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THE GREAT DEPRESSION AND THE NEW DEAL

1929–1939



WHAT TRIGGERED
the Great Depression?

WHY DID Herbert Hoover's actions
to resolve the Great Depression fail?



WHAT WERE
the main achievements
of the early New Deal?

WHICH ECONOMIC
and social reforms made up
the "Second New Deal?"



WHAT IMPACT did New Deal
programs have on women and minorities?



WHY WERE late New Deal reforms unsuccessful?

1929 1939

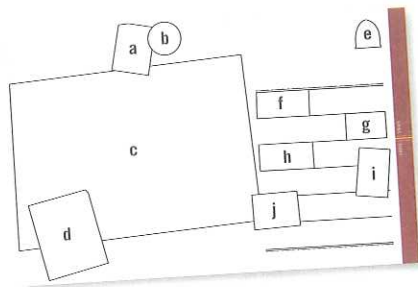


Credits

- i. The Granger Collection ©Estate of Ben Shahn/Licensed by Vega, New York, NY.
- j. Isaac Soyer, "Employment Agency." Oil on canvas, 34 1/2 x 45 inches. The Whitney Museum of American Art.

IMAGE KEY

for pages 654-655



- a. The National Recovery Agency seal with an eagle holding a cog in one talon and lightning bolts in the other over the slogan "We Do Our Part."
- b. The Civilian Conservation Corps Emblem.
- c. Hungry men stand in a bread line in New York City.
- d. A Works Progress Administration poster, depicting a farmer and a miner shaking hands.
- e. An old-fashioned radio in a wooden cabinet.
- f. Anxious citizens crowd along Wall Street sidewalks while automobiles edge down the street on Black Tuesday October 29, 1929.
- g. Mexican farm Workers, pecan shell homes that rent for 50 cents a week in San Antonio, TX.
- h. Gov. Franklin D. Roosevelt shakes hands with a poor mine worker during campaign trip.
- i. Ben Shahn, "Years of Dust," 1936. Poster for the Resettlement Administration.
- j. Isaac Soyer, "Employment Agency." Oil on canvas, 34 1/2" x 45".

My mother had two small babies on her hands. When I became sickly, Grandmother Josefa took me home with her, and I never returned to my parents. . . . My grandmother's house was located on the 'American' side of town, but there was nothing they could do about it because she was there before anybody else. . . . My grandmother worked very hard; I grew up in the Depression.

When it was time for me to go to school I was assigned to [the] Mexican side of town. We were segregated; [the] Anglo children were sent to Roosevelt and the Mexican children who lived closer to Roosevelt [still] had to go down to Harding. I'll admit, there was a lot of discrimination in those years.

During the Depression my grandmother sewed piecework for the WPA. My dad helped out when he could [and] Uncle Ernesto also worked. He used to dig graves.

The Depression years were very, very hard. I remember seeing the people passing on their way to California. . . . It hurt me to see the people in their rickety old cars, their clothes in tatters, escaping from the drought and the dust bowls.

—Oral Testimony,

Carlotta Silvas Martin
Star Route One
Albertville, Ala.

January 1, 1936

On April 27 [1933], according to the New York Times, Paul Schneider, aged forty-four, a sick and crippled Chicago school teacher, shot himself to death. His widow, left with three children, stated that he had not been paid for eight months. . . . Less than a month after Paul Schneider's discouragement drove him to suicide, the militant action of Chicago teachers—patient no more . . . resulted in the payment of \$12,000,000 due them for the last months of 1932. Their pay for the five months of 1933 is still owed them. Five hundred of them are reported to be in asylums and sanitariums as a result of the strain. . . .

These are the conditions facing teachers fortunate enough to be employed. What of the unemployed? . . . "We are always hungry," wrote [one unemployed teacher]. "We owe six months' rent. . . . We live every hour in fear of eviction. . . . My sister, a typist, and I . . . have been out of work for two years. . . . We feel discouraged . . . and embittered. We are drifting, with no help from anyone."

—Eunice Langdon,

The Nation,
August 16, 1933



I am sitting in the city free employment bureau. It's the women's section. We have been sitting here now for hours. We sit here every day, waiting for a job. There are no jobs. . . .

. . . [W]e don't talk much. . . . There is a kind of humiliation. . . . We look away from each other. We look at the floor.

—Meridel LeSeur,

"Women on the Breadlines,"
1932

Dear Mrs. Roosevelt,

I am now 15 years old and in the 10th grade. I have always been smart but I never had a chance as all of us is so poor. I hope to complete my education, but I will have to quit school I guess if there is no clothes can be bought. (Don't think that we are on the relief.) Mother has been a faithful servant for us to keep us together. I don't see how she has made it.

Mrs. Roosevelt, don't think I am just begging, but that is all you can call it I guess. . . . Do you have any old clothes you have thrown back. You don't realize how honored I would feel to be wearing your clothes.

—Your friend,

M.I.

"Carlotta Silvas Martin: A Mexican American Childhood during the Depression" and "Meridel LeSeur: The Despair of Unemployed Women," both from Susan Ware, *Modern American Women: A Documentary History* (New York: McGraw-Hill Higher Education, 2002), pp. 162–165, 145–146, respectively; Letter to Eleanor Roosevelt, January 1, 1936, <http://www.newdeal.feri.org/eleanor/mi0136.htm>; Eunice Langdon, "The Teacher Faces the Depression," *The Nation* 137 (August 16, 1933): 182–187.

CARLOTTA SILVAS MARTINE, Eunice Langdon, and Meridel Le Seur convey some of the trauma of the Great Depression, but no one voice can capture its devastating effects. The American economy collapsed, leaving millions of people jobless, homeless, or in fear of foreclosure, eviction, and even starvation. Men, women, and children saw their families and dreams shattered and felt the humiliation of standing in bread lines or begging for clothes or food scraps. The winter of 1932–1933 was particularly cruel. Unemployment soared. Hunger was so widespread in Kentucky and West Virginia that one relief committee limited its handouts to those who were at least 10 percent below their normal weight for their height. In Chicago, half the people were without jobs. In the drought-stricken Great Plains families left their farms and took to the road to escape the darkened skies of the "Dust Bowl".

The election of Franklin D. Roosevelt, however, lifted spirits and hopes throughout the nation. Jobless Americans enthusiastically responded to his



New Deal, taking jobs with such programs as the Works Progress Administration (WPA). They also wrote to FDR and Eleanor Roosevelt, asking for advice and assistance and thanking the President and the First Lady for their compassionate support and leadership. Throughout all such letters ran the common theme: the belief among poor and unemployed Americans that for the first time there were people in the White House who cared about them.

The economic collapse hit hardest those industries dominated by male workers, leaving mothers and wives with new roles as the family breadwinners, sometimes straining family relationships and men's sense of purpose and respect.

Race and ethnicity further complicated the problems of both joblessness and relief. Southern states routinely denied African Americans relief assistance as did Southwestern states for Hispanic Americans. Despite some progress in assisting African Americans, the New Deal failed to overcome traditional attitudes and practices that targeted women and minorities and reinforced local prejudice and segregation.

Hard times, then, both united and divided the American people, and although the federal activism of the 1930s achieved neither full recovery nor systematic reform, it restored confidence to many Americans and transformed the nation's responsibilities for the welfare of its citizens. By the end of the decade, President Roosevelt was no longer worried that the economy—indeed society itself—teetered on the edge of catastrophe; his gaze now fixed abroad where even more ominous developments, he believed, threatened the nation's future and security.

New Deal The economic and political policies of the Roosevelt administration in the 1930s.

WHAT TRIGGERED the
Great Depression?

HARD TIMES IN HOOVERVILLE

The prosperity of the 1920s ended in a stock market crash that revealed the flaws honeycombing the economy. As the nation slid into a catastrophic depression, factories closed, employment and incomes tumbled, and millions lost their homes, hopes, and dignity. Some protested and took direct action; others looked to the government for relief.

CRASH!

The buoyant prosperity of the New Era collapsed in October of 1929 when the stock market crashed. After peaking in September, the market suffered several sharp checks, and on October 29, “Black Tuesday,” panicked investors dumped their stocks at any price. The slide continued for months, and then years. It hit bottom in July 1932. By then, the stock of U.S. Steel had plunged from 262 to 22, Montgomery Ward from 138 to 4.

The Wall Street crash marked the beginning of the **Great Depression**, but it did not cause it. The depression stemmed from weaknesses in the New Era economy. Most damaging was the unequal distribution of wealth and income. By 1929, the richest 0.1 percent of American families had as much total income as the bottom 42 percent (see Figure 25.1). With more than half the nation's people living at or below the subsistence level, there was not enough purchasing power to maintain the economy.

A second factor was that oligopolies dominated American industries. Their power led to “administered prices,” prices kept artificially high and rigid rather than determined by supply and demand. By not responding to purchasing power, this

Great Depression The nation's worst economic crisis, extending through the 1930s, producing unprecedented bank failures, unemployment, and industrial and agricultural collapse.



system not only helped bring on economic collapse but also dimmed prospects for recovery.

Weaknesses in specific industries had further unbalanced the economy. Agriculture suffered from overproduction, declining prices, and heavy debt; so did the coal and textile industries. Poorly managed and regulated, banks had contributed to the instability of prosperity; they now threatened to spread the panic and depression.

International economic difficulties also contributed to the depression. Shut out from U.S. markets by high tariffs, Europeans had depended on American investments to manage their debts and reparation payments from the Great War. The stock market crash dried up the flow of American dollars to Europe, causing financial panics and industrial collapse and making the Great Depression global. In turn, European nations curtailed their imports of American goods and defaulted on their debts, further debilitating the U.S. economy. American exports fell by 70 percent from 1929 to 1932. As foreign markets shrank, so did hopes for economic recovery.

Government policies also bore some responsibility for the crash and depression. Failure to enforce antitrust laws had encouraged oligopolies and high prices; failure to regulate banking or the stock market had permitted financial recklessness. Reducing tax rates on the wealthy had also encouraged speculation and contributed to the maldistribution of income. Opposition to labor unions and collective bargaining helped keep workers' wages and purchasing power low. The absence of an effective agricultural policy and the high tariffs that inhibited foreign trade and reduced markets for agricultural products hurt farmers in the same way. In short, the same government policies that shaped the booming 1920s economy also pointed to economic disaster.

THE DEPRESSION SPREADS

By early 1930, factories had shut down or cut back, and industrial production plummeted; by 1932, it was scarcely 50 percent of its 1929 level. Steel mills operated at 12 percent of capacity, auto factories at 20 percent. Unemployment skyrocketed, as an average of 100,000 workers a week were fired in the first three years after the crash. By 1932, one-fourth of the labor force was out of work. Personal income dropped by more than half between 1929 and 1932; by 1933, industrial workers had average weekly wages of only \$16.73. Moreover, the depression began to feed on itself in a vicious circle: Shrinking wages and employment cut into purchasing power, causing business to slash production again and lay off workers, thereby further reducing purchasing power.

The depression particularly battered farmers. Commodity prices fell by 55 percent between 1929 and 1932, stifling farm income. Unable to pay their mortgages, many farm families lost their homes and fields. "We have no security left," cried one South Dakota farm woman. "Foreclosures and evictions at the point of sheriff's guns are increasing daily."

Urban families were also evicted when they could not pay their rent. Some moved in with relatives; others lived in **Hoovervilles**—the name reflects the bitterness directed at the president—shacks where people shivered, suffered,

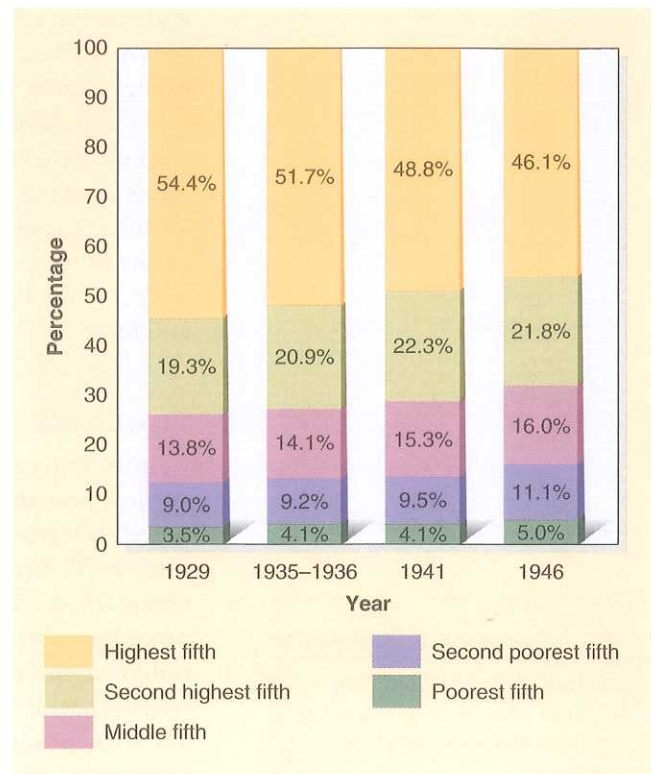


FIGURE 25.1
Distribution of Income in the United States, 1929–1946

An unequal distribution of income contributed to the Great Depression by limiting purchasing power. Only slight changes occurred until after World War II, but other factors gradually stabilized the national economy.

Source: U.S. Bureau of the Census

Hoovervilles Shantytowns, sarcastically named after President Hoover, in which unemployed and homeless people lived in makeshift shacks, tents, and boxes.



and starved. Oklahoma City's vast Hooverville covered 100 square miles; one witness described its hapless residents as squatting in "old, rusted-out car bodies," orange crates, and holes in the ground.

Soup kitchens became standard features of the urban landscape, but charities and local communities could not meet the massive needs, and neither state nor federal governments had welfare or unemployment compensation programs. To survive, people planted gardens in vacant lots and back alleys and tore apart empty houses or tapped gas lines for fuel. In immigrant neighborhoods, social workers found a "primitive communism" in which people shared food, clothing, and fuel.

"WOMEN'S JOBS" AND "MEN'S JOBS"

Gender segregation had concentrated women in low-paid service, sales, and clerical jobs that shrank less than the heavy industries where men predominated. But traditional attitudes also reinforced opposition to female employment itself, especially that of married women. As one Chicago civic organization complained, "They are holding jobs that rightfully belong to the God-intended providers of the household." The city council of Akron, Ohio, resolved that public agencies and private employers should stop employing wives. Three-fourths of the nation's school systems refused to hire married women as teachers, and two-thirds dismissed female teachers who married. Many private employers, especially banks and insurance companies, also fired married women.

Few men sought positions in the fields associated with women, so firing women simply aggravated the suffering of families already reeling from the depression. Despite hostility, the proportion of married women in the work force increased in the 1930s as women took jobs to help their families survive.

QUICK REVIEW

Gendered Attitudes About Work

- ◆ Women were concentrated in low-paid service, sales, and clerical jobs.
- ◆ Traditional attitudes reinforced opposition to female employment.
- ◆ Few men sought work in fields associated with women.

FAMILIES IN THE DEPRESSION

"I have watched fear grip the people in our neighborhood around Hull House," wrote Jane Addams as the depression deepened in 1931 and family survival itself seemed threatened. Divorce declined because it was expensive, but desertion increased, and marriages were postponed. Birthrates fell. Husbands and fathers, the traditional breadwinners, were often humiliated and despondent when laid off from work. One social worker observed in 1931: "Like searing irons, the degradation, the sheer terror and panic which loss of job brings, the deprivation and the bitterness have eaten into men's souls."

The number of female-headed households increased. Not only did some women become wage earners, but to make ends meet, many women sewed their own clothing and raised and canned vegetables. Some also took on extra work at home. In San Antonio, one in every ten families had boarders, and in Alabama, housewives took in laundry at 10 cents a week.

Some parents sacrificed their own well-being to protect their children. One witness described "the uncontrolled trembling of parents who have starved themselves for weeks so that their children might not go hungry." In New York City, 139 people, most of them children, died of starvation and malnutrition in 1933. Many teenagers who left home so that younger children would have more to eat suffered from starvation, exposure, illness, and accidents. The California Unemployment Commission concluded that the depression had left the American family "morally shattered. There is no security, no foothold, no future."



“LAST HIRED, FIRST FIRED”

With fewer resources and opportunities, racial minorities were less able than other groups to absorb the economic pain. African Americans, reported a sociologist at Howard University in 1932, were “the last to be hired and the first to be fired.” Black unemployment rates were more than twice the rate for white people. Jobless white workers now sought the menial jobs traditionally reserved for black workers, such as street cleaning and domestic service. Religious and charitable organizations often refused to care for black people. Local and state governments set higher requirements for black people than for white people to receive relief and provided them with less aid. The Urban League reported, “at no time in the history of the Negro since slavery has his economic and social outlook seemed so discouraging.” African Americans were “hanging on by the barest thread.”

Hispanic Americans also suffered. As mostly unskilled workers, they faced increasing competition for decreasing jobs paying declining wages. They were displaced even in the California agricultural labor force, which they had dominated. Other jobs were lost when Arizona, California, and Texas barred Mexicans from public works and highway construction jobs. Vigilantes threatened employers who hired Mexicans rather than white Americans. Economic woes and racism drove nearly half a million Mexican immigrants and their American-born children from the United States in the 1930s. Local authorities in the Southwest encouraged the federal government to deport Mexicans and offered free transportation to Mexico.

PROTEST

Bewildered and discouraged, most Americans responded to the depression with resignation. But others engaged in protests, ranging from small desperate gestures like stealing food and coal to more dramatic deeds. In Louisiana, women seized a train to call attention to the needs of their families; in New Jersey, in the “bloodless battle of Pleasantville,” one hundred women held the city council hostage to demand assistance.

Communists organized the jobless into “unemployment councils” that staged hunger marches, demonstrated for relief, and blocked evictions. Mothers facing eviction in Chicago told their children: “Run quick and find the Reds.” Socialists built similar organizations, including Baltimore’s People’s Unemployment League. However, local authorities often suppressed their protests. In 1932, police fired on the Detroit Unemployment Council as it marched to demand food and jobs, killing four marchers and wounding many more.

Rural protests also broke out. In the Midwest, the Farmers’ Holiday Association stopped the shipment of produce to urban markets, hoping to drive up prices. A guerrilla war broke out as farmers blocked roads and halted freight trains, dumped milk in ditches, and fought bloody battles with deputy sheriffs. In Iowa, farmers beat sheriffs and mortgage agents and nearly lynched a lawyer conducting foreclosure proceedings.

HERBERT HOOVER AND THE DEPRESSION

The Great Depression challenged the optimism, policies, and philosophy of Herbert Hoover. The president took unprecedented steps to resolve the crisis but shrank back from the interventionist policies activists urged. His failures, personal as well as political and economic, led to his repudiation and opened the way to a new deal.

QUICK REVIEW

African-Americans and the Depression

- ◆ Black unemployment rates were twice the rate for white people.
- ◆ Blacks had less access to state and private aid and relief.
- ◆ Blacks faced a bleak economic outlook.



Many Mexican farm Workers lived in pecan shell homes that rented for 50 cents a week; this one in San Antonio, TX.

National Archives and Records Administration

WHERE TO LEARN MORE



Herbert Hoover National Historic Site, West Branch, Iowa
www.nps.gov/heho

WHY DID Herbert Hoover’s actions to resolve the Great Depression fail?



CHRONOLOGY

- | | |
|---|--|
| <p>1929 Stock market crashes.</p> <hr/> <p>1932 Farmers' Holiday Association organizes rural protests in the Midwest.
Reconstruction Finance Corporation is created to assist financial institutions.
Bonus Army is routed in Washington, D.C.
Franklin D. Roosevelt is elected president.</p> <hr/> <p>1933 Emergency Banking Act is passed.
Agricultural Adjustment Administration (AAA) is created to regulate farm production.
National Recovery Administration (NRA) is created to promote industrial cooperation and recovery.
Federal Emergency Relief Act provides federal assistance to the unemployed.
Civilian Conservation Corps (CCC) is established to provide work relief in conservation projects.
Public Works Administration (PWA) is created to provide work relief on large public construction projects.
Civil Works Administration (CWA) provides emergency winter relief jobs.
Tennessee Valley Authority (TVA) is created to coordinate regional development.</p> <hr/> <p>1934 Securities and Exchange Commission (SEC) is established.
Indian Reorganization Act reforms Indian policy.
Huey Long organizes the Share-Our-Wealth Society.
Democrats win midterm elections.</p> <hr/> <p>1935 Supreme Court declares NRA unconstitutional.
National Labor Relations Act (Wagner Act) guarantees workers' rights to organize and bargain collectively.</p> | <p>Social Security Act establishes a federal social insurance system.
Banking Act strengthens the Federal Reserve.
Revenue Act establishes a more progressive tax system.
Resettlement Administration is created to aid dispossessed farmers.
Rural Electrification Administration (REA) is created to help provide electric power to rural areas.
Soil Conservation Service is established.
Emergency Relief Appropriation Act authorizes public relief projects for the unemployed.
Works Progress Administration (WPA) is created.
Huey Long is assassinated.</p> <hr/> <p>1936 Supreme Court declares AAA unconstitutional.
Roosevelt is reelected president.
Sit-down strikes begin.</p> <hr/> <p>1937 Chicago police kill workers in Memorial Day Massacre.
FDR tries but fails to expand the Supreme Court.
Farm Security Administration (FSA) is created to lend money to small farmers to buy and rehabilitate farms.
National Housing Act is passed to promote public housing projects.
"Roosevelt Recession" begins.</p> <hr/> <p>1938 Congress of Industrial Organizations (CIO) is founded.
Fair Labor Standards Act establishes minimum wage and maximum hours rules for labor.
Roosevelt fails to "purge" the Democratic party.
Republicans make gains in midterm elections.</p> |
|---|--|

THE LIMITS OF VOLUNTARISM

Hoover fought economic depression more vigorously than any previous president, but he believed that voluntary, private action was preferable to federal intervention. In promoting voluntarism, Hoover first secured business leaders' pledges to maintain employment and wage levels. But most corporations soon repudiated these pledges, slashed wages, and laid off workers. Hoover complained, "You know, the only trouble with capitalism is capitalists; they're too damn greedy." Still, he rejected government action.

Hoover created the President's Organization for Unemployment Relief to help raise private funds for voluntary relief agencies. Charities and local authorities, he believed, should help the unemployed; direct federal relief would expand government power and undermine the recipients' character. He vetoed congressional attempts to aid the unemployed. "The American way of relieving distress," said Hoover, was through "the voluntary agencies of self help in the community."

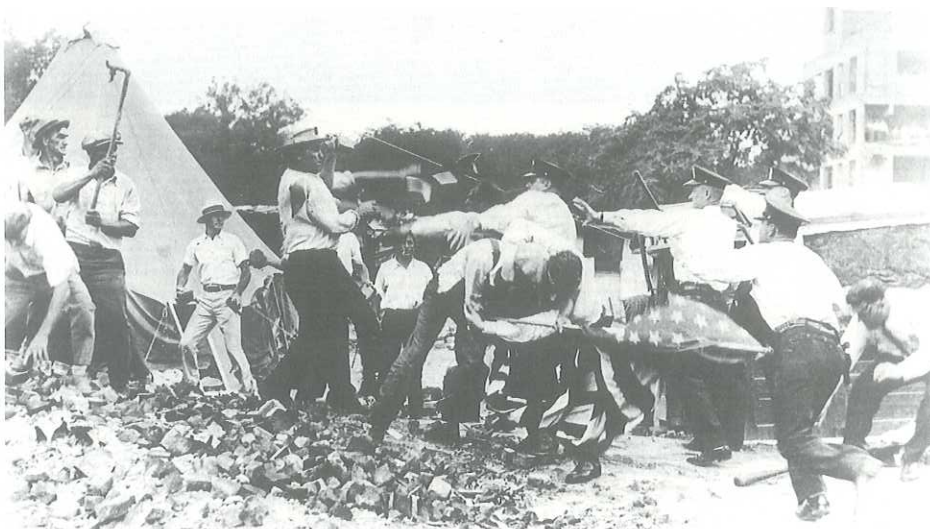
But private programs to aid the unemployed scarcely existed. Private charitable groups like the Salvation Army, church associations, and ethnic societies quickly exhausted their resources. Nor could local governments cope. New York City provided



relief payments of \$2.39 a week for an entire family, and other cities much less. By 1932, more than one hundred cities made no relief appropriations at all, and the commissioner of charity in Salt Lake City reported that people were sliding toward starvation. Only eight state governments provided even token assistance.

Hoover blundered not in first relying on charities and local governments for relief but in refusing to admit that they were inadequate. As the depression worsened, Hoover adopted more activist policies. He persuaded Congress to cut taxes to boost consumers' buying power, and he increased the public works budget. The Reconstruction Finance Corporation (RFC), established in January 1932, lent federal funds to banks, insurance companies, and railroads so that their recovery could "trickle down" to ordinary Americans.

But these programs satisfied few Americans who saw Hoover as indifferent to their suffering and a reactionary protector of privileged business interests. (See American Views, "An Ohio Mayor on Unemployment and Relief.")



Bonus Marchers battling police in Washington, D.C., in 1932. Police and military assaults on these homeless veterans infuriated Americans and prompted Democratic Presidential nominee Franklin D. Roosevelt to declare, "Well, this will elect me."

National Archives and Records Administration

REPUDIATING HOOVER: THE 1932 ELECTION

Hoover's treatment of the **Bonus Army** symbolized his unpopularity and set the stage for the 1932 election. In 1932, unemployed veterans of World War I gathered in Washington, demanding payment of service bonuses not due until 1945. Hoover refused to meet with them, and Congress rejected their plan. But ten thousand veterans erected a shantytown at the edge of Washington and camped in vacant public buildings. General Douglas MacArthur disobeyed Hoover's cautious orders and on July 28 led cavalry, infantry, and tanks against the ragged Bonus Marchers. The troops cleared the buildings and assaulted the shantytown, dispersing the veterans and their families and setting their camp on fire.

"What a pitiful spectacle is that of the great American Government, mightiest in the world, chasing unarmed men, women, and children with army tanks," commented the *Washington News*. The administration tried to brand the Bonus Marchers as Communists and criminals, but official investigations refuted such claims. The incident confirmed Hoover's public image as harsh and insensitive.

In the summer of 1932, with no prospects for victory, Republicans renominated Hoover. Confident Democrats selected Governor Franklin D. Roosevelt of New York, who pledged "a new deal for the American people." Born into a wealthy family in 1882, FDR had been educated at Harvard, trained in the law, and schooled in politics, as a state legislator, assistant secretary of the navy, and the Democratic vice presidential nominee in 1920. In 1921, Roosevelt contracted polio, which paralyzed him from the waist down, leaving him dependent on braces or crutches. His continued involvement in politics owed much to his wife, Eleanor. A social reformer, she became a Democratic activist, organizing women's groups and campaigning across New York. In a remarkable political comeback, FDR was elected governor in 1928 and reelected in 1930.

The 1932 Democratic platform differed little from that of the Republicans, and Roosevelt spoke in vague or general terms. He knew that the election would



25-1

Herbert Hoover, Speech at New York City (1932)

QUICK REVIEW

The 1932 Election

- ◆ Republicans renominated Hoover.
- ◆ The Democratic platform differed little from the Republican platform.
- ◆ Franklin D. Roosevelt's victory was a repudiation of Hoover.

Bonus Army Unemployed veterans of World War I gathering in Washington in 1932 demanding payment of service bonuses not due until 1945.



◆ AMERICAN VIEWS ◆

AN OHIO MAYOR ON UNEMPLOYMENT AND RELIEF

Joesph Heffernan was the mayor of Youngstown, Ohio, when the nation sank into the Great Depression. Like other industrial cities, Youngstown soon confronted widespread unemployment and distress. In this document, written in 1932, Heffernan describes the obstacles he faced in responding to the suffering.

WHAT WOULD Heffernan think of President Hoover's belief that private charities and local authorities would provide unemployment relief? What did Heffernan see as obstacles to a public response to the depression? What did he fear would be the consequences of the failure to devise a rational and humane system of relief?

[In 1930] I asked for a bond issue of \$1,000,000 for unemployment relief. Many leading business men went out of their way to show their disapproval. One of them . . . said to me: "You make a bad mistake in talking about the unemployed. Don't emphasize hard times and everything will be all right." An influential newspaper chastised me for "borrowing trouble"; the depression would be

over, the editor maintained, before relief would be needed. . . . The gravity of the situation was so deliberately misrepresented by the entire business community that when the bond issue finally came to a ballot, in November 1930, it was voted down.

Thus we passed into the early days of 1931—fourteen months after the first collapse—with no relief in sight except that which was provided by the orthodox charities. Not a single move had been made looking toward action by a united community.

Strange as it may seem, there was no way in which the city government could embark upon a program of its own. We had no funds available for emergency relief, and without specific authorization from the people we could not issue bonds. . . .

As time went on, business conditions showed no improvement. Every night hundreds of homeless men crowded into the municipal incinerator, where they found warmth even though they had to sleep on heaps of garbage. In January 1931, I obtained the cooperation of the City Council to convert an abandoned police station into a "flop

be a repudiation of Hoover more than an endorsement of himself. Indeed, FDR carried every state south and west of Pennsylvania.

In the months before his inauguration, the depression worsened, with rising unemployment, plunging farm prices, and spreading misery. When teachers in Chicago, unpaid for months, fainted in their classrooms from hunger, it symbolized the imminent collapse of the nation itself. The final blow came in February 1933 when desperate Americans rushed to withdraw their funds from the tottering bank system. State governments shut the banks to prevent their failure. Hoover concluded, "We are at the end of our string."

LAUNCHING THE NEW DEAL

In the midst of national anxiety, Franklin D. Roosevelt pushed forward an unprecedented program to resolve the crises of a collapsing financial system, crippling unemployment, and agricultural and industrial breakdown and to promote reform. The early New Deal achieved successes and attracted support, but it also had limitations and generated criticism that suggested the need for still greater innovations.

WHAT WERE the main achievements of the early New Deal?



house.” The first night it was filled, and it has remained filled ever since. I made a point of paying frequent visits to this establishment so that I could see for myself what kind of men these down-and-outers were, and I heartily wish that those folk who have made themselves comfortable by ignoring and denying the suffering of their less fortunate neighbors could see some of the sights I saw. There were old men gnarled by heavy labor, young mechanics tasting the first bitterness of defeat, clerks and white-collar workers learning the equality of misery, derelicts who fared no worse in bad times than in good, Negroes who only a short time before had come from Southern cotton fields, now glad to find any shelter from the cold, immigrants who had been lured to Van Dyke’s “land of youth and freedom”—each one a personal tragedy, and all together an overwhelming catastrophe for the nation. . . .

This descent from respectability, frequent enough in the best of times, has been hastened immeasurably by two years of business paralysis, and the people who have been affected in this manner must be numbered in millions. This is what we have accomplished with our bread lines and soup kitchens. I know, because I have seen thousands of these defeated, discouraged, hopeless men and women, cringing and fawning as they come to ask for public aid. It

is a spectacle of national degeneration. That is the fundamental tragedy for America. If every mill and factory in the land should begin to hum with prosperity to-morrow morning, the destructive effect of our haphazard relief measures would not work itself out of the nation’s blood until the sons of our sons had expiated the sins of our neglect.

Even now there are signs of rebellion against a system so out of joint that it can only offer charity to honest men who want to work. Sometimes it takes the form of social agitation, but again it may show itself in a revolt that is absolute and final. Such an instance was reported in a Youngstown newspaper on the day I wrote these lines:—

Father Of Ten Drowns Self

. . . Out of work two years, Charles Wayne, aged 57, father of ten children, stood on the Spring Common bridge this morning. . . . He took off his coat, folded it carefully, and jumped into the swirling Mahoning River. Wayne was born in Youngstown and was employed by the Republic Iron and Steel Company for twenty-seven years as a hot mill worker. “We were about to lose our home,” sobbed Mrs. Wayne. “And the gas and electric companies had threatened to shut off the service.”

Source: Joseph L. Heffernan, “The Hungry City: A Mayor’s Experience with Unemployment,” *Atlantic Monthly*, May 1932, pp. 538–540, 546–5.

ACTION NOW!

On March 4, 1933, Franklin Delano Roosevelt became president and immediately reassured the American people. He insisted that “the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror, which paralyzes needed efforts to convert retreat into advance.” And he promised “action, and action now!” In the first three months of his administration, the famous Hundred Days of the New Deal, the Democratic Congress passed many important laws (see the Overview table “Major Laws of the Hundred Days” on p. 666).

Roosevelt’s program reflected a mix of ideas, some from FDR himself, some from a diverse group of advisers, including academic experts dubbed the “brain trust,” politicians, and social workers. It also incorporated principles from the progressive movement, precedents from the Great War mobilization, and even plans from the Hoover administration. FDR had set its tone in his campaign when he declared, “The country needs, and, unless I mistake its temper, the country demands bold, persistent experimentation. . . . Above all, try something.”

On March 5, FDR proclaimed a national bank holiday, closing all remaining banks. Congress then passed his Emergency Banking Act, a conservative measure that extended government assistance to sound banks and reorganized the weak ones.

WHERE TO LEARN MORE



Center for the New Deal Studies,
Roosevelt University,
Chicago, Illinois



OVERVIEW

MAJOR LAWS OF THE HUNDRED DAYS

Law	Objective
Emergency Banking Act	Stabilized the private banking system
Agricultural Adjustment Act	Established a farm recovery program based on production controls and price supports
Emergency Farm Mortgage Act	Provided for the refinancing of farm mortgages
National Industrial Recovery Act	Established a national recovery program and authorized a public works program
Federal Emergency Relief Act	Established a national system of relief
Home Owners Loan Act	Protected homeowners from mortgage foreclosure by refinancing home loans
Glass-Steagall Act	Separated commercial and investment banking and guaranteed bank deposits
Tennessee Valley Authority Act	Established the TVA and provided for the planned development of the Tennessee River Valley
Civilian Conservation Corps Act	Established the CCC to provide work relief on reforestation and conservation projects
Farm Credit Act	Expanded agricultural credits and established the Farm Credit Administration
Securities Act	Required full disclosure from stock exchanges
Wagner-Peyser Act	Created a U.S. Employment Service and encouraged states to create local public employment offices

Fireside chats Speeches broadcast nationally over the radio in which President Franklin D. Roosevelt explained complex issues and programs in plain language, as though his listeners were gathered around the fireside with him.

Federal Deposit Insurance Corporation (FDIC) Government agency that guarantees bank deposits, thereby protecting both depositors and banks.

Securities and Exchange Commission (SEC) Federal agency with authority to regulate trading practices in stocks and bonds.

Prompt government action, coupled with a reassuring **fireside chat** over the radio by the president, restored popular confidence in the banks. When they reopened on March 13, deposits exceeded withdrawals. “Capitalism,” said Raymond Moley of the brain trust, “was saved in eight days.” In June, Congress created the **Federal Deposit Insurance Corporation (FDIC)** to guarantee bank deposits up to \$2,500.

The financial industry was also reformed. The Glass-Steagall Act separated investment and commercial banking to curtail risky speculation. The Securities Act reformed the sale of stocks to prevent the insider abuses that had characterized Wall Street, and in 1934, the **Securities and Exchange Commission (SEC)** was created to regulate the stock market. Two other financial measures in 1933 created the Home Owners Loan Corporation and the Farm Credit Administration, which enabled millions to refinance their mortgages.

CREATING JOBS

Roosevelt also provided relief for the unemployed. The Federal Emergency Relief Administration (FERA) furnished funds to state and local agencies. Directed by Harry Hopkins, FERA spent over \$3 billion before it ended in 1935, and by then Hopkins and FDR had developed new programs that provided work relief to preserve both the skills and the morale of recipients. The Civil Works Administration (CWA) hired laborers to build roads, teachers to staff rural schools, and singers to give public performances. The Public Works Administration (PWA) provided work relief and stimulated the economy by building schools, hospitals, courthouses,



airports, dams, and bridges. One of FDR's personal ideas, the Civilian Conservation Corps (CCC) employed 2.5 million young men to work on reforestation and flood control projects, build roads and bridges in national forests and parks, restore Civil War battlefields, and fight forest fires.

HELPING SOME FARMERS

In May 1933, Congress established the Agricultural Adjustment Administration (AAA) to combat the depression in agriculture caused by crop surpluses and low prices. The AAA subsidized farmers who agreed to restrict production. The objective was to boost farm prices to parity, a level that would restore farmers' purchasing power to its 1914 level. In the summer of 1933, the AAA paid southern farmers to plow up 10 million acres of cotton and midwestern farmers to bury 9 million pounds of pork. Restricting production in hard times caused public outrage.

But agricultural conditions improved. Farm prices rose from 52 percent of parity in 1932 to 88 percent in 1935, and gross farm income rose by 50 percent. Not until 1941, however, would income exceed the level of 1929, a poor year for farmers. Moreover, some of the decreased production and increased prices stemmed from devastating droughts and dust storms on the Great Plains. The AAA itself harmed poor farmers while aiding larger commercial growers. As southern planters restricted their acreage, they dismissed tenants and sharecroppers, and with AAA payments, they bought new farm machinery, reducing their need for farm labor. Thus while big producers moved toward prosperity, many small farmers were forced into a pool of rural labor for which there was decreasing need or into the cities, where there were no jobs.

The Supreme Court declared the AAA unconstitutional in 1936, but new laws established the farm subsidy program for decades to come. Increasing mechanization and scientific agriculture kept production high and farmers dependent on government intervention.

THE FLIGHT OF THE BLUE EAGLE

The New Deal attempted to revive American industry with the National Industrial Recovery Act (NIRA), which created the National Recovery Administration (NRA). The NRA sought to halt the slide in prices, wages, and employment by suspending antitrust laws and authorizing industrial and trade associations to draft codes setting production quotas, price policies, wages and working conditions, and other business practices. The codes promoted the interests of business generally and big business in particular, but Section 7a of the NIRA guaranteed workers the rights to organize unions and bargain collectively.

Hugh Johnson became director of the NRA and persuaded business leaders to cooperate in drafting codes and the public to patronize participating companies, indicated by the NRA Blue Eagle insignia. Corporate leaders, however, used the NRA to advance their own goals and discriminate against small producers, consumers, and labor. Employers also violated Section 7a, even using violence to smother unions. The NRA did little to enforce Section 7a, and Johnson—strongly probusiness—denounced all strikes. Workers felt betrayed.

Roosevelt tried to reorganize the NRA, but it remained controversial until the Supreme Court declared it unconstitutional in 1935.

CRITICS RIGHT AND LEFT

Though the early New Deal had not ended the depression, its efforts to grapple with problems, its successes in reducing suffering and fear, and Roosevelt's own skills carried the Democratic party to victory in the 1934 elections. But New Deal policies also provoked criticism.

WHERE TO LEARN MORE



Civilian Conservation Corps
Interpretive Center,
Whidbey Island, Washington

QUICK REVIEW

The National Recovery Administration (NRA)

- ◆ Sought to halt the slide in prices, wages, and employment.
- ◆ Tended to help business, often at the expense of labor.
- ◆ Declared unconstitutional in 1935.



WHERE TO LEARN MORE

★ Labor Museum and Learning Center of Michigan, Flint, Michigan

Conservatives complained that the expansion of government activity and its regulatory role weakened the autonomy of American business. They also condemned the efforts to aid nonbusiness groups as socialistic, particularly the “excessive” spending on unemployment relief and the “instigation” of labor organizing. By 1934, as *Time* magazine reported, “Private fulminations and public carpings against the New Deal have become almost a routine of the business day.” These critics attracted little popular support, however.

More realistic criticism came from the left. In 1932, FDR had campaigned for “the forgotten man at the bottom of the economic pyramid,” and some radicals argued that the early New Deal had forgotten the forgotten man. In Arkansas and Tennessee, socialists in 1934 helped organize sharecroppers into the Southern Tenant Farmers Union protesting the “Raw Deal” they had received from the AAA. A broader labor militancy in 1934 also pressed Roosevelt. Workers acted as much against the failure of the NRA to enforce Section 7a as against recalcitrant corporations. The number of workers participating in strikes leaped from 325,000 in 1932 (about the annual average since 1925) to 1.5 million in 1934. From dockworkers in Seattle and copper miners in Butte to streetcar drivers in Milwaukee and shoemakers in Boston, workers demanded their rights.

Employers moved to crush the strikes, often using complaisant police and private strikebreakers. In Minneapolis, police shot sixty-seven teamsters, almost all in the back as they fled an ambush arranged by employers; in Toledo, company police and National Guardsmen attacked autoworkers with tear gas, bayonets, and rifle fire. At times, the workers held their ground. But against such powerful opponents, they needed help to achieve their rights.

Popular discontent was also mobilized by four prominent individuals demanding government action to assist groups neglected by the New Deal. Representative William Lemke of North Dakota, an agrarian radical leader of the Nonpartisan League, objected to the New Deal’s limited response to farmers crushed by the depression. The AAA’s strategy of simply restricting production, he thundered, was an “insane policy in the midst of hunger, misery, want, and rags.” He sought government financial aid for farmers and policies favoring inflation, a traditional rural demand.

Francis Townsend, a California physician, called for a government pension to all Americans over the age of 60, provided they retire from work and spend their entire pension. This promised to extend relief to the many destitute elderly, open jobs for the unemployed, and stimulate economic recovery. Over five thousand Townsend Clubs lobbied for government action to help the elderly poor.

Father Charles Coughlin, a Catholic priest in the Detroit suburb of Royal Oak, threatened to mobilize another large constituency against the limitations of the early New Deal. Thirty million Americans listened eagerly to his weekly radio broadcasts mixing religion with anti-Semitism and demands for social justice and financial reform. After concluding that FDR’s policies favored “the virile viciousness of business and finance,” Coughlin organized the National Union for Social Justice to lobby for his goals. With support among lower-middle-class, heavily Catholic, urban ethnic groups, Coughlin posed a real challenge to Roosevelt’s Democratic party.

Senator Huey P. Long of Louisiana wanted more comprehensive social welfare policies, but he also wanted to be president. In 1934, he organized the Share-Our-Wealth Society. His plan to end poverty and unemployment called for confiscatory taxes on the rich to provide every family with a decent income, health coverage, education, and old-age pensions. Within months, Long’s organization claimed more than 27,000 clubs and 7 million members.

QUICK REVIEW

Critique of the New Deal

- ◆ Conservative critics of the expansion of government gained little support.
- ◆ Many on the left saw the early New Deal as a “Raw Deal.”
- ◆ Popular pressure mounted for more aggressive policies.



These dissident movements raised complex issues and simple fears. They built on concerns about the New Deal, with programs often ill-defined or impractical. Nevertheless, their popularity warned Roosevelt that government action was needed to satisfy reform demands and assure his reelection in 1936.

CONSOLIDATING THE NEW DEAL

In 1935, Roosevelt undertook economic and social reforms that some observers have called the Second New Deal. The new measures shifted the relative weights accorded to the constant objectives of recovery, relief, and reform. This new phase reflected the persisting depression, growing political pressures, and the progressive inclinations of key New Dealers, including FDR himself.

LIFTING UP AND WEEDING OUT

“In spite of our efforts and in spite of our talk,” Roosevelt told the new Congress in 1935, “we have not weeded out the overprivileged and we have not effectively lifted up the underprivileged.” To do so, he developed “must” legislation, to which his allies in Congress added. One of the new laws protected labor’s rights to organize and bargain collectively. Drafted by Senator Robert Wagner of New York to replace Section 7a, the Wagner National Labor Relations Act, dubbed “Labor’s Magna Carta,” guaranteed workers’ rights to organize unions and forbade employers to adopt unfair labor practices, such as firing union activists or forming company unions. The law also set up the National Labor Relations Board (NLRB) to enforce these provisions, protect workers from coercion, and supervise union elections.

Of greater long-range importance was the Social Security Act. It provided unemployment compensation, old-age pensions, and aid for dependent mothers and children and the blind. The conservative nature of the law appeared in its stingy benefit payments, its lack of health insurance, and its exclusion of more than a fourth of all workers, including many in desperate need of protection, such as farm laborers and domestic servants. Moreover, unlike in other nations, the old-age pensions were financed through a regressive payroll tax on both employees and employers rather than through general tax revenues. Thus the new system was more like a compulsory insurance program. Despite its weaknesses, however, the Social Security Act was one of the most important laws in American history. It provided, Roosevelt pointed out, “at least some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age.”

Among other reform measures, the Banking Act of 1935 increased the authority of the Federal Reserve Board over the nation’s currency and credit system and decreased the power of the private bankers whose irresponsible behavior had contributed to the depression and the appeal of Father Coughlin. The Revenue Act of 1935 provided for graduated income taxes and increased estate and corporate taxes. Opponents called it the Soak the Rich Tax, but with its many loopholes, it was scarcely that. Nevertheless, it set a precedent for progressive taxation and attracted popular support.

The Second New Deal also responded belatedly to the environmental catastrophe that had turned much of the Great Plains into a “Dust Bowl” (see Map 25–1). Since World War I, farmers had stripped marginal land of its native grasses to plant wheat. When drought and high winds hit the plains in 1932, crops failed, and nothing held the soil. Dust storms blew away millions of tons of topsoil, despoiling the land and darkening the sky 1,000 miles away. Families abandoned their farms in droves.

WHICH ECONOMIC

and social reforms made up the “Second New Deal”?



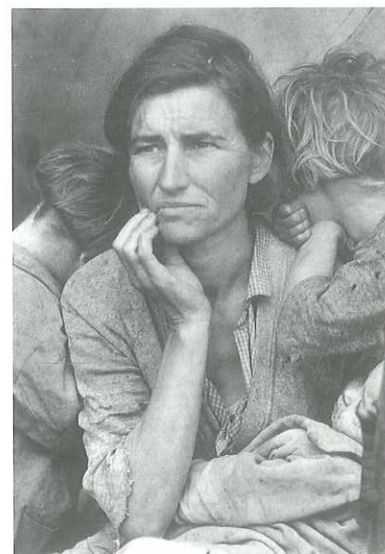
25–2

Share the Wealth

QUICK REVIEW

The Social Security Act

- ◆ Provided unemployment compensation, old-age pensions, and aid for dependent mothers and children and the blind.
- ◆ The law excluded more than a fourth of all workers and did not include health insurance.
- ◆ Funded by a regressive payroll tax.



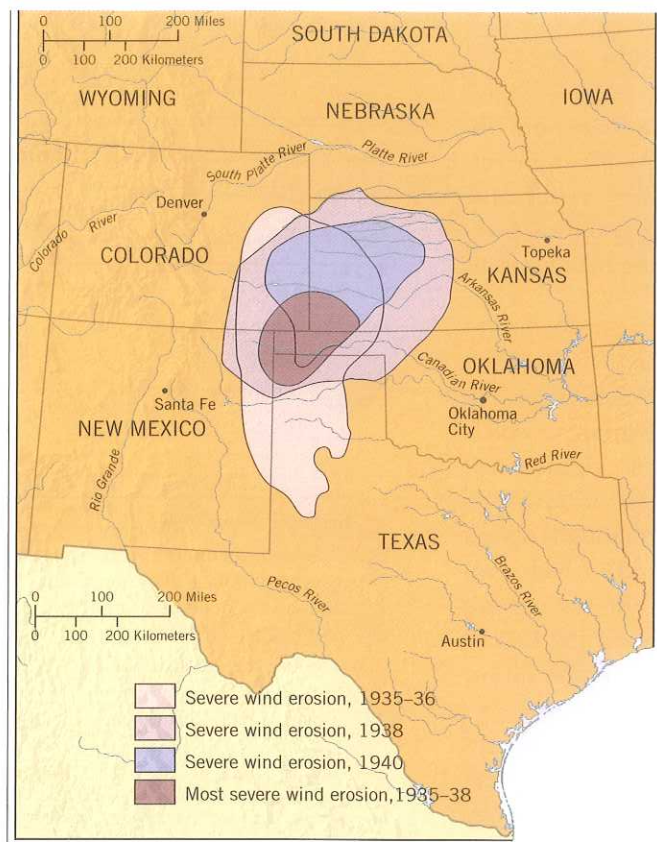
A sullen mother stares vacantly between her two children in a migrant labor camp in Nipomo, California in 1936. This photograph, commissioned by the FSA, came to symbolize the Great Depression for many people.

Courtesy of the Library of Congress



MAP EXPLORATION

To explore an interactive version of this map, go to <http://www.prenhall.com/goldfield2/map25.1>



MAP 25-1

The Dust Bowl Years of overcultivation, drought, and high winds created the Dust Bowl, which most severely affected the southern Great Plains. Federal relief and conservation programs provided assistance, but many residents fled the area, often migrating to California.

WHY WAS this drought particularly damaging to people in this region?

In 1935, Roosevelt established the Resettlement Administration to focus on land reform and help poor farmers. Under Rexford Tugwell, this agency initiated soil erosion projects and attempted to resettle impoverished farmers on better land, but the problem exceeded its resources. Congress moved to save the land, if not its people, by creating the Soil Conservation Service in 1935.

EXPANDING RELIEF

Relief remained critical in the Second New Deal. With millions still unemployed, Roosevelt pushed through Congress in 1935 the Emergency Relief Appropriation Act, authorizing \$5 billion—at the time the largest single appropriation in history—for emergency public employment. Roosevelt created the Works Progress Administration (WPA) under Hopkins, who set up work relief programs to assist the unemployed and boost the economy. Before its end in 1943, the WPA gave jobs to 9 million people (more than a fifth of the labor force) and spent nearly \$12 billion. Three-fourths of its expenditures went on construction projects that could employ manual labor: the WPA built 125,000 schools, post offices, and hospitals; 8,000 parks; nearly 100,000 bridges; and enough roads and sewer systems to circle the earth thirty times. From New York City's La Guardia Airport to Atlanta's sewer system to irrigation ditches in the Far West, the WPA laid much of the nation's basic infrastructure on which it still relies.

The WPA also developed work projects for unemployed writers, artists, musicians, and actors. "Why not?" said FDR. "They are human beings. They have to live." These WPA programs allowed people to use their talents while surviving the depression, increased popular access to cultural performances, and established a precedent for federal support of the arts.

The National Youth Administration (NYA), another WPA agency, gave part-time jobs to students, enabling 2 million high school and college students to stay in school, learn skills, and do productive work. Law student Richard M.

Nixon earned 35 cents an hour doing research in the library. Lyndon Johnson, a Texas NYA official, believed that "if the Roosevelt administration had never done another thing, it would have been justified by the work of this great institution for salvaging youth."

THE ROOSEVELT COALITION AND THE ELECTION OF 1936

The 1936 election gave Americans an opportunity to judge FDR and the New Deal. Conservatives alarmed at the expansion of government, businesspeople angered by regulation and labor legislation, and well-to-do Americans furious with tax reform decried the New Deal. But they were a minority. Even the presidential candidate they supported, Republican Governor Alf Landon of Kansas, endorsed much of the New Deal, criticizing merely the inefficiency and cost of some of its programs. The reforms of 1935 had undercut the arguments of critics on the left, and the assassination of Huey Long in the same year had removed their ablest



FROM THEN TO NOW

Social Security

No politician will “ever scrap my social security program.” So predicted FDR when he signed the Social Security Act in 1935. He based his confidence on the provisions in the act that linked benefits to payroll deductions. Because workers contributed to the program, they would feel a “right to collect their pensions and unemployment benefits.” But Roosevelt could not have imagined just how successful the Social Security program would become. Expanded over the years since the 1930s, it now assists 44 million Americans, including the elderly, the disabled, and the survivors of contributors to the program. Certain poverty would confront half the nation’s elderly without their monthly checks.

But the successful expansion of the program has also called its future into question. By 2030, the number of eligible recipients will double, but the number of employees paying Social Security taxes will increase by only 17 percent. Annual funding deficits of more than \$100 billion loom ahead.

Still, as FDR predicted, no political leader dares to propose “scrapping” Social Security. Rather, proposals to solve this problem reflect conflicting views about the expansion of the federal government—and especially its efforts to promote social welfare—that began with the New Deal. No longer does the public overwhelmingly endorse federal responsibility for solving social problems as it did during the economic crisis of the 1930s. On the contrary, an increasingly intense backlash against “big government” emerged in the 1960s, ultimately finding its champion in the 1980s in Republican President Ronald Reagan, who declared, “Government is not the solution to our problems; government is the problem.” Reagan’s administration sought to reduce the size of government and curtail its regulatory oversight of American business. This “Reagan Revolution” appealed to those who never supported government responsibility for social welfare and to those who had lost trust in the government’s ability to fulfill that role. By the 1990s, even Democratic President Bill Clinton declared an end to the era of “big government.”

Support has grown for private initiatives to replace government programs, and now critics are pressing to “privatize” the Social Security system itself. They have proposed such sweeping changes as limiting benefits to contributors only and requiring contributors to invest their Social Security accounts themselves, including in the stock market. The predicted pay-off would be larger earnings.

Opponents of these critics argue for reforming, not overturning, the current Social Security system. Privatization, they argue, would undermine Social Security’s fundamental principle:

to guarantee retirees a dependable income base. Investing retirement savings in the stock market subjects them to market volatility, which might benefit some people but could leave others with serious losses just when they were ready to retire. Privatization would also eliminate the special assistance that Social Security provides to large families, couples with one partner who has had no or limited earnings, and low-income earners.

Rather than scrap the current system, reformers propose other changes. They suggest taxing all workers for Social Security, many, especially in state and local governments, are now outside the system. Extending the age of eligibility to receive benefits, justified by the increasing life expectancy of Americans, would also bolster the Social Security funds. Another proposal would abandon the current investment strategy but have a quasi-private government entity manage the system’s portfolio. Such changes would enable Social Security to continue meeting the needs of all citizens.

The current argument over Social Security echoes the disputes of the 1930s about the role and function of our government and reflects continuing differences over the degree to which the government should attempt to make American society more equitable. Finding a solution to funding Social Security in the new century will require addressing the issue of America’s core values.



FDR signs the Social Security Act in 1935, establishing a program that would grow in size and importance in subsequent decades. To the left in a dark suit is Senator Robert F. Wagner; behind FDR is Secretary of Labor Frances Perkins. All three were influential in shaping an activist federal government that some Americans would later decry as unnecessary.

AP/Wide World Photos



WHERE TO LEARN MORE



Franklin D. Roosevelt Home and Presidential Library,
Hyde Park, New York
www.fdrlibrary.marist.edu

politician. They formed the Union party and nominated William Lemke for the presidency, but they were no longer a threat.

The programs and politicians of the New Deal had created an invincible coalition behind Roosevelt. The New Deal's agricultural programs reinforced the traditional Democratic allegiance of white Southerners while attracting many Western farmers. Labor legislation clinched the active support of the nation's workers. Middle-class voters, whose homes had been saved and whose hopes had been raised, also joined the Roosevelt coalition.

So did urban ethnic groups, who had benefited from welfare programs and received unprecedented recognition. FDR named the first Italian American to the federal judiciary, for example, and appointed five times as many Catholics and Jews to government positions as the three Republican presidents had during the 1920s. African Americans voted overwhelmingly Democratic for the first time. Women, too, were an important part of the Roosevelt coalition. As one campaigner said to a roaring crowd in 1936, "Many women in this country when they vote for Franklin D. Roosevelt will also be thinking with a choke in the throat of Eleanor Roosevelt!"

This political realignment produced a landslide. Roosevelt polled 61 percent of the popular vote and the largest electoral vote margin ever recorded, 523 to 8. Landon even lost Kansas, his own state, and Lemke received fewer than 900,000 votes. Democrats also won huge majorities in Congress.

THE NEW DEAL AND AMERICAN LIFE

The landslide of 1936 reflected the impact the New Deal had on Americans. Government programs changed daily life, and ordinary people often helped shape the new policies.

LABOR ON THE MARCH

The labor revival in the 1930s reflected both workers' determination and government support. Workers wanted not merely to improve their wages and benefits but also to gain union recognition and union contracts to limit arbitrary managerial authority and achieve some control over the workplace. The Wagner Act sparked a wave of labor activism. But if the government ultimately protected union rights, the unions themselves had to form locals, recruit members, and demonstrate influence in the workplace.

At first, the American Federation of Labor (AFL), with its reliance on craft-based unions and its reluctance to organize immigrant, black, and women workers, was unprepared for the rush of industrial workers seeking unionization. More progressive labor leaders formed the Committee for Industrial Organization (CIO) within the AFL. They campaigned to unionize workers in the steel, auto, and rubber industries, all notoriously hostile to unions. AFL leaders insisted that the CIO disband and then in 1937 expelled its unions. The militants reorganized as the separate **Congress of Industrial Organizations**.

The split roused the AFL to increase its own organizing activities, but it was primarily the new CIO that put labor on the march. It inspired workers previously neglected. The CIO's interracial union campaign in the Birmingham steel mills, said one organizer, was "like a second coming of Christ" for black workers, who welcomed the union as a chance for social recognition as well as economic opportunity. The CIO also employed new and aggressive tactics, particularly the sit-down strike, in which workers, rather than picketing outside the factory, simply sat inside the

WHAT IMPACT did

New Deal programs have on women and minorities?

Congress of Industrial Organizations

An alliance of industrial unions that spurred the 1930s organizational drive among the mass-production industries.



plant, thereby blocking both production and the use of strikebreakers. Upton Sinclair said, “For seventy-five years big business has been sitting down on the American people, and now I am delighted to see the process reversed.”

Sit-down strikes paralyzed General Motors in 1937 after it refused to recognize the United Auto Workers. GM tried to force the strikers out of its Flint, Michigan, plants by turning off the heat, using police and tear gas, and threatening strikers’ families. The strikers held out, and after six weeks GM signed a contract with the UAW. Chrysler soon followed suit. Ford refused to recognize the union until 1941, often violently disrupting organizing efforts.

Steel companies also used violence against unionization. In the Memorial Day Massacre in Chicago in 1937, police guarding a plant of the Republic Steel Company fired on strikers and their families, killing ten people as they tried to flee. Scores more were wounded and beaten. A Senate investigation found that Republic and other companies “dominate their employees, deny them their constitutional rights, promote disorder and disharmony, and even set at naught the powers of the government itself.” Federal court orders finally forced the companies to bargain collectively.

New Deal labor legislation, government investigations and court orders, and the federal refusal to use force against strikes helped the labor movement secure basic rights for American workers. Union membership leaped from under 3 million in 1932 to 9 million by 1939, and workers won higher wages, better working conditions, and more economic democracy.

WOMEN AND THE NEW DEAL

As federal programs proliferated in 1933, a Baltimore women’s group urged the administration to “come out for a square and new deal for women.” Although women did gain increased attention and influence, government and society remained largely bound by traditional values.

New Deal relief programs had a mixed impact on workingwomen. Formal government policy required “equal consideration” for women and men, but local officials so flouted this requirement that Eleanor Roosevelt urged Harry Hopkins to “impress on state administrators that the women’s programs are as important as the men’s. They are so apt to forget us!” Women on relief were restricted to “women’s work”—more than half worked on sewing projects, regardless of their skills—and were paid scarcely half what men received. And although women constituted nearly a fourth of the labor force, they obtained only 19 percent of the jobs created by the WPA, 12 percent by the FERA, and 7 percent by the CWA. The CCC excluded women altogether. Still, relief agencies provided crucial assistance to women in the depression.

Other New Deal programs also had mixed benefits for women. Many NRA codes mandated lower wage scales for women than for men, which officials justified as reflecting “long-established customs.” But by raising minimum wages, the NRA brought relatively greater improvements to women, who were concentrated in the lowest-paid occupations, than to male workers. The Social Security Act did not cover domestic servants, waitresses, and women who worked in the home but did help mothers with dependent children.

Women also gained political influence under the New Deal. Molly Dewson, the director of the Women’s Division of the Democratic party, exercised considerable political power and helped shape the party’s campaigns. Around Dewson revolved a network of women, linked by friendships and experiences in the National Consumers’ League, Women’s Trade Union League, and other progressive reform organizations. Appointed to positions in the Roosevelt administration, they helped develop and implement New Deal social legislation. Secretary of Labor Frances Perkins was the first



25-3

Mrs. Henry Weddington, Letter to President Roosevelt (1938)

QUICK REVIEW

Impact of the New Deal on Women

- ◆ Women received a smaller percentage than men of jobs created by New Deal programs.
- ◆ Increase in the minimum wage brought greater improvements to women than to men.
- ◆ Women gained political influence under the New Deal.



WHERE TO LEARN MORE

Eleanor Roosevelt National
Historic Site,
Hyde Park, New York
www.nps.gov/elro

woman cabinet member and a key member of the network; other women were in the Treasury Department, the Children's Bureau, and relief and cultural programs.

Eleanor Roosevelt roared across the social and political landscape of the 1930s, pushing for women's rights, demanding reforms, traveling across the country, writing newspaper columns and speaking over the radio, developing plans to help unemployed miners and abolish slums. FDR rebuffed her critics with a jaunt, "Well, that is my wife; I can't do anything about her." Indeed, Eleanor Roosevelt had become a symbol of the growing importance of women in public life.

MINORITIES AND THE NEW DEAL

Although Roosevelt deplored racial abuses, he never pushed for civil rights legislation, fearing to antagonize the influential Southern Democrats in Congress whose support he needed. For similar reasons, many New Deal programs discriminated against African Americans. The CCC segregated black workers; NRA codes so often specified lower wages and benefits for black workers relative to white workers or even excluded black workers from jobs that the black press claimed NRA stood for "Negro Run Around" or "Negroes Ruined Again."

However, African Americans did benefit from the New Deal's welfare and economic programs. W. E. B. Du Bois asserted that "large numbers of colored people in the United States would have starved to death if it had not been for the Roosevelt policies." And key New Dealers campaigned against racial discrimination. Eleanor Roosevelt, prodded FDR to appoint black officials, wrote articles supporting racial equality, and flouted segregationist laws. Attacked by white racists, she was popular in the black community. As black votes in Northern cities became important, more pragmatic New Dealers also began to pay more attention to black needs.

African Americans themselves pressed for reforms, and FDR took more interest in their economic and social problems. He prohibited discrimination in the WPA in 1935, and the NYA adopted enlightened racial policies. Roosevelt also appointed black people to important positions, including the first black federal judge. Many of these officials began meeting regularly at the home of Mary McLeod Bethune of the National Council of Negro Women. Dubbed the Black Cabinet, they worked with civil rights organizations, fought discrimination in government, influenced patronage, and stimulated black interest in politics.

Under the New Deal, black illiteracy dropped because of federal education projects, and the number of black college students and graduates more than doubled, in part because the NYA provided student aid to black colleges. New Deal relief and public health programs reduced black infant mortality rates and raised life expectancy rates. Conditions for black people continued to lag behind those for white people, and discrimination persisted, but the black switch to the Roosevelt coalition reflected the New Deal's benefits.

Native Americans also benefited from the New Deal. The CCC particularly appealed to their interests and skills. More than eighty thousand Indians received training in agriculture, forestry, and animal husbandry, along with basic academic subjects. CCC projects, together with those undertaken by the PWA and the WPA, built schools, hospitals, roads, and irrigation systems on reservations.

New Deal officials also refocused government Indian policy, which had undermined tribal authority and promoted assimilation by reducing Indian landholding and attacking Indian culture. Appointed commissioner of Indian affairs in 1933, John Collier prohibited interference with Indian religious or cultural life, directed the Bureau of Indian Affairs to employ more Indians, and prevented Indian schools from suppressing native languages and traditions. The Indian Reorganization Act of 1934, often called the Indians' New Deal, guaranteed



WHERE TO LEARN MORE

Bethune Museum and Archives
National Historic Site,
Washington, D.C.

religious freedom, reestablished tribal self-government, and halted the sale of tribal lands. It also provided funds to expand Indian landholdings, support Indian students, and establish tribal businesses.

Hispanic Americans received less assistance from the New Deal. Its relief programs aided many Hispanics in California and the Southwest but ignored those who were not citizens. And by excluding agricultural workers, neither the Social Security Act nor the Wagner Act gave Mexican Americans much protection or hope. Farm workers remained largely unorganized, exploited, and at the mercy of agribusinesses.

THE NEW DEAL: NORTH, SOUTH, EAST, AND WEST

“We are going to make a country,” President Roosevelt declared, “in which no one is left out.” And with that statement along with his belief that the federal government must take the lead in building a new “economic constitutional order,” FDR ensured that his New Deal programs and policies fanned out throughout the nation, bolstering the stock market and banking in New York, constructing public housing for poor immigrant families and African Americans in most major cities, and building schools, roads, and bridges in all regions of the United States. Ironically, the New Deal also offered special benefits to the South, traditionally averse to government activism, and to the West, which considered itself the land of rugged individualism.

The New Deal’s agricultural program boosted farm prices and income more in the South than any other region. By controlling cotton production, it also promoted diversification; its subsidies financed mechanization. The resulting modernization helped replace an archaic sharecropping system with an emergent agribusiness. The rural poor were displaced, but the South’s agricultural economy advanced.

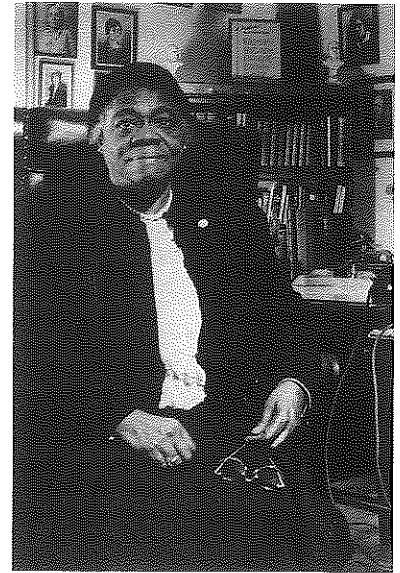
The New Deal also improved Southern cities. FERA and WPA built urban sewer systems, airports, bridges, roads, and harbor facilities. Whereas Northern cities had already constructed such facilities themselves—and were still paying off their debts—the federal government largely paid for such modernization in the South, giving its cities an economic advantage.

Federal grants were supposed to be awarded to states in proportion to their own expenditures, but Southern politicians refused to contribute their share of the costs. Nationally, the federal proportion of FERA expenditures was 62 percent; in the South, it was usually 90 percent and never lower than 73 percent.

Federal money enabled Southern communities to balance their own budgets, preach fiscal orthodoxy, and maintain traditional claims of limited government. Even Southerners acknowledged the hypocrisy of the region’s invocation of state’s rights. “We recognize state boundaries when called on to give,” noted the *Houston Press*, “but forget them when Uncle Sam is doing the giving.”

The federal government had a particularly powerful impact on the South with the **Tennessee Valley Authority (TVA)**, launched in 1933 (see Map 25–2). Coordinating activities across seven states, the TVA built dams to control floods and generate hydroelectric power, produced fertilizer, fostered agricultural and forestry development, encouraged conservation, improved navigation, and modernized school and health systems. Its major drawback was environmental damage that only became apparent later. Over a vast area of the South, it provided electricity for the first time.

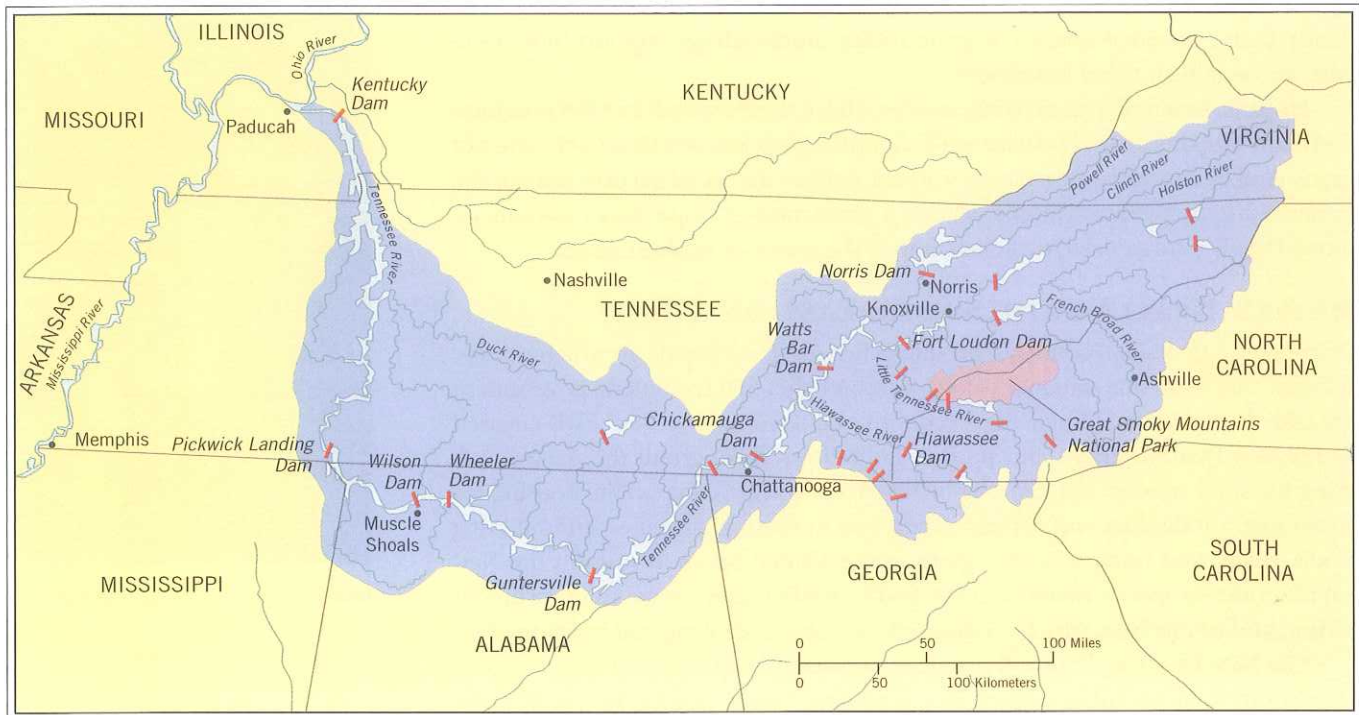
The New Deal further expanded access to electricity by establishing the Rural Electrification Administration (REA) in 1935. Private companies had refused to extend power lines into the countryside because it was not profitable, consigning 90 percent of the nation’s farms to drudgery and darkness. The REA revolutionized farm life by sponsoring rural nonprofit electric cooperatives. By 1950, 78 percent of American farms had electricity.



American educator and activist Mary McLeod Bethune.

Courtesy of the Library of Congress

Tennessee Valley Authority (TVA)
Federal regional planning agency established to promote conservation, produce electric power, and encourage economic development in seven southern states.



MAP 25-2

The Tennessee Valley Authority By building dams and hydroelectric power plants, the TVA controlled flooding and soil erosion and generated electricity that did much to modernize a large region of the Upper South.

WHAT ECONOMIC and social impact did the Tennessee Valley Authority have on the Upper South?

The New Deal also changed the West. Westerners received the most federal money per capita in welfare, relief projects, and loans. Western farmers and cattle raisers were saved by federal payments, and even refugees from the Dust Bowl depended on relief assistance and medical care in federal camps.

The Bureau of Reclamation, established in 1902, built huge dams to control the Western river systems, promote large-scale development, prevent flooding, produce cheap hydroelectric power, and create reservoirs and canal systems to bring water to farms and cities. By furnishing capital and expertise, the government subsidized and stimulated western economic development, particularly the growth of agribusiness.

Westerners welcomed such assistance but rarely shared the federal goals of rational resource management. Instead, they often wanted to continue to exploit the land and resented federal supervision as colonial control. In practice, however, the government worked in partnership with the West's agribusinesses and timber and petroleum industries.

THE NEW DEAL AND PUBLIC ACTIVISM

Despite Hoover's fear that government responsibility would discourage local initiative, New Deal programs, in fact, often encouraged or empowered groups to shape public policy and social and economic behavior. Moreover, because the administration worried about centralization, some federal agencies fostered what New Dealers called "grass-roots democracy." The AAA set up committees totaling more than 100,000 people to implement agricultural policy and held referendums



on crop controls; local advisory committees guided the various federal arts projects; federal management of the West's public grasslands mandated cooperation with associations of livestock raisers.

At times, federal programs allowed previously unrepresented groups to contest traditionally dominant interests. Often seeing greater opportunities for participation and influence in federal programs than in city and state governments, community groups even campaigned to expand federal authority. In short, depression conditions and New Deal programs actually increased citizen involvement in public affairs.

EBBING OF THE NEW DEAL

After his victory in 1936, Roosevelt committed himself to further reforms. “The test of our progress,” he declared in his second inaugural address, “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.” But determined opponents, continuing economic problems, and the president's own misjudgments blocked his reforms and deadlocked the New Deal.

WHY WERE late New Deal reforms unsuccessful?

CHALLENGING THE COURT

During Roosevelt's first term, the Supreme Court had declared unconstitutional several important measures. FDR complained that the justices held “horse-and-buggy” ideas about government that prevented the president and Congress from responding to changes. He decided to restructure the federal judiciary and, in early 1937, proposed legislation authorizing a new judge for each one serving past the age of 70. Additional judges, he said, would increase judicial efficiency, but his real goal was to appoint new judges more sympathetic to the New Deal.

His court plan led to a divisive struggle. The proposal was perfectly legal, but Republicans and conservative Democrats attacked the plan as a scheme to “pack” the Court and subvert the separation of powers among the three branches of government. Even many liberals expressed reservations. The Court itself undercut support for FDR's proposal by upholding the Social Security and Wagner Acts. Congress rejected Roosevelt's plan.

Roosevelt's challenge to the Court hurt the New Deal. It worried the public, split the Democratic party, and revived conservatives. Opponents promptly attacked other New Deal policies, from support for unions to progressive taxation. Henceforth, a conservative coalition of Republicans and Southern Democrats in Congress blocked FDR's reforms.

MORE HARD TIMES

A sharp recession beginning in August 1937 added to Roosevelt's problems. As the economy improved in 1936, Roosevelt decided to cut federal expenditures and balance the budget, but private investment and employment remained stagnant, and the economy plunged. A record decline in industrial production canceled the gains of the previous two years, and unemployment leaped from 7 million to 11 million. Republicans delighted in attacking the “Roosevelt recession,” although it stemmed from retrenchment policies they themselves advocated.

In 1938, Roosevelt reluctantly increased spending, based on the principles of British economist John Maynard Keynes. As Marriner Eccles of the Federal Reserve Board explained, the federal government had to serve as the “compensatory agent” in the economy: It should use deficit spending to increase demand and production when private investment declined and raise taxes to pay its debt and



cool the economy when business activity became excessive. New appropriations for the PWA and other government programs revived the faltering economy, but only the vast expenditures for World War II would bring full recovery.

POLITICAL STALEMATE

The recession interrupted the momentum of the New Deal and strengthened its opponents. In late 1937, their leaders in Congress issued a “conservative manifesto” decrying New Deal fiscal, labor, and regulatory policies. Holding seniority in a Congress malapportioned in their favor, they blocked most of Roosevelt’s reforms. None of his “must” legislation passed a special session of Congress in December. In 1938, Congress rejected tax reforms and reduced corporate taxes. The few measures that passed were heavily amended. The Fair Labor Standards Act established maximum hours and minimum wages for workers but authorized so many exemptions that one New Dealer asked “whether anyone is subject to this bill.”

To protect the New Deal, Roosevelt turned again to the public, with whom he remained immensely popular. In the 1938 Democratic primaries, he campaigned against the New Deal’s conservative opponents. But FDR could not transfer his personal popularity to the political newcomers he supported. What his foes attacked as a “purge” failed. Roosevelt lost further political leverage when the Republicans gained seventy-five seats in the House and seven in the Senate and thirteen governorships.

The Democrats retained majorities in both houses of Congress, but the Republican revival and the survival of the conservative Southern Democrats guaranteed that the New Deal had gone as far as it ever would. With Roosevelt in the White House and his opponents controlling Congress, the New Deal ended in political stalemate.

GOOD NEIGHBORS AND HOSTILE FORCES

Even before FDR’s conservative opposition derailed the New Deal, the President felt the impact of congressional limitations in foreign policy. Isolationists in Congress counseled against any U.S. involvement in world affairs. Republican Senator Gerald Nye established a committee in 1934 to investigate the origins of U.S. involvement in what many Americans termed the European War. The Nye Committee exposed the greed of big business and intimated that President Woodrow Wilson had gone to war to save profits for capitalists—and not democracy for the world. Jobless and homeless Americans reacted with anger to the committee’s findings and public sentiment against fighting another “foreign” war hardened. Roosevelt himself believed that the gravity of the nation’s economic depression warranted a primary focus on domestic recovery, and in the early years of his presidency, he took few international initiatives. —

Those actions he did take related directly to salvaging America’s desperate economy. In 1933, key business leaders informed FDR that they would welcome the opportunity to expand trade to the Soviet Union, and the President extended formal recognition of the Soviet Union in November 1933.

Enhancing trade opportunities also figured prominently in Roosevelt’s policies in the Western hemisphere where he extended the Good Neighbor policy begun by President Herbert Hoover who had removed all U.S. troops from Latin America. Still, the Great Depression strained U.S.-Latin American relations, sending economic shock waves throughout Central and South America and helping propel to power ruthless dictators who ruled with U.S. support. In Cuba FDR supported a coup, which resulted in the coming to power of the infamous dictator Fulgencio Batista, whose domination lasted until it was overthrown by Fidel Castro in 1959.



FDR also worked to encourage trade by reducing tariffs. Between 1929 and 1933, the volume of trade worldwide had fallen by 40 percent and American exports had plummeted by 60 percent. Secretary of State Cordell Hull finalized trade agreements with Latin American nations that sharply increased U.S. exports to its southern neighbors. Good neighbors were also good trading partners.

NEUTRALITY AND FASCISM

During his first term as president, Roosevelt generally avoided involvement in Europe's problems, but the aggressive actions of Adolf Hitler in Germany ultimately led Roosevelt to try to educate the American public, still resentful of U.S. participation in World War I, about the fascist danger that was spreading in Europe. Hitler came to power in 1933, shortly before FDR entered the White House, and he pledged to restore German pride and nationalism in the aftermath of the Versailles Treaty. As the leader of the National Socialist Workers Party—the Nazis—Hitler established a **fascist government**—a one-party dictatorship—closely aligned with corporate interests, committed to a “biological world evolution,” and determined to establish a new empire, the Third Reich. He vowed to destroy Bolshevik radicalism and purify the German “race” by eliminating those he deemed undesirable, especially Jews, whom Hitler blamed for most, if not all, Germany's ills.

Others aided the spread of fascism. Benito Mussolini, who had assumed power in Italy in 1922, attacked Ethiopia in 1935. The following year, a conservative military officer, Francisco Franco, led an uprising in Spain, and with the assistance of Italy and Germany, overthrew the Spanish Republic to create an authoritarian government. Meanwhile, Hitler remilitarized the Rhineland in 1936 and in 1938 he annexed Austria.

But the aggressive actions of Germany and Italy failed to eclipse American fears of being led into another European war. Congress passed four Neutrality Acts designed to continue America's trade with its world partners but prohibit the president from taking sides in the mounting European crisis. The first act, passed in 1935, prohibited Americans from traveling to a war zone, banned loans to belligerent nations, and instituted an embargo on armaments to belligerents. In 1937 Congress added a “cash-and-carry” provision that required belligerent nations to pay for American goods in advance of their shipment. President Roosevelt reluctantly signed the bill into law but continued to work to heighten public awareness of the dangers of Nazism.

In 1938, Hitler demanded the Sudetenland from Czechoslovakia. The French and British, following a policy of appeasement, met in Munich in September 1938, with Hitler and Mussolini and abandoned the Czechs, yielding the Sudetenland to Hitler in exchange for a weak promise of no more annexations.

In America, too, the sentiment was for peace at all costs, and Hitler did not regard the United States as a threat to his expansionist plan: He held FDR in low esteem and denounced America as a racially mixed nation of intellectual inferiors. “Transport a German to Kiev,” Hitler declared, “and he remains a perfect German. But transplant him to Miami, and you make a degenerate out of him—in other words, an American.” Isolationism also combined with anti-Semitism and with division among America's Jewish leadership to insure that the United States would not become a haven for Jews suffering under Nazi brutality. News of Nazi atrocities against Jews, particularly the violent pogrom, known as *Kristallnacht* (the Night of the Broken Glass) in November 1938, shocked the American Press. Although the United States recalled its ambassador from Berlin to protest the pogrom, the United States failed to alter its restrictive immigration quota system, the 1924 National Origins Act, to provide refuge for German Jews. Unchallenged,

Fascist government A government subscribing to a philosophy of dictatorship that merges the interests of the state, armed forces, and big business.



On November 9, 1938 Nazi Germany launched an assault on Jews, destroying their businesses and burning their synagogues. This street scene in Berlin shows the shattered windows of Jewish businesses. Nazi leader Joseph Goebbels recorded the event, known as Kristallnacht, in his diary: "Yesterday: Berlin. There, all proceeded fantastically. One fire after another. It is good that way. . . . 100 dead. But no German property damaged."

UPI/Corbis-Bettmann

Hitler pressed on with his campaign of terror, herding Jews, Slavs, homosexuals, and handicapped citizens into concentration camps.

As Europe edged closer to war, the relationship between the United States and Japan, periodically tense, became more strained. Japan resented U.S. economic interests in East Asia and was offended by American immigration policy which excluded Japanese immigrants. The United States regarded Japan's desires for empire as threatening but also needed Japan as a trading partner, especially in the economically depressed 1930s. Consequently in September 1931, when Japan seized Manchuria and then went to war with China, the United States merely condemned the actions, and although President Roosevelt denounced "the epidemic of world lawlessness", in 1937 and called for a "quarantine" of aggressors, he refused to risk war with Japan.

EDGING TOWARD INVOLVEMENT

After the Munich agreement, President Roosevelt moved away from domestic reform toward preparedness for war, fearful that conflict in Europe was unavoidable and determined to revise the neutrality laws. In his State of the Union address in January 1939, FDR explained that "our neutrality laws" might "actually give aid to an aggressor and deny it to the victim." By the fall of that year, he had won support for eliminating the prohibition of arms and adding armaments to the list of cash-and-carry items—a revision that would enable the United States to provide important assistance to Britain and France in the winter of 1939–1940. Hitler's



defiance of the Munich agreement and his seizure of all of Czechoslovakia in March 1939 anticipated his next move toward Poland later that summer and also convinced the British and the French that war was imminent.

CONCLUSION

The Great Depression and the New Deal mark a major divide in American history. The depression cast doubt on the traditional practices, policies, and attitudes that underlay not only the nation's economy but its social and political institutions and relationships as well. The New Deal failed to restore prosperity, but it did bring partial economic recovery. Moreover, its economic policies, from banking and securities regulation to unemployment compensation, farm price supports, and minimum wages, created barriers against another depression. The gradual adoption of compensatory spending policies also expanded the government's role in the economy. Responding to the failures of both private organizations and state and local governments, the federal government also assumed the obligation to provide social welfare. "Better the occasional faults of a Government that lives in a spirit of charity," Roosevelt warned, "than the constant omission of a Government frozen in the ice of its own indifference."

The New Deal brought political changes, too. The role of the presidency expanded; the federal government, rather than state or local governments, became the focus of public interest and expectations; and the Roosevelt coalition made the Democrats the dominant national party for years to come. Political constraints limited some New Deal efforts, particularly to curtail racial discrimination or protect the rural and urban poor, but the New Deal did change American life. By 1939, as international relations deteriorated, FDR was already considering a shift, as he later said, from Dr. New Deal to Dr. Win-the-War.

SUMMARY

Hard Times in Hooverville The prosperity of the 1920s ended in a stock market crash that revealed the flaws in the economy. As the nation slid into a catastrophic depression, factories closed, employment and incomes tumbled, and millions lost their homes, hopes, and dignity. Some protested and took direct action; others looked to the government for relief. The stock market crash of 1929 marked the beginning of the Great Depression but did not cause it. Contributing factors were the uneven distribution of wealth and income; industries dominated by oligarchies; overproduction in agriculture and other industries; declining prices; government policies; and European debts.

Herbert Hoover and the Depression President Hoover took unprecedented steps to resolve the growing economic crises, but he believed that voluntary private relief was preferable to federal intervention. The scope of the depression overwhelmed anything that private individuals and agencies could manage; Hoover blundered by refusing to admit a more activist approach was needed. The Reconstruction Finance Corporation lent funds that could "trickle down" to the public. The treatment of the Bonus Army symbolized Hoover's unpopularity and set the stage for the election of Franklin D. Roosevelt.

Launching the New Deal In the midst of national anxiety, Franklin D. Roosevelt pushed forward an unprecedented program to resolve the crises of a collapsing financial system, crippling unemployment, and agricultural and





industrial breakdown and to promote reform. After initially addressing the banking crises, the New Deal went on to establish relief agencies and promote economic recovery. The New Deal achieved successes and attracted support but it also had limitations and generated criticism that suggested the need for still greater innovations.

Consolidating the New Deal In 1935 Roosevelt undertook additional economic and social reforms. Labor’s right to organize and bargain collectively was addressed, the path-breaking Social Security Act was passed, and the Works Progress Administration was created. The administration also responded to the environmental crises that had turned the Great Plains into a dustbowl and driven the “Okies” to California. The 1936 election gave Americans an opportunity to judge the New Deal and Roosevelt. Political realignment resulted: Former Republican constituents voted Democratic and produced a landslide victory for the president.

The New Deal and American Life The election of 1936 revealed the impact the New Deal had on Americans. Industrial workers mobilized to secure their rights; women and minorities gained increased, if still limited, opportunities to participate in American society; and Southerners and Westerners benefited from government programs like the TVA that they turned to their own advantage. Government programs changed daily life, and ordinary people often helped shape the new policies.

Ebbing of the New Deal After his 1936 election, Roosevelt committed himself to further reforms, but his misjudgment blocked some efforts and deadlocked others. Regarding the Supreme Court as an adversary, Roosevelt attempted to restructure the federal judiciary; his attempt to “pack” the court hurt the New Deal. A 1937 recession caused by the New Deal’s lack of aggressiveness caused the administration to adopt Keynesian economic theories and have the government use deficient spending to increase demand and production.

Good Neighbors and Hostile Forces While isolationists in Congress counseled against involvement in foreign affairs, fascism was spreading in Europe and Asia. In his first term Roosevelt followed a policy of neutrality; after the Munich crises, Hitler’s intentions toward the world and Germany’s Jewish citizens had become more defined and threatening. America’s relationship with Japan continued to deteriorate; by 1939, the “epidemic of world lawlessness” was edging the United States toward involvement.

REVIEW QUESTIONS

1. Why did President Hoover’s emphasis on voluntarism fail to resolve the Great Depression?
 2. What were the relief programs of the New Deal, and what did they achieve?
 3. What were the criticisms of the early New Deal?
 4. What were the major issues between management and labor in the 1930s?
 5. How did the role of the federal government change in the 1930s?
-



KEY TERMS

Bonus Army (p. 663)

Congress of Industrial Organizations
(p. 672)

Fascist government (p. 679)

Federal Deposit Insurance

Corporation (FDIC) (p. 665)

Fireside chats (p. 665)

Great Depression (p. 658)








Hoovervilles (p. 659)

New Deal (p. 658)

Securities and Exchange Commission (SEC) (p. 665)

Tennessee Valley Authority (TVA)
(p. 675)

WHERE TO LEARN MORE

-  **Center for New Deal Studies, Roosevelt University, Chicago, Illinois.** The center contains political memorabilia, photographs, papers, and taped interviews dealing with Franklin D. Roosevelt and the New Deal; it also sponsors an annual lecture series about the Roosevelt legacy.
-  **Herbert Hoover National Historic Site, West Branch, Iowa.** This 186-acre site contains the birthplace cottage and grave of Herbert Hoover as well as his presidential library and museum, which contains a reconstruction of Hoover's White House office. www.nps.gov/heho; www.hoover.archives.gov
-  **Labor Museum and Learning Center of Michigan, Flint, Michigan.** Exhibits trace the history of the labor movement, including the dramatic "Sit-Down Strike" of 1936–1937.
-  **Franklin D. Roosevelt Home and Presidential Library, Hyde Park, New York.** The Roosevelt home, furnished with family heirlooms, and the spacious grounds, where FDR is buried, personalize the president and provide insights into his career. The nearby library has displays and exhibitions about Roosevelt's presidency, and the Eleanor Roosevelt Wing is dedicated to the career of ER. www.fdrlibrary.marist.edu
-  **Eleanor Roosevelt National Historic Site, Hyde Park, New York.** These two cottages, where Eleanor Roosevelt worked and, after 1945, lived, contain her furniture and memorabilia. Visitors can also watch a film biography of ER and tour the grounds of this retreat where she entertained personal friends and world leaders. www.nps.gov/elro
-  **Civilian Conservation Corps Interpretive Center, Whidbey Island, Washington.** This stone and wood structure, built as a CCC project, now houses exhibits and artifacts illustrating the history of the CCC.
-  **Bethune Museum and Archives National Historic Site, Washington, D.C.** This four-story townhouse was the home of Mary McLeod Bethune, a friend of Eleanor Roosevelt and the director of the New Deal's Division of Negro Affairs, and the headquarters of the National Council of Negro Women, which Bethune founded in 1935. Exhibits feature the contributions of black activist women and activities of the civil rights movement.



For additional study resources for this chapter, go to:

www.prenhall.com/goldfield/chapter25



The event was not spectacular, no fuses burned, no lights flashed. But to us it meant that release of atomic energy on a large scale would be only a matter of time.



On June 6, 1944, American, British, and Canadian forces seized a beachhead in German-occupied France. The landings began the final phase of World War II in Europe, which ended eleven months later with German surrender to the U.S., Britain, the Soviet Union, and their allies.

