Unit 2—The Great Depression and the New Deal
LG 2-The Depression and New Deal

Mr. Mac February 10, 2013
FDR: A Politician In A Wheelchair

• Voters in a foul mood in 1932.
  – Numerous businesses closed; 11 Mill. out of work. Depression is deepening.

• Hoover renominated by Rep. without great enthusiasm.
  – Platform

• Dems nominate FDR.
  – FDR Bio
Eleanor Roosevelt

- Conscience of the New Deal
- Best First Lady Ever?

Do what you feel in your heart to be right- for you'll be criticized anyway. You'll be damned if you do, and damned if you don't. 

Eleanor Roosevelt
FDR

• FDR easily nominated by Dems.
  – Platform
• Premier orator of his generation.
• Commanding and electric personality with incredible charm.
• Strong believer in the need of government to relieve the suffering of the “forgotten man”
• Roosevelt broke precedent by giving acceptance speech to convention.
  – Called for a “New Deal” for America.
1932 Campaign

- FDR’s campaign is long on energy but vague on details.
- Preached a New Deal and new benefits and hope.
- Brain Trust
- Theme song (and theme): *Happy Days are Here Again*. 
Hoover: “It Could be Worse”

• Hoover campaigns on idea that prosperity is just around the corner—stay the course.
  – Doesn’t generate much enthusiasm.
  – Hoover has been beaten down by Depression

• Runs on the idea that Roosevelt will make things worse.

• Hoover doesn’t stand a chance.
The Humiliation Of Hoover In 1932

• FDR wins 22 Mill to 15 Mill; 472-59 in EC. Hoover carries only 6 staunchly republican states.
• Beginning of shift of black voters from Rep. party to Democratic Party.
• Was an easy win. Public blamed Republicans for Depression and were crying out for change.
• Depression worsens during the lame-duck period. (Nov. to March)
• Hoover-Roosevelt deadlock
• 20th Amendment adopted in 1933.
Election of 1932
FDR And The Three Rs

• Hundred Days
• FDR has an unprecedented mandate
• FDR’s philosophy.
• Three Rs:
  – Relief
  – Recovery
  – Reform
• Many of the reforms were old ideas from the Progressive Movement
Roosevelt Tackles Money

• Banking Crisis most immediate problem
• **Emergency Banking Relief Act of 1933.**
• Fire-side chat.
• **Glass-Steagall Banking Reform Act.**
  – FDIC
• Took the nation off the gold standard and outlawed the private ownership of gold. Why?
• **Managed Currency**
  – Goal?
Bank Failures Before and after the Glass-Steagall Banking Reform Act of 1933
Unemployment, 1929–1942

Millions

1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942

STOCK CRASH → FDR'S ELECTION → NEW DEAL RECOVERY → RECESSION → WORLD WAR II BREAKS
Creating Jobs For The Jobless

- Unemployment is 1-in-4, highest in nation’s history, before or after.
- **Civilian Conservation Corps.** for young men.
- **Federal Emergency Relief Act**
  - Money for states for jobs programs
- **Agricultural Adjustment Act**
- **Home Owners’ Loan Corp.**
- **Civil Works Administration**—welfare disguised as works program
Rise of Demagogues

- **Huey Long** - Louisiana Governor/Senator who advocated a *Share the Wealth* program
- **Father Charles Coughlin**
Work Progress Administration

• Created in 1935
  – Harry Hopkins.
• Employment on useful projects
• 11 Billion spent building public buildings and parks, bridges and roads.
• Over 8 years, 9 Mill. given jobs.
National Recovery Administration

• Most ambitious of the early New Deal programs
• Purpose.
• What it required of industry, management and labor.
• Enforcement
• Massive publicity campaigns designed to make selfless participation in NRA seem patriotic.
NRA, Cont.

- Led to short-term rise in production and economy.
- Reasons
- Begins to fall apart. Why?
- Asked too much
- Schechter Case.
  - Roosevelt irate
Public Works Administration

• Public Works Administration (PWA) designed to help industries and the unemployed.
• Under the Sec. of Interior
• Primary purpose
• 4 Billion to be spent on 34,000 public projects such as buildings, highways and parks.
• Grand Coulee Dam
• Harrold Ickes problem.
Paying Farmers Not To Farm

• Farmers in desperate need.
• **Agricultural Adjustment Agency (AAA).**
  – Goal
  – Terms
  – How financed
• Got off to a poor start. Bad PR
• Did increase prices, but also led to criticism.
  – Why?
• Supreme Court rules tax aspect unconstitutional.
• Re-passed in 1936 under the auspices of Soil conservation. That blessed by S. Ct.
Dust Bowls And Black Blizzards

- Late in 1933 prolonged drought hits the trans-Miss. Great Plains.
- No rain, high heat, high winds and over-tilling of land
- Great storm clouds of dust that would sweep over towns.
Dust Bowl

- Diaspora of farmers from Kansas, Oklahoma Texas and Eastern Colorado. *Grapes of Wrath.*
- Frazie-Lemke Farm Bankruptcy Act (1934).
- Resettlement Administration relocates farmers to better land and plants trees across the prairie to act as wind-breaks.
Indian New Deal

- Indian New Deal
- Indian Reorganization Act of 1934.
- Essentially does away with the Dawes Act.
- Allows tribes to re-establish tribal governments and to preserve their culture.
Battling Bankers And Big Business

• Congress determined to fix the problems in the financial sector that had led to the stock crash.

• Truth in Securities Act.

• Securities and Exchange Commission (SEC) to help enforce and to act as a watchdog.

• Also strict regulations of public Utility holding companies
The TVA

• Two problems:
  – Electric utilities.
  – Tenn. River valley.

• Hundred Days Congress passes an Act creating Tennessee Valley Authority (TVA).

• Damn Tennessee river and tributaries to build electric power stations.
  – Three Goals
TVA Assessed

• Although criticized as socialism, was a huge success
  – Brought employment
  – Brought recreational area
  – Flood Control
  – Cheap Power
  – Soil restoration and reforestation

• Led to similar federally-funded flood control projects on other rivers
  – Columbia, Colorado, and Missouri.

• Power and water from these projects helped the development of the west.
Housing Reform And Social Security

• **Federal Housing Authority (1934).**
  – Very successful and popular. Outlives the New Deal.

• **Social Security Act of 1935** one of most significant New Deal achievements.
  – Federal and state unemployment insurance to cushion the blow of future economic downturns.
  – Old-age pensions to give a security net to the elderly
  – Financed by payroll taxes paid by both employers and employees.
  – Criticized by Republicans as Socialism.
A New Deal For Unskilled Labor

- **Provisions**
- Prompts new union organization by unskilled workers.
- **John L. Lewis.** Boss of United Mine Workers, he formed the CIO within AFL in 1935.
- Lewis takes the CIO out of the AFL. Why?
- **Sit-Down strike against GM**
Rise and Decline of Organized Labor

TOTAL NONFARM LABOR FORCE

1900
- 4.4% Organized
- 95.6% Unorganized

1954
- 34.7% Organized
- 65.3% Unorganized

1999
- 14.0% Organized
- 86.0% Unorganized

(CIO and AF of L merged in 1955)
Roosevelt’s Coddling Of Labor

• Unskilled workers pressed their advantage and took on US Steel.
• Little Steel savagely resisted. 1937, *Memorial Day Massacre*, 20 or so killed
• 1938 *Fair Labor Standards Act*.
  – Goal
  – Child labor provision
  – Workers excluded.
• CIO broke completely with the AFL in 1938 and becomes the Congress of Industrial Organizations, By 1940 has 4 Mill, including 200,000 blacks.
Election of 1936

- Democrats were riding high.
- Republicans nominate Alf Landon of Kansas.
- Democrats blame Republicans for depression.
- Republicans claim New Deal is inefficient and waste of money.
- Was a bitter campaign. Shades of class warfare.
- Roosevelt wins easily.
Court-Packing

• Roosevelt saw the Supreme Court as biggest obstacle to New Deal.

• Reasons
  – Court had ruled against Roosevelt in 7 of 9 New Deal cases
  – Court had many ultra-conservative holdovers from Laissez faire. Six were over 70. None had been appointed by FDR.

• Roosevelt’s plan?
• How does he justify?
Court-Packing

• Roosevelt misjudged badly.
• Roosevelt is resoundingly vilified.
• Court, though, did respond.
  – Owen Roberts
• One of the oldest conservatives resigns.
• Undercuts support for Roosevelt plan.
• Big mistake; effectively ends New Deal.
The Twilight Of The New Deal

- In FDR’s first term recovery had been modest.
  - Causes
- John Maynard Keynes; deficit spending.
- The deficits run are still much too small to cure the depression.
- But major departure in the practice of government spending that lasts for many years.
• NEW DEAL OR RAW DEAL
  – Students get on their own.

• FDR’S BALANCE SHEET
  – Students get on their own.