

The Great Depression and the New Deal

1933-1938





FDR: A Politician in a Wheelchair

- In 1932, voters still had not seen any improvement, and wanted a new president.
- President **Herbert Hoover** was nominated again without much vigor and true enthusiasm.
- The Democrats nominated **Franklin Delano Roosevelt**
 - FDR was suave and conciliatory
 - FDR was stricken with polio in 1921
 - Eleanor was to become the most active First Lady ever



The Humiliation of Hoover in 1932

- Hoover was defeated 472 to 59
- Noteworthy was the transition of Blacks from the Republican to the Democratic Party.
- Hooverites would later accuse FDR of letting the depression worsen so that he could emerge an even more shining savior.



R FDR and the Three R's: Relief, **R** Recovery, and Reform **R**

- On Inauguration Day, FDR asserted, "the only thing we have to fear is fear itself."
- He called for a nationwide banking holiday
- first 100 days of FDR's administration were filled with more legislative activity than ever before
 - Copied a lot of bills that Europe had used to help itself during post-WWI depression

100 DAYS

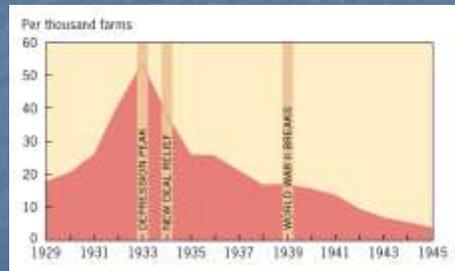


- Roosevelt's **100 days** was very successful....FDR and Congress went to work providing for direct **relief, recovery and reform.**
- From March of 1933 to June of 1933, Roosevelt sent **15 proposals** to Congress and all **15 were adopted**
- Congress and President **tried anything reasonable to overcome the Great Depression.**

Roosevelt Tackles Money and Banking

- The **Emergency Banking Relief Act** of 1933
- **Fireside Chats**  
- **Federal Deposit Insurance Corporation** (Solved Bank Problem)
- FDR then took the nation off of the gold standard 

Figure 34.2: Farm Foreclosures and Defaults, 1929–1945



NEW DEAL: ALPHABET AGENCIES

ACRONYM	WHAT IT STANDS FOR
AAA	Agricultural Adjustment Administration
CCC	Civilian Conservation Corps
CWA	Civil Works Administration
FERA	Federal Emergency Relief Administration
FHA	Federal Housing Administration
FSA	Farm Security Administration
HOLC	Home Owners Loan Corporation
NRA	National Recovery Administration
NYA	National Youth Administration
PWA	Public Works Administration
REA	Rural Electrification Administration
SSA	Social Security Administration
TVA	Tennessee Valley Authority
WPA	Work Projects (Progress) Administration

Part of FDR's New Deal.....Agencies created by the US Govt. to bring about the 3 R's.....Relief, Recovery, and Reform

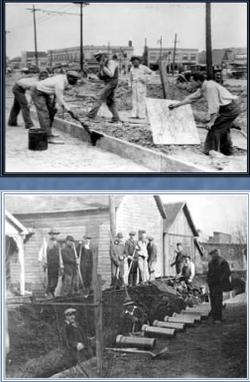
NEW DEAL: ALPHABET AGENCIES

RELIEF: Ease Suffering of the Needy

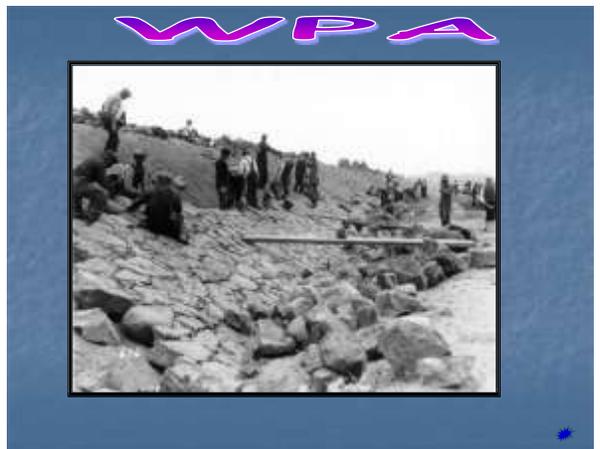
WPA / 1933 to 1943

Works Progress Administration
 Employed 8.5 million workers in construction and other jobs, but more importantly provided work in arts, theater, and literary projects.

WPA



- **Works Progress Administration (WPA), the New Deals main relief agency.**
- **People employed by the WPA at its peak was more than 3 million**
- **2,500 hospitals**
- **5,900 schools**
- **13,000 playgrounds**
- **125,000 public buildings**



NEW DEAL: ALPHABET AGENCIES

RELIEF: Ease Suffering of the
Needy

CCC / 1933 to 1942

**Civilian Conservation
Corps**

- Sent 3 million young men to work camps to build bridges, replant forests and other conservation tasks.
- Develop job skills and improve environment.
 - Removed surplus of workers from cities, provided healthy conditions for boys, provided money for families.

CIVILIAN CONSERVATION CORPS

- Created in April 1933.
- *Within 4 months, 1300 CCC camps were in operation.*
- 300,000 men in 1933 between ages 18 and 25
- *Signed up for 6 months and made \$30.00 a month.*
- 1933 and 1941 over 3,000,000 men served in the CCC
- **Goal** Keep teenage young men off the street and away from the job market.
- *Develop job skills and improve environment*

Planted trees, built public parks, drained swamps to fight malaria, restocked rivers with fish, worked on flood control projects and a range of other work that helped to conserve the environment.





NEW DEAL: ALPHABET AGENCIES

RELIEF: Ease Suffering of the Needy

FERA / 1933

Federal Emergency Relief Act

Distributed \$500 million of direct aid to unemployed workers such as food, clothing and grants of money to cities.

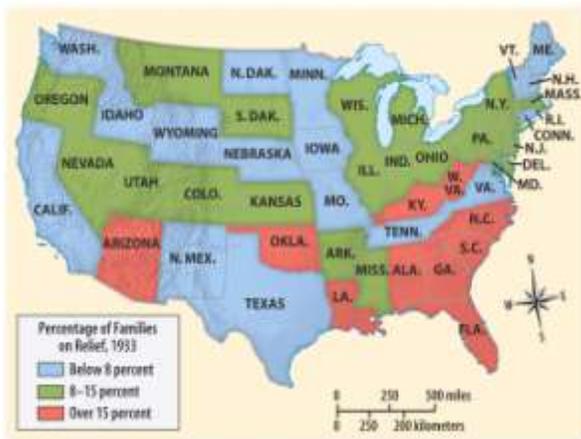
NEW DEAL: ALPHABET AGENCIES

RELIEF: Ease Suffering of the Needy

HOLC / 1933

Home Owners Loan Corporation

Prevented mortgage foreclosures. US Govt. bought up mortgages and refinanced them so that homeowners could pay their mortgages.



NEW DEAL: ALPHABET AGENCIES

RECOVERY: Begin Economic Growth

NIRA / 1933

National Industrial Recovery Act

- Called the **National Recovery Act**....
- Created NRA to enforce codes of fair competition and minimum wages.

NATIONAL INDUSTRIAL RECOVERY ACT

- Also called the **National Recovery Act**
- Helped businesses organize codes setting prices and minimum wage.
- Put people back to work at decent jobs, wages and working conditions.
- Businesses were not forced to join this.
- Declared **unconstitutional** by the Supreme Court in 1935 because it violated **laissez faire**.

NATIONAL INDUSTRIAL RECOVERY ACT

BUY IN AUGUST!
WHILE PRICES ARE LOW

SOAP	10 - 27c	SUGAR	52c
MACARONI	3 - 17c	LIMA BEANS	4 - 18c
LIMA BEANS	4 - 18c	SPINACH	2 - 25c
SPINACH	2 - 25c	MILK	6 - 34c
MILK	6 - 34c	TEA	27c
TEA	27c	NUTLEY OIL	3 - 25c
Potatoes	10 - 29c	ORANGES	2 - 35c

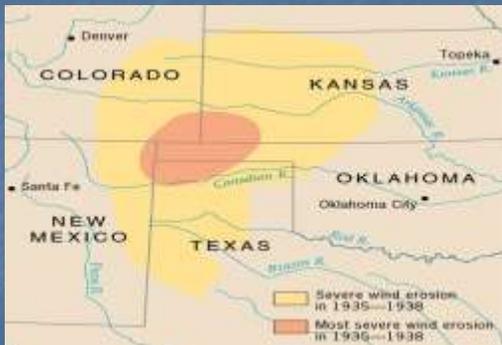
NOW IS THE TIME TO BUY!



NEW DEAL: ALPHABET AGENCIES
RECOVERY: Begin Economic Growth
AAA / 1933
Agricultural Adjustment Act

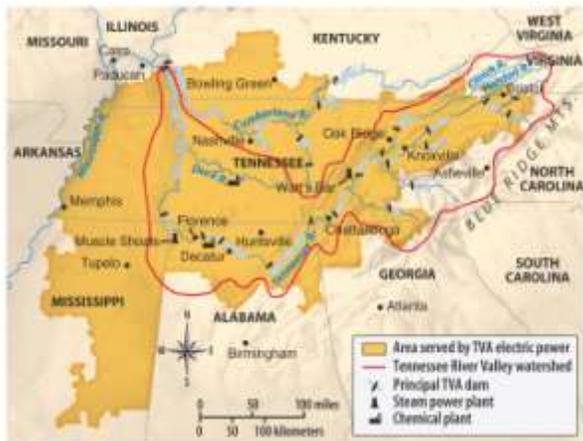
- Protected farmers from **price drops** and **over production**.
- US Govt. **Paid farmers** (subsidies)
 - not to grow crops, produce dairy products such as milk and butter or raise pigs and lambs.
- Prevent another **Dust Bowl**, teach farmers methods of preventing soil erosion.

Map 34.1: The Extent of Erosion in the 1930s



NEW DEAL: ALPHABET AGENCIES
RECOVERY: Begin Economic Growth
TVA / 1933
Tennessee Valley Authority

- Federal government built a series of dams to prevent flooding and sold electricity.
- First public competition with private power industries.



TENNESSEE VALLEY AUTHORITY



- Develop a poor section of the Southeast U.S.
- Stimulate the economy and produce cheap electricity.
- Control floods, planting new forests.
- Bring this section into the 20th century.

- **94 percent** of property owners and 98 percent of tenants did not have electricity.
- **30 percent** of property owners and 41 percent of tenants had no toilet facilities whatsoever

TENNESSEE VALLEY AUTHORITY



• **65 percent** of property owners and **78 percent** of tenants had to travel at least 300 yards to get their household water.

• **8 percent** of property owners and **3 percent** of tenants owned radios (usually battery operated).



• **39 percent** of property owners and **23 percent** of tenants had phonographs (including record players that were operated with a hand crank).

TENNESSEE VALLEY AUTHORITY

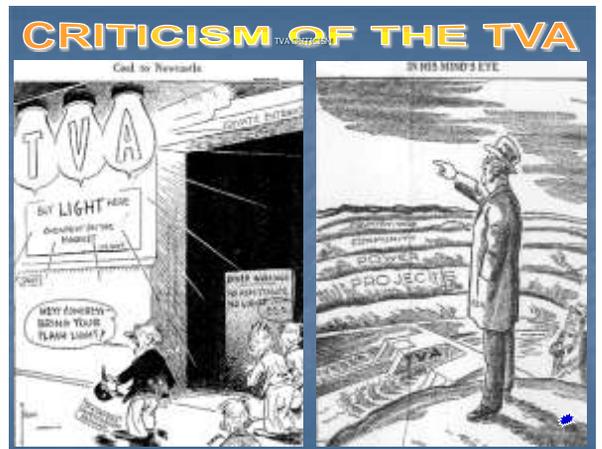


• **50 percent** of property owners and **25 percent** of tenants read newspapers.

• **26 percent** of property owners and **16 percent** of tenants owned automobiles.



• **7 percent** of property owners and **4 percent** of tenants owned trucks.





NEW DEAL: ALPHABET AGENCIES

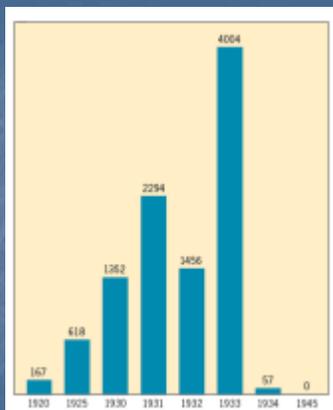
REFORM: Prevent Another Depression

FDIC / 1933

Federal Deposit Insurance Corporation

Glass-Steagall Act created federally insured bank deposits (\$2500 per investor at first) to prevent bank failures.

Figure 34.1:
Bank Failures
Before and
After the
Glass-Steagall
Banking
Reform Act of
1933



NEW DEAL: ALPHABET AGENCIES

REFORM: Prevent Another Depression

SEC / 1934

Securities and Exchange Commission

Regulated stock market and restricted margin buying, and frauds.

NEW DEAL: ALPHABET AGENCIES
REFORM: Prevent Another Depression

Wagner Act / 1935
National Labor Relations Act

Reaffirmed labor's right to unionize, prohibited unfair labor practices, and created the National Labor Relations Board.

The National Labor Relations Act

- **The National Labor Relations Act**
 - also called the Wagner Act
 - It guaranteed workers the right to organize unions without interference from employers and to bargain collectively.
 - The National Labor Relations Board (NLRB) which organized factory elections by secret to determine whether workers wanted a union.
 - The NLRB then certified successful unions.
 - The new law also set up a process whereby dissatisfied union members could take their complaints to **binding arbitration**, in which neutral party would listen to both sides and decide issues.
 - The NLRB was authorized to investigate the actions of employers and had the power to issue "cease and desist" orders against unfair practices.

NEW DEAL: ALPHABET AGENCIES
REFORM: Prevent Another Depression

SSA / 1935
Social Security Act

Response to critics (Dr. Townsend and Huey Long), it provided pensions, unemployment insurance, aid to blind, deaf, disabled, and dependent children.

SOCIAL SECURITY ACT



- One of the most important features of the **New Deal**.
- Established a retirement for persons over 65 funded by a tax on wages paid equally by employee and employer.
 - Old age insurance
- Protect Americans who were unable to support themselves.
- Unemployment compensation
- Compensation to disabled workers and assistance to widows and children

LEGACY OF NEW DEAL

Criticisms of New Deal

- US government and President too powerful
- Violated *laissez faire*
- Supreme Court declared NIRA and AAA unconstitutional
- **Critics:**
 - Father Charles Coughlin
 - Dr. Francis Townsend
 - Al Smith
 - Huey Long
- **Deficit spending:** Govt. spends \$\$\$ to stimulate the economy and help people even if it means US Govt. goes into debt.
- **Welfare state**—Created a population of Americans who relied on the US Govt. to live

FATHER CHARLES COUGHLIN



- A Roman *Catholic* priest.
- Radio Priest in Detroit Michigan.
- Criticized FDR in weekly radio program.
 - 10 million listeners.
- Criticized FDR's farm program
- Believed an *international conspiracy of bankers* existed and FDR was influenced by them.
- He called for the *nationalization of banks and utilities*.
(US Govt. controls banks, *Socialism*)
- Fascist; Anti-Semitic overtones.

SOCIALISM

- *Economic system* based on cooperation rather than competition
- Believes in *government ownership* of business and capital
- Government *controls production* and *distribution* of goods.
- Opposite of *laissez faire* and *capitalism*

DR. FRANCIS TOWNSEND



- He wanted the government to help older citizens.
- Retired California Physician.
- Suggested a *\$200 per month pension* for people over 60.
(*This is socialism*)
- Open jobs for the younger unemployed.
- Spending all \$200 would also be required to boost economic demand.
- Townsend Clubs created all over the nation.
- Influenced FDR's creation of *Social Security*

Dr Francis E. Townsend



- Pensions for those over 60



Senator Huey P. Long of Louisiana was popular for his "Share the Wealth" program, where every family was to receive \$5000, allegedly from the rich.

Every Man a King

LEGACY OF NEW DEAL

Successes of New Deal

AMERICANS IN 1939 WHO WANTED THE **NEW DEAL** TO CONTINUE WAS **55%.... 37%** REGARDED IT AS A BAD INFLUENCE AND WANTED A NEW PRESIDENT.....

- Stimulated the economy
- Put people back to work....
- Improved morale and self-confidence of the people
- US Govt's. role changes and became directly involved in helping people
- WWII ended the Great Depression not FDR's New Deal

THE POLITICAL SPECTRUM

LEFT		CENTER		RIGHT	
No Govt	Socialism Green Party Communism	Democrat Communist	Independent Reform	Republican	KKK Dictator
Anarchy	Radical	Liberal	Moderate	Conservative	Reactionary

Fascist

- The **New Deal** walked a tightrope between the extreme positions of the **left and right**.
- **Critics** would claim it was unconstitutional, socialism, anti-laissez faire and went too far to the left.
- **Others** would claim the **New Deal** didn't go far enough to the left.....

Nine Old Men on the Supreme Bench

- FDR controlled Congress, but the Supreme Court kept on blocking his programs, so he proposed a shocking plan that would add a member to the Supreme Court for every existing member over the age of 70, for a maximum possible total of 15 total members
- Failed. Roosevelt was ripped for trying to be a dictator.

Supreme Court

Congressional opposition was beginning to grow; many of his laws, including the WPA, were taking a long time to get passed and met resistance.

- *Schechter v. United States*
 - The Schechter brothers had a poultry business in Brooklyn.
 - They had been convicted in 1933 of violating the NIRA's Live Poultry Code; they had sold diseased chickens and violated the code's wage-and-hour provisions.
 - Known as the "sick chicken case."
 - The Supreme Court said that the Constitution did not allow the Congress to lend its powers to the executive; the *NIRA* was unconstitutional.
 - This suggested that the Supreme Court would make similar decisions in regards to the New Deal.

FDR's COURT PACKING



- **Supreme Court was striking down New Deal legislation.**
- **Roosevelt proposed a bill to allow the president to name a new federal judge for each who did not retire by age 70 and 1/2.**
- **6 justices over age limit.**
- **Would have increased the number of justices from 9 to 15, giving FDR a majority of his own appointees on the court.**
- **The court-packing bill was not passed by Congress.**

The Committee for Industrial Organization

- The United Mine Workers union began to work with other unions to organize workers in industries where unions did not exist.
- To do this, they formed the CIO
- They began with automobile and steel industries—two of the largest industries
- In late December 1936, General Motors launched a sit-down strike due to the demotion of two workers
- Violence broke out in Flint when police launched a tear gas assault on one of the smaller plants.
- Afterward, GM broke down and recognized the CIO union, United Auto Workers as its employees sole bargaining organization.
- This led to others using the sit-down strike as a method in other industries.

The Twilight of the New Deal

- Finally, FDR embraced the policies of British economist **John Maynard Keynes**.
- **Reorganization Act**
- **Hatch Act**

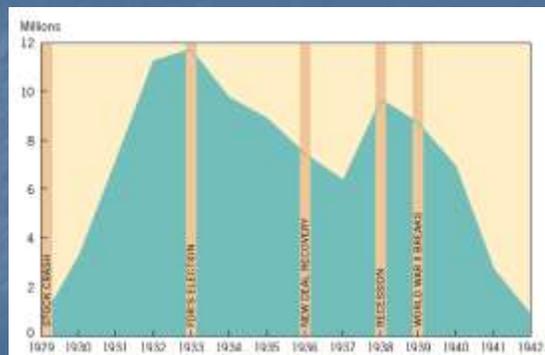
New Deal or Raw Deal?

- Foes of the New Deal condemned its waste, citing that nothing had been accomplished.
- Critics were shocked by the “try anything” attitude of FDR, who had increased the federal debt from \$19.487 million in 1932 to \$40.440 million in 1939.
- WWII critics claimed he was the savior

FDR's Balance Sheet

- New Dealers claimed that the New Deal had alleviated the worst of the Great Depression
- FDR also deflected popular resentments against business and may have saved the American system of free enterprise, yet business tycoons hated him.
- He provided bold reform without revolution

Figure 34.4: Unemployment, 1929–1942



Dust Bowls and Black Blizzards

- After the drought of 1933, furious winds whipped up dust into the air
- **Frazier-Lemke Farm Bankruptcy Act**
- **Resettlement Administration**
- **Indian Reorganization Act** (Indian New Deal) Some Indians refused to sign

Housing Reform and Social Security

- **Federal Housing Administration (FHA)**
- **U.S. Housing Authority (USHA)**
- **Social Security Act of 1935**
 - greatest victory for New Dealers, since it created pension and insurance for the old-aged, the blind, the physically handicapped, delinquent children, and other dependents by taxing employees and employers.

A New Deal for Unskilled Labor

- **Wagner Act** under control of **National Labor Relations Board**
- **Committee for Industrial Organization (CIO)**
- In 1938, the **Fair Labor Standards Act** (Wages and Hours Bill) was passed, setting up minimum wage and maximum hours standards and forbidding children under the age of sixteen from working.