

# Forging a New Deal

## READING FOCUS

- How did Franklin and Eleanor Roosevelt work to restore the nation's hope?
- What major New Deal programs were created in the first hundred days, and who were some of FDR's key players in these programs?
- What caused the New Deal to falter?
- What were the key goals and accomplishments of the Second New Deal?
- What did the outcome of the 1936 election indicate?

## MAIN IDEA

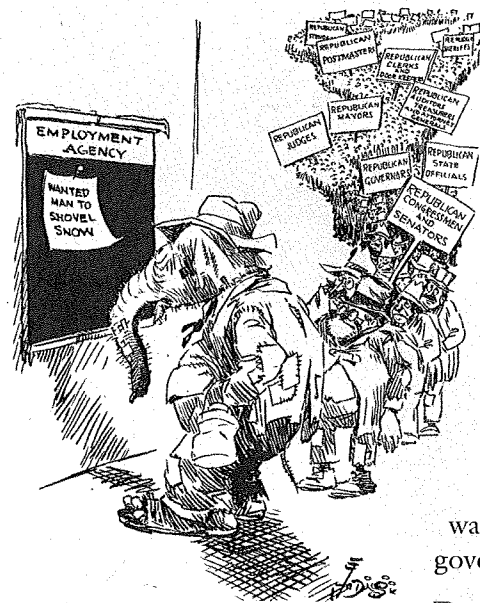
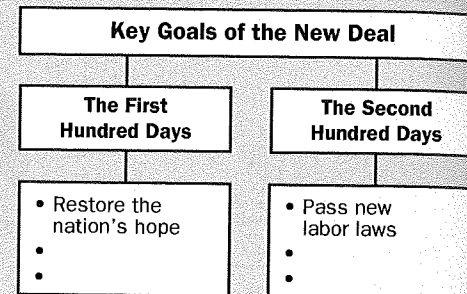
President Roosevelt sought to end the Great Depression through the federal programs of the New Deal.

## KEY TERMS

New Deal  
hundred days  
public works program  
Civilian Conservation Corps (CCC)  
Agricultural Adjustment Administration (AAA)  
Tennessee Valley Authority (TVA)  
Second New Deal  
Wagner Act  
closed shop  
Social Security system

## TAKING NOTES

As you read, fill in the chart below with key goals of the first and second phases of the New Deal.



**VIEWING HISTORY** Whenever a presidential administration changes hands from one political party to another, many members of the old administration lose their government jobs. **Drawing Inferences** (a) Who are the elephants in this cartoon, and what are they doing? (b) What point is the cartoonist trying to make?

**Setting the Scene** A desperate nation anticipating Franklin Delano Roosevelt's "new deal" for America had to wait an agonizingly long time for it to begin. Presidential elections took place in November, but the inauguration of the victor did not occur until the following March 4—a full four-month wait. The lengthy time interval had made sense in earlier days, when vote counting took longer and the President-elect often needed more time to travel to the capital.

By 1933, however, improvements in communication and transportation had eliminated the need for such a long wait, and the disadvantages of the delay were abundantly clear. Hoover remained in office as a "lame duck"—a leader whose authority is weakened because he or she is about to leave office. Meanwhile, the Depression deepened.

The situation prompted Congress to pass the Twentieth Amendment—nicknamed the "lame-duck amendment"—which changed the date of the inaugural to January 20. Ratified in early 1933, the amendment did not take effect until the next election. Roosevelt, therefore, became the last President to be inaugurated in March. While the nation waited, FDR prepared for what would be the biggest change in the federal government since its inception.

## Restoring the Nation's Hope

As he prepared plans for rescuing the economy, FDR, along with the new First Lady, Eleanor, went about restoring Americans' sense of hope. Building public confidence in the future was essential to calming panic and creating support for the President's plans.

A test of the new administration's approach to crises came shortly after he took office. World War I veterans staged a second Bonus March on Washington. This time, the White House provided campsites for the veterans. Even more astounding, Eleanor Roosevelt paid them a visit.

When she walked up to a group of marchers, "They looked at me curiously and one of them asked my name and what I wanted," she recalled later. By the time she left, the veterans were waving and calling out, "Good-bye and good luck to you!" The First Lady told reporters afterward how polite the marchers had been. By this act, she demonstrated compassion and soothed popular fears about renewed radical agitation.

FDR, in his First Inaugural Address, March 4, 1933, told Americans, "The only thing we have to fear is fear itself." The first Sunday after taking office, Roosevelt spoke to the nation over the radio in the first of what became regular "fireside chats." His easy manner and confidence helped renew people's hopes for the future.

In campaigning for the White House, FDR had promised "bold, persistent experimentation." No one knew exactly what that meant—only that someone was going to do something. As reporter Arthur Krock noted, Washington "welcomes the 'New Deal,' even though it is not sure what the New Deal is going to be."

Even Roosevelt himself had no sure plan for government under his leadership. Nevertheless, the new President's optimism and willingness to experiment won him the support of the American people. He had promised "a new deal for the American people," and he kept his word. The term **New Deal** came to refer to the relief, recovery, and reform programs of FDR's administration that were aimed at combating the Great Depression.

## The First Hundred Days

From his inauguration in March through June 1933, a period known as the **hundred days**, Roosevelt pushed program after program through Congress to provide relief, create jobs, and stimulate economic recovery. He based some of these programs on the work of federal agencies that had controlled the economy during World War I and on agencies set up by states to ease the Depression. Former Progressives figured prominently, inspiring New Deal legislation or administering programs.

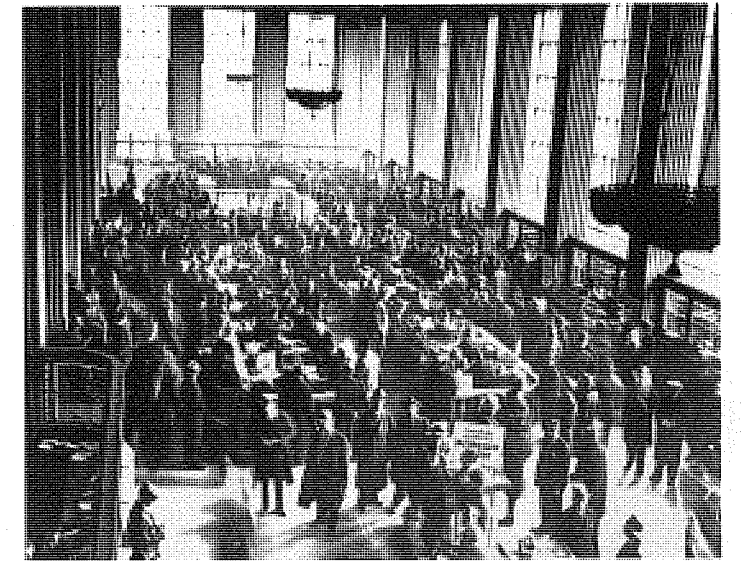
**Stabilizing Financial Institutions** FDR's first step was to restore public confidence in the nation's banks. On March 5, 1933, he ordered all banks to close for the next four days. He then pushed Congress to pass the Emergency Banking Act, which was approved on March 9. The act authorized the government to inspect the financial health of all banks.

Many Americans had been terrified by the prospect of losing all their savings in a bank failure. By his actions, FDR hoped to assure the American people that their banks would not fail. Indeed, government inspectors found that most banks were healthy, and two thirds had reopened by March 15.

After the brief "bank holiday," Americans regained confidence in the banking system. They began to put more money back into their accounts than they took out. These deposits allowed banks to make loans that would help stimulate the economy. Congress increased public confidence further by passing the Glass-Steagall Banking Act of 1933. It established a Federal Deposit Insurance Corporation (FDIC) to insure bank deposits.

## Sounds of an Era

Listen to excerpts from FDR's First Inaugural Address, one of his fireside chats, and other sounds from the New Deal era.



**VIEWING HISTORY** A Detroit, Michigan, bank opens under a new charter following the "bank holiday" ordered by FDR. **Drawing Inferences** (a) Why do you think the bank is so crowded? (b) How would you react to the bank closings if you were a bank customer in March 1933?

Congress also moved to correct problems that had led to the stock market crash. The Federal Securities Act, passed in May 1933, required companies to provide information about their finances if they offered stock for sale. The next year Congress set up the Securities and Exchange Commission (SEC) to regulate the stock market. Congress also gave the Federal Reserve Board power to regulate the purchase of stock on margin.

In July 1933, Roosevelt took a further step to stimulate the economy. He decreased the value of U.S. currency by taking it off the gold standard. He hoped that this action would raise the prices of farm products and other goods. He also hoped that a devalued American currency would stimulate export trade. FDR's move pleased many in Congress, who thought it would make paying off New Deal debts easier. Others, including his budget director, Lewis Douglas, thought it was "the end of Western civilization."

**Providing Relief and Creating Jobs** FDR's next step was to help overburdened local relief agencies. He persuaded Congress in May to establish a Federal Emergency Relief Administration (FERA), which sent funds to these agencies. Harry Hopkins, a former settlement worker and a longtime Roosevelt friend and advisor, directed this agency. Hopkins professed a strong belief in helping people find work:

*"Give a man a dole [handout], and you save his body and destroy his spirit. Give him a job and pay him an assured wage and you save both the body and the spirit."*

—FERA administrator Harry Hopkins

To help people who were out of work, the FERA also put federal money into **public works programs**, government-funded projects to build public facilities. One of these programs, set up in November 1933, was the Civil Works Administration (CWA). The CWA put the unemployed to work building or improving roads, parks, airports, and other facilities. The agency was a tremendous morale booster to its 4 million employees. As a former insurance salesman

**VIEWING HISTORY** This worker for the Civilian Conservation Corps (right) is planting seedlings in Montana. The poster below proclaims the benefits of CCC labor. **Drawing Conclusions** If you had been a young person during the Depression, what effect might these images have had on you? Why?



## NOTABLE PRESIDENTS

### Franklin Delano Roosevelt



32nd President  
1933–1945

*"The only thing we have to fear is fear itself."*

—First Inaugural Address, 1933

Courage in times of crisis was perhaps Franklin Delano Roosevelt's greatest strength. His first crisis was personal rather than political. In 1921, Roosevelt was stricken with polio, which paralyzed his legs and threatened to destroy what had been a promising political career. (Roosevelt had been the Democratic vice-presidential candidate the year before.)

Roosevelt returned to politics in 1928, running for governor of New York. Despite having to be helped or carried onto podiums to speak, Roosevelt campaigned energetically and won the election. Four years later he ran for President. In a campaign dominated by the gloom of the Great Depression, FDR's confidence helped bring him victory.

As President, Roosevelt fought the Depression through what he called "bold, persistent experimentation." "It is common sense to take a method and try it," he explained. "If it fails, admit it frankly and try another. But above all, try something." This commitment to action gave Americans much-needed hope.

Roosevelt showed a similar commitment as commander in chief during World War II. After the attack on Pearl Harbor in 1941, Roosevelt rallied a shocked nation and oversaw the creation of the greatest military force ever seen up to that time. Elected President for a record fourth time in 1944, Roosevelt died in April 1945, just months before the victorious end of the war.

#### Connecting to Today

Should government programs to help the elderly and the poor be temporary responses to crises such as the Great Depression, or should such programs be permanent? Defend your position.



**Take It to the NET Biography** To read more about Franklin Delano Roosevelt, visit the links provided in the *America: Pathways to the Present* area at the following Web site. [www.phschool.com](http://www.phschool.com)

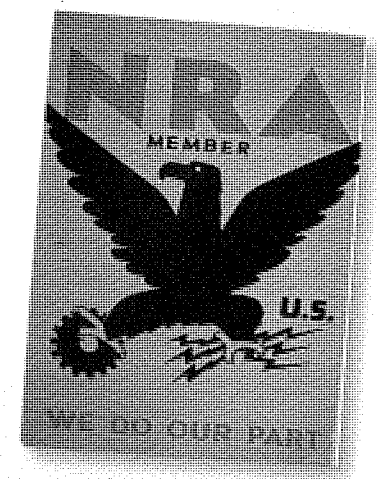
from Alabama remarked, "When I got that [CWA identification] card, it was the biggest day in my whole life. At last I could say, 'I've got a job.'"

The **Civilian Conservation Corps (CCC)** became FDR's favorite program. Established in March 1933, the CCC put more than 2.5 million young, unmarried men to work maintaining forests, beaches, and parks. CCC workers earned only \$30 a month, but they lived in camps free of charge and received food, medical care, and job training. Eleanor Roosevelt persuaded the CCC to fund similar programs for young women.

Public works programs also helped Native Americans. John Collier, FDR's commissioner of Indian Affairs, used New Deal funds and Native American workers to build schools, hospitals, and irrigation systems. The Indian Reorganization Act of 1934 ended the sale of tribal lands begun under the Dawes Act (1887) and restored some lands to Indian owners.

**Regulating the Economy** The sharp decline of industrial prices in the early 1930s had caused many business failures and much unemployment. The National Industrial Recovery Act (NIRA) of June 1933 sought to bolster those prices. The NIRA established the National Recovery Administration (NRA), which set out to balance the unstable economy through extensive planning.

This planning took the form of industry-wide codes to spell out fair business practices. The federal codes regulated wages, restraining wage competition. They controlled working conditions, production, and prices, and set a minimum wage. They gave organized labor collective bargaining rights, which allowed workers to negotiate as a group with employers. NRA officials wrote some of the codes, and they negotiated the details of some codes with the affected businesses. Many codes, however, were drawn up by the largest companies in an



The National Recovery Administration (NRA) attempted to stabilize the economy by regulating business practices.

## Focus on GEOGRAPHY

### Florida's Overseas Highway: A New Deal Project

Like a string of pearls, the Florida Keys dangle from the tip of Florida out into the Gulf of Mexico. In the early 1900s, the Florida East Coast Railroad connected the mainland to the popular island of Key West. But in 1935, the strongest hurricane ever recorded in the Western Hemisphere smacked into the Keys with winds of up to 250 miles an hour, destroying the railroad. The Public Works Administration stepped in with a \$3.6 million loan that largely financed the construction of a highway over the old railroad bed. Officially opened on July 4, 1938, the 110-mile-long Overseas Highway is the longest overwater road in the world. Part of U.S. Highway 1, it links the Keys with 42 bridges. FDR celebrated this engineering feat by driving the route from Miami to Key West in 1939.



industry. This practice pleased businesses but drew criticism from people concerned that industry influence would bias the codes against workers.

For a brief time, the codes stopped the tailspin of industrial prices. But by the fall of 1933, when higher wages went into effect, prices rose, too. Consumers stopped buying. The cycle of rising production and falling consumption returned, and many more businesses failed, causing more unemployment. Businesses complained that the codes were too complicated and the NRA's control was too rigid.

To this day, one of the most visible parts of the NIRA's efforts is the work carried out by its Public Works Administration (PWA). Directed by Secretary of the Interior Harold Ickes, the PWA launched projects ranging from the Grand Coulee Dam on the Columbia River in Washington State, to New York City's Triborough Bridge, to the causeway that connects Key West to the Florida mainland.

**Assisting Homeowners and Farmers** The Depression caused many middle-income homeowners to fall behind in paying their mortgages. The Home Owners' Loan Corporation (HOLC) refinanced mortgages—that is, changed the terms of the mortgages—to make the payments more manageable. Between June 1933 and June 1936, the HOLC made about 1 million low-interest loans. Even with these low-interest-rate loans, however, many owners lost their homes because they could not pay their mortgages.

The National Housing Act of 1934 established the Federal Housing Administration (FHA), a government-owned corporation. The FHA, which exists today, was created to improve housing standards and conditions, to insure mortgages, and to stabilize the mortgage market.

Many farmers were losing their homes and their land because of the low prices they received for their products. The **Agricultural Adjustment Administration (AAA)**, set up in May 1933, tried to raise farm prices through subsidies, or government financial assistance. The AAA used proceeds from a new tax to pay farmers *not* to raise certain crops and livestock. Lower production, it was hoped, would cause prices to rise.

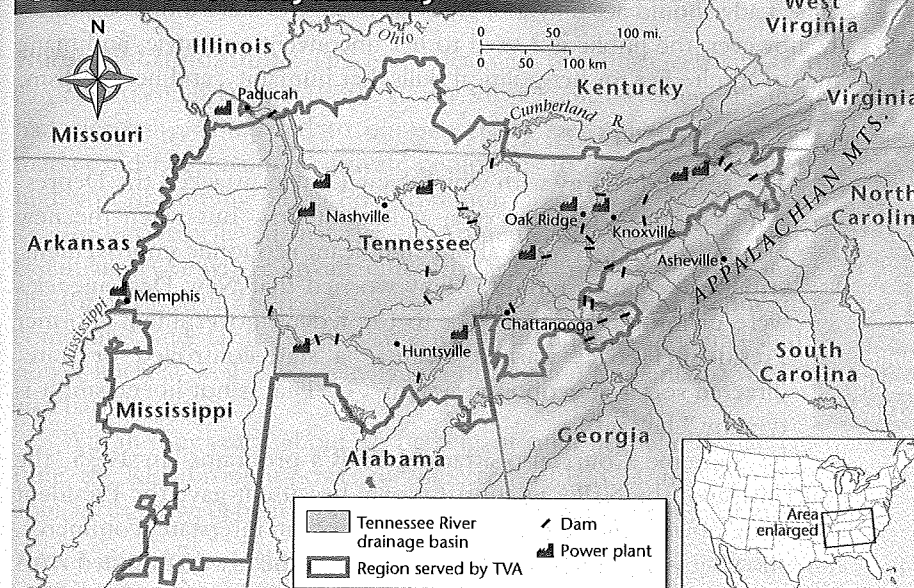
Under this program, some farmers plowed under crops that were already growing. Many Americans could not understand how the federal government could encourage the destruction of food while so many people were hungry.

**The TVA** One public works project proved especially popular. The **Tennessee Valley Authority (TVA)**, created in May 1933, helped farmers and created jobs in one of the country's least developed regions. By reactivating a hydroelectric power facility started during World War I, the TVA provided cheap electric power (in cooperation with the Rural Electrification Administration), flood control, and recreational opportunities to the entire Tennessee River valley, as shown on the map on the next page.

### Key Players in the New Deal

Roosevelt surrounded himself with eager and hard-working advisors. Some became members of the Cabinet or, like Harry Hopkins, headed one of the new agencies. Columbia University Professors Raymond Moley, Adolf A. Berle, and Rexford G. Tugwell became the three key members of FDR's so-called "brain trust," an informal group of intellectuals who helped draft policies.

## The Tennessee Valley Authority



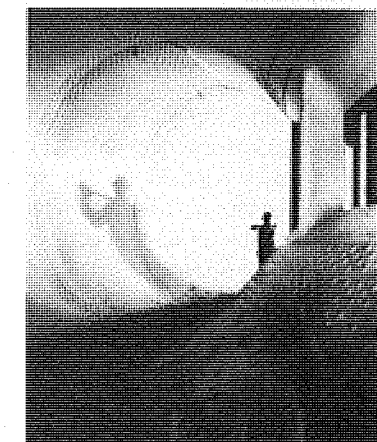
**Groundbreaking Appointments** Roosevelt was the first President ever to appoint a woman to a Cabinet post. Frances Perkins, a former Progressive who had headed the New York State Industrial Commission, became Secretary of Labor. She held this job until 1945. Perkins successfully pressed for laws that would help both wage earners and the unemployed. Perkins was one of more than two dozen women who held key New Deal positions.

FDR's administration also broke new ground by hiring African Americans in more than a hundred policymaking posts. One of Roosevelt's key appointees, Mary McLeod Bethune, held the highest position of any African American woman in the New Deal. Bethune was a former elementary school teacher, a college president, and the founder of the National Council of Negro Women. She entered government service with a reputation as one of the country's most influential spokespersons for African American concerns.

Appointed director of the Division of Negro Affairs of the National Youth Administration (NYA) in 1936, Bethune advised FDR on programs that aided African Americans. In the process, she increased her level of influence. She forged a united stand among black officeholders by organizing a Federal Council on Negro Affairs. This unofficial group, known as the "black Cabinet," met weekly to hammer out priorities and increase African American support for the New Deal.

**Eleanor Roosevelt** Among FDR's most important colleagues was his wife, Eleanor. She threw herself into supporting the New Deal and traveled widely for her husband, whose disability made traveling difficult. She reported to him on conditions in the country and on the effects of his programs. At times, the First Lady took stands that posed problems for her husband. For example, in 1938, she attended a Birmingham, Alabama, meeting of the Southern Conference for Human Welfare, an interracial group. She knew she was expected to obey local Jim Crow laws that required blacks and whites to sit on opposite sides of the auditorium. In protest, she sat in the center of the aisle, between the divided races. Her act received wide publicity, and no one missed its symbolism.

**MAP SKILLS** The massive TVA project combined the activities of many government agencies to control flooding of the Tennessee River, provide hydroelectric power and irrigation for farms, improve navigation, and provide recreation. The photograph below shows the interior of a dam in Norris, Tennessee. **Regions (a)** Which states benefited from the TVA? (b) What formed the boundary of TVA activity in the East?

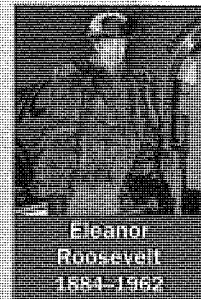


### READING CHECK

What historic appointments did FDR make to his administration?

## BIOGRAPHY

Anna Eleanor Roosevelt, a niece of Theodore Roosevelt, was born in New York City on October 11, 1884. A member of a wealthy family, Eleanor attended private schools. In 1905, she married her distant cousin Franklin, and they had six children.



Eleanor Roosevelt  
1884–1962

During World War I, Eleanor Roosevelt joined the war effort as a volunteer for the Red Cross. After the war, she became involved in social and political reforms. In 1922, she joined the Women's Trade Union League and became a leader in the New York State Democratic Party.

Eleanor Roosevelt reshaped the role of First Lady. Besides traveling widely to observe the effects of the New Deal on Americans, she held her own press conferences at the White House, which were for women correspondents only. She lectured widely, and in 1935, she started a newspaper column called "My Day." She used the column to drum up support for the New Deal.

Within a year after Franklin's death in 1945, Eleanor gained further admiration as a delegate to the United Nations. In that role, she led the campaign to approve a Declaration of Human Rights. She worked vigorously for human rights causes until her death in 1962.

Eleanor Roosevelt's activities troubled some Americans. In their view, a First Lady should act only as a gracious hostess at state dinners. Gradually, however, the public got used to her unconventional style, and many came to admire her for her political skills, her humanity, and her idealism.

### The New Deal Falters

The zeal and energy with which New Dealers attacked the Depression pleased many observers, at least at first. But when the new programs failed to bring about significant economic improvement, criticism began to mount. Many worried that New Deal agencies were giving increasing power to the federal government. Former President Hoover warned against "a state-controlled or state-directed social or economic system. . . . That is not liberalism; it is tyranny," he said.

The Supreme Court also attacked FDR's programs. In 1935, the Court declared the NIRA unconstitutional because it gave the President lawmaking powers and regulated local, rather than interstate, commerce. The following year, the Court also struck down the tax that funded AAA subsidies to farmers. Two of the most important elements of the New Deal had crumbled. It was time to reassess.

### A Second New Deal

Most of the public remained behind Roosevelt. The midterm elections of 1934 showed overwhelming nationwide support for FDR's administration. In 1935, the President launched a new, even bolder burst of activity. Many historians call this period and the legislation it produced the **Second New Deal**, or the Second Hundred Days. In part, it was FDR's response to critics who said he was not doing enough for ordinary Americans. The Second New Deal included more social welfare benefits, stricter controls over business, stronger support for unions, and higher taxes on the rich.

**New and Expanded Agencies** New agencies attacked joblessness even more aggressively than before. The Works Progress Administration (WPA), an agency set up in 1935 and lasting eight years, provided work for more than 8 million citizens. The WPA built or improved tens of thousands of playgrounds, schools, hospitals, and airfields, and it supported the creative work of many artists and writers. The National Youth Administration, established in June 1935 within the WPA, provided education, jobs, recreation, and counseling for young men and women ages 16 through 25.

The Second New Deal responded to the worsening plight of agricultural workers. The original AAA had ignored many of the farm workers who did not own land. In the Southwest, for example, Mexican American farm workers struggled to survive. Many of these migrant workers were forced to return to Mexico. Others tried to form unions, causing fierce resistance from farming associations. In the South, when landlords accepted the AAA subsidies and took land out of production, many tenants and sharecroppers were left without land to farm.

In May 1935, Rexford Tugwell, an economist in FDR's Department of Agriculture, set up the Resettlement Administration. The agency loaned money to owners of small farms and helped resettle tenants and sharecroppers on productive land. In 1937, the Farm Security Administration (FSA) replaced

Tugwell's agency. It loaned more than \$1 billion to farmers and set up camps for migrant workers.

**Rural Electrification** The New Deal also brought electricity to the American countryside. By the 1930s, nearly 90 percent of Americans in urban areas had electricity, compared to only about 10 percent in rural areas. The free market did not encourage private companies to provide power because of the high cost of running power lines to remote areas.

Roosevelt believed that the government had an obligation to provide this essential service where private enterprise would not. In 1935, Congress created the Rural Electrification Administration (REA), which offered loans to electric companies and farm cooperatives for building power plants and extending power lines, as well as to farmers and other rural residents to wire their homes and barns.

Within four years, about 25 percent of rural households had electricity. In time, the REA brought power to 98 percent of U.S. farms. Demand for electric appliances grew, benefiting manufacturing companies and local merchants.

**New Labor Legislation** Labor unions had liked the NIRA provision known as 7a, which granted them the right to organize and bargain collectively. When the NIRA was declared unconstitutional, workers began to demand new legislation to protect their rights.

In July 1935, Congress responded. It passed the National Labor Relations Act, called the **Wagner Act** after its leading advocate, New York Senator Robert Wagner. The Wagner Act legalized such union practices as collective bargaining and **closed shops**, which are workplaces open only to union members. It also outlawed spying on union activities and blacklisting, a practice in which employers agreed not to hire union leaders. The act set up the National Labor Relations Board (NLRB) to enforce its provisions. The

### READING CHECK

Why did Roosevelt see a need to launch a second New Deal?

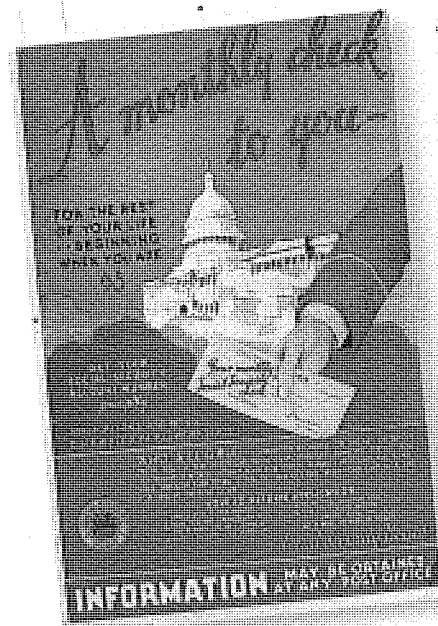
### INTERPRETING CHARTS

The New Deal created an alphabet soup of new federal agencies, greatly expanding the bureaucracy and authority of the government.

**Synthesizing Information** Write a statement explaining the major goals of these agencies.

### Major New Deal Agencies

Agency	Purpose
Federal Emergency Relief Act (FERA), 1933	Provided funds to state relief agencies.
Civil Works Administration (CWA), 1933	Provided federal jobs in building and improving roads and public facilities.
Tennessee Valley Authority (TVA), 1933	Provided hydroelectric power, flood control, and recreational opportunities to the Tennessee River Valley and surrounding areas.
Home Owners Loan Corporation (HOLC), 1933	Provided low-cost mortgage refinancing to homeowners facing foreclosure.
Civilian Conservation Corps (CCC), 1933	Provided jobs to young, unmarried men (and, later, women) to work on conservation and resource development projects.
Public Works Administration (PWA), 1933	Sponsored massive public works projects such as dams and hydroelectric plants.
National Recovery Administration (NRA), 1933	Worked with industries to establish codes outlining fair business and labor practices.
Federal Deposit Insurance Corporation (FDIC), 1933	Insured bank deposits up to \$5,000.
Agricultural Adjustment Administration (AAA), 1933	Attempted to raise farm prices by paying farmers to lower farm output.
Federal Housing Administration (FHA), 1934	Improved housing standards and conditions and provided home financing.
Securities and Exchange Commission (SEC), 1934	Regulated the stock market and protected investors from dishonest trading practices.
Works Progress Administration (WPA), 1935	Gave the unemployed work in building construction and arts programs.
National Labor Relations Board (NLRB), 1935	Enforced provisions of the Wagner Act, which included the right to collective bargaining and other union rights.
National Youth Administration (NYA), 1935	Provided education, jobs, recreation, and counseling for youth ages 16 to 25.
Rural Electrification Administration (REA), 1935	Provided loans for building power plants, extending power lines to rural areas, and wiring homes.
Social Security Administration (SSA), 1935	Provided old-age pensions, disability payments, and unemployment benefits.



The Social Security system marked a major expansion of the federal government's role as a caretaker of its citizens.

Supreme Court upheld the constitutionality of the Wagner Act in *NLRB v. Jones and Laughlin* (1939). The landmark case established the federal government's ability to regulate labor disputes linked to interstate commerce. In 1938, the Fair Labor Standards Act banned child labor and established a minimum wage for all workers covered under the act.

**Social Security** In 1935, Congress also passed the Social Security Act. The act established a **Social Security system** to provide financial security, in the form of regular payments, to people who could not support themselves. This system offered three types of insurance:

**Old-age pensions and survivors' benefits** Workers and their employers paid equally into a national insurance fund. Retired workers or their surviving spouses were eligible to start receiving Social Security payments at age 65. The act did not cover farm and domestic workers until it was amended in 1954.

**Unemployment insurance** Employers with more than eight employees funded this provision by paying a tax. The government distributed the money to workers who lost their jobs. States administered their own programs, with federal guidance and financial support.

**Aid for dependent children, the blind, and the disabled** The federal government gave grants to states to help support needy individuals in these categories.

### The 1936 Election

No one expected the Republican presidential candidate of 1936, Kansas governor Alfred M. Landon, to beat the popular incumbent President. But few could have predicted the extent of FDR's landslide. Roosevelt carried every state except Maine and Vermont, winning 523–8 in the electoral college.

FDR's landslide victory showed that most Americans supported the New Deal. Yet the New Deal still had many critics with their own sizable followings.

## The New Deal's Critics

### READING FOCUS

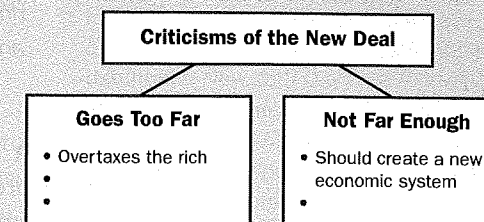
- What were some of the shortcomings and limits of the New Deal?
- What were the chief complaints of FDR's critics inside and outside of politics?
- How did the court-packing fiasco harm FDR's reputation?

### KEY TERMS

American Liberty League  
demagogue  
nationalization  
deficit spending

### TAKING NOTES

Copy the chart below. As you read, fill in criticisms of the New Deal.



### MAIN IDEA

A variety of critics pointed out the shortcomings of the New Deal as well as its potential for restricting individual freedom.

**Setting the Scene** To the poor and the jobless who benefited from New Deal programs, Franklin Delano Roosevelt was a true hero. One mill worker expressed the thoughts of many citizens:

*"Roosevelt is the only President we ever had that thought the Constitution belonged to the pore [poor] man too. . . . Yessir, it took Roosevelt to read in the Constitution and find out them folks way back yonder that made it was talkin' about the pore man right along with the rich one."*

—Testimony by mill worker George Dobbin in 1939, collected in *These Are Our Lives*, Federal Writers Project of the Works Progress Administration (1939)

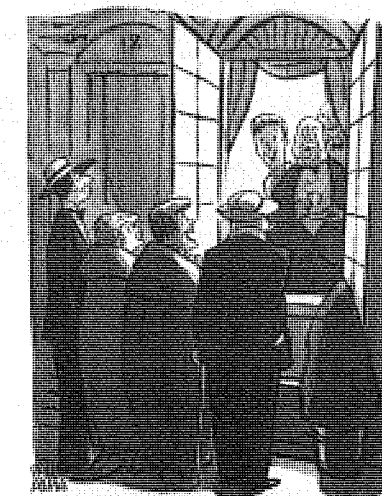
Letters thanking the President poured into the White House. One letter read, "There ain't no other nation in the world that would have sense enough to think of WPA and all the other A's."

Yet the New Deal inspired its share of critics, and the criticism would swell as the Depression dragged on. One critic wrote, "If you could get around the country as I have and seen the distress forced upon the American people, you would throw your darn NRA and AAA, and every other . . . A into the sea."

### The Limitations of the New Deal

For all its successes, the New Deal fell short of many people's expectations. The Fair Labor Standards Act, for example, covered fewer than one quarter of all gainfully employed workers. It set the minimum wage at 25 cents an hour, which was well below what most covered workers already made. New Deal agencies also were generally less helpful to women and minority groups than they were to white men.

**Women** Many aspects of New Deal legislation put women at a disadvantage. The NRA codes, for example, permitted lower wages for women's work in almost a quarter of all cases. In relief and job programs, men and boys received strong preference. In accordance with the social customs of the time, jobs went to male "heads of families," unless the men were unable to work.



"COME ALONG. WE'RE GOING TO THE TRANS-LUX TO HISS ROOSEVELT."

**INTERPRETING POLITICAL CARTOONS** In this cartoon, rich people are going to a fancy hotel to "hiss"—that is, protest—FDR. **Analyzing Visual Information** How does the cartoonist depict wealth? Why did some rich people oppose Roosevelt's policies?

### READING COMPREHENSION

1. What steps did FDR take to restore the nation's hope and boost public confidence in economic institutions?
2. What role did **public works programs** play in Roosevelt's plans for economic recovery?
3. What benefits did the **Tennessee Valley Authority** bring about?
4. How was the **Wagner Act** a triumph for organized labor?

### CRITICAL THINKING AND WRITING

5. **Making Comparisons** Compare the success of the early New Deal programs with those of the Second New Deal. Explain why the early programs faltered, and how the Second New Deal gave FDR a boost in the 1936 election.
6. **Writing a Conclusion** Write a statement that analyzes the types of programs created under the New Deal and then draws conclusions about FDR's view of the role of government. Give evidence to support your conclusions.

### Take It to the NET

**Activity: Yesterday and Today** A New Deal program that survives today is the Tennessee Valley Authority (TVA). Research the TVA's beginnings and find out how it has changed to meet present-day needs. Summarize your findings in a brief report. Use the links provided in the *America: Pathways to the Present* area of the following Web site for help in completing this activity.  
[www.phschool.com](http://www.phschool.com)

No New Deal provision protected domestic service, the largest female occupation. In 1942, an African American domestic worker in St. Louis pleaded with the President to ask employers, the “rich people,” to “give us some hours to rest in and some Sundays off and pay us more wages.” Working 14-hour days, she earned only \$6.50 per week. A brutally honest official wrote back to her:

“State and Federal labor laws, which offer protection to workers in so many occupations, have so far not set up standards for working conditions in domestic situations. There is nothing that can be done . . . to help you and others in this kind of employment.”

—Roosevelt administration official

**African Americans** Federal relief programs in the South, including public works projects, reinforced racial segregation. As a rule, African Americans were not offered jobs at a professional level. They were kept out of skilled jobs on dam and electric power projects, and they received lower pay than whites for the same work. Because the Social Security Act excluded both farmers and domestic workers, it failed to cover nearly two thirds of working African Americans. One black American expressed deep disappointment with FDR’s policies:

“All the prosperity he had brought to the country has been legislated and is not real. Nothing he has ever started has been finished. My common way of expressing it is that we are in the middle of the ocean like a ship without an anchor. No good times can come to the country as long as there is so much discrimination practiced. . . . I don’t see much chance for our people to get anywhere when the color line instead of ability determines the opportunities to get ahead economically.”

—Testimony by Sam T. Mayhew in 1939, collected in *Such As Us* (1978)

Nor did the New Deal do anything to end discriminatory practices in the North. In many black neighborhoods, for example, white-owned businesses continued to employ only whites. In the absence of help from the federal government, African Americans took matters into their own hands. Protesters picketed and boycotted such businesses with the slogan “Don’t shop where you can’t work.”

The early Depression had seen an alarming rise in the number of lynchings. The federal government again offered no relief. A bill to make lynching a federal crime was abandoned by Congress in 1938. NAACP leader Walter White recalled in 1948 that FDR had given this explanation for his refusal to support these measures:

“Southerners, by reason of seniority rule in Congress, are chairmen or occupy strategic places on most of the Senate and House committees. If I come out for the anti-lynching bill now, they will block every bill I ask Congress to pass to keep America from collapsing. I just can’t take that risk.”

—President Franklin Roosevelt



**VIEWING HISTORY** This photograph, taken at a relief center in Louisville, Kentucky, highlights the struggle of African Americans to overcome the effects of both the Depression and prejudice.

**Analyzing Visual Information** What contrast was the photographer trying to point out in this picture?

Although African Americans in the North had not supported FDR in 1932, by 1936 many had joined his camp. Often the last hired and first fired, they had experienced the highest unemployment rates of any group during the Depression. For this reason, those who did gain employment appreciated many of the New Deal programs.

Other aspects of Roosevelt’s record also had some appeal to many African Americans. He appointed more African Americans to policymaking posts than any President before him. The Roosevelts also seemed genuinely concerned about the fate of African Americans. These factors help to explain FDR’s wide support among black voters.

## Political Critics

Under the desperate conditions of the Great Depression, reactions to the New Deal ran strong. People with widely differing political views criticized the New Deal, both for what it did and for what it did not do.

**New Deal Does Too Much** A number of Republicans, in Congress and elsewhere, opposed Roosevelt. They knew something had to be done about the Depression, but they believed that the New Deal went too far.

These critics included many wealthy people who regarded FDR as their enemy. Early in the New Deal, they had disapproved of certain programs, such as the TVA and rural electrification, that they considered to be socialistic. The Second New Deal gave them even more to hate, as FDR pushed through a series of higher taxes aimed at the rich. One of these was the Revenue Act of 1935, also known as the Wealth Tax Act. This act raised the tax rate on individual incomes over \$50,000 as well as on the income and profits of corporations.

The Social Security Act also aroused political opposition. Some of FDR’s enemies claimed that it penalized successful, hardworking people by forcing them to pay into the system. Others saw the assignment of Social Security numbers as the first step toward a militaristic, regimented society. They predicted that soon people would have to wear metal dog tags engraved with their Social Security numbers.

A group called the **American Liberty League**, founded in 1934, spearheaded much of the opposition to the New Deal. It was led by former Democratic presidential candidate Alfred E. Smith, the National Association of Manufacturers, and leading business figures.

The league charged the New Deal with limiting individual freedom in an unconstitutional, “un-American” manner. To them, programs such as compulsory unemployment insurance smacked of “Bolshevism,” a reference to the political philosophy of the founders of the Soviet Union.

**New Deal Does Not Do Enough** Many Progressives and Socialists also attacked the New Deal. But these critics charged that FDR’s programs did not provide enough help.

Muckraking novelist Upton Sinclair believed that the nation’s entire economic system needed to be reformed in order to cure what he believed to be a “permanent crisis.” A Socialist, he sought solutions that went far beyond New Deal-style reforms. In 1934, Sinclair ran for governor of California on the Democratic ticket. His platform, “End Poverty in California” (EPIC), called for a new economic system in which the state would take over factories and farms.

## FOCUS ON CULTURE

**Marian Anderson and the DAR** One of the greatest concert singers of her time, Marian Anderson first achieved widespread fame in Europe. At the time, opportunities for African Americans in the United States were limited. In 1935, however, Anderson successfully debuted in New York City. The following year, at the Roosevelts’ invitation, she became the first African American to perform at the White House. In 1939, Anderson attempted to rent Constitution Hall in Washington, D.C., to stage a concert. The owners of the hall, the prestigious Daughters of the American Revolution (DAR), denied Anderson’s request. In protest, Eleanor Roosevelt and other important members resigned from the group and then arranged for Anderson to perform on the steps of the Lincoln Memorial. An audience of some 75,000, including both blacks and whites, attended the concert on Easter, April 9, 1939.

Anderson’s moving performance included a patriotic rendering of “America.”



## READING CHECK

What were the main criticisms of the New Deal?

**INTERPRETING POLITICAL CARTOONS** In this cartoon, Uncle Sam is being restrained by New Deal agencies and policies. **Drawing Inferences** What point is the cartoonist trying to make? Does the cartoon favor or criticize the New Deal? Support your answers with details from the drawing.



EPIC clubs formed throughout the state, and Sinclair won the primary. Terrified opponents then used shady tactics to discredit him. They produced fake newsreels showing people who spoke with a Russian accent endorsing Sinclair. Associated unfairly with communism, Sinclair lost the election.

The New Deal had only limited success in eliminating poverty. This fact contributed to a revival of progressivism in Minnesota and Wisconsin. Running for the United States Senate, Wisconsin Progressive Robert La Follette, Jr., argued that “devices which seek to preserve the unequal distribution of wealth . . . will retard or prevent recovery.” His brother Philip also took a radical stand, calling for a redistribution of income. Philip’s ideas persuaded the state Socialist Party to join the Progressives after he won the Wisconsin governorship in 1934.

### Other Critics

Some New Deal critics were **demagogues**, leaders who manipulate people with half-truths, deceptive promises, and scare tactics. Two such demagogues attracted strong followings during the Depression.

**Father Coughlin** One such demagogue was Father Charles E. Coughlin (CAWG-lin), a dynamic speaker who used the radio to broadcast his message. Throughout the 1930s, the so-called Radio Priest held listeners spellbound from his studio in Detroit. In 1934, Father Coughlin’s weekly broadcasts reached an audience estimated at more than 10 million people.

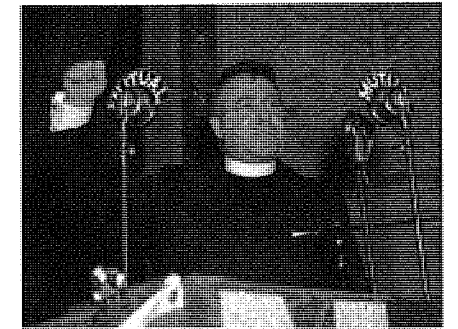
Coughlin achieved popularity even though he sometimes contradicted himself. One time he advocated the **nationalization**, or government takeover and ownership, of banks and the redistribution of their wealth. Another time he defended the sanctity of private property, including banks. At first he supported FDR and the New Deal. Later he denounced them, through his radio show and through the organization he formed in 1934 called the National Union for

Social Justice. Coughlin’s attacks on FDR grew increasingly reckless. In 1936, he called him “Franklin ‘Double-crossing’ Roosevelt” and described him as a “great betrayer and liar.”

By the end of the 1930s, Coughlin was issuing openly anti-Jewish statements. He also began showering praise on Adolf Hitler and Benito Mussolini, two menacing leaders who were rising to power in Europe. Coughlin’s actions alarmed many Americans, and he lost some of his support. In 1942, Roman Catholic officials ordered him to stop broadcasting his show.

**Huey Long** A powerful figure in Louisiana politics, Huey Long was a different type of demagogue. Long was a country lawyer who had grown up in poverty. He won the governorship of Louisiana in 1928 and became a United States senator in 1932. Unlike many other southern Democrats, Long never used racial attacks to build a base of power. Instead, he worked to help the underprivileged by improving education, medical care, and public services. He also built an extraordinarily powerful and ruthless political machine in his home state.

Originally a supporter of FDR, Long broke with him early in the New Deal. “Unless we provide for redistribution of wealth in this country, the country is doomed,” he said. While in the Senate, Long developed a program called Share-Our-Wealth. It would limit individual income to \$1 million and inheritance to \$5 million. The government would take the rest in steep progressive income taxes. Thus the plan would confiscate large fortunes. It would then redistribute that wealth by giving every family a minimum \$5,000 “household estate” and a minimum annual income of \$2,500. Long also sought other improvements for Americans: shorter working hours, more veterans’ benefits, payments for education, and pensions for the elderly.



At top, Father Coughlin addresses some 6,000 members of his National Union for Social Justice in Detroit, 1936. Above, Louisiana’s Huey Long gestures in the flamboyant style for which he was famous.

## COMPARING HISTORIANS’ VIEWPOINTS

### Roosevelt and the New Deal

Historians disagree on the effectiveness of the New Deal in combating the Depression and improving the lives of Americans.

**Analyzing Viewpoints** Compare the viewpoints of these two historians.

#### Criticism of the New Deal

“[New Deal measures] have not been administered with any special care to preserve the best features of private industry and encourage it to bring about recovery. The relief measures have been inefficient and expensive. They have resulted in a tremendous burden of taxation. . . . There has been no effort to preserve conditions under which a man, striving for a private job and doing his job well, shall be encouraged and preferred to the man on WPA. . . . More men have gone out of business in the last five years than have gone into business because of the complete uncertainty whether they can survive a constant Government interference.”

—Robert A. Taft, “A Conservative Critique: The New Deal and the Republican Program”

#### Praises for the New Deal

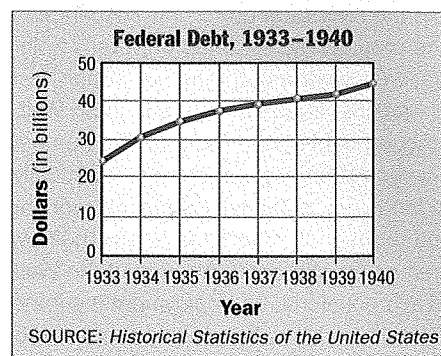
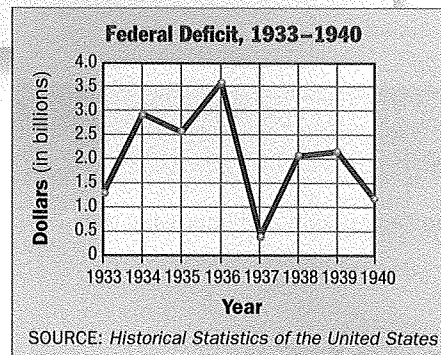
“What then did the New Deal do? . . . [It] expanded the authority of the presidency, recruited university-trained administrators, won control of the money supply, established central banking, imposed regulations on Wall Street, . . . rescued debt-ridden farmers and homeowners, . . . fostered unionization of the factories, drastically reduced child labor, . . . established minimal working standards, enabled thousands of tenants to buy their own farms, built camps for migrants, introduced the Welfare State with old-age pensions, unemployment insurance, . . . subsidized painters and novelists, composers and ballet dancers, . . . [and] gave women greater recognition. . . .”

—William E. Leuchtenburg,

The FDR Years: On Roosevelt and His Legacy

## Focus on ECONOMICS

**Deficit and Debt** The terms *federal deficit* and *federal debt* (or *national debt*) are often confused. A federal deficit occurs when the government spends more money in its annual budget than it receives in revenues during that year. To cover a deficit, the government borrows money by issuing bonds, which are essentially IOUs to those who buy the bonds. The federal **debt** is the money the government owes to its bondholders. The government could have a great deal of federal debt, but not be practicing deficit spending. That is, it could be spending no more than it earns each year, yet it still could be paying off old debt, much like individuals who owe money on their credit cards. The chart below, for example, shows the deficit rising and falling during the Depression, as federal revenues and spending varied. The debt chart at the bottom, however, shows steady increases in government borrowing for New Deal programs.



Although Long's program for helping all Americans achieve wealth was mathematically impossible, it attracted many followers. His success helped push FDR to propose new taxes on wealthy Americans in the Second New Deal. Meanwhile, Long himself began to eye the presidency. But in September 1935, the son-in-law of one of Long's political enemies shot and killed him.

Long and Coughlin never seriously threatened FDR or the New Deal. But their influence warned Roosevelt that if he failed to solve the nation's problems, he risked losing mass support.

### Modern-Day Critics

Although many of the people who directly benefited from the New Deal are now gone, their children and grandchildren still pass down individual stories of hope and help that came to their families through programs like the WPA. To many Americans, FDR's bold actions place him among the nation's greatest Presidents. Yet some modern-day critics question whether the New Deal achieved the greatest good for the greatest number of Americans.

Some historians and economists have examined this question in recent years and found the New Deal lacking. They say that New Deal programs actually hindered economic progress and threatened America's core beliefs in free enterprise. Further, they charge that the programs created a bloated and dangerously powerful federal bureaucracy and encouraged inefficient use of resources.

For example, critics maintain that New Deal employment programs created "make work" jobs instead of allowing the free market to determine what jobs, and how many, were needed. These job programs were financed by heavy tax increases, which took money out of the economy and gave people less money to spend on products that would boost production and create jobs.

Modern critics also attack the policy of paying farmers not to plant. They contend that market demand should have been allowed to determine the supply and price of farm products. In a time of hunger, the program wasted precious resources, they note—from dumped milk to burned wheat. The program encouraged some farmers to plant crops on poor land just so that they could later take the land out of production and get paid for doing so. This caused marginal soil to erode further and become depleted. Farm production quotas penalized efficient and less-efficient farmers equally, while the free market would have weeded out inefficiency and rewarded productivity.

Finally, the New Deal receives criticism from people who oppose **deficit spending**—paying out more money from the annual federal budget than the government receives in revenues. Deficit spending to fund New Deal programs required the government to borrow money. Government borrowing produced what economists call the "crowding-out effect"—making less money available for private borrowing by businesses and consumers.

At the heart of the question is a difference in ideologies. Some people believe that the New Deal violated the free-market system that Americans have traditionally cherished. Others believe that providing direct relief to many of the nation's suffering citizens was worth the compromise. These debates continue today.

### The Court-Packing Fiasco

Roosevelt received criticism not only for his programs, but also for his actions. No act aroused more opposition than his attempt to "pack" the Supreme Court.

Throughout the early New Deal, the Supreme Court had caused FDR his greatest frustration. The Court had invalidated the NIRA, the AAA, and many state laws from the Progressive Era. In February 1937, FDR proposed a major court-reform bill.

The Constitution had not specified the number of Supreme Court justices. Congress had last changed the number in 1869. By Roosevelt's time, the number nine had become well established. Arguing that he merely wanted to lighten the burden on the aging justices, FDR asked Congress to allow him to appoint as many as six additional justices, one for each justice over 70 years old. Roosevelt's real intention was to "pack" the Court with judges supportive of the New Deal.

Negative reaction came swiftly from all sides. Critics blasted the President for trying to inject politics into the judiciary. They warned Congress not to let him undermine the constitutional principle of separation of powers. With several dictators ruling in Europe, the world seemed already to be tilting toward tyranny. If Congress let FDR reshape the Supreme Court, critics worried, the United States might head down the same slope.

Strong opposition forced FDR to withdraw his reform bill. He also suffered political damage. Many Republicans and Southern Democrats united against further New Deal legislation. This alliance remained a force for years to come.

In the end, FDR still wound up with a Court that tended to side with him. Some older justices retired, allowing the President to appoint justices who favored the New Deal. Even earlier, however, the Court, acting on lawsuits filed by New Deal adversaries, had begun to uphold measures from the Second New Deal, including the Wagner Act. The Court may have been reacting to public opinion, or it may have decided that those measures were better thought out and more skillfully drafted than earlier ones.



**INTERPRETING POLITICAL CARTOONS** FDR's request to Congress to allow him to appoint more Supreme Court justices (friendly to his New Deal programs) caused an uproar that damaged the President politically. **Analyzing Visual Information** In this cartoon, what do you think the donkey represents, and what is the cartoonist trying to portray?

## Section 2

## Assessment

### READING COMPREHENSION

1. What effects did the New Deal have on women and minorities?
2. Why did the **American Liberty League** view the New Deal as unconstitutional and un-American?
3. Why did Upton Sinclair and Robert La Follette believe that the New Deal did not go far enough?
4. Describe FDR's "court-packing" maneuver and its outcome.

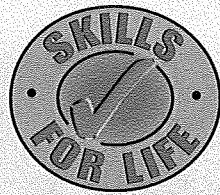
### CRITICAL THINKING AND WRITING

5. **Making Comparisons** Compare and contrast the criticisms of two New Deal-era demagogues, Father Coughlin and Huey Long.
6. **Writing an Opinion** Review the arguments made by modern-day supporters and critics of the New Deal, and reread *Comparing Historians' Viewpoints*. Write a statement explaining which arguments you agree with, and why.

### Take It to the NET

**Activity: Analyzing Primary Sources** Read or listen to the "fireside chat" in which FDR explains his controversial court-packing plan to the nation. What is his argument? Do you agree or disagree with it? Explain. Use the links provided in the *America: Pathways to the Present* area of the following Web site for help in completing this activity.  
[www.phschool.com](http://www.phschool.com)





# Distinguishing Fact From Opinion

**A fact is something that can be proved to be true by checking an encyclopedia or other trusted source. An opinion is a judgment that reflects beliefs or feelings. Historical materials such as speeches, letters, and diaries often contain both facts and opinions. The ability to distinguish between facts and opinions will help you determine the soundness of a writer's ideas and reach your own conclusions about historical events.**

**In the excerpt below from a speech given at the 1936 Republican National Convention, Herbert Hoover criticizes the New Deal.**

### LEARN THE SKILL

Use the following steps to distinguish between fact and opinion in historical materials:

- 1. Determine which statements are facts.** Remember that facts can be verified in other sources.
- 2. Determine which statements are opinions.** Sometimes authors signal opinions with phrases such as "I believe" or "I think," but often they do not. Other clues that indicate opinions are emotion-packed words and sweeping generalizations. (A sweeping generalization is a broad statement about a group of people, things, or events, such as, "Politicians are corrupt.")
- 3. Evaluate opinions as you read.** Generally, an opinion is more reliable when the author gives facts to support it.

### PRACTICE THE SKILL

Answer the following questions:

- 1. (a)** For what reason is Hoover's first statement, about the Supreme Court, easily recognizable as a fact? **(b)** Find two other statements of fact in the excerpt. How might you prove each one is a statement of fact?
- 2. (a)** What indicates that the final sentence of the first paragraph is an opinion rather than a fact? **(b)** Find two other statements of opinion in the excerpt. What indicates that they are opinions?
- 3. (a)** How does Hoover support his opinion that many New Deal acts "were a violation of the rights of men and of self-government"? **(b)** Does he present any facts to support his statement that the Congress has "abandoned its responsibility"? **(c)** In your opinion, how good a job has Hoover done in supporting his opinions? Explain your answer.

### APPLY THE SKILL

See the Chapter Review and Assessment for another opportunity to apply this skill.

*"The Supreme Court has reversed some ten or twelve of the New Deal major enactments. Many of these acts were a violation of the rights of men and of self-government. Despite the sworn duty of the Executive and Congress to defend these rights, they have sought to take them into their own hands. That is an attack on the foundations of freedom.*

*More than this, the independence of the Congress, the Supreme Court, and the Executive are pillars at the door of liberty. For three years the word 'must' has invaded the independence of Congress. And the Congress has abandoned its responsibility to check even the expenditures [spending] of money. . . .*

*We have seen these gigantic expenditures and this torrent of waste pile up a national debt which two generations cannot repay. . . .*

*Billions have been spent to prime the economic pump. . . . We have seen the frantic attempts to find new taxes on the rich. Yet three-quarters of the bill will be sent to the average man and the poor. He and his wife and his grandchildren will be giving a quarter of all their working days to pay taxes. Freedom to work for himself is changed into a slavery of work for the follies of government. . . .*

*We have seen the building up of a horde of political officials. We have seen the pressures upon the helpless and destitute to trade political support for relief. Both are a pollution of the very foundations of liberty."*

—Herbert Hoover, *American Ideals Versus the New Deal*

# Last Days of the New Deal

### READING FOCUS

- What factors led to the recession of 1937, and how did the Roosevelt administration respond?
- What triumphs and setbacks did unions experience during the New Deal era?
- What effects did the New Deal have on American culture?
- What lasting effects can be attributed to the New Deal?

### KEY TERMS

- recession
- national debt
- revenue
- coalition
- sit-down strike

### TAKING NOTES

Copy the chart below on a piece of paper. As you read, fill in the blanks by listing various effects of the New Deal.

Effects of the New Deal			
Economic	Political	Social	Cultural

### MAIN IDEA

Ultimately, the New Deal did not end the Depression. Yet it had lasting effects on many aspects of American life.

**Setting the Scene** In 1936, writer James Agee and photographer Walker Evans made a six-week journey among the nation's poorest citizens, the tenant farmers of Alabama. Evans's photographs and Agee's descriptions were later published as *Let Us Now Praise Famous Men*, a book that left powerful images of the Great Depression in the nation's consciousness. The book bore witness to the survival of human dignity in the midst of deepest poverty. Here Agee, who shared meager lodgings with families, describes one farmer's revolving door of debt and despair:

*"66 Years ago the Ricketts were, relatively speaking, almost prosperous. Besides their cotton farming they had ten cows and sold the milk, and they lived near a good stream and had all the fish they wanted. Ricketts went \$400 into debt on a fine young pair of mules. One of the mules died before it had made the first crop; the other died the year after; against his fear . . . Ricketts went into debt for other, inferior mules; his cows went one by one . . . ; he got congestive chills; his wife got pellagra [a disease caused by dietary deficiencies]; a number of his children died; . . . for ten consecutive years now . . . they have not cleared or had any hope of clearing a cent at the end of the year. . . .*

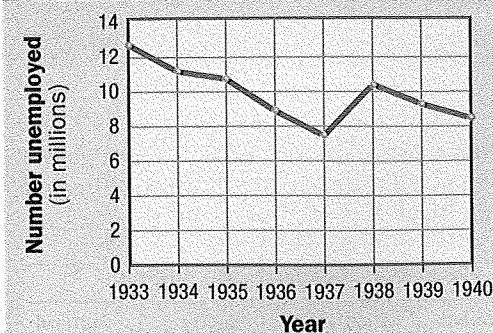
*WPA work is available to very few tenants: they are, technically, employed, and thus have no right to it: and if by chance they manage to get it, landlords are more likely than not to intervene. They feel it spoils a tenant to be paid wages, even for a little while."*

—James Agee, *Let Us Now Praise Famous Men*, 1941



**VIEWING HISTORY** Walker Evans's photographs captured both the plight and the dignity of the impoverished farm families he visited. **Analyzing Visual Images** What impressions come to mind when you study this picture? Explain.

### Unemployment, 1933–1940



SOURCE: *Historical Statistics of the United States, Colonial Times to 1970*

#### INTERPRETING GRAPHS

Combating unemployment was one of Roosevelt's greatest challenges during the Depression. **Analyzing Visual Information** (a) From your reading of Section 3, explain why unemployment rose during 1937. (b) By about how much did unemployment decline over the course of the New Deal?

## The Recession of 1937

The New Deal was no miracle cure for the Great Depression. While massive government spending led to some temporary economic improvement, in August 1937, the economy collapsed again. Industrial production fell, as did employment levels. The nation entered a **recession**, a period of slow business activity.

The new Social Security tax was partly to blame for this recession. The tax came directly out of workers' paychecks, through payroll deductions. With less money in their pockets, Americans bought fewer goods.

Americans also had less money because FDR had cut way back on expensive programs such as the WPA. The President had become distressed at the rising **national debt**, or the total amount of money the federal government borrows and has to pay back. (See Focus on Economics, page 550.) The government borrows when its **revenue**, or income, does not keep up with its expenses. To fund the New Deal, the government had to borrow massive amounts of money. As a result, the national debt rose from \$21 billion in 1933 to \$43 billion by 1940.

After 1937, Harry Hopkins and other advisors persuaded FDR to expand the WPA and other programs that had been cut back. The increased spending provided some economic relief. Still, hard times lasted until well into the 1940s.

## Unions Triumph

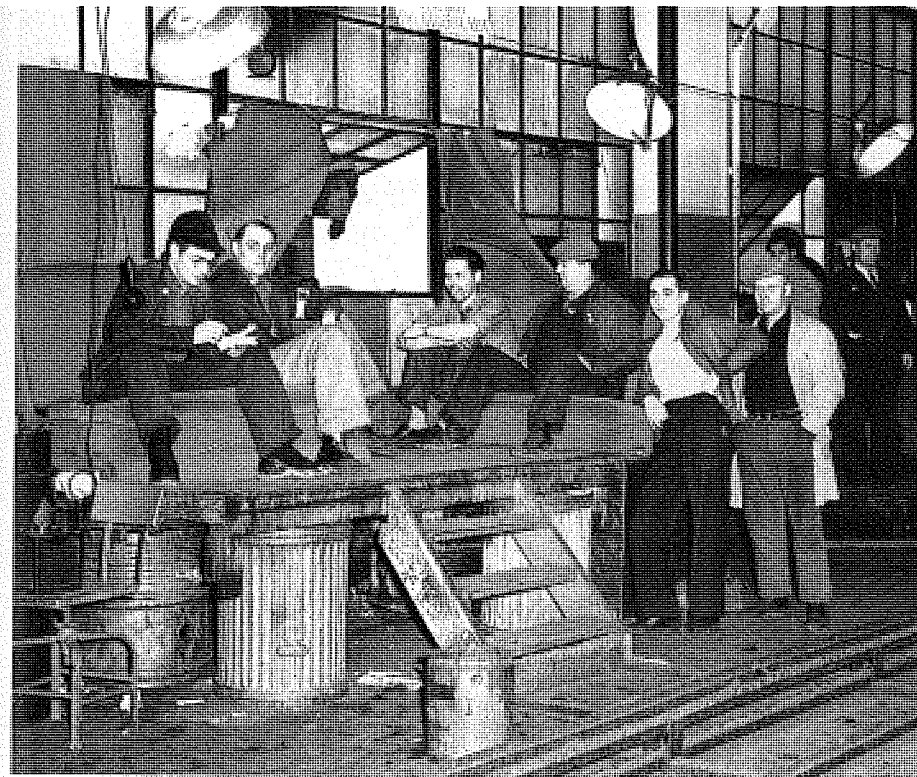
The New Deal changed the way many Americans thought about labor unions. New federal protections for unions under the 1935 Wagner Act made union membership more attractive to workers. Membership rose from about 3 million in 1933 to 10.5 million by 1941, a figure representing 11.3 percent of the nonagricultural work force. By 1945, some 36 percent were unionized, the all-time high for unions in the United States.

**A New Labor Organization** Activism by powerful union leaders helped increase membership. The cautious and craft-based American Federation of Labor (AFL) had done little to attract unskilled industrial workers during the half-century of its existence. In 1935, United Mine Workers President John L. Lewis joined with representatives of seven other AFL unions to try to change this situation. They created a Committee for Industrial Organization (CIO) within the AFL.

Although the AFL did not support its efforts, the CIO sought to organize the nation's unskilled workers in mass-production industries. It sent organizers into steel mills, auto plants, and southern textile mills and encouraged all workers to join. In response, the AFL suspended CIO unions in 1936.

Two years later, the CIO had 4 million members. In November 1938, this **coalition**, or alliance of groups with similar goals, changed its name to the Congress of Industrial Organizations. John L. Lewis became its first president. The aim of this coalition of industrial unions was to challenge conditions in industry. Their main tool was the strike.

CIO chief John L. Lewis addresses 10,000 textile workers in Massachusetts in 1937.



#### VIEWING HISTORY

Automobile workers stage a successful sit-down strike during the winter of 1936–1937 at the Fisher Body Plant No. 1, in Flint, Michigan. Here, workers guard a window during the strike. **Drawing Inferences** Make a list of the possible challenges these men faced during this long sit-down strike.

**An Era of Strikes** The Wagner Act legalized collective bargaining and required companies to bargain in good faith with certified union representatives. But the act did not force companies to accept unions' demands. Although the Wagner Act was designed to bring about industrial peace, in the short term it led to a wave of dramatic strikes.

Many of these work stoppages took the form of sit-down strikes. A weapon often used by the Congress of Industrial Organizations, the **sit-down strike** is a strike in which laborers stop working but refuse to leave the building. Supporters outside the workplace set up picket lines. Together, the strikers and the picket lines prevent the company from bringing in scabs, or non-union substitute workers. In areas where local authorities were New Deal Democrats, the workers' actions sometimes went unchallenged, making the sit-down strike an effective tool.

The first sit-down strikes took place in early 1936 at three huge rubber-tire plants in Akron, Ohio. The success of the sit-downs led to similar strikes later in the year at several General Motors (GM) auto plants. The most famous began on December 31, 1936. In this strike, laborers associated with the United Auto Workers (UAW) occupied GM's main plants in Flint, Michigan, and refused to leave.

GM executives turned off the heat and blocked entry to the plants so that the workers could not receive food. They also called in the police against the picketers outside. Violence erupted. The wife of a striker grabbed a bullhorn and urged other wives to join the picketers.

Women—both workers' wives and female employees—later organized food deliveries to supply the strikers. They set up a speakers' bureau to present the union's position to the public, and formed a Women's Emergency Brigade to take up picket duty. Governor Frank Murphy of Michigan and President Roosevelt refused to use the militia against the strike. By early February General Motors had given in.

Not all labor strikes were as successful. Henry Ford continued to resist unionism. In 1937, at a Ford Motor Company plant near Detroit, his men beat UAW officials when the unionists tried to distribute leaflets. Walter Reuther, a future UAW president, later testified about the incident:

#### READING CHECK

What made sit-down strikes effective to some extent?

“They picked me up about eight different times and threw me down on my back on the concrete. While I was on the ground they kicked me in the face, head, and other parts of my body. . . . I never raised a hand.”

—Walter Reuther

Companies and the police were not the only instigators of violence. Mobs of striking unionists sometimes attacked strikebreakers trying to enter or leave a plant, or they destroyed company property. Unions generally opposed such actions, instead encouraging passive resistance. Still, strikers often fought back with bottles, bricks, stones, and bats.

Like Ford, the Republic Steel Company refused to sign with steelworkers' unions until war loomed in 1941. At one strike against Republic Steel on May 30, 1937, Chicago police killed several picketers and injured dozens. This Memorial Day tragedy was a sign that labor, despite its triumphs, still faced many challenges. Another sign came in the form of a Supreme Court ruling. In 1939, the Court outlawed the sit-down strike as being too potent a weapon and an obstacle to negotiation.

### The New Deal's Effects on Culture

Artists created enduring cultural legacies for the nation during the Great Depression. They were aided by federal funds allocated by Congress to support the popular and fine arts and to provide jobs.

**Literature** Several works of literature destined to become classics emerged during this period. One example is Pearl Buck's novel *The Good Earth* (1931), a saga of peasant struggle in China. In 1937, folklorist Zora Neale Hurston published *Their Eyes Were Watching God*, a novel about a strong-willed African American woman and the Florida town in which she lives. John Steinbeck wrote *The Grapes of Wrath* (1939), a powerful tale about Dust Bowl victims who travel to California in search of a better life. Funding from *Fortune* magazine allowed James Agee and Walker Evans to live for weeks with Alabama sharecroppers. The result of their experiences was the nonfiction masterpiece *Let Us Now Praise Famous Men* (1941).

**Radio and Movies** The new medium of radio became a major source of entertainment for American families. Comedy shows of the 1930s produced stars such as Jack Benny, Fred Allen, George Burns, and Gracie Allen. The first daytime dramas, called soap operas because soap companies often sponsored them, emerged in this period. These 15-minute stories, designed to provoke strong emotional responses, were meant to appeal to women who remained at home during the day. Symphonic music and opera also flourished on the radio.

By 1933, the movies had recovered from the initial setback caused by the early Depression. Americans needed an escape from hard times, and the movies provided that escape. For a quarter, customers could see a double feature (introduced in 1931) or take the whole family to a drive-in theater (introduced in 1933). Federal agencies used motion pictures to publicize their work. The Farm Security Administration, for example, produced documentaries of American agricultural life.

Some Hollywood studios concentrated on optimistic films about common people who triumphed over evil, such as Warner Brothers' *Mr. Smith Goes to Washington* (1939). Comedies were

### Focus on CULTURE

**The Grapes of Wrath** The 1939 novel by John Steinbeck epitomizes the despair of downtrodden farmers during the Depression. The story pits powerful banks and corporate farming interests against powerless farmers. This bitter critique is told through the experiences of the Joad family, "Okies" forced to travel to California in an endless search for migrant labor. The family finds human kindness in the midst of misfortune, cruelty, hunger, and hopelessness. Steinbeck's intimate, searing portrayals shocked the nation and aroused sympathy for migrant workers.



## Fast Forward to Today



“Young people have come to wonder what would be their lot when they came to old age,” says FDR, signing into law the Social Security Act. It provides retirement pensions financed by a tax on employers and employees. Initially, retirees received a one-time payment, averaging \$58.08.

### Social Security

**1935**

“Young people have come to wonder what would be

**1939** Act is amended to include benefits for spouses, minor children, and survivors, paid in monthly checks.

**1950** Act is amended to increase the number of workers covered in the program from about 50 percent to nearly all workers; cost-of-living increases are enacted.

**1956** Act is amended to cover disabled Americans.

**1965** Creation of Medicare gives Social Security recipients health insurance.

? Why do you think the federal government kept enlarging the Social Security system and extending its benefits?

**2000** Social Security Trustees report that payment of full benefits can be guaranteed only through 2037. With the huge “baby boom” generation nearing retirement, concern about funding for the system prompts intense debate on proposals to reform Social Security.



very popular, too. In this era, the zany Marx Brothers produced such comic classics as *Monkey Business* (1931) and *Duck Soup* (1933), both of which had first premiered as stage shows.

The greatest box-office hits were movies that distracted Americans from the gloom of the Depression. *The Wizard of Oz*, released in 1939, allowed viewers to escape to a whole different world. Moviegoers flocked to musicals that featured large orchestras and lavishly choreographed dance numbers. No one understood the needs of Depression-era audiences better than Walt Disney, whose Mickey Mouse cartoons delighted moviegoers everywhere. Disney also released the classic cartoon *Snow White and the Seven Dwarfs* (1938) during this period.

**The WPA and the Arts** FDR believed that the arts were not luxuries that people should have to give up in hard times. For this reason, he earmarked WPA funds to support unemployed artists, musicians, historians, theater people, and writers. The Federal Writers' Project, established in 1935, assisted more than 6,000 writers, including Richard Wright, Saul Bellow, Margaret Walker, and Ralph Ellison. Historians with the project surveyed the nation's local government records, wrote state guidebooks, and collected life stories from about 2,000 former slaves.

Other government projects supported music and the visual arts. The Federal Music Project started community symphonies and organized free music lessons. It also sent music specialists to lumber camps and small towns to collect and preserve a fast-disappearing folk music heritage.

The Federal Art Project, begun in 1935, put thousands of artists to work. They painted some 2,000 murals, mainly in public buildings. They also produced about 100,000 other paintings, 17,000 sculptures, and many other works of art.

support for the arts led to many lasting works, including this mural painted by Thomas Hart Benton in 1930 for the New School of Social Research in New York City.

**Analyzing Visual Information** How does this mural celebrate the values and spirit of the era? Support your answer with specifics from the painting.



The Federal Theatre Project, directed by Vassar College Professor Hallie Flanagan, was the most controversial project. Flanagan used drama to create awareness of social problems. Her project launched the careers of many actors, playwrights, and directors who later became famous, including Burt Lancaster, Arthur Miller, John Houseman, and Orson Welles.

Accusing the Federal Theatre Project of being a propaganda machine for international communism, the House Un-American Activities Committee (HUAC) investigated the project in 1938 and 1939. In July 1939, Congress eliminated the project's funding.

### Lasting New Deal Achievements

The New Deal attacked the Great Depression with a barrage of programs that affected nearly every American. The New Deal did not end the nation's suffering, but it led to some profound changes in American life. Voters began to expect a President to formulate programs and solve problems. People accepted more government intervention in their lives, and they grew accustomed to a much larger government. Laborers demanded more changes in the workplace.

The New Deal did not vanish completely when the Depression ended. Its accomplishments continued in many forms. This legacy ranges from physical monuments that dot the American landscape to towering political and social achievements that still influence American life.

**Public Works and Federal Agencies** Many New Deal bridges, dams, tunnels, public buildings, and hospitals exist to this day. These durable public works are visual reminders of this extraordinary period of government intervention in the economy.

Some of the federal agencies from the New Deal era have also endured. The Tennessee Valley Authority remains a model of government planning. The Federal Deposit Insurance Corporation still guarantees bank deposits. The Securities and Exchange Commission continues to monitor the workings of the stock exchanges.

And in rural America, farmers still plant according to federal crop allotment policies adopted after the Supreme Court struck down AAA crop-reduction plans.

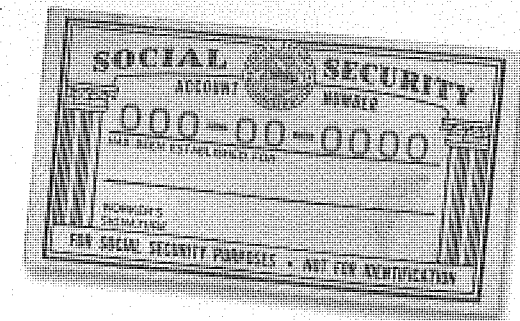
**Social Security** Despite its enduring support throughout American society, the Social Security system has had many critics. At first, Social Security came under attack because its payments were very low.

For a long time the system discriminated against women. It assumed, for example, that the male-headed household was typical. A mother could lose benefits for her children if a man, whether providing support for her or not, lived in her house. Women who went to work when their children started school rarely stayed in the work force long enough or earned high enough wages to receive the maximum benefits from the system. In addition, when a male recipient died, his benefits ended, leaving his family without an income.

In 1939, Congress and the Social Security Administration developed a series of amendments to the system attempted to address some of the weaknesses in the system. The amendments raised benefit amounts and provided monthly benefit checks instead of one-time payments. They also provided benefits for recipients' dependents and survivors. Later amendments included farm workers and others previously excluded from coverage, and added disability coverage.

**A Legacy of Hope** Of all of its achievements, perhaps the New Deal's greatest was to restore a sense of hope. People poured out their troubles to the President and First Lady. Eleanor and Franklin Roosevelt received thousands of letters daily during the late Depression era. Every letter contained a story of continued personal suffering. In their distress, people looked to their government for support. Indeed, government programs did mean the difference between survival and starvation for millions of Americans.

Nevertheless, economic recovery in the United States would not come until well into the 1940s, and it did not come through more New Deal programs. The return of a robust economy was set in motion on the battlefields of Europe in the late 1930s, where another test of American character was brewing: a second world war.



Sample Social Security card, with zeroes representing an individual's Social Security number

#### READING CHECK

Why did the federal government fund new arts programs during the Depression?

## Section

# 3

## Assessment

### READING COMPREHENSION

1. Why did the United States slide back into a **recession** in 1937?
2. Why did FDR become concerned about the **national debt**?
3. (a) What gains and setbacks did unions experience during the New Deal era? (b) What impact did the Congress of Industrial Organizations (CIO) have on union strategies?
4. What did critics dislike about the Social Security system?

### CRITICAL THINKING AND WRITING

5. **Testing Conclusions** FDR's advisors concluded that certain actions were needed to combat the recession of 1937. What actions did they recommend, and what were the consequences?
6. **Writing an Opinion** Write an essay that examines the legacy of the New Deal. In your opinion, what positive or negative effects did it have on the country? Should the federal government have become involved in creating jobs in theater and the other arts?



### Take It to the NET

**Activity: Interdisciplinary Connections** Examine examples of federally funded arts projects during the New Deal. State your opinion on whether federal sponsorship of the arts was valuable and appropriate. Explain your reasoning. Use the links provided in the *America: Pathways to the Present* area of the following Web site for help in completing this activity.  
[www.phschool.com](http://www.phschool.com)