

Chapter 32

The Great Depression and the New Deal, 1933–1939

Presented by:

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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”

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

III. Hoover's Humiliation in 1932 (cont.)

- 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 Hooverites 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
 - Summoned 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

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- **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

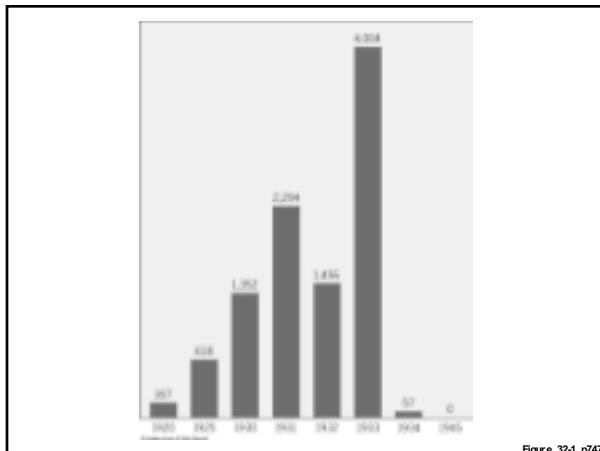
V. Roosevelt Manages the Money

- 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



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

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



VII. A Day for Every Demagogue (cont.)

- 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



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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 antiunion, 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 a 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 alcoholic 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



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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



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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

XI. Dust Bowls and Black Blizzards (cont.)

- 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



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

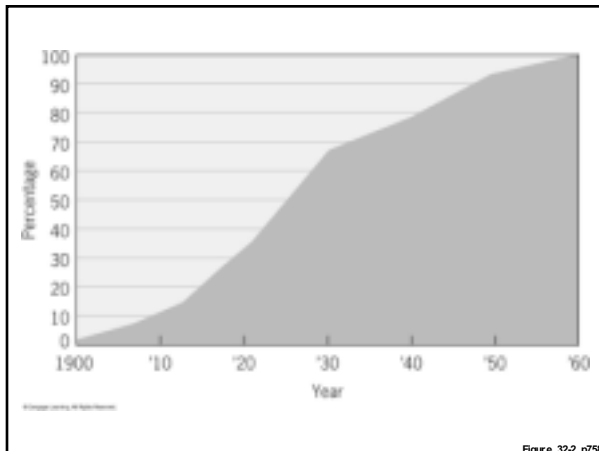


XIII. The TVA Harnesses the Tennessee (cont.)

- 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 house-holders:
 - 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 (cont.)

- 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 (cont.)

- **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
 - Meant 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



Figure 32.3. n760

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 “frightful 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: “reliefers”
 - 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 involving 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

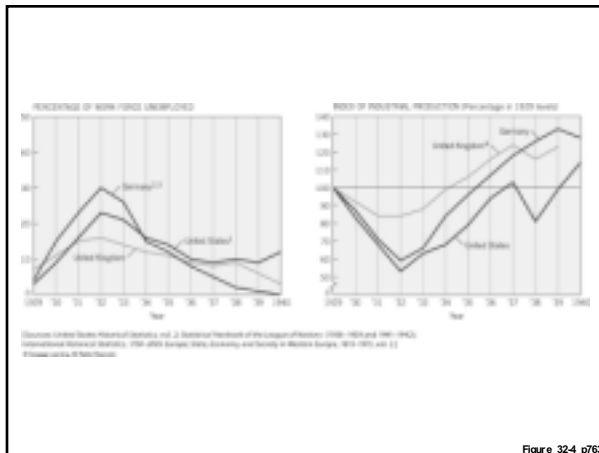


Figure 32.4, p763

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.)

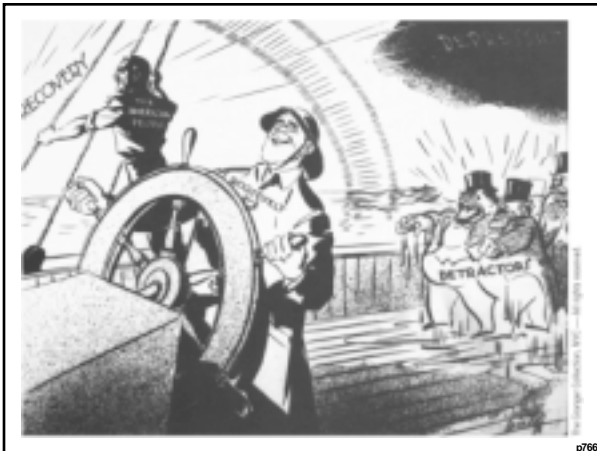
- Though hated by business tycoons, FDR should have been their patron saint
 - Deflected popular resentments against business
 - May have saved American system of free enterprise
 - His quarrel not with capitalism but with capitalists
 - Purged American capitalism of some of its worst abuses
 - Headed 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



CHRONOLOGY	
1900 Roosevelt defeats Hoover for presidency	1915 NIRA established; Hogges Act
1933	1936
Emergency Banking Relief Act	Board of Economic Warfare
Reed and Niles Revenue Act	Social Security Act
Hoover and Dies Congress smashes AAA, TVA, RCA, NRA, and FWA	Public Utility Holding Company Act
Reform Social Tax Act	Schechter "sick chicken" case
Glass-Steagall Banking Reform Act	CIO organized
CWA established	1938
Neutrality Amendment changed calendar of congressional sessions and date of presidential inauguration	WPA established
Smoot-Hawley Tariff Act repealed	1937
1934 Gold Reserve Act	Roosevelt announces "Court-packing" plan
Securities and Exchange Commission authorized	1938
Indian Reorganization Act	Second AAA
NRA established	Fair Labor Standards Act
Radio-Telegraph Broadcasting Act	1939
	Reorganization Act
	Hatch Act
