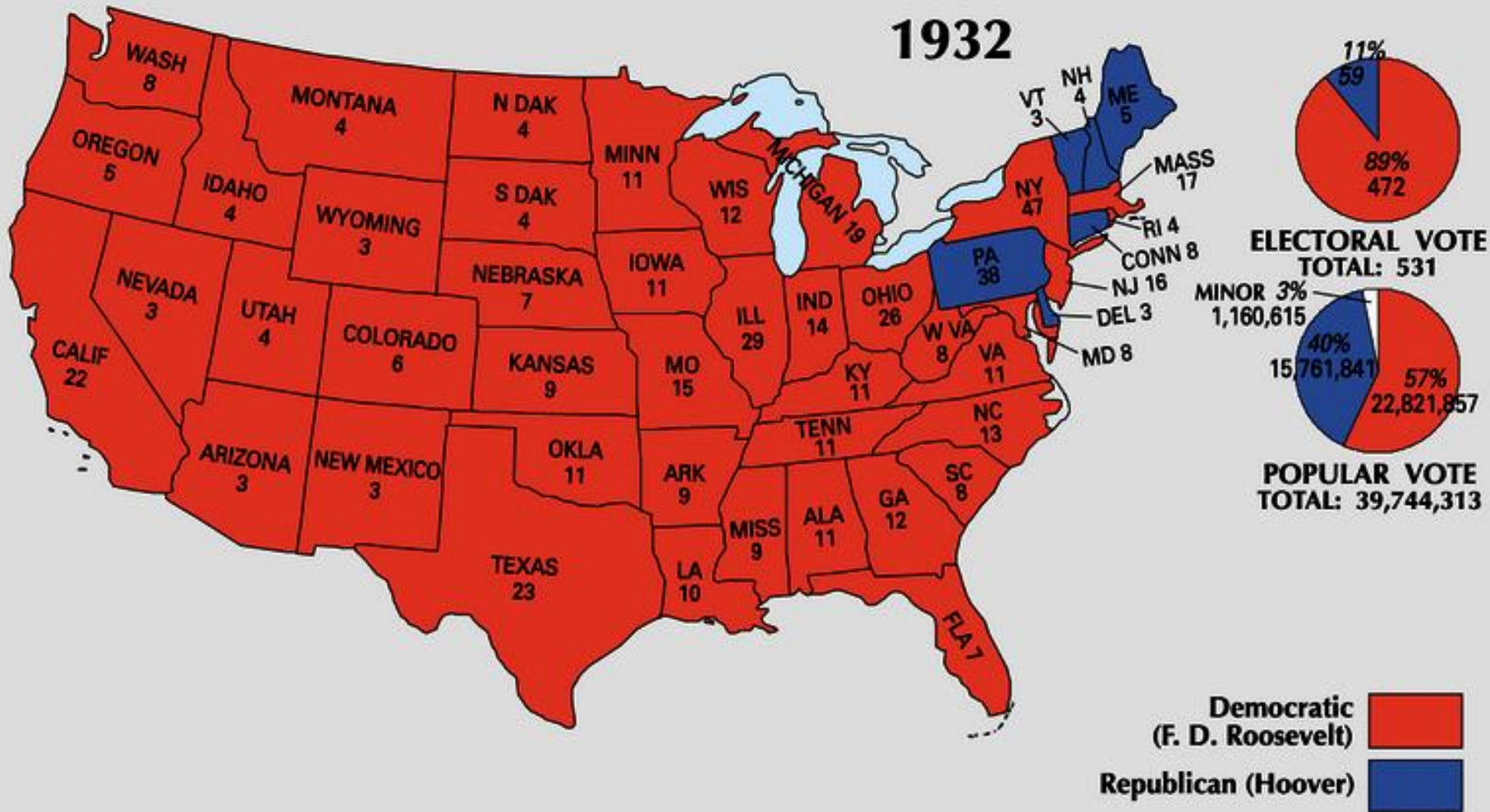




Roosevelt's New Deal

Mr. Venezia

Election of 1932



Successes and Failures of Roosevelt's "New Deal" Programs

- When President Roosevelt took office in 1933, he feverishly created program after program to give relief, create jobs, and stimulate economic recovery for the United States.
- Critics referred to them as "Alphabet Soup" because of the large number of agencies and the predicted chaos created
- Many aspects of the New Deal can still be felt today.

These were part of his “New Deal”
plan to end the Great Depression



**This presentation outlines
some of the more significant
aspects of the New Deal.**



“Like a member of the family...”

FDR used the widespread ownership and popularity of the radio to his advantage by providing weekly radio addresses to the American public.

These “**fireside chats**” were intended to assuage public fears about various aspects of the Depression.





Combined with his charismatic personality and “Hallelujah Attitude” (ahem...) the radio is a major factor in accounting for Roosevelt’s popularity and public support for his policies.

How many genius does it take to run a government?

FDR surrounded himself with academic advisor that gave him advice on innovative reforms that he included both in the New Deal and his Second New Deal.

This group was informally know as the “**Brain Trust**”.

A half-dozen per term, apparently...

- ▶ Major figures in the first Brain Trust included Columbia University Professors Raymond Moley, Rexford Tugwell, and Adolph Berle.
- ▶ The second trust was led by a Harvard trio consisting of Ben Cohen, Tomas Corcoran, and Felix Frankfurter.



FDR's advisors were often criticized for being somewhat radical in their suggested approaches to dealing with the Great Depression.

Roosevelt and his team attempted to implement what he called the three R's:

- 1) **RELIEF**
- 2) **RECOVERY**
- 3) **REFORM**

But how to finance everything that was to be attempted?

- Economy Act (1933)
- Beer Act (1933)

Bottom Line: FDR intended to PAY for his new programs (for now...)

Emergency Banking Act of 1933

- ON March 6, 1933, Roosevelt shut down all of the banks in the nation and forced Congress to pass the Emergency Banking Act
- This act gave the government the opportunity to inspect the “health” of all banks. 2/3 were reinstated soon thereafter. Still, it wasn’t enough.

Something had to be done about the lack of faith people had in the banking industry, and its role in the speculation of the late 1920s.



The Glass-Steagall Act of 1933 accomplished this.

- It created the Federal Deposit Insurance Corporation, or the FDIC. The FDIC **promised government insurance on bank deposits up to \$5,000.** It restored faith in the banking system.
- In addition, the act separated commercial and investment banking to limit speculation in the future.

What else came of this?

1. All private holdings of gold to be surrendered to the Treasury in exchange for paper currency.
2. FDR instructed the treasury to purchase gold at increasing prices from \$21/ounce to \$35/ounce in order to increase the amount of dollars in circulation.
3. The nation went off the Gold Standard. All contracts were to be paid with paper money.

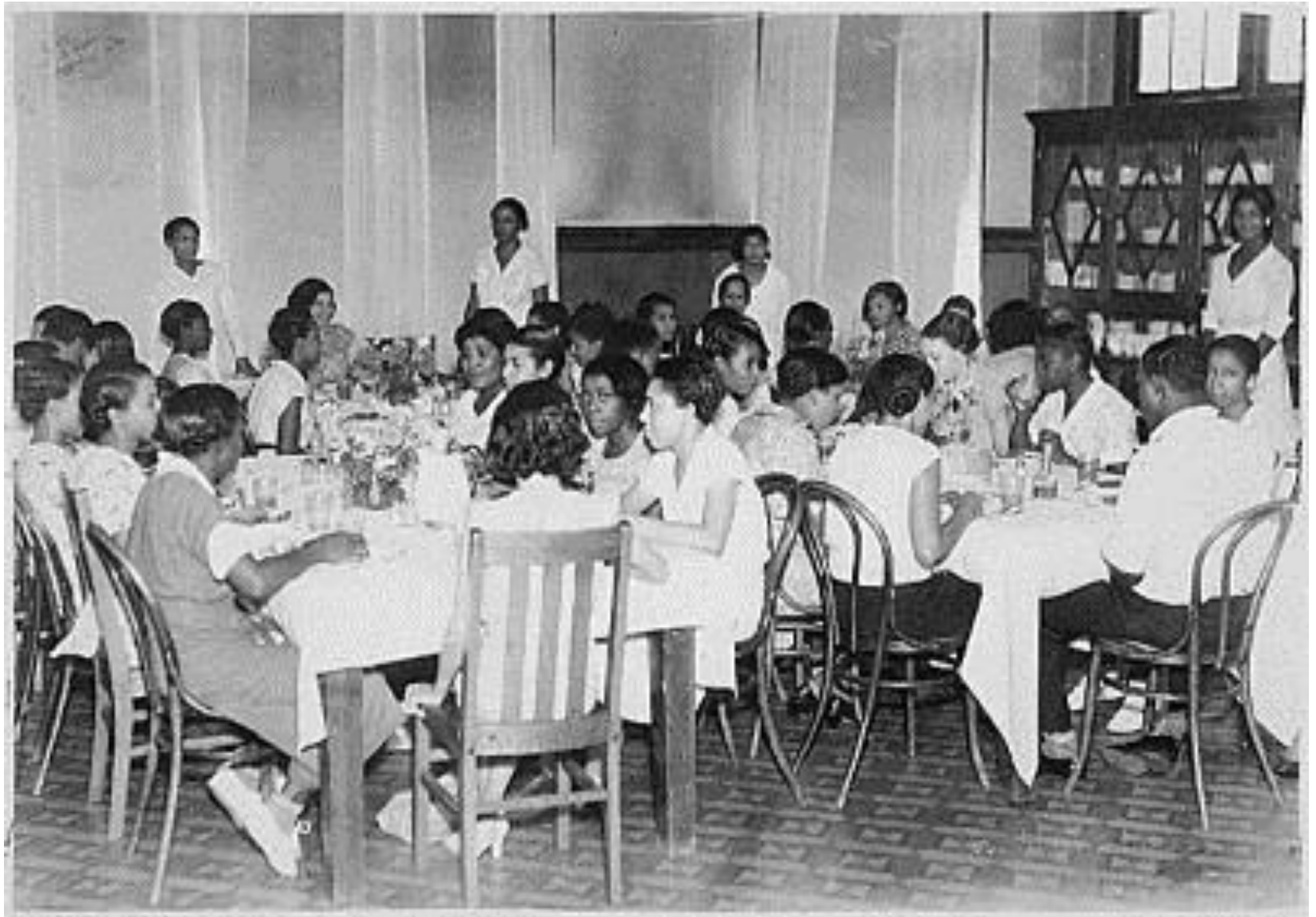
Provisions that prohibit a bank holding company from owning other financial companies were repealed on November 12, 1999, by the Gramm–Leach–Bliley Act.

Many experts point to this as one catalyst of our most recent financial “issues”...



Federal Emergency Relief Administration (FERA)

- Led by Harry Hopkins, it **sent funds to depleted local relief agencies.**
- The FERA also funded public works programs.
- The FERA revitalized many deteriorating relief programs.



Civilian Conservation Corps (CCC)

- An **environmental program put people to work** maintaining and restoring forests, beaches, and parks
- 2.5 million men were put to work. 8,500 women were put to work in similar programs between 1934 and 1937.
- The CCC only paid \$1 per day, but workers received free board and job training.





The CCC
increased self-
esteem and cut
down on the
number of idle
unmarried men
roaming the US

Indian Reorganization Act of 1934

- This act **ended the sale of tribal lands** and restored ownership of unallocated lands to Native American groups
- This act was designed to specifically target the plight of Native Americans. The outcome was generally positive for these groups (Native Americans). The hated Dawes Act is finally overturned.



The Indian Reorganization Act (IRA) of 1934 represented a shift in U.S. Indian policy away from forced acculturation and assimilation.

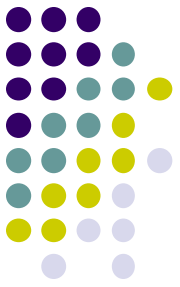
Federal Securities Act of May 1933/Securities and Exchange Commission (SEC)

- This act requires full disclosure of information on stocks being sold (**regulated the stock market!**)
- The Federal Reserve Board got the power to regulate the purchase of stocks on the margin.
- This was designed to force honest business practices and stabilize the stock market. It is still in effect today.

Agriculture Adjustment Administration (AAA)

- ▶ Tried to raise farm prices: **used proceeds from a new tax to pay farmers not to raise specific crops and animals.** Lower production, it was argued, would increase prices.
- ▶ Farmers killed off certain animals and crops as told by the AAA.
- ▶ People were OUTRAGED that the government was condoning this action while people starved.
- ▶ It was declared unconstitutional later on.

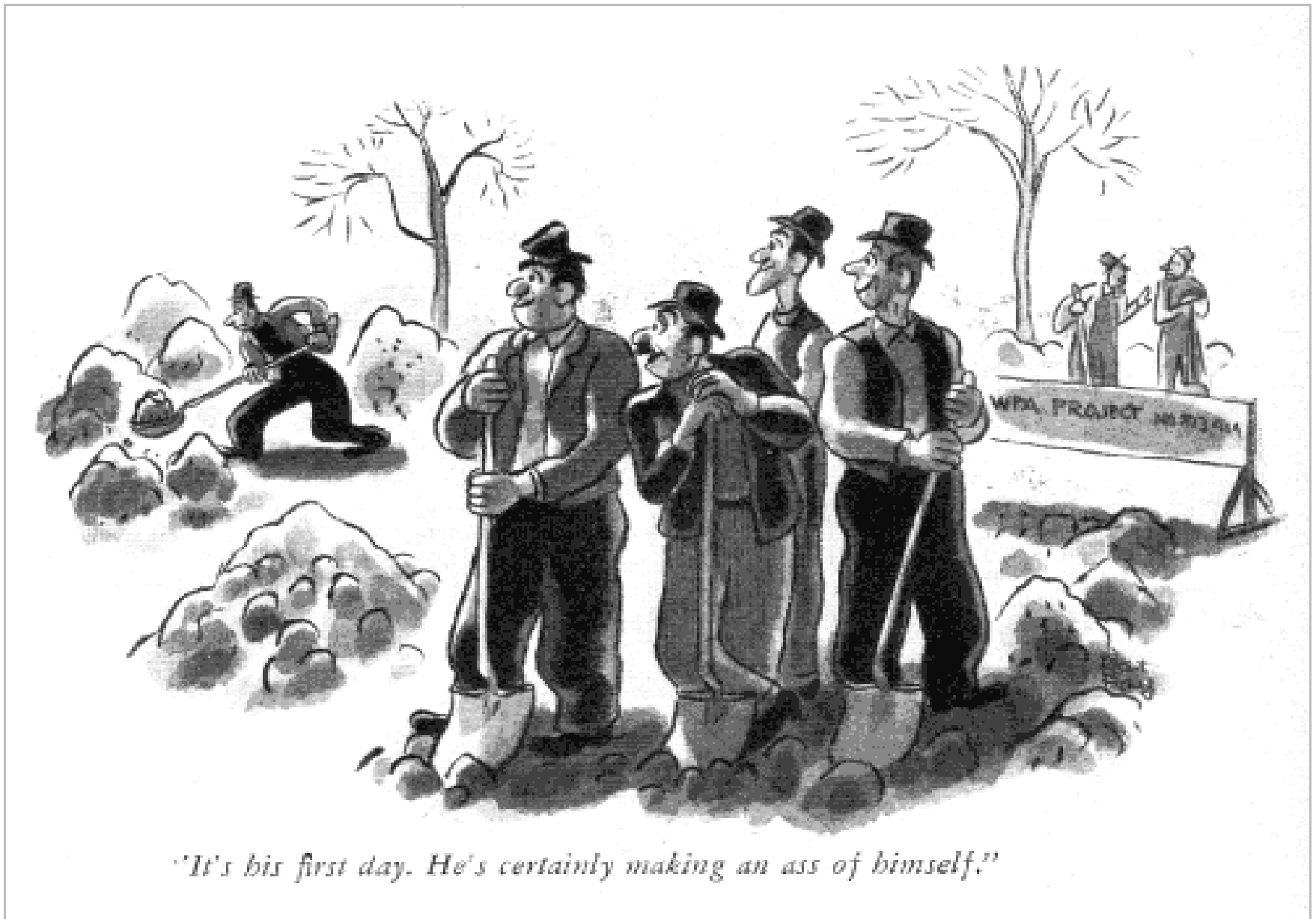
Tennessee Valley Authority (TVA) (May 1933)



- Helped farmers and **created jobs in one of America's least modern areas**
- Reactivating a hydroelectric power plant provided cheap electric power, flood control, and recreational opportunities to the entire Tennessee River valley.
- This helped “modernize” the entire area

Works Progress Administration (WPA) (1935-1943)

- ◆ This agency **provided work for 8 million Americans**. It constructed or repaired schools, hospitals, airfields, etc.
- ◆ The WPA decreased unemployment, but critics complained about its effect on the work ethic and self-reliance of its workers.



"It's his first day. He's certainly making an ass of himself."

Farm Security Administration (FSA)

- The FSA **loaned more than \$1 billion to farmers** and set up camps for migrant workers
- The FSA helped victims of the “Dust Bowl” particularly

National Labor Relations Act (Wagner Act)

- This act legalized practices only unevenly allowed in the past, such as closed shops and collective bargaining
- Also **set up the NLRB (National Labor Relations Board)** to enforce its provisions
- The Wagner Act brought government on the "side" of labor for the first time in history.

Fair Labor Standards Act of 1938

- This act **banned child labor and set a minimum wage.**
- This law was a long-awaited triumph for the progressive-era social reformers.
- The major concepts are still in effect today!

Social Security Act

- This act **established a system that provided old-age pensions for workers**, survivors' benefits for victims of industrial accidents, **unemployment insurance**, and aid for families with dependent children
- Originally did not cover farm and domestic workers – but has been expanded and revised over time.
- Attempted to make millions of Americans feel more secure – and is one of the single most significant economic issues facing the US today.

National Industrial Recovery Act (NIRA) of June 1933

- ▶ Created the NRA
- ▶ The decline in the industrial prices in the 1930s caused business failures and unemployment.
- ▶ The NIRA **attempted to boost declining prices.**
- ▶ It allowed trade associations in many industries to write codes regulating wages, working conditions, production, and prices. It also set a minimum wage.
- ▶ **Failure!!!** The NIRA was only a temporary solution; when wages rose, so did prices. It was also eventually declared unconstitutional by the Supreme Court in Schechter v United States (the “sick chicken” case)

- The “Blue Eagle” of the NRA became, for many, the symbol of Roosevelt’s New Deal.
- It is indicative of FDR’s administration’s inclusion of propaganda in its new approach to governance.



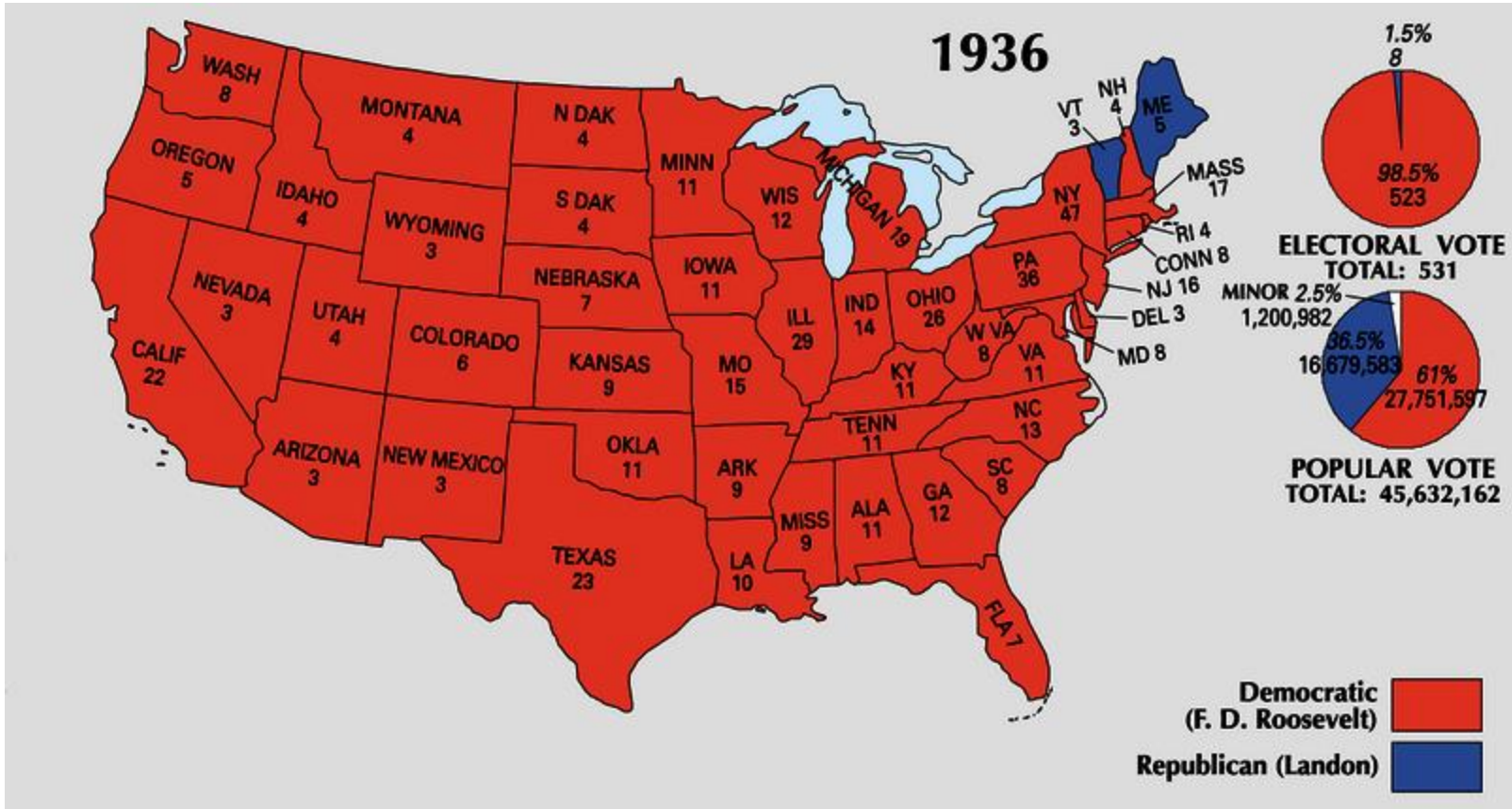
A woman hangs a National Recovery Administration (NRA) eagle emblem in a restaurant window, 1934

Home Owners Loan Corporation (HOLC)

- In order to help people keep their houses, the HOLC **refinanced mortgages of middle-income home owners.**
- It reduced the number of foreclosures on people's homes.



Election of 1936



The origins of “modern America?”

- Many of these programs are in effect today – or they have opened the door for different kinds of programs that we have now.
- Roosevelt’s actions expanded the role of the federal government far beyond the “laissez-faire” that existed prior to the Depression.

'THE SACRED COW'

OH, MY / NOT AGAIN!

SOCIAL SECURITY
ALL DRIED UP

I CAN HANDLE THIS!



REMEMBER 9-11 GET US OUT OF TH U.N.

MR MIKE
09-13-05

D

R

Are there more benefits than drawbacks to
this...

Or is it the other way around?

Chart I: GDP 1929-39 (constant 2000 dollars)

