**THE NEW DEAL**

**President Franklin D. Roosevelt**

1. Stricken with polio at the age of 39, he fought back against the disease

to regain the use of his hands and arms, but remained paralyzed from the waist down. This made him tougher and more compassionate towards the less fortunate.

2. Few presidents had his political training. He had experience at the

local, state, and federal levels.

3. His greatest strength as president was his warm and understanding

approach to people.

4. He served 4 terms as president -- 12 years! This was before the president was limited to 2 terms of office. Many feel he could have been elected again had he not died.

5. He developed the New Deal as a plan to defeat the Depression.

6. He was good at gathering experts on a topic to help him plan a solution to a problem. Before he had received the Democratic nomination for President, he had gathered a group of professors from Columbia University to advise him. This group was nicknamed the “brain trust” by the press and stayed on after he was elected President to help him plan the New Deal.

7. Roosevelt relied on his wife Eleanor more than anyone. She was his

“eyes and ears” outside the White House. She traveled the country visiting places it was difficult for him to go due to his disability. Many felt her compassion and concern for the victims of the Depression was even greater than his. Eleanor shared her husbands’ concern for the victims of the Depression and believed that decisive government was needed to deal with the problems many Americans faced.

8. President Roosevelt was the first president to appoint a woman to a

cabinet post. Secretary of Labor, Frances Perkins, was the first female cabinet member in American history. She was one of only two cabinet members to serve throughout Roosevelt’s four terms.

**3 Main Goals of The New Deal**

1. Recovery from the Depression.

2. Relief for the victims of the Depression.

3. Reform the economic system.

**Financial Reform**

1. In June of 1933, Congress passed the **Glass-Steagall Act.** This act

prohibited banks from investing in the stock market and created the **FDIC** (Federal Deposit Insurance Corporation) to insure depositor’s savings. This federal insurance made people feel that their money would be safe in banks.

2. The **Federal Securities Act** of 1933 required companies that issued or marketed stocks and bonds to provide complete and truthful information to purchasers.

3. **SEC** (Securities and Exchange Commission) 1934 – Regulated the stock market.

4. In order to keep relief agencies from closing and people from starving, **deficit spending** (government spending that exceeds its income) was necessary.

**Relief Agencies created under The New Deal**

1. **FERA** (Federal Emergency Relief Administration) May 1933 -- Made

outright grants to states and municipalities to distribute as they chose. Concern: Would “handouts” cause people to lose their self-respect and job skills?

2. **PWA** (Public Works Administration) June 1933 -- Offered jobs instead

of handouts. Provided jobs on construction projects - improving highways and buildings, dams, sewer systems, waterworks, schools, and other government buildings.

3. **CWA** (Civil Works Administration) Autumn 1933 -- Hired jobless

persons. Employed 4 million people - 300,000 of them women. Built roads, improved 1,000 airports, 500,00 miles of roads, 40,000 schools, and 3,500 parks, playgrounds, and playing fields. This program was very costly and was eliminated in the spring of 1934.

4. **TVA** (Tennessee Valley Authority) May 1933 -- Designed to promote

the development of a seven-state region. The natural resources in this area had long been exploited. The land was in terrible condition. Most notable change made was the production of cheap electricity. This aided farmers in recovery and attracted other industry.

5. **CCC** (Civilian Conversation Corps) March 1933 -- It offered outdoor

work to unemployed single men, 18 to 25 years old, at $30 per month, $22 of which went back to their families. During this agency’s existence, it helped to preserve the nation’s natural resources by planting trees, fighting forest fires, building reservoirs, and stopping erosion.

6. **AAA** (Agricultural Adjustment Act) May 1933 - Act passed by Congress under which the government paid farmers who reduced production of basic crops like cotton, corn, wheat, tobacco, and hogs. This was done to reduce surpluses and increase farm incomes -- help farmers. This program did hurt some farmers, especially tenant farmers and sharecroppers that were forced off the land they worked as the owners took the land out of production. This act was later ruled unconstitutional along with other New Deal programs.

7**. Farm Security Administration** - gave loans to help tenant farmers

purchase land.

8**. Dust Bowl** - was created in the Great Plains due to land being cleared

for farming during WWI and then being taken out of production in the 1930’s. Dust storms carried away so much topsoil that a haze obscured the sun for many miles. The government provided the farmers in the Dust Bowl with funds for new seed and livestock to help with the problem - short term. Long term, millions of trees were planted in shelter belts to cut wind velocity and help retain moisture. The government encouraged farmers to return the land to grazing.

\*\* The New Deal provided more direct assistance to farmers than any other group.

9. **Indian Reorganization Act** in 1934 repealed the allotment policy and

returned to tribal ownership Native American lands previously open to sale(a great deal of Native American land had been divided up & sold)

10. **NIRA** (National Industrial Recovery Act) June 1933 -- created to help

industry. Controlled production to deal with surpluses, created “codes of fair competition” between companies to set prices of products, shortened workers’ hours in order to create more jobs, and established minimum- wage levels. To spread production among as many companies as possible, companies were limited to two shifts a day. To direct this complex program, the act created the **NRA** (National Recovery Administration). The NRA did not work out as planned and prices rose faster than wages. Small business felt it favored the bigger businesses and that the rules were written to put them out of business.

\*\*Many critics were coming out against the New Deal. Some felt that the government wasn’t doing enough and some felt that the government was interfering too much in American life.

**The Second New Deal**

1. **WPA** (Works Progress Administration) April 1935 -- Set up under the

direction of Harry Hopkins to provide a chance for all people to use their skills to earn an income. It employed writers, teachers, librarians, actors, musicians, and artists.

2. **NYA** (National Youth Administration) - “junior WPA” -- Set up to help high school and college students stay in school by giving them part-time work.

3. **Social Security Act** passed by Congress in 1935 to help persons with

no source of support and no ability to earn an income. The core of the

program was retirement benefits, paid for by taxes on workers and employers, that people could collect when they stopped working at 65.

4. **National Labor Relations Act (Wagner Act)** passed in July 1935 after

the Supreme Court declared the National Industrial Recovery Act unconstitutional. The Wagner Act set up a National Labor Relations Board (NLRB) - held secret meeting s to find out how many workers in a factory wanted to be unionized. The Wagner Act stimulated a burst of union activity. The AFL was ill equipped to deal with the many workers involved in

industry and refused the idea of forming an industrial union. This led to the formation of the CIO (Congress of Industrial Organization).

\*\* The Supreme Court struck down several New Deal programs during 1935 and 1936. Never before had the Court declared so much legislation unconstitutional. Roosevelt felt that “9 old men” on the Court, 7 of whom had been appointed by Republican Presidents were interfering with the New Deal’s attempts at recovery. Roosevelt proposed legislation to increase the size of the court, but was defeated - this move alarmed even some in his own party. The two major laws of the Second New Deal that were upheld were the Social Security Act and the Wagner Act.

5. **Fair Labor Standards Act** (1938) abolished child labor and placed a

ceiling on hours and a floor under wages, at least for workers in business classified as “interstate commerce”.

6. **New Farm Security Administration** promoted the well being of

impoverished farmers. New **AAA** tried to deal with surpluses and aid farmers in improving the soil. Also, a food stamp helped to distribute farm surpluses.

\*\* These were some of the last New Deal programs. In 1937, when Roosevelt called a special session of Congress, not one of his proposals was enacted. Roosevelt accepted the decision of the voters, after the 1938 elections saw more conservative Democrats and Republicans elected, and announced that he would propose no further New Deal programs. Roosevelt began to focus his attention on the growing threat of war in Europe.