

Key Terms

Section 1: Forging a New Deal

New Deal – term used to describe President Franklin Roosevelt’s relief, recovery, and reform programs designed to combat the Great Depression.

hundred days – period at the start of Franklin Roosevelt’s presidency in 1933, when many New Deal programs were passed by Congress.

public works program – government-funded projects to build public facilities.

Civilian Conservation Corps (CCC) – established by Congress in 1933, this program put more than 2.5 million young men to work restoring and maintaining forests, beaches, and parks.

Agricultural Adjustment Administration (AAA) – established in 1933 to raise farm prices through government financial assistance.

Tennessee Valley Authority (TVA) – Federal project to provide inexpensive electric power, flood control, and recreational opportunities to the Tennessee River.

Second New Deal – period of legislative activity launched by President Franklin Roosevelt in 1935.

Wagner Act – law passed in 1935 that aided unions by legalizing collective bargaining and closed shops, and by establishing the National Labor Relations Board.

closed shop – workplace open only to union members.

Social Security system – system established by the 1935 Social Security Act to provide financial security, in the form of regular payments, to people who cannot support themselves.

Section 2: The New Deal’s Critics

American Liberty League – organization founded in 1934 to oppose the New Deal.

demagogue – a leader who manipulates people with half-truths, deceptive promises, and scare tactics.

nationalization – government takeover and ownership of banks, and the redistribution of wealth.

deficit spending – paying out more money from the annual federal budget than the government receives in revenues.

Section 3: Last Days of the New Deal

recession – a period of slow business activity.

national debt – total amount of money that the federal government borrows and has to pay back.

revenue – income.

coalition – alliance of groups with similar goals.

sit-down strike – labor protest in which laborers stop working but refuse to leave the workplace.

Understanding Main Ideas

Section 1: Forging a New Deal

1. How did Franklin and Eleanor Roosevelt work to restore the nation's hope?

- They knew that restoring a sense of hope and building public confidence were essential to calming panic and creating support for the President's plan.

2. What major New Deal programs were created in the first hundred days, and who were some of FDR's key players in these programs?

The Administration needs to:

Stabilize Financial Institutions

- **Emergency Banking Act** – needed to restore confidence in the nation's banks. EBA authorized the government to inspect the financial health of all banks.
- **Glass-Steagall Banking Act of 1933** – established a **Federal Deposit Insurance Corporation (FDIC)** to insure bank deposits.

Provide Relief and Create Jobs

- **Federal Emergency Relief Administration (FERA)** – FERA put money into public works programs and government-funded projects to build public facilities and create jobs.
- **Civilian Conservation Corps (CCC)** – public works program that put more than 2.5 million men to work maintaining forests, beaches, and parks.

Regulate the Economy

- **National Industrial Recovery Act (NIRA)** – The NIRA established the NRA.
- **National Recovery Administration (NRA)** – established codes for fair business practices. The NRA codes regulated wages, working conditions, production, prices, and set a minimum wage.

Assist Homeowners and Farmers

- **Federal Housing Administration (FHA)** – worked to improve housing standards and conditions, and insure mortgages.
- **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.
- **Tennessee Valley Authority (TVA)** – provided jobs, hydroelectric power, flood control, and recreational opportunities to farmers in the underdeveloped Tennessee Valley.

3. What caused the New Deal to falter?

- Critics began to attack the New Deal programs when they failed to bring about a significant economic improvement.
- Opponents of the New Deal warned that New Deal agencies were giving increasing power to the federal government.
- Supreme Court also attacked FDR's programs. In 1935, the Supreme Court declared the NIRA unconstitutional because it gave the President lawmaking powers and regulated local commerce instead of interstate.
- In 1936, the Supreme Court also struck down the taxes that funded AAA subsidies to farmers.

4. What were the key goals and accomplishments of the Second New Deal?

The Second New Deal (2nd 100 days) included more:

- social welfare benefits
- stricter controls over business
- stronger support for unions and
- higher taxes on the rich.
- **Works Progress Administration (WPA)** – provided work for more than 8 million citizens. It built or improved thousands of playgrounds schools, hospitals, and airfields. It also supported the creative work of many artists and writers.
- **Resettlement Administration** and then the **Farm Security Administration (FSA)** – helped migrant farmers, sharecroppers, and tenant farmers who were ignored by the AAA.
- **Rural Electrification Administration (REA)** – offered electric companies, rural residents, and farmers loans for power plants, extending power lines, and wiring their barns and homes.
- **National Labor Relations Act (Wagner Act)** – legalized collective bargaining and closed shops.
- **Social Security Act (SSA)** – provides financial security in the form of regular payments to people who could no support themselves.
SSA provided for:
 - old-age pensions and survivors' benefits
 - unemployment insurance
 - aid for dependent children, the blind, and the disabled.

5. What did the outcome of the 1936 election indicate?

- FDR won a landslide victory over Republican candidate Alfred M. Landon.
- FDR carried every state except Maine and Vermont 523 – 8
- His victory showed that most Americans supported the New Deal.

Section 2: The New Deal's Critics

6. What were some of the shortcomings and limits of the New Deal?

- The New Deal fell short of many people's expectations.
- The FLSA covered fewer than one-quarter of all gainfully employed workers. It set the minimum wage at 25¢ per hour – lower than 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 workers, the largest female occupation.
- Many federal relief programs in the South reinforced racial segregation. The SSA 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.

7. What were the chief complaints of FDR's critics inside and outside of politics?

The New Deal Goes Too Far:

- 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.

The New Deal Doesn’t Go Far 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.

Other Critics:

- 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, 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 the redistribution of wealth. Long also called for increased benefits for veterans, shorter working hours, payments for education, and pensions for the elderly.

Modern-Day Critics

- 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 dangerously 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.

8. How did the court-packing fiasco harm FDR's reputation?

- Roosevelt received criticism not only for his programs, but for his actions. 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 the aging justices. His real intention, however, was to “pack” the Court with judges who supported the New Deal.
- Critics warned that FDR was trying to undermine the constitutional separation of power. They were concerned that Roosevelt was trying to gain unchecked powers, which was a serious concern in a time when several European dictators were tilting their countries toward tyranny.
- In the end, FDR still wound up with a Court that tended to side with the President. 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.

Section 3: Last Days of the New Deal

9. What factors led to the recession of 1937, and how did the Roosevelt administration respond?

- 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 SSA tax was paid 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.

10. What triumphs and setbacks did unions experience during the New Deal era?

- The New Deal changed the way many Americans viewed labor unions. New federal protections under the Wagner Act made union membership more attractive to many workers.
- **American Federation of Labor (AFL):** craft based union. The AFL did little to attract the unskilled laborers.
- **Congress for Industrial Organization (CIO):** Created by United Mine Workers President and union representatives created the Committee for Industrial Organization within the AFL. The AFL did not support their efforts and suspended the CIO in 1936. Separate from the AFL, the CIO continued to organize unskilled workers in mass production workplaces. They were successful and renamed the union to the Congress for Industrial Organization (CIO).
- In 1939, the Supreme Court outlawed sit-down strikes. Their decision was that they were too potent a weapon and an obstacle to negotiation.

11. What effects did the New Deal have on American culture?

- **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 & 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 25¢, 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*.
- **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.

12. What lasting effects can be attributed to the New Deal?

- The New Deal had a profound effect on American life. Voters now 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 also have endured.
- The Social Security system has gone through some changes – it is still 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.