

The New Deal

- ✦ Once he became president, FDR began a frenzied attack on the problems facing Americans in the depression
 - ✦ During his **1st Hundred Days** in office, Congress passed more legislation than it usually did in 2 years
 - ✦ Necessary because of the country's urgent problems
 - ✦ Similar to **Keynesian Economics** – deficit spending in a depression is good policy
 - ✦ This funds public works, increases purchasing power, and stimulates recovery
 - ✦ New Deal not entirely Keynesian because \$ going into public works taken back out of economy thru taxation
 - ✦ FDR viewed deficit spending as **a necessary evil**
- ✦ **Concentrated 1st on unemployment**
 - ✦ People needed jobs to have \$ to spend – would restore the economy
 - ✦ **1933 - Civilian Conservation Corps (CCC)** – put young single men to work building roads, planting trees, etc.
 - ✦ Employed 3 million men by 1941
 - ✦ **1933 – Federal Emergency Relief Act (FERA)** – sent \$ to states to aid unemployed, aged, sick
 - ✦ **1933- Civil Works Administration (CWA)** – provided federal jobs to unemployed
 - ✦ Low wages, jobs often unnecessary
 - ✦ Point was to create a job, whatever it was
 - ✦ **1933- Agricultural Adjustment Administration (AAA)** – paid farmers to leave field unplanted or to plow under crops – also to slaughter livestock
 - ✦ Meant to reduce ag. surpluses & increase profits
 - ✦ AAA criticized for destroying food while people went hungry but plan did help farmers

- ✦ **1933- Tennessee Valley Authority (TVA)** – relief for farmers and aid in rural development in Tennessee River Valley (running through 7 states)
 - ✦ **One of most successful New Deal programs**
 - ✦ Dams built along the river for flood control, improvement of navigation, soil conservation, hydroelectric plants, reforestation, & improved socio-economic conditions of valley residents
 - ✦ Vastly improved conditions in the region
- ✦ **1933- Banking Act (Glass – Steagall Act)** – set up **Federal Deposit Insurance Corp. (FDIC)** – protects bank deposits up to a certain amount (\$5K in 1933)
- ✦ **1933- National Industrial Recovery Act (NIRA)** – set up the **National Recovery Administration** & the **Public Works Administration**
 - ✦ NRA – set price controls, limited work week to 40 hours, set min. wage, abolished child labor, formally recognized right of workers to unionize
 - ✦ PWA – created large public work projects to employ as many workers as possible (airports, bridges, etc.)
- ✦ The **"First New Deal" was mildly successful** – some programs more than others – but failed to end the problems of the Depression
 - ✦ In **1935**, FDR began the **"Second New Deal"** – **concentrated on reform of the causes of the Depression**, not just recovery & relief
 - ✦ **1935- Works Progress Administration (WPA)** – create as many jobs as possible ASAP.
 - ✦ Created jobs in ALL industries – from construction to theater, from textiles to arts & literature
 - ✦ 20% of WPA budget went to cultural activities
 - ✦ Many criticized because other jobs more crucial
 - ✦ **1935 – Social Security Act** – provided a pension for retired workers & spouses, death benefits for surviving children to 18 yrs.

- ✦ \$ from tax on payroll (1/2 each employer & employee)
- ✦ **1934 – Securities and Exchange Commission (SEC)** – supervise stock exchange & eliminate dishonest practices
 - ✦ **Joseph P. Kennedy** (father of JFK) in charge of SEC
- ✦ These and other programs created by the New Deal were attempts to end the misery of the Great Depression
 - ✦ FDR's programs were criticized by the Left & Right
 - ✦ Liberals felt he didn't do enough to end evils of capitalism
 - ✦ Conservatives complained he was anti-biz and wanted socialism
- ✦ **Some New Deal programs brought to Supreme Court**
 - ✦ **1935 - NIRA declared unconstitutional**
 - ✦ Gave executive branch legislative powers AND allowed fed govt. to regulate commerce within a state
 - ✦ Result – National Labor Relations Board & Fair Labor Standards Act
 - ✦ **1936 – AAA declared unconstitutional** – gave Congress regulating powers not granted in the Constitution
 - ✦ The AAA was re-organized & later deemed constitutional
- ✦ **After his re-election in 1936, FDR went after the Supreme Court**
 - ✦ Wanted to change court in his favor so his programs would not be shot down
 - ✦ Proposed a bill that would allow him to pack the SC with new justices (all of whom would undoubtedly support FDR's plans)
 - ✦ FDR claimed SC was overworked & needed more justices

- ✦ Asked to be able to appoint a new justice for every justice over age 70 (six on SC were)
 - ✦ Would have enabled FDR to have an SC of 15 justices
 - ✦ Called the **"Court-Packing Bill"** by opponents
 - ✦ **Opponents argued that FDR would fill the SC with justices that agreed with him**
 - ✦ FDR replied that SC justices have always been appointed based on their views
- ✦ **FDR's bill did not pass but it turned out not to be necessary**
 - ✦ SC did not shoot down any other major New Deal programs
 - ✦ Several justices retired, allowing FDR to make appointments over the next few years
 - ✦ **Attempt at court-packing hurt FDR politically**
 - ✦ During the 1938 congressional elections, many opponents of the New Deal won seats
 - ✦ **Congress was no longer solidly behind FDR's programs**
 - ✦ **By 1939 – no more major New Deal legislation was passed**
 - ✦ The New Deal came to a quiet end
- ✦ Without a doubt, the New Deal helped many Americans escape the grip of the Great Depression
 - ✦ Although his programs were controversial, FDR is credited with rescuing the U.S. from trouble that brought totalitarian strongmen into power elsewhere
 - ✦ No one like **Hitler or Mussolini** seized power – democracy in U.S. survived one of its greatest challenges