

THE NEW DEAL

IN ACTION



THE FIRST NEW DEAL



BACKGROUND

In 1933, President Franklin Delano Roosevelt (*FDR*) offered Americans a "New Deal". Roosevelt, a progressive Democrat, believed strongly that an active government could solve a host of national ills brought about by the Great Depression. Rejecting the conservative policies of his predecessors, FDR launched an era of governmental activism unprecedented in American history. Everything from unemployment, to hunger, to the lack of housing was attacked by the Roosevelt administration. Never before nor since has the United States experienced such a flurry of lawmaking, and a majority of this activism was executed in the first one-hundred days of Roosevelt's long administration. This period would later become known as the "First New Deal".

THE "3 Rs"

All of the programs enacted by the Roosevelt administration were intended to satisfy one of three goals that were essential to restoring the American economy to prosperity.

RELIEF → PROVIDING AMERICANS WITH IMMEDIATE ASSISTANCE TO HELP THEM WITH BASIC NECESSITIES OF LIFE, INCLUDING FOOD, DIRECT MONETARY PAYMENTS, AND EMPLOYMENT

RECOVERY → IMPLEMENTING PROGRAMS AND POLICIES THAT HAVE A PRIMARY GOAL OF ALLEVIATING BAD ECONOMIC CONDITIONS BY PROMOTING GROWTH

REFORM → IMPLEMENTING PROGRAMS AND POLICIES THAT HAVE A PRIMARY GOAL OF CORRECTING FLAWS IN THE ECONOMY SO THAT A GREAT DEPRESSION NEVER OCCURS AGAIN

ESSENTIAL QUESTION

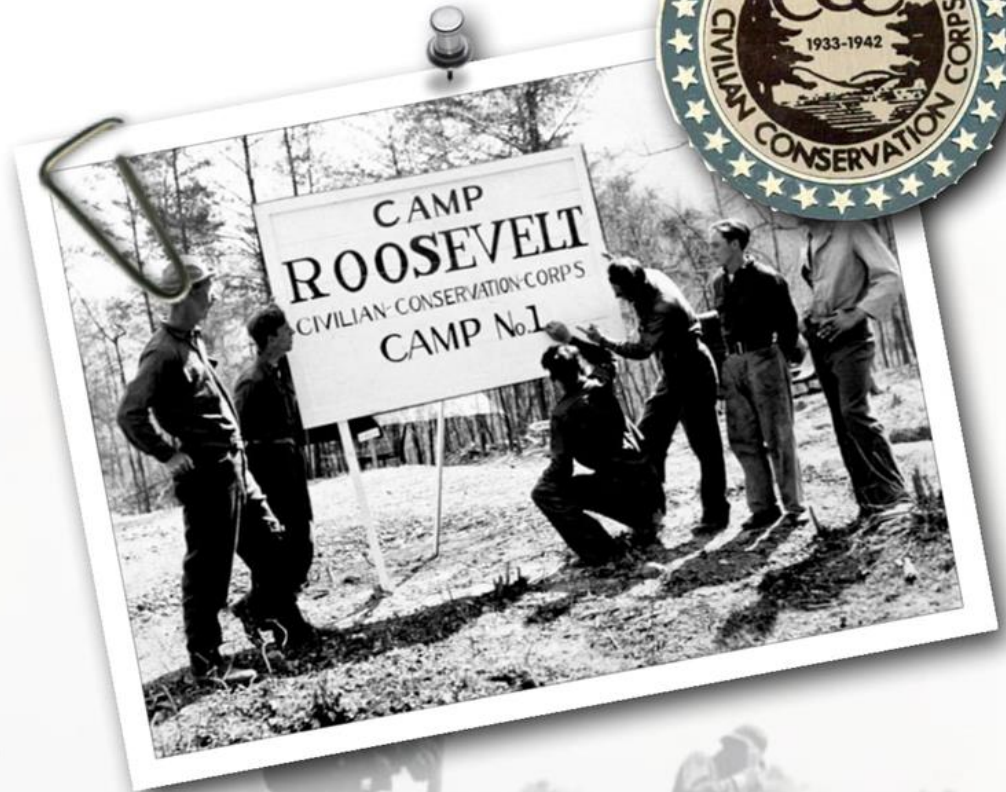
In your opinion, what is the role of the federal government in times of economic crisis? Justify your answer.

THE CIVILIAN CONSERVATION CORPS

CCC

1933

THE FIRST NEW DEAL



OVERVIEW

The CCC was an environmental program that put 2.5 million unmarried, young men to work maintaining and restoring forests, beaches, and parks. Workers earned only \$1 a day but received free housing in barracks in CCC camps and job training. The vast remaining portion of their paychecks were sent home to help their families make ends meet. From 1934 to 1937, this program funded similar programs for 8500 unemployed women. The CCC taught the men and women of America how to live independently, thus, increasing their self-esteem.

THE AGRICULTURAL ADJUSTMENT ACT

AAA

1934

THE FIRST NEW DEAL



OVERVIEW

The AAA tried to raise farm prices. It used proceeds from a new tax to pay farmers not to raise specific crops and animals. Lower production would, in turn, increase prices. Farmers killed off certain animals and crops as they were paid to do by the AAA. Many could not believe that the federal government was condoning such an action when many Americans were starving. The tax used to pay farmers to lower crop and livestock production would later go on to be declared unconstitutional by the Supreme Court.

THE NATIONAL INDUSTRIAL RECOVERY ACT **NIRA** 1933

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OVERVIEW

The decline in industrial prices in the 1930s caused massive amounts of business failures and thus heavy unemployment. The NIRA was formed in order to boost declining prices, helping businesses and ultimately workers. The NIRA also allowed trade associations in many industries to write codes regulating wages, working conditions, production, and prices. It also set a minimum wage. The codes stopped the tailspin of prices for a short time, but soon, when higher wages went into effect, prices rose too. Thus, consumers stopped buying. The continuous cycle of overproduction and under consumption put businesses back into a slump. The National Recovery Administration was later declared unconstitutional by the Supreme Court.

THE FEDERAL DEPOSIT INSURANCE CORP **FDIC**

1934

THE FIRST NEW DEAL



OVERVIEW

The Federal Deposit Insurance Corporation (FDIC) was formed by Congress to insure bank deposits up to \$250,000. Insured institutions are required to place signs at their place of business stating that "deposits are backed by the full faith and credit of the United States Government." With confidence that the funds that they deposit in a bank will never be lost again as a result of a bank failure, Americans again put their money into accounts and money began to flow again in financial institutions. Since the start of FDIC insurance on January 1, 1934, no bank customer or depositor has lost a single cent of insured funds as a result of a bank failure.