**Chapter 27, Section 1: Truman and Eisenhower**

**I. Return to a Peacetime Economy** *(pages 808–809)*

**A.** The U.S. economy continued to grow after World War II because of increased consumer spending.

**B.** The Servicemen’s Readjustment Act, also called the **GI Bill,** helped the economy by providing loans to veterans to attend college, set up businesses, and buy homes.

**C.** Increased spending led to higher prices for goods, which then led to rising inflation. Workers went on strike for increased wages. President Truman, fearing an energy shortage, forced miners to return to work after a month-long strike.

**D.** In 1946 Americans interested in change elected Republicans in both houses of Congress. Congress, wanting to cut the power of organized labor, proposed the **Taft-** **Hartley Act.** This act outlawed the **closed shop,** or the practice of forcing business owners to hire only union members. States could pass **right**-**to**-**work laws** outlawing **union shops,** or shops where new workers were required to join the union. The act also prohibited **featherbedding,** the limiting of work output in order to create more jobs. Although Truman vetoed the Taft-Hartley Act, Congress passed it in 1947.

**Discussion Question**

How did the Taft-Hartley Act limit the powers of organized labor? *(This act outlawed the closed shop, or the practice of forcing business owners to hire only union members. States could pass right-to-work laws outlawing union shops, or shops where new workers were required to join the union. The act also prohibited featherbedding, the limiting of work output in order to create more jobs.)*

**II. Truman’s Domestic Program** *(pages 809–811)*

**A.** President Truman tried to push many domestic measures through Congress.

**B.** Some of Truman’s many proposals included the expansion of Social Security benefits, raising the minimum wage from 40 to 75 cents an hour, and a broad civil rights bill protecting African Americans. His proposals met with little success with Republicans and conservative Southern Democrats.

**C.** As the election of 1948 approached, it looked as if Truman would not be reelected. During his campaign, Truman made speeches that criticized a **“Do-Nothing** **Congress,”** because it had not enacted any of his legislative proposals. Truman won the election, and the Democratic Party also made a comeback, regaining control of both houses of Congress.

**D.** Truman’s domestic agenda was coined the **Fair Deal.** He put forth in his State of the Union message that Americans had the right to expect a fair deal from their government. Congress did not support all of Truman’s ideas. While the minimum wage was increased and the Social Security system expanded, Congress refused to pass national health insurance or to enact civil rights legislation.

**Discussion Question**

What was Truman’s Fair Deal? *(Truman’s Fair Deal was a series of domestic measures that sought to further the work done as part of Roosevelt’s New Deal. The Fair Deal measures included the following proposals: the expansion of Social Security benefits, the raising of the legal minimum wage, a program to ensure full employment through aggressive use of federal spending and investment, public housing and slum clearance, long-range environmental and public works planning, a system of national health insurance, and a civil rights bill.)*

**III. The Eisenhower Years** *(pages 811–813)*

**A.** With the United States at war in Korea, Truman’s Fair Deal faded, as did his approval rating. He chose not to run for reelection.

**B.** The Republican candidate, Dwight Eisenhower ran with the slogan, “It’s time for a change!” He promised to end the Korean War. Eisenhower won in a landslide with running mate California senator, Richard Nixon.

**C.** President Eisenhower’s political beliefs were self-described as midway between conservative and liberal. He referred to the idea of **“dynamic conservatism,”** or the balancing of economic conservatism with some activism.

**D.** On the conservative side, Eisenhower ended government price and rent controls, vetoed a school construction bill, and cut aid for public housing while also supporting some tax reductions.

**E.** As an activist, Eisenhower pushed for the passage of the **Federal Highway Act,** which provided $25 billion for a 10-year project to construct 40,000 miles of interstate highways. As the number of American car owners increased, this act was necessary to provide for more efficient travel routes. Eisenhower also authorized the construction of the Great Lakes-St. Lawrence Seaway. Three previous presidents had failed at reaching an agreement with Canada to build this American-Canadian waterway aiding international shipping.

**F.** As Eisenhower easily won his second run for the presidency in 1956, America transitioned from a wartime to a peacetime economy. Americans focused their energy on a decade of tremendous prosperity.

**Discussion Question**

Why was Richard Nixon almost dropped from the Republican ticket? *(It was reported that Nixon had received gifts of $18,000 as a senator. In a radio broadcast, Nixon insisted the money had been used for legitimate political purposes.)*