

BUY NOW! BUY HERE!: THE RISE AND FALL OF THE PATRIOTIC BLUE EAGLE EMBLEM, 1933–1935

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The Blue Eagle emblem was created by the Roosevelt Administration in July of 1933 to give firms an incentive to comply with the provisions of the National Industrial Recovery Act. Members of the Administration, including Roosevelt himself, encouraged consumers to go on a nationwide shopping spree at Blue Eagle firms and to essentially boycott non-complying firms who were not allowed to display the emblem. While the Blue Eagle has received little attention from economists, most historical accounts of the New Deal, at minimum, make reference to the emblem's attempt to modify economic behavior. This paper outlines the rise and fall of the emblem as an economic tool. It concludes that the emblem initially had economic meaning, but this began to fade in the late fall of 1933 and the emblem became largely meaningless by the spring of 1934. This conclusion is supported by an analysis of the emblem's presence in newspaper advertisements between 1933 and 1935.

“In war in the gloom of attack, soldiers wear a bright badge to be sure that comrades do not fire on comrades. Those who cooperate in this program must know each other at a glance. That bright badge is the Blue Eagle.”

—Franklin D. Roosevelt, July 24, 1933

Beginning in late July 1933, the Blue Eagle emblem—accompanied by the phrase “We Do Our Part”—became ubiquitous. The patriotic emblem appeared on chewing gum wrappers and clothing labels and was strategically placed in store windows and advertisements. Movie starlets Frances Drake and Toby Wing went so far as to “reverse sunburn” the Blue Eagle on their backs. The ability to display the Blue Eagle emblem was given to firms who agreed to abide by the rules laid out under the National Industrial Recovery Act (NIRA), an economic plan that primarily consisted of increased hourly wage rates, reductions in work hours to labor and, after a series of hearings, the imposition of

industry-specific cartels. The right to display the Blue Eagle emblem was to be taken away from firms that defected from, or never signed onto, the NIRA. What made use of the emblem important, or at least why it was designed to be perceived as such, was the Roosevelt Administration's call for patriotic citizens to "buy now" and to make these purchases only from Blue Eagle bearing firms. Recalcitrant non-signers and defectors were told they would be victims of a consumer boycott that would, according to Hugh Johnson, the head of the National Recovery Administration (NRA), result in "economic death."

Did firms comply with the restrictions placed upon them out of fear of losing the patriotic emblem and the supposed boycott that could follow? Did the presence or absence of the Blue Eagle alter consumer behavior? While surprisingly little research into this topic has been undertaken, such questions should be of interest not just to economic historians, but to psychologists, sociologists, and anthropologists, among others in the behavioral sciences. Differentiating it from other research on the NIRA, which lasted from June 1933 to May 1935, the primary focus of this paper is upon the behavioral impact of the patriotic emblem itself, particularly in the late summer and fall of 1933, when the Blue Eagle was most prominent.

The President's Reemployment Agreement and the "Blanket Code"

Recent studies on the NIRA written by Weinstein, Bernanke, Vedder and Gallaway, Taylor, Powell, and Cole and Ohanian, among others, focus largely on the legislation's overall macroeconomic impact.¹ These authors generally show that the NIRA's wage and cartel provisions exacerbated the unemployment problem and slowed economic recovery from the Great Depression. However, the NIRA was effectively two programs in one. All firms were eventually to fall under the purview of an industry-specific "code of fair competition," which would contain provisions related not just to minimum wages and maximum work hours, but also cartel-oriented ones such as requiring the filing of data with a central board, restrictions on the creation of new productive capacity, restrictions on pricing policies, and production quotas. The contents of these specific codes were negotiated at national industry conferences attended by business representatives from companies, large and small, who chose to send a representative. It is via the lens of such industry-specific cartel codes that most previous work has examined the economics of the NIRA.

The process of getting an industry-specific code in place, however, was far from instantaneous. It often required days, weeks, or even months of negotiation by heterogeneous parties with varied interests. Furthermore, once an industry settled on the specifics of its "code," the set of rules was subject to a formal government approval process. Specifically, the industry-proposed codes had to be approved by a diverse advisory board composed of a deputy administrator of the NRA, the NIRA's enabling body, as well as a labor representative, a consumer representative, an industry representative, and two representatives from the NRA legal division. Only after a code was approved by this advisory board did it become law.

118 Seeing the process of getting the majority of US employers, and employees, under the NRA codes would take far longer than desired, the administration initiated the "President's Reemployment Agreement" (PRA), informally known as the "blanket" code.

In his July 24, 1933 radio address Roosevelt noted that “the blanket agreement which I am sending every employer will start the wheels turning now, and not six months from now.”² The blanket code consisted of three basic parts: a minimum wage between thirty-five to forty cents an hour, maximum workweeks between thirty and forty hours, and a requirement to recognize the rights of labor to collectively bargain.³ The key difference between an industry-specific code and a “blanket” agreement, as described by NRA administrator Johnson, was that with the latter “an individual or a firm separately engages with the President to live up to a specified schedule of trade practices,” whereas the industry-specific code required consent by “an entire industry or by a substantial majority.”⁴ Under the PRA, a firm could propose its own agreement—to take effect August 1, 1933 or immediately upon approval if received after that date—to the NRA authorities and, so long as it met the parameters above, receive approval within twenty-four hours.

The blanket code rules would be in effect until the date that the firm’s specific industry code was passed into law. In some cases, such as the lumber industry which passed its specific code on August 19, 1933, this took only weeks, while in other cases, such as the book industry, whose code was approved on February 17, 1934 or the zinc industry, whose code was not approved until March 26, 1935, the process took several months.⁵ Only four industries, cotton textiles, coats and suits, shipbuilding, and woolen textiles, were never covered by the “blanket” code because they were able to pass their industry specific codes before the end of July 1933. By the time the NIRA was ruled unconstitutional in May 1935, around 550 industry-specific codes were in place, moving the vast majority of industries out of the PRA blanket code and into their far more detailed (and cartel-oriented) ones.

Beginning in late July, signers of the blanket agreement, or firms covered by the four aforementioned industry-specific codes, were to report to their local post office to obtain posters and stickers of the Blue Eagle emblem, which President Roosevelt described as a “badge of honor ... in the great summer offensive against unemployment.”⁶ These companies were also free to include the emblem on their products, in advertisements, or through other promotional avenues. Furthermore, the city post office would compile the names of all local businesses who had signed a “blanket” agreement and placed them on an NRA “Honor Roll” which would hang for public display. In small cities these honor rolls were often published in local newspapers, which also generally flew the eagle on mastheads signifying their compliance with the NIRA.⁷ In moderately-sized cities where such a list could be too large to print in its entirety, newspapers often published only the names and addresses of businesses that had joined the honor roll during the previous day.⁸ In newspapers from large metropolitan areas such as *The New York Times* and *Washington Post*, whereby it would be prohibitive for the publishers to print the names of thousands of signers per day at no cost, many companies paid for advertisements, either in groups or individually, announcing their compliance with the NIRA and displaying the Blue Eagle.⁹ An example of such an advertisement in the August 2, 1933 *Washington Post* is duplicated in Figure 1.

Figure 1: *Washington Post* NRA Advertisement



WE DO OUR PART

THESE WASHINGTON MERCHANTS

HAVE DONE THEIR PART

<p><i>Department Stores</i></p> <p>Goldbergs Hecht Co. S. Kann Sons Co. Harry Kaufman, Inc. King's Palace Lansburgh & Bro. Palais Royal, Inc. Sears Roebuck & Co. Woodward & Lothrop</p> <p><i>Furniture and Home Furnishings Stores</i></p> <p>Dolin & Martin House & Herrmann Hub Furniture Co. Julius Lansburgh Furniture Co. Mayer & Co. National Furniture Co. P. J. New</p> <p><i>Shoe Stores</i></p> <p>Wm. Hahn & Co. B. Rich's Sons</p>	<p><i>Specialty Stores</i></p> <p>Booker's Leather Goods Co. Eriebacher Frank R. Jelliff, Inc. S. Livingston & Son Model Shop Ritzke Bros. Saks Fur Co. H. Zirkin & Sons, Inc. Milton R. Ney</p> <p><i>Men's Stores</i></p> <p>Brudt's Hat Store Raleigh Haberdasher Groenens The Mode Young Men's Shop</p> <p><i>Musik Stores</i></p> <p>Hunter L. Kirt Co. Arthur Jordan Piano Co.</p>
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The provisions of the NRA retail code have been made effective in the above establishments as of Tuesday, August 1st

Source: *The Washington Post*, August 2, 1933.

The rapidity of the Blue Eagle drive was stunning. The day after the PRA was announced the White House received 10,000 telegrams from businessmen across the nation pledging their support of the program in exchange for the right to display the Blue Eagle.¹⁰ The *New York Times* reprinted excerpts from forty telegrams sent by New York City businesses. For example, Ovington's Gift Shop stated, "we are heartily in favor of your plan for national recovery and pledge to you our full cooperation." Underwood & Underwood announced, "Would like to be the first portrait photographers to secure NIRA badge." The New York Mackintosh Company noted it would start the next morning "on the thirty-five hour week with \$14 minimum [weekly] pay as suggested by your voluntary blanket code."¹¹







To add more weight behind the perceived benefits to businesses of complying with the recovery plan in exchange for the right to bear the Blue Eagle, consumers were encouraged to go to post offices and sign a "Statement of Cooperation" reading "I will cooperate in the reemployment by supporting and patronizing employers and workers who are members of the NRA." Signers of this card then received lapel pins and stickers which could be worn or placed in car or house windows which had the Blue Eagle along with the phrase "NRA Consumer." Even moviegoers were urged to buy only from businesses displaying the new emblem in short features declaring the Blue Eagle campaign's success in speeding recovery.¹² The "buy under the Blue Eagle" drive was regularly compared in its patriotism and importance to the "Liberty Loan" drive of the First World War.

According to a July 27, 1933 United Press syndicated article, seventy million pieces of printed matter—posters, window cards, and stickers—were “being rushed to [NRA] committees who will carry on President Roosevelt’s re-employment.”¹³ Not surprisingly, in the initial dash to obtain the emblem, shortages of Blue Eagle paraphernalia occurred, distressing businesses who feared a boycott. When Lansing, Michigan ran out of Blue Eagles for distribution on August 6, 1933, the local postmaster, Severance E. Bellows “asked the buying public bear in mind the inability of many merchants to obtain the Blue Eagle for the rest of this week.”¹⁴ In response to such shortages, the government allowed private sector firms to print and sell Blue Eagle paraphernalia, however, no firm was allowed to print the emblem unless it had signed onto an NRA code and the purchaser had to “prove that he is also in the fold.”¹⁵ A *New York Times* advertisement for Blue Eagles from the Ever Ready Label Corporation is duplicated in Figure 2.

Further illustrating the fears that businesses without the right to display the Blue Eagle apparently felt, the July 30 *New York Times* reported that proprietors of small owner-operated shops, who were not officially subject to the NIRA because they had no employees, feared they would “be boycotted unless they are able to display the blue eagle insignia.”¹⁶ In response, James Flinn Hodgson, district head of the Department of Commerce in New York, ordered that Blue Eagles be distributed “to all who sign the blanket code” even though the owner-operator was the residual claimant of profits rather than an hourly wage earner and thus could not control his hourly wage rate in the traditional sense.

Figure 2: *New York Times* Blue Eagle Label Advertisement

Official NRA LABELS

YOUR BUYING PUBLIC will look for the NRA Seal on all future purchases.

Ever Ready is authorized to manufacture and sell to those firms who have responded to the N. R. A. call.

President Roosevelt says—“The display of this seal on your merchandise, packages, letters and advertising means consumer recognition and good-will.”

N. R. A. seals are ready for immediate shipment in three sizes, printed on gummed paper in red, white and blue.

Size “A” (as illustrated) perforated and printed just like Government Stamps, in convenient rolls for rapid hand affixing or for use in Multipost and similar stamp affixing appliances. 5,000 at \$1.00—10,000 at \$.85—25,000 at \$.70.

Size “B”—1½”x1½”—General utility size for letters and packages. Same price as size “A.”

Size “C”—3”x3”—for large packages, windshields and window displays. 1,000 for \$3.00.

Ever Ready Label Corp., 257 West 17th St., N. Y. City
Tel. WAtkins 9-2111. Ext. 21

Source: August 1, 1933 *New York Times*, 3.

There were also cases whereby firms pleaded for the right to display the emblem even though they were unable to comply with the blanket code requirements right away. Recognizing that in certain circumstances, it could take weeks for firms to dramatically adjust their business models, the NRA granted some a temporary reprieve, giving

businesses the right to display a Blue Eagle bearing a white bar across its breast. The modified bird would, according to Johnson, “show the points on which an employer is temporarily excused.”¹⁷

As Blue Eagles cropped up in more and more store windows, the Roosevelt Administration continued a daily push of households to “buy under the Blue Eagle.” In an August 7, 1933 speech, Johnson said, “where should you spend? ... you should spend under the Blue Eagle. If you spend there you are spending for increased employment. If you spend elsewhere you are hurting the chance” for economic recovery.¹⁸ Wolvin notes in his speech communications dissertation that the NRA Publicity Division focused the Blue Eagle campaign heavily upon women as the primary purchasers in the family. An August NRA press release stated, “If the women who control the purse strings of the nation use this mighty instrument of mass buying power to support the Blue Eagle, they can [help] to achieve security for themselves and build a better and happier America.”¹⁹

Was the Blue Eagle Emblem Economically Important?

The section above describes the events of the frenzied days and weeks after the blanket code and the patriotic Blue Eagle compliance mechanism were announced. Clearly, firms went to great lengths to obtain the Blue Eagle insignia and those firms who could not obtain the emblem, due to either shortages or special circumstances, fought vigorously to display it, presumably out of fear of a boycott. Economic theory suggests that patriotic symbols such as the Blue Eagle can indeed influence behavior if, for example, “patriotism” enters into consumers’ utility functions. Rather than seeking the best price-quality-location package, consumers may be willing to pay a premium for a purchase that they feel is contributing to national well-being. Such behavior parallels the vast economics literature on the “warm glow” whereby “giving” enters into the utility functions of economic actors.²⁰ Some consumers today willingly pay a premium for locally or domestically produced products because they receive a “warm glow” from these purchases. It is also possible that consumers were convinced by the Roosevelt Administration that it was in their long-run individual best interests, despite a potential free-rider problem of defecting, to pay a premium for Blue Eagle products. Even if economists today can recognize flaws in the NIRA’s attempts to bring economic recovery through wage-rate increases and cartels, most Americans in the 1930s had lower levels of formal education and were less likely to be cognizant of the legislation’s potential pitfalls.

A further point to consider is that consumer sentiment towards the emblem itself is actually less important than business owners’ *perceptions* of that sentiment. To illustrate, suppose that consumers would buy from the firm that offered the best economic value regardless of the presence of a Blue Eagle, however, firm owners *incorrectly believed* that the emblem factored heavily in consumer decisions. Firms would abide by NRA rules based on their erroneously high *expected value* of punishment (losing the Blue Eagle) even though in a complete-information world, they may have defected. One can, then, infer firms’ views of the emblem’s importance by examining, first, the initial drive to obtain the Blue Eagle and, second, the subsequent incidence of defections whereby firms risked loss of the emblem. The initial drive has been outlined above, but to add some quantitative

evidence, Johnson notes that by November 1933, 96 percent of commercial and industrial firms had signed up under the Blue Eagle banner through the PRA or an industry-specific code, suggesting firms did indeed believe the emblem had economic meaning.²¹

With respect to assessing the economic importance of the Blue Eagle via defections from the NIRA codes over time, it should be pointed out that an analysis of violations could reflect either of two factors: a belief that loss of the Blue Eagle would have little consequence or a belief that enforcement, i.e. Blue Eagle removal, would not be forthcoming from the NRA compliance division. Defections reportedly did occur right from the start of the Blue Eagle drive. To illustrate, on August 11, 1933, the *New York Times* reported that hundreds of “complaints of violations of the agreement and attempts by employers to evade its provisions” were being received by the local New York NRA committee, which had set up temporary offices at the Hotel Pennsylvania.²² The article reported that “stringent measures were being taken to put a stop to violations,” which were *relatively few*—reportedly in the “hundreds” in a city where 148,813 firms had at that point in time signed onto the PRA.

It is difficult to know whether the initial incidences of cheating were driven by factors related to the aforementioned possibilities. Over time, however, firms likely updated their views of the probability of enforcement via observation. If early defectors were hit with the stick of enforcement by having their Blue Eagles taken away, firms would view this potential threat of punishment as credible. On the other hand, if early defectors were approached by the NRA with nothing more than brazen talk, firms would likely update their perceived probability of enforcement downward. Furthermore, in such a case the Blue Eagle would likely lose some economic significance since consumers would be less confident that the emblem differentiated patriotic firms from so-called “chiselers.”

Just how stringent were enforcement measures under the NRA? The administration continually talked about removing Blue Eagles from defectors. On August 11, two weeks after the emblem appeared, Johnson, in response to a question about the NRA’s enforcement whip, was quoted as saying “the time is coming when somebody is going to take one of the blue eagles off somebody’s window in a clear cut case [of non-compliance]. And that is going to be a sentence of economic death.”²³ Still, the NRA did not set up a mechanism to remove the emblem until October 1933, when it created the NRA Compliance Division. The official procedure for enforcement was as follows: after receiving a written complaint an NRA field officer would investigate and, if a violation was found, attempt to convince the firm to come into compliance. If the violation continued, the perpetrator would be summoned to meet with the local compliance director. If non-compliance continued, the NRA National Compliance Office in Washington would be notified and a closed hearing, in which the accused was invited to attend, would be held.²⁴ If it was determined at the hearing that a violation had occurred, the violator would be asked to sign a certificate promising compliance. Finally, if the violation continued, a telegram from NRA Administrator Johnson’s office would order the firm to “cease displaying the Blue Eagle and deliver all NRA insignia in his possession to the local postmaster.”²⁵

The first use of this enforcement system occurred on October 11, 1933, when a restaurateur from Gary, Indiana, Theodore G. Rahutis, was ordered by Johnson via

telegram to give up his Blue Eagle for allegedly violating the PRA's wage and hour provisions. The Associated Press picked up the story and it made national news as the first case—nearly three months after the program had been initiated, of a Blue Eagle being removed. Suggesting that he feared economic losses from not being able to display the Blue Eagle, Rahutis, said his restaurant would “take immediate steps to regain our status with the administration.”²⁶ The next day, Johnson similarly ordered two companies in New Rochelle, New York to surrender their Blue Eagle insignia.²⁷

On October 18, President Roosevelt said that he would further “keep the Blue Eagle honest” by enforcing the \$500 fines and up to six months incarceration, which the text of the NIRA specified as maximum punishments for violation of a code.²⁸ Such punishments had to involve the courts more formally, rather than being simply hearings held by the NRA, and were to be pursued by either the Department of Justice or the Federal Trade Commission. Despite a few small flurries of enforcement activity, however, the vast majority of complaints resulted in nothing more than discourse with local compliance directors. Over the legislation's twenty-three month life, 155,102 complaints were received by NRA Compliance Division offices. Of these, only 7,136 were referred to the National Compliance Office and, of these, only 564 cases reached the courts; (many of the cases were still pending and hence dropped after the Schechter decision left the NIRA invalid).²⁹

This raises an important question: if the Blue Eagle did, in fact, alter consumer and firm behavior initially, when did the emblem cease to be important? It is clear that its wings were severely clipped well before the legislation ended in 1935. In his memoirs, Johnson notes that “nobody knows better than I that the [initial] enthusiasm for the Blue Eagle lapsed.”³⁰ Hawley likewise writes that a “reversal in public sentiment” toward the efficacy of NIRA and its associated compliance emblem occurred in the fall of 1933. Indeed, a particularly large wave of negative publicity began in November and December 1933.³¹ On November 27, seventeen of the twenty restaurants in Chambersburg, Pennsylvania voluntarily surrendered their Blue Eagles announcing that the provisions of the restaurant code “would ruin them financially.”³² Of course, when members of a local industry essentially colluded to lose the emblem en masse, as in Chambersburg, this likely minimized any impact the firms would have felt from the Blue Eagle's loss since consumers would have to either give up the product, in this case eating out, entirely or patronize a non-compliant firm. Five days after the Chambersburg episode, the Lincoln, Nebraska NRA compliance board resigned out of its frustration that, while the board had relayed several cases of non-compliance to Washington, “there has been nothing done.” The group estimated that only 30 percent of Lincoln firms were in compliance with the codes, although most continued to display the Blue Eagle compliance emblem because of a lack of enforcement from Washington.³³ Ten days after that, the seven members of the Lowell, Massachusetts compliance board resigned, again making national news. The board's letter to Johnson stated, “we repeatedly have requested cooperation and assistance which has not been afforded us [from Washington] which has been annoying and embarrassing.”³⁴

Continuing this stem of adversity for the NRA, on January 18, 1934, Herman L. Mills, a gasoline station owner from Hagerstown, Maryland, announced he would openly fight the law, which he said eliminated legitimate competition, and was prepared to carry his case

to the Supreme Court.³⁵ In an attempt to slow the tide of discontent brought about by these events, Johnson, in the words of a story distributed by United Press “more vigorously than ever before called upon the public to patronize only stores showing the Blue Eagle, to wear only clothes with Blue Eagle labels, and to refuse to deal with noncompliers.” Johnson said, “if you ignore the Blue Eagle, so will your employers ignore it... as the Angel of Death, at Passover, omitted those houses that showed no crimson palm mark on the lintel, so do you pass by any shop window” that does not display the Blue Eagle.³⁶

Even if Johnson’s words inspired patriotism, by this time the series of high-profile cases demonstrating a lack of enforcement meant that consumers could not be confident that the Blue Eagle effectively separated compliers from defectors.³⁷ Consistent with this, on February 28, 1934, Cornelia Bryce Pinchot, wife of the Pennsylvania governor Gifford Pinchot, charged that on account of the NRA’s lack of enforcement, “Blue Eagles are adorning sweat shops in hundreds of towns in Pennsylvania.”³⁸ At the same event, Louis Waldman, spokesman for the Socialist Party said, “we support the NRA... but it has failed... because of the methods General Johnson has used for its enforcement.”³⁹ Interestingly, the next day, the NRA responded by calling for the removal of Blue Eagles from twelve firms, referring ten of these cases to the Department of Justice and one to the Federal Trade Commission for further legal action.⁴⁰

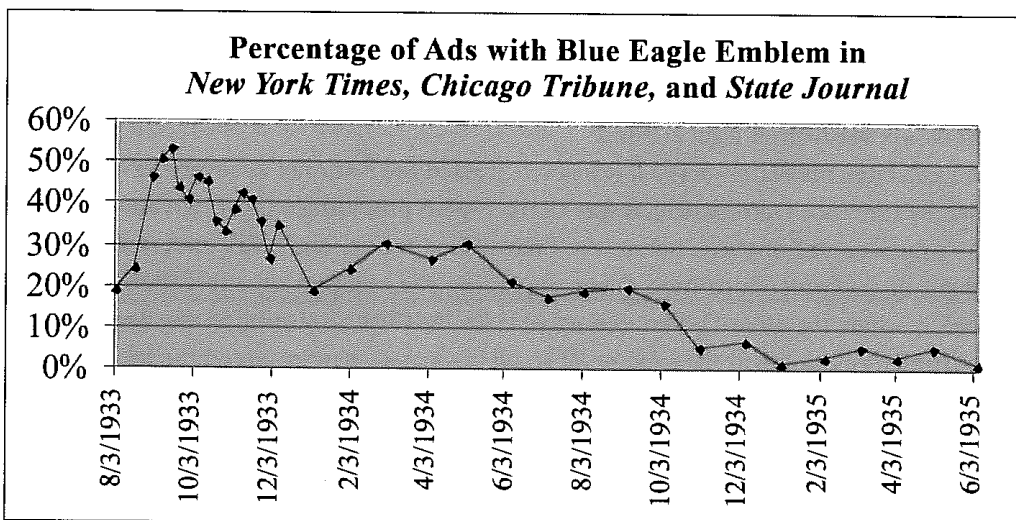
A week later, on March 7, 1934, Roosevelt created the National Recovery Review Board, headed by Clarence Darrow, which was charged with providing a thorough analysis of the NRA’s practices and impact. Before the Board’s first report, the NRA underwent a major overhaul of its compliance mechanism including the creation of a litigation division.⁴¹ However, when the Board’s first report of May 1, 1934 admonished the legislation as supporting monopolies at the expense of small business, a newspaper editor remarked that the Blue Eagle “lost some feathers from the discharge of the Board of Review’s shotgun.”⁴² The patriotic emblem, although still present in some store windows and advertisements through May 1935, had clearly become a symbol with little meaning to consumers. “Convinced that the NRA disdained consumers’ concerns,” Biles writes, “the public felt fully justified in ignoring blue eagles and seeking the best available bargains.”⁴³

How can one provide quantitative support to the timing of the Blue Eagle’s rise and fall in economic significance outlined above? Perhaps the best way to gain insight into firms’ beliefs in the importance of the Blue Eagle is to examine the incidence with which resources were expended to display the emblem. For example, many NIRA-complying firms displayed the emblem in their advertisements. If one observes the Blue Eagle’s appearance in advertisements growing over a certain time period, this would support the notion that the emblem was perceived as significant. Perhaps more importantly, a drop in the percentage of advertisements bearing the Blue Eagle would offer strong evidence that the emblem was losing significance—removing (usually voluntarily since relatively few firms were actually ordered to do so by the NRA) the emblem from your ads when it was officially a symbol of compliance with the law was clearly a bolder (hence more meaningful) step than initially putting it up in lockstep with other firms.

To test the significance of the problem, this paper examines the percentage of advertisements that carried the Blue Eagle between its birth in August 1933, and a week after its official death in May 1935, in three newspapers—the *State Journal* (Lansing), the

Chicago Tribune, and the *New York Times*. In the fall of 1933, these are examined at weekly intervals, dropping to monthly intervals in 1934.⁴⁴ Figure 3 shows that the prominence of the emblem was strongest through November 1933 when around half of all ads contained the Blue Eagle, and then began a relatively steady drop into oblivion. Interestingly, the scathing report of the NRA Review Board of May 1, 1934 appears to have driven many of the remaining Blue Eagles out of the national eye as the chart shows a particularly sharp drop followed this episode. Another notable drop in the emblem's presence occurred after Johnson left the NRA in late September 1934, which was followed by a major reorganization of the law's administration. The analysis of advertisements carrying the Blue Eagle supports the notion that the emblem was economically significant initially, but gradually lost its economic importance between the late fall of 1933 and the spring of 1934. The bird was clearly lame well before its official demise in May 1935.

Figure 3: Percentage of Ads with Blue Eagle Emblem



A Brief Case Study: Henry Ford and the Blue Eagle

While there were isolated cases of maverick firm owners across the nation refusing to cooperate with the NRA from the beginning, none garnered more publicity than Henry Ford, head of the Ford Motor Company. Securing wage and hour agreements from members of the automobile industry was an important priority of the Roosevelt Administration from the start of the PRA “blanket” program. At a July 28, 1933 meeting in Detroit, attended by Johnson himself, the automobile industry approved a PRA work-wage code that provided a thirty-five-hour workweek and a minimum hourly wage between forty and forty-three cents depending upon city population. Ford, however, did not even send a representative to the meeting. Johnson expressed, “my one regret concerning the code is that Henry Ford had not signed it.”⁴⁵ Ford also refused to sign the “permanent” auto-industry code passed on August 26. In response, Johnson declared, “I think the American people are going to handle the situation. I believe they are going to

buy the products of manufacturers who display the Blue Eagle.”⁴⁶

Ford was given an ultimatum to sign the code by September 5 or the company would not be allowed to display the Blue Eagle. Although the company’s wage rates and hours were already more generous than the automobile code’s, Ford refused to sign. Henry Ford told reporters, “If we tried to live up to it, we would have to live down to it.”⁴⁷ While Ford himself was largely silent on the issue, historians such as Lewis and Gelderman suggest the automobile magnate objected both specifically to the code’s provision requiring firms to open their books to the code board, and more generally to the NIRA’s section 7a, which said that all codes had to contain a provision recognizing workers rights to unionization.⁴⁸

Ford was vilified by editorials across the nation for his refusal to sign onto the NRA and the *New York Post* ran a cartoon showing Ford cutting off his nose with a pair of scissors labeled “non-participation.” Furthermore, Chevrolet and Chrysler, hoping to steal market share from Ford by capturing patriotic consumers, purchased full page ads stating they were “proud to do our part” and that “the Blue Eagle flies from every flagstaff of Detroit’s outstanding” auto manufactures. Ford was unfazed claiming he would never put the “Roosevelt buzzard” on a Ford car.⁴⁹

In addition to any lost business Ford could have potentially felt from consumers who heeded the Roosevelt Administration’s call to buy only under the Blue Eagle, the federal government could not legally entertain bids from the company since Ford was not an NIRA firm. In a blow to the NRA, however, in November 1933 it was ruled that the government could award contracts to Ford since it was complying with the wage and hour provisions of the auto code. On March 15, 1934, Roosevelt issued an executive order stating that bidders of federal contracts must not only comply with the provisions of their NRA codes, but also must sign certificates of compliance, which Ford had never done.⁵⁰ Despite this, Lewis notes that government agencies began quietly buying Ford cars in the fall of 1934 and continued to do so throughout the remainder of the NIRA despite Ford never signing onto the automobile code.⁵¹ In the end, Biles reports that Ford maintained its share of the domestic auto market throughout the NIRA, despite its not being able to display the Blue Eagle emblem.⁵²

While the case of the Ford Motor Company could be seen as suggesting that the Blue Eagle had little economic weight from the start, the emblem was primarily designed to be an information-revealing device for largely anonymous firms. Thanks to the high-profile of Ford’s case in the media, consumers knew the specifics of the company’s reason for not having the Blue Eagle and, importantly, knew that Ford was exceeding the wage and hour provisions of the code. For this reason, they may not have reacted harshly to Ford’s lack of the emblem on its cars even in the early months when the Blue Eagle appears to have carried some weight.

Conclusion

This paper offers evidence, supported quantitatively by an examination of the incidence of the emblem in advertisements, that the Blue Eagle was economically important in the summer and fall of 1933. However, by November 1933 the seeds of discontent with the NIRA—both in terms of a lack of compliance and its economic

sagacity—began to sprout. In the ensuing months, and certainly by the spring of 1934, the Blue Eagle, although officially a “badge of honor” indicating compliance with the law, became a symbol of little or no consequence

NOTES

1. Michael M. Weinstein, *Recovery and Redistribution* under the NIRA (Amsterdam: North-Holland, 1980); Ben S. Bernanke, “Employment, Hours, and Earnings in the Depression: An Analysis of Eight Manufacturing Industries,” *American Economic Review* 76 (1986): 82-109; Richard K. Vedder and Lowell E. Gallaway, *Out of Work: Unemployment and Government in Twentieth-Century America* (New York: Holmes and Meier, 1993); Jason E. Taylor, “The Output Effects of Government Sponsored Cartels During the New Deal,” *Journal of Industrial Economics* 50 (2002), 1-10. Jim Powell, *FDR’s Folly: How Roosevelt and His New Deal Prolonged the Depression* (New York: Crown Forum, 2003). Harold L. Cole and Lee E. Ohanian, “New Deal Policies and the Persistence of the Great Depression: A General Equilibrium Analysis” in *Journal of Political Economy* 112 (2004): 779-816.
2. AP, “Highlights of Address,” *State Journal* (Lansing, Michigan) July 25, 1933, 1.
3. The specific wage and hour requirements varied based on type of work (e.g. factory work versus service) and location (e.g. population of city more than 500,000, less than 250,000, etc.).
4. Hugh S. Johnson, *The Blue Eagle from Egg to Earth*, (New York: Greenwood Press Publishers, 1968, original Doubleday 1935), 253.
5. Technically, the contracts signed under the PRA expired on December 31, 1933. Rather than duplicating the administrative events described below of having all firms not under a “permanent” industry code sign a new blanket agreement, Roosevelt announced by Executive Order that “display of the Blue Eagle on or after January 1, 1934 ... shall be deemed an acceptance” of the terms of the blanket agreement, *Washington Post*, December 21, 1933, 1.
6. AP, “Highlights of Address,” *State Journal*, July 25, 1933, 1.
7. For example, the *Midland Republican* (Michigan) printed the names of all eighty-eight businesses in Midland who were on the honor roll on August 17, 1933.
8. The *State Journal*, for example, published firms “coming under the provisions of the NRA” from noon the previous day to noon the day of publication.
9. Large city newspapers generally only printed the largest local signers. For example, on July 30, 1933, the *New York Times* announced on page twenty-two the signings of United States Rubber company (26,000 workers), Warner Brothers (10,000 workers) and International Business Machine Corp. (5,432 workers).
10. “Confident Plan Has Won,” *New York Times*, July 26, 1933, 1.
11. “Roosevelt Gets 20,000 Messages,” *New York Times*, July 28, 1933, 9.
12. Roger Biles, *A New Deal for the American People* (DeKalb: Northern Illinois University Press, 1991), 83.
13. UP, “NRA Emblems Are on the Way,” *State Journal*, August 7, 1933, 1.

14. "Supply of Eagles Exhausted in City," *State Journal*, July 27, 1933, 1.
15. "Guarding the NRA," *State Journal*, August 1, 1933, 6.
16. "Recovery Pledges Flood NRA Here," *New York Times*, July 30, 1933, 22
17. AP, "White Bar Eagle For Some Firms," *State Journal*, August 7, 1933, 1.
18. AP, "NRA Campaign to 'Buy Now' is Under Way," *State Journal*, August 7, 1933, 1.
19. Andrew D. Wolvin, "The 1933 Blue Eagle Campaign: A Study in Persuasion and Coercion." (Ph. D. diss, Purdue University, 1968), 132-33.
20. The "warm glow" literature began with a theoretical model by James Andreoni, "Giving With Impure Altruism: Applications to Charity and Ricardian Equivalence" in *Journal of Political Economy* 97 (1989): 1447-1458, 1990, and James Andreoni, "Impure Altruism and Donations to Public Goods: A Theory of Warm Glow Giving?" in *Economic Journal* 100 (1990); 464-477. It has more recently been the focus of empirical and experimental papers such as Julio R. Videras and Ann L. Owen, "Public Goods Provision and Well-Being: Empirical Evidence Consistent with the Warm Glow Theory" *B.E. Journals in Economic Analysis and Policy: Contributions to Economic Analysis and Policy* 5 (2006): 1-38.
21. Johnson, *Blue Eagle*, 267.
22. "148,813 Employers Sign NRA Pledges in Job Drive Here," *The New York Times*, August 11, 1933, 1 .
23. AP, "NRA Violators Face Oblivion, Johnson Says," *State Journal*, August 11, 1933, 9.
24. At no point during this process was the identity of the complainant to be revealed. Despite this rule, Senator Gerald P. Nye of North Dakota charged that there were "stool pigeons" in the NRA who tipped off big business when the "little fellow" registered a violation compliant. If true, this clearly harmed the incentives of firms to report defections against competitors for fear of retaliation, *Washington Post*, January 22, 1934, 1.
25. U.S. Committee of Industrial Analysis. *The National Recovery Administration: Report of the President's Committee of Industrial Analysis* (Washington D.C.: Department of Commerce, February 1937), 70.
26. AP, "Eagle's Power in US Facing its First Test," *State Journal*, October 11, 1933, 1.
27. AP, "NRA Draws Up Battles Lines Against Foes," *State Journal*, October 13, 1933, 1.
28. "Roosevelt Orders Jail Terms or \$500 Fine For Violators of NRA," *Washington Post*, October 18, 1933, 1.
29. U.S. Committee on Industrial Analysis, *Report of President's Committee*, 72.
30. Johnson, *Blue Eagle*, 269.
31. Ellis Hawley, *The New Deal and the Problem of Monopoly* (Princeton: Princeton U. Press, 1966), 68.
32. AP, "Eagles Fall," *Washington Post*, November 28, 1933, 7.
33. AP, "NRA Board Quits at Lincoln Nebr.," *Washington Post*, December 2, 1933, 8.
34. AP, "NRA Board of 7 Resigns in Bay State," *Washington Post*, December 12 1933, 1.
35. Spl., "Retailer Ready to Fight Code," *Washington Post*, January, 18, 1934, 5.
36. UP, "NRA to Call on Industries to Raise Pay," *Washington Post*, January 19, 1934, 1-2.
37. I thank an anonymous referee for pointing out that by this time the NIRA had been in place for over seven months, and the economy had seen only minimal

- improvement. And thus it is also possible that consumers who initially believed that buying under the Blue Eagle was patriotic and in either the nation's best interest (or even their own best interest), no longer received a "warm glow" from paying a premium at a Blue Eagle firm.
38. Clapper, Raymond, "Mrs. Pinchot Charges Lax NRA Enforcement, Says Codes Are Ignored," *Washington Post*, March 1, 1934, 1.
 39. Clapper, Raymond, "Mrs. Pinchot Charges Lax NRA Enforcement, Says Codes Are Ignored," *Washington Post*, March 1, 1934, 1.
 40. Clapper, Raymond, "NRA Scores 'Chiselers,' And Revokes Blue Eagles," *Washington Post*, March 2, 1934, 1.
 41. AP, "NRA Shake-up is Under Way," *State Journal*, March 28, 1934, pp. 1, 4.
 42. Biles, *New Deal*, 87.
 43. Biles, *New Deal*, 92
 44. The percentage of ads displaying the Blue Eagle emblem were calculated based on the first twenty-five ads in each of the three newspapers—i.e. the percentage of seventy-five ads in each observation.
 45. "Auto Code Signed For 35-Hour Week; Ford Waits to Act," *New York Times*, July 29, 1933, 1.
 46. "Ford Warned Code Terms Must Stand, Or Go Alone," *Washington Post*, August 30, 1933, 1.
 47. Quoted in David Lewis, *The Public Image of Henry Ford: An American Folk Hero and His Company* (Detroit: Wayne State University Press, 1976), 241.
 48. Carol Gelderman, *Henry Ford: The Wayward Capitalist* (New York: Dial Press, 1981).
 49. Lewis, *Public Image*, 243. While most of the attention toward Ford was negative, Lewis notes that some influential people, such as Senator Schall of Minnesota, as well as some newspapers, came to Ford's defense.
 50. Jr., Leon, "NRA Bids Ban Hits Ford, Big Pay Advocate," *Washington Post*, March 16, 1934, 1.
 51. Lewis, *Public Image*, 245 .
 52. Biles, *New Deal*, 92 .