

Roosevelt and the New Deal

1933–1939

Why It Matters

Unlike Herbert Hoover, Franklin Delano Roosevelt was willing to employ deficit spending and greater federal regulation to revive the depressed economy. In response to his requests, Congress passed a host of new programs. Millions of people received relief to alleviate their suffering, but the New Deal did not really end the Depression. It did, however, permanently expand the federal government's role in providing basic security for citizens.

The Impact Today

Certain New Deal legislation still carries great importance in American social policy.

- The Social Security Act still provides retirement benefits, aid to needy groups, and unemployment and disability insurance.
- The National Labor Relations Act still protects the right of workers to unionize.
- Safeguards were instituted to help prevent another devastating stock market crash.
- The Federal Deposit Insurance Corporation still protects bank deposits.



The American Vision Video The Chapter 23 video, "Franklin Roosevelt and the New Deal," describes the personal and political challenges Franklin Roosevelt faced as president.

1928

- Franklin Delano Roosevelt elected governor of New York

1931

- The Empire State Building opens for business

1929

- Great Depression begins

1933

- Gold standard abandoned
- Federal Emergency Relief Act and Agricultural Adjustment Act passed



1928

1931

1934

World

1928

- Alexander Fleming discovers penicillin

1930

- Germany's Nazi Party wins 107 seats in Reichstag

1931

- German unemployment reaches 5.6 million
- Surrealist artist Salvador Dali paints *Persistence of Memory*

1933

- Adolf Hitler appointed German chancellor
- Japan withdraws from League of Nations





In this Ben Shahn mural detail, New Deal planners (at right) design the town of Jersey Homesteads as a home for impoverished immigrants.

1935

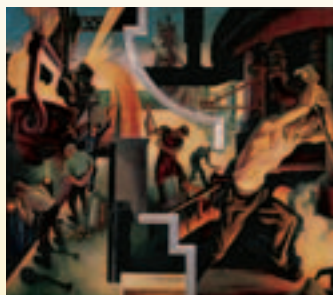
- Supreme Court strikes down NIRA
- Social Security Act passed

1937

- Court-packing bill defeated
- "Roosevelt recession" begins

1938

- Fair Labor Standards Act passed



1937

1940

1936

- Civil War erupts in Spain

1938

- Hitler annexes Austria

1939

- World War II begins

HISTORY
Online

Chapter Overview
Visit the *American Vision* Web site at tav.glencoe.com and click on **Chapter Overviews—Chapter 23** to preview chapter information.

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SECTION 1 Roosevelt Takes Office

Guide to Reading

Main Idea

Franklin Delano Roosevelt's character and experiences prepared him for the presidency of a nation in crisis.

Key Terms and Names

New Deal, polio, gold standard, bank holiday

Reading Strategy

Organizing As you read about Franklin Roosevelt's background, complete a graphic organizer similar to the one below by listing the early influences and experiences that helped shape Roosevelt as a politician.

Influences and Experiences

Reading Objectives

- **Discuss** Franklin Roosevelt's early political career.
- **Explain** the worsening situation in the U.S. banking system in the early 1930s.

Section Theme

Individual Action Franklin Roosevelt's optimism, determination, and outgoing personality shaped his approach to politics.

Preview of Events



★ An American Story ★



Franklin D. Roosevelt
as a young man

When Louis Howe was a child in Saratoga Springs, New York, a bicycle accident left his face scarred. As an adult and a reporter for his father's newspaper, he cheerfully described himself as "one of the four ugliest men in the state of New York." Howe dressed sloppily, perhaps to demonstrate how little importance he attached to appearance. He worked hard, however, and was respected for his reporting.

In the winter of 1911, Howe traveled to Albany to interview a Democratic state senator, Franklin Delano Roosevelt—or FDR, as he was called. Howe found himself fascinated by the tall, intense young man with the gold-rimmed glasses who paced back and forth in front of him, earnestly answering his questions. He admired the dashing appearance Roosevelt made.

During the interview Roosevelt declared his intention to challenge the party bosses. The usually skeptical Howe found himself believing the young legislator. "I made up my mind," Howe later recalled, "that nothing but an accident could keep him from becoming president."

—adapted from *The Crisis of the Old Order*

Roosevelt's Rise to Power

In mid-June 1932, with the country deep in the Depression, Republicans gathered in Chicago and nominated Herbert Hoover to run for a second term as president. The mood at the convention was somber. Delegates knew the Depression had turned many voters against Hoover.

Later that month, the Democrats also met in Chicago to choose their own candidate for president. It took four ballots and a great deal of negotiating, but the party eventually chose the popular governor of New York, Franklin Delano Roosevelt. When he won the nomination, Roosevelt broke with tradition by flying to Chicago to deliver the first acceptance speech ever made to a nominating convention. Roosevelt's speech set the tone for his campaign:

“The appearance before a National Convention of its nominee for President . . . is unprecedented and unusual, but these are unprecedented and unusual times. . . . Let it also be symbolic that in so doing I broke traditions. Let it be from now on the task of our Party to break foolish traditions. . . . It is inevitable that the main issue of this campaign should revolve about . . . a depression so deep that it is without precedent. . . . Republican leaders not only have failed in material things, they have failed in national vision, because in disaster they have held out no hope. . . . I pledge you, I pledge myself, to a new deal for the American people.”

—quoted in *The Public Papers and Addresses of Franklin D. Roosevelt*

The next day, a cartoonist used the words “new deal” to stand for Roosevelt's program. From that point forward, Roosevelt's policies for ending the Depression became known as the **New Deal**. Roosevelt's confidence that he could make things better contrasted sharply with Hoover's apparent failure to do anything effective. On Election Day, Roosevelt won the Electoral College in a landslide, 472 votes to 59, and he received nearly 23 million votes to slightly less than 16 million for Hoover in the general election.

Picturing History

The Young Roosevelts Franklin Roosevelt and Eleanor Roosevelt were married in 1905. They were distantly related through former president Theodore Roosevelt—her uncle and his cousin. [What sort of childhood did Franklin Roosevelt have growing up in Hyde Park, New York?](#)

Roosevelt's Background Franklin Roosevelt—a distant cousin of President Theodore Roosevelt—was born in 1882 to a wealthy New York family. Roosevelt grew up on his family's estate at Hyde Park on the Hudson River. There, Roosevelt learned to hunt, fish, ride horses, and sail, and he developed his lifelong commitment to conservation and a love of rural America. Roosevelt was educated at Harvard and Columbia Law School. While at Harvard, he became friends with Theodore Roosevelt's niece, Eleanor. Soon afterward, they were married.

Roosevelt was intensely competitive. He enjoyed winning and liked to be in control. He also liked being around people. His charming personality, deep rich voice, and wide smile expressed confidence and optimism. He could also be very persuasive. Overall, FDR's personality seemed made for a life in politics.

FDR's Early Political Career Shortly after leaving law school, Roosevelt plunged into politics. In 1910 he won a seat in the New York State Senate, where he earned a reputation as a progressive reformer willing to stand up to the party bosses. Roosevelt strongly supported Woodrow Wilson's presidential campaign in 1912. After winning the election, Wilson rewarded Roosevelt by appointing him assistant secretary of the navy, a position he held through World War I.



In 1920, hoping his name would win votes, the Democrats nominated Roosevelt as their candidate for vice president. After losing the election, Roosevelt temporarily withdrew from politics. The next year he came down with a fever and soon felt numbness in both legs. He had caught the dreaded and paralyzing disease known as **polio**. Although there was no cure, Roosevelt refused to give in. He began a vigorous exercise program to restore muscle control. Eventually, by wearing heavy steel braces on his legs, he was able to appear to walk by leaning on a cane and someone's arm and swinging his legs forward by moving his hips.

While recovering from polio, Roosevelt depended on his wife to keep his name prominent in the New York Democratic Party. Although shy, Eleanor Roosevelt became an effective public speaker. Her efforts during this time kept her husband's political career alive.

Linking Past & Present

Roosevelt Dime

Past: Search for a Cure

In 1921 Franklin Roosevelt contracted polio, a disease that paralyzed his legs. Few people knew of his physical limitations when he became president. His only freedom from braces came when he swam.

After Roosevelt established a foundation for polio victims at Warm Springs, Georgia, entertainer Eddie Cantor suggested that everyone in the country send a dime for polio research to the president. This campaign, which became known as the March of Dimes, produced 150,000 letters a day. In 1945 Congress voted to honor Roosevelt by placing his image on the dime.



Present: A Threat Eliminated

In the early 1950s, Dr. Jonas Salk discovered the polio vaccine. Today polio is no longer the threat to health that it once was.



Governor of New York By the mid-1920s, Roosevelt was again active in the Democratic Party. He became a strong supporter of New York's governor, Alfred E. Smith. When the Democratic Party nominated Smith for president in 1928, Smith urged Roosevelt to run for governor of New York. Roosevelt campaigned hard to demonstrate that his illness had not slowed him down, and he narrowly won the election.

Roosevelt's policies as governor made him very popular. He cut taxes for farmers and worked to reduce the rates charged by public utilities. In 1931, as the Depression worsened, Roosevelt convinced the New York legislature to set up a new state agency to help unemployed New Yorkers. The agency distributed over \$25 million in aid that provided relief to about 10 percent of New York's families.

Roosevelt's popularity in New York paved the way for his presidential nomination in 1932. Many Americans applauded his use of the government's power to help people in economic distress. Others believed that his struggle against polio had given him a better understanding of their hardships.

Perhaps most important, Americans saw in Roosevelt an energy and optimism that gave them hope despite the tough economic times. After Roosevelt became president, his serenity and confidence amazed many people. When one aide commented on his attitude, Roosevelt replied, "If you had spent two years in bed, trying to wiggle your big toe, after that anything else would seem easy."

Reading Check **Interpreting** What events in Roosevelt's life shaped his ideas and character?

Roosevelt Is Inaugurated

Although Roosevelt won the presidency in November 1932, the country's unemployed and homeless had to endure one more winter as they waited for his inauguration on March 4, 1933. All through the winter, unemployment continued to rise. Theater director Harold Clurman later wrote about the fear:

“Yes, we could smell the depression in the air, that historically cruel winter of 1932–33, which chilled so many of us like a world's end. . . . It was like a raw wind; the very houses we lived in seemed to be shrinking, hopeless of real comfort.”

—quoted in *Franklin Roosevelt and the New Deal*



“. . . the only thing we have to fear is fear itself . . .”

—Franklin D. Roosevelt

Picturing History

Inspiring Words President Roosevelt used his first Inaugural Address of March 1933 to rally the nation’s spirits. **What problems had made the nation anxious and fearful?**

Meanwhile, bank runs greatly increased, further threatening the nation’s banking system. Some of the bank runs occurred because people feared Roosevelt would abandon the gold standard and reduce the value of the dollar in order to fight the Depression. Under the **gold standard**, one ounce of gold equaled a set number of dollars. To reduce the value of the dollar, the United States would have to stop exchanging dollars for gold. Many Americans, and many foreign investors with deposits in American banks, decided to take their money out of the banks and convert it to gold before it lost its value.

Across the nation, people stood in long lines with paper bags and suitcases, waiting to withdraw their money from banks. By March 1933, over 4,000 banks

had collapsed, wiping out 9 million savings accounts. In 38 states, governors declared **bank holidays**—closing the remaining banks before bank runs could put them out of business.

By the day of Roosevelt’s inauguration, most of the nation’s banks were closed. One in four workers was unemployed. The economy seemed paralyzed. Roosevelt knew he had to restore the nation’s confidence. “First of all,” the president declared in his Inaugural Address, “let me assert my firm belief that the only thing we have to fear is fear itself. . . . This nation asks for action, and action now!”

 **Reading Check Summarizing** What was the nation’s condition when Roosevelt took office?

SECTION 1 ASSESSMENT

Checking for Understanding

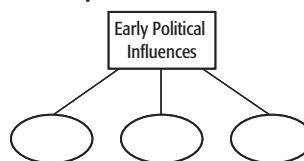
1. **Define:** **gold standard.**
2. **Identify:** New Deal, polio, bank holiday.
3. **Describe** the ways in which early influences and experiences shaped Roosevelt as a politician.

Reviewing Themes

4. **Individual Action** Why did Roosevelt’s election lead to an increase in bank runs?

Critical Thinking

5. **Explaining** How did FDR’s experiences as governor of New York prepare him for the presidency?
6. **Organizing** Use a graphic organizer like the one below to list early influences on Roosevelt’s political career.



Analyzing Visuals

7. **Analyzing Photographs** Study the photograph on this page. What did the president mean when he said “the only thing we have to fear is fear itself”?

Writing About History

8. **Persuasive Writing** Imagine you are living during the Depression. In your hometown, there has been a bank run. Write a letter to the president describing this event. Ask him to take steps to cure the bank crisis.

Guide to Reading

Main Idea

In the first 100 days of Roosevelt's presidency, his team initiated a series of laws that transformed the United States.

Key Terms and Names

Hundred Days, fireside chats, Securities and Exchange Commission, Federal Deposit Insurance Corporation, Agricultural Adjustment Administration, Civilian Conservation Corps

Preview of Events

♦ March 1933

March 4, 1933
FDR inaugurated

March 31, 1933
Civilian Conservation Corps created

♦ May 1933

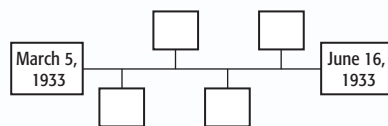
May 12, 1933
Federal Emergency Relief Act;
Agricultural Adjustment Act

♦ July 1933

June 16, 1933
National Industrial Recovery Act;
Glass-Steagall Banking Act; Farm Credit Act

Reading Strategy

Sequencing As you read about President Roosevelt's first three months in office, complete a time line similar to the one below to record the major problems he addressed during this time.

**Reading Objectives**

- **List** three programs of the First New Deal that provided jobs for the unemployed.
- **Discuss** why New Dealers believed that sometimes the government needs to regulate industry and labor.

Section Theme

Groups and Institutions FDR's attempts to end the Depression resulted in many new government agencies.

★ *An American Story* ★

In the 1920s, cowboy and comedian Will Rogers said that his life's work was "to rescue the country from the hands of the politicians." He used his sharp wit to go after these public figures. A friend of presidents and politicians of both parties, Rogers nevertheless satirized them mercilessly in public appearances and on the radio.

With FDR, however, Rogers changed his tune: "President Roosevelt closed the banks before lunch and called Congress into session while he was having dessert. . . . The whole country is with him. . . . Even if he does what is wrong they are with him, just so he does something. . . . If he burned down the Capitol, we would cheer and say, 'Well, we at least got a fire started anyhow.'"

As Roosevelt's New Deal gained momentum, Rogers praised the resulting flurry of legislation: "Mr. Roosevelt just makes out a little list of things every morning that he wants [Congress] to do . . . and the whole country is better off."

—adapted from *Will Rogers: A Biography*

The Hundred Days Begins

Roosevelt and his advisers, sometimes called the Brain Trust, came into office bursting with ideas for recovery from the Depression. Roosevelt had no clear agenda. The previous spring, during his campaign for the presidential nomination, Roosevelt had revealed the approach he would take as president. "The country needs," Roosevelt explained, "bold, persistent experimentation. . . . Above all, try something."

The new president began to send bill after bill to Congress. Between March 9 and June 16, 1933—which came to be called the **Hundred Days**—Congress passed 15 major acts to

meet the economic crisis, setting a pace for new legislation that has never been equaled. Together, these programs made up what would later be called the First New Deal.

Origins of the New Deal The New Deal was not based on a clear strategy shaped by a single philosophy. Roosevelt was not an intellectual, nor did he have a strong political ideology. He was a practical politician. FDR was willing to try a variety of approaches both to see whether they worked and whether they were helping or hurting him politically.

To generate new ideas and programs, Roosevelt sought advice from a wide range of advisers with experience in academia, business, agriculture, government, law, and social work. The president deliberately chose advisers who disagreed with each other. He wanted to hear many different points of view, and by setting his advisers against one another, Roosevelt ensured that he alone made the final decision on what policies to pursue.

A Divided Administration Roosevelt's advisers were divided roughly into three main groups. Despite their disagreements, most of the advisers had grown up in the Progressive Era, and their approaches reflected progressive ideas. They generally favored some form of government intervention in the economy—although they disagreed over what the government's role should be.

One group that was very influential during the early years of Roosevelt's administration supported the "New Nationalism" of Theodore Roosevelt. These advisers believed that business and government should work together to manage the economy. They had been very impressed by business-government cooperation on the War Industries Board during World War I. They believed that if government agencies worked with businesses to regulate wages, prices, and production, they could lift the economy out of the Depression.

A second group of advisers in the Roosevelt administration went even further. They distrusted big business and blamed business leaders for causing the Depression. These advisers wanted government planners to run key parts of the economy.

A third group in Roosevelt's administration supported the "New

Freedom" of Woodrow Wilson. They too blamed large trusts for the Depression, but they believed the government had to restore competition to the economy. These advisers wanted Roosevelt to support "trust busting" by breaking up big companies and allowing competition to set wages, prices, and production levels. They also thought the government should impose regulations on the economy to keep competition fair.

Reading Check **Summarizing** What ideas did Roosevelt's advisers support?

Fixing the Banks and the Stock Market

As the debate over policies and programs swirled around him, President Roosevelt took office with one thing clear in his mind. Very few of the proposed solutions would work as long as the nation's banks remained closed. The first thing he had to do was restore confidence in the banking system.

The Emergency Banking Relief Act On his very first night in office, Roosevelt told Secretary of the Treasury William H. Woodin he wanted an emergency banking bill ready for Congress in less than five days. The following afternoon, Roosevelt declared a national bank holiday, temporarily closing all banks, and called Congress into a special session scheduled to begin on March 9, 1933.

On the day Congress convened, the House of Representatives unanimously passed the Emergency Banking Relief Act after only 38 minutes of debate.

Picturing History

Presidential Assurances President Roosevelt often used radio addresses to calm the public's fears during the Great Depression. At the beginning of his first term, he encouraged Americans to put their money back in federally inspected banks. **Why do you think the president declared a bank holiday?**



Why It Matters

The TVA

Perhaps no New Deal program produced as many visible benefits as the Tennessee Valley Authority (TVA). This dam-building project was a bold venture to control floods, conserve forestlands, and bring electricity to rural America. The TVA created a comprehensive plan for developing a vast seven-state region drained by the Tennessee and Cumberland Rivers and populated mainly by poor farmers working worn-out land. The TVA erected 20 dams, employing up to 40,000 workers at a time. The agency also reforested millions of acres, built fertilizer factories and power plants, and strung thousands of miles of wire to bring electricity to rural families for the first time.

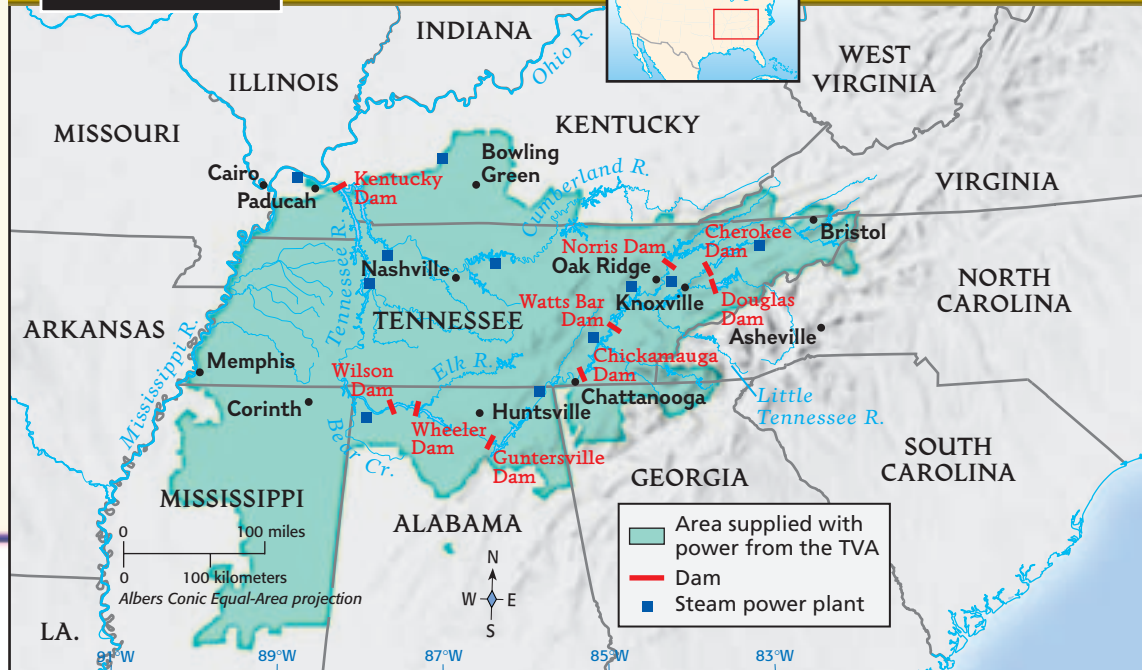


◀ Recreation

Millions of people each year fish, swim, ski, white-water raft, or go boating on the reservoirs. Sometimes the reservoir system is referred to as the “Great Lakes of the South.”



The TVA, 1940



The Senate approved the bill that evening, and Roosevelt signed it into law shortly afterward. The new law required federal examiners to survey the nation’s banks and issue Treasury Department licenses to those that were financially sound.

On March 12, President Roosevelt addressed the nation by radio. Sixty million people listened to this first of many “fireside chats,” direct talks FDR held with the American people to let them know what he was trying to accomplish. He told the people that their money would now be secure if they put it back into the banks. “I assure you that it is safer to keep your money in a reopened bank than under the mattress.” When banks opened the day after the speech, deposits far outweighed withdrawals. The banking crisis was over.

Regulating Banks and Brokers Although President Roosevelt had restored confidence in the banking system, many of his advisers who favored trust-busting and fair competition urged him to go further. They

pushed for new regulations for both banks and the stock market. Roosevelt agreed with their ideas and threw his support behind the Securities Act of 1933 and the Glass-Steagall Banking Act.

The Securities Act required companies that sold stocks and bonds to provide complete and truthful information to investors. The following year Congress created an independent agency, the **Securities and Exchange Commission (SEC)**, to regulate the stock market and prevent fraud.

The Glass-Steagall Act separated commercial banking from investment banking. Commercial banks handle everyday transactions. They take deposits, pay interest, cash checks, and loan money for mortgages and other business activities. Under the Glass-Steagall Act, these banks were no longer permitted to risk depositors’ money by using it to speculate on the stock market.

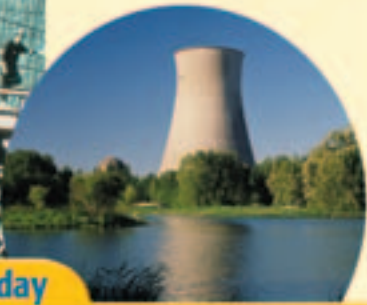
To further protect depositors, the Glass-Steagall Act also created the **Federal Deposit Insurance Corporation (FDIC)** to provide government insurance





◀ Flood Control

In spring 1984, torrential rains would have brought the Tennessee River crest to almost 20 feet (6 m) above flood level. However, by storing water in reservoirs behind dams such as Dawson Dam and releasing it slowly, the TVA prevented most potential flooding.



The TVA Today

The TVA's power facilities include 29 hydroelectric dams, 11 fossil-fuel plants, 3 nuclear power plants, 4 combustion-turbine plants, a pumped-storage facility, and 17,000 miles of transmission lines. These facilities provide power to nearly 8 million people in the seven-state region.

for bank deposits up to a certain amount. By protecting depositors in this way, the FDIC greatly increased public confidence in the banking system.

✓ Reading Check **Explaining** How did the government restore confidence in the banking system?

Managing Farms and Industry

Many of Roosevelt's advisers believed that both farmers and businesses were suffering because prices were too low and production too high. Several advisers believed competition was inefficient and bad for the economy. They wanted business and government to work together and favored the creation of federal agencies to manage the economy.

The Agricultural Adjustment Administration

The nation's farmers had been hit hard by the Depression. One week after calling Congress into special session, Roosevelt announced plans for a new farm program. Working closely with the leaders of the nation's farm organizations, Secretary of Agriculture Henry Wallace raced to complete a new farm bill before planting season began.

The Agricultural Adjustment Act that Roosevelt asked Congress to pass was based on a simple idea—that prices for farm goods were low because farmers grew too much food. Under Roosevelt's program, the government would pay farmers *not* to raise certain livestock, such as hogs, and *not* to grow certain crops, such as cotton, corn, wheat, and tobacco. The farm program was administered by the **Agricultural Adjustment Administration (AAA)**.

By the time the AAA was organized, however, farmers had already planted their crops for the year and begun raising the season's livestock. To prevent cotton—which was already at a very low price—from reaching the market, the AAA paid cotton farmers about \$100 million to plow under about 25 percent of their crop. Similarly, hog producers slaughtered 6 million piglets instead of fattening them for market.

Over the next two years, farmers withdrew millions of acres from production and received more than \$1 billion in support payments. The program accomplished its goal: The farm surplus fell greatly by 1936. Food prices then rose, as did total farm income, which quickly increased by more than 50 percent.

In a nation caught in a Depression, however, raising food prices drew harsh criticism. Furthermore, not all farmers benefited. Large commercial farmers, who concentrated on one crop, profited more than smaller farmers who raised several products. Worse, thousands of poor tenant farmers—many of them African Americans—became homeless and jobless when landlords chose their fields to be taken out of production.

A Blueprint for Industrial Recovery The government turned its attention from farming to manufacturing in June 1933, when Roosevelt and Congress enacted the **National Industrial Recovery Act (NIRA)**. The NIRA suspended the antitrust laws and allowed business, labor, and government to cooperate in setting up voluntary rules for each industry.

These rules were known as codes of fair competition. Some codes set prices, established minimum wages, and limited factories to two shifts per day so production could be spread to as many firms as possible. Other codes shortened workers' hours with the goal of creating additional jobs. Another provision in the law guaranteed workers the right to form unions.

Under the leadership of Hugh Johnson, the **National Recovery Administration (NRA)** ran the entire program. Business owners who signed code agreements received signs displaying the NRA's symbol—a blue eagle—and the slogan, "We do our part." Since the NRA had limited power to enforce the

codes, it used public opinion to pressure companies into going along. It urged consumers to buy goods only from companies that displayed the blue eagle.

The NRA did produce a revival of a few industries, but the gains proved short-lived. Small companies complained, justifiably, that large corporations wrote the codes to favor themselves. More efficient companies disliked price fixing, which limited competition and made it hard for them to increase their market share by cutting prices. Employers disliked codes that gave workers the right to form unions and bargain collectively over wages and hours. They also argued that paying high minimum wages forced them to charge higher prices to cover their costs.

The codes were also very difficult to administer, and business leaders often ignored them. It became obvious that the NRA was failing when industrial production actually fell after the organization was established. By the time the Supreme Court declared the NRA to be unconstitutional in 1935, it had already lost much of its political support.

Reading Check **Examining** What were the provisions of the Agricultural Adjustment Act and the National Industrial Recovery Act?

Providing Debt Relief

While some of Roosevelt's advisers believed low prices had caused the Depression, others believed that debt was the main obstacle to economic recovery. With incomes falling, people had to use most of their money to pay their debts and had little left over to buy goods or pay for services. Many Americans, terrified of losing their homes and farms, deliberately cut back on their spending to make sure they could pay their mortgages. President Roosevelt responded to the crisis by introducing several policies intended to assist Americans with their debts.

The Home Owners' Loan Corporation To help homeowners pay their mortgages, Roosevelt asked Congress to establish the Home Owners' Loan Corporation (HOLC). The HOLC bought the mortgages of many homeowners who were behind in their payments. It then restructured them with longer terms of repayment and lower interest rates. Roughly 10 percent of the nation's homeowners received HOLC loans.

The HOLC did not help everyone. It only made loans to homeowners who were still employed. When people lost their jobs and could no longer pay their mortgages, the HOLC foreclosed on their property, just as a bank would have done. By 1938

the HOLC had foreclosed on more than 100,000 mortgages. Despite these failures, the HOLC helped refinance one out of every five mortgages on private homes in the United States.

The Farm Credit Administration Three days after Congress authorized the creation of the HOLC, it authorized the Farm Credit Administration (FCA) to begin helping farmers refinance their mortgages. Over the next seven months, the FCA lent four times as much money to farmers as the entire banking system had done the year before. It was also able to push interest rates substantially lower. "I would be without a roof over my head if it hadn't been for the government loan," wrote one of the millions of farmers who were saved by FCA loans.

Although FCA loans helped many farmers in the short term, their long-term value can be questioned. FCA loans helped less efficient farmers keep their land, but giving loans to poor farmers meant that the money was not available to loan to more efficient businesses in the economy. Although FCA loans may have slowed the overall economic recovery, they did help many desperate and impoverished people hold onto their land.

Reading Check **Identifying** What New Deal programs helped farmers and homeowners?

Spending and Relief Programs

While many of Roosevelt's advisers emphasized tinkering with prices and providing debt relief in order to cure the Depression, others maintained that the fundamental cause of the Depression was low consumption. People were simply not buying enough products to keep the economy going. The fastest way out of the Depression, these advisers asserted, was to get money directly into the hands of needy individuals.

Neither President Roosevelt nor his advisers wanted simply to give money to the unemployed. They argued that recipients were more likely to maintain work skills and self-respect if they earned their

Picturing History

The NRA Eagle As a symbol of the National Recovery Administration, this eagle informed consumers about industries that were meeting the standards of the National Industrial Recovery Act. [How successful was the NRA?](#)



The First New Deal, 1933–1935

Agency	Established	Function
Civilian Conservation Corps (CCC)	March 1933	Employed single men, ages 18–25, for natural resource conservation
Tennessee Valley Authority (TVA)	May 1933	Built hydroelectric plants and dams aimed at improving seven Southern states and attracting industry to the South
Agricultural Adjustment Act (AAA)	May 1933	Reduced agricultural surplus and raised prices for struggling farmers
Federal Emergency Relief Agency (FERA)	May 1933	Granted federal money to state and local governments to be used to help the unemployed
National Recovery Administration (NRA)	June 1933	Controlled industrial production and prices with industry-created codes of fair competition
Federal Deposit Insurance Corporation (FDIC)	June 1933	Guaranteed bank deposits up to \$2,500
Public Works Administration (PWA)	June 1933	Provided employment in construction of airports, parks, schools, and roads
Civil Works Administration (CWA)	November 1933 (cancelled 1934)	
Securities and Exchange Commission (SEC)	June 1934	Regulated the stock market to avoid dishonest practices

Chart Skills

- 1. Interpreting Charts** Which of the programs listed was cancelled the year after it was established?
- 2. Examining** What steps did the AAA take to ensure its listed function?

money. As a result, Roosevelt urged Congress to establish a series of government agencies that would organize work programs for the unemployed.

The CCC The most highly praised New Deal work relief program was the **Civilian Conservation Corps (CCC)**, which combined Roosevelt’s love of nature and commitment to conservation with the need to help the unemployed. Beginning in March 1933, the CCC offered unemployed young men 18 to 25 years old the opportunity to work under the direction of the national forestry service planting trees, fighting forest fires, and building reservoirs.

The young men lived in camps near their work areas and earned \$30 a month. By midsummer the CCC had created some 1,500 camps. The average CCC worker returned home after six months to a year of service better nourished than before and with greater self-respect. “I weighed about 160 pounds when I went there, and when I left, I was 190,” said one. “It made a man of me, all right.” By the time it closed down in 1942, the CCC had put 3 million young men to work outdoors.

Public Works and Emergency Relief A few weeks after authorizing the CCC, Congress established the Federal Emergency Relief Administration (FERA). FERA did not initially create projects for the unemployed. Instead, it channeled money—a half-billion dollars in all—to state and local agencies to fund

their relief projects. The leader of FERA was Harry Hopkins, whose nervous energy and sarcastic manner put off many people. Despite his personality, Hopkins became one of the most influential people in Roosevelt’s administration.

Half an hour after meeting with Roosevelt to discuss his new job, Hopkins set up a desk in the hallway of his new office. In the next two hours, he spent \$5 million on relief projects. When critics charged that some of the projects did not make sense in the long run, Hopkins replied, “People don’t eat in the long run—they eat every day.”

In June 1933, Congress authorized the creation of another federal relief agency—the **Public Works Administration (PWA)**. Roosevelt knew that nearly one-third of the nation’s unemployed were in the construction industry. To put them back to work, the PWA began a series of construction projects to build and improve highways, dams, sewer systems, waterworks, schools, and other government facilities.

In most cases, the PWA did not hire workers directly, but instead awarded contracts to construction companies. By insisting that contractors hire African Americans, the agency broke down some of the long-standing racial barriers in the construction trades.





Picturing History

The Civilian Conservation Corps FDR satisfied both the nation's need for employment and his love of nature with the CCC. Workers planted forests, built reservoirs, and received a monthly salary. **In what year did the CCC halt operations?**

The CWA By the fall of 1933, neither FERA nor the PWA had reduced unemployment significantly. Hopkins realized that unless the federal government acted quickly, a huge number of unemployed would be in severe distress once winter began. After Hopkins explained the situation, President Roosevelt authorized him to set up the **Civil Works Administration (CWA)**.

Unlike the PWA, the CWA hired workers directly and put them on the federal government's payroll. That winter the CWA employed 4 million people, 300,000 of them women. Under Hopkins's direction, the agency built or improved 1,000 airports,

500,000 miles of roads, 40,000 school buildings, and 3,500 playgrounds, parks, and playing fields.

The cost of the CWA was huge—the program spent nearly \$1 billion in just five months. A former colleague remembered Hopkins as “the kind of guy that seldom wrote a letter. He'd just call and say, ‘Send a million dollars to Arkansas, and five million to New York. People are in need.’”

Although the CWA helped many people get through the winter, President Roosevelt was alarmed at how quickly the agency was spending money. He did not want Americans to get used to the federal government providing them with jobs. Warning that the CWA would “become a habit with the country,” Roosevelt insisted that it be shut down. “We must not take the position,” the president explained, “that we are going to have a permanent depression in this country.” By early April 1934, Hopkins had shut down the CWA and fired the 4 million workers the agency had hired.

By the end of his first year in office, President Roosevelt had convinced Congress to pass an astonishing array of programs and policies. The programs passed during the first New Deal did not restore prosperity, but they all reflected Roosevelt's zeal for action, his willingness to experiment, and his openness to new ideas. Perhaps the most important result of the first New Deal was a noticeable change in the spirit of the American people. Roosevelt's actions had inspired hope and optimism, and Americans' faith in their nation had been restored.

Reading Check Identifying What three New Deal programs provided work relief to the unemployed?

SECTION 2 ASSESSMENT

Checking for Understanding

- Define:** *fireside chats*.
- Identify:** Hundred Days, Securities and Exchange Commission, Federal Deposit Insurance Corporation, Agricultural Adjustment Administration, Civilian Conservation Corps.
- Summarize** the different viewpoints of Roosevelt's advisers.

Reviewing Themes

- Groups and Institutions** How did the Glass-Steagall Act and the Federal Deposit Insurance Corporation help make the banking industry safer?

Critical Thinking

- Interpreting** Did the CCC, CWA, and PWA achieve their goals? Explain your answer.
- Organizing** Use a graphic organizer like the one below to list the major agencies of the First New Deal.



Analyzing Visuals

- Analyzing Charts** Examine the chart on page 687. How did the various agencies listed change the historical role of the federal government?

Writing About History

- Expository Writing** Research the Agricultural Adjustment Act by rereading the text on page 685. Use library resources and the Internet to complete your research. Then write an article explaining the benefits and drawbacks of this piece of legislation.

Guide to Reading

Main Idea

In 1935 Roosevelt introduced new programs to help unions, the elderly, and the unemployed.

Key Terms and Names

deficit spending, American Liberty League, Works Progress Administration, National Labor Relations Board, binding arbitration, sit-down strike, Social Security Act

Reading Strategy

Organizing As you read about President Roosevelt's Second New Deal, complete a graphic organizer similar to the one below by filling in his main legislative successes during this period.

Legislation	Provisions

Reading Objectives

- **Describe** the political challenges Roosevelt faced in the mid-1930s.
- **Explain** why the Social Security Act is still regarded as an important piece of legislation.

Section Theme

Government and Democracy The Second New Deal was a political response to growing criticism from both the left and the right.

Preview of Events

♦ <i>April 1935</i>	♦ <i>June 1935</i>	♦ <i>August 1935</i>	♦ <i>October 1935</i>
<p>April 1935 Works Progress Administration founded</p>	<p>May 1935 Supreme Court strikes down NIRA</p>	<p>July 1935 National Labor Relations Act becomes law</p>	<p>August 1935 Social Security Act adopted</p>
			<p>November 1935 John L. Lewis forms Committee for Industrial Organization</p>

★ An American Story ★



Harry Hopkins

Harry Hopkins, head of the Federal Emergency Relief Administration, worked long hours in his Washington office, a bare, dingy room with exposed water pipes. He preferred this space to the grandeur of the more conventional offices of high-ranking officials. Here he often defended the New Deal's work relief programs when reporters dropped by, and he lashed out at New Deal critics with headline-making phrases. "Some people just can't stand to see others make a decent living," he said, or, "Hunger is not debatable."

Sometimes Hopkins went on the road to talk about his job. Once, on a trip to his home state of Iowa, Hopkins was extolling New Deal policies to a sympathetic audience when a voice from the crowd shouted, "Who's going to pay for it?" Without a word Hopkins peeled off his jacket, loosened his tie, and rolled up his sleeves. Then his voice ripped through the utter stillness, "You are!"

—adapted from *The Politics of Upheaval*

Challenges to the New Deal

President Roosevelt appreciated Harry Hopkins's feistiness. He needed effective speakers who were willing to contend with his adversaries. Although Roosevelt had been tremendously popular during his first two years in office, opposition to his policies had begun to grow.

The New Deal had been in effect for two years, yet the economy had shown only a slight improvement. Although more than 2 million new jobs had been created, more than 10 million workers remained unemployed, and the nation's total income remained about half of what it had been in 1929. As one of Harry Hopkins's aides reported on a



Critics From the Left Huey Long and Father Charles Coughlin claimed the New Deal did not do enough to help the poor.

visit to Houston, Texas, “Nobody seems to think any more that the thing [the New Deal] is going to work.”

Criticism From Left and Right Hostility toward Roosevelt came from both the right wing and the left wing of the political spectrum. People on the right generally believed the New Deal had imposed too many regulations on business. The right wing also included many Southern Democrats who believed the New Deal had expanded the federal government’s power at the expense of states’ rights.

The right wing had opposed the New Deal from the beginning, but by late 1934, the opposition began to increase. To pay for his programs, Roosevelt had begun **deficit spending**. He had abandoned a balanced budget and begun borrowing money to pay for his programs. Many business leaders became greatly alarmed at the government’s growing deficit.

In August 1934, business leaders and anti-New Deal politicians from both parties joined together to create the **American Liberty League**. Its purpose was to organize opposition to the New Deal and “teach the necessity of respect for the rights of person and property.”

While criticisms from the right threatened to split the Democratic Party and reduce business support for

Roosevelt, another serious challenge to the New Deal came from the left. People on the left believed Roosevelt had not gone far enough. They wanted the government to intervene even more dramatically in the economy to shift wealth from the rich to middle-income and poor Americans.

Huey Long Perhaps the most serious threat from the left came from Democratic senator Huey Long of Louisiana. Long captivated audiences with folksy humor and fiery oratory. As governor of Louisiana, Long had championed the downtrodden. He had

improved schools, colleges, and hospitals, and had built roads and bridges. These benefits made Long very popular and enabled him to build a powerful and corrupt political machine.

Long’s attacks on the rich gave him a national following, too. His supporters organized some 27,000 “Share Our Wealth” clubs across the country. Pollsters estimated that if he ran against Roosevelt as a third-party candidate in 1936, Long would take 10 percent of Roosevelt’s vote—enough, they believed, to ensure a Republican victory.

Father Coughlin Huey Long’s challenge to Roosevelt became even more credible when his supporters were combined with those of Father Charles Coughlin, a Catholic priest in Detroit. Coughlin had a popular radio show that attracted a weekly audience of about 30 to 45 million Americans.

Originally a New Deal supporter, Coughlin had become impatient with its moderate reforms. He called instead for heavy taxes on the wealthy and nationalization of the banking system. In the spring of 1935, Coughlin organized the National Union for Social Justice, which some Democrats feared was the first step to creating a new political party.

The Townsend Plan A third left-wing challenge to Roosevelt came from Dr. Francis Townsend, a former public health official. Townsend proposed that the federal government pay citizens over age 60 a pension of \$200 a month. Recipients would have to retire and spend their entire pension check each month. He believed the plan would increase spending and remove people from the labor force, freeing up jobs for the unemployed.

CLICK HERE

HISTORY
Online

Student Web
Activity

Visit the *American Vision* Web site at tav.glencoe.com and click on **Student Web Activities—Chapter 23** for an activity on the New Deal.

Townsend's proposal attracted millions of supporters, especially among the elderly, who mobilized as a political force for the first time in American history. Townsend's program was particularly popular in the West. When combined with Long's support in the Midwest and South and Coughlin's support among urban Catholics in the Northeast, there was a real possibility of a coalition that would draw enough votes away from Roosevelt to prevent his re-election in 1936.

Reading Check **Examining** What groups of people challenged Roosevelt and the New Deal? What concerns did they have?

Launching the Second New Deal

Although he remained tremendously popular with the American people, Roosevelt realized that his political support could be undermined by the attacks from left and right. He was also disturbed by the failure of the New Deal to generate a rapid economic recovery. In 1935 he launched what came to be called the Second New Deal—another series of programs and reforms that he hoped would speed up the

nation's recovery, provide economic security to every American, and ensure his re-election in 1936.

The WPA In January 1935, Roosevelt began by asking Congress for nearly \$5 billion "for work relief and to increase employment by providing useful projects." Much of the money would be given to the **Works Progress Administration** (WPA), a new federal agency headed by Harry Hopkins. "The big boss is ready to go places in a big way," Hopkins told a colleague.

Over the next several years, the WPA spent \$11 billion. Its 8.5 million workers constructed about 650,000 miles of highways, roads, and streets, 125,000 public buildings, and more than 8,000 parks. It built or improved more than 124,000 bridges and 853 airports.

The WPA's most controversial program was "Federal Number One," a section of the Professional Projects Division that offered work to artists, musicians, theater people, and writers. "They've got to eat just like other people," Hopkins commented to critics of the program. The artists created thousands of murals and sculptural works to beautify the walls and halls of public buildings. Musicians established

**NATIONAL
GEOGRAPHIC**

MOMENT in HISTORY

BRIEF RESPITE FOR FDR

Enjoying a short break from the pressures of dealing with the country's economic woes, President Franklin D. Roosevelt holds his beloved dog Fala while chatting with the granddaughter of the family gardener at his Hyde Park, New York, estate. The president and his staff, with the help of the press, took great pains to conceal his polio-induced paralysis. He was never filmed or photographed being wheeled or carried from place to place. This rare snapshot is one of the few known to exist that shows Roosevelt seated in his wheelchair.



CONTENTS

The Second New Deal, 1935

Agency/Legislation	Function
Works Progress Administration (WPA)	Combated unemployment; created jobs throughout economy
Rural Electrification Administration (REA)	Brought electricity to isolated agricultural areas
Social Security Act	Created unemployment system, disability insurance, old-age pension, and child welfare benefits
Public Utility Holding Company Act	Eliminated unfair practices and abuses of utility companies
Banking Act	Strengthened the Federal Reserve
Resettlement Act	Assisted poor families and sharecroppers in beginning new farms or purchasing land

Chart Skills


- Interpreting Charts** What did the Resettlement Act try to accomplish?
- Understanding Cause and Effect** How did these acts create a safety net for American citizens?

Shortly after the Schechter decision, Roosevelt sprang into action. With the Court threatening to strike down the New Deal and with growing challenges from the left and right, the president knew he needed a new series of programs to keep voters' support. He called congressional leaders to a White House conference. Pounding his desk, he thundered that Congress could not go home until it passed his new bills. That summer, Congress began what the press nicknamed the "second hundred days" and worked feverishly to pass Roosevelt's programs.

 **Reading Check** **Examining** How did the Supreme Court's ruling affect the New Deal?

30 city symphony orchestras, as well as hundreds of smaller musical groups. The Federal Theater Project financed playwrights, actors, and directors. The program also funded historians who interviewed former slaves to document American history.

The Supreme Court's Role When Roosevelt asked Congress to fund the WPA in January 1935, he had expected quick action on the bill. He quickly discovered that opposition to his programs was growing in Congress. The bill creating the WPA did not pass until April 1935. By late May, Congress was preparing to adjourn for the summer, leaving Roosevelt with very few accomplishments.

Suddenly, the political situation shifted. On May 27, 1935, the Supreme Court unanimously struck down the National Industrial Recovery Act in *Schechter v. United States*. The Schechter brothers, who had a poultry business in Brooklyn, New York, had been convicted in 1933 of violating the NIRA's Live Poultry Code. They had sold diseased chickens and violated the code's wage-and-hour provisions.  (See page 1082 for more about *Schechter v. United States*.)

In what became known as the "sick chicken case," the Court ruled that the Constitution did not allow Congress to delegate its powers to the executive branch. Thus it considered the NIRA codes unconstitutional. The decision worried Roosevelt. The ruling suggested that the Court could soon strike down the rest of the New Deal as well.

The Rise of Industrial Unions

When the Supreme Court ruled against the NIRA, it also struck down the section of the law that established labor's right to organize. President Roosevelt and the Democrats in Congress knew that the working-class vote was very important in winning re-election in 1936. They also believed that unions could help end the Depression. They thought that high union wages would let workers spend more money, thereby boosting the economy. Opponents disagreed, arguing that high wages forced companies to charge higher prices and to hire fewer people. Despite these concerns, Congress pushed ahead with new labor legislation.

The National Labor Relations Act In July 1935, Congress passed the National Labor Relations Act, also called the Wagner Act after its author, Democratic senator Robert Wagner of New York. The act guaranteed workers the right to organize unions without interference from employers and to bargain collectively. The law set up the **National Labor Relations Board** (NLRB), which organized factory elections by secret ballot to determine whether workers wanted a union. The NLRB then certified the successful unions.

The new law also set up a process whereby dissatisfied union members could take their complaints to **binding arbitration**, in which a neutral party would listen to both sides and decide the issues. The NLRB was authorized to investigate the

actions of employers and had the power to issue “cease and desist” orders against unfair practices.

The CIO The Wagner Act stimulated a burst of labor activity. In the mid-1930s, the United Mine Workers union, led by John L. Lewis, began working with several other unions to organize workers in industries where unions did not yet exist. To coordinate their efforts, they formed the **Committee for Industrial Organization (CIO)** in 1935.

The CIO set out to organize industrial unions, or unions that included all workers in a particular industry, skilled and unskilled. The CIO began by focusing on the automobile and steel industries—two of the largest industries in America where workers were not yet organized into unions.

Sit-Down Strikes In late December 1936, officials at the General Motors auto-body plant in Cleveland, Ohio, demoted two union men. In an unplanned protest, a shift of 135 workers sat down and launched an unprecedented kind of strike. They stopped working but refused to leave the factory. A few days later, the workers at the company’s plant in Flint, Michigan, launched their own **sit-down strike**,

as the press quickly dubbed it. Workers at other plants followed suit or carried out traditional strikes.

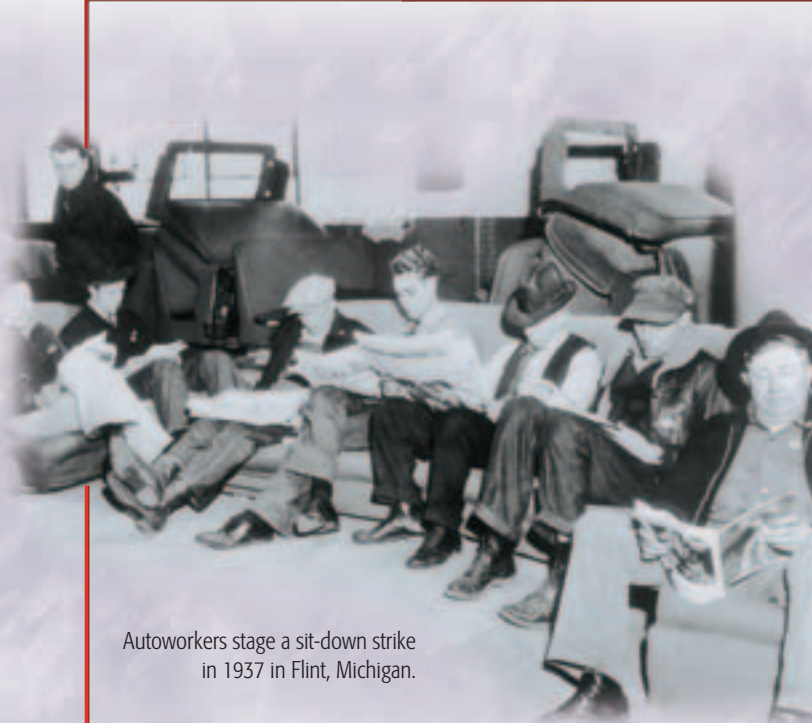
Bruce Bliven, editor of *The New Republic* magazine, was among the few journalists allowed into the plant. Regarding the condition of the strike, he reported:

“The place was remarkably neat and tidy, at least as clean as it is under normal conditions. Beds were made up on the floor of each car, the seats being removed if necessary. . . . I could not see—and I looked for it carefully—the slightest damage done anywhere to the General Motors Corporation. The nearly completed car bodies, for example, were as clean as they would be in the salesroom, their glass and metal shining.”

—quoted in *The Great Depression*

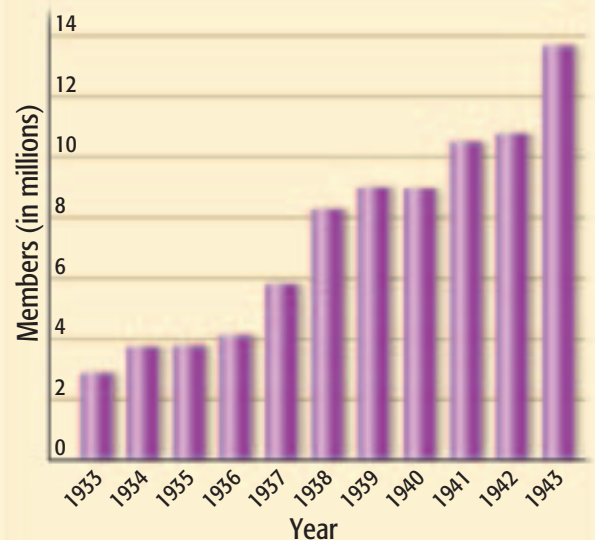
Violence broke out in Flint when police launched a tear gas assault on one of the smaller plants. The strikers turned back the attack with whatever was at hand—door hinges, bottles, stones, and balls of ice. The police wounded 13 strikers and two bystanders with gunfire, but the strike held. On February 11, 1937, the company gave in and recognized the CIO’s

Trying to Improve Working Conditions



Autoworkers stage a sit-down strike in 1937 in Flint, Michigan.

Union Membership, 1933–1943



Source: *Historical Statistics of the United States: Colonial Times to 1970*.

Graph Skills

- 1. Interpreting Graphs** Approximately how many people were union members in 1936?
- 2. Understanding Cause and Effect** Why did union membership increase steadily after 1936?

United Auto Workers (UAW) as its employees' sole bargaining agent. The UAW quickly became one of the most powerful unions in the United States.

The United States Steel Corporation, the nation's largest steel producer, decided it did not want to repeat the General Motors experience. The company recognized the CIO's United Steelworkers of America, which won a 40-hour workweek and a 10-percent pay raise. Smaller steel producers did not initially recognize unions, and strikes broke out around the country. By 1941, however, the steelworkers' union had contracts with the entire industry.

In the late 1930s, workers in other industries also sat down at their jobs to gain union recognition. In only six years, total union membership tripled from roughly 3 million in 1933 to about 9 million in 1939. In 1938 the CIO changed its name to the Congress of Industrial Organizations and became a federation of industrial unions.

Reading Check **Examining** What provisions did the National Labor Relations Act establish?

The Social Security Act

After passing the Wagner Act, Congress began work on a bill that ranks as one of the most important pieces of legislation in American history. This was the **Social Security Act**, which became law in August 1935. Its major goal was to provide some security for the elderly and for unemployed workers.

With the support of Secretary of Labor Frances Perkins, Roosevelt and his team spent months preparing the bill. The framers viewed it primarily as

an insurance bill. Workers earned the right to receive benefits because they paid premiums. The legislation also provided modest welfare payments to other needy people, including those with disabilities and poor families with young dependent children.

The core of Social Security was the monthly retirement benefit, which people could collect when they stopped working at age 65. Another important benefit, unemployment insurance, supplied a temporary income to unemployed workers looking for new jobs. Some critics did not like the fact that the money came from payroll taxes imposed on workers and employers, but to Roosevelt these taxes were crucial: "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and the unemployment benefits."

Since the people receiving benefits had already paid for them, he explained, "no politician can ever scrap my social security program." What Roosevelt did not anticipate was that in the future, Congress would borrow money from the Social Security fund to pay for other programs while failing to raise payroll deductions enough to pay for the benefits.

Social Security helped many people, but initially it left out many of the neediest members of society—farm and domestic workers. Some 65 percent of all African American workers in the 1930s fell into these two categories. Nevertheless, Social Security established the principle that the federal government should be responsible for those who, through no fault of their own, were unable to work.

Reading Check **Explaining** How did the Social Security Act protect workers?

SECTION 3 ASSESSMENT

Checking for Understanding

1. **Define:** deficit spending, binding arbitration, sit-down strike, Social Security Act.
2. **Identify:** American Liberty League, Works Progress Administration, National Labor Relations Board.
3. **Contrast** the ideas of Father Charles Coughlin, Senator Huey Long, and Dr. Francis Townsend.

Reviewing Themes

4. **Government and Democracy** How did the New Deal contribute to the growth of industrial unions?

Critical Thinking

5. **Analyzing** Why is the Social Security Act an important piece of legislation?
6. **Organizing** Use a graphic organizer similar to the one below to list the political challenges Roosevelt faced in his first term.



Analyzing Visuals

7. **Analyzing Graphs** Examine the photo and graph on page 693. How did successful strikes such as the sit-down strike shown in the photograph lead to a rise in union membership?

Writing About History

8. **Descriptive Writing** Imagine you are either a General Motors worker or a member of management during the sit-down strike in Flint, Michigan. Write a letter to your local newspaper describing the strike and explaining your actions during it.

The New Deal Coalition

Guide to Reading

Main Idea

Backed by a new coalition of voters, Roosevelt easily won a second term, but the opposition of conservatives weakened his ability to achieve additional reforms.

Key Terms and Names

Frances Perkins, court-packing, Henry Morgenthau, John Maynard Keynes, broker state, safety net

Reading Strategy

Taking Notes As you read about the New Deal coalition, use the major headings of the section to create an outline similar to the one below.

The New Deal Coalition

- I. Roosevelt's Second Term
 - A.
 - B.
 - C.
- II.
 - A.
 - B.

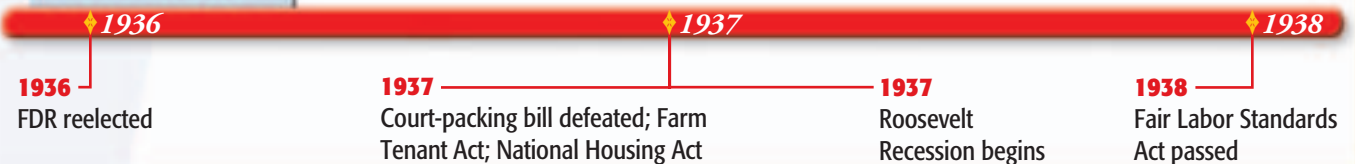
Reading Objectives

- **Explain** the achievements and the defeats of Roosevelt's second term.
- **Analyze** how the New Deal affected Americans' sense of security and their attitude toward the role of government.

Section Theme

Groups and Institutions The Democratic Party's victory in 1936 resulted from a new alignment in politics that lasted for several decades.

Preview of Events



Robert Vann

★ An American Story ★

One day in 1932, Emma Guffey Miller, the sister of Democratic senator Joseph Guffey, was having her nails done at a salon in Pittsburgh. Her manicurist mentioned that Robert Vann, publisher of the *Pittsburgh Courier*, a leading African American newspaper, wanted to see the senator. When Senator Guffey met Vann, Vann told him that the Democrats could win most of the 280,000 African American votes in Pennsylvania if they made the effort.

Since the Civil War, most African Americans had voted for the Republicans. Now times had changed. The Depression had hit the African American community very hard, and Republicans had done little to help. In talks to African American voters, Vann often said, "My friends, go home and turn Lincoln's picture to the wall. That debt has been paid in full."

Guffey was impressed. He persuaded party leaders to appoint Vann to lead "the first really effective Negro division a Democratic campaign committee ever had." By 1936 the majority of African American voters had switched their support to the Democratic Party.

—adapted from *The Politics of Upheaval*

Roosevelt's Second Term

The dramatic shift in party allegiance by African Americans was part of a historic political realignment triggered by FDR's New Deal. As the election of 1936 approached, millions of voters owed their jobs, mortgages, or salvaged bank accounts to the New Deal, and they knew it.

Profiles IN HISTORY

Mary McLeod Bethune

1875–1955

Mary McLeod Bethune was born into a poor South Carolina family, the 15th of 17 children. Although she worked from a young age picking cotton and washing clothes, Bethune was determined to get an education. She won a scholarship to a seminary in North Carolina and later graduated from the Moody Bible Institute in Chicago. Bethune then began teaching at the Haines Institute. In 1904 she founded a school in Florida for the children of African American railroad workers. “I rang doorbells,” she later recalled. “I wrote articles . . . distributed leaflets, [and] invaded churches, clubs, lodges, [and] chambers of commerce.” Gradually she raised enough money to found the Daytona Normal and Industrial School, later known as Bethune College.

Bethune’s efforts gained her a national reputation. In the 1920s, she visited the White House to discuss African American affairs. She also became a good friend of Eleanor Roosevelt. In 1936 FDR appointed her director of the Negro Division of the National Youth Administration (NYA), which provided job training for young people. Bethune also founded the National Council of Negro Women to support civil rights. In later years, she advised Presidents Truman and Eisenhower.



Frances Perkins

1882–1965

From the moment she became FDR’s secretary of labor at the age of 50, Frances Perkins confronted the challenge of being the first female cabinet member in the nation’s history.

Perkins studied social work at Columbia University. Early in her career, she assisted Jane Addams at Hull House and worked with Florence Kelley of the Consumers’ League. From her lobbying efforts there, Perkins learned how to deal with politicians.

Perkins first met Roosevelt when she worked for the New York Committee on Safety, lobbying state legislators to limit the workweek for women to 54 hours. When Roosevelt became governor in 1928, he appointed Perkins state industrial commissioner.

After Roosevelt won the presidency in 1932, he asked Perkins to head the Department of Labor. Upon taking the job, Perkins found many areas that needed improvement: offices that were run down, disorganized files, and lax work schedules, conditions she quickly remedied.

Given her background, it was fitting that one of Perkins’s major tasks was to head the team that designed the Social Security program. She also supervised implementation of the Fair Labor Standards Act and built up the Bureau of Labor Statistics.



The white South, which had been the core of the Democratic Party, now became just one part of a new coalition that included farmers, laborers, African Americans, new immigrants, ethnic minorities, women, progressives, and intellectuals. First Lady Eleanor Roosevelt helped bring about the change in the African American and women’s vote. She had demonstrated strong sympathies toward these groups, with whom she spoke in her many tours of the country. She recounted her experiences to her husband and persuaded him to address at least some of their problems in his New Deal programs.

African Americans and women made some modest gains during the New Deal. For example, the president appointed a number of African Americans to positions in his administration; informally, they became known as the Black Cabinet. Roosevelt also tried to see that New Deal relief programs did not exclude African Americans.

A similar approach guided New Deal policies toward women. Roosevelt appointed the first woman to a cabinet post, Secretary of Labor **Frances Perkins**, and assigned many women to lower-level jobs in the

federal bureaucracy. Even so, the general view was that women did not need federal government action to ensure equal treatment, but rather to provide certain protections for them.

The Election of 1936 To oppose Roosevelt, the Republicans nominated Kansas Governor Alfred Landon. Although Landon favored some New Deal policies, he declared it was time “to unshackle initiative and free the spirit of American enterprise.” As the election neared, Landon became more aggressive. The New Deal “violates the basic ideals of the American system,” he declared. “If we are to preserve our American form of government, this administration must be defeated.”

Despite Landon’s attacks, Roosevelt and the New Deal remained overwhelmingly popular with the American people. The challenge from left-wing radicals also proved much weaker than expected—primarily because Huey Long had been assassinated in Louisiana in September of 1935. Long’s supporters joined with those of Father Coughlin and Francis Townsend in the summer of 1936 to form a new

political movement called the **Union Party**, but without a strong leader, the party had no chance. On Election Day, Roosevelt swept to victory in one of the largest landslides in American history. He won more than 60 percent of the popular vote and carried every state except Maine and Vermont.

The Court-Packing Plan Although popular opinion supported most of the president's programs, the Supreme Court saw things differently. In January 1936, the Court declared the Agricultural Adjustment Act to be unconstitutional. With cases pending on Social Security and the Wagner Act, it seemed likely the Court would strike down nearly all of the major New Deal programs.

Roosevelt was furious that a handful of jurists, "nine old men" as he called them, were blocking the wishes of a majority of the people. After winning re-election, he decided to try to change the political balance on the Supreme Court. Claiming that the Court was overburdened with work, Roosevelt sent Congress a bill to increase the number of justices: If any justice had served for 10 years and did not retire within six months after reaching the age of 70, the president could appoint an additional justice to the Court. Since four justices were in their 70s and two more were in their late 60s, the bill, if passed, would allow Roosevelt to quickly appoint as many as six new justices.

The **court-packing** plan, as the press called it, was Roosevelt's first serious political mistake as president. Although Congress had the power to change the size of the Court, the scheme created the impression that the president was trying to interfere with the Constitution's separation of powers and undermine the Court's independence.

The issue split the Democratic Party. Many Southern Democrats feared Roosevelt's plan would put justices on the Court who would overturn segregation. At the same time, African American leaders worried that once Roosevelt set the precedent of changing the Court's makeup, a future president might pack the Court with justices opposed to civil rights. Many Americans believed the plan would give the president too much power.

Despite the uproar over the scheme, Roosevelt's actions appeared to force the Supreme Court to back down. In April 1937, the Court upheld the Wagner Act, and in May it declared the Social Security Act to be constitutional. Shortly afterward, one of the more

conservative judges resigned, enabling Roosevelt to appoint a supporter of the New Deal to the Court.

In mid-July, the Senate quietly killed the court-packing bill without bringing it to a vote. Although Roosevelt had achieved his goal of changing the Court's view of the New Deal, the fight over the plan had hurt his reputation with the American people and encouraged conservative Democrats in Congress to work with Republicans to oppose further New Deal proposals.

ECONOMICS

The Roosevelt Recession In late 1937, Roosevelt's reputation suffered another blow when unemployment suddenly surged. Earlier in the year, the economy had seemed to be on the verge of full recovery. Industrial output was almost back to the level it had reached before the Depression began, and many people believed the worst was over.

Although unemployment remained high, Roosevelt decided it was time to balance the budget. Concerned about the dangers of too much debt, Roosevelt ordered the WPA and the PWA to be cut significantly. Unfortunately, Roosevelt cut spending just as the first Social Security payroll taxes removed \$2 billion from the economy. Almost immediately the economy plummeted. By the end of 1937, about two million people had been thrown out of work.

The recession of 1937 led to a debate inside Roosevelt's administration over what to do. Treasury Secretary **Henry Morgenthau** favored balancing the

Picturing History

Campaigning in 1936 During the 1936 election, FDR's Democratic Party brought together farmers, like this North Dakotan, and many other groups of Americans to form a new coalition of political supporters. This coalition helped give Roosevelt a strong re-election victory. [What different groups made up this coalition?](#)



CONTENTS

What Life Was Like...

1930s

Entertainment

During the Depression, people needed entertainment more than ever. Movies topped the list of ways to escape everyday hardship, but music and dance were popular as well. For really cheap entertainment, one could stay at home and play cards or board games.



● **Movie Escapism**

Movies cost less than 25¢ in many places, so children could afford to go, too. These children display door prizes handed out during a matinee in California.

● **Dance Craze**

Dance marathons got their start in the manic 1920s, but they gained wide popularity in the 1930s. Couples might dance hundreds of hours, until they were exhausted. The last couple standing could win substantial prize money.

budget and cutting spending. This would reassure business leaders and encourage them to invest in the economy. Harry Hopkins, head of the WPA, and **Harold Ickes**, head of the PWA, both disagreed with Morgenthau and pushed for more government spending. They pointed to a new theory called “Keynesianism” to support their arguments.

Keynesianism was based on the theories of an influential British economist named **John Maynard Keynes**. In 1936 Keynes published a book that discussed the causes of recessions. He argued that the government should spend heavily during a recession, even if it had to run a deficit, in order to jumpstart the economy.

According to Keynesian economics, Roosevelt had done exactly the wrong thing when he cut back programs in 1937. At first Roosevelt was reluctant to begin deficit spending again. Many critics of his policies had argued that the recession proved the American people were becoming too dependent on government spending, and Roosevelt worried they might be right. Finally, in the spring of 1938, with no recovery in sight, he asked Congress for \$3.75 billion for the PWA, the WPA, and other programs.

✓ Reading Check **Summarizing** What events weakened Roosevelt’s reputation in 1937?

The Last New Deal Reforms

In his second inaugural speech, Roosevelt had pointed out that despite the nation’s progress in climbing out of the Depression, many Americans still endured crippling poverty:

“In this nation I see tens of millions of its citizens—a substantial part of its whole population—who at this very moment are denied the greater part of what the very lowest standards of today call the necessities of life. . . . I see one-third of a nation ill-housed, ill-clad, ill-nourished. . . . The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.”

—quoted in *Public Papers and Addresses of Franklin D. Roosevelt*

Despite the president’s idealistic goals, the fight over the court-packing scheme and the recession of 1937 had weakened Roosevelt politically. Although he pushed ahead with a new series of New Deal programs, his successes were far more limited than they had been in previous years.



• Music and Monopoly

The legendary Jimmie Lunceford Orchestra was one of many big band orchestras of the 1930s. Whether touring the country in one-night gigs or playing on the radio, they drew a huge following. Monopoly was a major 1930s fad. Players of this board game moved pieces around, buying and developing “property” in a race to amass a fortune in fake money.



The National Housing Act One of the president’s goals for his second term was to provide better housing for the nation’s poor. The Home Owners Loan Corporation had helped many middle-class citizens, but it had not provided housing for those who could not afford a mortgage. Eleanor Roosevelt, who had toured poverty-stricken regions of Appalachia and the Deep South, was among those urging the president to do something.

Senator Wagner, who shared the First Lady’s concerns, prepared a new housing bill with Roosevelt’s full support. The 1937 National Housing Act established the United States Housing Authority, which received \$500 million to subsidize loans for builders willing to buy blocks of slums and build low-cost housing.

The Farm Security Administration Before the Supreme Court struck it down, the Agricultural Adjustment Administration had paid many farmers to take land out of production to force food prices to rise. The price-support program raised farm income, but it badly hurt tenant farmers. Landowners often expelled tenants from the land in order to take it out of production. About 150,000 white and 195,000 African American tenants left farming during the 1930s for this reason.

To stop this trend, the Farm Security Administration was created in 1937 to give loans to tenants so they could purchase farms. Over the next four years it extended loans of about \$1 billion. Members of Congress, many of whom believed the program made agricultural problems worse by increasing farm production and driving down prices, kept its appropriations at a low level.

The Fair Labor Standards Act In 1938 New Dealers were still trying to reinstate important pro-labor regulations to make up for the Supreme Court’s dismantling of the NIRA in 1935. The Fair Labor Standards Act of 1938 provided more protection for workers, abolished child labor, and established a 40-hour workweek for many workers to come into effect within three years.

Congress, however, was beginning to turn against the New Deal. The recession of 1937 enabled the Republicans to win many seats in Congress in the midterm elections of 1938. Together with conservative Southern Democrats, they began blocking further New Deal legislation. Roosevelt, meanwhile, became increasingly preoccupied with the growing international threat posed by Germany and Japan. By 1939 the New Deal era had come to an end.

✓ Reading Check **Examining** What groups did Roosevelt’s last New Deal programs try to help?

The Legacy of the New Deal

In terms of its main goal of ending the Depression, the New Deal was only a limited success. Unemployment remained high, and economic recovery was not complete until after World War II. Even so, the New Deal gave many Americans a stronger sense of security and stability.

The Broker State As a whole, the New Deal tended to operate so that it balanced competing economic interests. Business leaders, farmers, workers, consumers, homeowners, and others now looked to government to protect their interests.

The federal government’s ability to take on this new role was enhanced by two important Supreme Court decisions. In 1937, in *NLRB v. Jones and Laughlin Steel*, the Court ruled that the federal government had the constitutional authority, under the interstate commerce clause, to regulate production within a state. In 1942, in *Wickard v. Filburn*, the Court used a similar argument to allow the federal government to regulate consumption in the states. These



"Come along. We're going to the Trans-Lux to his Roosevelt."



Analyzing Political Cartoons

Traitor to His Class By 1936 many wealthy Americans believed that FDR had turned his back on his own upbringing, and they actively worked to prevent his re-election. **How did the New Deal change the way many people view government?**

decisions increased federal power over the economy and allowed it to mediate between competing groups. (See page 1082 and 1083 for more information on these Supreme Court cases.)

In taking on this mediating role, the New Deal established what some have called the **broker state**, working out conflicts among different interests. This broker role has continued under the administrations of both parties ever since.

Government's New Role Probably the biggest change the New Deal brought about was the new public attitude toward government. Roosevelt's programs had succeeded in creating something of a **safety net** for average Americans—safeguards and relief programs that protected them against economic disaster. By the time the Roosevelt years were over, the American people felt that the government had a duty to maintain this safety net even though it required a larger, more expensive federal government than at any time in American history.

Critics continued to argue that the New Deal made the government too powerful. Another legacy of the New Deal, therefore, is a debate that has continued to the present over how much the government should intervene in the economy or support the disadvantaged.

Throughout the hard times of the Depression, most Americans maintained a surprising degree of confidence in the American system. Journalist Dorothy Thompson expressed this feeling in 1940:

“We have behind us eight terrible years of a crisis. . . . Here we are, and our basic institutions are still intact, our people relatively prosperous and most important of all, our society relatively affectionate. . . . No country is so well off.”



Reading Check

Summarizing What was the legacy of Roosevelt's New Deal?

SECTION 4 ASSESSMENT

Checking for Understanding

- Define:** **broker state**, **safety net**.
- Identify:** Frances Perkins, court-packing, Henry Morgenthau, John Maynard Keynes.
- Explain** Roosevelt's court-packing plan and how it was received.

Reviewing Themes

- Groups and Institutions** What groups made up the New Deal coalition?

Critical Thinking

- Interpreting** How did the New Deal change attitudes toward government?
- Categorizing** Use a chart like the one below to list the achievements and defeats of Roosevelt's second term.

Achievements	Defeats

Analyzing Visuals

- Analyzing Photographs** Study the photograph on page 697. What does it suggest about Roosevelt's method of campaigning?

Writing About History

- Persuasive Writing** Write an essay evaluating the effectiveness of New Deal measures in ending the Depression.

Study and Writing SKILLBUILDER

Outlining

Why Learn This Skill?

To draw a scene, first you would sketch the rough shape, or outline, of the picture. Then you would fill in this rough shape with details. Outlining written material is a similar process. You begin with the rough shape of the material and gradually fill in the details.

Learning the Skill

When studying written material, outlining helps you identify main ideas and group together related facts. In writing, it helps you put information in a logical order.

There are two kinds of outlines—*formal* and *informal*. An informal outline is similar to taking notes. You write only words and phrases needed to remember ideas. Under the main ideas, jot down related but less important details. This kind of outline is useful for reviewing material before a test.

A formal outline has a standard format. In a formal outline, label main heads with Roman numerals, subheads with capital letters, and details with Arabic numerals. Each level must have at least two entries and should be indented from the previous level. All entries use the same grammatical form. For example, if one entry is a complete sentence, all other entries at that level must also be complete sentences.

When outlining written material, first read the material to identify the main ideas. In textbooks, section heads provide clues to main topics. Next, identify the subheads. List details that support or explain subheads underneath the appropriate subhead.

Practicing the Skill

Study the outline on this page on Roosevelt's New Deal. Then answer the following questions.

- 1 Is this an example of a formal or an informal outline?
- 2 What are the main headings?
- 3 How do the subheads under "Managing Farm and Industry" relate to the main idea?
- 4 Give two examples of grammatical inconsistency in this outline:

- I. The Hundred Days Begins
 - A. Origins of the New Deal
 - B. A Divided Administration
 1. Some advisers wanted government and business cooperation.
 2. Others wanted government to run the economy or regulate competition.
- II. Fixing the Banks and Stock Market
 - A. The Emergency Banking Relief Act
 1. All banks closed temporarily.
 2. The banks reopened and were monitored by federal examiners.
 - B. Regulating Banks and Brokers
 1. The Securities Act ensured complete and truthful investment information.
 2. The Glass-Steagall Act separated commercial banking from investment banking.
- III. Managing Farms and Industry
 - A. The Agricultural Adjustment Administration
 1. Addressed the oversupply of farm products
 2. Increased farm income
 - B. A Blueprint for Industrial Recovery
 1. The National Recovery Administration established "fair competition" for industry.
 2. Set minimum wages for employees
 3. The codes were difficult to administer and gains were short-lived.

Skills Assessment

Complete the Practicing Skills questions on page 703 and the Chapter 23 Skill Reinforcement Activity to assess your mastery of this skill.

Applying the Skill

Outlining Write a formal or informal outline for Section 4 of this chapter.



Glencoe's **Skillbuilder Interactive Workbook CD-ROM, Level 2**, provides instruction and practice in key social studies skills.

Reviewing Key Terms

On a sheet of paper, use each of these terms in a sentence.

- gold standard
- fireside chats
- deficit spending
- binding arbitration
- sit-down strike
- Social Security Act
- broker state
- safety net

Reviewing Key Facts

- Identify:** New Deal, bank holiday, Hundred Days, Securities and Exchange Commission, Federal Deposit Insurance Corporation, Agricultural Adjustment Administration, Works Progress Administration, National Labor Relations Board, Frances Perkins, court-packing, John Maynard Keynes.
- Why was President Roosevelt reluctant to use deficit spending to help the American economy recover from the Great Depression?
- Why did the federal government create work programs during the Depression?
- How did the Supreme Court challenge the New Deal?
- How did the Wagner Act contribute to the growth of unions?
- Why did President Roosevelt devise the court-packing plan?
- What impact did New Deal legislation have on the role of the federal government in state commerce?

Critical Thinking

- Analyzing Themes: Economic Factors** What caused the recession in 1937, and how did Keynesian economics explain this recession?
- Analyzing** Choose one of the New Deal programs. Describe its goals and evaluate its success.
- Forming an Opinion** Which method should be used to settle differences between unions and companies—binding arbitration or sit-down strikes? Explain your answer.
- Interpreting Primary Sources** In her autobiography, Eleanor Roosevelt wrote about discussions she had with people across the country. Read the excerpt and answer the questions that follow.

“This trip to the mining areas was my first contact with the work being done by the Quakers. I liked the idea of trying to put people to work to help themselves. The men were started on projects and taught to use their abilities to develop new skills. The women were encouraged to revive any household arts they might once have known but which they had neglected in the drab life of the mining village.

This was only the first of many trips into the mining districts but it was the one that started the homestead

Chapter Summary

Major New Deal Programs

Financial and Debt

- Emergency Banking Relief Act regulated banks.
- Federal Deposit Insurance Corporation insured bank deposits.
- Farm Credit Administration refinanced farm mortgages.
- Home Owners' Loan Corporation financed homeowners' mortgages.

Work and Relief

- Civilian Conservation Corps created forestry jobs for young men.
- Federal Emergency Relief Administration funded city and state relief programs.
- Public Works Administration created work programs to build public projects, such as roads, bridges, and schools.

Agriculture and Industry

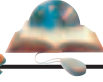
- Agricultural Adjustment Administration paid farmers to limit surplus production.
- National Industrial Recovery Act limited industrial production and set prices.
- National Labor Relations Act gave workers the right to organize unions and bargain collectively.
- Tennessee Valley Authority financed rural electrification and helped develop the economy of a seven-state region.

Social "Safety Net"

- Social Security Act provided:
 - income for elderly, handicapped, and unemployed.
 - monthly retirement benefit for people over 65

CLICK HERE

HISTORY Online



Self-Check Quiz

Visit the *American Vision* Web site at tav.glencoe.com and click on **Self-Check Quizzes—Chapter 23** to assess your knowledge of chapter content.

idea [placing people in planned communities with homes, farms, and jobs]. . . It was all experimental work, but it was designed to get people off relief, to put them to work building their own homes and to give them enough land to start growing food.☺☺

- a. Why did Eleanor Roosevelt like the Quaker project?
- b. Based on this excerpt, do you think that Eleanor Roosevelt supported her husband's New Deal programs? Explain your answer.

20. **Categorizing** Use a graphic organizer like the one below to list groups of people helped by each program.

New Deal Agencies	Whom It Helped
NRA	<input type="text"/>
AAA	<input type="text"/>
FDIC	<input type="text"/>
HOLC	<input type="text"/>
CCC	<input type="text"/>

Practicing Skills

- 21. **Outlining** Study the subheads of Section 3, "The Second New Deal," and Section 4, "The New Deal Coalition," to review the sections. Then do the following exercises.
 - a. Make a formal outline of Section 3. Pay special attention to forming complete sentences.
 - b. Make an informal outline of Section 4.

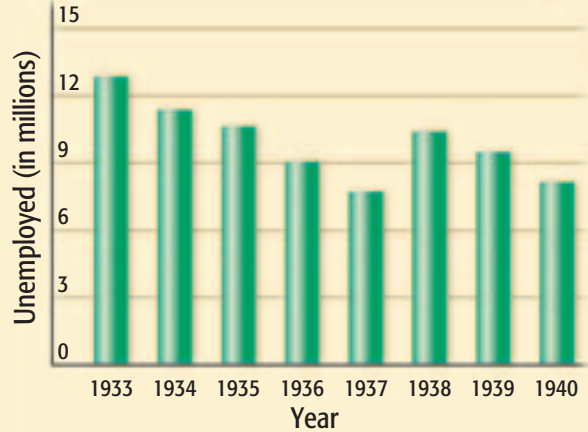
Writing Activity

- 22. **Expository Writing** Under *Economic Crisis and the New Deal* on the American History Primary Source Document Library CD-ROM, read Roosevelt's First Inaugural Address. Work with another student to write a commentary on the address and then present it as a radio broadcast to the class. Your commentary should include opinions about Roosevelt's economic ideas.

Chapter Activity

- 23. **Technology Activity: Researching the Internet** Use the Internet to research two New Deal agencies: the FDIC and

Unemployment, 1933–1940



Source: *Historical Statistics of the United States: Colonial Times to 1970.*

the SEC. Write a short report explaining how they continue to affect the lives of U.S. citizens and the U.S. economy today.

Economics and History

- 24. Examine the graph above showing unemployment figures, and then answer the questions below.
 - a. **Interpreting Graphs** What was the difference in unemployment between 1937 and 1938?
 - b. **Analyzing** Why did unemployment decline between 1933 and 1937? Why did it increase in 1938?



Standardized Test Practice

Directions: Choose the best answer to the following question.

Each of the following is true of the bills passed during the first Hundred Days of Roosevelt's presidency EXCEPT:

- F They were intended to provide immediate relief to American citizens.
- G They were known as the New Deal.
- H They were designed as temporary measures to restart the economy.
- J They were the subject of divisive and protracted debate in Congress.

Test-Taking Tip: Remember, this question asks for the *exception*. Read through each answer carefully to see if it is true of FDR's first Hundred Days. You are looking for the answer that is false. For example, you probably remember that these bills were intended to combat the effects of the Great Depression. Therefore, answer F is true, so it is not the correct answer.