 2010. This law gave the government more control of the medical industry, raising the price of health insurance for many, and giving the benefits of lower costs to others.
4. Starting in late 2019, the Covid-19 pandemic struck the world. Presidents Trump and Biden have responded the same way. They have ordered people to stay home, close their businesses, wear masks, avoid socializing, etc., and because these orders have been so hurtful to the economy, they sent out and continue to send out, checks to the citizens to cushion the blow. Americans generally have accepted the idea of the government telling them what to do and giving them money.
5. By virtue of these events, the American government is now in control of more than half of the American economy. This threshold is one way to identify that a country is no longer a mixed economy; it is a *mostly-controlled economy*, which is synonymous with socialism in modern times. (There really isn’t a need for a “?” at the end of the timeline below. The direction is clear. The chapter of *American Socialism* has arrived.)

