

America: Pathways to the Present

Chapter 16

The New Deal (1933–1941)

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America: Pathways to the Present

Chapter 16: The New Deal (1933–1941)

Section 1: Forging a New Deal

Section 2: The New Deal's Critics

Section 3: Last Days of the New Deal

Forging a New Deal

PRENTICE HALL

Chapter 16, Section 1

- **How did Franklin and Eleanor Roosevelt work to restore the nation's hope?**
- **What major New Deal programs were created in the first hundred days, and who were some of FDR's key players in these programs?**
- **What caused the New Deal to falter?**
- **What were the key goals and accomplishments of the Second New Deal?**
- **What did the outcome of the 1936 election indicate?**



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Restoring Hope and the First Hundred Days

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Chapter 16, Section 1

- **Franklin Delano Roosevelt (FDR) and Eleanor Roosevelt, the First Lady, knew that restoring a sense of hope and building public confidence were essential to calming panic and creating support for the President's plans.**
- **FDR promised "a new deal for the American people," but he did not have a sure plan for it. The term New Deal came to refer to the relief, recovery, and reform programs of FDR's administration that were aimed at combating the Great Depression.**
- **In the first hundred days of his presidency, Roosevelt pushed many programs through Congress to provide relief, create jobs, and stimulate the economy.**
- **Some of FDR's programs were based on the work of federal agencies that had controlled the economy during World War I and on agencies created by state governments to ease the Depression.**
- **Former Progressives figured prominently, inspiring New Deal legislation or administering programs.**



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Two, of Four, Areas of New Deal Reform

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Stabilizing Financial Institutions

FDR wanted to restore public confidence in the nation's banks.

Congress passed the Emergency Banking Act, which authorized the government to inspect the financial health of all banks.

Congress also passed the Glass-Steagall Banking Act of 1933. This act established a Federal Deposit Insurance Corporation (FDIC) to insure bank deposits.

Providing Relief and Creating Jobs

FDR persuaded Congress to establish the Federal Emergency Relief Administration (FERA). FERA put money into **public works programs**, government-funded projects to build public facilities and create jobs.

One public works program was the **Civilian Conservation Corps (CCC)**. The CCC put more than 2.5 million men to work maintaining forests, beaches, and parks.



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Two More Areas of New Deal Reform

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Regulating the Economy

In 1933, Congress passed the National Industrial Recovery Act (NIRA). NIRA established the National Recovery Administration (NRA), which tried to balance the unstable economy through extensive planning. The NRA established codes for fair business practices. These codes regulated wages, working conditions, production, and prices, and set a minimum wage.

Assisting Home-owners and Farmers

The Federal Housing Administration (FHA) worked to improve housing standards and conditions, and insure mortgages.

The **Agricultural Adjustment Administration (AAA)** raised farm prices through subsidies. They paid farmers *not* to raise certain crops and livestock, hoping that lower production would cause prices to rise.

The **Tennessee Valley Authority (TVA)** provided jobs, hydroelectric power, flood control, and recreational opportunities to farmers in the underdeveloped Tennessee Valley.



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Key Players in the New Deal

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- **FDR was the first President to appoint a woman to a Cabinet post. Frances Perkins, a former Progressive, became the Secretary of Labor. She held the position until 1945.**
- **FDR also broke new ground by hiring African Americans in more than a hundred policymaking posts.**
- **Eleanor Roosevelt was one of FDR's most important colleagues. She threw herself into supporting the New Deal.**
- **Occasionally the First Lady took stands that embarrassed her husband. For example, she protested the Jim Crow laws at a meeting of the Southern Conference for Human Welfare in Birmingham, Alabama.**



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The Second New Deal

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- **When the New Deal failed to bring about significant economic improvement, critics began to attack the programs. Opponents warned that New Deal agencies were giving increasing power to the federal government.**
- **The Supreme Court declared the NIRA unconstitutional because it gave the President lawmaking powers and regulated local rather than interstate commerce. The Supreme Court also struck down the tax that funded AAA subsidies to farmers.**
- **In response to the critics, FDR's administration launched an even bolder set of legislation. The Second New Deal included more social welfare benefits, stricter controls over business, stronger support for unions, and higher taxes on the rich.**
- **New agencies attacked unemployment. The Works Progress Administration (WPA) employed more than 8 million workers, building or improving playgrounds, schools, hospitals, and airfields. It supported the creative work of writers and artists.**



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New and Expanded Agencies

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- The Resettlement Administration and later the Farm Security Administration (FSA) helped migrant farmers, sharecroppers, and tenant farmers who were ignored by the AAA.
- The New Deal also brought electricity to rural America. The Rural Electrification Administration (REA) offered loans to electric companies and farm cooperatives for building power plants and extending power lines.
- In July 1935, Congress passed the National Labor Relations Act, called the **Wagner Act**, which legalized such union practices as collective bargaining and closed shops. **Closed shops** are workplaces open only to union members.
- Congress also passed the Social Security Act. This act established the **Social Security system** to provide financial security for people who could not support themselves. The three types of insurance were:
 - Old-age pensions and survivors' benefits
 - Unemployment insurance
 - Aid for dependent children, the blind, and the disabled



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The 1936 Election

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- **FDR won a landslide victory over Republican candidate Alfred M. Landon.**
- **FDR carried every state except Maine and Vermont, winning 523-8 in the electoral college.**
- **FDR's victory showed that most Americans supported the New Deal.**



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Forging a New Deal—Assessment

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Frances Perkins was the first woman Cabinet member. What post did she hold?

- (A) Secretary of Defense**
- (B) Secretary of the Interior**
- (C) Energy Secretary**
- (D) Secretary of Labor**

How did the National Recovery Administration try to balance the unstable economy?

- (A) By raising interest rates**
- (B) By limiting the money supply**
- (C) By establishing codes for fair business practices**
- (D) By creating a Social Security system**

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The New Deal's Critics

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- **What were some of the shortcomings and limits of the New Deal?**
- **What were the chief complaints of FDR's critics inside and outside of politics?**
- **How did the court-packing fiasco harm FDR's reputation?**



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Limitations of the New Deal

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Chapter 16, Section 2

- **The New Deal fell short of many people's expectations.**
- **The Fair Labor Standards Act covered fewer than one quarter of all gainfully employed workers. It set the minimum wage at 25 cents an hour, which was below what most workers already made.**
- **The NRA codes, in some cases, permitted lower wages for women's work, and gave boys and men strong preference in relief and job programs.**
- **No New Deal programs protected domestic service, the largest female occupation.**
- **Many federal relief programs in the South reinforced racial segregation and because the Social Security Act excluded farmers and domestic workers, it failed to cover nearly two thirds of working African Americans.**
- **FDR also refused to support a bill to make lynching a federal crime because he feared that his support of the bill would cause southern Congressmen to block all of his other programs.**



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Political Critics

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New Deal Does Too Much

- A number of Republicans, in Congress and elsewhere, opposed Roosevelt. They believed that the New Deal went too far.
- Many wealthy people regarded FDR as their enemy.
- A group called the **American Liberty League**, founded in 1934, spearheaded much of the opposition. The group was led by former Democratic presidential candidate Alfred E. Smith, the National Association of Manufacturers, and leading business figures.
- The league charged the New Deal with limiting individual freedom in an unconstitutional, “un-American” manner.

New Deal Does Not Do Enough

- Many Progressives and Socialists attacked the New Deal because they believed that the programs did not provide enough help.
- Muckraking novelist Upton Sinclair believed that the entire economic system needed to be reformed.
- In 1934, Sinclair ran for governor of California on the Democratic ticket. His platform, “End Poverty in California” (EPIC), called for a new economic system in which the state would take over factories and farms.
- In Wisconsin, a Progressive candidate won the governorship. The Progressives and the state Socialist Party joined forces, calling for a redistribution of income.



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Other Critics

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- **Some other New Deal critics were demagogues, leaders who manipulate people with half-truths, deceptive promises, and scare tactics.**
- **One such demagogue was Father Charles E. Coughlin. At times Father Coughlin contradicted himself. One time he advocated the nationalization, or government takeover and ownership, of banks and the redistribution of wealth. Another time he defended the sanctity of private property. At first he supported the New Deal, later he described Roosevelt as a “great betrayer and liar.” By the end of the 1930s Coughlin was issuing anti-Jewish statements and showering praise on Adolf Hitler and Benito Mussolini, two menacing leaders in Europe.**
- **Huey Long, one time governor of Louisiana, and then United States senator, was another type of demagogue. Long called for a redistribution of wealth in the United States. Long developed a program called Share-Our-Wealth. The goal was to limit individual personal wealth and increase the minimal income of all citizens. Long also called for increased benefits for veterans, shorter working hours, payments for education, and pensions for the elderly.**



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Modern-Day Critics

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- Some historians and economists believe that the New Deal did not achieve the greatest good for the greatest number of Americans. They argue that New Deal programs hindered economic progress and threatened America's core beliefs in free enterprise. They also charge that the programs created a bloated and powerful federal government and encouraged inefficient use of resources.
- Modern critics also attack the policy of paying farmers not to plant. In a time of hunger, the program wasted precious resources. Farm production quotas penalized efficient and less-efficient farmers equally, while the free market would have weeded out inefficiency and rewarded productivity.
- Finally, the New Deal receives criticism from people who oppose **deficit spending**—paying out more money from the annual federal budget than the government receives in revenues.
- Debate about the New Deal continues today. Critics believe that the programs violated the free market system. Supporters believe that providing relief to the poor and unemployed was worth the compromise.



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The Court-Packing Fiasco

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- Roosevelt received criticism not only for his programs, but for his actions. None aroused more suspicion than his attempt to “pack” the Supreme court.
- Roosevelt, in an effort to gain more support in the Supreme Court, proposed a major court-reform bill. He recommended that Congress allow him to add six additional Supreme Court justices, one for every justice over 70 years old. His argument was that this would lighten the case load for aging justices. His real intention, however, was to “pack” the Court with judges supportive of the New Deal.
- Critics warned that FDR was trying to undermine the constitutional separation of powers. They were concerned that Roosevelt was trying to gain unchecked powers, which was a serious concern in a time when several dictators ruling in Europe tilted their countries toward tyranny.
- In the end, FDR still wound up with a Court that tended to side with him. Some of the older justices retired and Roosevelt was able to appoint justices who favored the New Deal. However, he also suffered political damage. Many Republicans and southern Democrats united against New Deal legislation. This alliance remained a force for years to come.



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The New Deal's Critics—Assessment

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Which Factor Contributed to the modern-day criticism of the New Deal?

- (A) Critics believed that rural electrification would cause farm areas to have the same problems as urban centers.**
- (B) Critics believed that free enterprise would have given a better deal to African American businesses**
- (C) Critics felt that the New Deal threatened Americans' core belief in free enterprise.**
- (D) Critics believed that the New Deal increased incidents of urban crime and homelessness.**

Novelist Upton Sinclair opposed New Deal programs because

- (A) They discouraged free enterprise.**
- (B) He believed that the programs did not protect the interests of big business.**
- (C) He was concerned the Roosevelt was trying to gain dictatorial power.**
- (D) He believed that the entire economic system needed to be reformed.**

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Last Days of the New Deal

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- **What factors led to the recession of 1937, and how did the Roosevelt administration respond?**
- **What triumphs and setbacks did unions experience during the New Deal era?**
- **What effects did the New Deal have on American culture?**
- **What lasting effects can be attributed to the New Deal?**



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The Recession of 1937

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- In August 1937, the economy collapsed again. Industrial production and employment levels fell.
- The nation entered a **recession**, a period of slow business activity. The new Social Security tax was partly to blame. The tax came directly out of workers' paychecks, through payroll deductions. With less money in their pockets, Americans bought fewer goods.
- Americans also had less money because FDR had to cut back on expensive programs such as the WPA.
- The President had become concerned about the rising **national debt**, or the total amount of money the federal government borrows and has to pay back. The government borrows when its **revenue**, or income, does not keep up with its expenses.
- To fund the New Deal, the government had to borrow massive amounts of money. As a result the national debt rose from \$21 billion in 1933 to \$43 billion by 1940.



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Unions Triumph

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- In 1935, some union representatives wanted to create a place for unskilled labor within the American Federation of Labor. They created the Committee for Industrial Organization (CIO). The AFL did not support this effort and suspended the CIO in 1936.
- By 1938, the CIO **coalition**, or alliance of groups with similar goals, had 4 million members. John L. Lewis became president of the CIO, which changed its name to the Congress of Industrial Organization. The aim of the coalition of industrial unions was to challenge conditions in the industry. Their main tool was the strike.
- The passage of the Wagner Act, in 1935, legalized collective bargaining and led to an era of strikes. Many work stoppages took the form of **sit-down strikes**, in which laborers stop working, but refuse to leave the building and supporters set up picket lines outside. Together the strikers and the picket lines prevent the company from bringing in **scabs**, or non-union substitute workers. These tactics, although not always successful, proved quite powerful. In 1939, the Supreme Court outlawed the sit-down strike as being too potent a weapon and an obstacle to negotiation.



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The New Deal's Effects on Culture

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- **Literature:** Pearl Buck's *The Good Earth* (1931), Zora Neale Hurston's *Their Eyes Were Watching God* (1937), and John Steinbeck's *The Grapes of Wrath* (1939) were all Depression-era novels that were destined to become classics. James Agee and Walker Evans lived with Alabama sharecroppers to produce their nonfiction masterpiece *Let Us Now Praise Famous Men* (1941).
- **Radio and Movies:** Radio became a major source of entertainment with comedy shows and the first soap operas. Movies also gave Americans a needed escape from hard times. For a quarter, customers could see a double feature or take the whole family to a drive-in theater. Some films of the day were *Mr. Smith Goes to Washington*, The Marx Brothers' *Duck Soup* and *Monkey Business*, and *The Wizard of Oz*.
- **The WPA and the Arts:** FDR believed that the arts were not luxuries. He earmarked WPA funds to support unemployed artists, musicians, historians, theater people, and writers.



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Lasting New Deal Achievements

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- **The New Deal had a profound effect on American life. Voters began to expect a President to formulate programs and solve problems. People accepted government intervention in their lives. Workers demanded more changes in the workplace. The New Deal also left a physical legacy with monuments that dot the American landscape.**
- **Many New Deal bridges, dams, tunnels, public buildings, and hospitals exist to this day. Some federal agencies such as the Tennessee Valley Authority and the Federal Deposit Insurance Corporation have also endured.**
- **The Social Security system has gone through some changes, but is a part of the lives of all Americans.**
- **Perhaps the New Deal's greatest achievement was to restore a sense of hope to the nation.**



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Last Days of the New Deal—Assessment

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What act legalized collective bargaining?

- (A) Wagner Act**
- (B) Fair Labor Standards Act**
- (C) Glass-Steagal Act**
- (D) Emergency Banking Act**

_____ was partly to blame for the 1937 recession.

- (A) The WPA**
- (B) The development of the CIO**
- (C) The Social Security tax**
- (D) Senator Huey Long's Share-Our-Wealth program**

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