

# New Deal America

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- ❖ **What were the social effects of the Great Depression and Franklin Roosevelt's efforts at relief, recovery, and reform?**
  - ❖ **Why did the New Deal draw criticism from both the right and the left?**
  - ❖ **How did the New Deal expand the federal government's authority and responsibilities?**
  - ❖ **What were the major cultural changes of the 1930s?**
- **Roosevelt inherited the Depression**
    - Depression spread fascism and communism
    - Roosevelt took decisive action; adopted bold measures to relieve suffering and promote recovery
    - Laid foundation for welfare capitalism

## From Hooverism to the New Deal

### The Election of 1932

- **Republicans renominated Hoover**
- **Democrats nominated Roosevelt**
- **Roosevelt proclaimed New Deal, was more willing to experiment, communicated joy and hope**
- **Roosevelt displayed qualities that would characterize his career**
  - Aristocrat with empathy for common folk
  - Traditionalist with penchant for experimenting
  - Affable charmer
  - Skilled political tactician with shrewd sense of timing and willingness to learn
- **Polio made him less arrogant, more focused**
  - Identified with sufferers
- **Won governorship of New York**
- **Roosevelt set forth grueling campaign**
  - Blamed Depression on Hoover and Republicans
  - Promised balance of budget like Hoover, but was willing to incur short-term deficits
  - Evasive on tariff issue
  - Offered several options on farm policy
  - **Called for strict regulation of utilities**
  - Repeal Prohibition
- **Roosevelt's confidence was uplifting**
- **Some voters refused both Hoover and Roosevelt**
  - Socialist party candidate: Norman Thomas
  - Communist party candidate
  - Desperate people did not turn in greater numbers to radical candidates
- **Roosevelt won**

### The Inauguration

- **20<sup>th</sup> Amendment was ratified—provided that presidents would take office on January 20 and the newly elected Congress on January 3**
- **Spreading destitution and misery**
  - People removed deposits from banks, bank failure

- Four fifths of banks were closed
- **New president sent good vibes**
  - Roosevelt was determined, willing to use authority

## Competing Solutions

- **Roosevelt confronted three major challenges: reviving the economy, relieving the human misery, rescuing the farm sector and its desperate families**
  - Some promoted vigorous enforcement of anti-trust laws
  - Others argued suspension of anti-trust laws would be better
  - Others called for massive expansion of welfare programs
- **Roosevelt was willing to try everything without ever embracing one method completely**
  - Flexible outlook
  - He was a pragmatist rather than an ideologue
  - New Deal was trial-and-error
- **Roosevelt and his advisers settled on three-pronged strategy**
  - **Remedy the banking crisis and provide short-term emergency relief for the jobless**
  - **Tried to promote industrial recovery through federal spending in cooperative agreements between management and labor**
  - **Raise depressed commodity prices by paying farmers to reduce size of crops and herds**
  - None worked perfectly

## Strengthening the Monetary System

- **Roosevelt declared bank holiday to allow panic to subside**
  - **Congress passed Emergency Banking Relief Act:** permitted banks to reopen and provided managers for those that were in trouble
  - **Fireside-chats:** Roosevelt reassured, insisted that it was safer to keep money in a bank
  - People deposited money, banking crisis ended
- **Congress passed Economy Act: granted executive branch the power to cut government salaries**
  - **Beer-Wine Revenue Act** amended Volstead Act to permit sale of certain alcoholic beverages
  - **21<sup>st</sup> Amendment would be ratified to end prohibition**
- **During the Hundred Days, Congress enacted 15 major proposals with great speed**
  - [See page 1028]
- **Banking crisis was over, but debt problem remained for farmers and homeowners**
  - Roosevelt reorganized federal farm credit agencies into **Farm Credit Administration**
  - Congress authorized extensive refinancing of farm mortgages at lower interest rates
- **Home Owners' Loan Act provided service to city dwellers through Home Owners' Loan Corporation**
  - Refinanced mortgages
  - Banking Act shored up confidence in banks
  - To prevent speculative abuses, investment and commercial banking were separated
  - Federal Reserve Board's regulatory power was extended
  - Federal Securities Act required full disclosure of information about new stock issues
- **Roosevelt tinkered with devaluation as a way to raise prices and thus ease debt burden of farmers**
  - Government officially abandoned gold standard in 1933
  - Dollar value decreased, prices increased

## Relief Measures

- **Hoover resisted using government to provide direct relief, but Roosevelt was more flexible**

- **Civilian Conservation Corps (CCC)** was designed to give work to unemployed young men
- men were hired to work at CCC jobs
- enrollees could also take education courses
- **Federal Emergency Relief Administration FERA addressed human distress as well**
  - **Harry Hopkins** pushed program
  - FERA expanded assistance to unemployed under Hoover's Reconstruction Finance Commission
    - Federal money **flowed to the states** in grants rather than loans
    - **Hopkins pushed immediate work approach**
    - Direct payments were quicker and more direct
- **The first large-scale experiment with federal work relief came from Civil Works Administration CWA**
  - Provided federal jobs and wages
  - Organized useful projects
  - Expenditures skyrocketed, Roosevelt feared dependence on federal jobs
    - Roosevelt dissolved CWA
- **Roosevelt favored work relief over dole, the value of work**
  - Asked for an array of new federal job programs
  - Congress responded with **Emergency Relief Appropriation Act**—provided work relief
  - Roosevelt managed these programs through **Works Progress Administration WPA**, headed by Harry Hopkins, replaced FERA
- **WPA employed talented Americans in Federal Theatre, Art, Music, and Writers' Projects**
  - National Youth Administration provided part-time employment to students
  - Lyndon Johnson was head in Texas, Richard Nixon benefitted

## Recovery Through Regulation

- **Big businesses were not going to go away; the only way to operate economy was through regulation**

## Agricultural Recovery

- **Decline in commodity prices meant farmers could not afford to plant their crops**
  - **Agricultural Adjustment Act:** created **Agricultural Adjustment Administration (AAA)** sought to control farm production
  - Goal was to raise farm commodity prices by reducing supply
- **Production was cut in the middle of the growing season**
- **Secretary of Agriculture Henry Wallace reported declines in production and increase in prices**
  - Farm income increased
  - AAA was only partially responsible: drought also lowered output
  - "dust bowl" migrations evoked John Steinbeck's *Grapes of Wrath*
- **AAA achieved success in boosting the overall farm economy**
  - ***United States v. Butler*:** declared AAA's tax on food processors unconstitutional
  - **Soil Conservation and Domestic Allotment Act:** omitted processing taxes and acreage quotas
  - Provided benefits payments for soil-conservation practices
- **Soil Conservation and Domestic Allotment Act also brought success in engineering and education**
  - **But failed as a device for limiting production**
  - **Agricultural Adjustment Act of 1938:** reestablished earlier programs but left out processing taxes
  - **Agriculture, like manufacturing, was then held to be in the stream of commerce**

## Industrial Recovery

- **National Industrial Recovery Act (NIRA) was industrial counterpart to AAA**
  - **Economic recovery and public-works projects**
  - Public Works Administration PWA
  - Under **Harold Ickes**, PWA provided work relief
  - Focus on permanent improvements, private contractors favored over workers on government payroll
- **NIRA created National Recovery Administration NRA**
  - Headed by **Hugh Johnson**
  - **Purpose: stabilize business by reducing competition, implementing industry-wide codes, defining labor standards, raising wages**
  - Labor standards set 40 hour workweek and minimum wages, prohibition of child labor under age 16
- **Labor unions were concerned about NRA efforts to reduce competition**
  - NRA included provision that granted the right to form unions to gain union support
  - NRA did not provide adequate enforcement or require employers to bargain
- **Business owners were hostile toward NRA codes**
  - Claim that bigger businesses had more influence in standards than smaller ones
  - NRA wage codes excluded agricultural and domestic workers—3/4 African Americans got no benefit
  - NRA had more critics than friends
  - Struck down by Supreme Court as unconstitutional
- **NRA experiment left influence**
  - Workplace standards
  - Collective bargaining, advance toward stabilization

## Regional Planning

- **New Deal embraced many ideas**
  - **Tennessee Valley Authority** was designed to bring utilities to poor regions
  - Fostered other projects like soil conservation
- **Cheap electricity became TVA's reason for being**
  - Electrification of farms

## The Human Cost of the Depression

- Farmers, factory workers, professionalism remained in throes of shattered economy

## Continuing Hardships

- **1939, 9.5 million workers still unemployed**
  - Petty theft
  - Prostitution and begging
  - Divorce rate dropped
  - Birthrate dropped

## Dust-Bowl Migrants

- **Environmental and human catastrophe caused by drought: the dust bowl**
  - Colorado, New Mexico, Kansas, Nebraska, Texas, Oklahoma
  - Big dust storms killed livestock and people, caused railroads to derail and cars to be swept off roads

- **Dust storms were worse than normal because farmers were transitioning from subsistence to industrial agriculture**
  - Mechanical harvesters
  - Overfarming and overgrazing
  - Plowing loosened dirt
  - Grasshoppers followed dust storms
- **Misery and environmental devastation**
  - Suicide and divorces soared in rural areas
  - **Migratory stream from South toward California**
  - People lumped together as **Okies**
  - **Most people left Arkansas, Texas, Missouri, and Oklahoma**
  - **Not all were farmers:** some were retailers whose jobs were tied to agriculture
  - Most were white, young adults
- **Most migrants gravitated toward urban areas of California: Lost Angeles, San Diego, San Francisco**
  - **California was no paradise**
  - Only few migrants could afford land
  - Competition with local Latinos and Asians
  - Suffered from exposure and poor sanitation
- **Social prejudice**
  - “Okie means you’re scum”
  - Hostility toward migrants drove some to return
  - Okie subculture: Protestantism, hillbilly, distinct music style

## Minorities and the New Deal

- **Depression was especially traumatic for minorities**
  - Roosevelt failed to assault racism and segregation in fear of alienating conservative Democrats
  - Many New Deal programs were for whites only
- **Efforts of Roosevelt administration to raise crop prices by reducing production proved devastating for African and Mexican Americans**
  - Reduction of production began with sharecroppers
  - Tenant farmers were displaced
- **Mexican Americans suffered even more**
  - Mexicans were unable to prove their citizenship—denied access to federal relief
  - Deportation of Mexico-born Americans to avoid cost of providing them with relief
- **Deportation became a popular solution because of rising level of involvement of Mexican-American workers in union activities**
  - Police crushed the Society of Female Manufacturing Workers and strike in San Joaquin Valley
- **Native Americans were also devastated by Depression**
  - **John Collier**, commissioner of Indian Affairs, increased Native American employment
  - **Collier primary objective was passage of the Indian Reorganization Act:** would replace provision of Dawes Act which sought to “Americanize” Indians, restore land to tribes, grant Indians right to charter business, provide federal funds for training
  - **“Indian New Deal” brought only partial improvement**

## Court Decisions and Civil Rights

- **Major setback for racial prejudice campaign occurred in *Grovey v Townsend***
  - Upheld Texas Democrats’ white primary

- **Two important precedents arose from Scottsboro case in which nine black youths were convicted of raping two white women in Alabama, inadequate defense attorneys**
  - *Powell v. Alabama*
- **Norris v Alabama:** verdict fell to the judgment that segregation of blacks from Alabama juries had denied the defendants equal protection of the law
- **Roosevelt did not give high priority to racial issues**
  - Many of his New Deal programs failed to help minorities
  - But Roosevelt included people who did care about racial issues in his administration
  - Many black voters were transferring party loyalty to Democrats

## Culture in the Thirties

- **Great Depression renewed sense of militancy and affirmation to art**
- **“Tonic effect” of commitment took form of allegiance to revolution**
  - Few remained Communists for long
  - Many abandoned communism upon learning about tyrant Stalin

## Literature and Depression

- **John Steinbeck and Richard Wright addressed themes of social significance**
  - Steinbeck’s *Grapes of Wrath*
  - Steinbeck had firsthand experience
- **Richard Wright was African American, Federal Writers’ Project gave him chance to develop talent**
  - Was Communist from 1934 to 1944
- **Native Son was Wright’s masterpiece, set in Chicago, story of Bigger Thomas**
  - Incorporated bitterness against Jim Crow

## Popular Culture

- **Radio and movies provided welcome escape from grim realities**
  - Roosevelt was first president to take advantage of radio broadcasting
  - Hosted 16 fireside chats to generate support for New Deal
- **Films began to incorporate sound, “talkies”**
  - **Most popular form of entertainment during the 1930s**
  - drive-in theaters boosted attendance
- **Movies of the 1930s rarely dealt with hard times directly**
  - **Exceptions:**
    - Pare Lorentz: *The Plow that Broke the Plains* and *The River*
    - *Grapes of Wrath*
  - *Dracula, Frankenstein, The Mummy, the Werewolf of London*
- **Best way to escape the Depression was to watch comedies of the Marx Brothers**
  - Chico, Groucho, Harpo, Zeppo Marx

## The Second New Deal

- **Roosevelt has massive support**
  - Democratic Congress increased strength in House and Senate

## Eleanor Roosevelt

- **Roosevelt's popularity can also be attributed to his wife, Eleanor**
- **She was an activist who redefined the role of First Lady**
  - First woman to address national political convention
  - Held regular press conferences
  - Travelled throughout the nation, defied local segregation ordinances to meet with African American leaders
  - Supported women's causes and organized labor
  - Highlighted child labor, insisted humanitarian ideals
- **Eleanor became liaison for her husband; brought labor leaders, women activists, black spokespeople to the White House**
  - He was the politician, she was the agitator

## Criticism

- **Public criticism of the New Deal was muted at first, but became more apparent later on**
  - Unemployment remained high
  - Dramatic growth of executive power was unsettling
  - Conservative businessmen and politicians formed **American Liberty League** to oppose New Deal measures that violated personal property rights
- **Threats to Roosevelt came from hucksters**
  - **Louisiana's Kingfish Senator** : longed for tax favors, roads, schools, free textbooks, charity hospitals, better public services
  - used bribery, intimidation, blackmail
  - state dictator
  - people supported him anyway
- **Long was Democrat and initially supported Roosevelt and the New Deal but quickly grew suspicious of NRA**
  - Was jealous of Roosevelt's popularity
  - Long had his own plan for dealing with the Great Depression
- **Long's Share-the-Wealth program proposed to confiscate large personal fortunes**
  - Provide pension to elderly, reduce working hours, pay veterans, ensure college education
  - Figures failed to add up
  - "Shut your damn eyes and believe it."
  - He somehow claimed 7.5 million supporters
- **Francis Townsend was also a critic**
  - Proposed government pensions for the aged
  - Promoted **Townsend Recovery Plan**: would pay \$200 a month to every citizen over 60 years old
  - Cost would be more than half the national income
  - Townsend and Long were indifferent to details
- **Charles Coughlin was also a critic**
  - Roman Catholic radio priest
  - Founded National Union of Social Justice
  - Promoted coinage of silver to increase money supply
- **Coughlin, Townsend, and Long drew support largely from desperate lower middle-class Americans**
  - **Long had the widest following**
  - Roosevelt countered with new programs of reform and social security
  - Political pressures impelled him to move to the left
  - Advisers urged Roosevelt to push for restoration of competition in the market and heavy taxes on corporations

## Opposition from the Court

- **Supreme Court decisions prompted Roosevelt to act**
  - **Killed National Industry Recovery Act**
  - ***Schechter Poultry Corporation v. United States***: selling unfit chicken, violating other NRA code provisions
    - **Court ruled that Congress had delegated too much power to the executive branch**
  - Interstate commerce issue

## Legislative Achievements of the Second New Deal

- **Roosevelt launched second New Deal to rescue legislative program from judicial challenges**
  - Demanded legislation
  - **National Labor Relations Act: Wagner Act** gave workers right to bargain through unions
  - **National Labor Relations Board**: five members could supervise plant elections and certify unions
    - Could also investigate actions of employers
- **Social Security Act of 1935 was the New Deal's supreme achievement**
  - Significant and far-reaching
  - Basic concept was not new
- **Social Security Act included three major provisions**
  - **Pension fund for retired people**
    - Paid for by payroll taxes
    - Designed to supplement other income sources
  - **Shared federal-state unemployment insurance program**
    - Financed by payroll tax
    - Committed national government to social-welfare activities
  - **Federal grants for old-age assistance, aid to children, and aid for the blind**
- **New federal program was relatively conservative**
  - Financed by taxes on worker earnings
  - Tax was fixed rate for all, regardless of income level
  - Removed money from circulation and placed it in retirement fund
  - Initially excluded farmers, workers, self-employed, African Americans
- **Roosevelt regretted limitations but knew they were necessary compromises**
- **Another major bill making up the second New Deal was the Revenue Act of 1935**
  - Called the **Wealth-Tax Act**
  - raised taxes on high incomes
- **Business leaders fumed over Roosevelt's tax and spending policies**
  - By placing tax on the rich, Roosevelt stole thunder from political left
  - **Soak-the-rich tax** failed to increase federal revenue significantly
  - Prevailing view was that Roosevelt had used radical action
  - Seen as a Communist, distribution of wealth

## Roosevelt's Second Term

### The Election of 1936

- **Democrats nominated Roosevelt for second term**
  - Roosevelt's popularity made Republicans want to avoid a campaign solely anti-Roosevelt
- **Republicans nominated Alfred Landon, former Progressive Republican**



- **Republicans hoped the followers of Long, Coughlin, and Townsend would combine to draw Democrat voters away**
  - But possibility faded
  - Assassin killed Kingfish
  - Coughlin, Townsend, Long supported Republican representative William Lemke
- **Roosevelt formed new electoral coalition that would affect national policies for years to come**
  - Roosevelt made strong gains in the West among beneficiaries of New Deal agricultural plans
  - Roosevelt held ethnic groups in northern cities because they had been helped by welfare measures
  - Roosevelt held support of Middle-class voters, whose property had been saved by New Deal
  - Roosevelt held support of labor movement
  - Roosevelt held support of African American voters
  - Business leaders opposed Roosevelt
  - **Roosevelt won every state except Maine and Vermont**
  - **Democrats also dominated Republicans in the new Congress**

### The Court-Packing Plan

- **Roosevelt promised greater reforms, wanted more extensive government action, but Supreme Court was a roadblock**
- **Court ruled against New Deal programs**
  - Court was conservative
  - Second New Deal was in danger of being nullified
- **Roosevelt resolved to change the Court's philosophy by enlarging it**
  - Congress determined the size of the court
  - Roosevelt wanted to create up to 50 new judges, including 6 new Supreme Court justices
- **Court-packing maneuver backfired**
  - Justice Louis Brandeis was oldest and most liberal
  - People feared the precedent would be set for presidential exploitation of the Supreme Court
- **Roosevelt's drive to change the Court lessened**
  - Court decisions supported Wagner and Social Security Acts
  - One conservative justice resigned, replaced with New Deal leader Hugo Black
- **Roosevelt was able to appoint justices that supported the New Deal**
  - **But dissension was created in the Democratic party**
  - For the first time, Democrats opposed the president
  - Momentum of Roosevelt' victory was lost

### The New Direction of Labor

- **Labor union movement stirred anew**
  - National Industrial Recovery Act demanded that every industry code include a statement of a worker's right to organize a union, **more workers joined unions**
- **John Lewis was head of the United Mine Workers, first to exploit spirit of NIRA**
  - **Sidney Hillman** of the Amalgamated Clothing Workers and **David Dubinsky** of the International Ladies Garment Workers joined Lewis in promoting organization of workers

- **Industrial unionists formed the Committee for Industrial Organization, craft unions feared submergence by mass production unions**
  - Rivalry between AFL and CIO
- **CIO's drives in mass-production industries began in 1936**
  - Employers used blackmail and intimidation
  - **Automobile workers adopted "sit-down strike"**
- **Walter Reuther led thousands of employees at General Motors to stop production**
  - **Wives, daughters, and mothers of strikers formed a Women's Auxiliary**
  - Management refused to recognize union efforts
  - Police were called in to harass strikers
  - Roosevelt refused to dispatch federal troops
  - **More than a month later, the company relented and signed a contract that recognized the union**
- **Wagner Act put the power of the federal government behind the principle of unionization**
  - Roosevelt was irritated with strikes
  - Conflicted with John Lewis and the Republic Steel Corporation
  - **As wage workers became more organized, they more closely identified with the Democratic party**
  - CIO gained more members than the AFL
  - **Wages rose and conditions improved due to their efforts**

## A Slumping Economy

- **Economy finally showed signs of revival**
  - Prosperity had been achieved by government spending
  - Federal deficits and rising inflation
  - **Causes of slumping economy**
    - Federal debt led to cuts in government spending
    - Treasury began to diminish disposable income by collecting Social Security payroll taxes
    - Private spending alone could not fill the gap left by reductions in government spending
    - Businesses lacked faith to risk large investments
- **Recession ignited into battle within administration**
  - **Treasury Secretary Henry Morgenthau favored less spending and balanced budget**
  - **Harry Hopkins and Harold Ickes argued for renewed government spending**
    - Their view echoed Keynesian economics *The General Theory of Employment, Interest, and Money*

## Economic Policy and Later Reforms

- **Roosevelt waited as rival theorists sought his approval**
  - **He endorsed ideas of the spenders**
  - Asked Congress to adopt large federal spending program
  - Hesitation stalled recovery
- **The Court-packing fight, sit-down strikes, and 1937 recession all undercut Roosevelt's prestige**
  - Only major reforms were Wagner-Steagall National Housing Act and Bankhead-Jones Farm Tenant Act

- Democratic Congress in 1938 enacted more major reforms, last of the New Deal: second Agricultural Adjustment Act, Food, Drug and Cosmetic Act, and Fair Labor Standards Act
- **Housing Act set up US Housing Authority in Department of Interior**
  - Extended loans to local agencies willing to assume part of the cost of slum clearance in public housing
  - Subsidized rents for poor people
- **Farm Tenant Act addressed rural poverty**
  - Administered Farm Security Administration
  - Made rehabilitation loans available
  - Proved to be little more than another relief operation that tided a few farmers over difficult times
- **Agricultural Adjustment Act of 1938 was a response to renewed crop surpluses and prices declines of the recession**
  - Reenacted basic devices of previous AAA
- **Food Drug and Cosmetic Act broadened coverage of Pure Food and Drug Act and forbade use of false advertising**
  - Federal Trade Commission was in charge of enforcing
- **Fair Labor Standards Act applied only to enterprises that operated interstate commerce**
  - Set minimum wage and hour maximum
  - Prohibited child labor under age 16

## The Legacy of the New Deal

### Setbacks for the President

- **Democratic party was fragmenting**
  - Southern Democrats balked at growing dependence on labor unions and blacks for party support
- **Conservative opposition stymied an attempt by Roosevelt to reorganize the executive branch**
  - House set up Committee on Un-American Activities against Communists
  - New Deal supporters were later attributed to Communism
- **Roosevelt unfolded proposal to reshape the Democratic party in the image of the New Deal**
  - Announced his purpose to intervene in Democratic primaries to set forth purely liberal principles
  - His effort backfired: seen as an attempt to purge Democratic party of southern conservative Democrats
- **Elections of 1938 was another setback to the administration**
  - Democratic dominance fell in both houses
  - Under Administrative Reorganization Act the president could organize government agencies
  - Roosevelt lost Congressional support

### The Halfway Revolution

- **The New Deal lost momentum but brought several lasting changes**
  - Power of national government was vastly larger
  - Progressivism supplanted traditional liberalism
- **Roosevelt and New Deal supporters believed government should do more than respond to crises, but take active steps to avoid them**
  - Welfare and benefit programs

- Labor conditions
  - Social Security pensions
- **Rise of the “broker state”**
  - Federal government that mediated among major interest groups
- **In the process of bold experimentation and preservation, the New Deal represented “halfway revolution”**