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Was the New Deal a Good Deal?

EXPLORING AMERICA'S HISTORY THROUGH COMPELLING QUESTIONS

S U P P O R T I N G Q U E S T I O N S

- 1** TO WHAT EXTENT DOES MONEY CONTROL OUR LIVES?
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Was the New Deal a Good Deal?

Throughout our history, the United States has experienced a cycle of economic booms and busts. The recent economic collapse during the Coronavirus Pandemic and the Great Recession of the 2010s are just the latest examples. The worst was the Great Depression of the 1930s. Following on the heels of the Roaring 20s, the hardships of the 1930s had long-lasting impacts. Globally, the economic downturn led to the rise of Fascism in Europe, and militarism in Asia. In the United States, at the worst point, one in every four workers was out of a job. Tens of thousands of teenagers roamed the nation by train looking for work and food.

After blaming President Hoover and electing Franklin Roosevelt, Americans embarked on a struggle to overcome the problems by radically expanding the role and size of the federal government. Roosevelt's set of proposals, called the New Deal, changed the way people think about and interact with their government. For the first time, people looked to the President and Congress to take care of their basic wellbeing. The government provided jobs, loans, and the money to restart the struggling economy. Ultimately, the New Deal was so expansive that it remade the landscape, and left behind the beloved, but expensive, program of Social Security.

Was this good for America? Certainly, at the time some prominent Americans disagreed with Roosevelt's plans. For a variety of reasons, some on the political left and right rejected the New Deal. Perhaps the greatest critique of the New Deal is that it did not actually end the Depression. It was not until World War II started that high rates of unemployment disappeared. Despite that, we are left with many of the programs Roosevelt and his team created. And most of all, we are left with a different idea about the role of government in our lives.

What do you think? Was the New Deal a good deal?

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F I R S T Q U E S T I O N TO WHAT EXTENT DOES MONEY CONTROL OUR LIVES?



INTRODUCTION

We live in a complicated world, and things that we use every day work only because thousands of other people make them possible. Consider for a moment your cell phone. Companies make money providing services that make your web surfing possible. People built towers, designed equipment, and maintain software. An entirely different group of people make sure our electric grid continues humming. It would be inconceivable for any one person to make a cell phone function entirely on his or her own.

Our financial systems are equally complicated, and although the Great Depression began nearly a century ago, America's financial system was complex even then. Everyday Americans went about their daily lives of school, work, family, friendship and fun in a world that relied on bankers, businesses, telegraph operators, and thousands of others to keep the system going.

But things fell apart at the end of the 1920s. Beginning in 1929, the stock market failed, and then banks, farmers, and eventually stores, factories, and then even schools and churches as well. It was as if the entire system was like a house of cards, or perhaps a tower of Jenga bricks that simply could not stand without every other piece being in its exact correct place.

With this analogy in mind, consider what happened at the outset of the Great Depression and consider your own connectedness in the present world. This is perhaps a frightening mental exercise as it might leave you feeling terribly vulnerable and powerless to control your future, but hopefully it will also help you understand the important role each individual plays in make the wheels of modern society turn in harmony.

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PRESIDENT HOOVER

Few presidents were as loved as Herbert Hoover, and few were as despised as Herbert Hoover. Before running for president, Hoover had coordinated relief efforts for foreign nationals trapped in China during the Boxer Rebellion. At the outset of World War I, he led the food relief effort in Europe, specifically helping millions of Belgians who faced German forces. President Woodrow Wilson subsequently appointed him head of the U.S. Food Administration to coordinate rationing efforts in America as well as to secure essential food items for the Allied forces and citizens in Europe. As an administrator of complex systems, he was unmatched, and as a beloved hero who had saved the lives of countless people, he was renowned.

Hoover's first months in office hinted at the reformist, humanitarian spirit that he had displayed throughout his career. He continued the civil service reform of the early 20th Century by expanding opportunities for employment throughout the federal government. As the summer of 1929 came to a close, Hoover remained a popular successor to Calvin "Silent Cal" Coolidge, and all signs pointed to a highly successful administration. However, history now counts Hoover among the worst presidents, and his bid for reelection was a total failure.

THE CRASH

The promise of the Hoover administration was cut short when the stock market lost almost one-half its value in the fall of 1929, plunging many Americans into financial ruin. However, as a singular event, the stock market crash itself did not cause the Great Depression that followed. In fact, only approximately 10% of American households held stock investments and speculated in the market. Yet nearly a third would lose their lifelong savings and jobs in the depression that followed. The connection between the crash and the subsequent decade of hardship was complex, involving underlying weaknesses in the economy that many policymakers had long ignored.

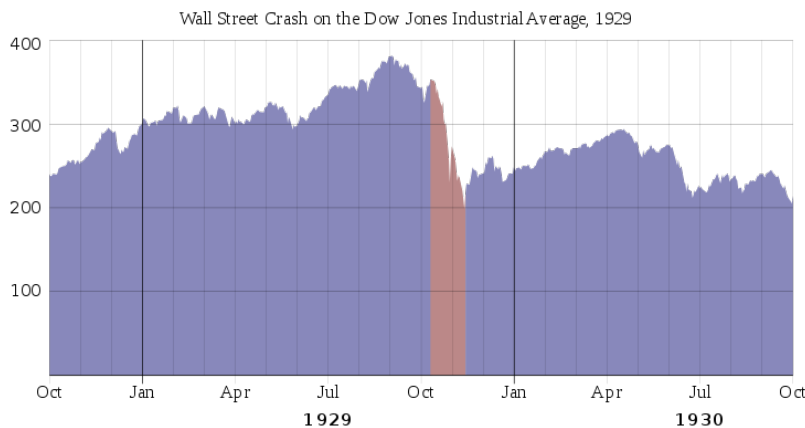
Although the 1920s were marked by growth in stock values, the last four years saw an explosion in the market. In an article titled "Everyone Ought to Be Rich," wealthy financier John J. Raskob advised Americans to invest just \$15 dollars a month in the market. After twenty years, he claimed, the venture would be worth \$80,000. Stock fever swept the nation, or at least those that had the means to invest. In 1925, the total value of the New York Stock Exchange was \$27 billion, but by September 1929, that figure skyrocketed to \$87 billion. This meant that the average stockholder more than tripled the value of the stock portfolio he or she was lucky enough to possess.

Fueling the rapid expansion was the risky practice of buying stock on margin. A margin purchase allowed an investor to borrow money, typically as much as 75% of the purchase price, to buy a greater amount of stock. Stockbrokers

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and even banks funded the reckless speculation. Borrowers were often willing to pay 20% interest rates on loans, certain as they were that the rewards when the stock increased in value would make the risk worthwhile. Both borrowers and lenders were so certain that the market would rise that such transactions became commonplace, despite warnings by the Federal Reserve Board against the practice. Clearly, there had to be a limit to how high the market could reach before everyone realized that the stocks were simply not worth the prices they were selling for.



Secondary Source: Chart

The crash in the stock market is clearly visible in this chart showing the value of the Dow Jones Industrial Average, the average price of major American companies, in the year before and after the crash.

What causes stock prices to fall? Although the workings of the New York Stock Exchange can be quite complex, one simple principle governs the price of stock. When investors believe a stock is a good value they are willing to pay more for a share and its value rises. When traders believe the value of a security will fall, they cannot sell it at as high of a price. Generally, this principle guides day-to-day buying and selling and the market works well. However, if all investors realized all at once that the entire market is overvalued and try to sell all their shares in all their stocks at once and no one is willing to buy, the value of the entire market shrinks.

On October 24, 1929, a day now remembered as **Black Thursday**, this massive sell-a-thon began.

Sensing a crash underway, J.P. Morgan gathered the leading financiers of Wall Street, twisted arms and they pooled their resources to begin to buy stocks in the hopes of reversing the trend. But the bottom fell out of the market on Tuesday, October 29. A record 16 million shares were exchanged for smaller and smaller values as the day progressed. For some stocks, no buyers could be found at any price. By the end of the day, panic had erupted, and the next few weeks continued the downward spiral. In a matter of ten short weeks the value of the entire market was cut in half.

For investors who had purchased stocks on margin, the crash was even worse. After stock prices fell, banks called in their loans, and when the investors sold back their stocks at a loss, they were left with both the cost of the loan to



Black Thursday: October 24, 1929, the day the stock market crashed and a traditional starting date for the Great Depression although the crash did not start the depression by itself.

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repay, plus enormous interest payments. Instead of enormous profits they had expected, these investors were left with enormous debts. Suicide and despair swept the investing classes of America.

FARMERS

The 1920s have the nickname the Roaring Twenties and this tends to give the impression that the economy was charging along on all cylinders right up until the onset of the Great Depression, but this is not actually the case. In the later half of the decade the economy began to cool. Fewer jobs were being created and factories were turning out fewer goods.

Most importantly, the largesse of the decade did not extend to America's farmers. During World War I, American farmers saved Europe from starving. To feed the struggling people who had lost everything during the war, and to feed America's own army, farmers had borrowed money to purchase new equipment and put more land into cultivation. However, as Europeans went back to their farms after the war and began feeding themselves, and as the government cut back on food purchases, farmers found themselves hard hit. No one was willing to pay for all the extra food they were growing.

The basic elements of supply and demand kicked in. The demand for farm products fell as the supply soared. Farmers were obligated to pay back their loans but found themselves unable to pay. While their city-dwelling neighbors were buying new refrigerators and dancing at speakeasies, farmers were literally losing their farms to **foreclosure** as banks took the only thing of value the farmers had left.

The problem receives little attention in a study of the 1920s because automobiles, gangsters, and jazz clubs are so much more interesting, but knowing that the economy had been operating with a broken leg, so to speak, helps explain what happened next.

BANK FAILURES

By itself, the crash in the stock market and a slowdown in the economy did not cause the entire system to fail. Many stock market crashes have occurred that have not led to economic depressions. 1929 was different, however. In addition to the stock market, the Depression was initiated by the closure of thousands of banks across the country.

Banks make money by taking in deposits and turning around and loaning that money back out. Borrowers pay interest on their loans, which earns the bank a profit. Depositors trust the bank to hold their money and give them what they need as they need it. If depositors lose trust in the bank, they will stop giving the bank their money, or worse, demand to withdraw all of their money. Since most of the money has already been loaned out, a bank simply does not have the cash necessary to give everyone all their money at once. When



Foreclosure: When a bank takes back property such as a house or farm if the owner is unable to repay a loan.



Bank Run: When depositors run to a bank to withdraw all their savings because of a rumor that the bank is failing. The result is that the bank fails since it does not have cash to cover all the withdrawals.

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rumors spread that a bank was weakening, people would literally run to their bank in order to withdraw their money when the bank still had some cash left before the other depositors got there. This was a run on the bank, and numerous banks were destroyed by **bank runs**.



Primary Source: Photograph

A run on the American Union Bank. Depositors lined up outside the bank waiting to withdraw all of their savings. Runs like this became common in 1929 as the economy collapsed.

In response to the pressure to show that their institutions were sound, bankers looked for ways to increase their cash supply. One way was to demand the people who had taken out loans pay back those loans early. For stock market investors who had borrowed on margin and had been burned by the crash, this proved impossible. Many other Americans were not able to pay back their loans early.

In November 1930, the first major banking crisis began and over 800 banks closed their doors by the end of the year. By the end of 1931, over 2,100 banks were out of business. The economy as a whole experienced a massive reduction in banking as more than 9,000 closed by 1933.

WHAT CAUSED THE DEPRESSION?

Economists are not all in agreement as to the exact reason the overall economy finally failed. Certainly the stock market had crashed and banks were closing, but the economy is complex, and there are differing explanations that try to make sense of the catastrophe that we call the Great Depression. The most common explanations are based on the work of **Milton Friedman**, **Anna J. Schwartz**, and British economist **John Maynard Keynes**.

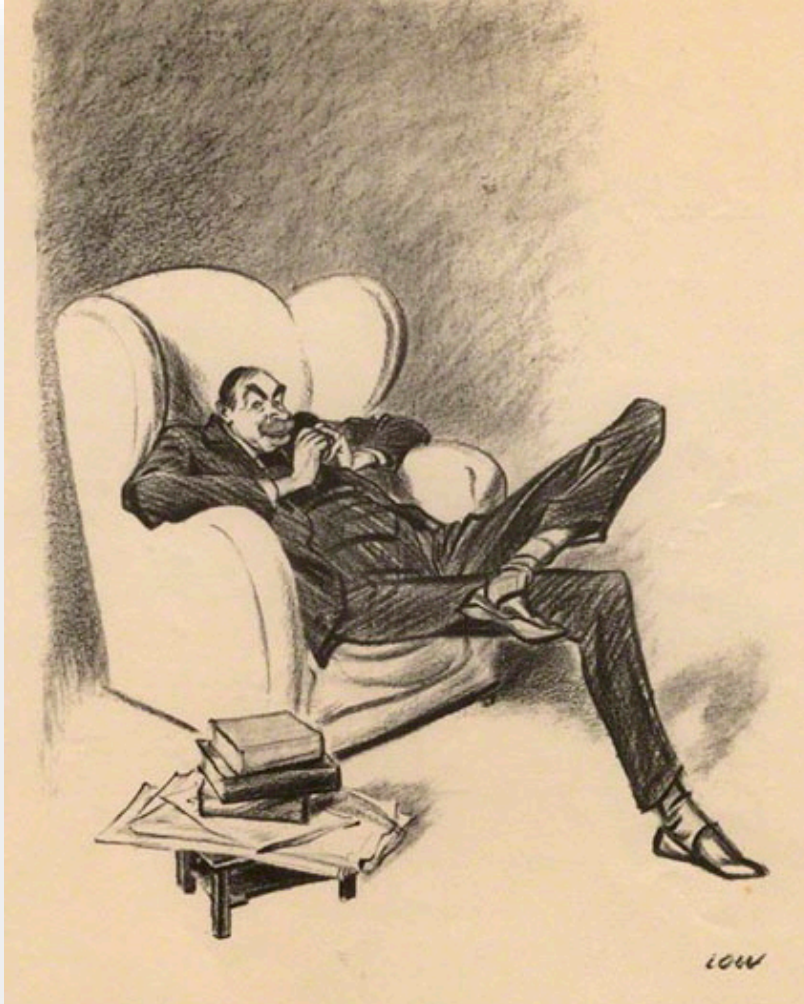


Milton Friedman: Economist who studied the Great Depression along with Anna Schwartz.



Anna J. Schwartz: Economist who studied the Great Depression along with Milton Friedman.

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John Maynard Keynes: British economist who proposed the idea that in times of economic recession or depression the government must borrow and spend in order to jump start economic activity. His ideas formed the justification for the New Deal and later government programs such as President Obama's stimulus.

Primary Source: Drawing

A caricature of John Maynard Keynes by Dennis Low. Highly respected for his ideas and understanding of the economy, Keynes was also criticized as being a promoter of dangerous ideas that might lead to government take-over.

In his great book “The General Theory of Employment, Interest and Money,” Keynes focused on demand in the economy. The consensus among demand-driven theories is that a large-scale loss of confidence led to a sudden reduction in consumption and investment spending. Once panic set in, people believed they could avoid further losses by staying out of business. It was safer to hold on to any cash, rather than risk putting it in bank, spending it, or buying stock. Holding money became profitable as prices dropped lower and a given amount of money bought ever more goods, exacerbating the drop in demand. As people held on to their money, the total amount of money flowing through the economy shrank. Although the total number of dollars out in the world had not changed, the total number available had fallen. Friedman and Schwartz called this the Great Contraction and viewed it as the primary cause of the Great Depression. Economists believe that the Great

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Depression started as an ordinary recession, but the shrinking of the money supply greatly exacerbated the economic situation, causing a recession to descend into the Great Depression.

After an earlier economic crisis, Congress had created the **Federal Reserve Board (Fed)**, an independent branch of the government that serves as a bank for banks. In theory, when times are tough, the Federal Reserve can loan money to banks to prevent them from failing. However, as the country was slipping into the Depression, the Federal Reserve did not deal with the real problem. They saw that the total amount of money had not changed, and assumed that the economy was still sound. In reality, they focused on the wrong factor. It mattered little how much money existed, if so little of it was flowing through the economy.



Federal Reserve Board (Fed):
Independent government agency that is responsible for managing the overall economy by serving as the lender of last resort for the nation's banks.

There is consensus that the Federal Reserve should have prevented banking collapse by printing and injecting more money into the economy. If they had done this, the economic downturn would have been far less severe and much shorter.

THE SOLUTIONS

Keynes' basic idea was simple: to keep people fully employed, governments have to borrow money when the economy is slowing. When the private sector cannot invest enough to keep production at the normal level and bring the economy out of recession, it is government's role to pick up the slack. As the Depression wore on, President Franklin D. Roosevelt embraced Keynes's ideas and tried to cure the problem through enormous public spending, including construction projects, payments to farmers, and other devices to restart the economy. According to the Keynesians, this improved the economy, but Roosevelt never spent enough to bring the economy out of recession until the start of World War II.

Milton Friedman, Anna J. Schwartz and their followers are called Monetarists. They argued that the solution lay in the banking crisis. If the Fed had lowered interest rates and allowed banks to borrow enough money to stop the disastrous bank runs, the financial system would have survived and recovered. By not lowering interest rates, by not increasing the monetary base and by not injecting liquidity into the banking system to prevent it from crumbling, the Federal Reserve passively watched the transformation of a normal recession into the Great Depression. Instead, the Federal Reserve allowed some large public bank failures, particularly that of the New York Bank of United States, which produced panic, and the Federal Reserve sat idly by while banks collapsed.

It is worth noting that the explanation for the Great Depression and both solutions have little to do with the stock market itself, although the Black

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Thursday Crash of the market made flashy headlines and is best remembered. As usual, history is complicated and defies easy explanation.

For everyday Americans, the explanation mattered little. Life was hard no matter what precisely was causing their pain. For us today, we can appreciate the hard work that talented economists such as Keynes, Friedman and Schwartz have done to understand the crisis, and hope that future generations of American politicians and economic leaders will learn from the mistakes of the past so that we will never have to live through another Great Depression.

CONCLUSION

Farmers took out loans to pay for equipment and land to grow food the government needed. Then as the government cut back on purchasing farmers found themselves unable to pay back the loans. Banks found themselves in a position of needing cash, but farmers, and then in 1929 stock speculators who had purchased on margin, had no cash to pay.

Banks failed because depositors lost trust, not just one-by-one, but en masse. No banker, no matter how talented, could overcome the crush of a bank run. Then, as banks failed, the businesses that relied on those banks for daily operations also crumbled. Workers found that their favorite stores were closing, and then the workers who had just lost their jobs stopped shopping, leading to a cascade of bad news.

Looking back at the start of the Great Depression, and at other economic crises that have followed, we can see how insignificant any one person is in this great web of cause and effect. We feel a bit like one grain of sand on a beach pounded by the waves. Certainly, the beach could not exist without sand, but no one grain seems to make any particular difference on its own.

So, we can appreciate how the choices of others, especially when multiplied together, can have an enormous impact on our own lives. And we should consider how our own choices, insignificant though they may seem in isolation, can combine with the actions of millions of others to create massive changes in the world.

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SUMMARY

President Hoover had been a popular public servant during the 1920s. He was the third Republican president during the 1920s and it seemed like he would be popular as president as well.

When the stock market was doing well in the 1920s, people thought that prices would only go up. To cash in on the opportunity to make money, some investors borrowed money to buy stocks, thinking that they could pay back the money later when the stock price went up. Eventually stock prices fell and these investors lost all their money. Although participation in the stock market increased during the 1920s, only 10% of all Americans had purchased stock. The failure of the stock market in 1929 made the Great Depression worse, but did not cause the Great Depression.

The 1920s was not a good decade for farmers. They had taken out loans to buy new equipment and open up new land for farming during World War I, and when demand fell after the war, they could not pay back their loans.

Some banks began to fail. They made loans that borrowers could not pay. Sensing that a bank was in trouble, people who had depositors ran to a bank to withdraw all their savings. This sort of bank run ruined both well-run and poorly-run banks. When bank failures spread to New York City, the economy failed.

The real cause of the disaster was a failure of the Federal Reserve to respond to the crisis. Instead of supplying banks with funds to continue operation, the Fed held back and the nation fell into the Great Depression.



KEY CONCEPTS

Foreclosure: When a bank takes back property such as a house or farm if the owner is unable to repay a loan.

Bank Run: When depositors run to a bank to withdraw all their savings because of a rumor that the bank is failing. The result is that the bank fails since it does not have cash to cover all the withdrawals.



PEOPLE AND GROUPS

Milton Friedman: Economist who studied the Great Depression along with Anna Schwartz.

Anna J. Schwartz: Economist who studied the Great Depression along with Milton Friedman.

John Maynard Keynes: British economist who proposed the idea that in times of economic recession or depression the government must borrow and spend in order to jump start economic activity. His ideas formed the justification for the New Deal and later government programs such as President Obama's stimulus.

Federal Reserve Board (Fed): Independent government agency that is responsible for managing the overall economy by serving as the lender of last resort for the nation's banks.



EVENTS

Black Thursday: October 24, 1929, the day the stock market crashed and a traditional starting date for the Great Depression although the crash did not start the depression by itself.

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S E C O N D Q U E S T I O N DID PRESIDENT HOOVER DESERVE TO LOSE HIS BID FOR REELECTION?



INTRODUCTION

The characters of Warner Brothers' cartoon Anamaniacs once sang a song listing the presidents including the line "and then in 1929 the market crashes and we find, it's Herbert Hoover's big debut. He gets the blame and loses too!"

Poor President Hoover is the butt of so many jokes, and certainly was the source of much derision during his own four years in the White House. We tend to think of him as the president who saw the economy fail, and Franklin Roosevelt who defeated him in the election of 1932 as the one who guided the economy back to health. Like many things, this is an oversimplification. As historians, we can make closer inspection of what happened when the Depression was at its worst and form a more informed judgement of the 31st president and his legacy.

Does he deserve the mounds of criticism that have been heaped upon him? Did he create the Depression? Did he really fail to address the problem? Did he not care? Did he deserve to lose his bid for reelection?

What do you think?

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A NEW REALITY

For most Americans, the crash affected daily life in myriad ways. In the immediate aftermath, there was a run on the banks, where citizens took their money out, if they could get it, and hid their savings under mattresses, in bookshelves, or anywhere else they felt was safe. Some went so far as to exchange their dollars for gold and ship it out of the country. A number of banks failed outright, and others, in their attempts to stay solvent, called in loans that people could not afford to repay. Working-class Americans saw their wages drop. Even Henry Ford, the champion of a high minimum wage, began lowering wages by as much as a dollar a day. Southern cotton planters paid workers only twenty cents for every one hundred pounds of cotton picked, meaning that the strongest picker might earn sixty cents for a fourteen-hour day of work. Governments struggled as well. When fewer citizens were earning money and paying taxes, elected leaders made hard decisions about how to spend the reduced tax revenues and laid off teachers and police officers.

The new hardships that people faced were not always immediately apparent. Many communities felt the changes but could not necessarily look out their windows and see anything different. Men who lost their jobs did not stand on street corners begging. They might be found keeping warm by a trashcan bonfire or picking through garbage at dawn, but mostly, they stayed out of public view. As the effects of the crash continued, however, the results became more evident. Those living in cities grew accustomed to seeing long breadlines of unemployed men waiting for a meal. Companies fired workers and tore down employee housing to avoid paying property taxes. The landscape of the country changed.

EFFECTS ON FAMILIES

The hardships of the Great Depression threw family life into disarray. Both marriage and birth rates declined in the 1930s. The most vulnerable members of society—children, women, minorities, and the working class—struggled the most. Parents often sent children out to beg for food at restaurants and stores to save themselves from the disgrace of begging. Many children dropped out of school, and even fewer went to college. In some cases, the schools and colleges themselves went bankrupt and closed. Childhood, as it had existed in the prosperous 20s, was over.

Families adapted by growing more in gardens, canning, and preserving, wasting little food if any. Home-sewn clothing became the norm as the decade progressed, as did creative methods of shoe repair with cardboard soles. Yet, one always knew of stories of the “other” families who suffered more, including those living in cardboard boxes or caves. By one estimate, as many as 200,000 children moved about the country as vagrants due to familial disintegration.

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Women's lives, too, were profoundly affected. Some wives and mothers sought employment to make ends meet, an undertaking that was often met with strong resistance from husbands and potential employers. Many men derided and criticized women who worked, feeling that jobs should go to unemployed men. Some campaigned to keep companies from hiring married women, and an increasing number of school districts expanded the long-held practice of banning the hiring of married female teachers. Despite the pushback, women entered the workforce in increasing numbers, from ten million at the start of the Depression to nearly thirteen million by the end of the 1930s. This increase took place in spite of the twenty-six states that passed a variety of laws to prohibit the employment of married women. Several women found employment in the emerging pink collar occupations, viewed as traditional women's work, including jobs as telephone operators, social workers, and secretaries. Others took jobs as maids and housecleaners, working for those fortunate few who had maintained their wealth.

FARMERS

From the turn of the century through much of World War I, farmers in the Great Plains experienced prosperity due to unusually good growing conditions, high commodity prices, and generous government farming policies that led to a rush for land. As the federal government continued to purchase all excess produce for the war effort, farmers and ranchers fell into several bad practices, including mortgaging their farms and borrowing money against future production in order to expand. However, after the war, prosperity rapidly dwindled, particularly during the recession of 1921. Seeking to recoup their losses through economies of scale in which they would expand their production even further to take full advantage of their available land and machinery, farmers plowed under native grasses to plant acre after acre of wheat, with little regard for the long-term repercussions to the soil. Regardless of these misguided efforts, commodity prices continued to drop, finally plummeting in 1929, when the price of wheat dropped from two dollars to forty cents per bushel.

While factory workers may have lost their jobs and savings in the crash, many farmers also lost their homes, due to the thousands of farm foreclosures sought by desperate bankers. Between 1930 and 1935, nearly 750,000 family farms disappeared through foreclosure or bankruptcy. Even for those who managed to keep their farms, there was little market for their crops. Unemployed workers had less money to spend on food, and when they did purchase goods, the market excess had driven prices so low that farmers could barely piece together a living. A now-famous example of the farmer's plight is that, when the price of coal began to exceed that of corn, farmers would simply burn corn to stay warm in the winter.

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THE DUST BOWL

Exacerbating the problem was a massive drought that began in 1931 and lasted for eight terrible years. Dust storms roiled through the Great Plains, creating huge, choking clouds that piled up in doorways and filtered into homes through closed windows. Even more quickly than it had boomed, the land of agricultural opportunity went bust, due to widespread overproduction and overuse of the land, as well as to the harsh weather conditions that followed, resulting in the creation of the **Dust Bowl**.



Dust Bowl: Area around Oklahoma in the early-1930s that suffered a devastating drought. The effects were exacerbated by poor farming practices that resulted in a catastrophic loss of topsoil and the exodus of many farm families.

Primary Source: Photograph

A great dust cloud rolls toward a farm. Storms of dust that were blown up in the Dust Bowl buried crops, equipment, animals, and even buildings. They were the result of poor farming practices and the resulting economic and ecological disaster drove thousands of farmers out of Oklahoma and the surrounding states.

Livestock died, or had to be sold, as there was no money for feed. Crops intended to feed the family withered and died in the drought. Terrifying dust storms became more and more frequent, as black blizzards of dirt blew across the landscape and created a new illness known as dust pneumonia. In 1935 alone, over 850 million tons of topsoil blew away. To put this number in perspective, geologists estimate that it takes the earth five hundred years to naturally regenerate one inch of topsoil. Yet, just one significant dust storm could destroy a similar amount. In their desperation to get more from the land, farmers had stripped it of the delicate balance that kept it healthy. Unaware of the consequences, they had moved away from beneficial techniques such as **crop rotation** in which different plants are grown on a field each year in order to avoid depleting nutrients. And worse of all, farmers had tried to maximize output by abandoning the practice of allowing land to regain its strength by permitting it to **lie fallow** between plantings, working the land to death.

For farmers, the results were catastrophic. Unlike most factory workers in the cities, in most cases, farmers lost their homes when they lost their livelihood. Most farms and ranches were originally mortgaged to small country banks



Crop Rotation: A farming practice in which fields are planted with different plants each season in order to prevent total loss of needed nutrients.

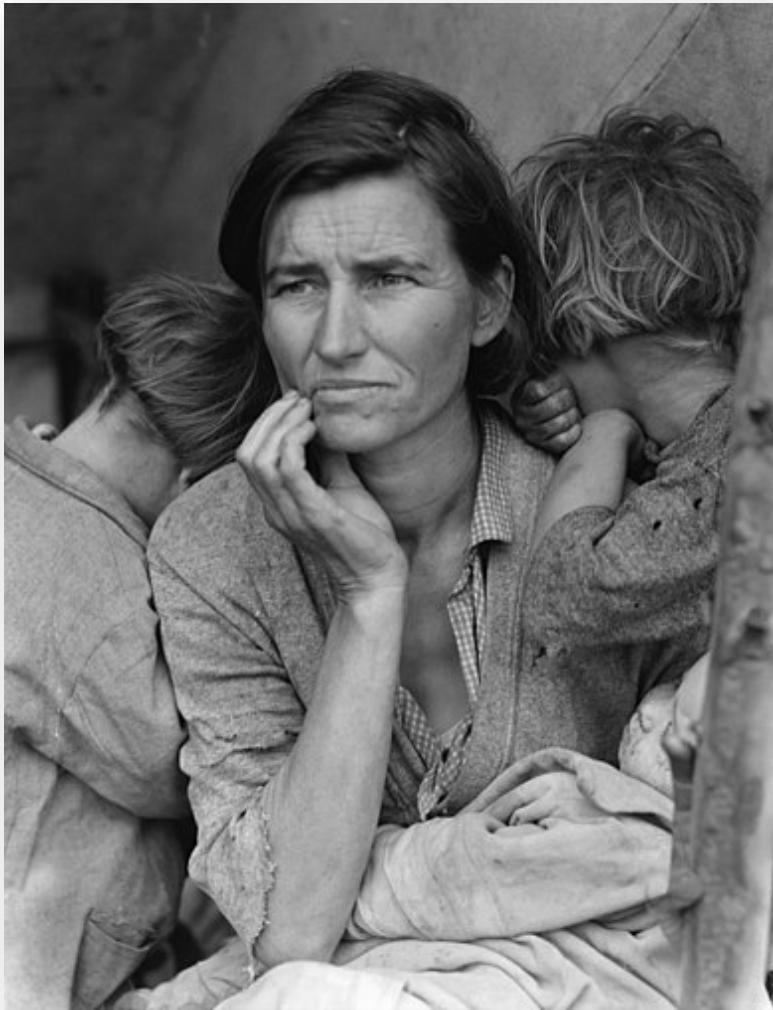


Lie Fallow: A farming practice in which a field is allowed to go unused during a season in order for nutrients to be replenished.

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that understood the dynamics of farming, but as these banks failed, they often sold rural mortgages to larger banks in the cities that were less concerned with the specifics of farm life. With the effects of the drought and low commodity prices, farmers could not pay their local banks, which in turn lacked funds to pay the large urban banks. Ultimately, the large banks foreclosed on the farms, swallowing up the small country banks in the process. It is worth noting that of the 5,000 banks that closed between 1930 and 1932, over 75% were country banks in locations with populations under 2,500. Given this dynamic, it is easy to see why farmers in the Great Plains remain wary of big city bankers even today.



Primary Source: Photograph

The great photographer Dorothea Lange captured this image of an Okie mother and her children during the Great Depression. It has become one of the enduring images of the era.

Even for farmers who survived the initial crash and avoided the devastation of the dust storms the situation continued to decline. Prices continued to fall,

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and as farmers tried to stay afloat, they produced still more crops, which increased the supply of food in the nation and with fewer consumers able to purchase an increasing supply, food prices collapsed. Farms failed at an astounding rate, and farmers sold out at rock-bottom prices. One farm in Shelby, Nebraska was mortgaged at \$4,100 and sold for \$49.50. One-fourth of the entire state of Mississippi was auctioned off in a single day at a foreclosure auction in April 1932.

Not all farmers tried to keep their land. Many, especially those who had arrived only recently, in an attempt to capitalize on the earlier prosperity, simply walked away. In hard-hit Oklahoma, thousands of farmers packed up what they could and walked or drove away from the land they thought would be their future. They, along with other displaced farmers from throughout the Great Plains, became known as **Okies**. Okies were an emblem of the failure of the American breadbasket to deliver on its promise, and their story was made famous in **John Steinbeck's** novel, **The Grapes of Wrath**.

Many of the Okies drove to California along the famous Route 66. Once there, they worked on large farms for minimal pay and lived on the edges of the farms, and the edges of society, in shanty houses and camps without plumbing. Due to the lack of sanitation in the migrant camps, disease ran rampant.

AFRICAN AMERICANS

Most African Americans did not participate in the land boom and stock market speculation that preceded the crash, but that did not stop the effects of the Great Depression from hitting them particularly hard. Subject to continuing racial discrimination, African Americans nationwide fared even worse than their hard-hit White counterparts. As the prices for cotton and other agricultural products in the South plummeted, farm owners paid workers less or simply laid them off. Property owners evicted sharecroppers, and even those who owned their land outright had to abandon it when there was no way to earn any income.

In cities, African Americans fared no better. Unemployment was rampant, and many Whites felt that any available jobs belonged to Whites first. In some Northern cities, Whites would conspire to have African American workers fired to allow White workers access to their jobs. Even jobs traditionally held by African Americans, such as household servants or janitors, were given to Whites. By 1932, approximately one-half of all African Americans were unemployed.

Racial violence also began to rise. In the South, lynching became more common again, with 28 documented lynchings in 1933, compared to eight in 1932. Since communities were preoccupied with their own hardships, and organizing civil rights efforts was a long, difficult process, many resigned



Okies: Families of farmers who fled the Dust Bowl during the Great Depression. Many went to California.



John Steinbeck: Author of *The Grapes of Wrath* which chronicled the plight of Okies during the Great Depression.



The Grapes of Wrath: Book by John Steinbeck which chronicled the plight of Okies during the Great Depression.

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themselves to, or even ignored, this culture of racism and violence. Occasionally, however, an incident was notorious enough to gain national attention.

One such incident was the case of the **Scottsboro Boys**. In 1931, nine Black boys were arrested for vagrancy and disorderly conduct after an altercation with some White travelers on the train. Two young White women, who had been dressed as boys and traveling with a group of White boys, came forward and said that the Black boys had raped them. The case, which was tried in Scottsboro, Alabama, illuminated decades of racial hatred and illustrated the injustice of the court system. Despite evidence that the women had not been raped at all, along with one of the women subsequently recanting her testimony, the all-White jury convicted the boys and sentenced all but one of them to death.



Scottsboro Boys: Group of nine African Americans who were accused of rape during the Great Depression. They were convicted but a series of appeals brought attention to injustices in the southern court system.



Primary Source: Photograph

The Scottsboro Boys meet with one of their lawyers while in prison.

The verdict broke through the veil of indifference toward the plight of African Americans, and protests erupted among newspaper editors, academics, and social reformers in the North. The Communist Party of the United States offered to handle the case and sought retrial and the NAACP later joined in this effort. In all, the case was tried three separate times. The series of trials and retrials, appeals, and overturned convictions shone a spotlight on a justice system that provided poor legal counsel and relied on all-White juries. In

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1932, the Supreme Court ruled in the case **Powell v. Alabama** that the defendants had been denied adequate legal representation at the original trial, and in 1935 in **Patterson v. Alabama** that due process as provided by the Fourteenth Amendment had been denied as a result of the exclusion of any potential Black jurors. Eventually, most of the accused received lengthy prison terms and subsequent parole, but avoided the death penalty. The Scottsboro case ultimately laid some of the early groundwork for the modern American civil rights movement. Alabama granted posthumous pardons to all defendants in 2013.

ORGANIZED LABOR

In 1932, a major strike at the Ford Motor Company factory near Detroit resulted in over sixty injuries and four deaths. Often referred to as the **Ford Hunger March**, the event unfolded as a planned demonstration among unemployed Ford workers who, to protest their desperate situation, marched nine miles from Detroit to the company's River Rouge plant in Dearborn. At the Dearborn city limits, local police launched tear gas at the roughly 3,000 protestors, who responded by throwing stones and clods of dirt. When they finally reached the gates of the plant, protestors faced more police and firemen, as well as private security guards. As the firemen turned hoses on the protestors, the police and security guards opened fire. In addition to those killed and injured, police arrested 50 protestors. One week later, 60,000 mourners attended the public funerals of the four victims of what many protestors labeled police brutality. The event set the tone for worsening labor relations in the nation.

THE BONUS ARMY

Demonstrations grew in the nation's capital as well, as Americans grew increasingly weary with President Hoover's perceived inaction. The demonstration that drew the most national attention was the **Bonus Army** March of 1932.

In 1924, Congress rewarded veterans of World War I with certificates redeemable in 1945 for \$1,000 each. By 1932, many of these former servicemen had lost their jobs and fortunes in the early days of the Depression. They asked Congress to redeem their bonus certificates early. Led by Walter Waters of Oregon, the so-called Bonus Expeditionary Force set out for the nation's capital. Hitching rides, hopping trains, and hiking finally brought the Bonus Army, 15,000 strong, into the capital in June 1932 where President Hoover refused to meet them. Despite Hoover's rejection of their demand, a debate began in the Congress over whether to fund the bonuses early.

As deliberation continued on Capitol Hill, the Bonus Army built a shantytown across the Potomac River in Anacostia Flats. When the Senate rejected their



Powell v. Alabama: A Supreme Court case in which the Scottsboro Boys argued that they had received inadequate legal representation in their trial.



Patterson v. Alabama: An Supreme Court case in which the Scottsboro Boys argued that their trial was unjust because all African American jurors had been excluded.



Ford Hunger March: 1932 strike and march in Detroit by Ford workers that resulted in a confrontation with police and the deaths of four marchers.




Bonus Army: Group of World War I veterans who travelled to Washington, DC during the Great Depression where they set up a temporary camp. They were demanding early payment of a bonus promised to them by congress, but were eventually evicted forcibly by the army.

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demands, most of the veterans dejectedly returned home. But several thousand remained in the capital with their families. Many had nowhere else to go. The Bonus Army conducted itself with decorum and spent their vigil unarmed. However, many believed them a threat to national security. On July 28, Washington police began to clear the demonstrators out of the capital. Two men were killed as tear gas and bayonets assailed the Bonus Marchers. Fearing rising disorder, Hoover ordered an army regiment into the city, under the leadership of General **Douglas MacArthur**. The army, complete with infantry, cavalry, and tanks, rolled into Anacostia Flats forcing the Bonus Army to flee. MacArthur then ordered the shanty settlements burned.

 **Douglas MacArthur:** American general who led the clearing of the Bonus Army camp during the Great Depression and went on to be a celebrated commander in the Pacific Theater during World War Two.



Primary Source: Photograph

Part of the camp built by the Bonus Army marchers in Washington, DC. The camp was later cleared violently and burned by the army. The perceived callousness toward the veterans on the part of President Hoover helped destroy his chances for reelection.

Many Americans were outraged. How could the army treat veterans of the Great War with such disrespect? Hoover maintained that political agitators, anarchists, and communists dominated the mob. But facts contradict his claims. Nine out of ten Bonus Marchers were indeed veterans, and 20% were disabled. Despite the fact that the Bonus Army was the largest march on Washington up to that point in history, Hoover and MacArthur clearly overestimated the threat posed to national security. As Hoover campaigned for reelection that summer, the image of the president ordering the army to fight veterans haunted him.

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THE HOMELESS

Millions of Americans were made homeless by the Great Depression. Of these, many wandered the country looking for work, often travelling by hopping on freight trains. These travelers were known as **hobos**. It is unclear exactly when hobos first appeared on the American railroading scene. With the end of the American Civil War in the 1860s, many discharged veterans returning home began hopping freight trains. Others looking for work on the American frontier followed the railways west aboard freight trains in the late 1800s. In any case, **riding the rails** was a well-established practice by the time the Great Depression started. Most frighteningly, 250,000 of the hobos during the Depression were teenagers.

Life as a hobo was dangerous. In addition to the problems of being itinerant, poor, and far from home and support, plus the hostility of many train crews, they faced the railroads' security staff, nicknamed bulls, who had a reputation for violence. Moreover, riding on a freight train was dangerous in and of itself. It was easy to be trapped between cars, fall, choke on smoke from the engines, overhead in summer or freeze in winter. At least 6,500 hobos died each year, either in conflicts with bulls or from accident.



Hobos: Homeless people who rode freight trains during the Great Depression.



Riding the Rails: Illegally hitching a ride of a freight train. This common practice during the Great Depression.



Primary Source: Photograph

A young boy runs to climb aboard a freight train as it pulls out of the yard

CRIME

The Great Depression brought a rapid rise in the crime rate as many unemployed workers resorted to petty theft to put food on the table. Suicide rates rose, as did reported cases of malnutrition. Prostitution was on the rise as was well. Alcoholism increased with Americans seeking outlets for escape, compounded by the repeal of prohibition in 1933. Cigar smoking became too expensive, so many Americans switched to cheaper cigarettes. In general,

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health care was not a priority for many Americans, as visiting the doctor was reserved for only the direst of circumstances.

HOOVER'S RESPONSE

In the immediate aftermath of Black Tuesday, Hoover sought to reassure Americans that all was well and reading his words after the fact, it is easy to laugh at how wrong he turned out to have been. In 1929 he said, "Any lack of confidence in the economic future or the strength of business in the United States is foolish." In 1930, he stated, "The worst is behind us," and in 1931, he pledged to provide federal aid should he ever witness starvation in the country.

Hoover was neither intentionally blind nor unsympathetic. He simply held fast to a belief system about the economy and the role of government that did not change as the realities of the Great Depression set in.

Hoover believed strongly in the ethos of American individualism: that hard work brought its own rewards. His life story testified to that belief. Hoover had been born into poverty, made his way through college at Stanford University, and eventually made his fortune as an engineer. This experience, as well as his extensive travels in China and throughout Europe, shaped his fundamental conviction that the very existence of American civilization depended upon the moral fiber of its citizens, as evidenced by their ability to overcome all hardships through individual effort and resolve. The idea of government directly intervening to help individual Americans was repellant to him. Whereas Europeans might need assistance, such as his hunger relief work in Belgium during and after World War I, he believed the American character to be different. In a 1931 radio address, he said, "The spread of government destroys initiative and thus destroys character."

Likewise, Hoover was not completely unaware of the potential harm that wild stock speculation might create if left unchecked. As Secretary of Commerce, Hoover had repeatedly warned President Coolidge of the dangers that such speculation engendered. In the weeks before his inauguration, he offered many interviews to newspapers and magazines, urging Americans to curtail their rampant stock investments, and even encouraged the Federal Reserve to raise the discount rate to make it more costly for local banks to lend money to potential speculators. However, fearful of creating a panic, Hoover never issued a stern warning to discourage Americans from such investments. Neither Hoover, nor any other politician of that day, ever gave serious thought to using the power of government to regulate the stock market. Staying out of other people's business was a core belief that pervaded his work in government and his personal life as well. Hoover often lamented poor stock advice he had once offered to a friend. When the stock nose-dived, Hoover bought the shares from his friend to assuage his guilt, vowing never again to advise anyone on matters of investment.

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Primary Source: Photograph

Hungry men line up for free food. President Hoover preferred that charitable organizations address the problems of the Great Depression rather than spending government money.

In keeping with these principles, Hoover's response to the crash focused on two very common American traditions. First, he asked individuals to tighten their belts and work harder, and second, he asked the business community to help sustain the economy by voluntarily retaining workers and continuing production. He summoned a conference of leading industrialists to meet in Washington, DC, urging them to maintain their current wages while America rode out this brief economic panic. The crash, he assured business leaders, was not part of a greater downturn and they had nothing to worry about. Similar meetings with utility companies and railroad executives elicited promises for billions of dollars in new construction projects, while labor leaders agreed to withhold demands for wage increases and workers continued to labor. Hoover also persuaded Congress to pass a \$160 million tax cut to bolster American incomes, leading many to conclude that the president was doing all he could to stem the tide of panic. In April 1930, the New York Times editorial board concluded that, "No one in his place could have done more." It turned out that he could have done much more, since mostly he relied on a **volunteerism** in which he asked others to volunteer to make choices that would benefit the nation, rather than using the power of government, which he did lead.

Despite his best intentions, these modest steps were not enough. By late 1931, when it became clear that the economy would not improve on its own, Hoover recognized the need for some government intervention. He created the President's Organization of Unemployment Relief (POUR). In keeping with Hoover's distaste of what he viewed as handouts, this organization did not



Volunteerism: President Hoover's plan to deal with the Great Depression. He wanted private companies and organizations to provide help to the needy and continue to employ workers on their own.

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provide direct federal relief to people in need. Instead, it assisted state and private relief agencies, such as the Red Cross, Salvation Army, YMCA, and Community Chest. Hoover also strongly urged people with wealth to donate funds to help the poor, and he himself gave significant private donations to worthy causes.

Congress pushed for a more direct government response but Hoover refused to support any measure that gave direct relief. The president's adamant opposition to direct-relief federal government programs should not be viewed as one of indifference or uncaring toward the suffering American people. His personal sympathy for those in need was boundless. Hoover was one of only two presidents to reject his salary for the office he held. Throughout the Great Depression, he donated an average of \$25,000 annually to various relief organizations to assist in their efforts. Furthermore, he helped to raise \$500,000 in private funds to support the White House Conference on Child Health and Welfare in 1930. Rather than indifference or heartlessness, Hoover's steadfast adherence to a philosophy of individualism as the path toward long-term American recovery explained many of his policy decisions. "A voluntary deed," he repeatedly commented, "is infinitely more precious to our national ideal and spirit than a thousand-fold poured from the Treasury."

Unable to receive aid from the government, Americans thus turned to private charities such as churches, synagogues, and other religious organizations as well as aid from state governments. But these organizations were not prepared to deal with the scope of the problem. Private aid organizations were suffering along with everyone else. Since they relied on donations to fund their work and their donors were struggling as well, they did not have the funds to carry out the regular operations they had done during the good times of the 1920s, let alone increase their services to provide for the enormous needs of the Depression.

Likewise, state governments were particularly ill-equipped. City governments had equally little to offer. In New York City in 1932, family welfare allowances were \$2.39 per week, and only one-half of the families who qualified actually received them. In Detroit, allowances fell to fifteen cents a day per person, and eventually ran out completely as the city ran out of tax revenue to fund the program. In most cases, relief was only in the form of food and fuel. Charitable organizations provided nothing in the way of rent, shelter, medical care, clothing, or other necessities. There was no infrastructure to support the elderly, who were the most vulnerable, and this population largely depended on their adult children to support them, adding to families' burdens.

During this time, local community groups, such as police and teachers, worked to help the neediest. New York City police, for example, began contributing 1% of their salaries to start a food fund that was intended to help those found starving on the streets. In 1932, New York City schoolteachers also joined

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forces to try to help. They contributed as much as \$250,000 per month from their own salaries to help needy children. Chicago teachers did the same, feeding some 11,000 students out of their own pockets in 1931, despite the fact that many of them had not been paid a salary in months. These noble efforts, however, were scattered rather than comprehensive and failed to fully address the level of desperation that Americans everywhere were facing.

As conditions worsened, Hoover finally began to see the need for government action and formed the **Reconstruction Finance Corporation (RFC)** in 1932. Although not a form of direct relief to the American people in greatest need, the RFC was much larger in scope than any preceding effort, setting aside \$2 billion in taxpayer money to rescue banks, credit unions, and insurance companies. The goal was to boost confidence in the nation's financial institutions by ensuring that they were on solid footing. This model was flawed on a number of levels. First, the program only lent money to banks with sufficient collateral, which meant that most of the aid went to large banks. In fact, of the first \$61 million loaned, \$41 million went to just three banks. Small town and rural banks got almost nothing. Furthermore, at this time, confidence in financial institutions was not the primary concern of most Americans. They needed food and jobs. Many had no money to put into the banks, no matter how confident they were that the banks were safe.



Reconstruction Finance Corporation (RFC): Government agency set up under the Hoover Administration that provided funding to support troubled banks in an effort to prevent bank failures.

ESCAPE TO THE MOVIES

In the decades before the Great Depression, and particularly in the 1920s, American culture largely reflected the values of individualism, self-reliance, and material success through competition. Novels like F. Scott Fitzgerald's *The Great Gatsby* and Sinclair Lewis's *Babbitt* portrayed wealth and the self-made man in America. The rags-to-riches fable that Americans so loved was also a key feature in silent movies such as Charlie Chaplin's *The Gold Rush*. It would seem that with so little money to spend, Americans were skip the added expense of the movies, but this turned out not to be the case. While box office sales briefly declined at the beginning of the Depression, they rebounded. Movies offered a way for Americans to think of better times, and people were willing to pay twenty-five cents for a chance to escape, at least for a few hours. And, with the shift in fortunes, came a shift in values. During the Great Depression, movies revealed an emphasis on the welfare of the whole and the importance of community in preserving family life.

Even the songs found in films reminded many viewers of the bygone days of prosperity and happiness, from Al Dubin and Henry Warren's hit "We're in the Money" to the popular "Happy Days are Here Again." The latter eventually became the theme song of Franklin Roosevelt's 1932 presidential campaign. People wanted to forget their worries and enjoy the madcap antics of the **Marx Brothers**, the youthful charm of **Shirley Temple**, the dazzling dances of **Fred Astaire** and **Ginger Rogers**, or the comforting morals of the Andy Hardy



Marx Brothers: Comedians during the Great Depression.



Shirley Temple: Child movie star during the Great Depression. Her curly hair and cheery demeanor made her popular with people looking for an escape from their troubles.

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series. The Hardy series—nine films in all, produced by MGM from 1936 to 1940—starred **Judy Garland** and **Mickey Rooney**, and all followed the adventures of a small-town judge and his son. No matter what the challenge, it was never so big that it could not be solved with a musical production put on by the neighborhood kids, bringing together friends and family members in a warm display of community values.



Fred Astaire: Movie star and dancer during the Great Depression. He is famous for his routines with Ginger Rogers.



Ginger Rogers: Movie star and dancer during the Great Depression. She is famous for her routines with Fred Astaire.



Judy Garland: Movie star during the Great Depression. She is famous for playing Dorothy in the Wizard of Oz.



Mickey Rooney: Movie star during the Great Depression. His career stretched over many decades beginning in the silent film era.

Primary Source: Photograph

Judy Garland starred as Dorothy in the Wizard of Oz. The 1939 movie tells the story of a girl transported to the mythical land of Oz and her quest to return home. Many movie who watched it understood it as an allegory for the nation's journey through the Great Depression.

All of these movies reinforced traditional American values, which suffered during these hard times, in part due to declining marriage and birth rates, and increased domestic violence. At the same time, however, they reflected an increased interest in sex and sexuality. While the birth rate was dropping, surveys in *Fortune* magazine in 1936–1937 found that two-thirds of college students favored birth control, and that 50% of men and 25% of women

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admitted to premarital sex, continuing a trend among younger Americans that had begun to emerge in the 1920s.

THE ELECTION OF 1932

Undoubtedly, the fault of the Great Depression was not Hoover's. But as the years of his Presidency passed and the country slipped deeper and deeper into its quagmire, he would receive great blame. Urban shantytowns were dubbed **Hoovervilles**. Newspapers used by the destitute as bundling for warmth became known as Hoover blankets. Pockets turned inside out were called Hoover flags. Somebody had to be blamed, and many Americans blamed their President. Running for President under the slogan "Rugged Individualism" made it difficult for Hoover to promote massive government intervention in the economy.

In 1930, succumbing to pressure from American industrialists, Hoover signed the **Hawley-Smoot Tariff** which was designed to protect American industry from overseas competition by adding a tax to imported goods. The theory was that the tax would make foreign-made products more expensive and people would then buy things made in America. Passed against the advice of nearly every prominent economist of the time, it was the largest tariff in American history. The Hawley-Smoot Tariff proved to be a disaster. Instead of helping American manufacturers, it hurt them when other nations responded with tariffs of their own. As foreign markets for American-made products dried up, the entire world suffered from a slowdown in global trade.

Nearly anyone could have beaten Hoover in the 1932 presidential election. New York Governor **Franklin Delano Roosevelt** won the Democratic nomination promising "a new deal for the American people" that included a repeal of prohibition. The Republicans renominated Hoover, perhaps because there were few other interested GOP candidates.

Roosevelt was born in 1882 to a wealthy New York industrialist. The fifth cousin of Theodore Roosevelt, FDR became involved in politics at a young age. A strong supporter of Woodrow Wilson and the League of Nations, Roosevelt was the unsuccessful Democratic candidate for Vice-President in 1920. The following year he contracted polio, and although he survived the deadly illness, like many other Americans who suffered from the dreaded disease, he could never walk without crutches again.

Election day brought a landslide for the Democrats, as Roosevelt earned 58% of the popular vote and 89% of the electoral vote, handing the Republicans their second-worst defeat in their history. Bands across America struck up Roosevelt's theme song "Happy Days Are Here Again" as millions of Americans looked with hope toward their new leader.



Hooverville: Nickname for the homeless camps that developed in many large cities during the Great Depression.



Hawley-Smoot Tariff: Tariff law passed during the Hoover Administration during the Great Depression. It raised taxes on imports in an effort to help American manufactures. In retaliation, other nations also raised tariffs and American exporters suffered leading to a worsening of the Depression.



Franklin Delano Roosevelt: American president first elected during the Great Depression. He promised a New Deal and went on to be elected a total of four times. He led the nation through most of World War II.

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CONCLUSION

The Great Depression was certainly terrible, but it was also not the fault of any one person, so it is unfair to blame the president who happened to be sitting in the Oval Office at the time for creating the problem.

It is altogether appropriate, however, to consider his performance in office in terms of the way he addressed the problem. Every president deals with unexpected problems, and although Hoover probably found himself in one of the worst positions of any president, it was still his responsibility to help guide the nation back to health. Did he do this? Was his approach correct? Did it work? Did he fail to care, or care enough?

In 1932, voters resoundingly rejected his leadership and looked to Roosevelt for something different. Looking back from the distance of nearly a century, what do you think? Did Hoover deserve the electoral drumming he endured? Did he deserve to lose?

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SUMMARY

The Great Depression affected everyone. Even people who did not lose their jobs usually had their pay lowered. Hungry, jobless, homeless people became a common sight on the streets of American cities. Even government struggled. With fewer people working, fewer people were paying taxes, and politicians struggled with hard decisions about how to solve the crisis.

Farmers who had bad loans from the 1920s lost their farms as banks foreclosed. In the middle of the country, a drought and poor farming techniques combined to form the Dust Bowl. People whose farms had been ruined by the dust fled to California and elsewhere looking for a chance to start over.

The Depression was especially hard for African Americans. The few jobs that were available were given to Whites first. In some places, anger and frustration boiled over and African Americans were targeted. Lynching increased. In one famous case, the Scottsboro Boys were tried for a crime that never happened. The experience of surviving the Great Depression inspired African Americans to begin the community organizing necessary for the later Civil Rights Movement.

Organized labor suffered during the Depression. In Detroit, hungry workers marched to a Ford factory and clashed violently with police.

Millions of Americans were left homeless. Many rode the rails looking for work. Among these, tens of thousands were teenagers. It was a dangerous life.

Families were hit especially hard. Divorce and separation increased. Birth rates fell. More women began looking for work in order to support their families. Many children dropped out of school.

During the Depression, Americans loved going to the movies. It was a chance to escape the hardships of daily life.

President Hoover tried to address the crisis by encouraging businesses not to raise prices or lower wages. In order to help the millions who were suffering, he encouraged churches and other civil groups to operate shelters and soup kitchens. This failed to solve the problem, simply because the problem was so large.

In Washington, DC, an army of World War I veterans gathered to demand early payment of a bonus. President Hoover ordered their camp cleared. It was a decision that cemented his unpopularity.

In 1932, Democrat Franklin D. Roosevelt won the presidential election. He promised voters a new deal.



KEY CONCEPTS

Crop Rotation: A farming practice in which fields are planted with different plants each season in order to prevent total loss of needed nutrients.

Lie Fallow: A farming practice in which a field is allowed to go unused during a season in order for nutrients to be replenished.

Riding the Rails: Illegally hitching a ride of a freight train. This common practice during the Great Depression.



LOCATIONS

Dust Bowl: Area around Oklahoma in the early-1930s that suffered a devastating drought. The effects were exacerbated by poor farming practices that resulted in a catastrophic loss of topsoil and the exodus of many farm families.

Hooverville: Nickname for the homeless camps that developed in many large cities during the Great Depression.



POLICIES & LAWS

Volunteerism: President Hoover's plan to deal with the Great Depression. He wanted private companies and organizations to provide help to the needy and continue to employ workers on their own.

Hawley-Smoot Tariff: Tariff law passed during the Hoover Administration during the Great Depression. It raised taxes on imports in an effort to help American manufactures. In retaliation, other nations also raised tariffs and American exporters suffered leading to a worsening of the Depression.



PEOPLE & GROUPS

Okies: Families of farmers who fled the Dust Bowl during the Great Depression. Many went to California.

John Steinbeck: Author of *The Grapes of Wrath* which chronicled the plight of Okies during the Great Depression.

Scottsboro Boys: Group of nine African Americans who were accused of rape during the Great Depression. They were convicted but a series of appeals brought attention to injustices in the southern court system.

Bonus Army: Group of World War I veterans who travelled to Washington, DC during the Great Depression where they set up a temporary camp. They were demanding early payment of a bonus promised to them by congress, but were eventually evicted forcibly by the army.

Douglas MacArthur: American general who led the clearing of the Bonus Army camp during the Great Depression and went on to be a celebrated commander in the Pacific Theater during World War Two.

Hobos: Homeless people who rode freight trains during the Great Depression.

Marx Brothers: Comedians during the Great Depression.

Shirley Temple: Child movie star during the Great Depression. Her curly hair and cheery demeanor made her popular with people looking for an escape from their troubles.

Fred Astaire: Movie star and dancer during the Great Depression. He is famous for his routines with Ginger Rogers.

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Judy Garland: Movie star during the Great Depression. She is famous for playing Dorothy in *The Wizard of Oz*.

Mickey Rooney: Movie star during the Great Depression. His career stretched over many decades beginning in the silent film era.

Franklin Delano Roosevelt: American president first elected during the Great Depression. He promised a New Deal and went on to be elected a total of four times. He led the nation through most of World War II.



EVENTS

Ford Hunger March: 1932 strike and march in Detroit by Ford workers that resulted in a confrontation with police and the deaths of four marchers.



COURT CASES

Powell v. Alabama: A Supreme Court case in which the Scottsboro Boys argued that they had received inadequate legal representation in their trial.

Patterson v. Alabama: An Supreme Court case in which the Scottsboro Boys argued that their trial was unjust because all African American jurors had been excluded.



GOVERNMENT AGENCIES

Reconstruction Finance Corporation (RFC): Government agency set up under the Hoover Administration that provided funding to support troubled banks in an effort to prevent bank failures.



TEXTS

The Grapes of Wrath: Book by John Steinbeck which chronicled the plight of Okies during the Great Depression.

3

T H I R D Q U E S T I O N SHOULD THE GOVERNMENT BE RESPONSIBLE FOR THE WELFARE OF EVERYONE?



INTRODUCTION

Our federal government is expansive and integrated into much of our everyday lives. We receive the mail, pay taxes, drive on federally funded highways, store our food in refrigerators that comply with federal-mandates for efficiency, are paid a federal minimum wage, put on seat belts required by law and plan to pay for college in part with government scholarships.

This was not always the case. In fact, when the nation was founded the only interaction most Americans had with their federal government at any point in their entire lives was when they sent or received the mail. Over time, the government took on more and more responsibility, but at the dawn of the 1930s, few Americans paid federal taxes, and there was little regulation of banking or business. All that changed with the new president's New Deal. For Hoover, the primary responsibility of caring for people fell to the people themselves. For Roosevelt, that responsibility rested with the government.

This is a radical idea that has become less radical in the ensuing decades. Today we take for granted the idea that the government exists to watch out for us. We know that our government will protect us from dangerous foods, dangerous drivers, shady business practices, and support us when we lose our jobs and suffer through natural disasters. But, is this the right role of government? Should we expect our government to take care of us, or are we our own our personal responsibility?

What do you think? Should the government be responsible for the welfare of everyone?

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THE ONLY THING WE HAVE TO FEAR

March 4, 1933, dawned gray and rainy. Roosevelt rode in an open car along with outgoing president Hoover, facing the public, as he made his way to the Capitol Building. Hoover's mood was somber, still personally angry over his defeat in the general election the previous November. He refused to crack a smile at all during the ride among the crowd, despite Roosevelt's urging to the contrary. At the ceremony, Roosevelt rose with the aid of leg braces equipped under his specially tailored trousers and placed his hand on a Dutch family Bible as he took his solemn oath. At that very moment, the rain stopped and the sun began to shine directly on the platform, and those present would later claim that it was as though God himself was shining down on Roosevelt and the American people.

Bathed in the sunlight, Roosevelt delivered one of the most famous and oft-quoted inaugural addresses in history. He encouraged Americans to work with him to find solutions to the nation's problems and not to be paralyzed by fear. Roosevelt called upon all Americans to assemble and fight an essential battle against the forces of economic depression. He famously stated, "**The only thing we have to fear is fear itself.**" Upon hearing his inaugural address, one observer in the crowd later commented, "Any man who can talk like that in times like these is worth every ounce of support a true American has." Foregoing the traditional inaugural parties, the new president immediately returned to the White House to begin his work to save the nation.



FDR's First Inaugural Address:

Famous speech given on March 4, 1933 in which incoming President Franklin D. Roosevelt said "The only thing we have to fear is fear itself."

BANK RELIEF

In days past, depositing money in a savings account carried a degree of risk. If a bank made bad investments and was forced to close, individuals who did not withdraw their money fast enough found themselves out of luck. Sometimes a simple rumor could force a bank to close. When depositors feared a bank was unsound and began removing their funds, the news would often spread to other customers. This often caused a panic, leading people to leave their homes and workplaces to get their money before it was too late.

These runs on banks were widespread during the early days of the Great Depression. In 1929 alone, 659 banks closed their doors. By 1932, an additional 5,102 banks went out of business. Families lost their life savings overnight. Thirty-eight states had adopted restrictions on withdrawals in an effort to forestall the panic. Bank failures increased in 1933, and Franklin Roosevelt deemed remedying these failing financial institutions his first priority after being inaugurated.

Within 48 hours of his inauguration, Roosevelt proclaimed an official bank holiday and called Congress into a special session to address the crisis. The resulting **Emergency Banking Act of 1933** was signed into law on March 9, 1933, a scant eight hours after Congress first saw it. The law officially took the



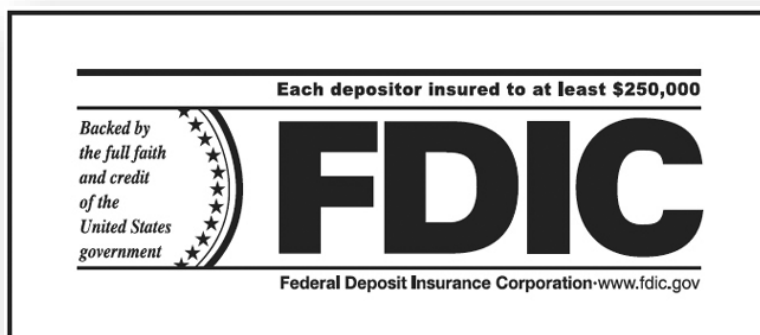
Emergency Banking Act of 1933:

One of the first pieces of New Deal legislation. It took the country off the gold standard and helped stabilize the banking system.



country off the gold standard, a restrictive practice that, although conservative and traditionally viewed as safe, severely limited the circulation of paper money. Those who held gold were told to sell it to the U.S. Treasury for a discounted rate of a little over \$20 per ounce. Furthermore, dollar bills were no longer redeemable in gold. The law also gave the comptroller of currency the power to reorganize all national banks faced with insolvency, a level of federal oversight seldom seen prior to the Great Depression. Between March 11 and March 14, auditors from the Reconstruction Finance Corporation, the Treasury Department, and other federal agencies swept through the country, examining each bank. By March 15, 70% of the banks were declared solvent and allowed to reopen.

On March 12, the day before the banks were set to reopen, Roosevelt demonstrated his mastery of America's new form of communication and gave his first radio address to the American people, explaining what the bank examiners had been doing over the previous week. He assured people that any bank open the next day had the federal government's stamp of approval. The combination of his reassuring manner and the promise that the government was addressing the problems worked wonders in changing the popular mindset. Just as the culture of panic had contributed to the country's downward spiral after the crash, so did this confidence-inducing move help to build it back up. Consumer confidence returned, and within weeks, close to \$1 billion in cash and gold had been brought out from under mattresses and hidden bookshelves, and re-deposited in the nation's banks. The immediate crisis had been quelled, and the public was ready to believe in their new president.



Primary Source: Government Document

The official plaque placed in banks announcing that they participate in the FDIC and that a depositor's money is guaranteed by the US government. The FDIC was an essential part of the New Deal and helped prevent future bank runs.

In June 1933, Roosevelt replaced the Emergency Banking Act with the more permanent **Glass-Steagall Act**. This law prohibited commercial banks from engaging in investment banking, therefore stopping the practice of banks speculating in the stock market with deposits. This law also created the **Federal Deposit Insurance Corporation**, or **FDIC**, which insured personal bank deposits up to \$2,500. With FDIC protection, Americans knew that if their



Glass-Steagall Act: Replacement for the Emergency Banking Act of 1933. This law prohibited commercial banks from engaging in investment banking and created the FDIC.



bank failed, the government would reimburse them. The effect was an end of bank runs. The amount insured has since been increased.

Other measures designed to boost confidence in the overall economy beyond the banking system included passage of the Economy Act, which fulfilled Roosevelt's campaign pledge to reduce government spending by reducing salaries, including his own and those of the Congress. He also signed into law the Securities Act, which required full disclosure to the federal government from all corporations and investment banks that wanted to market stocks and bonds. Roosevelt also sought new revenue through the Beer Tax. As the Twenty-First Amendment, which would repeal the Eighteenth Amendment establishing Prohibition, moved towards ratification, this law authorized the manufacture of 3.2% beer and levied a tax on it.

HOMEOWNERS

The final element of Roosevelt's efforts to provide relief to those in desperate straits was the Home Owners' Refinancing Act. Created by the Home Owners' Loan Corporation (HOLC), the program rescued homeowners from foreclosure by refinancing their mortgages. Not only did this save the homes of countless homeowners, but it also saved many of the small banks who owned the original mortgages by relieving them of the refinancing responsibility. Later New Deal legislation created the **Federal Housing Authority (FHA)**, which eventually standardized the 30-year mortgage and promoted the housing boom of the post-World War II era. A similar program, created through the Emergency Farm Mortgage Act and Farm Credit Act, provided the same service for farm mortgages. The FHA remains an important government agency in today's housing market – one of the legacies of the New Deal.

JOBS

Out of work Americans needed jobs. To the unemployed, many of whom had no money left in the banks, a decent job that put food on the dinner table was a matter of survival. Unlike Herbert Hoover, who refused to offer direct assistance to individuals, Franklin Roosevelt knew that the nation's unemployed could last only so long. Like his banking legislation, aid would be immediate. Roosevelt adopted a strategy known as **pump priming**. To start a dry pump, a farmer often has to pour a little water into the pump to generate a heavy flow. Likewise, Roosevelt believed the national government could jump-start a dry economy by pouring in a little federal money. The first major help to large numbers of jobless Americans was the **Federal Emergency Relief Act (FERA)**. This law gave \$3 billion to state and local governments for direct relief payments. Under the direction of **Harry Hopkins**, FERA assisted millions of Americans in need. While Hopkins and Roosevelt believed this was necessary, they were reticent to continue this type of aid. Direct payments were important in preventing starvation and homelessness, but simply giving away money could stifle the initiative of Americans seeking paying jobs.



Federal Deposit Insurance Corporation (FDIC): Government agency that provides insurance for individual depositors at commercial banks, thus preventing bank runs.



Federal Housing Authority (FHA): Government agency that provides backing for home loans and helped stabilize the housing market during the Great Depression, as well as spur the housing boom in the post-WWII era.



Pump Priming: Idea that the government should spend during an economic downturn, thus putting money into the economy which will in turn be spent by individuals and private businesses. Without the government's initial investment, recovery would not have been possible.



Federal Emergency Relief Act (FERA): New Deal legislation that gave \$3 billion to state and local governments for direct payments to needy Americans. It provided help to prevent people from losing their homes or starving, but did not provide work.



Harry Hopkins: Secretary of Commerce and one of Franklin Roosevelt's closest advisors. He was one of the architects of the New Deal.

Although FERA lasted two years, efforts were soon shifted to work-relief programs that would pay individuals to perform jobs, rather than provide handouts.

The first such initiative began in March 1933. Called the **Civilian Conservation Corps (CCC)**, this program was aimed at over two million unemployed unmarried men between the ages of 17 and 25. CCC participants left their homes and lived in camps in the countryside. Subject to military-style discipline, the men built reservoirs and bridges, and cut fire lanes through forests. They planted trees, dug ponds, and cleared lands for camping. They earned \$30 dollars per month, most of which was sent directly to their families. The CCC was extremely popular. Listless youths were removed from the streets and given paying jobs and provided with room and shelter. Many of the nation's parks and trails were built or improved by the men of the CCC.



Civilian Conservation Corps (CCC):
New Deal program that provided jobs to young men building parks, trails, reservoirs, bridges and fire lanes.



Primary Source: Photograph

A CCC work team stopped to eat lunch while on a job in Virginia. Hundreds of parks were improved during the 1930s as part of this innovative program.

There were plenty of other opportunities for the unemployed in the New Deal. In the fall of 1933, Roosevelt authorized the Civil Works Administration. Also headed by Hopkins, this program employed 2.5 million in a month's time, and eventually grew to a multitudinous 4 million at its peak. Earning \$15 per week, CWA workers tutored the illiterate, built parks, repaired schools, and constructed athletic fields and swimming pools. Some were even paid to rake leaves. Hopkins put about three thousand writers and artists on the payroll as well. There were plenty of jobs to be done, and while many scoffed that the government was simply inventing busy work as an excuse to give away money, it provided vital relief during trying times.



The largest relief program of all was the **Works Progress Administration (WPA)**. When the CWA expired, Roosevelt appointed Hopkins to head the WPA, which employed nearly 9 million Americans before its expiration. Americans of all skill levels were given jobs to match their talents. Most of the resources were spent on public works programs such as roads and bridges, but WPA projects spread to artistic projects too.

The Federal Theater Project hired actors to perform plays across the land. Artists such as Ben Shahn beautified cities by painting larger-than-life murals. Even such noteworthy authors as John Steinbeck and Richard Wright were hired to write regional histories. WPA workers took traveling libraries to rural areas. Some were assigned the task of transcribing documents from colonial history while others were assigned to assist the blind.

Critics called the WPA “We Piddle Around” or “We Poke Along,” labeling it the worst waste of taxpayer money in American history. But most every county in America received some service by the newly employed, and although the average monthly salary was barely above subsistence level, millions of Americans earned desperately needed cash, skills, and self-respect.

Another government program designed to provide jobs was the **Public Works Administration (PWA)**. The PWA set aside \$3.3 billion to build public projects such as highways, federal buildings, and military bases. Although this program suffered from political squabbles over appropriations for projects in various congressional districts, as well as significant underfunding of public housing projects, it ultimately offered some of the most lasting benefits of the NIRA. Secretary of the Interior **Harold Ickes** ran the program, which completed over thirty-four thousand projects, including the Golden Gate Bridge in San Francisco and the Queens-Midtown Tunnel in New York. Between 1933 and 1939, the PWA accounted for the construction of over one-third of all new hospitals and 70% of all new public schools in the country.

FARMERS

While most Americans enjoyed relative prosperity for most of the 1920s, the Great Depression for the American farmer really began after World War I. Much of the 1920s was a continual cycle of debt for the American farmer, stemming from falling farm prices and the need to purchase expensive machinery. When the stock market crashed in 1929, sending prices in an even more downward cycle, many American farmers wondered if their hardscrabble lives would ever improve.

The first major New Deal initiative aimed to help farmers by attempting to raise farm prices was the **Agricultural Adjustment Administration (AAA)**. One method of driving up prices of a commodity is to create artificial scarcity. Simply put, if farmers produced less, the prices of their crops and livestock would increase. The AAA identified seven basic farm products: wheat, cotton,



Works Progress Administration

(WPA): Major New Deal program that provided jobs to 9 million Americans building major infrastructural projects such as bridges, and roads, but also writing and painting murals as well.



Public Works Administration

(PWA): New Deal program that provided jobs building highways, federal buildings and military bases. Among the programs projects were the Golden Gate Bridge and Queens-Midtown Tunnel. Over 1/3 of all hospitals and 70% of all new schools built in the 1930s were completed by workers in this program.



Harold Ickes: Secretary of the Interior who ran the Public Works Administration and was an

important advisor to Franklin Roosevelt.



corn, tobacco, rice, pigs, and milk. Farmers who produced these goods would be paid by the AAA to reduce the amount of acres in cultivation or the amount of livestock raised. In other words, farmers were paid to farm less!

The press and the public immediately cried foul. To meet the demands set by the AAA, farmers plowed under millions of acres of already planted crops. Six million young pigs were slaughtered to meet the subsidy guidelines. In a time when many were out of work and tens of thousands starved, this wasteful carnage was considered blasphemous and downright wrong.

But farm income did increase under the AAA. Cotton, wheat, and corn prices doubled in three years. Despite having misgivings about receiving government subsidies, farmers overwhelmingly approved of the program. Unfortunately, the bounty did not trickle down to the lowest economic levels. Tenant farmers and sharecroppers did not receive government aid; the subsidy went to the landlord. The owners often bought better machinery with the money, which further reduced the need for farm labor. In fact, the Great Depression and the AAA brought a virtual end to the practice of sharecropping in America.

The Supreme Court put an end to the AAA in 1936 by declaring it unconstitutional. By this time the Roosevelt administration decided to repackage the agricultural subsidies as incentives to save the environment as a response to the Dust Bowl. The Soil Conservation And Domestic Allotment Act paid farmers to plant clover and alfalfa instead of wheat and corn. These crops return nutrients to the soil. At the same time, the government achieved its goal of reducing crop acreage of the key commodities.

Another major problem faced by American farmers was mortgage foreclosure. Unable to make the monthly payments, many farmers were losing their property to their banks. Across the Corn Belt of the Midwest, the situation grew desperate. Farmers pooled resources to bail out needy friends. Minnesota and North Dakota passed laws restricting farm foreclosures. Vigilante groups formed to intimidate bill collectors. In Le Mars, Iowa, an angry mob beat a foreclosing judge to the brink of death in April 1933.

FDR intended to stop the madness. The Farm Credit Act, passed in March 1933 refinanced many mortgages in danger of going unpaid. The Frazier-Lemke Farm Bankruptcy Act allowed any farmer to buy back a lost farm at a low price over six years at only 1% interest. Despite being declared unconstitutional, most of the provisions of Frazier-Lemke were retained in subsequent legislation.

In 1933, only about one out of every ten American farms was powered by electricity. The **Rural Electrification Authority** addressed this pressing problem. The government embarked on a mission of getting electricity to the nation's farms. Faced with government competition, private utility companies



Agricultural Adjustment Administration (AAA): New Deal agency that provided payments to farmers to lower agricultural production. The program broke a cycle in which farmers increased output in an effort to increase returns. In reality, excessive output drove up supply and drove down prices.



Rural Electrification Authority: New Deal agency that worked to provide electricity to rural areas.

3 SHOULD THE GOVERNMENT BE RESPONSIBLE FOR THE WELFARE OF EVERYONE?



sprang into action, sending power lines to rural areas with a speed previously unknown. By 1950, nine out of every ten farms enjoyed the benefits of electric power.

COMMUNICATION

Roosevelt believed that his administration's success depended upon good communication with voters and the best way for him to do so was through radio. Roosevelt's opponents had control of most newspapers in the 1930s which meant that his messages were filtered before the public read them. Historian Betty Houchin Winfield wrote, "He and his advisers worried that newspapers' biases would affect the news columns and rightly so." Historian Douglas B. Craig wrote that by using radio, Roosevelt "offered voters a chance to receive information unadulterated by newspaper proprietors' bias..."



Primary Source: Photograph

FDR sitting down for one of his fireside chats. Appearances mattered little during these speeches since they were heard on the radio. Their effect was tremendous since the president's soothing tone put many voters concerns to rest.

Roosevelt offered his messages in the form of simple conversations he imagined friends might have sitting by the fireside in the evening after dinner. These **fireside chats** eventually numbered 30 between 1933 and 1944. Roosevelt spoke about New Deal initiatives, and later the course of World War II. On radio, he was able to quell rumors and explain his policies. His tone and demeanor communicated self-assurance during times of despair and uncertainty. Roosevelt was regarded as an effective communicator on radio, and the fireside chats kept him in high public regard throughout his presidency. He is remembered as a master of communication, both for the content of his messages and for his ability to effectively make use of the new medium.



Fireside Chat: Nickname for President Franklin Roosevelt's radio speeches in which he tried to use plain language to explain his ideas.

3 SHOULD THE GOVERNMENT BE RESPONSIBLE FOR THE WELFARE OF EVERYONE?



EVALUATING THE FIRST NEW DEAL

It would be a mistake to give the president solo credit for all of the good things that the New Deal accomplished, just as it is unfair to blame Hoover for all of the ills of the Depression. Roosevelt certainly did not do everything himself. It was the hard work of his advisors – the so-called **Brain Trust** of scholars and thinkers from leading universities he tapped to help plan and implement that New Deal – as well as Congress and the American public who helped the New Deal succeed as well as it did. Ironically, it was the American people's volunteer spirit, so extolled by Hoover, which Roosevelt was able to harness.



Brain Trust: Nickname for the group of advisors Franklin Roosevelt assembled to help solve the Great Depression. Many had come from universities, thus giving rise to the nickname.

Primary Source: Photograph

FDR signs a bill surrounded by members of his cabinet and other advisors and supporters. The new president's team were nicknamed the Brain Trust since many of them had come from academia.

The **first hundred days** of his administration was not a master plan that Roosevelt dreamed up and executed on his own. In fact, it was not a master plan at all, but rather a series of, at times, disjointed efforts made from different assumptions. But after taking office and analyzing the crisis, Roosevelt and his advisors felt that they had a larger sense of what had caused the Great Depression and thus attempted a variety of solutions to fix it. They believed that it was caused by abuses on the part of a small group of bankers and businessmen, aided by Republican policies that built wealth for a few at the expense of many.

The answer, they felt, was to root out these abuses through banking reform, as well as adjust production and consumption of both farm and industrial goods. This adjustment would come about by increasing the purchasing power of everyday people, as well as through regulatory policies like the NRA



First Hundred Days: The nickname for the first few months of Franklin Roosevelt's presidency in which he was able to work with Congress to pass numerous laws that established the beginning of the New Deal.

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and AAA. While it may seem counterintuitive to raise crop prices and set prices on industrial goods, Roosevelt's advisors sought to halt the deflationary spiral and economic uncertainty that had prevented businesses from committing to investments and consumers from parting with their money.

Many Americans were pleased with the president's bold plans. Roosevelt had reversed the economy's long slide, put new capital into ailing banks, rescued homeowners and farmers from foreclosure and helped people keep their homes. The New Deal offered some direct relief to the unemployed poor but more importantly, it gave new incentives to farmers and industry alike, and put people back to work. The total number of working Americans rose from 24 to 27 million between 1933 and 1935. Perhaps most importantly, Roosevelt's first term New Deal programs had changed the pervasive pessimism that had held the country in its grip since the end of 1929. For the first time in years, people had hope.

CONCLUSION

During the first 100 days of the Roosevelt Administration the role government played in the lives of everyday Americans radically shifted. People had always entrusted their leaders with the responsibility of protecting them from outside attack and preserving peace within their borders, but had not viewed their government as being responsible for protecting them from hardship. The idea that the government would help you find a job, or make sure you were paid a living wage, was entirely novel. And it has been a responsibility the government has never given back. If anything, we have become more accustomed to the idea that our leaders owe us protection from unemployment, or protection when we cannot pay our mortgage.

Is this a good thing? Should we live in a nation in which we expect our government to behave as a sort of mother hen, watching carefully over her flock of citizens? Is this power we never should have given away? Or, is it a just and wise expansion of government?

What do you think? Should the government be responsible for the welfare of everyone?

3 SHOULD THE GOVERNMENT BE RESPONSIBLE FOR THE WELFARE OF EVERYONE?



SUMMARY

President Franklin Roosevelt told Americans the only thing they had to fear was fear itself. He implemented many new programs to try to solve the problem. Most involved spending large amounts of government money to jumpstart the economy.

His programs became known as the New Deal. In the first 100 days of his presidency, FDR implemented programs to help solve the banking crisis, to give people jobs, and to support farmers. Many of the New Deal programs are known by their acronyms. (FDIC, FHA, CCC, WPA, AAA, etc.)

FDR was an excellent communicator. He was known for his speeches on the radio in which he explained his ideas in simple terms that regular Americans could understand.

Part of the New Deal were laws to fix the banking system. One program gives insurance to people who deposit money in banks so they will not lose it if their bank fails. This program prevents bank runs. Other financial programs provided regulation for the stock market.

New government programs helped people get loans to buy houses.

To help people find jobs, FDR created programs building roads, bridges, dams, parks, trails, painting murals, writing, acting, and much more.

For farmers, FDR signed laws paying farmers to grow less. This stabilized food prices. The New Deal also included programs to provide electricity to rural areas.



KEY CONCEPTS

Pump Priming: Idea that the government should spend during an economic downturn, thus putting money into the economy which will in turn be spent by individuals and private businesses. Without the government's initial investment, recovery would not have been possible.

First Hundred Days: The nickname for the first few months of Franklin Roosevelt's presidency in which he was able to work with Congress to pass numerous laws that established the beginning of the New Deal.



PEOPLE AND GROUPS

Harry Hopkins: Secretary of Commerce and one of Franklin Roosevelt's closest advisors. He was one of the architects of the New Deal.

Harold Ickes: Secretary of the Interior who ran the Public Works Administration and was an important advisor to Franklin Roosevelt.

Brain Trust: Nickname for the group of advisors Franklin Roosevelt assembled to help solve the Great Depression. Many had come from universities, thus giving rise to the nickname.



SPEECHES

FDR's First Inaugural Address: Famous speech given on March 4, 1933 in which incoming President Franklin D. Roosevelt said "The only thing we have to fear is fear itself."

Fireside Chat: Nickname for President Franklin Roosevelt's radio speeches in which he tried to use plain language to explain his ideas.



LAWS

Emergency Banking Act of 1933: One of the first pieces of New Deal legislation. It took the country off the gold standard and helped stabilize the banking system.

Glass-Steagall Act: Replacement for the Emergency Banking Act of 1933. This law prohibited commercial banks from engaging in investment banking and created the FDIC.

Federal Emergency Relief Act (FERA): New Deal legislation that gave \$3 billion to state and local governments for direct payments to needy Americans. It provided help to prevent people from losing their homes or starving, but did not provide work.



GOVERNMENT AGENCIES

Federal Deposit Insurance Corporation (FDIC): Government agency that provides insurance for individual depositors at commercial banks, thus preventing bank runs.

Federal Housing Authority (FHA): Government agency that provides backing for home loans and helped stabilize the housing market during the Great Depression, as well as spur the housing boom in the post-WWII era.

Civilian Conservation Corps (CCC): New Deal program that provided jobs to young men building parks, trails, reservoirs, bridges and fire lanes.

Works Progress Administration (WPA): Major New Deal program that provided jobs to 9 million Americans building major infrastructural projects such as bridges, and roads, but also writing and painting murals as well.

Public Works Administration (PWA): New Deal program that provided jobs building highways, federal buildings and military bases. Among the programs projects were the Golden Gate Bridge and Queens-Midtown Tunnel. Over 1/3 of all hospitals and 70% of all new schools built in the 1930s were completed by workers in this program.

Agricultural Adjustment Administration (AAA): New Deal agency that provided payments to farmers to lower agricultural production. The program broke a cycle in which farmers increased output in an effort to increase returns. In reality, excessive output drove up supply and drove down prices.

Rural Electrification Authority: New Deal agency that worked to provide electricity to rural areas.

4

F O U R T H Q U E S T I O N W A S P R E S I D E N T F R A N K L I N R O O S E V E L T L I B E R A L ?



INTRODUCTION

In politics, the terms liberal and conservative are opposites. Conservatives usually prefer less change. They want government to be limited and do only what citizens cannot on their own. Liberals see change as a positive and like the idea of using the government to leverage the nation's collective resources. When conservatives would see government action as infringing on individual liberty, a liberal would view government as an instrument of good making possible things that only can happen with coordinated action.

In modern times, our Republican Party is the party of conservative thinkers, and the Democrats are the party of our liberals. Franklin Roosevelt was a Democrat, and the New Deal certainly was an unprecedented application of governmental power to do things individuals could not have done on their own. But in many ways, Roosevelt stopped short of implementing the dreams of the most liberal leaders. Most notably, he did not force the rich to give up their wealth and give it to the poor. And he did very little to promote equality between genders and races.

So, was FDR a liberal?

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THE TENNESSEE VALLEY AUTHORITY

Many of the New Deal projects focused on regional concerns and the most famous of these projects was the **Tennessee Valley Authority (TVA)**. The TVA was a new federal agency tasked with the job of planning and developing the area around the Tennessee River through flood control, reforestation, and hydroelectric power. Employing several thousand Americans on a project that Roosevelt envisioned as a template for future regional redevelopment, the TVA revitalized a river valley that landowners had badly over-farmed, leaving behind eroded soil that lacked essential nutrients for future farming. Under the direction of David Lilienthal, the TVA workers erected a series of dams to harness the Tennessee River in the creation of much-needed hydroelectric power. The arrival of both electric lighting and machinery to the region eased the lives of the people who lived there, as well as encouraged industrial growth. The TVA also included an educational component, teaching farmers important lessons about crop rotation, soil replenishment, fertilizing, and reforestation.



Tennessee Valley Authority (TVA): New Deal program that provided jobs to thousands of workers in the Tennessee area building dams along rivers that provided hydroelectric power and regulated flooding.



Primary Source: Photograph

The Hiwassee Dam is one of many that are part of the TVA.

The TVA was not without its critics. Most notably were the 15,000 families who were displaced due to the massive construction projects. Although eventually the project benefited farmers with the introduction of new farming and fertilizing techniques, as well as the added benefit of electric power, many local citizens were initially mistrustful of the TVA and the federal government's agenda. Likewise, as with several other New Deal programs, women did not directly benefit from these employment opportunities, as they were explicitly excluded for the benefit of men who most Americans still considered the family's primary breadwinner. However, with the arrival of

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electricity came new industrial ventures, including several textile mills up and down the valley, several of which offered employment to women. Throughout his presidency, Roosevelt frequently pointed to the TVA as one of the glowing accomplishments of the New Deal and its ability to bring together the machinery of the federal government along with private interests to revitalize a regional economy. Just months before his death in 1945, he continued to speak of the possibility of creating other regional authorities throughout the country that might replicate the TVA's work.

MANUFACTURING AND LABOR UNIONS

For generations, labor unions had struggled to protect their members. Throughout the 1800s and early 1900s most labor strikes had ended when the government intervened on the side of owners. The New Deal marked a major shift in the relationship between owners and their workers. For the first time in America's history, the government passed laws designed specifically to protect and support labor unions.

The **National Recovery Administration (NRA)** was central to this plan. It mandated that businesses accept a code that included minimum wages and maximum work hours. In order to protect workers from potentially unfair agreements among factory owners, every industry had its own "code of fair practice" that included workers' rights to organize and use collective bargaining to ensure that wages rose with prices. Headed by General Hugh S. Johnson, the NRA worked to create over five hundred different codes for different industries. The administration of such a complex plan naturally created its own problems. While codes for key industries such as automotive and steel made sense, Johnson pushed to create similar codes for dog food manufacturers, those who made shoulder pads for women's clothing, and even entertainment (such as regulating the number of dancers in any one show).

Another unintended consequence of the NRA was that the provision granting workers the right to organize appeared to some as a mandate. In industries that had never seen labor unions, such as oil or rubber, workers sought help from groups that would assist in creating unions, bolstered by the encouragement they now felt from the government. The Communist Party took advantage of the opportunity to assist in the hope of creating widespread support for their cause. The number of strikes nationwide doubled between 1932 and 1934, with over 1.5 million workers going on strike in 1934 alone, often in protests that culminated in bloodshed. A strike at the Auto-Lite plant in Toledo, Ohio, that summer resulted in 10,000 workers from other factories joining in sympathy with their fellow workers to attack potential strike-breakers with stones and bricks. Simultaneously in Minneapolis, a teamsters strike resulted in frequent, bloody confrontations between workers and police, leading the governor to contemplate declaring martial law before the



National Recovery Administration (NRA): New Deal agency that set minimum wages, working hours, abolished child labor, and set minimum prices. It was declared unconstitutional by the Supreme Court in 1935 because the Constitution does not give the federal government the power to regulate private industry in the way the law was written.

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companies agreed to negotiate better wages and conditions for the workers. Finally, a San Francisco strike among 14,000 dockworkers closed the city's waterfront and eventually led to a citywide general strike of over 130,000 workers, essentially paralyzing the city. Clashes between workers, and police and National Guardsmen left many strikers bloodied, and at least two dead.

Although Roosevelt's relief efforts provided jobs to many and benefitted communities with the construction of several essential building projects, the violence that erupted amid clashes between organized labor and factories backed by police and the authorities exposed a fundamental flaw in the president's approach. Immediate relief did not address long-existing, inherent class inequities that left workers exposed to poor working conditions, low wages, long hours, and little protection. For many workers, life on the job was not much better than life as an unemployed American. Employment programs may have put men back to work and provided much needed relief, but the fundamental flaws in the system required additional attention that Roosevelt was unable to pay in the early days of the New Deal.



Primary Source: Photograph

John L. Lewis was the leader of the Congress of Industrial Organizations. The Wagner Act was a tremendous boon for organized labor and Lewis took advantage of the opportunity presented by FDR's pro-labor policies to strengthen his union.

To the benefit of industrial workers, Roosevelt signed into law the **Wagner Act**, also known as the **National Labor Relations Act**. The act created the **National Labor Relations Board (NLRB)**, which permanently protected American workers' right to unionize and bargain collectively, as well as to



Wagner Act / National Labor Relations Act: New Deal law that guaranteed labor unions the right to collective bargaining. It was a major victory for labor and strengthened labor unions for many decades.

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provide a federal vehicle for labor grievances to be heard. Although roundly criticized by the Republican Party and factory owners, the Wagner Act withstood several challenges and eventually received constitutional sanction by the Supreme Court in 1937. The law received the strong support of **John L. Lewis** and the **Congress of Industrial Organizations (CIO)** who had long sought government protection of industrial unionism, from the time they split from the American Federation of Labor in 1935 over disputes on whether to organize workers along craft or industrial lines. Following passage of the law, Lewis began a widespread publicity campaign urging industrial workers to join “the president’s union.” The relationship was mutually beneficial to Roosevelt, who subsequently received the endorsement of Lewis’s United Mine Workers union in the 1936 presidential election, along with a sizeable \$500,000 campaign contribution. Passage of the Wagner Act marked the beginning of organized labor’s longstanding political support for the Democratic Party.

SOCIAL SECURITY

Since the dawn of the industrial era in the early 1800s when Americans began working for others, the question of retirement had become a part of everyday life. Who should pay retired workers? At what age was retirement reasonable? In the beginning, individuals were expected to save a little of each paycheck for the day they would at last retire. The idea of a **pension**, money paid by companies to retired workers, was rare. Unfortunately, the majority of working Americans, lived check to check, with little or nothing extra to be saved for the future and many became a drag on the working members of their families upon retirement. The Social Security Act of 1935 aimed to improve this predicament.

Many nations in Europe had already experimented with pension plans and Britain and Germany had found exceptional success. Roosevelt decided that the American plan, called **Social Security** would be a “contract between generations.” The current generation of workers would pay into a fund while the retirees would take in a monthly stipend. Upon reaching the age of 65, individuals would start receiving payments based upon the amount contributed over the years. In this way, Social Security works as a form of wealth redistribution, taking from working Americans and giving to the elderly, rather than as a savings account in which the money a worker puts in is waiting years later upon retirement.

Roosevelt knew that once Social Security became law, it would be a permanent feature of American life. He guessed that once workers had paid into a system for decades, they would expect to receive their checks. Woe to the politician who tried to end the system once it was in place! He was correct. Social Security remains one of the most popular, and most expensive, things the federal government does for its citizens.



National Labor Relations Board (NLRB): Government agency created by the Wagner Act during the New Deal that is responsible for protecting the right of unions to collective bargaining and protect workers against unfair labor practices.



John L. Lewis: President of the CIO during the 1930s. He took advantage of the pro-labor sentiment in government at the time to strengthen his union.



Congress of Industrial Organizations (CIO): Labor union formed in 1935 by John Lewis. It incorporated the United Mine Workers with other non-skilled laborers who were not able to join the American Federation of Labor.



Pension: Payment received during retirement from a person’s employer. The amount received each month is usually determined by a person’s salary and time worked at the business.




Social Security: Government program created in 1935 to provide monthly payments to retired Americans. The money is taken from the paychecks of working Americans and redistributed to those eligible to receive benefits.

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A committee of staffers led by Secretary of Labor **Frances Perkins**, the first female ever to hold a Cabinet position, penned the Social Security Act. In addition to providing for retirees, the legislation created a safety net for other Americans in distress. Unemployment insurance was part of the plan and the federal government offered to match state funds for the blind and for job training for the physically disabled. Unmarried women with dependent children also received funds under the Social Security Act. However, by far the largest group of beneficiaries of the law are America's retirees.

 **Frances Perkins:** Secretary of Labor during the New Deal. She was the first woman to hold a cabinet position and was responsible for creating and implementing Social Security.

Primary Source: Magazine Cover

Frances Perkins was featured on the cover of Time Magazine in 1933. She was the first female member of the president's cabinet and was critical to the passage and implementation of Social Security.



Roosevelt and his advisers knew that the Social Security Act was not perfect. Like other experiments, he hoped the law would set the groundwork for a system that could be refined over time. Social Security differed from European plans in that it made no effort to provide universal health insurance. The pensions that retirees received were extremely modest — below poverty

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level standards in most cases. Still, Roosevelt knew the plan was revolutionary. For the first time, the federal government accepted permanent responsibility for assisting people in need. It paved the way for future legislation that would redefine the relationship between the American people and their government.



Primary Source: Photograph

Senator Robert Taft was a vocal, conservative critic of FDR and the New Deal. He feared that the expansion of government authority would weaken individual responsibility and lead to bloated and wasteful government.

OPPOSITION TO THE NEW DEAL

While many people supported Roosevelt, especially in the first few years of his presidency, the New Deal did receive significant criticism, both from conservatives who felt that it was a radical agenda to ruin the country's model of free enterprise, and from liberals who felt that it did not provide enough help to those who needed it most.

Industrialists and wealthy Americans led the conservative criticism against the president. Whether attacking his character or simply stating that he was moving away from American values toward fascism and socialism, they sought to undermine his power and popularity. Most notably, the American Liberty League, comprised largely of conservative Democrats who lamented the excesses of several of Roosevelt's New Deal programs, labeled the AAA as fascist and proclaimed later New Deal programs to be key threats to the very

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nature of democracy. Additional criticism came from the National Association of Manufacturers, which urged businessmen to outright ignore portions of the NRA that promoted collective bargaining, as well as subsequent labor protection legislation.

The most articulate of the conservative voices against the New Deal was Senator **Robert Taft**, son of former President William Howard Taft, who criticized what he believed was the inefficiency and waste of many New Deal programs. Taft, like Hoover, believed that the government needed to let private businesses restore the nation's economy instead of relying upon government programs to end the Great Depression. He condemned the New Deal as socialist and attacked deficit spending, high farm subsidies, governmental bureaucracy, the National Labor Relations Board, and nationalized health insurance. Taft never won his argument, but went on to serve in the Senate for many years as an articulate, thoughtful voice for conservative principles of government and is remembered as one of the greatest senators of the 20th Century.

Meanwhile, others felt that Roosevelt had not done enough. Dr. Francis E. Townsend of California was one who felt that Roosevelt had failed to adequately address the country's tremendous problems. Townsend, who was a retired dentist, proposed an expansive pension plan for the elderly. The **Townsend Plan**, as it was known, gained a great deal of popularity. It recommended paying every citizen over 60 who retired from work the sum of \$200 per month, provided they spend it in 30 days. Townsend and his followers thought that the money would help boost the economy.

Another figure who gained national attention was Father **Charles Coughlin**. He was a "radio priest" from Michigan who, although he initially supported the New Deal, subsequently argued that Roosevelt stopped short in his defense of labor, monetary reform, and the nationalization of key industries. The president's plan, he proclaimed, was inadequate. He created the National Union for Social Justice and used his weekly radio show to gain followers. In the end, Coughlin lost his audience when he began espousing anti-Semitic ideas and argued that America should support the rise of Adolf Hitler in Germany.

The biggest threat to the president, however, came from corrupt but beloved Louisiana Senator Huey "**Kingfish**" Long. His disapproval of Roosevelt came in part from his own ambitions for higher office. Long stated that the president was not doing enough to help people and proposed his own **Share Our Wealth** program. Under this plan, Long recommended the liquidation of all large personal fortunes in order to fund direct payments to less fortunate Americans. He foresaw giving \$5,000 to every family, \$2,500 to every worker, as well as a series of elderly pensions and education funds. Long was an outstanding orator and, like the president, was able to articulate complicated ideas in easy-to-understand language. In one speech he said, "We do not



Robert Taft: Republican Senator during the 1930s who opposed the New Deal. He believed the New

Deal was giving too much power to the government and programs designed to help the needy would eventually lead to a reduction in people's work ethic and entrepreneurial spirit.



Townsend Plan: Plan proposed by a retired dentist during the New Deal to pay \$200 to everyone over

the age of 60 so long as they spent it within 30 days. It was rejected by Roosevelt.



Charles Coughlin: Catholic priest who had a popular radio show during the 1930s. He criticized

Roosevelt's New Deal because he thought the government should talk over major industries. He later lost popularity because of his anti-Semitic ideas.



Huey "Kingfish" Long: Senator from Louisiana during the 1930s who argued that the government

should take money from the rich to redistribute to the poor. He called his idea Share Our Wealth. He may have run against Roosevelt for president except that he was assassinated in 1935.

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propose to say that there shall be no rich men. We do not ask to divide the wealth. We only propose that, when one man gets more than he and his children and children's children can spend or use in their lifetimes, that then we shall say that such person has his share. That means that a few million dollars is the limit to what any one man can own." Despite his questionable math, which numerous economists quickly pointed out rendered his program unworkable, Long had a significant following. If he had not been assassinated by the son-in-law of a local political rival, he may well have been a contender against Roosevelt for the 1936 presidential nomination.

COURT PACKING

In 1935, the Supreme Court dealt the most crushing blow to Roosevelt's vision in a series of cases. In a series of decisions including **United States v. Butler, Carter v. Carter Coal Company, Morehead v. New York, and Schechter Poultry Corp. v. United States**, the justices declared key pieces of the New Deal unconstitutional, including the AAA, WPA, NRA and both federal and state minimum wage laws. In the opinion of the Court, Roosevelt and the New Dealers had gone too far. The Constitution, the Court found, did not give the federal government the power to regulate prices or dictate how much workers should be paid. The Court's ruling frustrated Roosevelt greatly.

Despite criticism of his ideas and setbacks in court, Roosevelt entered the 1936 presidential election the next year on a wave of popularity, and he beat his Republican opponent Alf Landon by a nearly unanimous Electoral College vote of 523 to 8. Believing it to be his moment of strongest public support, Roosevelt chose to exact a measure of revenge against the Supreme Court for challenging his programs and to pressure them against challenging his more recent Second New Deal provisions. To this end, Roosevelt created the informally named "Supreme **Court Packing Plan**" and tried to change the makeup of the court by expanding the number of justices and adding new ones who supported his views. His plan was to add one justice for every current justice over the age of seventy who refused to step down. This would have allowed him to add six more justices, expanding the bench from nine justices to fifteen. Since the Constitution does not specify the size of the Supreme Court, this was technically legal, but President Roosevelt was playing a dangerously political game. The Court has always served as an independent branch of government, checking the power of both Congress and the President. If Roosevelt could manipulate the membership of the court, he could effectively control their decisions.

Opposition was quick and thorough from both the Supreme Court and Congress, including from within his own party and Roosevelt's idea was never implemented. The retirement of Justice Van Devanter, as well as the sudden death of Senator Joe T. Robinson who had championed Roosevelt's plan in the Senate effectively put a stop to court packing. In the end, Roosevelt appeared



Share Our Wealth: Program proposed by Huey Long during the Great Depression. He wanted to take money from the rich to redistribute to the poor.



United States v. Butler, Carter v. Carter Coal Company, Morehead v. New York, and Schechter Poultry Corp. v. United States: A collection of Supreme Court Cases in the 1930s in which the Court struck down major New Deal programs including the AAA, WPA and NRA as unconstitutional. In response, President Roosevelt attempted to add members to the Court in order to create a majority favorable to his ideas.



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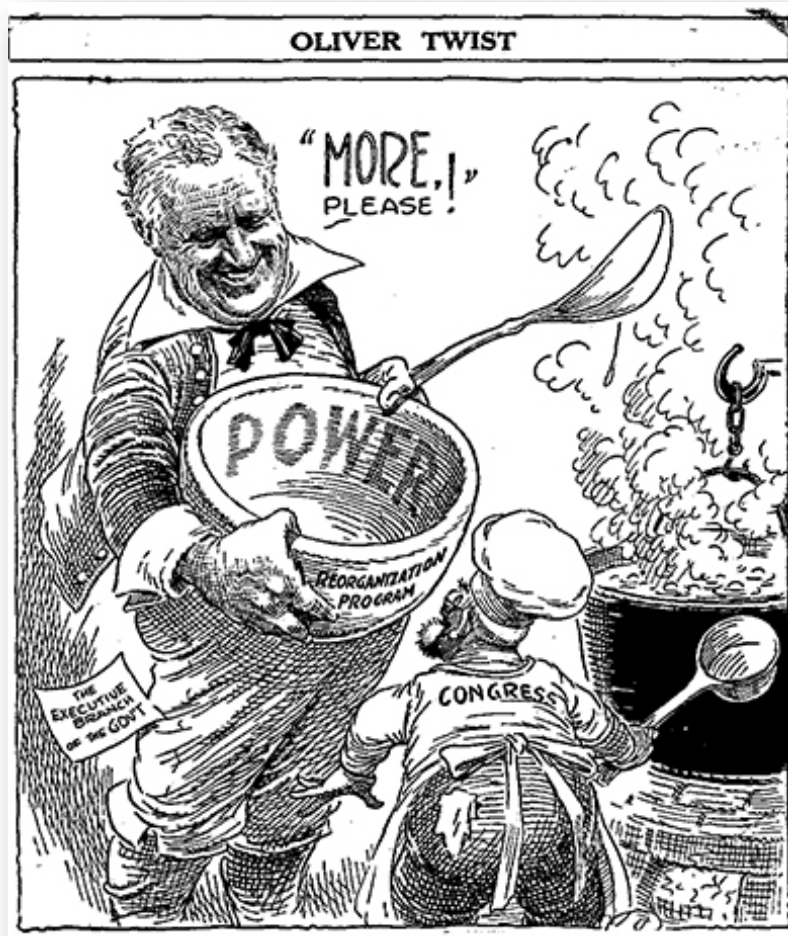
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to succeed in politically intimidating the justices into supporting his newer programs, and they upheld both the Wagner Act and the Social Security Act. Never again during his presidency would the Supreme Court strike down any significant elements of his New Deal. However, Roosevelt suffered politically in that Americans became more suspicious of his ideas and more cautious about extending power over their lives to any president.

Primary Source: Editorial Cartoon

This cartoonist pointed out the common criticism of FDR as a power-hungry executive who got accustomed to asking Congress to pass legislation that would give him more and more power.



MINORITIES AND THE NEW DEAL

Critics point out that not all Americans benefited from the New Deal. African Americans in particular were left out, with overt discrimination in hiring practices within the federal job programs, such as the CCC, CWA, and WPA. The NRA was oftentimes criticized as the "Negroes Ruined Again" program. As well, the AAA left tenant farmers and sharecroppers, many of whom were African American, with no support. Even Social Security originally excluded

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domestic workers, a primary source of employment for African American women. Facing such criticism early in his administration, Roosevelt undertook some efforts to ensure a measure of equality in hiring practices for the relief agencies, and opportunities began to present themselves by 1935. The WPA eventually employed 350,000 African Americans annually, accounting for nearly 15% of its workforce. By the close of the CCC in 1938, the program had employed over 300,000 African Americans, increasing the black percentage of its workforce from 3% at the outset to nearly 11% at its close. Likewise, in 1934, the PWA began to require that all government projects under its purview hire African Americans using a quota that reflected their percentage of the local population. Additionally, among several important WPA projects, the Federal One Project included a literacy program that eventually reached over one million African American children, helping them learn to read and write.



Primary Source: Photograph

Mary McLeod Bethune was a prominent educator and member of FDR's unofficial group of African American advisors known as the Black Cabinet.

On the issue of race relations themselves, Roosevelt has a mixed legacy. Within his White House, Roosevelt had a number of African American appointees, although most were in minor positions. Unofficially, Roosevelt relied upon advice from the Federal Council on Negro Affairs, better known by its nickname: the **Black Cabinet**. This group included a young Harvard



Black Cabinet: Nickname for a group of African American advisors to President Franklin Roosevelt. They included Dr. Robert Weaver and Mary McLeod Bethune.

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economist, Dr. Robert Weaver, who later became the nation's first African American cabinet secretary in 1966, as President Lyndon Johnson's Secretary of Housing and Urban Development. One key member of the Black Cabinet was **Mary McLeod Bethune**, a prominent African American educator who had helped found Bethune-Cookman University, a historically black college in Florida. Bethune had been a spokesperson and an educator for years. With this role, she became one of the president's foremost African American advisors. During his time in office, Roosevelt was the first president to appoint an African American federal judge, as well as the first commander-in-chief to promote an African American to brigadier general. Most notably, he became the first president to speak out publicly against lynching as a "vile form of collective murder."

Despite these efforts, Roosevelt also understood the precariousness of his political position. In order to maintain a coalition of Democrats to support his larger relief and recovery efforts, Roosevelt could not afford to alienate White Southern Democrats who might easily bolt should he openly advocate for civil rights. While he spoke about the importance of anti-lynching legislation, he never formally pushed Congress to propose such a law. He did publicly support the abolition of the poll tax, which Congress eventually accomplished in 1941. Likewise, although agency directors adopted changes to ensure job opportunities for African Americans at the federal level, at the local level few advancements were made, and African Americans remained at the back of the employment lines. Despite these limited advancements, Roosevelt deserves credit for acknowledging the importance of race relations and civil rights. At the federal level, more than any of his predecessors since the Civil War, Roosevelt remained aware of the role that the federal government can play in initiating important discussions about civil rights, as well as encouraging the development of a new cadre of civil rights leaders.

Although unable to bring about sweeping civil rights reforms for African Americans in the early stages of his administration, Roosevelt was able to work with Congress to significantly improve the lives of Native Americans. In 1934, he signed into law the Indian Reorganization Act, which is better known as the **Indian New Deal**. This law formally abandoned the assimilationist policies set forth in the Dawes Act of 1887. Rather than forcing Native Americans to adapt to White culture, the new program encouraged them to develop local self-government, as well as to preserve their artifacts and heritage. John Collier, the Commissioner on Indian Bureau Affairs from 1933 to 1945, championed this legislation and saw it as an opportunity to correct past injustices that land allotment and assimilation had wrought upon Native Americans. Although the re-establishment of communal tribal lands would prove to be difficult, Collier used this law to convince federal officials to return nearly two million acres of government-held land to various tribes in order to move the process along. Although subsequent legislation later circumscribed the degree to which tribes were allowed to self-govern on reservations,



Mary McLeod Bethune: African American educator who cofounded a university and was an important advisor to President Franklin Roosevelt as a member of the Black Cabinet.



Indian New Deal: Nickname for the Indian Reorganization Act which was passed in 1934 and ended the policies of assimilation that were created by the Dawes Act of 1887. Native Americans were no longer forced to send their children to be educated in boarding schools or adapt to White culture.

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Collier's work is still viewed as a significant step in improving race relations and preserving Native American heritage.

WOMEN AND THE NEW DEAL

For women, Roosevelt's policies and practices had a similarly mixed effect. Wage discrimination in federal jobs programs was rampant, and relief policies encouraged women to remain home and leave jobs open for men. This belief was well in line with the gender norms of the day. Several federal relief programs specifically forbade husbands and wives both taking jobs or receiving relief payments from the same agency.

The WPA became the first specific New Deal agency to openly hire women, although the opportunities were limited to widows, single women, and the wives of disabled husbands. While they did not take part in construction projects, women did undertake sewing projects to provide blankets and clothing to hospitals and relief agencies. Likewise, several women took part in various art projects. Despite the obvious gender limitations, many women strongly supported Roosevelt's New Deal, as much for its direct relief handouts for women as for its employment opportunities for men. One such woman was Mary (Molly) Dewson. A longtime activist in the women's suffrage movement, Dewson worked for women's rights and ultimately rose to be the Director of the Women's Division of the Democratic Party. Dewson and Mary McLeod Bethune, understood the limitations of the New Deal, but also the opportunities for advancement it presented during very trying times. Rather than lamenting what Roosevelt could not or would not do, they felt, and perhaps rightly so, that Roosevelt would do more than most to help women and African Americans achieve a piece of the new America he was building.

Among the few, but notable, women who directly impacted Roosevelt's policies was Frances Perkins, who as Secretary of Labor was the first female member of any presidential cabinet, and First Lady Eleanor Roosevelt, who was a strong and public advocate for social causes. Perkins, one of only two original cabinet members to stay with Roosevelt for his entire presidency, was directly involved in the administration of the CCC, PWA, NRA, and the Social Security Act. Among several important measures, she took greatest pleasure in championing minimum wage statutes as well as the penultimate piece of New Deal legislation, the Fair Labor Standards Act. Roosevelt came to trust Perkins' advice with few questions or concerns, and steadfastly supported her work through the end of his life.

However, **Eleanor Roosevelt**, more so than any other individual, came to represent the strongest influence upon the president, and she used her unique position to champion several causes for women, African Americans, and the rural poor. A strong supporter of her husband's political ambitions, Eleanor campaigned by his side through the failed vice-presidential bid in 1920



Eleanor Roosevelt: Wife of President Franklin Roosevelt. She was an important spokesperson for his ideas and was often able to make people feel that she personally cared about them. She championed the concerns of women, minorities and the poor. Later in life she worked to promote human rights with the United Nations.

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and on his behalf after he was diagnosed with polio in 1921. When she discovered letters of her husband's affair with her social secretary, Lucy Mercer, the marriage became less one of romance and more one of a political partnership that would continue, strained at times, until the president's death in 1945.

Primary Source: Photograph

Marian Anderson performed in front of the Lincoln Memorial after the Daughters of the American Revolution refused to allow her to perform in their hall. Eleanor Roosevelt was critical to arranging this famous performance.



Historians agree that the first lady used her presence in the White House, in addition to the leverage of her failed marriage and knowledge of her husband's infidelities, to her advantage. She promoted several causes that the president himself would have had difficulty championing at the time. From newspaper and magazine articles she authored, to a busy travel schedule that saw her regularly cross the country, the first lady sought to


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remind Americans that their plight was foremost on the minds of all working in the White House.

Exposed to issues of racial segregation in her work, Eleanor supported many civil rights causes through her husband's presidency. When it further became clear that racial discrimination was rampant in the administration of virtually all New Deal job programs, especially in the southern states, she pressed her husband for remedies. In 1934, she openly lobbied for passage of the federal anti-lynching bill that the president privately supported but could not politically endorse. Despite the failure of the Senate to pass such legislation, Eleanor succeeded in arranging a meeting between her husband and then-NAACP president Walter White to discuss anti-lynching and other pertinent calls for civil rights legislation.

White was only one of Eleanor's African American guests to the White House. Breaking with precedent, and much to the disdain of many White House officials, the first lady routinely invited prominent African Americans to dine with her and the president. Most notably, when the Daughters of the American Revolution (DAR) refused to permit internationally renowned black opera contralto **Marian Anderson** to sing in Constitution Hall, Eleanor resigned her membership in the DAR and arranged for Anderson to sing at a public concert on the steps of the Lincoln Memorial, followed by her appearance at a state dinner at the White House in honor of the king and queen of England. With regard to race relations in particular, Eleanor Roosevelt was able to accomplish what her husband, for delicate political reasons, could not and she became the administration's face for civil rights.

 **Marian Anderson:** African American opera singer who performed on the steps of the Lincoln Memorial in 1939 after the Daughters of the American Revolution refused to let her sing in their theater. The concert was arranged by First Lady Eleanor Roosevelt.

A FINAL ANALYSIS

No evaluation of the New Deal is complete without an analysis of Roosevelt himself. As a leader, his skills were unparalleled. Desperate times called for desperate measures, and FDR responded with a bold program of experimentation that arguably saved the capitalist system and perhaps the American democracy. Certainly, other nations in Europe turned to fascism, communism, dictatorship, and ultimately disaster. As sweeping as his objectives were, they still fundamentally preserved the free-market economy. There was no nationalization of industry, and the social safety net created by Social Security was much weaker than its European cousins. Observers noted that his plan went far enough to silence the "lunatic fringe," but not far enough to jeopardize capitalism or democracy.

FDR's confidence was contagious as millions turned to him for guidance during their darkest hours. His mastery of the radio paved the way for the media-driven presidency we know today. On the other side of the coin, his critics charged that he abused his power and set the trend for an imperial Presidency that would ultimately endanger the office in future decades.

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Primary Source: Editorial Cartoon

This cartoon criticizes FDR as a president who answered every economic question with the same answer: create a program to spend government money. The expansion of government and the waste that was part of the New Deal were both criticisms of FDR's program both then and now.

The New Deal itself created millions of jobs and sponsored public works projects that reached most every county in the nation. Federal protection of bank deposits ended the dangerous trend of bank runs. Abuse of the stock market was more clearly defined and monitored to prevent collapses in the future. The Social Security system was modified and expanded to remain one of the most popular government programs for the remainder of the century. For the first time in peacetime history the federal government assumed responsibility for managing the economy and protecting the basic welfare of its citizens.

Laborers benefited from protections and new and more powerful unions emerged, but not everyone benefited. FDR was not fully committed to either civil or women's rights and both groups received only limited benefits.

However comprehensive the New Deal seemed, it failed to achieve its main goal: ending the Depression. In 1939, the unemployment rate was still 19%, and not until 1943 did it reach its pre-Depression levels. The massive spending brought by the American entry to the Second World War ultimately cured the nation's economic woes, not Roosevelt's New Deal.

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Conservatives bemoaned a bloated governmental bureaucracy that was nearly a million workers strong, up from just over 600,000 in 1932. They complained that Roosevelt more than doubled the national debt in eight short years, a good deal of which had been lost through waste. Liberals pointed out that the gap between rich and poor was barely dented by the end of the decade.

Regardless of its shortcomings, Franklin Roosevelt and the New Deal helped America muddle through the dark times strong enough to tackle the even greater task that lay ahead: defeating Hitler's Nazi Germany and Imperial Japan.

CONCLUSION

The New Deal is remembered fondly by many liberals today as the zenith of their time in power and a sort of utopia of liberal government. But a closer inspection can temper this rosy view of the past. FDR himself was able to make little progress in advancing minority rights and the New Deal programs were designed to repair the broken economy, not radically reform it the way Huey Long or Europeans envisioned.

So, what do you think? Was FDR a liberal? Or do we just remember it that way now?

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SUMMARY

The TVA was a major project that gave people jobs building dams along the rivers around Tennessee. The dams also held water that could be used for irrigation and produced hydroelectric power for the farms in the surrounding rural areas.

FDR supported unions. The Wagner Act guaranteed the right of unions to organize. It was the first time that government firmly sided with workers in their struggle with company owners. The 1930s was a time of growth for labor union membership and power.

Social Security is the most important program to come out of the New Deal. It provides benefits for retired Americans. The money is taken from working younger people and redistributed to the elderly.

Not everyone liked the New Deal. Some liberals thought that it did not do enough to redistribute wealth down to the lower classes. Republicans thought that too much government intervention in the economy and in people's lives would stifle entrepreneurship, innovation, and self-reliance.

The Supreme Court ruled that many of the New Deal programs were unconstitutional because the Constitution did not give the government the authority to intervene in the economy by dictating prices, wages, etc. FDR tried to add justices to the Court, but was blocked by Congress, which correctly saw it as an attempt by one branch of government to inappropriately influence another.

Native Americans and African Americans were helped by the New Deal. FDR had a group of African American advisors, and the Indian New Deal ended a policy of assimilation that was destroying Native American culture and communities.

Women also benefited from the New Deal. First Lady Eleanor Roosevelt especially championed civil rights and women's rights while her husband was in office.

Ultimately, the New Deal did not end the Great Depression, but it helped. It also gave the federal government more power, and gave Americans the idea that it is the job of their government to look out for the people and protect them from economic hardship.



KEY CONCEPTS

Pension: Payment received during retirement from a person's employer. The amount received each month is usually determined by a person's salary and time worked at the business.



LAWS & PROPOSALS

Wagner Act / National Labor Relations Act: New Deal law that guaranteed labor unions the right to collective bargaining. It was a major victory for labor and strengthened labor unions for many decades.

Townsend Plan: Plan proposed by a retired dentist during the New Deal to pay \$200 to everyone over the age of 60 so long as they spent it within 30 days. It was rejected by Roosevelt.

Share Our Wealth: Program proposed by Huey Long during the Great Depression. He wanted to take money from the rich to redistribute to the poor.

Court Packing: Nickname for President Franklin Roosevelt's unsuccessful plan to appoint additional members to the Supreme Court in order to create a majority favorable to his views. The affair was widely seen as an attempt by the Executive Branch to dominate the Judicial Branch and was rejected. Politically, the affair harmed President Roosevelt.

Indian New Deal: Nickname for the Indian Reorganization Act which was passed in 1934 and ended the policies of assimilation that were created by the Dawes Act of 1887. Native Americans were no longer forced to send their children to be educated in boarding schools or adapt to White culture.



COURT CASES

United States v. Butler, Carter v. Carter Coal Company, Morehead v. New York, and Schechter Poultry Corp. v. United States: A collection of Supreme Court Cases in the 1930s in which the Court struck down major New Deal programs including the AAA, WPA and NRA as unconstitutional. In response, President Roosevelt attempted to add members to the Court in order to create a majority favorable to his ideas.



PEOPLE AND GROUPS

John L. Lewis: President of the CIO during the 1930s. He took advantage of the pro-labor sentiment in government at the time to strengthen his union.

Congress of Industrial Organizations (CIO): Labor union formed in 1935 by John Lewis. It incorporated the United Mine Workers with other non-skilled laborers who were not able to join the American Federation of Labor.

Frances Perkins: Secretary of Labor during the New Deal. She was the first woman to hold a cabinet position and was responsible for creating and implementing Social Security.

Robert Taft: Republican Senator during the 1930s who opposed the New Deal. He believed the New Deal was giving too much power to the government and programs designed to help the needy would eventually lead to a reduction in people's work ethic and entrepreneurial spirit.

Charles Coughlin: Catholic priest who had a popular radio show during the 1930s. He criticized Roosevelt's New Deal because he thought the government should talk over major industries. He later lost popularity because of his anti-Semitic ideas.

Huey "Kingfish" Long: Senator from Louisiana during the 1930s who argued that the government should take money from the rich to redistribute to the poor. He called his idea Share Our Wealth. He may have run against Roosevelt for president except that he was assassinated in 1935.

Black Cabinet: Nickname for a group of African American advisors to President Franklin Roosevelt. They included Dr. Robert Weaver and Mary McLeod Bethune.

Mary McLeod Bethune: African American educator who cofounded a university and was an important advisor to President Franklin Roosevelt as a member of the Black Cabinet.

Eleanor Roosevelt: Wife of President Franklin Roosevelt. She was an important spokesperson for his ideas and was often able to make people feel that she personally cared about them. She championed the concerns of women, minorities and the poor. Later in life she worked to promote human rights with the United Nations.

Marian Anderson: African American opera singer who performed on the steps of the Lincoln Memorial in 1939 after the Daughters of the American Revolution refused to let her sing in their theater. The concert was arranged by First Lady Eleanor Roosevelt.



GOVERNMENT AGENCIES & PROGRAMS

Tennessee Valley Authority (TVA): New Deal program that provided jobs to thousands of workers in the Tennessee area building dams along rivers that provided hydroelectric power and regulated flooding.

National Recovery Administration (NRA): New Deal agency that set minimum wages, working hours, abolished child labor, and set minimum prices. It was declared unconstitutional by the Supreme Court in 1935 because the Constitution does not give the federal government the power to regulate private industry in the way the law was written.

National Labor Relations Board (NLRB): Government agency created by the Wagner Act during the New Deal that is responsible for protecting the right of unions to collective bargaining and protect workers against unfair labor practices.

Social Security: Government program created in 1935 to provide monthly payments to retired Americans. The money is taken from the paychecks of working Americans and redistributed to those eligible to receive benefits.

Was the New Deal a Good Deal?

Evaluating the impact of the Great Depression and the New Deal means looking at them from a variety of perspectives. Economically, the Great Depression was devastating in its time, but the nation has long since recovered. Economically, the New Deal helped ease, but did not end the Depression. From a social perspective, the Depression hurt all Americans, especially minorities, and the New Deal helped many, and after initially leaving many minorities out, ultimately helped lift women and ethnic minorities. In the realm of social justice, perhaps most significantly the New Deal ended the culturally destructive policy of assimilation forced upon Native Americans.

So, was the New Deal a good deal? If we measure it against its ultimate goal – ended the Depression – then it failed. Perhaps Hoover and Taft were right. Perhaps Americans would have eventually pulled themselves out of the Depression without government help. Few economists would be willing to argue this today, however.

If we try to answer our question by looking at the lasting impact, the New Deal comes out looking more successful. Programs like the National Labor Relations Board, FDIC, and Social Security remain important protections even today. Some of the New Deal projects like the Golden Gate Bridge or TVA continue to make an impact and serve as useful reminders that government can have a positive impact on daily life.

Of course, some at the time believed the New Deal did not go far enough, Senator Long being the most prominent. What if Roosevelt and his New Dealers had implemented a system of universal healthcare along with Social Security? What if they had gone ahead and raised taxes on the rich to levels that would have created a more equal society? Would that have been better than the New Deal Roosevelt was ultimately able to enact?

What do you think? Was the New Deal a good deal?



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