

The New Deal Reading



President Roosevelt

Herbert Hoover was president of the US during the Great Depression. Many people did not agree with the economic and political decisions he made, and many people were very angry with him for using force against the Bonus Army during the summer of 1932. Hoover and the Republican Party knew he would most likely lose the 1932 presidential election. However, they still chose him as their candidate. The Democratic Party nominated Franklin Delano Roosevelt, known as FDR. He was a two-term governor of New York and distant cousin to former President Theodore Roosevelt. Many Americans blamed Hoover for the severity of the Great Depression, and they wanted a president who would be proactive and turn the economy around. FDR had been able to fight the problems of unemployment and poverty in New York, and many Americans had confidence that he could help solve the country's problems.

FDR easily won the presidential election, and the Democrats won control of the Senate and the House of Representatives. FDR was not inaugurated until March, but he began working right away. He chose lawyers, professors, and journalists as his advisors, and they became known as the "Brain Trust." He also created a set of policies that he believed would solve the problems of the Great Depression. His **New Deal** policies focused on relief for the needy, economic recovery, and financial **reform**. When FDR took office on March 4, he put the New Deal into action. He worked intensely from March 9 to June 16. Now known as the **Hundred Days**, Congress passed 15 major pieces of legislature from the New Deal.

Part of the New Deal addressed the nation's banking and finance problems. Many people had little faith in banks because they had lost their entire life savings. They did not want to put their money back into the banks. On March 5, FDR declared a national bank holiday and closed all banks. He convinced Congress to pass the Emergency Banking Relief Act on March 9, which allowed the Treasury Department to inspect the country's banks. Those banks that could pay their debts could reopen. The banks that could not would remain closed. If a bank needed help, a loan would be given. This helped restore many people's faith in the banking system because they knew if a bank was open, the bank had enough money to pay its debts.

FDR used **fireside chats** to keep the public informed about his New Deal policies. On March 12, he gave his first one. He explained why Americans needed to support the banking system and how it worked. He encouraged Americans to return their savings to the banks. His first fireside chat relieved the American people, and over the next few weeks, they put their savings into the banks.

On June 16, 1933, Congress passed the Glass-Steagall Act that established the Federal Deposit Insurance Corporation (FDIC). The FDIC provided insurance for bank accounts that had up to \$5,000. This meant that if someone had up to \$5,000 in the bank and the bank failed, the federal government would pay the money. This also helped Americans trust the banks.

FDR knew that the government needed to increase its money reserves to implement the new policies, so he convinced Congress to approve the Beer and Wine Revenue Act on March 22, 1933. It allowed the manufacture and sale of beer and wine and placed a tax on alcohol sold. The tax went to the government so it could afford the new programs the New Deal created. It was successful, and by the end of 1933, the 21st Amendment was passed which repealed the 18th Amendment to end Prohibition.

Congress took steps to **regulate** the stock market. Americans did not trust the stock market after the 1929 crash. The Federal Securities Act was passed on May 27, 1933, and it held corporations at fault if they provided false information or withheld information about their stocks from the public. This would prevent people from investing in the stock market without having the information they needed. Congress then created the Securities and Exchange Commission (SEC) on June 6, 1934. This would prevent people from using inside information about corporations and rigging the stock market for their own benefit.

FDR knew that one of the hardest hit industries of the Great Depression was agriculture. Farmers were suffering before it had even begun. He wanted to provide relief, so Congress passed the Agricultural Adjustment Act (AAA) on May 12, 1933. The AAA controlled the supply of seven farm products: corn, wheat, cotton, rice,



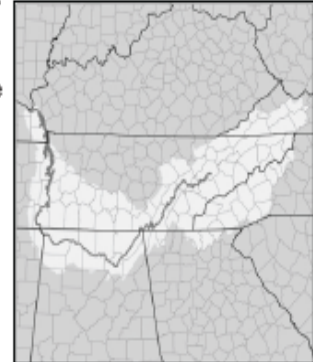
FDR during one of his fireside chats.



Farmer planting corn in Lancaster County, Nebraska (1936).

hogs, tobacco, and milk. The government paid farmers to leave a certain amount of their land unseeded and to raise fewer livestock. Some people did not like this policy because it required farmers to produce fewer crops or destroy crops, and people were going hungry. Farmers also killed pigs to meet the government requirements. However, FDR knew that a reduced supply would help prices increase, which would help farmers increase their income. Unfortunately, tenant farmers and sharecroppers did not receive this aid. Even though the AAA did help the agricultural industry, the US Supreme Court ruled it unconstitutional on January 6, 1936. The US Supreme Court declared regulating agriculture should be done by the state government.

Another act that helped those living in rural areas was the establishment of the Tennessee Valley Authority (TVA) on May 18, 1933. The Tennessee River basin is one of the country's largest basins, and it covers parts of seven states. The people living in the basin region had several issues, and the TVA was created to help them. Five existing dams were renovated and 20 new ones were built. This created thousands of jobs for the people living there. It also provided much needed flood control because many areas in the basin would flood with heavy rain, and people's homes and farms were damaged or destroyed.



Tennessee River basin (light color)



Watts Bar dam on the Tennessee River

Hydroelectric power was created by the dams and provided many homes with electricity. Agricultural and industrial development in the basin also increased.

The TVA was not the only program that created jobs. The Civilian Conservation Corps (CCC) was created on April 10, 1933. It put almost 3 million men aged 18-25 to work building roads, developing parks, planting trees, and helping with soil-erosion and flood-control projects. The CCC paid \$30 a month, and it supplied free food, uniforms, and lodging in work camps. The majority of the camps were located in the Great Plains. By 1942, over 3 billion trees were planted, 800 state parks were created, and more than 46,000 bridges were built. This reforestation program was intended to prevent another Dust Bowl from happening. While the CCC was successful in its goals, the program ended in 1942.



CCC workers putting up a fence in Greene County, Georgia (1941)

The National Industrial Recovery Act (NIRA) was passed on June 16, 1933, and it was to remain in effect for two years. Its goal was to ensure fair competition in industries and to reduce unemployment. This law created the National Recovery Administration (NRA), which established codes for businesses. The goal of the NRA was to prevent wage cuts, falling prices, and job loss. The codes of fair practice were written by representatives of the businesses, workers, and consumers. The codes limited production and established prices. Workers gained the right to unionize. It also ended child labor in the textile industry. Eventually, many workers believed the codes favored businesses, and small businesses believed the codes favored big businesses. Many politicians became critical of the NRA, and in 1935, the US Supreme Court ruled it unconstitutional.

As part of the NIRA, the Public Works Administration (PWA) was also created on June 16, 1933. The PWA provided money to states to create jobs to build community buildings and schools. Unemployment remained high, so the Federal Emergency Relief Administration (FERA) created the Civil Works Administration (CWA) on November 9, 1933. FERA had been created on May 12, 1933, and it gave \$250 million to states to support work relief programs through the CWA. The CWA was able to provide 4 million jobs immediately. Some people believed the jobs created by the CWA were just "busy" jobs, but the CWA built more than 500,000 miles of roads, built 40,000 schools, and paid wages to over 50,000 teachers in rural areas. FERA also gave about \$250 million to states to help provide food and clothing to the unemployed, the elderly, and the sick.

New Deal programs also addressed housing and home mortgage problems. The Home Owners Loan Corporation was created on June 13, 1933, and it gave government loans to homeowners who faced foreclosure. The National Housing Act was passed on June 27, 1934, and it created the Federal Housing Administration.

By the end of the Hundred Days, millions of Americans had benefited under the New Deal policies, and many Americans had renewed confidence in the country. FDR knew the cost of the programs created would be expensive, so he reluctantly agreed to deficit spending. He did not want to spend more money than the government received, but he believed it was necessary because of the severe economic crisis of the Great Depression. Even though the new policies were working, some people were unhappy that the economic depression did not end. Some people thought he did not do enough to help the poor. Others thought he spent too much on direct relief and was trying to control businesses and the economy. They believed the AAA and NIRA gave the federal government too much control over agriculture and industry, which is why the US Supreme Court ruled both as unconstitutional.

On August 22, 1934, the American Liberty League (ALL) formed, and its purpose was to oppose the New Deal policies that it believed violated the rights of individuals and property. Many poor Americans supported the ALL. Charles Coughlin, Dr. Francis Townsend, and Huey Long were members who spoke out against the New



Charles Coughlin

Deal. Coughlin was a Roman Catholic priest who broadcasted radio sermons every Sunday. He talked about economic, political, and religious issues. Coughlin had been a supporter of the New Deal, but he thought FDR was too friendly to the banks. He wanted banks to be controlled by the government. Coughlin eventually lost support of his radio broadcasts because he became increasingly anti-Semitic (anti-Jew). Townsend believed FDR wasn't doing enough to help the poor and elderly. Townsend created a **pension** plan that would provide monthly benefits to the elderly, something that the elderly



Huey Long

widely supported. Long was a Senator from Louisiana. He was an early supporter of the New Deal, but he decided he wanted to become president. He proposed a nationwide social program called Share-Our-Wealth. He promised something for everyone. By 1935, Long's program had 27,000 Share-Our-Wealth clubs and over 7 million members. Long's threat to the New Deal came to an end later that year, though, when he was assassinated.

FDR knew his New Deal was not enough and more needed to be done to help Americans and solve the country's economic problems. The gains made by the New Deal was not as great as FDR had expected, so by 1935, FDR's administration continued to look for new ways to solve the problems. FDR launched his Second New



Eleanor Roosevelt

Deal, also called the Second Hundred Days. He asked Congress for more relief for farmers and workers. FDR's wife, Eleanor, had urged him to fight for the American people. Eleanor was a social reformer, and she cared deeply for people. She was outspoken as First Lady and made several speeches about about child welfare, housing reform, and equal rights for women and minorities. Eleanor traveled across the country and saw the conditions Americans were facing. She encouraged FDR to take on difficult issues to improve the lives of Americans. She even encouraged FDR to appoint women and African Americans to government positions. Eleanor changed the role of First Lady during her husband's time in office. She set an example for future First Ladies to be **humanitarians**, fighting to improve the lives of people.



A field of alfalfa with alfalfa hay bales in Montana (1939)

Congress passed the Soil Conservation and Domestic Allotment Act on February 29, 1936. Farmers would be paid for decreasing production of crops that depleted the soil, like wheat and corn, and for practicing soil conservation farming methods. Farmers were paid to plant clover and alfalfa because these crops returned nutrients to the soil.



A field of clover near New Orleans, Louisiana (1936)



Lineman working for the REA in Missouri (1942).

FDR also knew that the lack of electricity in rural areas was a problem. In 1935, less than 13 percent of American farms had electricity. FDR created the Rural Electrification Administration (REA) on May 20, 1936. The REA helped bring electricity to rural areas, and by 1945, 48 percent of farms and rural homes had electricity. By 1949, 90 percent had electricity.

In mid-1937, the Farm Security Administration (FSA) was created. The FSA loaned over \$1 billion to help tenant farmers become land owners and established camps for migrant farm workers. Photographers were also hired by the FSA to take pictures of rural towns, farms, and people living there. The FSA used the photographs to show the struggles rural Americans faced.



FDR and Congress wanted to create more jobs through the Second New Deal, and one of the largest projects was the Works Progress Administration (WPA). It was created on May 6, 1935. Between 1935 and 1943, more than 8 million workers had been employed. Most of them were unskilled laborers. The WPA spent \$11 billion to create these jobs. Some criticized the WPA as a "busy" job project, but it built 850 airports across the country, built or repaired 651,000 miles of roads, and built 125,000 public buildings. Sewing groups made 300 million articles of clothing for the poor. Some people painted murals on the walls of schools and public buildings, some wrote guides to cities, and others collected historical slave narratives. Eleanor ensured the WPA made efforts to help women, minorities, and young people. The WPA gave a sense of hope across the country and gave many a sense of purpose.

The National Youth Administration (NYA) was created on June 26, 1935, to provide education, jobs, counseling, and recreational activities for America's youth. The NYA provided student aid to high school, college, and graduate students. Those receiving aid had to work part-time at their school. If a graduate was unable to find work, the NYA provided a part-time job working on highways and maintaining parks.



NYA girls making bedspreads in a home economics class in Alabama (1939).

When the US Supreme Court declared the NIRA unconstitutional, the National Labor Relations Act (known as the Wagner Act) was passed on July 5, 1935. The federal government once again protected the rights of workers to join unions and have collective bargaining with employers. The Wagner Act also prohibited unfair labor practices, such as threatening workers, firing workers who joined unions, and interfering with unions.

On June 25, 1938, Congress passed the Fair Labor Standards Act. It set the maximum number of work hours each week to 44, which decreased to 40 after two years. It also set the minimum wage to 25 cents an hour, which increased to 40 cents an hour by 1945. Rules were also set for the employment of workers under the age of 16 and banned dangerous work for anyone under the age of 18.



FDR signing the SSA.

The Social Security Act (SSA) was passed on August 14, 1935. It had three major parts: old-age insurance for those who retired and aged 65 or older and their spouses; unemployment benefits; and aid to families with dependent children and the disabled. The SSA was not a complete pension or welfare system, but it did provide benefits to millions of Americans.

Millions of Americans benefited from both FDR's New Deals, but unfortunately the benefits for women and minorities were limited. Prejudice and discrimination remained. Eleanor was successful in convincing her husband to place women in important government positions. Frances Perkins became the first female cabinet member. She was the Secretary of Labor, and she helped create the Social Security system and supervised the labor legislation. FDR also appointed two female diplomats and a female federal judge. FDR chose women for these positions because he was hoping for the support of women voters during his reelection campaign.

Even though women held important positions in the government, women still faced discrimination in the workplace. Many male workers continued to believe that working women took jobs away from men. A poll taken in 1936 reported that 82 percent of Americans said that a wife should not work if her husband had a job. Even when New Deal policies went into effect, women weren't always treated equally. The NRA had set the minimum wage pay, but some of the minimum wages for women were lower than what it was for men. Some of the employment programs hired fewer women, and the CCC only hired men. Women still continued to fight for equity in the workplace, and the percentage of married women working rose from 12 percent in 1930 to 16 percent in 1940.



Mary McLeod Bethune (1910)

African Americans also fought against the prejudice and discrimination they faced despite FDR appointing over 100 African Americans to important positions in the government. Mary McLeod Bethune was appointed to be head of the Division of Negro Affairs of the NYA. Bethune was an educator who fought for opportunities for African-American youth and was close friends with Eleanor. She worked to ensure the NYA hired African-American administrators and provided job training and other benefits to minority students. Bethune also helped organize a "Black Cabinet" to advise FDR on racial issues. These cabinet members included William H. Hastie and Robert C. Weaver. Both men were appointed to the Department of the Interior. This was the first time so many African Americans had a voice in the White House.

Despite his wife's efforts and urging to support civil rights for African Americans, FDR never agreed to give full civil rights to African Americans. He was worried he would lose the support of Southern white Democratic voters. He did not approve a federal antilynching law nor a law that ended the poll tax. These were two important goals of the civil rights movement, and he refused to support either. African Americans knew they needed to fight for equality, so in 1934, they organized the Southern Tenant Farmers Union. This union worked to protect the rights of tenant farmers and sharecroppers, both black and white. The union also created tenants' groups and launched campaigns to increase job opportunities in the North. Even though FDR did not fully support African Americans, they still supported the FDR administration and the New Deal because they realized it gave them hope for the future.

Another group of minorities, Mexican Americans, also supported the FDR administration and the New Deal even though they were not given equal rights either. Many Mexican Americans had immigrated to the US during the 1920s, settling mainly in the Southwest. Most worked on farms. Their working conditions worsened as the Great Depression continued. Farm wages fell to 9 cents an hour, and farm workers who tried to unionize were often met with violence from employers and even government authorities. The CCC and WPA discriminated against Mexican Americans because they were not allowed to benefit from most of their programs because the migrant workers did not have a permanent address since most migrant farmers moved often, from farm to farm, looking for work.



Mexican American woman harvesting tomatoes in California (1938).



John Collier meets with South Dakota Blackfoot chiefs (1934).

Native Americans did receive strong support from the New Deal. Native Americans had received full citizenship by law. FDR appointed John Collier as commissioner of Indian Affairs in 1933. Collier helped create the Indian Reorganization Act of 1934. It was a drastic change in government policy towards Native Americans. It restored some reservation lands to tribal ownership. Native American lands would belong to an entire tribe. This prohibited the government from taking over unclaimed reservation lands and selling it to people who weren't Native Americans. Native American children were also allowed to attend school on the reservations. Tribes were also given permission to elect tribal councils to govern their reservations. Even though Native Americans gained rights from the New Deal, some were not pleased because they felt that they were still being told what was good for them by white people.

When FDR began his second term in 1936, he had thought about creating a Third New Deal. However, by

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the end of the 1930s, the American people began to believe the Great Depression was over, and Congress pressured FDR to scale back some of the New Deal programs to save government funds. FDR agreed, and he did not create a Third New Deal. Even though many Americans approved of the New Deal during the 1930s, there were some who disagreed with FDR's programs.

Some believed FDR made the government too large and powerful. The government did become more active in the country's economy. The government pumped millions of dollars into the economy by creating jobs, trying to regulate supply and demand, and increased government involvement in settling labor and management disputes. The government went deeply into debt because of the New Deal. The federal deficit almost doubled under FDR, growing to almost \$3 billion in 1939. On the other hand, some believe he did not do enough to socialize the economy and end economic and social inequalities. The gap between rich and poor had not decreased, and women and minorities still faced prejudice and discrimination.

There are lasting effects today of the New Deal. The government regulates banking and investment through the FDIC and SEC. Workers' rights are still protected by the federal government. There is a minimum wage, standards for working hours, child labor is prohibited, and workers have the right to unionize and collectively bargain with employers. The Social Security system still offers social welfare to millions of Americans. It provides retirement benefits, unemployment benefits, disability benefits, and benefits to families with dependent children. There are many programs today that continue to help preserve and protect the environment. The TVA is still in operation, and the national park system that was started in the 1930s still protects the land that was set aside for wildlife refuges and wilderness areas.

FDR did help the country recover from the Great Depression, but his New Deal did not end the Great Depression. The depression would not end until after the US entered World War 2 in the early 1940s.