### Chapter 33

#### Essential Question

**How did the expansion of government during the New Deal affect the nation?**

#### 33.1

FDR was elected to four terms as president. During the first two terms, his New Deal programs gave hope to millions of Americans. He worked to find jobs for the unemployed and urged Congress to do more for those in need. In the process, he changed the role of government in American life.

#### 33.2

With his radio addresses, FDR revolutionized the relationship between the president and the people. After his first fireside chat, hundreds of thousands of letters flooded into the White House. Thereafter, FDR received about 6,000 letters a day. To manage the volume of mail, the White House increased its mailroom staff from one or two clerks to dozens of mail handlers.

### The First New Deal

- FDR recognized that getting people back to work was his primary task as president.
- But he also understood that businesses needed help.

### Restructuring the Financial Sector

- FDR first attacked problems in the financial sector, the area of money, banking, and investment.
  - On March 6, 1933, he ordered all banks to close temporarily.
    - This stopped the steady withdrawal of funds from financial institutions.
  - Over the next few days, officials put together the Emergency Banking Act.
    - The law reformed the banking system and gave the federal government more power to supervise bank activities.
  - A month later, Congress passed the Banking Act of 1933.
    - This law created the Federal Deposit Insurance Corporation, which guaranteed individual bank deposits up to $5,000.
    - This guarantee helps restore public confidence in banks and stabilize the banking system.
    - The law also limited the freedom of banks to trade in stocks and bonds.
  - FDR and Congress set out to reform the stock market.
    - A key step was the creation of the Securities and Exchange Commission in 1934.
    - The SEC required companies to publish the important facts about
their businesses.
  - It also regulated the activities of stockbrokers and others in the investment business.

### Shoring Up the Free Enterprise System

The National Recovery Administration chose as its emblem a blue eagle. Only businesses that cooperated with the NRA could display the emblem. Doing so indicated that the business engaged in fair competition by following the NRA codes for its industry.

- The **National Industrial Recovery Act (NIRA)** of 1933 was designed to increase production while boosting wages and prices.
- Its goals were to make more goods available and to give consumers more money with which to buy them.
- The NIRA targeted the needs of three groups: business, labor unions, and the unemployed.
  - To help business, the law set up the National Recovery Administration.
    - With the NRA, the New Deal increased government regulation and economic planning and moved away from the laissez-faire policies of the past.
  - To help labor unions, the NIRA guaranteed workers the right to organize and bargain collectively. It also authorized the NRA to propose codes for establishing minimum wages and maximum hours in various industries.
    - These measures represented a new level of government support for organized labor.
  - To help the unemployed, the NIRA allotted $3.3 billion for various public works. It established the Public Works Administration (PWA) to oversee these construction projects.

### Paying Farmers Not to Plant

- Another piece of recovery legislation created the **Agricultural Adjustment Administration (AAA)**.
  - The aim of the AAA was to raise crop prices to reach parity.
  - To raise prices, the AAA paid farmers to plant fewer crops.
  - The AAA also provided loans to farmers so they could pay their mortgages and stay on their land rather than join the jobless in cities.

### Promoting Economic Development and Homeownership

The New Deal funded public works projects to stimulate the economy and put people back to work. Among the largest projects were dams like those built for the Tennessee Valley Authority. Workers also built bridges and roads, planted trees, and cut trails through national forests.
The New Deal also created two new federal agencies that would deal with housing issues.
- The Home Owners' Loan Corporation, provided loans to help people meet their mortgage payments.
- The Federal Housing Administration (FHA), gave a boost to the banking and construction industries by insuring mortgage loans up to 80 percent of a home's value.

Remembering the "Forgotten Man"

- One important work-relief program was the Civilian Conservation Corps (CCC), which gave young men jobs planting trees and working on other conservation projects.
- The Federal Emergency Relief Administration (FERA), took an approach different from providing people with work. Instead, it sent funds to state governments, which then distributed the cash to the needy.
  - For the first time in American history, a federal agency provided direct relief to the unemployed.
  - State and local agencies also pitched in with supplies of food and clothing to help the poor.

33.3 Protests and Political Challenges

Critics Attack the New Deal

Although the First New Deal was popular with most Americans, it sparked criticism from both the left and the right. Critics on the right (right wing) complained that much of the tax money being pumped into the economy by New Deal programs was being wasted. Critics on the left (left wing) argued that the New Deal was not doing enough to help those in need.

Demagogues Turn Up the Heat

- At the extremes of the political spectrum, demagogues also denounced the New Deal.
- A demagogue is a political leader who appeals to people's emotions and prejudices.

Huey Long was a powerful speaker with an emotional delivery that could cast a spell over his audience. The Louisiana senator and former governor attacked the New Deal for not doing enough to help poor Americans. He held much in common with the Populists of the 19th century.
### The Second New Deal

**Energizing the Country with Electricity and Jobs**

- One of the new agencies was the Rural Electrification Administration (REA).
  - In 1935, fewer than 20 percent of American farms had electricity.
  - When it completed its work, about 90 percent of the country's farms had access to cheap power.
- The **Works Progress Administration** (WPA) put more than 3 million Americans to work in its first year.
  - They built hundreds of thousands of bridges, public buildings, and parks.
  - The WPA also established arts projects.
    - By 1936, the WPA employed 7 percent of the American workforce.

The WPA's Federal Art Project provided jobs for more than 5,000 artists who created over 200,000 works of art.

### The Supreme Court Attacks the New Deal

- President Roosevelt fumed that the Court had created a "no-man's land" where no government, state or federal, could act effectively.

### A Bill of Rights for Workers

- A month after the Supreme Court declared the NIRA unconstitutional, Congress passed a new bill to protect workers, the **Wagner Act**.
  - The Wagner Act guaranteed workers "the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing."
- To protect these rights, the act created the National Labor Relations Board (NLRB).
  - This board had the power to supervise union elections to ensure that they were free and democratic.
  - It could also penalize employers for "unfair labor practices," such as attempting to discourage workers from joining or forming a union.
- Congress passed a related bill in 1938.
  - The Fair Labor Standards Act regulated conditions in the workplace.
  - It also set a minimum wage of 25 cents an hour and a maximum 44-hour workweek for most workers.
  - The act banned "oppressive child labor."
### Economic Security for Americans

- The Social Security Act created a social insurance program that provides two main types of benefits: retirement and disability.
  - Retirement benefits are cash payments made to retired workers sometime after they reach the age of 62.
  - Disability benefits are payments made to workers who have become too disabled to continue working, regardless of their age.
  - Severely disabled children are eligible for Social Security disability benefits as well.

The Social Security Act provided unemployment benefits for the jobless, old-age pensions for retired workers, and assistance for people who were too disabled to work.

### Battling the Supreme Court

Roosevelt's scheme to put more liberal justices on the Supreme Court backfired in 1937. Opponents accused him of threatening the independence of the judiciary and undermining the system of checks and balances. Congress rejected the court-packing plan and dealt FDR a harsh political blow.

### 33.5 Social and Political Impacts

#### A Good Deal for Workers

New Deal legislation supporting workers' right to organize spurred the growth of labor unions. One popular union tactic was the sit-down strike, in which workers take over their work-place by "sitting down" on the job. This prevents employers from replacing the strikers with scab labor. This sit-down strike was organized by the United Auto Workers union in 1937 at the General Motors plant in Flint, Michigan.

- John L. Lewis, head of the United Mine Workers union, became one of the strongest supporters of the idea to organize workers not by craft but by industry.
- Lewis took the name Congress of Industrial Organizations (CIO).
  - The CIO organized unions in automobile, rubber, and steel industries.
  - By 1940, union membership would climb to almost 28 percent of the total labor force.
A Mixed Deal for Women

- Women made some advances during the New Deal. Much of this progress stemmed from the influence of Eleanor Roosevelt.
- Talented women, such as Frances Perkins, reached high positions in government for the first time.
  - Frances Perkins became FDR's secretary of labor, the first female member of the cabinet.
  - Mary McLeod Bethune, served as a special adviser to the president on minority affairs.
- As the Depression deepened, women were pressured to leave the workforce to free up jobs for men with families to support.
  - The Economy Act of 1932 prohibited a husband and wife from both working for the federal government.
  - State and local governments banned the hiring of a woman whose husband earned "a living wage."

Eleanor Roosevelt played a key role in the New Deal. She traveled the country, acting as her husband's eyes and ears. She pushed hard for better treatment of women and minorities. One journalist called her "the most influential woman of our times."

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<tr>
<th>A Disappointing Deal for African Americans</th>
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<td>- Direct government relief as well as work-relief programs such as the CCC and the WPA helped many poor African Americans survive.</td>
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<td>- Still, African Americans continued to suffer from oppression.</td>
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<th>A Better Deal for American Indians</th>
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<td>- Under the terms of the Indian Reorganization Act of 1934, Indian communities received the right to set up their own tribal governments.</td>
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<td>- The Indian New Deal did not lift Indians out of poverty or bring back traditional Indian ways.</td>
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<td>- But it did reverse some harmful federal policies and restore some pride and hope to Indian communities.</td>
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<th>A Tough Deal for Mexican Americans</th>
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<td>- Some jobless Mexican Americans resettled in cities.</td>
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<td>- Others relied on work-relief programs for their survival.</td>
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<td>- Mexican laborers who were not American citizens could not enroll in work relief.</td>
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More than a third returned to Mexico, many with their American-born children. Most went willingly, but the government deported others.

The Emergence of a New Deal Coalition in Politics

- The 1936 election signaled the emergence of a new political partnership known as the **New Deal Coalition**.
  - Besides women and minority groups, the coalition included industrial workers, farmers, immigrants, reformers, southern whites, and city dwellers.

### 33.6 Legacy of the New Deal

**Social Security is one of the most popular and enduring legacies of the New Deal. By 2006, some 48 million people were receiving Social Security benefits.**

- The Social Security Act did something different.
  - This milestone legislation established long-term assistance for those in need. By doing so, it laid the foundation for the modern **welfare state**.
  - A welfare state is a social system in which the government takes responsibility for the economic well-being of its citizens.
- Government assistance continues today in various forms.
  - It now includes a wide array of programs, from health insurance for older Americans to food stamps for the poor and parity price supports for farmers.
  - These are known as entitlement programs, as people who meet eligibility requirements are entitled to receive certain benefits from them.
  - All these programs owe their existence to the New Deal.

A Larger Role for Uncle Sam in People's Everyday Lives

- FDR actively involved the federal government in the economy.
- He also used it to advance his agenda of social justice.
  - As a result, the government grew.
  - Each federal program required a new agency to administer it, which enlarged the government bureaucracy.
- To meet the expense of big government, FDR reluctantly resorted to **deficit spending**, or spending more than the government receives in revenues.
- Government today is not just bigger as a result of the New Deal. It continues to play a more direct role in people's lives.