Chapter 33

The Great Depression and the New Deal, 1933–1939
I. FDR: Politician in a Wheelchair

• Roosevelt’s personality
  – Formed by his struggle with infantile paralysis:
    • Put additional steel into his soul
    • Suffering humbled him to the level of common clay
    • He schooled himself in patience, tolerance, compassion, and strength of will
  – Another great personal and political asset was his wife, Eleanor:
    – Distant cousin of Franklin and his spouse
    – Overcame the misery of an unhappy childhood
    – Emerged as a champion of the dispossessed—and,
    – Ultimately the “conscience of the New Deal.”
I. FDR: Politician in a Wheelchair (cont.)

- FDR’s political career was as much hers as it was his own
- But Mrs. Roosevelt also marched to her own drummer
- She joined the Women’s Trade Union League (see p. 645) and the League of Women Voters
- Moving into the White House, she brought an unprecedented number of women activists
- This network of reformers helped make her the most active First Lady in history
- She powerfully influenced the policies of the national gov.
- Always she battled for the impoverished and the oppressed
- Sadly, her personnel relationship with her husband was rocky, due to his infidelities
- Condemned by conservatives and loved by liberals, she was one of the most controversial—and consequential—public figures of the twentieth century.
I. FDR: Politician in a Wheelchair (cont.)

• Franklin Roosevelt’s political appeal:
  – The premier American orator of his generation
  – As a popular depression governor of New York:
    • Sponsored heavy state spending to relieve human suffering
    • Believed money, rather than humanity, was expendable
    • Revealed a deep concern for the plight of the “forgotten man”
    • Was assailed by the rich as a “traitor to his class.”
I. FDR: Politician in a Wheelchair (cont.)

- Democratic National Convention (July 1932) Chicago:
  - Speedily nominated Roosevelt
  - Democratic platform:
    - Promised a balanced budget
    - Sweeping social reforms
    - Flew to Chicago and personally accepted the nomination in person
    - His words, “I pledge you, I pledge myself to a new deal for the American people.”
II. Presidential Hopefuls of 1932

— Roosevelt:

• Consistently preached a New Deal for the “forgotten man,”
• But he was annoyingly vague and somewhat contradictory
• Many of his speeches were ghost written by the “Brains Trust” (popularly the Brain Trust),
  — A small group of reform-minded intellectuals
  — A kitchen cabinet, who authored much of the New Deal legislation
  — He rashly promised a balanced budget
  — And berated heavy Hooverian deficits.
II. Presidential Hopefuls of 1932 (cont.)

– Hoover:

• Remained in the White House:
  – Conscientiously battling the depression
  – Out of the firing lines, his supporters halfheartedly assured half-listening voters
  – Insisted that the Roosevelt’s impending victory would plunged the nation deeper into the depression

• With the campaign going badly for the Republicans,
  – Hoover took to the stump
  – Reaffirmed his faith in the American free enterprise and individual initiative.
III. Hoover’s Humiliation in 1932

• Election of 1932:
  – Hoover had been swept into office on the rising tide of prosperity
  – He was swept out of office by the receding depression
  – Votes:
    • 22,809,638 for Roosevelt; 15,758,901 for Hoover
    • The electoral count 472 to 59
    • The loser carried only six rock-ribbed Republican states.
III. Hoover’s Humiliation in 1932 (cont.)

• Feature of the election:
  – A distinct shift of blacks to the Roosevelt camp
    • Victims of the depression
    • Shifted to the Democratic Party, especially in the great urban centers of the North
  – Hard times ruined the Republicans:
    • It was as much anti-Hoover as it was pro-Roosevelt
    • Democrats voiced a demand for change:
      – a new deal rather than the New Deal
III. Hoover’s Humiliation in 1932 (cont.)

• Lame duck period:
  – Hoover continued to be president for four long months, until March 4, 1933
  – Was helpless to embark upon any long-range policies without the cooperation of Roosevelt
  – The victorious president-elect proved rather uncooperative
  – Hoover arranged two meetings with Roosevelt
  – In politics, the winner, not the loser, calls the tune.
III. Hoover’s Humiliation in 1932 (cont.)

• Washington was deadlocked:
  – The American economy clanked to a virtual halt
  – One worker in four, unemployed
  – Banks were locking their doors throughout U.S.
  – Some Hooverites accused Roosevelt of deliberately permitting the depression to worsen so he could emerge the more spectacularly as a savior.
IV. FDR and the Three R’s: Relief, Recovery, Reform

• Inauguration Day, March 4, 1933:
  – Roosevelt denounced the “money changers” who had brought on the calamity
  – Declared that the government must wage war on the Great Depression
  – Moved decisively:
    • Boldly declared a nationwide banking holiday, March 6-10
    • Summoned the Congress into special session to cope with the national emergency:
IV. FDR and the Three R’s: Relief, Recovery, Reform (cont.)

• **Hundred Days** (March 9-June 16, 1933):
  – Congress cranked out unprecedented remedial legislation (see Table 33.1)
  – New measures to deal with the desperate economy
  – It aimed at three R’s: relief, recovery, and reform
  – Short-range goals—relief, and immediate recovery in two years
  – Long-range goals—permanent recovery and reform of current abuses
IV. FDR and the Three R’s: Relief, Recovery, and Reform (cont.)

• Roosevelt’s Hundred Days Congress:
  – Willing to rubber stamp bills drafted by the White House
  – Roosevelt’s “must legislation”
  – Gave him extraordinary blank-check powers
  – Some of the laws passed expressly delegated legislative authority to the chief executive
  – Passed many essential New Deal “three R’s” though long-range measures were added later.
IV. FDR and the Three R’s: Relief, Recovery, and Reform (cont.)

• New Dealers:
  – Embraced progressive ideas:
    • Unemployment insurance, old-age insurance,
    • Minimum-wage regulations,
    • The conservation and development of natural resources,
    • Restrictions on child labor.
  – Invented some new schemes:
    • Tennessee Valley Authority (see p. 765)
  – No longer would America look as backward in the realm of social welfare as it once had.
WORK IS WHAT I WANT AND NOT CHARITY
WHO WILL HELP ME GET A JOB 7 YEARS IN DETROIT NO MONEY SENT AWAY FURNISH BEST OF REFERENCES PHONE RANDOLPH 8381 ROOM #59
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<td>National Industrial Recovery Act, June 16,</td>
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<td>1933, creates National Recovery Administration (NRA), Public Works Administration (PWA)</td>
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<td>(Glass-Steagall Act)</td>
<td>(Glass-Steagall Act)</td>
<td>Glass-Steagall Banking Reform Act, June 16, 1933, creates Federal Deposit Insurance Corporation</td>
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V. Roosevelt Manages the Money

• Banking chaos—immediate action:
  – Emergency Banking Relief Act of 1933:
    • Invested the President with the power to regulate banking transactions and foreign exchange
    • To reopen solvent banks

• Roosevelt turned to the radio:
  – Delivered the first of 30 famous “fireside chats”
  – Now safe to keep money in the reopened banks
  – Confidence returned; banks unlocked their doors.
V. Roosevelt Manages the Money (cont.)

• **Glass-Steagall Banking Reform Act:**
  – Provided for the Federal Deposit Insurance Corporation:
    • Insured individual deposits up to $5,000 (later raised)
    • Ended bank failures, dating back to “wildcat” of Andrew Jackson (see Figure 33.1).

• **Melting good reserves:**
  • Ordered all private holdings of gold to be surrendered to the Treasury in exchange for paper currency
  • Then took the nation off the gold standard
  • Canceled the gold-payment clause in all contracts
V. Roosevelt Manages the Money (cont.)

- Authorized repayment in paper currency
  - A “managed currency” was well on its way:
    - His “managed currency” was inflation:
      - Which he believed would relieve debtors’ burdens
      - And stimulate new production
    - Principal instrument for achieving inflation was gold buying
  - He instructed the Treasury to purchase gold at increasing prices—price of gold increased from $21 an ounce (1933) to $35 an ounce (1934)
    - A price that held for four years
V. Roosevelt Manages the Money (cont.)

- This policy did increase the amount of dollars in circulation.
- Also, this inflationary result provoked the wrath of “sound-money” critics—“baloney dollar.”
- The gold scheme came to an end in February 1934, when Roosevelt returned to a limited gold standard for international trade purposes.
- (See p. 922)—the United States pledged itself to pay foreign bills, if requested):
  - In gold at the rate of one ounce of gold for every $35 due.
- Domestic circulation of gold continued to be prohibited.
- And gold coins became collector’s items.
VI. Creating Jobs for the Jobless

• Overwhelming unemployment:
  – One out of four workers was jobless
    • The highest level of unemployment in the nation’s history
    • Roosevelt had no hesitancy about using federal money to assist the unemployed
    • At the same time to “prime the pump” of industrial recovery.
Creating Jobs for the Jobless (cont.)

• **Civilian Conservation Corps (CCC):**
  – The most popular of the New Deal “alphabetical agencies”
    • Provided employment in fresh-air government camps for about 3 million uniformed young men
    • They work was useful—including reforestation
      – Firefighting (47 lives lost), flood control, swamp drainage
    • Recruits were required to help their parents by sending home most of their pay
    • Both human and natural resources were conserved.
Creating Jobs for the Jobless (cont.)

– Critics of the CCC:
  • Minor complaints of “militarizing the nation’s youth”
  • Charged that the CCC “soldiers” would later claim pensions for exposure to poison ivy

– Adult unemployment:
  • Federal Emergency Relief Administration (FERA):
    – Under Harry L. Hopkins
    – Hopkins’s agency granted $3 billion to states for direct dole payments or preferably for wages on work projects.
Creating Jobs for the Jobless (cont.)

• Hard-pressed Special groups relief:
  – Agricultural Adjustment Act (AAA):
    • Made available millions to help farmers meet their mortgages
  – Home Owners’ Loan Corporation (HOLC):
    • Designed to refinance mortgages on nonfarm homes
    • Assisted a million badly pinched households
    • Not only bailed out mortgage-holding banks
    • It bolted the political loyalties of relieved middle-class homeowners securely to the Democratic party.
Creating Jobs for the Jobless (cont.)

• Civil Works Administration (CWA) (1933):
  – Set up by Roosevelt himself
  – It fell under the direction of Hopkins himself
    • Designed to provide purely temporary jobs during the cruel winter emergency
    • Tens of thousands of jobless were employed at leaf raking and other make-work tasks
    • This kind of labor put a premium on shovel-leaning slow motion
      – The scheme was widely criticized.
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<td>FDR establishes Civil Works Administration</td>
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<td>Hatch Act, August 2, 1939</td>
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VII. A Day for Every Demagogue

• The disheartening persistence of unemployment and suffering indicated:
  – That emergency relief measures needed not only to be continued,
  – But supplemented.
  – Danger signal was the appearance of demagogues—notably a magnetic “microphone messiah”:
    • Father Charles Coughlin began broadcasting in 1930 and his slogan was “Social Justice.”
VII. A Day for Every Demagogue (cont.)

– His messages were anti-New Deal to some 40 million radio fans
– They were so anti-Semitic, fascistic, and demagogic that he was silenced in 1942 by his ecclesiastical superiors.

– New brood of agitators:
  • They capitalized on popular discontent
  • Dr. Francis E. Townsend:
    – Promised everyone over sixty $200 a month
  • Senator Huey P. Long ("Kingfish"):  
    – Publicized his “Share Our Wealth” program 
    – Promised to make “Every Man a King”
      » Every family was to receive $5,000, supposedly at the expense of the prosperous.
Fear of Long’s becoming a fascist dictator ended when he was shot by an assassin in the Louisiana state capitol 1935.

These demagogues (Coughlin and Long):

- Raised troubling questions about the link between fascism and economic crisis:
  - Danger lurking in many corners of the world
  - Authoritarian rule was strengthened in Japan
  - Adolf Hitler acquiring absolute authority in Germany
  - Some worried that Roosevelt himself would turn into a dictator.

- To quiet the unrest Congress authorized the:
  - Works Progress Administration (WPA) in 1935
VII. A Day for Every Demagogue (cont.)

• Works Progress Administration (WPA):
  • The objective was employment of useful projects
  • This agency ultimately spent about $11 billion on thousands of public buildings, bridges, and hard-surfaced roads
  • Not every WPA project strengthened infrastructure
    – One controlled crickets in Wyoming
    – Built a monkey pen in Oklahoma City
    – John Steinbeck counted dogs in his California county
  • Most loved WPA programs:
    – Federal Art Project—hired artists to create posters and murals.
VII. A Day for Every Demagogue (cont.)

• Critics of the WPA:
  – Said WPA meant “We Provide Alms.”
  – Over a period of eight years, nearly 9 million people were given jobs, not handouts.
  – It nourished much precious talent:
  – Preserved self-respect
  – Fostered the creation of more than a million pieces of art, many of them publicly displayed.
VIII. New Visibility for Women

- After the 19th Amendment, women began to carve space in the nation’s political and intellectual life:
  - First Lady Eleanor Roosevelt:
    - Most visible woman in the Roosevelt White House
    - Secretary of Labor Francis Perkins (1880-1965) burst through the gender barrier—America’s first woman cabinet member
    - Mary McLeod Bethune (1875-1955) director of the Office of Minority Affairs in the National Youth Administration—served as the highest-ranking African American in the Roosevelt administration.
VIII. New Visibility for Women (cont.)

• Women’s contribution in the social sciences:
  – Anthropology:
    • Ruth Benedict (1887-1948) carried on work of her mentor, Franz Boas (1858-1942)
      – By developing the “culture and personality movement” in the 1930s and 1940s
      – Benedict’s landmark work: *Pattern of Culture* (1934):
        » Established the study of cultures as collective personalities
        » Each culture, like each individual, had its own “more or less consistent pattern of thought and action.”
VIII. New Visibility for Women (cont.)

• Margaret Mead (1901-1978), student of Benedict:
  – Her scholarly studies of adolescence among Pacific island peoples advanced bold new ideas about:
    » sexuality, gender role and intergenerational relationships
  – 34 books published, and a curatorship at the American Museum of Natural History, New York
  – Popularized cultural anthropology and achieved a celebrity status rare among social scientists.

• Pearl S. Buck (1892-1973):
  – Introduced American readers to Chinese peasant society
  – Her best selling novel, The Good Earth (1931) earned her the Nobel Prize for Literature in 1938
  – Used her fame to advance humanitarian causes.
IX. Helping Industry and Labor

• The **National Recovery Administration (NRA)**
  – The most complex and far-reaching of the New Deal projects
    • To combine immediate relief with long-range recovery and reform
    • Triple-barreled; it was designed to assist industry, labor, and the unemployed
      – Individual industries were to work out codes of “fair competition” under which hours of labor would be reduced
      – To spread employment to more people
      – A ceiling was placed on the maximum hours of labor
      – A floor was placed under wages to establish minimum levels.
IX. Helping Industry and Labor (cont.)

– Labor was granted additional benefits:
  • Workers were formally guaranteed the right to organize:
  • And bargain collectively through representatives of their own choosing—not agents of the company’s choosing
  • The hated “yellow dog,” or antiunion, contract was expressly forbidden
  • Certain safeguarding restrictions were placed on the use of child labor.
IX. Helping Industry and Labor (cont.)

- NRA’s “fair competition” codes:
  - Called for self-denial by both management and labor
  - Other results:
    - Patriotism was aroused by mass meetings and monster parades
    - A handsome blue eagle was designed as the symbol of the NRA
    - A new football team was christened the Philadelphia Eagles
    - For a brief time there was an upswing in business activity.
IX. Helping Industry and Labor (cont.)

– Defaults of the NRA:

  • Too much self-sacrifice was expected of labor, industry, and the public
  • Critics began to brand it “National Run Around” and “Nuts Running America.”
  • New “age of chiselry” as certain unscrupulous businessmen (“chiselers”) publicly displayed the blue bird but secretly violated the codes
  • Supreme Court killed the NRA in the famed case: *Schechter* “sick chicken” decision:
    – Congress could not “delegate legislative powers” to the executive
IX. Helping Industry and Labor (cont.)

– Further declared that congressional control of interstate commerce could not be applied to a local business

– The Public Works Administration (PWA):
  • Created by the National Recovery Administration NRA
  • Intended for industrial recovery and unemployment relief
  • Headed by secretary of the Interior, Harold L. Ickes
  • $4 billion was spent on 34,000 projects:
    – Public buildings, highways, and parkways
    – Grand Coulee Dam on the Columbus River:
      » Made possible the irrigation of millions of acres of new farmland
IX. Helping Industry and Labor (cont.)

» Created more electrical power than the entire Tennessee Valley Authority.

– The liquor industry:
  • Imminent repeal of the prohibition amendment
    – afforded an opportunity to raise needed federal revenue
    – and provide a measure of employment
  • The Hundred Days Congress, in an earlier act,
    – Legalized light wine and beer with an alcoholic of no more than 3.3% by weight
    – Levied a tax of $5 on every barrel so manufactured
  • Prohibition was repealed by the Twenty-first Amendment late in 1933 (see Appendix)
    – And the saloon doors swung open.
X. Paying Farmers Not to Farm

– Suffering farmers:
  • Since the war-boom days of 1918 they suffered from low prices and overproduction
  • Depression—innumerable mortgages were foreclosed

– The **Agricultural Adjustment Administration (AAA):**
  • Through “artificial scarcity” was to establish “parity prices” for basic commodities
  • “Parity” as the price set for a product that gave it the same real value, in purchasing power, that it had enjoyed from 1909-1914.
X. Paying Farmers Not to Farm (cont.)

- AAA would eliminate price-depressing surpluses by paying growers to reduce their crop acreage.
- Millions of dollars raised by taxing processors of farm products, who in turn would shift the burden to consumers.
- “Subsidized scarcity” effect was raising farm income.
- Paying the farmers not to farm actually increased unemployment.
- Supreme Court finally killed the Act in 1936.
- Congress hastened to pass the Soil Conservation and Domestic Allotment Act of 1936.
X. Paying Farmers Not to Farm (cont.)

– Soil Conservation and Domestic Allotment Act of 1936:
  • Farmers paid to plant soil-conserving crops or to let their land lie fallow
  • The emphasis was on conservation, approved by the Supreme Court.

– The Second Agricultural Adjustment Act of 1938:
  • It continued conservation payments
    – It growers observed acreage restrictions on specified commodities, they would be eligible for parity payment:
    – To give farmers not only a fairer price but a more substantial share of the national income.
XI. Dust Bowls and Black Blizzards

• Nature provided unplanned scarcity:
  – Dust Bowl:
    • Drought and wind triggered the dust storms, but they were not the only culprits:
    • The human hand worked its mischief:
      – Farmers bought countless acres of marginal land under cultivation
      – Dry-farming techniques and mechanization had revolutionized Great Plains agriculture
      – Methods left the powdery topsoil to be swept away at nature’s whim (see Map 33.1).
XI. Dust Bowls and Black Blizzards (cont.)

• Tens of thousands of refugees fled their ruined acres
  – Many found a new home in the San Joaquin Valley
  – Yet the transition was cruel
  – The dismal story of these human tumbleweeds was realistically portrayed by John Steinbeck, *The Grapes of Wrath* (1939).

  – Efforts to relieve their burdens:

  • The Frazier-Lemke Farm Bankruptcy Act (1939):
    – Made possible a suspension of mortgage foreclosures for five years—voided the next year by Supreme Court
    – Revised law, limiting the grace period to three years, was unanimously upheld.
XI. Dust Bowls and Black Blizzards (cont.)

• The Resettlement Administration (1935):
  – Charged with the task of removing near-farmless farmers to better land
  – 200 million young trees were successfully planted on the bare prairies by the young men of the Civilian Conservation Corps.

• Native Americans felt the far-reaching hand of the New Deal reform:
  – Commissioner of Indian Affairs John Collier sought to reverse the forced-assimilation polices in place since the Dawes Act of 1887 (see p. 581)
  – Inspired by a sojourn among the Pueblo Indians in Taos, New Mexico, Collier promoted the Indian Reorganization Act of 1934 (the “Indian New Deal”).
XI. Dust Bowls and Black Blizzards (cont.)

- The new law:
  - Encouraged tribes to establish local self-government
  - And to preserve their native crafts and traditions
  - It helped to stop the loss of Indian lands
  - And revived tribes’ interest in their identity and culture
    - Not all Indians applauded it:
      - Some denounced it as a “back-to-the-blanket” measure that sought to make museum pieces out of Native Americans
      - 77 tribes refused to organize under it provisions, though nearly 200 others did establish tribal governments.
XII. Battling Bankers and Big Business

• Reformist New Dealers were determined to curb the “money changers”
  – Who had played fast and loose with gullible investors before the Wall Street crash of 1929.
  – “Truth in Securities Act” (Federal Securities Act):
    • Required promoters to transmit to investors sworn information regarding the soundness of their stocks and bonds
  – Securities and Exchange Commission (SEC) 1934:
    • To protect the public against fraud, deception, and inside manipulation.
XII. Battling Bankers and Big Business (cont.)

• Designed as a watchdog administrative agency
• Stock markets were to operate more as trading marts and less as gambling casinos.

• New Dealers directed their fire as public utility holding companies:
  – Those supercorporations
    – One collapsed during the spring of 1932, when Chicagoan Samuel Insull’s multibillion-dollar financial empire crashed.
    – The Public Utility Holding Company Act of 1935:
      » Delivered a “death sentence” to this type of bloated growth, except where it might be deemed economically needful.
XIII. The TVA Harnesses the Tennessee

– The sprawling electric-power industry attracted the fire of New Deal reformers:

  • It rose from nothingness to a behemoth with an investment of $13 billion:
  • As a public utility it reached directly and regularly into the pocketbooks of millions of customer for vitally needed services
  • The Tennessee River provided New Dealers with the opportunity:
    – By developing the hydroelectric potential of the entire area, Washington could combine the immediate advantage:
      » The employment of thousands of people to work
      » A long-term project for reforming the power monopoly.
The Tennessee Valley Authority (TVA) (1933)

- The vision of Senator George W. Norris of Nebraska
- From the standpoint of “planned economy” it was by far the most revolutionary of all the New Deal schemes
- Determined to discover precisely how much the production and distribution of electricity cost
- So that a “yardstick“ could test the fairness of rates charged by private companies
- New Dealers pointed a prideful finger at the amazing achievements of the TVA.
XIII. The TVA Harnesses the Tennessee (cont.)

– Benefits:
  • It brought to the area full employment
  • The blessing of cheap electric power (see Figure 33.2)
  • Low-cost housing
  • Abundant cheap nitrates
  • The restoration of eroded soil
  • Reforestation
  • Improved navigation
  • Flood control.
XIII. The TVA Harnesses the Tennessee (cont.)

– Foreigners impressed by the possibilities in their own land
– New Dealers agitated for parallel enterprises in the valleys of the Columbia, Colorado, and Missouri Rivers.
– Federally built dams one day would span waterways
– Hydroelectric power from those dams would drive the growth of the urban West
– And the waters they diverted would nurture agriculture in the dry western deserts

• But conservative reaction against the “socialistic” New Deal would confine the TVA’s brand of federally guided resource management and comprehensive regional development to the Tennessee Valley (see Map 33.2).
XIV. Housing and Social Security

• New Deal housing policies:
  – Federal Housing Administration (1934):
    • Building industry stimulated by small loans to house-holders:
      – For improving their dwellings
      – For completing new ones
    • So popular that it outlasted the age of Roosevelt
    • Congress bolstered the program in 1937 by authorizing the United States Housing Authority (USHA):
XIV. Housing and Social Security (cont.)

- An agency designed to lend money to states or communities for low-cost construction
- 650,000 were started, tragically short of needs
- Collided with brick-wall opposition from real estate promoters, builders, and landlords and anti-New Dealers
- The slums areas in America ceased growing and shrank.

• **Social Security Act 1935:**
  - Unemployment insurance and old-age pensions
  - One of the most complicated and far-reaching laws ever to pass Congress
XIV. Housing and Social Security (cont.)

- Provided for federal-state unemployment insurance
- To provide security for old age:
  - Specified categories of retired workers were to receive regular payments from Washington
  - Payments ranged from $10 to $85 a month (raised periodically)
  - Were financed by a payroll tax on both employers and employees
- Provision was made for the blind, the physically handicapped, delinquent children and other dependents.
XIV. Housing and Social Security (cont.)

- Republican opposition was bitter:
  - “Social Security” must be built upon a cult of work, not a “cult of leisure,” insisted Hoover
  - The GOP national chairman falsely charged that every worker would have to wear a metal dog tag for life

- Social Security was inspired by other industrial nations of Europe:

- In an urbanized economy the government was now recognizing its responsibility for the welfare of its citizens

- By 1939 over 45 million were eligible for Social Security benefits.
XIV. Housing and Social Security (cont.)

• In future years other categories were added:
  – Farm and domestic workers
  – Millions of poor men and women were excluded
  – In contrast to Europe, where welfare programs were universal:
    » American workers had to be employed
    » And in certain jobs to get coverage.
XV. A New Deal for Labor

– Wagner Act:
  • Fruit of the National Labor Relations Act 1935
  • Named after its congressional sponsor, Senator Robert F. Wagner
  • This law created a powerful new National Labor Relations Board
    – Administrative purposes
    – And reasserted the right of labor to engage in self-organization
    – And to bargain collectively through representatives of its own choice
    – Considered the Magna Carta of American labor, the Wagner Act proved to be a major milestone for American workers.
XV. A New Deal for Labor (cont.)

– Under sympathetic National Labor Relations Board:
  • Began to organize into effective unions
  • Leader of the drive was John L. Lewis, boss of the United Mine Workers
    – He succeeded in forming the Committee for Industrial Organization (CIO) within the ranks of the skilled-craft American Federation of Labor (AFL)
    – In 1936 the CIO suspended the AFL
    – The CIO moved into the auto industry:
      » They resorted to the sit-down strike
      » They refused to leave the factory building of General Motors at Flint, Michigan
      » Thus preventing the importation of strikebreakers.
XV. A New Deal for Labor (cont.)

- Conservative respecters of private property were scandalized
- Victory when the CIO was recognized by General Motors as the sole bargaining agency for its employees.

• Unskilled workers pressed their advantage:
  » The United States Steel Company averted a strike when it voluntarily granted rights of unionization to its CIO-organized employees
  » The “little steel” companies fought back savagely
  » 1937: the Memorial Day massacre at the plant of the Republic Steel Company, South Chicago
  » Leaving the area strewn with several score dead and wounded.
XV. A New Deal for Labor (cont.)

• **Fair Labor Standards Act 1938:**
  – also known as the Wages and Hours Bill
    • Industries involved in interstate commerce were to set up minimum-wage and maximum-hour levels
    • Goals were forty cents an hour (later raised) and forty-hour week
    • Labor by children under sixteen (under eighteen if the occupation was dangerous) was forbidden
    • These reforms were bitterly opposed by industrialists
    • Excluded were the agricultural, service, and domestic workers, that is blacks, Mexican Americans and women—did not benefit from the act.
XV. A New Deal for Labor (cont.)

- In later New Deal days, labor unionization thrived (see Figure 33.3)
  - President received valuable support at the ballot-box from labor leaders and many appreciative working people.
- The Committee for Industrial Organization was formally reconstituted as the Congress of Industrial Organizations (the new CIO)
  - Under John L. Lewis
  - By 1940 claimed a membership of 4 million, including some 200,000 blacks
  - Jurisdictional feuding involving strikes continued with the AF of L: labor seemed more bent on costly civil war than on its age-old war with management.
ORGANIZE?

With 1,250,000 workers backing us,

of course we will organize.
XVI. Landon Challenges “the Champ”

– Upcoming election of 1936:
  • Democrats renominated Roosevelt on a platform squarely endorsing the New Deal
  • The Republicans were hard-pressed to find a candidate
    – Finally settled on the honest governor of Sunflower State of Kansas, Alfred M. Landon
    – Landon was a moderate who accepted some New Deal reforms
    – But not the popular Social Security Act.
    – The Republicans condemned the New Deal of Franklin “Deficit” Roosevelt for its radicalism, experimentation, confusion, and “frightful waste.”
XVI. Landon Challenges “the Champ” (cont.)

– Landon was backed by Hoover who called for a “holy crusade for liberty.”

• Roosevelt took to the trail and denounced the “economic royalists.”

– Election returns:

• A landslide overwhelmed Landon, who only won two states—Maine and Vermont

• Popular vote was 27,752,869 to 16,674,665

• The electoral count was 523 to 8— the most lopsided in 116 years.

• Jubilant Democrats now claimed more than two-thirds of the seats in the House and like proportion in the Senate.
XVI. Landon Challenges “the Champ (cont.)

– The battle of 1936:
  • The most bitter since Bryan’s defeat in 1896
  • Partially bore out Republican charges of class warfare
  • The needy economic groups were lined up against the so-called greedy economic groups
  • CIO contributed generously to FDR’s campaign
  • Many left-wingers turned to Roosevelt, as the third-party protest vote sharply declined
  • Blacks now switched to the Democratic party.
XVI Landon Challenges “the Champ (cont.)

• Roosevelt won primarily because he appealed to the “forgotten man,” whom he never forgot
  – Some supporters were only pocketbook-deep: “reliefers”
  – Roosevelt had forged a powerful and enduring coalition of the South:
    » Blacks, urbanites, and the poor
  – Marshaled the support of the multitudes of “New Immigrants”—mostly Catholics and Jews
    » They had now come politically of age
    » In the 1920s one out of every twenty-five federal judgeships went to a Catholic
    » Roosevelt appointed Catholics to one out of every four.
XVII. Nine Old Men on the Bench

– Roosevelt took the presidential oath on January 20, 1937, instead of the traditional March 4:
  • The Twentieth Amendment had been ratified in 1933 (see Appendix)
    – Swept away the postelection lame duck session of Congress
    – Shortened by six weeks the awkward period before inauguration
  • Roosevelt interpreted his reelection as a mandate to continue New Deal reforms:
    – To him, the Supreme Court judges were stumbling blocks
    – In nine major cases involving New Deal, they had thwarted New Deal reforms seven times.
XVI. Nine Old Men on the Bench (cont.)

– The Court was ultra-conservative and six of them were over seventy
  • Roosevelt had not appointed any of them in his first term
  • He regarded them as the obstructive conservatism of the Court
  • Some held on as their patriotic duty to curb the “socialistic” tendencies of the radical in the White House
    – He believed that votes (the presidential elections of 1932 and 1936 and the midterm congressional elections of 1934) had returned their favor of his programs of reform.
XVI. Nine Old Men on the Bench (cont.)

– Roosevelt hit on a scheme to the Court:
  • It proved to be one of the most costly political misjudgments of his career
  • He asked Congress for legislation to permit him to add a new justice to the Supreme Court for every one over seventy who would not retire
  • The maximum membership would be fifteen
  • He alleged that they were far behind in their work—which proved to be false and brought heated accusations of dishonesty
  • He was headstrong and not fully aware that the Court, in popular thinking, had become a sacred cow.
XVIII. The Court Changes Course

– Congress and the nation convulsed over Roosevelt’s **Court-packing plan** to expand the Supreme Court:
  • He was vilified for attempting to break the delicate checks and balances among the three branches
  • He was accused of grooming himself as a dictator by trying to browbeat the judiciary
  • To Republicans and some Democrats, basic liberties seemed to be in jeopardy
  • The Court had seen the ax hanging over their head:
    – Justice Owen J. Roberts, a conservative, began to vote on the side of his liberal colleagues.
XVIII. The Court Changes Course (cont.)

- In March 1937 the Court upheld the principle of a state minimum wage for women, reversing its stand on a different case a year earlier.
- In succeeding decisions, the Court became more sympathetic to New Deal:
  - When it upheld the National Labor Relations Act
  - The Social Security Act
- Roosevelt’s “Courtpacking” was further undermined when Congress voted full pay for justices over 70 who retired:
  - One of the oldest conservatives resigned,
  - And was replaced by a New Dealer, Justice Hugo Black.
XVI. The Court Changes Course
(cont.)

– Congress finally passed a court reform bill:
  • It was a watered-down version applied only to lower courts
  • Roosevelt suffered his first major legislative defeat at the hands of his own party in Congress
  • Eventually the Court he hoped for, became markedly more friendly to New Dealer reforms
  • A succession of death and resignations enabled him to make nine appointments to the tribunal—more than any of his predecessors since George Washington
  • The clock “unpacked” the Court.
XVI. The Court Changes Course (cont.)

– Yet in a sense, FDR lost both the Court battle and the war:

• Aroused conservatives of both parties in Congress so that few New Deal reforms were passed after 1937, the year of the fight to “pack” the bench
• With this catastrophic miscalculation, he squandered much of the political goodwill that carried him to resounding victory in the 1936 election.
ALL I SAID WAS "GIMME SIX MORE JUSTICES!"
XIX. Twilight of the New Deal

– Roosevelt’s first term did not banish the depression:
  • Unemployment persisted in 1936 at about 15%, down from the grim 25% of 1933, but still miserably high (see Figure 33.4)
  • Recovery had been dishearteningly modest
  • Then in 1937 the economy took another sharp downturn:
    – A surprising severe depression-within-the depression that critics dubbed “Roosevelt recession”
    – Government policies had caused the nosedive:
      » As new Social Security taxes began to take effect.
XIX. Twilight of the New Deal (cont.)

– Roosevelt deliberately embraced the recommendations of British economist John Maynard Keynes:
  • Now he announced a bold program to stimulate the economy by planned deficit spending
  • Keynesianism—the use of government spending and fiscal policy to “prime the pump” of the economy and encourage consumer spending
  • This policy became the new economic orthodoxy and remained so for decades.
Roosevelt continued to push his remaining reform measures of the New Deal:

- Urged Congress to authorize a sweeping reorganization of the national administration—interests of streamlined efficiency
- Was not done, and thus another defeat
- Two years later, Congress partially relented and passed the Reorganization Act:
  - Limited powers for administrative reforms, including the key new Executive Office in the White House.
XIX. Twilight of the New Deal (cont.)

– Hatch Act 1939:
  • Barred federal administrative officials, except the highest policy-making officers, from active political campaigning and soliciting
  • Forbade the use of government funds for political purposes
  • Forbade the collection of campaign contributions from people receiving relief payments

– Hatch Act broadened in 1940:
  • Placed limits on campaign contributions and expenditures
    – Some found clever ways around it that on the whole the legislation proved disappointing.
XIX. Twilight of the New Deal (cont.)

– By 1938 the New Deal lost most of its early momentum:

  • Roosevelt could find few new reforms
  • In the congressional elections of 1938, the Republicans won the majorities
  • Those failing to gain control in either house

– The New Deal had shot its bolt.
XX. New Deal or Raw Deal?

– Foes of the New Deal condemned:
  • Its alleged waste, incompetence, confusion, contradictions, and cross-purposes
  • As well as the chiseling and graft in the alphabetical agencies—”alphabet soup,” sneered Al Smith
  • Roosevelt had done nothing that an earthquake could not have done better
  • Deplored the employment of “crackpot” college professors, leftist “pinkos,” and outright Communists
  • They were trying to make America over in the Bolshevik-Marxist image under the “Rooseveltski.”
XX. New Deal or Raw Deal? (cont.)

• Roosevelt was further accused of being Jewish ("Rosenfield") and tapping too many bright young Jewish leftists ("The Jew Deal") for his "Drain Trust."

• Hardheaded businesspeople were shocked by the leap-before-you-look, try-anything-once spirit

• Other appreciated the president’s do-something approach

• "Bureaucratic meddling" and "regimentation" were bitter complains of anti-New Dealers

• The federal government, with all its employees, became incomparably the largest single business in the country.
XX. New Deal or Raw Deal? (cont.)

• Promises of budget balancing flew out the windows
  – National debt in 1932 was $19,487,000,000
  – Sky rocketed in 1939 to $40,440,000,000
• America was becoming a “handout state;” U.S. stood for “unlimited spending”
• Business was bitter:
  – Accusing the New Deal of fomenting class strife
  – Conservatives insisted that the laborer and farmers were being pampered
  – Business wanted the government off their backs
  – Private enterprise was being stifled by “planned economy,” “planned bankruptcy” and “creeping socialism.”
XX. New Deal or Raw Deal? (cont.)

- States’ rights were being ignored, while the government was competing in business with its own citizens, under a “dictatorship of do-gooders”

– Roosevelt’s leadership was denounced:
  - “one-man supergovernment”
  - Heavy fire against his attempts to browbeat the Supreme Court and to create a “dummy Congress”
  - Tried to “purge” the Congress who would not march in lockstep with him
  - The three senators whom he publicly opposed were all triumphantly reelected
XX. New Deal or Raw Deal? (cont.)

• Most damning indictment of the New Deal
  – Was that it failed to cure the depression
  – Floating in a sea of red ink, it had only administered aspirin, sedatives, and Band-Aids
• $20 billion had poured out in six years of deficit spending and lending
  – The gap was not closed between production and consumption
  – There was more farm surplus under Roosevelt than under Hoover
  – Millions of dispirited people were still unemployed in 1939 after six years of drain, strain, and pain.
XXI. FDR’s Balance Sheet

— New Dealers staunchly defended their record:
  • Some waste—they pointed out the relief—not economy—had been the primary objective
  • Some graft—they argued that it had been trivial in view of the immense sums spent and the obvious need for haste
  • The New Deal relieved the worst of the crisis in 1933
  • It promoted the philosophy of “balancing the human budget”
  • The Washington regime was to be used, not feared
  • The collapse of America’s economic system was averted
XXI. FDR’s Balance Sheet (cont.)

• A fairer distribution of the national income was achieved
• The citizens were able to regain and retain their self-respect.
• Though hated by business tycoons, FDR should have been their patron saint
  – He deflected popular resentments against business
  – May have saved the American system of free enterprise
  – His quarrel was not with capitalism but with capitalists
  – He purged American capitalism of some of its worst abuses
  – He headed off a radical wing to the left
  – Claimed that the New Deal did not bankrupt the United States
XXI. FDR’s Balance Sheet (cont.)

– The national debt was caused by World War II, not the New Deal
  » The national debt was $40 billion in 1939; $258 billion in 1945.
– He provided bold reform without a bloody revolution
  • He was upbraided by the left-wing radicals for not going far enough, by the right-wing radicals for going too far
    – Choosing the middle road, he has been called the greatest American conservative since Hamilton
    – He was Hamiltonian in his espousal of big government, but Jeffersonian in his concern for the “forgotten man”
    – Demonstrating the value of powerful presidential leadership, he exercised that power to relieve the erosion of the nation’s greatest physical resource—its people.
XXI. FDR’s Balance Sheet (cont.)

• He helped preserve democracy in America in a time when democracies abroad were disappearing to dictatorship
• He unwittingly girded the nation for its part in the titanic war that loomed on the horizon—a war in which democracy the world over would be at stake.
CHRONOLOGY

1932  Roosevelt defeats Hoover for presidency

1933  Bank holiday
      Emergency Banking Relief Act
      Beer and Wine Revenue Act
      Hundred Days Congress enacts AAA, TVA, HOLC, NRA, and PWA
      Federal Securities Act
      Glass-Steagall Banking Reform Act
      CWA established
      Twentieth Amendment (changed calendar of congressional sessions and date of presidential inauguration)
      Twenty-first Amendment (prohibition repealed)
      Nazis legally come to power in Germany with passage of Enabling Act

1934  Gold Reserve Act
      Securities and Exchange Commission authorized
      Indian Reorganization Act
      FHA established
      Frazier-Lemke Farm Bankruptcy Act

1935  WPA established
      Wagner Act
      Resettlement Administration
      Social Security Act
      Public Utility Holding Company Act
      Schechter “sick chicken” case
      CIO organized

1936  Soil Conservation and Domestic Allotment Act
      Roosevelt defeats Landon for presidency

1937  USHA established
      Roosevelt announces “Court-packing” plan

1938  Second AAA
      Fair Labor Standards Act

1939  Reorganization Act
      Hatch Act