Chapter 32
The Great Depression and the New Deal, 1933–1939

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I. FDR: Politician in a Wheelchair

• Roosevelt’s personality
  – Shaped by struggle with infantile paralysis:
    • Put additional steel in his soul
    • Suffering humbled him
    • Schooled himself in patience, tolerance, compassion, and strength of will
  – A personal and political asset was his wife, Eleanor:
    – Distant cousin of Franklin
    – Overcame misery of unhappy childhood
    – Emerged as champion of dispossessed
    – Ultimately “conscience of the New Deal”

I. FDR: Politician in a Wheelchair (cont.)

– FDR’s political career as much hers as it was his
– Mrs. Roosevelt also marched to her own drummer
  – Joined Women’s Trade Union League and League of Women Voters
– Moving into White House, she brought unprecedented number of women activists
– Network helped make her most active First Lady in history
– She powerfully influenced policies of national government
– She battled for impoverished and oppressed
– Personnel relationship with FDR rocky, due to his infidelities
– Condemned by conservatives and loved by liberals, she was one of most controversial—and consequential—public figures of 1900s
I. FDR: Politician in a Wheelchair (cont.)

* Franklin Roosevelt's political appeal:
  - Premier American orator of his generation
  - As popular depression governor of New York:
    - Sponsored heavy state spending to relieve human suffering
    - Believed money, rather than humanity, expendable
    - Revealed deep concern for plight of "forgotten man"
    - Assailed by rich as "traitor to his class"

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I. FDR: Politician in a Wheelchair (cont.)

* Democratic National Convention (July 1932) in Chicago speedily nominated Roosevelt
  - Democratic platform:
    - Promised balanced budget
    - Sweeping social reforms
    - FDR flew to Chicago and accepted nomination in person
    - His words, "I pledge you, I pledge myself to a new deal for the American people"
II. Presidential Hopefuls of 1932

- Roosevelt:
  • Consistently preached New Deal for “forgotten man”
  • He was annoyingly vague and somewhat contradictory
  • Many of his speeches ghost written by “Brains Trust” (popularly Brain Trust)
    - Small group of reform-minded intellectuals
    - Kitchen cabinet, who authored much New Deal legislation
    - FDR rashly promised balanced budget
    - And berated heavy Hooverian deficits

II. Presidential Hopefuls of 1932 (cont.)

- Hoover:
  • Remained in White House:
    - Conscientiously battling depression
    - Out on campaign, supporters halfheartedly assured half-listening voters
    - Insisted Roosevelt’s impending victory would plunge nation deeper into depression
  • With campaign going badly for Republicans,
    - Hoover took to stump
    - Reaffirmed his faith in American free enterprise and individual initiative

III. Hoover's Humiliation in 1932

- Election of 1932:
  - Hoover had been swept into office on rising tide of prosperity
  - He was swept out of office by receding depression
- Votes:
  • 22,809,638 for Roosevelt; 15,758,901 for Hoover
  • Electoral count 472 to 59
  • Hoover carried only six rock-ribbed Republican states
III. Hoover's Humiliation in 1932 (cont.)

- Features of election:
  - Distinct shift of blacks to Roosevelt camp
    - Victims of depression
    - Shifted to Democratic Party, especially in urban centers of North
  - Hard times ruined Republicans:
    - Vote as much anti-Hoover as it was pro-Roosevelt
    - Democrats voiced demand for change:
      - A new deal rather than the New Deal

- Lame duck period:
  - Hoover continued to be president for 4 long months, until March 4, 1933
    - Helpless to embark upon any long-range policies without cooperation of Roosevelt
    - President-elect uncooperative
    - Hoover arranged two meetings with Roosevelt to get FDR to agree to anti-inflationary policy that would have prevented most New Deal experiments
  - In politics, the winner, not loser, calls tune
III. Hoover's Humiliation in 1932
(cont.)

• Washington deadlocked:
  – Economy clanked to virtual halt
  – One worker in four, unemployed
  – Banks locked their doors throughout U.S.
  – Some Hoovers accused Roosevelt of deliberately permitting depression to worsen so he could emerge more spectacularly as savior

IV. FDR and the Three R's: Relief, Recovery, Reform

• Inauguration Day, March 4, 1933:
  – Roosevelt denounced "money changers" who brought on calamity
  – Declared government must wage war on Great Depression
  – Moved decisively:
    • Boldly declared nationwide banking holiday, March 6-10
    • Summed Congress into special session to cope with national emergency:

IV. FDR and the Three R's: Relief, Recovery, Reform (cont.)

• Hundred Days (March 9-June 16, 1933):
  – Congress cranked out unprecedented remedial legislation (see Table 32.1)
  – New measures to deal with desperate economy
  – Aimed at three R's: relief, recovery, and reform
  – Short-range goals—relief and immediate recovery in two years
  – Long-range goals—permanent recovery and reform of current abuses
IV. FDR and the Three R's: Relief, Recovery, and Reform (cont.)

- Roosevelt's Hundred Days Congress:
  - Rubber stamped bills drafted by White House
  - Roosevelt's “must legislation” gave him extraordinary blank-check powers
  - Some of the new laws delegated legislative authority to chief executive
  - Passed many essential New Deal “three R’s” though long-range measures added later
IV. FDR and the Three R's: Relief, Recovery, and Reform (cont.)

- New Dealers embraced progressive ideas:
  - Unemployment insurance, old-age insurance
  - Minimum-wage regulations
  - Conservation and development of natural resources
  - Restrictions on child labor
- Invented some new schemes:
  - Tennessee Valley Authority
- No longer would America look as backward in realm of social welfare as it once had

V. Roosevelt Manages the Money

- Banking chaos—immediate action:
  - Emergency Banking Relief Act of 1933:
    - Invested President with power to regulate banking transactions and foreign exchange
    - To reopen solvent banks
- Roosevelt turned to radio:
  - Delivered first of 30 famous "fireside chats"
  - Now safe to keep money in reopened banks
  - Confidence returned; banks unlocked doors
V. Roosevelt Manages the Money
(cont.)

• Glass-Steagall Banking Reform Act:
  – Created Federal Deposit Insurance Corporation:
    • Insured individual deposits up to $5,000 (later raised)
    • Ended bank failures, dating back to “wildcat” days of Andrew Jackson (see Figure 32.1)

• Declining gold reserves:
  • FDR ordered all private holdings of gold be surrendered to Treasury in exchange for paper currency
  • Then took nation off gold standard
  • Congress canceled gold-payment clause in all contracts

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V. Roosevelt Manages the Money
(cont.)

• Authorized repayment in paper currency
  – A “managed currency” on its way:
    • FDR’s “managed currency” was inflation:
      – Which he believed would relieve debtors’ burdens
      – And stimulate new production
    • Principal instrument for achieving inflation was gold buying
    – Instructed Treasury to purchase gold at increasing prices—price of gold increased from $21 an ounce (1933) to $35 an ounce (1934)
    • A price that held for four decades
V. Roosevelt Manages the Money (cont.)

- Policy did increase amount of dollars in circulation
- Inflationary result provoked wrath of “sound-money” critics on “baloney dollar”
- Gold scheme came to end in February 1934, when Roosevelt returned to limited gold standard for international trade purposes
  - United States pledged to pay foreign bills, if requested, in gold at rate of one ounce of gold for every $35 due
- Domestic circulation of gold continued to be prohibited
  - Gold coins became collector’s items

VI. Creating Jobs for the Jobless

- Overwhelming unemployment:
  - One out of four workers jobless
  - Highest level of unemployment in nation’s history
  - Roosevelt had no hesitancy about using federal money to assist unemployed
  - At same time “prime the pump” of industrial recovery

VI. Creating Jobs for the Jobless (cont.)

- Civilian Conservation Corps (CCC):
  - Most popular of New Deal “alphabetical agencies”
    - Provided employment in fresh-air government camps for about three million young men
    - Useful work—including reforestation
      - Firefighting (47 lives lost), flood control, swamp drainage
    - Recruits required to help parents by sending home most of their pay
    - Both human and natural resources conserved
VI. Creating Jobs for the Jobless (cont.)

- Critics of CCC:
  - Minor complaints of "militarizing the nation's youth"
- Adult unemployment:
  - Federal Emergency Relief Administration (FERA):
    - Under Harry L. Hopkins
    - Hopkins's agency granted $3 billion to states for direct dole payments or preferably for wages on work projects

VI. Creating Jobs for the Jobless (cont.)

- Relief for hard-pressed special groups:
  - Agricultural Adjustment Act (AAA):
    - Made millions available to help farmers meet mortgages
  - Home Owners' Loan Corporation (HOLC):
    - Refinanced mortgages on nonfarm homes
    - Assisted a million badly pinched households
    - Bailed out mortgage-holding banks
    - Bolted loyalties of relieved middle-class homeowners securely to Democratic party
VI. Creating Jobs for the Jobless (cont.)

- Civil Works Administration (CWA) (1933):
  - Set up by Roosevelt himself
  - Under direction of Hopkins via FERA
  - Provided temporary jobs during cruel winter emergency
  - Tens of thousands of jobless employed at leaf raking and other make-work tasks
  - Scheme widely criticized as kind of labor that put premium on shovel-leaning slow motion

VII. A Day for Every Demagogue

- Persistence of suffering indicated emergency relief measures needed
  - Not only to be continued, but supplemented
  - Danger signal was appearance of demagogues— notably magnetic “microphone messiah”:
    - Father Charles Coughlin began broadcasting in 1930
      - His slogan was “Social Justice”
      - His anti-New Deal messages went to 40 million radio fans
      - So anti-Semitic, fascistic, and demagogic that he was silenced in 1942 by ecclesiastical superiors
VII. A Day for Every Demagogue
(cont.)
– New brood of agitators capitalized on popular discontent:
  • Dr. Francis E. Townsend promised everyone over sixty $200 a month
  • Senator Huey P. Long ("Kingfish") publicized his "Share Our Wealth" program
    – Promised to make "Every Man a King"
    – Every family would receive $5,000, supposedly at expense of prosperous
    – Fear of Long becoming fascist dictator ended when he was shot by an assassin in Louisiana in 1935

VII. A Day for Every Demagogue
(cont.)
– Demagogues (Coughlin and Long) raised troubling questions about link between fascism and economic crisis:
  – Authoritarian rule strengthened in Japan
  – Adolf Hitler acquired absolute authority in Germany
  – Some worried Roosevelt would turn into dictator
  • To quiet unrest, Congress authorized Works Progress Administration (WPA) in 1935
    – Objective was employment on useful projects
    – Agency ultimately spent about $11 billion on thousands of public buildings, bridges, and hard-surfaced roads
VII. A Day for Every Demagogue
(cont.)

• Not every WPA project strengthened infrastructure
  — One controlled crickets in Wyoming
  — Built a monkey pen in Oklahoma City
• Most loved WPA programs:
  — Federal Art Project—hired artists to create posters and murals

Critics claimed WPA meant “We Provide Alms”

• Over eight years, nearly nine million people given jobs, not handouts:
  — Nourished precious talent
  — Preserved self-respect
  — Fostered creation of more than a million pieces of art, many of them publicly displayed
VIII. New Visibility for Women

– After 19th Amendment, women began to carve more space in political and intellectual life
– First Lady Eleanor most visible woman in Roosevelt White House
– Secretary of Labor Francis Perkins (1880-1965) became first woman cabinet member
– Mary McLeod Bethune (1875-1955)
  • Director of Office of Minority Affairs in National Youth Administration—served as highest-ranking African American in Roosevelt administration

VIII. New Visibility for Women (cont.)

• Women’s contribution in social sciences:
  – Anthropology:
    • Ruth Benedict (1887-1948) carried on work of her mentor, Franz Boas (1858-1942)
      – By developing “culture and personality movement” in 1930s and 1940s
      – Benedict’s landmark work: Pattern of Culture (1934):
        » Established study of cultures as collective personalities
        » Each culture, like each individual, had its own “more or less consistent pattern of thought and action”
VIII. New Visibility for Women (cont.)

• Margaret Mead (1901-1978), student of Benedict:
  — Her studies of adolescence among Pacific island peoples advanced bold new ideas about sexuality, gender roles, and intergenerational relationships
  — 34 books published and curatorship at American Museum of Natural History, New York
  — Popularized cultural anthropology and achieved celebrity status rare among social scientists

• Pearl S. Buck (1892-1973):
  — Introduced American readers to Chinese peasant society
  — Her best selling novel, *The Good Earth* (1931) earned Nobel Prize for Literature in 1938
  — Used her fame to advance humanitarian causes

IX. Helping Industry and Labor

• National Recovery Administration (NRA)
  — Most complex and far-reaching of New Deal projects
  — Combine immediate relief with long-range recovery and reform
  — Triple-barreled: designed to assist industry, labor, and unemployed
    — Individual industries would work out codes of “fair competition” under which hours of labor would be reduced
    — To spread employment to more people
    — A ceiling placed on maximum hours of labor
    — A floor placed under wages to establish minimum levels
IX. Helping Industry and Labor (cont.)
- Labor granted additional benefits:
  • Workers formally guaranteed right to organize
  • And bargain collectively through representatives of their own choosing—not agents of company's choosing
  • "Yellow dog," or antunion, contract expressly forbidden
  • Certain restrictions placed on use of child labor

IX. Helping Industry and Labor (cont.)
- NRA's “fair competition” codes:
  • Called for self-denial by management and labor
  • Patriotism aroused by mass meetings and parades
  • Blue eagle designed as symbol of NRA
  • For brief time, an upswing in business activity

IX. Helping Industry and Labor (cont.)
- Problems of NRA:
  • Too much self-sacrifice expected of labor, industry, and public
  • "Age of chiselry" as unscrupulous businessmen ("chiselers") displayed blue eagle but secretly violated codes
  • Supreme Court killed NRA in famed "sick chicken" case
    - In Schechter (1935) Court ruled:
      - Congress could not delegate legislative powers to executive
      - Declared congressional control of interstate commerce could not apply to local business
IX. Helping Industry and Labor (cont.)

– Public Works Administration (PWA):
  • Like NRA, intended for industrial recovery and unemployment relief
  • Headed by Secretary of Interior, Harold L. Ickes
  • $4 billion spent on 34,000 projects:
    – Public buildings, highways, and parkways
    – Grand Coulee Dam on Columbia River (Washington):
      » Irrigated millions of acres of new farmland
      » Created more electrical power than entire Tennessee Valley Authority
      » Transformed Pacific Northwest with abundant water and power

IX. Helping Industry and Labor (cont.)

– Liquor industry:
  • Imminent repeal of prohibition:
    – Afforded opportunity to raise federal revenue
    – And provide employment
  • Hundred Days Congress
    – Legalized light wine and beer with alcohol content of no more than 3.2% by weight
    – Levied tax of $5 on every barrel so manufactured
  • Prohibition repealed by Twenty-first Amendment in 1933 (see Appendix)
    – Saloon doors swung open
X. Paying Farmers Not to Farm

— Suffering farmers:
  • Since war-boom days of 1918, suffered low prices and overproduction
  • Depression—innumerable mortgages foreclosed

— **Agricultural Adjustment Administration (AAA):**
  • Through “artificial scarcity” establish “parity prices” for basic commodities
  • “Parity” as price set for a product that gave it same value in purchasing power, that it enjoyed from 1909-1914

X. Paying Farmers Not to Farm (cont.)

• AAA would eliminate price-depressing surpluses by paying growers to reduce crop acreage
• Millions raised by taxing processors of farm products, who in turn would shift burden to consumers
• “Subsidized scarcity” would raise farm income
• Paying farmers not to farm increased unemployment
• Supreme Court killed Act in 1936
• Congress hastened to pass Soil Conservation and Domestic Allotment Act of 1936
  — Farmers paid to plant soil-conserving crops or let land lie fallow

X. Paying Farmers Not to Farm (cont.)

• Emphasis on conservation approved by Supreme Court
  — Second Agricultural Adjustment Act of 1938:
    • Continued conservation payments
    • If growers observed acreage restrictions on specified commodities, they would be eligible for parity payments
    • Goal to give farmers not only fairer price but more substantial share of national income partially achieved
XI. Dust Bowls and Black Blizzards

- Nature helped provide unplanned scarcity:
  - **Dust Bowl:**
    - Drought and wind triggered dust storms, but they were not only culprits:
    - Farmers bought countless acres of marginal land under cultivation
    - Dry-farming techniques and mechanization had revolutionized Great Plains agriculture
    - Methods left powdery topsoil to be swept away at nature's whim (see Map 32.1)

XI. Dust Bowls and Black Blizzards (cont.)

- Tens of thousands of refugees fled ruined farms
  - Many settled in San Joaquin Valley of California
  - Yet transition was cruel
  - Dismal story of these human tumbleweeds realistically portrayed by John Steinbeck, *The Grapes of Wrath* (1939)
- Efforts to relieve their burdens:
  - **Frazier-Lemke Farm Bankruptcy Act (1934):**
    - Made possible suspension of mortgage foreclosures for five years—voided next year by Supreme Court
    - Revised law limiting grace period to three years, unanimously upheld
XI. Dust Bowls and Black Blizzards (cont.)

- Resettlement Administration (1935):
  - Charged with removing near-farmless farmers to better land
  - 200 million young trees successfully planted on bare prairies by young men of Civilian Conservation Corps

- Native Americans felt far-reaching hand of New Deal reform:
  - Commissioner of Indian Affairs John Collier sought to reverse forced-assimilation policies in place since Dawes Act of 1887 (see Chap. 26)
  - Collier promoted Indian Reorganization Act of 1934
    - "Indian New Deal" encouraged tribes to establish local self-government and preserve native crafts and traditions

- New law helped stop loss of Indian lands and
- Revived tribes' interest in identity and culture
- Not all Native Americans applauded it:
  - Some denounced it as "back-to-the-blanket" measure that would make museum pieces out of Indians
  - 77 tribes refused to organize under it, though nearly 200 others did establish tribal governments

Map 32 - p756
XII. Battling Bankers and Big Business

– New Dealers determined to reform “money changers”
  • Who had played fast and loose with gullible investors before Wall Street crash of 1929
– “Truth in Securities Act” (Federal Securities Act):
  • Required promoters to transmit to investors sworn information regarding soundness of stocks and bonds
– Securities and Exchange Commission (SEC) 1934:
  • Watchdog agency to protect public against fraud, deception, and inside manipulation
    – Stock markets would operate more as trading marts and less as gambling casinos

XII. Battling Bankers and Big Business (cont.)

• New Dealers directed fire at public utility holding companies:
  – One such supercorporation collapsed in 1932 when Samuel Insull’s financial empire crashed
  – Public Utility Holding Company Act of 1935:
    • “Death sentence” to such bloated growth, except where it might be deemed economically needful

XIII. The TVA Harnesses the Tennessee

– Electric-power industry attracted ire of New Deal reformers for charging excessive rates:
  • An industry that reached directly into pocketbooks of millions of customers for vitally needed services
  • Tennessee River provided New Dealers with opportunity:
    – By developing hydroelectric potential of entire area, Washington could combine immediate advantage:
      » Employment of thousands of people to work
      » And long-term project for reforming power monopoly
XIII. The TVA Harnesses the Tennessee (cont.)

- **Tennessee Valley Authority (TVA) (1933)**
  - Vision of Senator George W. Norris of Nebraska
  - From standpoint of “planned economy,” by far most revolutionary of all New Deal schemes
  - Determined to discover precisely how much it cost to product and distribute electricity
  - With that “yardstick,” fairness of rates charged by private companies could be judged
  - New Dealers pointed with pride to amazing achievements of TVA

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- **Benefits to area:**
  - Full employment
  - Cheap electric power (see Figure 32.2)
  - Low-cost housing
  - Abundant cheap nitrates
  - Restoration of eroded soil
  - Reforestation
  - Improved navigation
  - Flood control
XIII. The TVA Harnesses the Tennessee (cont.)

- New Dealers agitated for parallel enterprises in valleys of Columbia, Colorado, and Missouri Rivers
- Conservative reaction against “socialistic” New Deal confined TVA’s brand of federally guided resource management and comprehensive regional development to Tennessee Valley (see Map 32.2)

XIV. Housing and Social Security

- New Deal housing policies:
  - Federal Housing Administration (1934):
    - Building industry stimulated by small loans to households:
      - For improving their dwellings
      - For completing new ones
    - So popular it outlasted age of Roosevelt
  - Congress bolstered program in 1937 by authorizing United States Housing Authority (USHA):
XIV. Housing and Social Security (cont.)

- Agency designed to lend money to states or communities for low-cost construction
- 650,000 units started, tragically short of needs
- Collided with opposition from real estate promoters, builders, landlords, and anti-New Dealers
- Still slums areas ceased growing and shrank

• Social Security Act 1935:
  - Unemployment insurance and old-age pensions
  - One of most complicated and far-reaching laws ever to pass Congress

XIV. Housing and Social Security (cont.)

- Provided for federal-state unemployment insurance to cushion future depressions
- Provided security for old age:
  - Specified categories of retired workers would receive regular payments from Washington
  - Payments ranged from $10 to $85 a month (raised periodically)
  - Financed by payroll tax on employers and employees
- Provisions made for blind, physically handicapped, delinquent children and other dependents

XIV. Housing and Social Security (cont.)

• Republican opposition bitter:
  - "Social Security" must be built upon a cult of work, not a "cult of leisure," insisted Hoover
  - GOP national chairman falsely charged that every worker would have to wear a metal dog tag for life
- Social Security inspired by industrial nations of Europe
- In urbanized economy, government now recognizing its responsibility for welfare of citizens
- By 1939, over 45 million eligible for Social Security benefits
XIV. Housing and Social Security (cont.)

- In future, other categories added:
  - Farm and domestic workers
    » Millions of poor men and women initially excluded
  - In contrast to Europe, where welfare programs were universal
    » American workers had to be employed
    » And in certain jobs to get coverage

XV. A New Deal for Labor

- Wagner Act:
  - National Labor Relations Act (1935)
  - Named after sponsor, Senator Robert F. Wagner
  - Created powerful new National Labor Relations Board:
    - Administrative purposes
    - Reasserted right of labor to engage in self-organization
    - To bargain collectively through representatives of its own choice
    - Considered Magna Carta of labor. Wagner Act proved to be major milestone for American workers

XV. A New Deal for Labor (cont.)

- Under sympathetic National Labor Relations Board:
  - Unskilled workers began to organize into effective unions
  - Leader was John L. Lewis, boss of United Mine Workers
    - Formed Committee for Industrial Organization (CIO) within skilled-craft American Federation of Labor (AFL)
    - In 1936, AFL suspended CIO
    - CIO then moved into auto industry:
      » Resorted to sit-down strike
      » Refused to leave factory building of General Motors at Flint, Michigan
      » Thus prevented importation of strikebreakers
XV. A New Deal for Labor  
(continuation)

- Conservative respecters of private property scandalized
- Victory when General Motors recognized CIO as sole bargaining agency for its employees
- Unskilled workers pressed advantage:
  - US Steel Company averted strike when it granted rights of unionization to its CIO-organized employees
  - "Little steel" companies fought back savagely
  - 1937: Memorial Day massacre at Republic Steel Company plant in South Chicago
  - After police opened fire, area strewn with several score dead and wounded

XV. A New Deal for Labor  
(continuation)

- Fair Labor Standards Act 1938:
  - Also known as Wages and Hours Bill
  - Set minimum-wages and maximum-hours for industries involved in interstate commerce
    - Goals: 40 cents an hour (later raised) and 40-hour week
  - Labor by children under sixteen (under eighteen if occupation dangerous) forbidden
  - Reforms bitterly opposed by industrialists, especially textiles
  - Excluded agricultural, service, and domestic workers
    - Excluded many blacks, Mexican Americans, and women not benefit from act
XV. A New Deal for Labor (cont.)

- Labor unionization thrived (see Figure 32.3)
  - President received valuable support at ballot-box from labor leaders and appreciative workers
  - Committee for Industrial Organization formally reconstituted as Congress of Industrial Organizations (new CIO) under John L. Lewis
    - By 1940 claimed membership of four million, including 200,000 blacks
    - Jurisdictional feuding continued with AFL: labor seemed more bent on costly civil war than on war with management
XVI. Landon Challenges “the Champ”

– Upcoming election of 1936:
  • Democrats renominated Roosevelt on platform squarely endorsing New Deal
  • Republicans hard-pressed to find a candidate
    – Settled on homespun governor of Kansas, Alfred M. Landon
    – Landon a moderate who accepted some New Deal reforms but not popular Social Security Act
    – Republicans condemned New Deal of Franklin “Deficit” Roosevelt for its radicalism, experimentation, confusion, and “riffrafla waste”
    – Landon backed by Hoover (called for “holy crusade for liberty”) and American Liberty League of wealthy conservatives

XVI. Landon Challenges “the Champ” (cont.)

– Roosevelt denounced “economic royalists”
– Election returns:
  • Landslide overwhelmed Landon, who only won two states—Maine and Vermont
  • Popular vote: 27,752,869 to 16,674,665
  • Electoral count 523 to 8—most lopsided in 116 years
  • Democrats now claimed more than two-thirds of seats in House and same proportion in Senate

XVI. Landon Challenges “the Champ (cont.)

– Battle of 1936:
  • Most bitter since Bryan’s defeat in 1896
  • Partially bore out Republican charges of class warfare
    – Needy economic groups lined up against so-called greedy economic groups
  • CIO contributed generously to FDR’s campaign
  • Many left-wingers turned to Roosevelt, as third-party protest vote declined sharply
  • Blacks switched to Democratic party
XVI Landon Challenges “the Champ (cont.)

• Roosevelt won because he appealed to “forgotten man,” whom he never forgot
  — Some supporters only pocketbook-deep: “relievers”
  — Roosevelt forged powerful and enduring coalition of
    * Southerners,
    * Blacks, urbanites, and poor
    * Marshaled support of “New Immigrants”—mostly Catholics and Jews—who had come of age politically
    * In 1920s one out of every 25 federal judgeships went to a Catholic
    * Roosevelt appointed Catholics to one out of every four

XVII. Nine Old Men on the Bench

— Roosevelt took presidential oath on January 20, 1937, instead of traditional March 4:
  • Twentieth Amendment ratified in 1933 (see Appendix)
    — Swept away postelection lame duck session of Congress
    — Shortened by six weeks awkward period before inauguration
  • Roosevelt interpreted reelection as mandate to continue New Deal:
    — To him, Supreme Court judges were stumbling blocks
    — In nine major cases invoking New Deal, they had thwarted New Deal reforms seven times

XVII. Nine Old Men on the Bench (cont.)

— Court ultra-conservative; six of nine judges over 70
  • Roosevelt had not appointed anyone to Court in first term
  • Some justices held on primarily to curb “socialistic” New Deal
  • FDR believed voters (presidential elections of 1932 and 1936 and congressional elections of 1934) had clearly demonstrated support for New Deal
  • To FDR, Court obstructing democracy
XVII. Nine Old Men on the Bench (cont.)

- Roosevelt hit on scheme to fix problem:
  - Proved to be one of his most costly political misjudgments
  - Asked Congress for legislation to permit him to add a new justice to Supreme Court for every one over seventy who would not retire
  - Maximum membership would be fifteen
  - He alleged Court far behind in its work—which proved to be false and brought accusations of dishonesty
  - Headstrong FDR not realize that Court, in popular thinking, had become sacred cow

XVIII. The Court Changes Course

- Congress and nation convulsed over Court-packing plan:
  - FDR vilified for attempting to break delicate checks and balances among three branches
  - Accused of grooming himself as dictator by trying to browbeat judiciary
  - To Republicans and some Democrats, basic liberties seemed in jeopardy
  - Court saw ax hanging over its head:
    - Justice Owen J. Roberts, a conservative, began to vote with liberal colleagues
XVIII. The Court Changes Course (cont.)

• In 1937, Court upheld principle of state minimum wage for women, reversing its 1936 decision
• In succeeding decisions, Court became more sympathetic to New Deal:
  – Upheld National Labor Relations Act and Social Security Act
• Roosevelt’s “Courtpacking” further undermined when Congress voted full pay for justices over 70 who retired:
  – One of oldest conservatives resigned
  – Replaced by New Dealer Justice Hugo Black

XVIII. The Court Changes Course (cont.)

– Congress finally passed court reform bill:
  • Watered-down version applied only to lower courts
  • Roosevelt suffered first major legislative defeat at hands of his own party in Congress
  • Eventually Court became markedly more friendly to New Deal reforms
  • Succession of deaths and resignations enabled him to make nine appointments to tribunal—more than any of his predecessors since George Washington
  • Clock “unpacked” Court

XVIII. The Court Changes Course (cont.)

– Yet in a sense, FDR lost both Court battle and war:
  • So aroused conservatives of both parties in Congress that few New Deal reforms passed after 1937, year of fight to “pack” bench
  • With this catastrophic miscalculation, he squandered much of goodwill that carried him to victory in 1936 election
XIX. Twilight of the New Deal

– Roosevelt’s first term did not banish depression:
  • Unemployment persisted in 1936 at about 15%, down from 25% of 1933, but still high (see Figure 32.4)
  • Recovery had been modest
  • Then in 1937 economy took another sharp downturn:
    – Surprising severe depression within the depression that critics dubbed “Roosevelt recession”
    – Government policies caused nosedive:
      » Just as new Social Security taxes began to take effect
      » FDR cut government spending to try to balance budget

XIX. Twilight of the New Deal (cont.)

– Roosevelt then deliberately embraced ideas of British economist John Maynard Keynes:
  • FDR announced bold program to stimulate economy by planned deficit spending
  • Keynesianism—use of government spending and fiscal policy to “prime the pump” of economy and encourage consumer spending
  • Policy became new economic orthodoxy and remained so for decades
XIX. Twilight of the New Deal (cont.)

• Roosevelt continued to push remaining reform measures of New Deal:
  • Urged Congress to authorize sweeping reorganization of national administration in interests of efficiency
  • Not done, and thus another defeat
  • Two years later, Congress partially relented and passed Reorganization Act:
    – Gave president some powers for administrative reforms, including key new Executive Office in White House

XIX. Twilight of the New Deal (cont.)

– Hatch Act 1939:
  • Barred federal officials, except highest policy-making officers, from active political campaigning and soliciting
  • Forbade use of government funds for political purposes
  • Forbade collection of campaign contributions from people receiving relief payments
– Hatch Act broadened in 1940:
  • Placed limits on campaign contributions and expenditures
    – After some found ways around it, legislation proved disappointing

XIX. Twilight of the New Deal (cont.)

– By 1938, New Deal lost its momentum:
  • Roosevelt could find few new reforms
  • In congressional elections of 1938, Republicans scored victories but failed to gain control in either house
  • Foreign affairs increasingly dominated public debate
XX. New Deal or Raw Deal?

– Foes of New Deal condemned:
  • Alleged waste, incompetence, confusion, contradictions, and cross-purposes
  • As well as graft in alphabetical agencies—“alphabet soup,” sneered Al Smith
  • Deplored employment of “crackpot” college professors, leftist “pinkos,” and outright Communists
  • Claimed New Dealers trying to make U.S.A. over in Bolshevik-Marxist image under “Rooseveltski”

XX. New Deal or Raw Deal? (cont.)

• Roosevelt accused of being Jewish (“Rosenfield”) and tapping too many Jewish leftists (“The Jew Deal”) for his “Drain Trust”
• Businesspeople shocked by leap-before-you-look, try-anything-once spirit
• “Bureaucratic meddling” and “regimentation” were bitter complaints of anti-New Dealers
• Federal government, with all its employees, became incomparably largest single business in country
XX. New Deal or Raw Deal? (cont.)

- Promises of budget balancing flew out window
  - National debt in 1932 = $19,487,000,000
  - Skyrocketed by 1939 to $40,440,000,000
- America becoming “handout state;” U.S. stood for “unlimited spending”
- Businessmen bitter:
  - Accused New Deal of fomenting class strife
  - Conservatives insisted laborers and farmers being pampered
  - Businessmen wanted government off their backs
  - Private enterprise being stifled by “planned economy,” “planned bankruptcy” and “creeping socialism”

XX. New Deal or Raw Deal? (cont.)

- States’ rights ignored, while government competed in business with its own citizens, under “dictatorship of do-gooders”
  - Roosevelt’s leadership denounced:
    - “One-man supergovernment”
    - Heavy fire against attempts to browbeat Supreme Court and create “dummy Congress”
      - Tried to “purge” Congress of Democrats who would not march in lockstep with him
      - Three senators whom he publicly opposed all reelected

XX. New Deal or Raw Deal? (cont.)

- Most damning indictment of New Deal:
  - Failed to cure depression
  - Floating in sea of red ink, it had only administered aspirin, sedatives, and Band-Aids
    - $20 billion poured out in six years of deficit spending and lending
      - Gap not closed between production and consumption
      - More farm surplus under Roosevelt than under Hoover
      - Millions still unemployed in 1939 after six years of drain, strain, and pain
XXI. FDR’s Balance Sheet

– New Dealers staunchly defended record:
  • Some waste, but pointed out that relief—not economy—had been primary objective
  • Some graft, but argued it had been trivial in view of immense sums spent and obvious need for haste
  • New Deal relieved worst of crisis in 1933
  • Promoted philosophy of “balancing the human budget”
  • Washington regime to be used, not feared
  • Collapse of America’s economic system averted
  • Fairer distribution of national income achieved
  • Citizens able to regain and retain self-respect

XXI. FDR’s Balance Sheet (cont.)

• Though hated by business tycoons, FDR should have been their patron saint
  – Deflected popular resentments against business
  – May have saved American system of free enterprise
  – His quarrel not with capitalists but with capitalism
  – Purged American capitalism of some of its worst abuses
  – Headed off radical swing to left
  – Claimed that New Deal did not bankrupt United States
  – Massive national debt caused by WWII, not New Deal

  » National debt = $40 billion in 1939; $258 billion in 1945

XXI. FDR’s Balance Sheet (cont.)

• FDR provided bold reform without bloody revolution
• Upbraided by left-wing radicals for not going far enough, by right-wing radicals for going too far
  – Choosing middle road, Roosevelt has been called greatest American conservative since Hamilton
    » Hamiltonian in espousal of big government, but
    » Jeffersonian in concern for “forgotten man”
  – Demonstrating value of presidential leadership, he exercised power to relieve erosion of nation’s greatest resource—its people
  – Helped preserve democracy in America at a time when democracies abroad disappearing to dictatorship
XXI. FDR’s Balance Sheet (cont.)

• Unwittingly girded nation for its part in titanic war that loomed on horizon—a war in which democracy the world over would be at stake