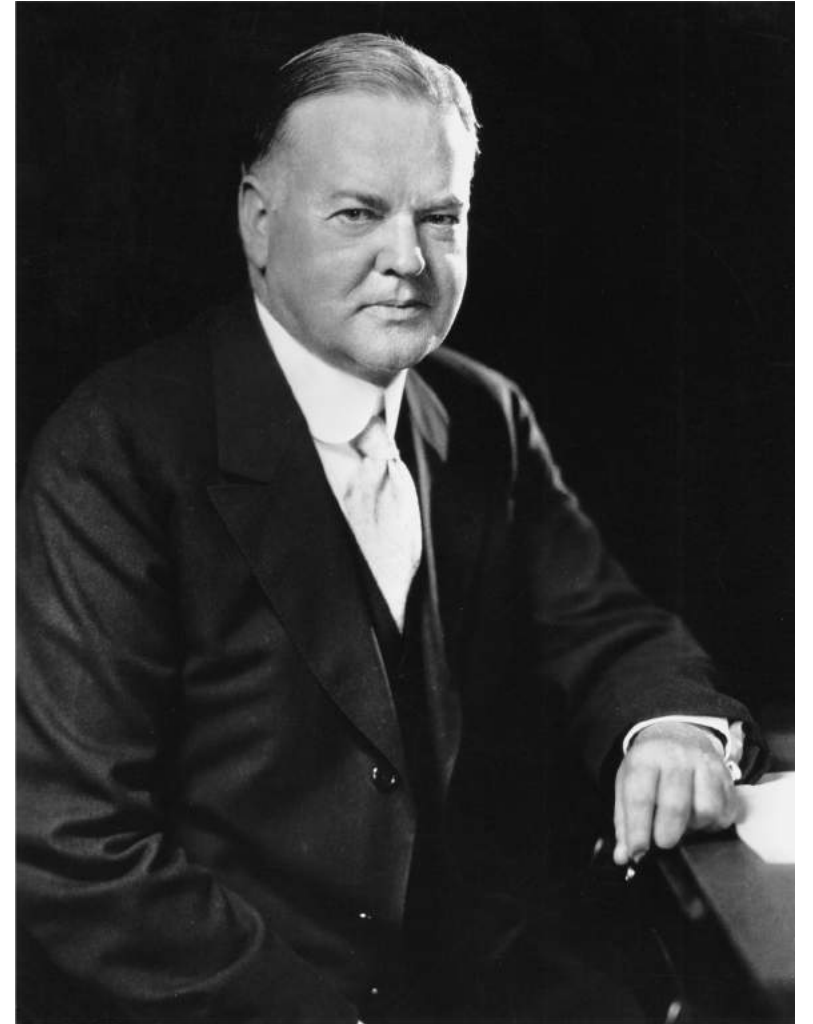


# The New Deal

Social Studies 30-1

# Entering the Depression Era..

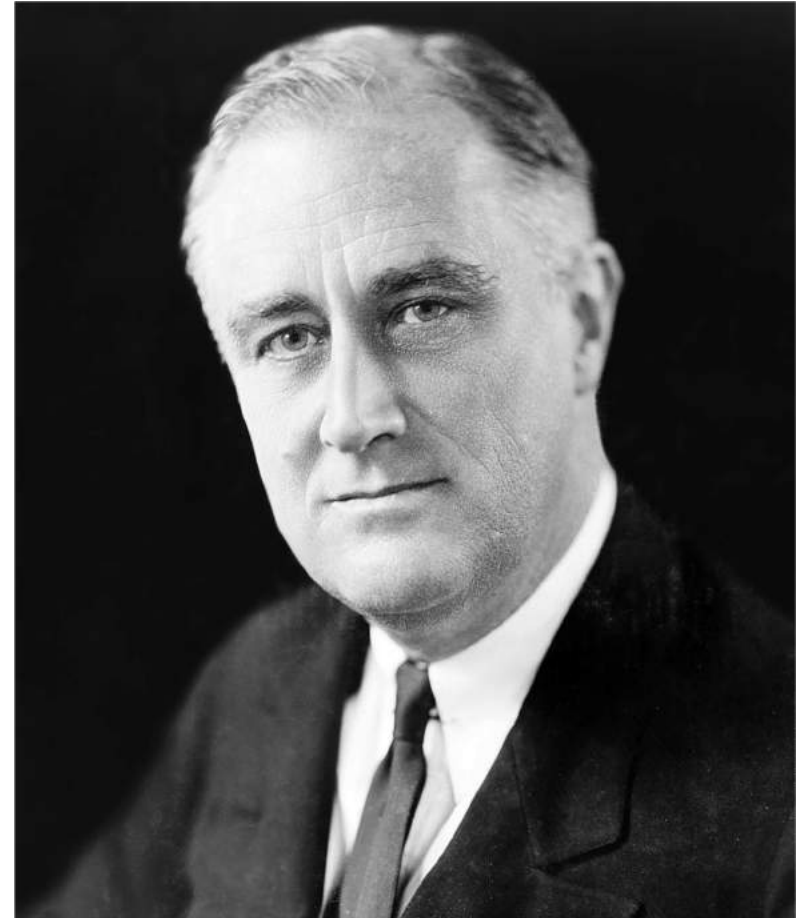
- Herbert Hoover was the US president
- He played the game of confidence economics and just kept saying: "*Prosperity is right around the corner.*"
- He did try to create a few attempts to address the crisis, but they were largely ineffective. He thought business should be self-regulating and insisted on maintain a balanced budget.
- Essentially, Hoover used classical liberal Ideas of minimal government intervention to respond to the economic crisis... which did not work or please the American people.





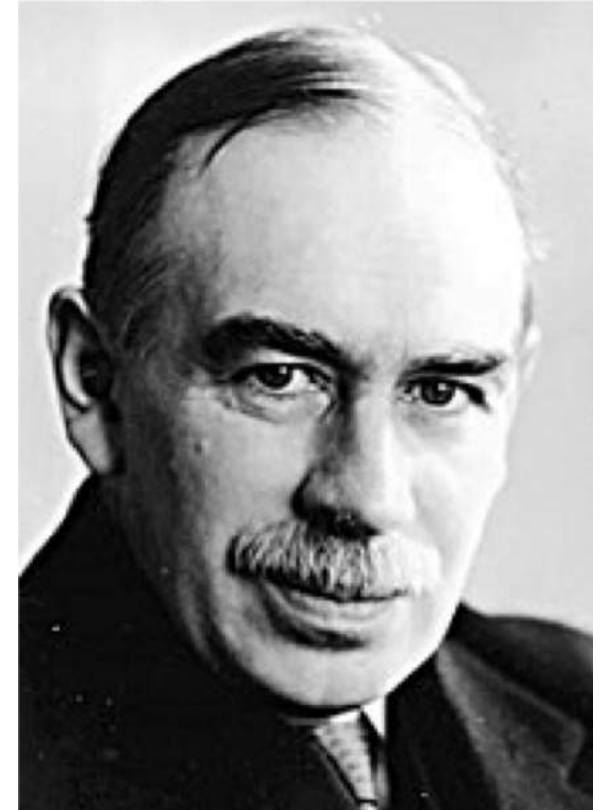
# Franklin D. Roosevelt

- Franklin Delano Roosevelt, often referred to by his initials FDR, was an American politician who served as the 32nd president of the United States from 1933 until his death in 1945
- He became president of the United States in March 1933 after defeating Hoover and offered what he called a **New Deal** for Americans.
- Roosevelt's policies were influenced in part by the theories of British economist **John Maynard Keynes**.



# *Remember Him?*

- John Maynard Keynes advocated for a more significant role for government in the regulation of the economy.
- He felt that in times of prosperity, government should control inflation with measures such as raising taxes, using a central bank to raise interest rates, and decreasing government spending.
- In recessionary times, such as the 1930s, Keynes argued that governments should stimulate the economy by lowering interest rates and taxes and increasing government spending.
- But, more on him later!



*The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.*

— Franklin D. Roosevelt, Inaugural Address, March 4, 1933



# Franklin D. Roosevelt

- He promised vigorous leadership and bold action, called for discipline and cooperation, expressed his faith in democracy, and asked for divine protection and guidance.
- In his inaugural address, he said *“The only thing we have to fear is fear itself....”*



# The New Deal

*Relief, Recovery, and Reform*



# The Three R's

**Relief:** to provide jobs for the unemployed and to protect farmers from foreclosure (the government responding to the immediate economic crises)

**Recovery:** to get the economy back into high gear, “priming the pump”  
(Keynesian response – fiscal and monetary policies to raise aggregate demand)

**Reform:** To regulate banks, to abolish child labor, and to conserve farm lands  
(Modern Liberalism – gov't is responsible for regulating business and financial sector to protect individual consumers/investors)

*Overall objective.... save Capitalism!*

# What was the New Deal?

Roosevelt's New Deal was a series of programs that focused on relief, reform, and recovery—specifically relief to the unemployed, reform to the economy, and recovery from the Depression.

The first wave of programs focused on short-term efforts for all groups in American society. In his inaugural speech, Roosevelt said the following:

*Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our national resources.*

# The Waves

**First New Deal:** In his first 100 days in office, FDR pushed Congress to pass 15 new agencies and laws. Together, they created capitalism with safety nets and subsidies.

**Second New Deal Programs:** Rolled out in 1935, These focused on providing more services for the poor, the unemployed, and farmers. FDR spoke about helping the "...millions who never had a chance -- men at starvation wages, women in sweatshops, children at looms."

**Third New Deal Programs:** In 1937, FDR rolled out the Third New Deal. Concerned about budget deficits, he did not fund it as much as the previous two.

# First New Deal

- **Emphasis:** reform
- **Political Position:** conservative
- **Primary Aim:** economic recovery
- **Philosophy:** economic nationalism and economic scarcity (i.e., raise prices by creating the illusion of scarcity)
- **Objectives:** higher prices for agriculture and business
- **Beneficiaries:** big business and agricultural business
- **Included:**
  - National Recovery Act (NRA)
  - Civilian Conservation Corp (CCC)

# National Recovery Act (NRA)

- An agency established with the goal of eliminating "cut throat competition" by bringing industry, labor, and government together to create codes of "fair practices" and set prices
- **Purpose:** recovery of industry
- Created a **partnership of business, labor, and government** to attack the depression with such measures as price controls, high wages, and codes of fair competition
- This labor and consumer law set up the Public Works Administration to create public works jobs, like San Francisco's Golden Gate Bridge .
- It outlawed child labor, established a minimum wage of \$1.25, and limited the workday to eight hours. It gave trade unions the legal right to bargain with employers.



# Civilian Conservation Corp (CCC)

- This program hired 3 million workers over the next 10 years to conserve public land. Gave outdoor work to unemployed men between the ages of 17 and 29. They planted forests, built flood barriers, and maintained roads and trails.
- **Purpose:** relief
- The program's goal was to conserve the country's natural resources while providing jobs for young men.
- A CCC worker's salary was \$30 a month, most of which the men sent home to their families. Meals, lodging, clothing, medical, and dental care were all free for enrollees.

*Consider This...* How did the CCC balance the principle of economic freedom against other rights and freedoms? In the circumstances, would you have volunteered to join the CCC?





# Second New Deal

- **Emphasis:** reform
- **Political Position:** liberal
- **Primary aim:** permanent reform
- **Philosophy:** international economic cooperation and economic abundance
- **Objectives:** increased purchasing power and social security for public
- **Beneficiaries:** small farmers and labor
- **Included:**
  - Social Security Act



# Social Security Act

- The Social Security Act established a system of old-age benefits for workers, benefits for victims of industrial accidents, unemployment insurance, aid for dependent mothers and children, the blind, and the physically handicapped.
- **Purpose:** reform
- The main stipulation was to pay financial benefits to retirees over age 65 based on lifetime payroll tax contributions. This was intended to offer immediate relief to families suffering from the Great Depression.



# The Significance of the New Deal

Physical Rehabilitation of the Country	Societal (Human) Rehabilitation
<ul style="list-style-type: none"><li>✓ Attacked soil erosion</li><li>✓ Built dams and planted trees to prevent floods</li><li>✓ Reclaimed the grasslands of the Great Plains</li><li>✓ Developed water power resources</li><li>✓ Encouraged regional reconstruction</li></ul>	<ul style="list-style-type: none"><li>✓ Established the principle that government has responsibility for the health, welfare, and security, as well as the protection and education of its citizens</li><li>✓ Embraced social security, public health, housing</li><li>✓ Entered the domain of agriculture and labor</li></ul>

# Criticisms of Conservative Opponents

Conservative opponents said the New Deal **went too far**:

- It was **socialism** (killed individualism)
- It added to the **national debt** (\$35 billion)
- It wasted money on relief and **encouraged idleness**
- It **violated the constitution** & states rights
- It increased the **power of the Presidency**
  - They suggested F DR was reaching toward dictatorship with Congress simply being a rubber stamp. This threatened the independence of the judiciary and the separation of powers shattered



# The New Deal on Trial

- Roosevelt was criticized for his economic policies, especially the shift in tone from individualism to collectivism with the dramatic expansion of the welfare state and regulation of the economy.
- By 1935, **political disunity** was evident. There were critics on both the right and the left.
- **Disunity** = a state of disagreement and conflict in a group of people.
- In 1935, the U.S. Supreme Court unanimously declared that the **NRA** law was **unconstitutional**, ruling that it infringed the separation of powers under the United States Constitution.





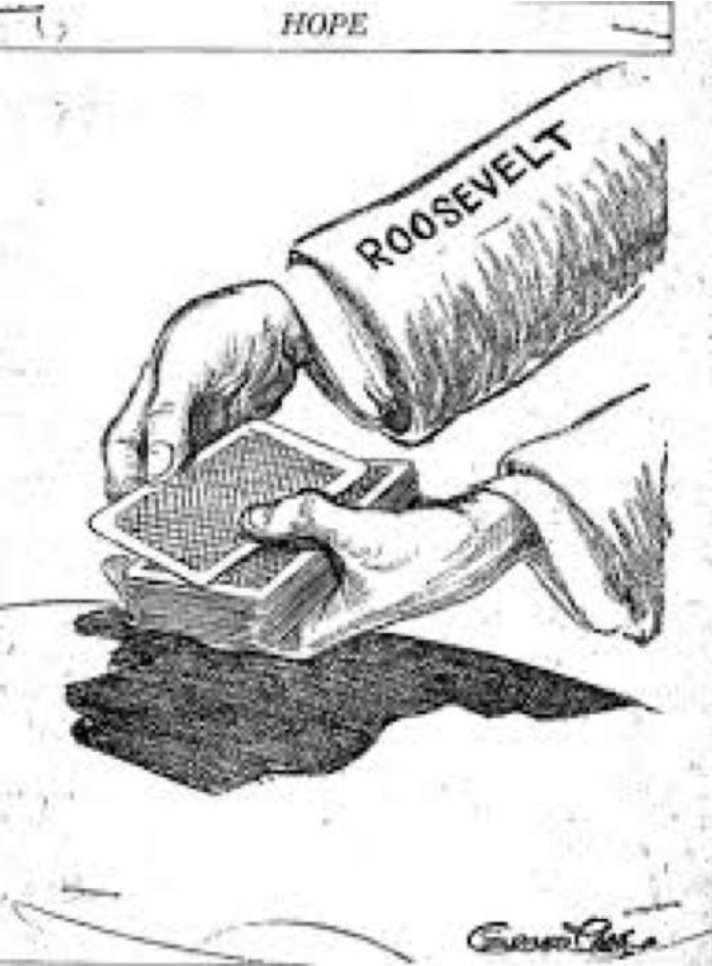


Source: Joseph Parrish, *Chicago Tribune*, February 8, 1937

The main idea of this 1937 cartoon about President Franklin D. Roosevelt is that the president is

- a. trying to increase the public's respect for the Supreme Court
- b. seeking the Supreme Court's help against his political opponents
- c. attempting to exercise too much influence over the Supreme Court
- d. refusing to allow the Supreme Court to review legislation

HOPE



*Hope*

It IS a New Deal



*It IS a New Deal*

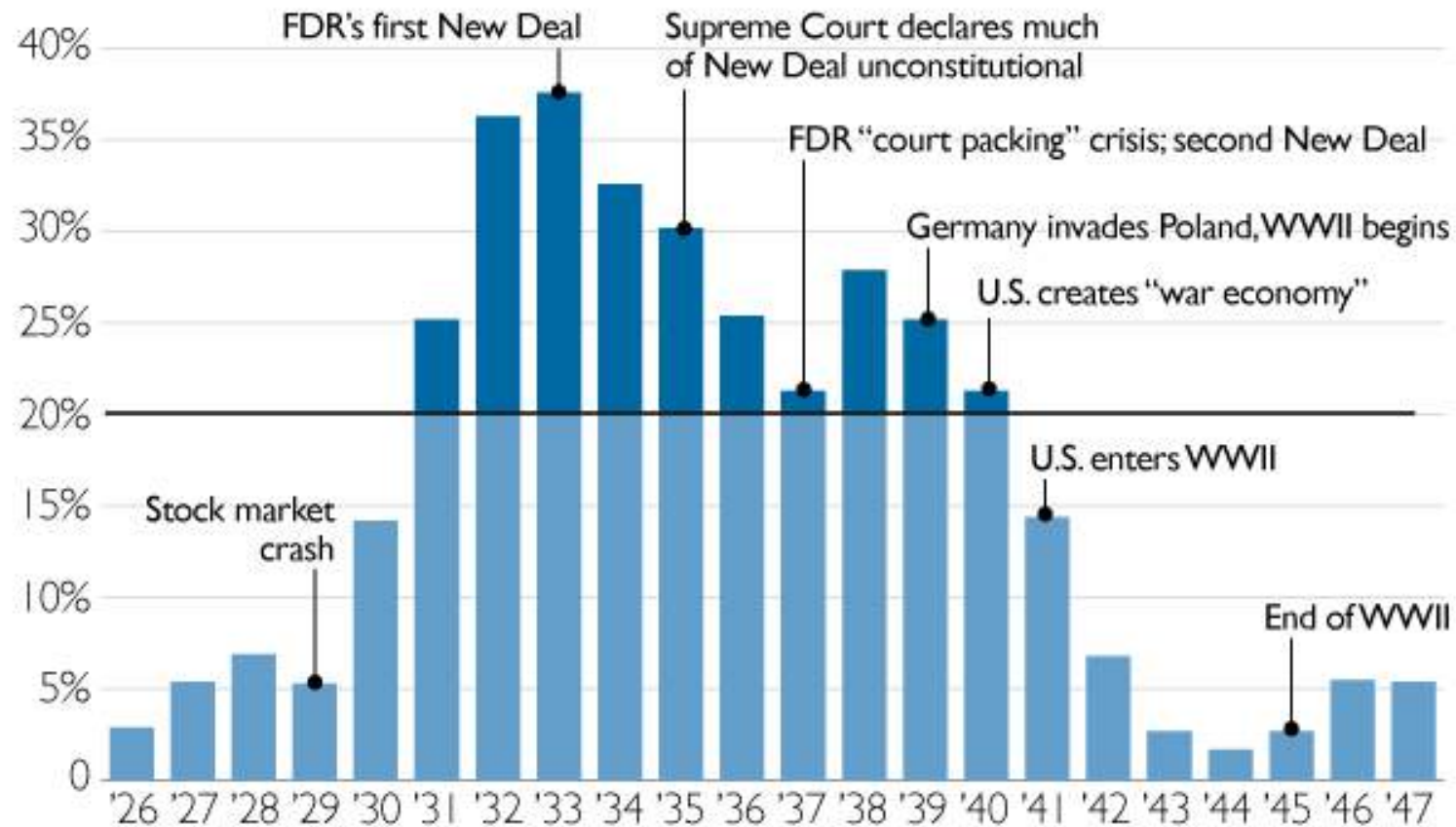
Let's Leave Out the Joker



*Let's Leave Out the Joker*

# Unemployment Rate During the New Deal

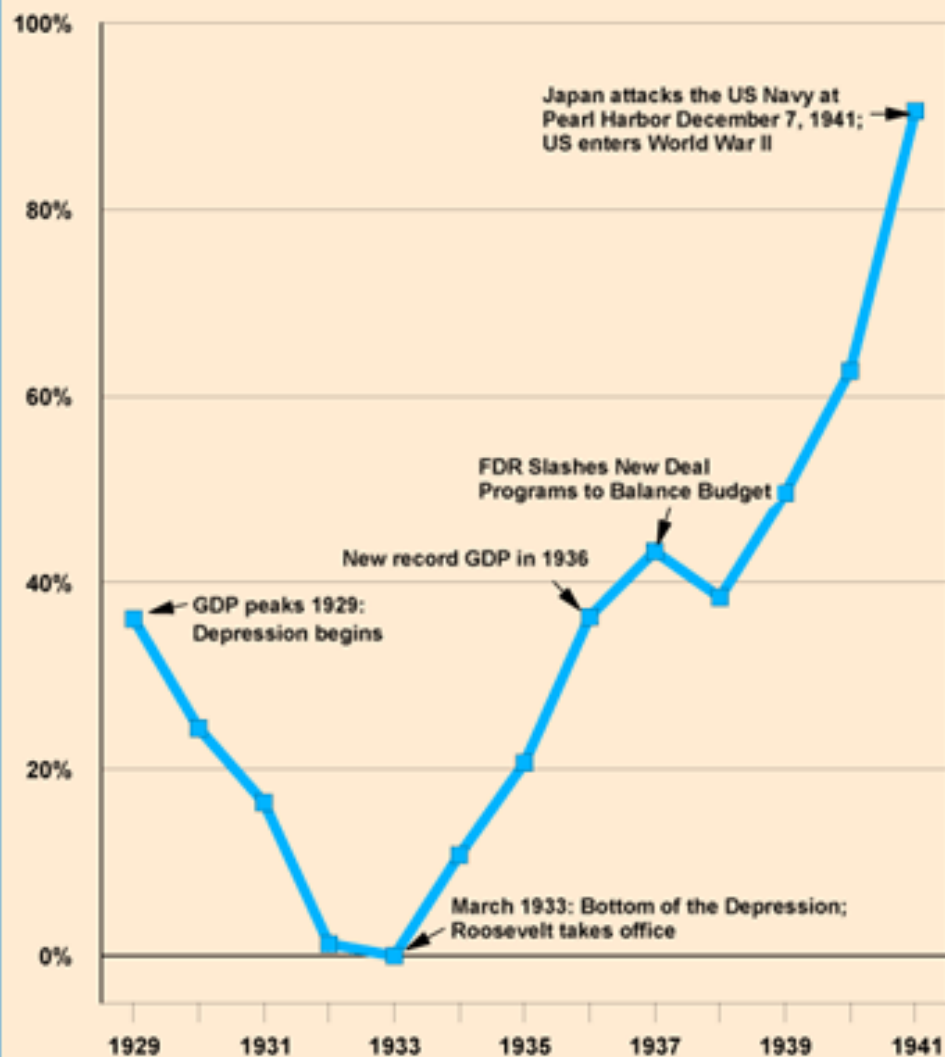
Percentage of Jobless Nonfarm Workers, 1926–1947



**Source:** U.S. Department of Commerce, Bureau of the Census, Bicentennial Edition Historical Statistics of the United States Colonial Times to 1970 Part I (1975) Washington D.C., Series D 1-10 "Labor Force and its Components 1900-1947", p.126



## U.S. Gross Domestic Product, 1929-1941



Source: U.S. Department of Commerce and MBG Information Services

## U.S. Industrial Production, 1928-1941



Source: Federal Reserve Board and MBG Information Services



*Consider This...*

In what ways did Roosevelt's New Deal reject or reflect the principles of liberalism?