

# The New Deal

Chapter 25  
1929-1941

# Great Depression Part II Discussion

650-656

- (651) Discuss the vicious cycle that faced farmers of falling crop prices during the Great Depression. Why did crop prices continue to fall?
  - > What impact did the great depression have on the industrial world? Describe the example of Ford.
  - > (651/2) What struggles were faced by minorities regarding employment throughout the American South and the nation as a whole?
- (653) Discuss Hoover's approach to the great depression? Was he active and productive in combating the problems or not? Why or why not? How did most Americans view Hoover's actions?
  - > (654) What organization represents the most forceful action of the Hoover Administration. What did it do?
- (655-56) What was the Bonus Army? How does the Bonus Army represent the frustration of Americans over the great depression? How was the Bonus Army eventually appeased?

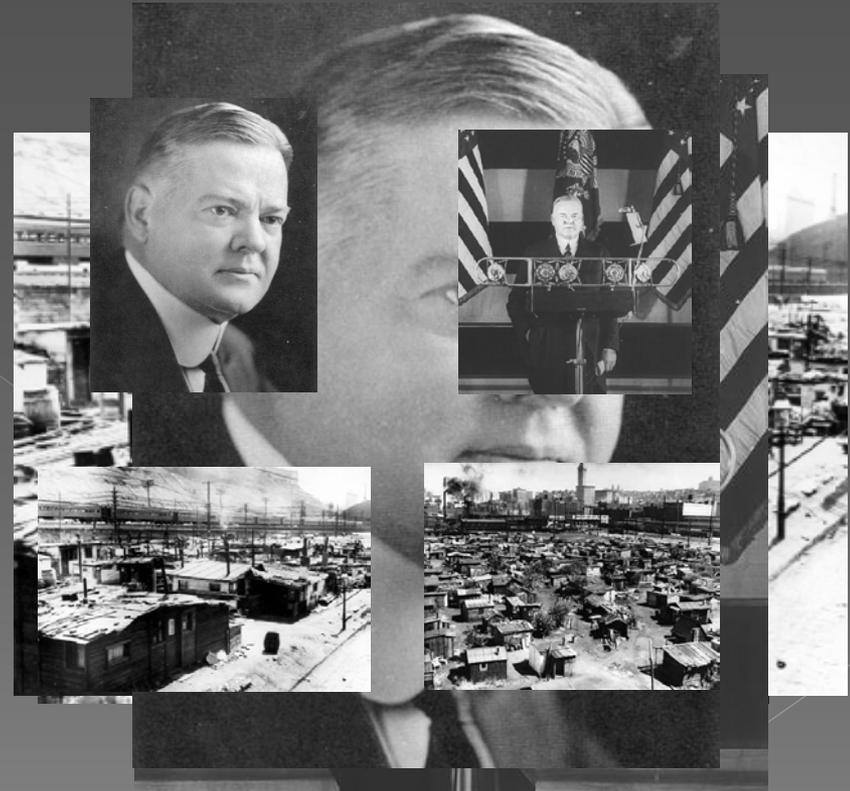
# Americans and Struggle in the Depression

## ○ Unemployment

- > Hundreds of Thousands
- > Detroit – 4,000 Children stand in bread lines
  - Starvation / Malnutrition
- > Thousands of Families evicted from homes
  - Hoovervilles – Parks and Abandoned Land
  - 50% unemployment in Chicago
  - Deurbanization – Movement out of cities to attempt to grow food and farm
- > Collapse of 1920's Ideal of big Business

## ○ Passing Blame

- > Some Americans Blame themselves
- > Most Blame Hoover
  - Response seemed uncaring
  - "The government should not support the people...Federal Aid...weakens the sturdiness of or national character"
  - Opposition to Direct Federal Intervention
  - Asked congress not to provide direct relief to unemployed
- > Hawley-Smoot Tariff
  - High Tariff to protect American Goods - Responded by High tariffs abroad
    - Shuts down international trade.

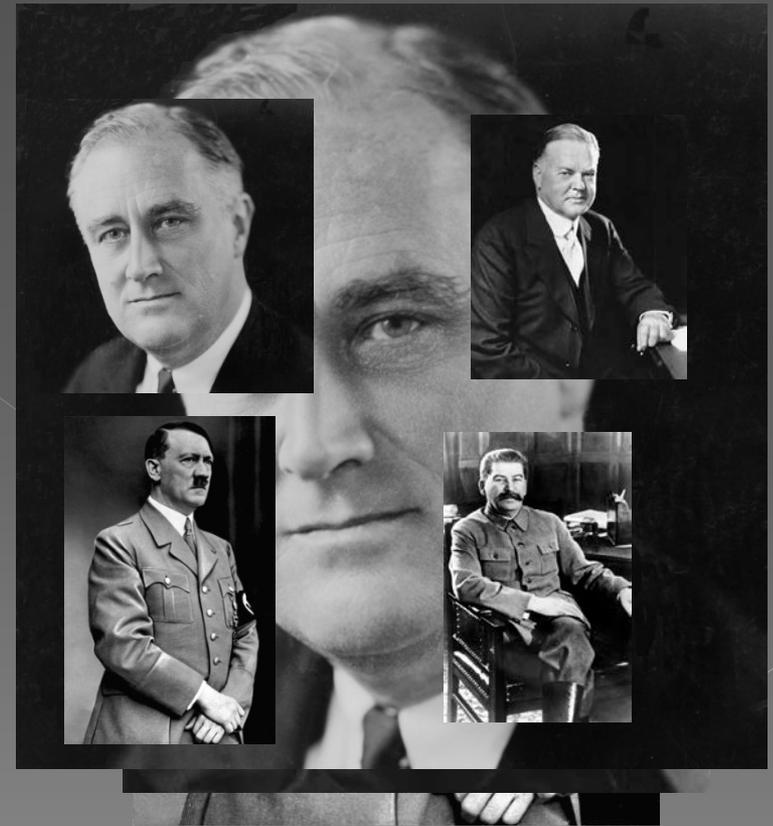


# Discussion: The First New Deal Pt. 1 656-657

- (656-57) Discuss the banking crisis and its impact on the great depression.
  - > What caused the banking crisis and what other market problems contributed to the greater fall of the banks in the United States
    - Can you compare this banking crisis to anything in recent history?
    - What was a bank run?
  - > How did Roosevelt finally address the banking crisis, upon assuming office?
    - What is the Emergency Banking Relief Bill and how did it work?
    - What is a fireside chat? How did Roosevelt use these to reassure the American Public?
- Discuss the impact of the first 100 days of Roosevelt's administration?
  - > What was the Brain Trust?
  - > What is deficit spending and what is a balanced budget? Which did Roosevelt choose?

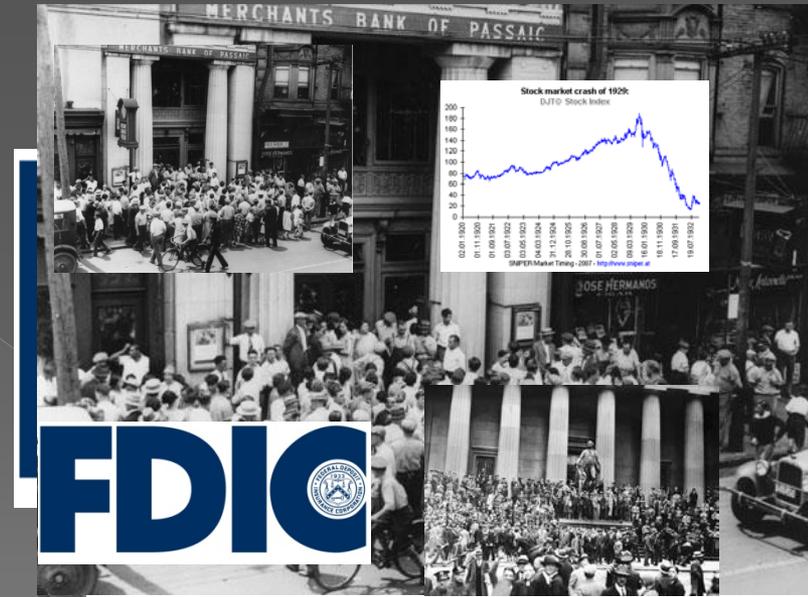
# The Coming of the New Deal

- ◉ Depression International Events
  - > Britain / France
    - Conservative Governments
      - Preserve Public Order – No Relief
  - > Germany
    - Adolf Hitler – Nazi Party
      - Banned Political opposition / reign of terror against Jews and “un-german”
  - > Soviet Union
    - Joseph Stalin – 5 Year Plans
      - Rapid Industrialization - Great Social Costs
- ◉ United States – Roosevelt
  - > New Deal – Alternative to Socialism and Left of Nazism
    - Reconcile Capitalism
    - Relied on Group of close advisors early on in presidency .
      - Arguments on How to fix economy
        - Break up corporations?
        - Regulate Prices / Commerce?
        - Management of Corporations by government? \*\*\* New Deal



# The Banking Crisis

- The Banking Crisis
  - Run on the Banks
    - Banks invested in Stock Market – Stock Market Crash
      - Banks Lose Money
        - Customers Panic and Withdraw money – Banks Fail
  - Roosevelt – Bank Holiday March 9 1933
    - Shuts down banks and passes “Emergency Banking Act” – Funds and supports threatened banks
    - Glass-Steagall Act
      - Prevents banks from becoming involved in the Stock Market
        - Repealed in late 1999
        - Establishes Federal Deposit Insurance Corporation (FDIC)
    - Removes US From Gold Standard – Issues more paper money
      - 5000 Banks 1/3 of entire fail between 1929-1933
      - None Fail in 1936



# Discussion: The First New Deal - Pt. 2 657-659

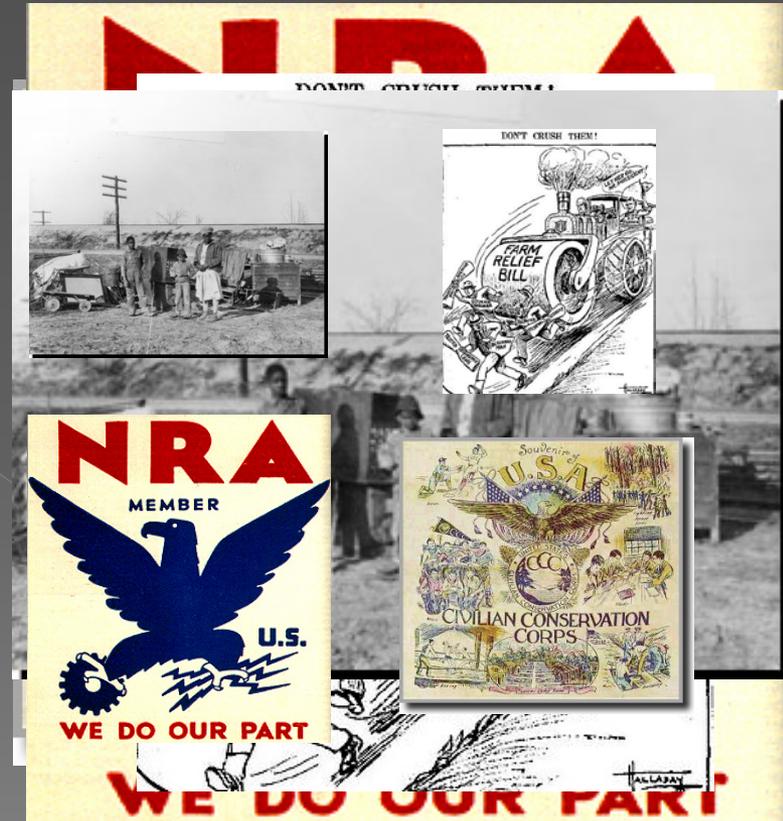
- (657-58) During the Roosevelt administration, FDR Worked to provide means to pull the United States out of the Great Depression
  - > Discuss the National Industrial Recovery Act (NIRA)
    - What did this law do and how did it work?
    - How did the NRA play a part in this
    - How did the NIRA somewhat undermine the ideas of anti-trust laws? What made this a necessary evil?
  - > Discuss the Agricultural Adjustment act (AAA)
    - What did this law do and how did it work
    - What issues did the AAA address
    - What problems existed in the nation that the AAA needed to fix?
  - > What did the supreme court say about the NIRA and the AAA?
    - How were these problems fixed?
- (658-59) Discuss the various relief programs of the Roosevelt administration.
  - > What is the CCC and how did it work? What types of things did the CCC produce?
  - > What other things did the CCC offer to those who could not work?
  - > What is the PWA and how did it work? What types of things did the PWA do?

# Roosevelt's first 100 days

## ● Economic Recovery

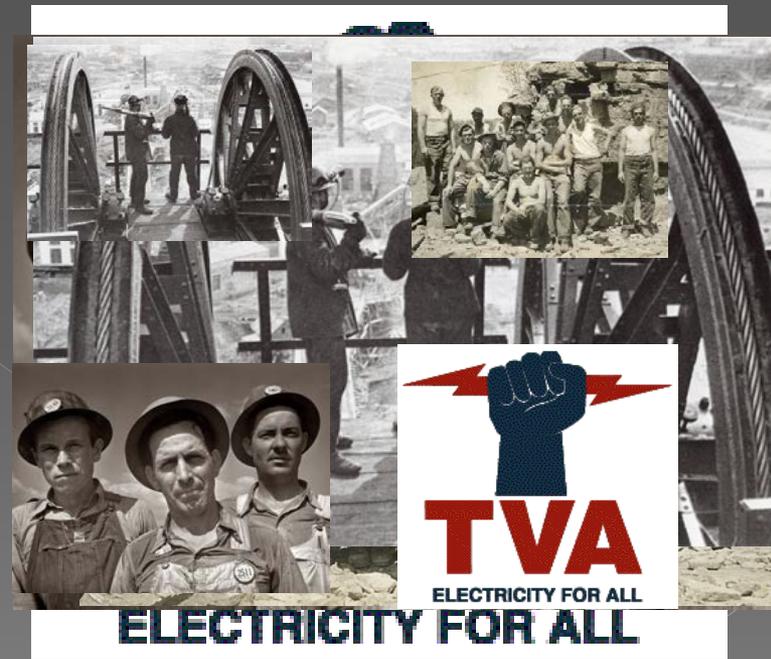
### > *Alphabet Soup* –

- Congress Creates New Agencies – Drastic expansion of government
  - NRA – National Recovery Administration
    - Works with industry to set codes, prices, output and working conditions
      - End to “cutthroat” competition
    - Recognized worker’s Rights to unionize
  - AAA – Agricultural Adjustment Act
    - Restricts Farm Production / Provides Subsidies
  - CCC – Civilian Conservation Corps
    - Government Employment for Unemployed young men



# Government Regulation and Jobs

- Relief to those in Need
  - > Fear – Government Payments to Unemployed
    - Undermine “self-reliance”
  - > Roosevelt’s Idea
    - Create Temporary Jobs and improve infrastructure at the Same time
      - Civilian Conservation Corps (CCC)
        - Unemployed men build infrastructure, roads, bridges, public buildings, parks.
        - Paid by Government
- Public Works Projects
  - > Public Works Administration (PWA)
    - Employed Corporations to build Roads, Schools Hospitals, Bridges, Public Housing etc.
      - Lincoln Tunnel, Triborough Bridge (large Scale projects)
  - > Civil Works Administration (CWA)
    - Same as PWA but Gvt. Employed Individuals
      - Dissolved by fears that people were becoming reliant on government for jobs
  - > Tennessee Valley Authority
    - Build Dams to prevent floods and provide cheap electric power



## The Second New Deal Discussion (661-665)

- (663-664) Analyze the purpose of the WPA and the Social Security Act
  - Based on the differences between these acts and the acts of the First New Deal – Discuss the overarching differences between the first and the second new deal?
    - If you could determine the purpose of both the first new deal and separately the second new deal what were they?
- (661) Despite the seemingly unified front of the American Political landscape during the first 100 Days of the Roosevelt's administration was this truly the case?
  - Discuss the dissention in American regarding the Roosevelt administration
    - What groups opposed Roosevelt?
    - Who is Huey Long – What did he say?

# The Second New Deal

- The Second New Deal – Economic Security (1<sup>st</sup>: Economic Recovery)
  - > New Ideas on Government
    - Huey Long – Share Our Wealth
      - Championed Redistribution of Income – Sustain Mass Purchasing Power
      - Fought Against Corporate Recovery
  - > Congress
    - Highly Publicized Taxes
      - Large Fortunes and Corporate Profits
    - Rural Electrification Agency
      - Bring Electricity to Rural Homes in America
        - 1950 – 90% of American Homes have Power
  - > Agricultural Fixes
    - Similar to AAA
      - Purchase of Land by Gvt (Conservation)
      - Environmentally conscious farming techniques:
      - Doesn't stop trend towards larger and fewer farms



# Second New Deal Fixes

- WPA – Works Progress Administration
  - Employed Artists to decorate public buildings
  - Out of work Americans to build roads, schools, public buildings, sewage plants, bridges, etc.
- Wagner Act
  - Union Representation was supervised by government
    - Labor Union Leaders were elected by secret ballots
    - Ensured fair practice in unions
- Social Security
  - Centerpiece of Second New Deal
    - Ensures the welfare of all Americans
      - Aid for: Unemployment, old age, disability, poor families with children
    - Funded by Participants themselves
      - Roosevelt believes people will fight for collection and could not be taken away

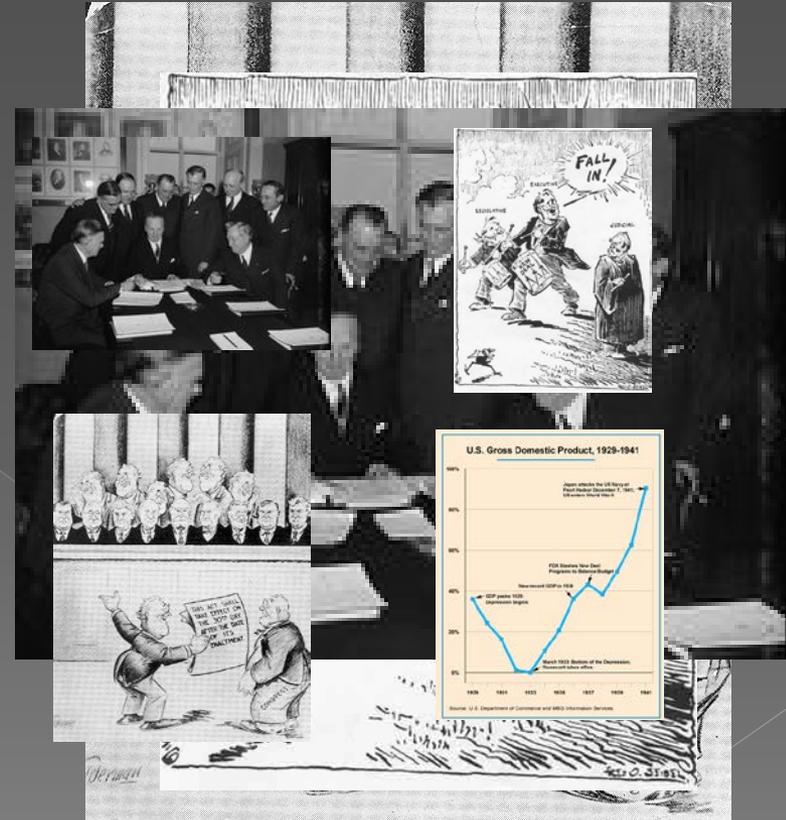


# Labor and the New Deal (665-667)

- (665) Discuss the labor issues in America during the Great Depression
  - Did Roosevelt support or oppose organized labor?
  - Did factory management support organized labor? Give examples of how management dealt with organized labor and strikes?
- (664) What strategy did Roosevelt use in order to secure a victory in the election of 1936? Whose ideas did he adopt?
- (667) What is a sit-down strike and how were these used as a tool for labor unions?
  - Give examples of some sit-down strikes and any results or consequences of them.

# Roosevelt's Second Term

- Fears of Roosevelt
  - > Conservative and Old Supreme Court
    - Worried that they may strike down Social Security, Wagner Act, etc.
  - > Proposes appointment of new justices to the supreme court – “court packing”
    - Congress Rejects
    - Court Fears and Steps in line with Roosevelt
      - Supports second new deal reforms
- Death of the Second New Deal
  - > Some bills continue to pass in 1937 / 38
    - Set minimum wage (40c / hr) and overtime
    - Bans goods made with child labor from interstate commerce
  - > Economic Conditions begin to improve
    - Roosevelt backs off on New Deal Spending
      - Economy tumbles and unemployment rises 1937



## Discussion: The New Deal and Housing and Agriculture (667-671)

- (667-668) Discuss the federal government's role in the Western parts of the United States under the New Deal?
  - › How did the federal government change and even improve this region of the United States? What projects were taken up and completed in this region?
- (668) In 1934 the Indian Reorganization Act completely reversed the long standing policy of the United States towards Native Americans – How did this policy change.
  - › How did some Native American Organizations react to this policy? How did the Majority react? In the long term did this have a positive or negative impact on Native Culture?
- (668) Discuss the Tennessee Valley Authority (TVA) and its impact on the United States during the Depression
  - › What did this organization do originally and how did it expand over time?
    - Was the TVA's impact 100% positive?

# The New Deal and Agriculture

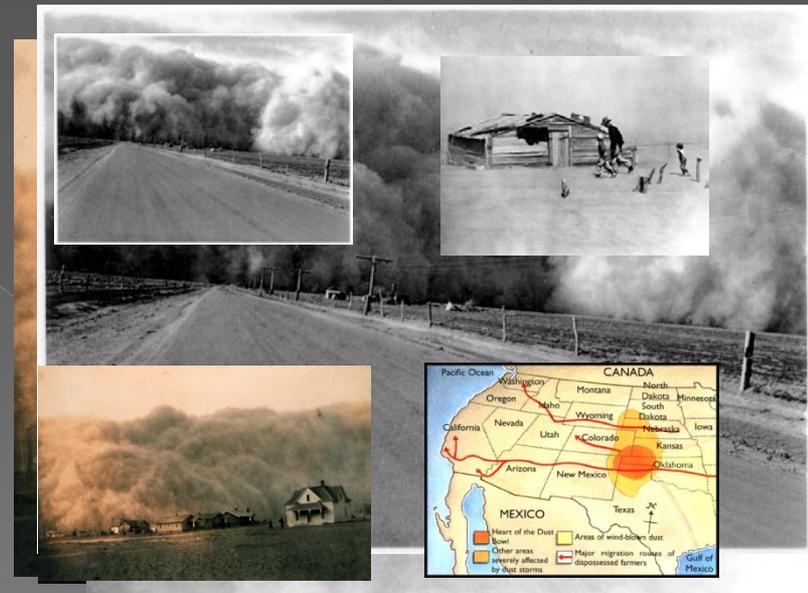
- Agricultural Adjustment Act
  - > Paid Farmers Not to Grow Crops
    - Keep Farm Prices High
      - Set Production Quotas
      - Ordered Livestock Destroyed
  - > Benefits to only some
    - Tenant Farmers do not receive any help

## ○ The Dust Bowl

- > Dry Weather in the Midwest
  - Over farming devastates top soil
    - Windy Conditions / Dry weather cause erosion and loss of fertile land.

## ○ The Court and the New Deal

- > Court – Mostly Republican Conservative Judges
  - Began to Invalidate New Deal Laws – violates “liberty of Contract”
    - NRA, AAA, Minimum wage laws etc all declared unconstitutional

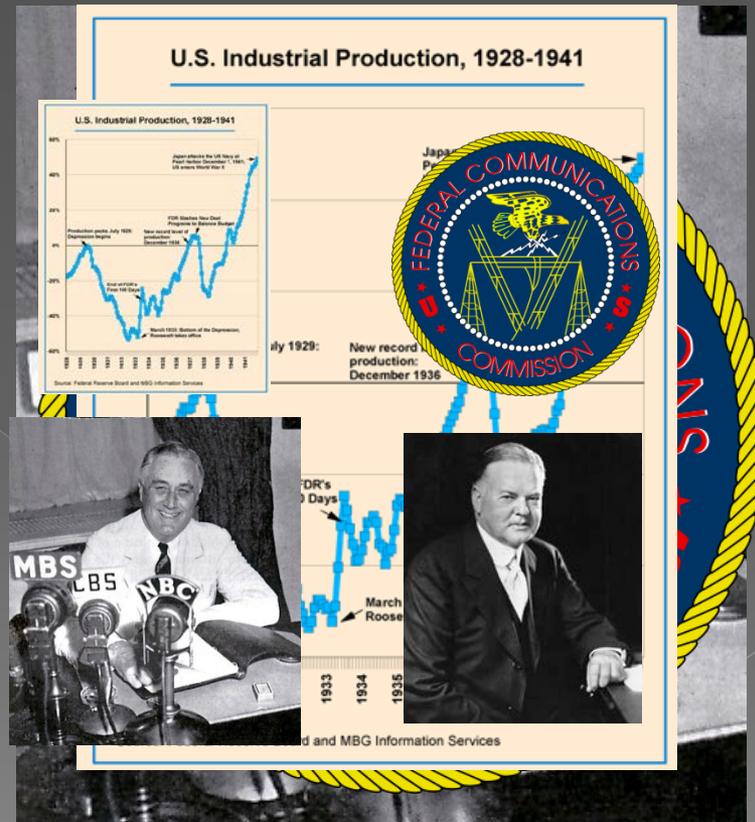


# Housing and the Courts

- Housing Changes
  - > Home Ownership
    - A mark of “respectability” for middle class
    - Crowded Urban Slums
    - Rentals
  - > Prior to Roosevelt
    - Herbert Hoover
    - Federally sponsored home loans
  - > Roosevelt
    - Federal Housing Administration (FHA)
      - Insures privately backed mortgages
      - Builds Low Rent / Low Cost Housing
      - Protects home owners from foreclosure
    - Actions make it much cheaper for Americans to own a home than to rent

- Other Changes
  - > Repeal of Prohibition (21<sup>st</sup> Amendment)
  - > Establishment of FCC (Federal Communications Commission)

- All Changes
  - > Did not End Depression – But helped



## Limits and End of the New Deal (671-674)

- ◉ (672) As far as Roosevelt was concerned what was the biggest threat to his New Deal agenda?
  - > What examples did Roosevelt have of this threat and what did he fear they would do in the future?
  - > What did Roosevelt propose to do in order to secure his agenda? How was this idea greeted by Congress.
    - Despite Congresses Reaction How did Roosevelt eventually get what he wanted?
- ◉ (672) What was the Roosevelt Recession? Why did this occur? How does this recession show the importance of federal government spending in a recession (Give examples from the text)
  - > What did Roosevelt do in 1940 that broke with the tradition of all previous presidents?

# Promoting Diversity

- A “New Deal” for American Society
  - > CIO
    - New Ethnic Diversity
      - Cultural Pluralism
      - Rejected Limitations of early AFL
- Government
  - > Investigations into employer tactics to combat unionization
    - Spies and Private Police
  - > Concluded that practices seemed more like “European Dictatorships rather than American Democracy”
  - > Establishment of Civil Liberties unit in the Justice Department
  - > Supreme Court
    - Expands power over civil liberties and leaves behind economics
    - Guarantees free thought and expression
      - Replaces “liberty of contract”
    - Invalidates Laws prohibiting picketing
    - Protects those arrested for “inciting insurrection” under free speech – Communist Organizer
- Limits to Freedom of Expression
  - > Congress investigates those who are “un-American” Communists, Labor Radicals / anyone left of Democrats
  - > Smith Act – Illegal to teach advocate or encourage the overthrow of the government



# End of the New Deal

- Far Reaching Social Reform
  - > At odds with many in the South
  - > Roosevelt refers to south as: “nation's No. 1 economic problem”
    - Education / Industrialization / public health behind nation
    - Per capita Income ½ of rest of nation
- Loss of the South
  - > Southern Democrats had Supported New Deal
    - Against Social Equality programs
      - Feared Unionization and an upset to race relations
  - > Loss of South – Loss of New Deal support
    - Southerners elect more conservative representatives
    - Northerners (Middle Class) fear growing militancy of CIO – Elect Republicans

