

American History: Chapter 24

The New Deal

Relevant Key Concepts

Key Concept 7.1

III. During the 1930's, policymakers responded to the mass unemployment and social upheavals of the Great Depression by transforming the US into a limited welfare state, redefining the goals and ideas of modern American liberalism.

- A) FDR's New Deal attempted to end the Great Depression by using government power to provide relief to the poor, stimulate recovery, and reform the American economy.
- B) Radical, union, and populist movements pushed Roosevelt toward more extensive efforts to change the American economic system, while conservatives in Congress and the Supreme Court sought to limit the New Deal's scope.
- C) Although the New Deal did not end the depression, it left a legacy of reforms and regulatory agencies and fostered a long-term political realignment in which many ethnic groups, African Americans, and working-class communities identified with the Democratic Party

Launching of the new deal

- March 4, 1933: FDR inaugurated
 - “The only thing we have to fear is fear itself”
- 100 days, Congress passed large number of legislation
 - Relief: provide relief for individuals
 - Recovery: Help improve the economy
 - Reform: new laws such as child labor
- “Fireside Chats”: Weekly radio addresses, assured public it was safe to put money back in banks
- Banks:
 - “Bank Holiday”
 - FDR closed all banks for days to calm Americans’ fears
 - Emergency Banking Act:
 - Government must inspect banks before they could be reopened
- 21st Amendment (1933):
 - Prohibition was repealed

Launching of the new deal

- Agricultural Adjustment Act:
 - Paid farmers not to grow crops (too much supply)
 - Declared unconstitutional in *Butler v. US*
- National Industrial Recover Act (created National Recovery Administration)
 - Set minimum wages and maximum hours (wanted to spread employment around)
 - Gave rights to labor unions (Section 7a)
 - Outlawed “Yellow Dog Contracts”

Launching of the new deal

- *Schechter vs. US*:
 - Declared the NRA unconstitutional
 - Legislative powers could not be delegated to president
- Public Works Administration (PWA)
 - Provided industrial recovery and unemployment relief
 - Built Grand Coulee Dam
- Tennessee Valley Authority (TVA):
 - Hydroelectric Power could be huge source of energy
 - TVA helped reform monopolies and provide jobs; revitalized area
 - Encouraged hydro-electric development of other areas as well
- Stock Market and Banks:
 - Glass-Steagall Act:
 - Set up FDIC, guaranteed individual banking deposits
 - “Truth in Securities Act”
 - Could not lie about “soundness of stocks”
 - Securities and Exchange Commission (SEC)
 - Regulated the stock market
 - Watchdog of NYSE
- More work programs:
 - Civil Works Administration (CWA)
 - Provided temporary jobs during harsh winter
 - Civilian Conservation Corps (CCC)
 - Government camps for young men, reforestation, firefighting, etc.

The New Deal in Transition

- Demagogue: someone who appeals to people based on popular desires and wants, rather than using rational argument
- Dr. Francis Townsend:
 - Appealed to senior citizens
 - Created a plan for pensions for individuals over 60
 - Helped inspire Social Security
- Father Charles Coughlin:
 - Enormous radio audience
 - Wanted to change the banking system
- Huey Long:
 - Senator from LA, promoted “sharing the wealth”
 - Providing \$ for individuals by taxing the wealthy
- National Labor Relations (Wagner Act):
 - Huge boost to labor movement
 - Reassured right to collectively bargain
- John C. Lewis:
 - Formed Committee for Industrial Organization (CIO)
- General Motors sit-in strike which did not allow strike breakers to work

The New Deal in Transition

- Social Security Act of 1935
 - Provided federal-state unemployment insurance
 - Provided \$ for senior citizens, disabled, etc.
 - Collected by creating a new payroll tax
- Works Project Administration (WPA):
 - Spent \$11 billion on buildings, bridges, roads, etc.
 - 9 million people were given jobs
- Most aid for men came in the form of work relief; women received cash
- 1936 Election:
 - FDR wins in a landslide
 - CIO and other labor groups contributed large amounts of \$ to FDR's campaign chest

The New Deal in Disarray

- In 9 New Deal cases, S.C. overturned 7
- FDR wanted a court in favor of his programs
 - His proposal? The ability to add 1 new judge for every judge over 70
 - Congress, his party, and the American public do NOT support this. Fear of “dictator”
 - Court begins to come around to his programs
- Fair Labor Standards Act:
 - Minimum wage and 40-hour work week
 - Limited child labor

Limits and Legacies of the new deal

- African Americans and the New Deal:
 - 90 percent of African Americans voted Democratic
 - African Americans gained little rights:
 - Poll taxes still existed
 - Segregation in CCC
 - Blacks paid less than whites through the NRA codes
- Indian Reorganization Act (1934):
 - “New Deal” for Natives
 - Reversed the Dawes Act
- Women and the New Deal:
 - Few programs advanced women’s rights
 - Many believed women should not work during tough times
 - Frances Perkins – Secretary of Labor – first female cabinet member

Limits and Legacies of the new deal

- New Deal programs did not “challenge prevailing racial norms”
 - Segregation in CCC camps
 - Whites received more money than minorities
- West benefitted from the New Deal
 - Need for improvements and \$
 - Dams, etc.
 - Grand Coulee Dam – largest public project in history until that point
- South did benefit as well
 - TVA – electricity for many in the South
- New Deal impacts?
 - Government increased its power and role in the federal government
 - Beginning of a federal welfare state (strengthened under LBJ’s “Great Society”)