New Deal America

- What were the social effects of the Great Depression and Franklin Roosevelt’s efforts at relief, recovery, and reform?
- Why did the New Deal draw criticism from both the right and the left?
- How did the New Deal expand the federal government’s authority and responsibilities?
- What were the major cultural changes of the 1930s?

- **Roosevelt inherited the Depression**
  - Depression spread fascism and communism
  - Roosevelt took decisive action; adopted bold measures to relieve suffering and promote recovery
  - Laid foundation for welfare capitalism

From Hooverism to the New Deal

The Election of 1932

- Republicans renominated Hoover
- Democrats nominated Roosevelt
- Roosevelt proclaimed New Deal, was more willing to experiment, communicated joy and hope
- Roosevelt displayed qualities that would characterize his career
  - Aristocrat with empathy for common folk
  - Traditionalist with penchant for experimenting
  - Affable charmer
  - Skilled political tactician with shrewd sense of timing and willingness to learn
- Polio made him less arrogant, more focused
  - Identified with sufferers
- Won governorship of New York
  - **Roosevelt set forth grueling campaign**
    - Blamed Depression on Hoover and Republicans
    - Promised balance of budget like Hoover, but was willing to incur short-term deficits
    - Evasive on tariff issue
    - Offered several options on farm policy
    - Called for strict regulation of utilities
    - Repeal Prohibition
- Roosevelt’s confidence was uplifting
- Some voters refused both Hoover and Roosevelt
  - Socialist party candidate: Norman Thomas
  - Communist party candidate
  - Desperate people did not turn in greater numbers to radical candidates
- Roosevelt won

The Inauguration

- 20th Amendment was ratified—provided that presidents would take office on January 20 and the newly elected Congress on January 3
- Spreading destitution and misery
  - People removed deposits from banks, bank failure

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Four fifths of banks were closed

- New president sent good vibes
  - Roosevelt was determined, willing to use authority

Competing Solutions

- Roosevelt confronted three major challenges: reviving the economy, relieving the human misery, rescuing the farm sector and its desperate families
  - Some promoted vigorous enforcement of anti-trust laws
  - Others argued suspension of anti-trust laws would be better
  - Others called for massive expansion of welfare programs
- Roosevelt was willing to try everything without ever embracing one method completely
  - Flexible outlook
  - He was a pragmatist rather than an ideologue
  - New Deal was trial-and-error
- Roosevelt and his advisers settled on three-pronged strategy
  - Remedy the banking crisis and provide short-term emergency relief for the jobless
  - Tried to promote industrial recovery through federal spending in cooperative agreements between management and labor
  - Raise depressed commodity prices by paying farmers to reduce size of crops and herds
  - None worked perfectly

Strengthening the Monetary System

- Roosevelt declared bank holiday to allow panic to subside
  - Congress passed Emergency Banking Relief Act: permitted banks to reopen and provided managers for those that were in trouble
  - Fireside-chats: Roosevelt reassured, insisted that it was safer to keep money in a bank
  - People deposited money, banking crisis ended
- Congress passed Economy Act: granted executive branch the power to cut government salaries
  - Beer-Wine Revenue Act amended Volstead Act to permit sale of certain alcoholic beverages
  - 21st Amendment would be ratified to end prohibition
- During the Hundred Days, Congress enacted 15 major proposals with great speed
  - [See page 1028]
- Banking crisis was over, but debt problem remained for farmers and homeowners
  - Roosevelt reorganized federal farm credit agencies into Farm Credit Administration
  - Congress authorized extensive refinancing of farm mortgages at lower interest rates
- Home Owners’ Loan Act provided service to city dwellers through Home Owners’ Loan Corporation
  - Refinanced mortgages
  - Banking Act shored up confidence in banks
  - To prevent speculative abuses, investment and commercial banking were separated
  - Federal Reserve Board’s regulatory power was extended
  - Federal Securities Act required full disclosure of information about new stock issues
- Roosevelt tinkered with devaluation as a way to raise prices and thus ease debt burden of farmers
  - Government officially abandoned gold standard in 1933
  - Dollar value deceased, prices increased

Relief Measures

- Hoover resisted using government to provide direct relief, but Roosevelt was more flexible
Civilian Conservation Corps (CCC) was designed to give work to unemployed young men. Men were hired to work at CCC jobs. Enrollees could also take education courses.

Federal Emergency Relief Administration FERA addressed human distress as well.
- Harry Hopkins pushed the program.
- FERA expanded assistance to unemployed under Hoover’s Reconstruction Finance Commission.
  - Federal money flowed to the states in grants rather than loans.
  - Hopkins pushed immediate work approach.
  - Direct payments were quicker and more direct.

The first large-scale experiment with federal work relief came from Civil Works Administration CWA.
- Provided federal jobs and wages.
- Organized useful projects.
- Expenditures skyrocketed, Roosevelt feared dependence on federal jobs.
  - Roosevelt dissolved CWA.

Roosevelt favored work relief over dole, the value of work.
- Asked for an array of new federal job programs.
- Congress responded with Emergency Relief Appropriation Act—provided work relief.
- Roosevelt managed these programs through Works Progress Administration WPA, headed by Harry Hopkins, replaced FERA.

WPA employed talented Americans in Federal Theatre, Art, Music, and Writers’ Projects.
- National Youth Administration provided part-time employment to students.
- Lyndon Johnson was head in Texas, Richard Nixon benefitted.

Recovery Through Regulation

- Big businesses were not going to go away; the only way to operate economy was through regulation.

Agricultural Recovery

- Decline in commodity prices meant farmers could not afford to plant their crops.
  - Agricultural Adjustment Act: created Agricultural Adjustment Administration (AAA) sought to control farm production.
  - Goal was to raise farm commodity prices by reducing supply.
- Production was cut in the middle of the growing season.
- Secretary of Agriculture Henry Wallace reported declines in production and increase in prices.
  - Farm income increased.
  - AAA was only partially responsible: drought also lowered output.
  - “dust bowl” migrations evoked John Steinbeck’s Grapes of Wrath.
- AAA achieved success in boosting the overall farm economy.
  - United States v. Butler: declared AAA’s tax on food processors unconstitutional.
  - Soil Conservation and Domestic Allotment Act: omitted processing taxes and acreage quotas.
  - Provided benefits payments for soil-conservation practices.
- Soil Conservation and Domestic Allotment Act also brought success in engineering and education.
  - But failed as a device for limiting production.
  - Agricultural Adjustment Act of 1938: reestablished earlier programs but left out processing taxes.
  - Agriculture, like manufacturing, was then held to be in the stream of commerce.
Industrial Recovery

- **National Industrial Recovery Act (NIRA) was industrial counterpart to AAA**
  - Economic recovery and public-works projects
  - Public Works Administration PWA
  - Under Harold Ickes, PWA provided work relief
  - Focus on permanent improvements, private contractors favored over workers on government payroll
- **NIRA created National Recovery Administration NRA**
  - Headed by Hugh Johnson
  - Purpose: stabilize business by reducing competition, implementing industry-wide codes, defining labor standards, raising wages
  - Labor standards set 40 hour workweek and minimum wages, prohibition of child labor under age 16
- **Labor unions were concerned about NRA efforts to reduce competition**
  - NRA included provision that granted the right to form unions to gain union support
  - NRA did not provide adequate enforcement or require employers to bargain
- **Business owners were hostile toward NRA codes**
  - Claim that bigger businesses had more influence in standards than smaller ones
  - NRA wage codes excluded agricultural and domestic workers—3/4 African Americans got no benefit
  - NRA had more critics than friends
  - Struck down by Supreme Court as unconstitutional
- **NRA experiment left influence**
  - Workplace standards
  - Collective bargaining, advance toward stabilization

Regional Planning

- **New Deal embraced many ideas**
  - Tennessee Valley Authority was designed to bring utilities to poor regions
  - Fostered other projects like soil conservation
- **Cheap electricity became TVA’s reason for being**
  - Electrification of farms

The Human Cost of the Depression

- Farmers, factory workers, professionalism remained in throes of shattered economy

Continuing Hardships

- **1939, 9.5 million workers still unemployed**
  - Petty theft
  - Prostitution and begging
  - Divorce rate dropped
  - Birthrate dropped

Dust-Bowl Migrants

- Environmental and human catastrophe caused by drought: the dust bowl
  - Colorado, New Mexico, Kansas, Nebraska, Texas, Oklahoma
  - Big dust storms killed livestock and people, caused railroads to derail and cars to be swept off roads

Ishmam Ahmed; Ishmam.com
• Dust storms were worse than normal because farmers were transitioning from subsistence to industrial agriculture
  o Mechanical harvesters
  o Overfarming and overgrazing
  o Plowing loosened dirt
  o Grasshoppers followed dust storms
• Misery and environmental devastation
  o Suicide and divorces soared in rural areas
  o Migratory stream from South toward California
  o People lumped together as Okies
  o Most people left Arkansas, Texas, Missouri, and Oklahoma
  o Not all were farmers: some were retailers whose jobs were tied to agriculture
  o Most were white, young adults
• Most migrants gravitated toward urban areas of California: Lost Angeles, San Diego, San Francisco
  o California was no paradise
  o Only few migrants could afford land
  o Competition with local Latinos and Asians
  o Suffered from exposure and poor sanitation
• Social prejudice
  o “Okie means you’re scum”
  o Hostility toward migrants drove some to return
  o Okie subculture: Protestantism, hillbilly, distinct music style

Minorities and the New Deal

• Depression was especially traumatic for minorities
  o Roosevelt failed to assault racism and segregation in fear of alienating conservative Democrats
  o Many New Deal programs were for whites only
• Efforts of Roosevelt administration to raise crop prices by reducing production proved devastating for African and Mexican Americans
  o Reduction of production began with sharecroppers
  o Tenant farmers were displaced
• Mexican Americans suffered even more
  o Mexicans were unable to prove their citizenship—denied access to federal relief
  o Deportation of Mexico-born Americans to avoid cost of providing them with relief
• Deportation became a popular solution because of rising level of involvement of Mexican-American workers in union activities
  o Police crushed the Society of Female Manufacturing Workers and strike in San Joaquin Valley
• Native Americans were also devastated by Depression
  o John Collier, commissioner of Indian Affairs, increased Native American employment
  o Collier primary objective was passage of the Indian Reorganization Act: would replace provision of Dawes Act which sought to “Americanize” Indians, restore land to tribes, grant Indians right to charter business, provide federal funds for training
  o “Indian New Deal” brought only partial improvement

Court Decisions and Civil Rights

• Major setback for racial prejudice campaign occurred in Grovey v Townsend
  o Upheld Texas Democrats’ white primary
Two important precedents arose from Scottsboro case in which nine black youths were convicted of raping two white women in Alabama, inadequate defense attorneys

- **Powell v. Alabama**
- **Norris v Alabama:** verdict fell to the judgment that segregation of blacks from Alabama juries had denied the defendants equal protection of the law

- **Roosevelt did not give high priority to racial issues**
  - Many of his New Deal programs failed to help minorities
  - But Roosevelt included people who did care about racial issues in his administration
  - Many black voters were transferring party loyalty to Democrats

**Culture in the Thirties**

- Great Depression renewed sense of militancy and affirmation to art
- “Tonic effect” of commitment took form of allegiance to revolution
  - Few remained Communists for long
  - Many abandoned communism upon learning about tyrant Stalin

**Literature and Depression**

- John Steinbeck and Richard Wright addressed themes of social significance
  - Steinbeck’s *Grapes of Wrath*
  - Steinbeck had firsthand experience
- **Richard Wright** was African American, Federal Writers’ Project gave him chance to develop talent
  - Was Communist from 1934 to 1944
- **Native Son** was Wright’s masterpiece, set in Chicago, story of Bigger Thomas
  - Incorporated bitterness against Jim Crow

**Popular Culture**

- Radio and movies provided welcome escape from grim realities
  - Roosevelt was first president to take advantage of radio broadcasting
  - Hosted 16 fireside chats to generate support for New Deal
- Films began to incorporate sound, “talkies”
  - Most popular form of entertainment during the 1930s
  - drive-in theaters boosted attendance
- Movies of the 1930s rarely dealt with hard times directly
  - Exceptions:
    - Pare Lorentz: *The Plow that Broke the Plains* and *The River*
    - *Grapes of Wrath*
  - Dracula, Frankenstein, The Mummy, the Werewolf of London
- **Best way to escape the Depression was to watch comedies of the Marx Brothers**
  - Chico, Groucho, Harpo, Zeppo Marx

**The Second New Deal**

- Roosevelt has massive support
  - Democratic Congress increased strength in House and Senate
Eleanor Roosevelt

- Roosevelt’s popularity can also be attributed to his wife, Eleanor
- She was an activist who redefined the role of First Lady
  - First woman to address national political convention
  - Held regular press conferences
  - Travelled throughout the nation, defied local segregation ordinances to meet with African American leaders
  - Supported women’s causes and organized labor
  - Highlighted child labor, insisted humanitarian ideals
- Eleanor became liaison for her husband; brought labor leaders, women activists, black spokespeople to the White House
  - He was the politician, she was the agitator

Criticism

- Public criticism of the New Deal was muted at first, but became more apparent later on
  - Unemployment remained high
  - Dramatic growth of executive power was unsettling
  - Conservative businessmen and politicians formed American Liberty League to oppose New Deal measures that violated personal property rights
- Threats to Roosevelt came from hucksters
  - Louisiana’s Kingfish Senator: longed for tax favors, roads, schools, free textbooks, charity hospitals, better public services
  - used bribery, intimidation, blackmail
  - state dictator
  - people supported him anyway
- Long was Democrat and initially supported Roosevelt and the New Deal but quickly grew suspicious of NRA
  - Was jealous of Roosevelt’s popularity
  - Long had his own plan for dealing with the Great Depression
- Long’s Share-the-Wealth program proposed to confiscate large personal fortunes
  - Provide pension to elderly, reduce working hours, pay veterans, ensure college education
  - Figures failed to add up
  - “Shut your damn eyes and believe it.”
  - He somehow claimed 7.5 million supporters
- Francis Townsend was also a critic
  - Proposed government pensions for the aged
  - Promoted Townsend Recovery Plan: would pay $200 a month to every citizen over 60 years old
  - Cost would be more than half the national income
  - Townsend and Long were indifferent to details
- Charles Coughlin was also a critic
  - Roman Catholic radio priest
  - Founded National Union of Social Justice
  - Promoted coinage of silver to increase money supply
- Coughlin, Townsend, and Long drew support largely from desperate lower middle-class Americans
  - Long had the widest following
  - Roosevelt countered with new programs of reform and social security
  - Political pressures impelled him to move to the left
  - Advisers urged Roosevelt to push for restoration of competition in the market and heavy taxes on corporations
Opposition from the Court

- Supreme Court decisions prompted Roosevelt to act
  - Killed National Industry Recovery Act
  - *Schechter Poultry Corporation v. United States*: selling unfit chicken, violating other NRA code provisions
    - Court ruled that Congress had delegated too much power to the executive branch
  - Interstate commerce issue

Legislative Achievements of the Second New Deal

- Roosevelt launched second New Deal to rescue legislative program from judicial challenges
  - Demanded legislation
  - National Labor Relations Act: *Wagner Act* gave workers right to bargain through unions
  - National Labor Relations Board: five members could supervise plant elections and certify unions
    - Could also investigate actions of employers
  - Social Security Act of 1935 was the New Deal’s supreme achievement
    - Significant and far-reaching
    - Basic concept was not new
  - Social Security Act included three major provisions
    - Pension fund for retired people
      - Paid for by payroll taxes
      - Designed to supplement other income sources
    - Shared federal-state unemployment insurance program
      - Financed by payroll tax
      - Committed national government to social-welfare activities
    - Federal grants for old-age assistance, aid to children, and aid for the blind
  - New federal program was relatively conservative
    - Financed by taxes on worker earnings
    - Tax was fixed rate for all, regardless of income level
    - Removed money from circulation and placed it in retirement fund
    - Initially excluded farmers, workers, self-employed, African Americans
  - Roosevelt regretted limitations but knew they were necessary compromises
  - Another major bill making up the second New Deal was the Revenue Act of 1935
    - Called the *Wealth-Tax Act*
    - raised taxes on high incomes
  - Business leaders fumed over Roosevelt’s tax and spending policies
    - By placing tax on the rich, Roosevelt stole thunder from political left
    - *Soak-the-rich tax* failed to increase federal revenue significantly
    - Prevailing view was that Roosevelt had used radical action
    - Seen as a Communist, distribution of wealth

Roosevelt’s Second Term

The Election of 1936

- Democrats nominated Roosevelt for second term
  - Roosevelt’s popularity made Republicans want to avoid a campaign solely anti-Roosevelt
- Republicans nominated Alfred Landon, former Progressive Republican
- Republicans hoped the followers of Long, Coughlin, and Townsend would combine to draw Democrat voters away
  - But possibility faded
  - Assassin killed Kingfish
  - Coughlin, Townsend, Long supported Republican representative William Lemke
- Roosevelt formed new electoral coalition that would affect national policies for years to come
  - Roosevelt made strong gains in the West among beneficiaries of New Deal agricultural plans
  - Roosevelt held ethnic groups in northern cities because they had been helped by welfare measures
  - Roosevelt held support of Middle-class voters, whose property had been saved by New Deal
  - Roosevelt held support of labor movement
  - Roosevelt held support of African American voters
  - Business leaders opposed Roosevelt
  - Roosevelt won every state except Maine and Vermont
  - Democrats also dominated Republicans in the new Congress

The Court-Packing Plan

- Roosevelt promised greater reforms, wanted more extensive government action, but Supreme Court was a roadblock
- Court ruled against New Deal programs
  - Court was conservative
  - Second New Deal was in danger of being nullified
- Roosevelt resolved to change the Court’s philosophy by enlarging it
  - Congress determined the size of the court
  - Roosevelt wanted to create up to 50 new judges, including 6 new Supreme Court justices
- Court-packing maneuver backfired
  - Justice Louis Brandeis was oldest and most liberal
  - People feared the precedent would be set for presidential exploitation of the Supreme Court
- Roosevelt’s drive to change the Court lessened
  - Court decisions supported Wagner and Social Security Acts
  - One conservative justice resigned, replaced with New Deal leader Hugo Black
- Roosevelt was able to appoint justices that supported the New Deal
  - But dissension was created in the Democratic party
  - For the first time, Democrats opposed the president
  - Momentum of Roosevelt’ victory was lost

The New Direction of Labor

- Labor union movement stirred anew
  - National Industrial Recovery Act demanded that every industry code include a statement of a worker’s right to organize a union, more workers joined unions
- John Lewis was head of the United Mine Workers, first to exploit spirit of NIRA
  - Sidney Hillman of the Amalgamated Clothing Workers and David Dubinsky of the International Ladies Garment Workers joined Lewis in promoting organization of workers

Ishmam Ahmed; Ishmam.com
• Industrial unionists formed the Committee for Industrial Organization, craft unions feared submergence by mass production unions
  o Rivalry between AFL and CIO
• CIO's drives in mass-production industries began in 1936
  o Employers used blackmail and intimidation
  o Automobile workers adopted “sit-down strike”
• Walter Reuther led thousands of employees at General Motors to stop production
  o Wives, daughters, and mothers of strikers formed a Women’s Auxiliary
  o Management refused to recognize union efforts
  o Police were called in to harass strikers
  o Roosevelt refused to dispatch federal troops
  o More than a month later, the company relented and signed a contract that recognized the union
• Wagner Act put the power of the federal government behind the principle of unionization
  o Roosevelt was irritated with strikes
  o Conflicted with John Lewis and the Republic Steel Corporation
  o As wage workers became more organized, they more closely identified with the Democratic party
  o CIO gained more members than the AFL
  o Wages rose and conditions improved due to their efforts

A Slumping Economy

• Economy finally showed signs of revival
  o Prosperity had been achieved by government spending
  o Federal deficits and rising inflation
  o Causes of slumping economy
    ▪ Federal debt led to cuts in government spending
    ▪ Treasury began to diminish disposable income by collecting Social Security payroll taxes
    ▪ Private spending alone could not fill the gap left by reductions in government spending
    ▪ Businesses lacked faith to risk large investments
• Recession ignited into battle within administration
  o Treasury Secretary Henry Morgenthau favored less spending and balanced budget
  o Harry Hopkins and Harold Ickes argued for renewed government spending
    ▪ Their view echoed Keynesian economics *The General Theory of Employment, Interest, and Money*

Economic Policy and Later Reforms

• Roosevelt waited as rival theorists sought his approval
  o He endorsed ideas of the spenders
  o Asked Congress to adopt large federal spending program
  o Hesitation stalled recovery
• The Court-packing fight, sit-down strikes, and 1937 recession all undercut Roosevelt’s prestige
  o Only major reforms were Wagner-Steagall National Housing Act and Bankhead-Jones Farm Tenant Act
Democratic Congress in 1938 enacted more major reforms, last of the New Deal: second Agricultural Adjustment Act, Food, Drug and Cosmetic Act, and Fair Labor Standards Act

- **Housing Act set up US Housing Authority in Department of Interior**
  - Extended loans to local agencies willing to assume part of the cost of slum clearance in public housing
  - Subsidized rents for poor people

- **Farm Tenant Act addressed rural poverty**
  - Administered Farm Security Administration
  - Made rehabilitation loans available
  - Proved to be little more than another relief operation that tided a few farmers over difficult times

- **Agricultural Adjustment Act of 1938 was a response to renewed crop surpluses and prices declines of the recession**
  - Reenacted basic devices of previous AAA

- **Food Drug and Cosmetic Act broadened coverage of Pure Food and Drug Act and forbade use of false advertising**
  - Federal Trade Commission was in charge of enforcing

- **Fair Labor Standards Act applied only to enterprises that operated interstate commerce**
  - Set minimum wage and hour maximum
  - Prohibited child labor under age 16

**The Legacy of the New Deal**

**Setbacks for the President**

- **Democratic party was fragmenting**
  - Southern Democrats balked at growing dependence on labor unions and blacks for party support

- **Conservative opposition stymied an attempt by Roosevelt to reorganize the executive branch**
  - House set up Committee on Un-American Activities against Communists
  - New Deal supporters were later attributed to Communism

- **Roosevelt unfolded proposal to reshape the Democratic party in the image of the New Deal**
  - Announced his purpose to intervene in Democratic primaries to set forth purely liberal principles
  - His effort backfired: seen as an attempt to purge Democratic party of southern conservative Democrats

- **Elections of 1938 was another setback to the administration**
  - Democratic dominance fell in both houses
  - Under Administrative Reorganization Act the president could organize government agencies
  - Roosevelt lost Congressional support

**The Halfway Revolution**

- **The New Deal lost momentum but brought several lasting changes**
  - Power of national government was vastly larger
  - Progressivism supplanted traditional liberalism

- **Roosevelt and New Deal supporters believed government should do more than respond to crises, but take active steps to avoid them**
  - Welfare and benefit programs
- Labor conditions
  - Social Security pensions
- **Rise of the “broker state”**
  - Federal government that mediated among major interest groups
- **In the process of bold experimentation and preservation, the New Deal represented “halfway revolution”**