HIST 1302 Lecture 9:

The New Deal

* + 1. Everywhere in the early 30s, people were suffering
       1. City, country and state govts quickly proved incapable of managing the misery
       2. As Ams turned to federal govt for ideas and answers, Herbert Hoover struggled to provide adequate responses to the unprecedented crisis of the Great Depression

1. Global nature of the depression
   1. What made the great depression so severe, so long lasting
      1. It’s global nature
      2. By 1929 Europe still reeling from Great War
      3. Once Am economy collapsed, sent shock waves throughout world
      4. Eco distress fed rise of totalitarian regimes
         1. Fascism and Nazism in Italy and Germany
         2. Communism in Soviet Union
   2. Global happenings
      1. and around the globe, nations were dealing with the economic crisis differently
         1. Brit and France
            1. More interested in preserving public order than relieving suffering or embarking on policy innovations
         2. Germany
            1. Adolf Hitler, leader of Nazi Party

Established brutal dictatorship

Banned all political opposition

Reign of terror against Jews and others “un-German”

* + - 1. Soviet Union
         1. Joseph Stalin, tyrant

Successive 5-year plans

Produced rapid industrialization and claimed to eliminated unemployment at great social cost

* + - 1. Japan
         1. Invaded China in 1937
         2. Hoped to extend rule throughout Asia

Chapter 25

1. From Hooverism to the New Deal
   1. In US Hoover’s response inadequate and uncaring
      1. Leading advisors – including Sec of Treas Andrew Mellon
         1. Eco downturns normal part of capitalism
            1. Weeded out unproductive firms
            2. Encouraged moral virtue among less fortunate
      2. Businessmen opposed fed aid to unemployed
      3. Publications called for individs to tighten belt as road to recover
      4. Some initially saw silver lining in the economic downturn
         1. Wages fallen so dramatically – could have garden tended in LA for $1 a week or hire domestic help for $8/mo in Virginia
   2. Fed govt never faced eco crisis as severe as Great Depression
      1. Few polit leaders understood how important consumer spending had become in Am economy
      2. Most held conventional view – govt intervention to aid the unemployed would do little to spur eco recovery
         1. Would encourage Ams to rely on govt charity
   3. 1931 – Hoover said, “The government should not support the people…Federal aid weakens the sturdiness of our national character.”
   4. So Hoover remained committed to “association action”
      1. Put faith in voluntary steps by business to maintain investment and employment - which few businesses could do
      2. And in charity orgs to assist needy
   5. Hoover called no. of conferences with business and labor leaders
      1. Established commissions to encourage biz to cooperate in price and wage control
      2. Without govt dictation
   6. Hoover attempted to restore public confidence
      1. Frequently told public “the tide has turned”
      2. This made him seem increasingly out of touch
   7. Hoover’s efforts at recovery
      1. 1930 Hawley-Smoot Tariff
         1. Raised taxes on imported goods, which already high
         2. Made economic situation worse
         3. Inspired similar increases abroad
            1. Further reducing international trade
      2. Short-sighted tax increases
         1. 1932 tax increase – attempt to balance fed budget
            1. Further reduced Am’s purchasing power
      3. Criticism of Hoover
         1. Other initiatives inspired ridicule
         2. When approved funds for food for livestock
            1. Observers commented that the president would feed jackasses but not starving babies
      4. Congressional initiatives
         1. By 1932 – Hoover had to admit voluntary action failed to stem eco situation
         2. Signed laws
            1. Created Reconstruction Finance Corporation

Lent money to failing banks, railroads and other biz

* + - * 1. Federal Home Loan Bank System

Offered aid to home owners against foreclosure

* + - 1. Had vetoed previous bills to create employment through public works projects – road, bridge construction
         1. Now approved measure appropriating $2 billion for such initiatives
         2. And helping with local efforts
      2. Dramatic departures from previous fed eco policy
      3. All Hoover would do
         1. Adamantly opposed direct relief to unemployed
         2. “would do them a disservice”
    1. Farmers and veterans protest
       1. Average annual income of farm families in early 30s - $240
       2. Prices for ag products fell so low that farmers lost money if took them to market
       3. Thousands of Midwestern farmers protested low prices
          1. Dumped milk, vegetables and fruits on highways
       4. Veterans also protest
          1. Pressed congress to pay cash bonuses owed t nearly 4 million vets of Great War
          2. House passed bonus bill, but senate voted it down

Would have caused tax increase

* + - * 1. Thousands of unemployed vets converged on DC in spring 1932 – Bonus Expeditionary Force
        2. Disappointed, most went home
        3. Others, with wives and children, didn’t have anywhere to go, camped in vacant federal buildings and in a shanty town within sight of capitol
        4. After while, caused concern
        5. Hoover resorted to forced removal
        6. In altercation where shanty town camp burned down, 135 vets arrested, 55 injured
        7. Vets finally got their bonus in 1936
        8. News of incident led even more people to view Hoover and Republicans as heartless
        9. Paved way for new administration

1. Roosevelt’s New Deal
   1. Roosevelt’s rise
      1. Roosevelt’s greatness lay in his willingness to throw off the “dogmas of the quiet past” to confront and unprecedented national crisis
      2. Born 1882
      3. 5th cousin of Theodore Roosevelt
      4. Graduated Harvard 1904
      5. 1910 – elected to NY state legislature
      6. Served as undersecretary of Navy during WWI
      7. Ran for VP on ill-fated Democratic ticket of 1920 (pres candidate was James M. Cox)
      8. 1921- contracted polio
         1. Loss use of legs
         2. Fact carefully concealed from public in pre-television days
         3. Very few Ams realized the pres who projected image of vigorous leadership during 30s and WWII was confined to wheelchair
   2. 1932 Election
      1. Acceptance speech for Democratic presidential nomination in 1932 promised a “new deal”
         1. Campaign offered only vague hints
         2. Spoke of govt’s responsibility to guarantee every man a right to make a comfortable living
         3. But also advocated a balanced fed budget
         4. Criticized opponent, Pres Hoover, for excessive govt spending
      2. Biggest diff btwn parties was Democrat call for repeal of prohibition
      3. Battered by eco crisis, Ams desparate for new leadership
      4. Roosevelt won resounding victory
         1. 57 of pop vote
         2. Democrats win majority in Congress
   3. A people’s president
   4. 1933 inauguration
      1. On taking office noted the nation asks for action and action now
      2. Inaugural address: “the only thing we have to fear is fear itself”
      3. Conceived of New Deal
         1. Alternative to socialism on left, Nazism on right and inaction of supporters of unregulated capitalism
         2. Hoped to reconcile democracy, individual liberty and economic planning
         3. Initially no definite blueprint for dealing with depression
            1. Relied on advice of group of intellectuals and social workers in his administration
   5. Shoring up the financial system
      1. Banking regulation
         1. Confronted banking system of verge of collapse
         2. Bank situation
            1. Bank funds invested in stock market lost value
            2. Panicked depositors withdrew savings
            3. Bank after bank closed
            4. By March 1933 – banking suspended in majority of states

People could not access their bank accounts

* + - 1. Roosevelt declared a bank holiday
         1. Temp halting all bank ops
         2. Called congress into special session
         3. March 9 passed Emergency Banking Act

Provided funds to shore up threatened institutions

* + 1. Further measures transformed Am financial system
       1. Glass-Steagall Act barred commercial banks from involvement in buying and selling stocks
          1. Prevented many of the irresponsible practices that had contributed in stock market crash
          2. Law also established the Federal Deposit Insurance Corporation, the FDIC

Govt system that insured the deposit accounts of individuals

* + - * 1. Repealed n 1990s
    1. Took US off gold standard
       1. Severing link between country’s currency and its gold reserves
       2. Making possible issuance of more money
          1. With hope it would stimulate buz activity
    2. Together these measures rescued the financial system
       1. Greatly increased govt’s power over it
    3. Note: btwn 1929 and 1933 – about 5,000 banks failed (1/3 of total)
       1. 1936 – not one failed in US
    4. Wall Street regulation
       1. Before great crash of 29, little govt oversight of stocks and bonds – securities industry
       2. 1933 FDR admin passed 2 pieces of legislation
          1. Securities Exchange Act of 1933

Regulated sale of stocks and bonds

Required corps that issued stock for sale to disclose all relevant info about operations and mgt of company, so people would know what they were buying

* + - * 1. Securities Exchange act of 1934

Established Securities and Exchange Commission

Agency to enforce new laws and regs governing issuance and trading of stocks and bonds

* + 1. Federal budget
       1. FDR had congress pass Economy Act 1933
          1. Allowed him t cut govt workers salaries
          2. Reduce payments to military vets for non-service-connected disabilties
          3. Organize fed agencies to help reduce govt expenses
       2. Ended prohibition
          1. Coz widely violated
          2. Dems wanted it ended
          3. And coz wanted to regain fed tax revenues from sale of alcoholic beverages
          4. 21st Amendment, ratified Dec 1933 ended Prohibition
  1. First 100 days
     1. Banking legislation first in unprecedented flurry in 1st 3 mos of administration
        1. Won passage of laws hoped would promote economic recovery
        2. Created host of new agencies – NRA, AAA, CCC
        3. Never in Am history had a pres exercise such power or so rapidly expanded the role of the fed govt in people’s lives
     2. Centerpiece of Roosevelt’s plan –National Industrial Recover Act
        1. Modeled on govt-biz partnership established bay War Industries Board of WWI
        2. Established NRA – National Recovery Administration
           1. Worked with groups of biz leaders to estab industry codes, setting standards for output, prices, working conditions, wages

Set standards for textile, steel, mining and auto industries

* + - * 1. Thus cutthroat competition (in which companies took losses to drive competitors out of biz) would be ended
        2. These industry-wide arrangements exempt from antitrust laws
        3. Reflected how the New Deal reshaped understandings of freedom
        4. In effect – FDR repudiated older idea of liberty based on idea that best way to encourage eco activity and ensure fair distribution of wealth was to allow market competition to operate unrestrained by govt.
      1. To win support of labor – the new law recognized workers’ right to unionize – big departure from the “open shop” policies of 1920s
         1. Step toward govt support for what workers called industrial freedom
      2. After initial public enthusiasm, NRA became mired in controversy
         1. Large companies dominated code writing process
         2. Inquiry in 1934 concluded they used NRA to drive up prices, limit production, lay off workers, divide markets among selves at expense of smaller competitors
         3. Many anti-union employers ignored the section regarding unions
         4. Govt lacked manpower to police the 750 codes in effect by 1935
      3. NRA produced neither economic recovery or peace between employers and workers
  1. Helping the unemployed and homeless
     1. Providing relief to those in need
        1. FDR and advisers shared widespread fear that direct govt payments to unemployed would undermine individ self-reliance
        2. One of first measures of first 100 days – Economic Act
           1. Reduced fed spending
           2. Attempt to build confidence of biz community
           3. But w/ nearly a quarter of the workforce unemployed, spending on relief unavoidable
        3. 1933 – congress created Federal Emergency Relief Administration
           1. Made grants to local agencies that aided the impoverished
     2. Putting people to work
        1. FDR preferred to create temp jobs, combating unemployment while improving nation’s infrastructure of roads, bridges, public bldgs. And parks
     3. The CCC
        1. March 1933 – congress established the Civilian Conservation Corps (CCC)
        2. Set unemployed young men to work on projects like forest preservation, flood control, improvement of national parks, wildlife preserves
        3. By time program ended in 1942, more than 3 million people had passed through CCC camps
           1. Had received govt wages of $30/mo
     4. Public works projects
        1. One section of National Industrial Recover Act created the Public Works Administration
           1. Appropriation of $3.3 billion
           2. Directed by Sec of Interior Harold Ickes
           3. Built roads, schools, hospitals, public facilities

Incl. NYC’s Triborough Bridge

And Overseas Highway bwn Miami and Key West, Fla

* + - 1. In November 1933 – launched Civil Works Administration (CWA)
         1. By January 1935, employed more than 4 million in construction of highways, tunnels, courthouses and airports
         2. But – as costs rose and complaints multiplied that New Deal was creating a class of Ams permanently dependent on govt jobs, FDR ordered CWA dissolved
    1. Tennessee Valley Authority
       1. Another product of the 1st 100 days
       2. Built a series of dams to prevent floods and deforestation along the Tennessee River
       3. And to provide cheap electric power for homes and factories in 7 states
          1. A region where people still lived in isolated log cabins
       4. TVA put fed govt, for first time, in biz of selling electricity in competition with private companies
       5. Preview of program of regional planning that spurred economic development of the West
    2. Agricultural assistance
       1. Another policy initiative of 100 days addressed disastrous plight of Am farmers
       2. Agricultural Adjustment Act (AAA)
          1. Authorized fed govt to try to raise farm prices by setting production quotas for major crops and paying farmers not to plant more
          2. Many crops already in the field destroyed
       3. 1933 – govt ordered more than 6 million pigs slaughtered as part of the policy
          1. Critics found this strange at a time of widespread hunger
       4. AAA succeeded in significantly raising farm prices and incomes
       5. Not all farmers benefited
          1. Benefits flowed to property-owning farmers
          2. Ignored the large no. working on land owned by others
       6. AAA policy of paying landowning farmers not to grow crops encouraged the eviction of thousands of poor tenants and sharecroppers
          1. Many joined rural exodus to cities or to the West Coast
    3. Dust bowl migrants
       1. Onset in 1930 of unusually dry weather in the heartland worsened the depression’s impact on rural Am
       2. By mid-decade, region suffered from century’s most severe drought
       3. Mechanized agriculture in this semi-arid region had pulverized top soil and killed native grasses that prevented erosion
       4. Winds blew much of soil away, creating the Dust Bowl
          1. As affected areas of Oklahoma, Texas, Kansas and Colorado were called
       5. The dust storms devastated crops and livestock
          1. One storm in 1934 carried dust as far as Wash DC
       6. Drought and dust storms displaced more than 1 million farmers
          1. John Steinbeck “Grapes of Wrath”
    4. Housing
       1. Owning one’s own home long been widely shared Am ambition
       2. Depression devastated the Am housing industry
       3. Construction of new homes all but ceased
       4. Banks and savings and loan assoc. that had financed home ownership collapsed or to remain afloat, they foreclosed on many homes – quarter million in 1932 alone
       5. 1933 & 34, FDR administration moved to protect home owners from foreclosure and to stimulate new construction
       6. The Home Owners Loan Corporation and Federal Housing Administration (FHA) insured millions of long-term mortgages issued by private banks
       7. Fed govt also built thousands of units of low-rent housing
       8. New Deal housing policy was a remarkable departure from previous govt practice
       9. Thanks to FHA and, later, the Veterans’ Administration, home ownership came within reach of millions, tens of millions of families
       10. Became cheaper for most Ams to buy single-family homes than to rent Apts.
    5. Other important measures of FDR’s first 2 years in office
       1. Ratification of 21st Amendment to the Constitution
          1. Repealed prohibition
       2. Established the Federal Communications Commission
          1. Oversees nation’s broadcast airwaves and telephone communications
       3. Securities and Exchange Commission
          1. Regulates stock and bond markets
    6. Taken together, the First New Deal was a series of experiments
       1. Some succeeded, some didn’t
       2. Transformed the role of fed govt
       3. Constructed numerous public facilities
       4. Provided relief to millions of needy persons
       5. Some 10 million Ams – more than 20 percent of the workforce – remained unemployed at end of 1934

1. New Deal under fire
   1. Court cases and civil liberties
      1. Supreme Court in 1935 controlled by conservative Republican judges
         1. They held on to 19th century understanding of freedom as liberty of contract
         2. They began to invalidate key New Deal laws
      2. First with NRA
         1. Court declared it unconstitutional in a case brought by a poultry company in Brooklyn
            1. On grounds that in its codes and regulations it delegated legislative powers to the president and attempted to regulate local businesses that did not engage in interstate commerce
         2. Jan 1936 – AAA fell in another SC case
            1. Declared it an unconstitutional exercise of congressional power over local economic activities
         3. And in June 1836, justices ruled that NY could not establish a minimum wage for women and children
   2. Having failed to end the depression or win judicial approval, the first New Deal ground to a halt
      1. Meanwhile pressures mounting outside DC that propelled administration towards more radical departures in policy
   3. Continuing hardships
      1. Most striking development of mid 30s was the mobilization of millions of workers in mass-production industries that had successfully resisted unionization
         1. Unlike previously, fed govt now seemed to be on the side of labor
            1. Commitment embodied in the National Industrial Recovery Act and the Wagner Act (discussed later)
            2. This 1935 legislation granted workers legal right to form unions
            3. With severe reduction of European immigrants, ethnic differences diminished
            4. Am-born children of new immigrants dominated the industrial labor force
            5. Militant labor leaders, many socialists and communists with experience in organization, had survived the repression of the 20s, led the effort
      2. Reviving industrial sector
         1. Am factories at outset of New Deal were miniature dictatorships
            1. Unions rare
            2. Workers could be beaten by supervisors and fired at will
            3. Management determined the length of the workday and speed of the assembly line
         2. In industrial communities, local govt firmly supported the companies
         3. Worker’s demands during 30s went beyond better wages
            1. Included an end to employers’ arbitrary power in the workplace
            2. Basic civil liberties for workers

Incl. right to picket

Distribute literature

Meet to discuss grievances

All goals required union recognition

* + - 1. FDR’s election rekindled hope in the workers
         1. Called themselves slaves of the depression
      2. Labor’s great upheaval exploded in 1934
         1. A year of no less than 2,000 strikes
         2. Many involved violence between workers and local police
      3. American Federation of Labor unwilling to adapt to the needs of the industrial workers
         1. Traditional policy of organizing workers by craft
         2. 1934 convention – 30 AFL leaders called for creation of unions of industrial workers
         3. AFL refused, those wanting the new designation walked out of the convention
         4. Formed new labor organization – Congress of Industrial Organizations (CIO)

Set out to create unions in main bastions of the Am economy

Aimed to secure economic freedom and industrial democracy for Am workers

A fair share in the wealth produced by their labor

A voice in determining their working conditions

* + - 1. 1936 – United Auto Workers (UAW), a fledgling CIO union, exercised a sit-down strike
         1. Instead of walking out, which would enable management to bring in scabs or strikebreakers
         2. The workers halted production but remained inside the facility
         3. Tactic successful
         4. Even bitterly anti-union Henry Ford finally signed a labor contract with the UAW in 1941
      2. UAW victory reverberated throughout industrial Am
         1. Steelworkers had suffered memorable defeats in struggle to unionize

Homestead Strike 1892

Great Steel Strike of 1919

* + - * 1. US Steel, country’s single most important firm, industrial empire stretching across several states, employed 200,000 workers and among strongest opponents of unions

Fearing a sit-down campaign and knowing it could no long count on aid of state and fed authorities agreed to recognize the Steel Workers Organizing Committee (forerunner of United Steelworkers of America)

* + - * 1. Smaller firms slower to follow suit
      1. Union membership reached 9 million by 1940
      2. Unions frequently demanded and won a say in workplace management
         1. Incl. right to contest amount and pace of work
         2. And introduction of new technology
      3. Unlike AFL, traditionally hostile to govt intervention in labor-management relations, the CIO put forward an ambitious program for federal action to shield Ams form economic and social insecurity
         1. Their ideas included public housing, universal healthcare and unemployment and old age insurance
  1. Critics assault New Deal
     1. Other popular movements of mid 30s placed question of economic justice on political agenda
     2. Huey Long
        1. Rise to national prominence of Huey Long offered another sign of popular dissatisfaction with slow pace of economic recovery
        2. Influenced by Louisiana’s tradition of socialist and communistic leanings
        3. Driven by ambition and the desire to help uplift Louisiana’s common people, Long was elected as governor in 1928
        4. 1930 elected to US Senate
        5. From DC, he dominated every branch of state govt
           1. Used his dictatorial power to build roads, schools and hospitals
           2. And to increase the tax burden on Louisiana’ oil companies
        6. Colorful character
           1. Referred to by both admirers and critics as the Kingfish
           2. 1934 launched the Share our Wealth movement – called for confiscation of most of the wealth of the richest Ams in order to finance an immediate grant of $5,000 and a guaranteed job and annual income for all citizens
           3. Claimed a following of 5 million
           4. On verge of a run for president when son of defeated political rival assassinated him in 1935
     3. Father Coughlin
        1. Another critic of the slow economic progress was radio priest, Father Charles E Coughlin
        2. Attracted millions of listeners with weekly broadcasts
           1. Attacked Wall Street bankers and greedy capitalists
           2. Called for govt ownership of key industries as way to combat the depression
        3. Initially strong supporter of FDR
        4. Became increasingly critical of the pres for what he considered failure of the New Deal to promote social justice
        5. His crusade later shifted to anti-Semitism and support for European fascism
     4. Townsend Plan
        1. Meanwhile, Dr. Francis Townsend, a California physician, won wide support
           1. For his plan by which the govt would make a monthly payment of $200 to older Ams
           2. With requirements that they spend it immediately
           3. Argued this would boost economy
           4. By end of 1934, Townsend Clubs had more than 2 million members

1. The Second New Deal
   1. These types of popular discontent and the rise of the CIO helped to spark the Second New Deal
   2. FDR launched second New Deal in 1935
      1. Spurred by failure of initial policies to pull country out of depression
      2. Growing popular clamor for greater economic equality
      3. Buoyed by Democratic gains in midterm elections of 1934
   3. First New Deal had focused on economic recovery
   4. The emphasis of the Second was economic security
      1. A guarantee that Ams would be protected against unemployment and poverty
      2. The idea that the lack of consumer demand caused the depression popularized by Huey Long, Francis Townsend and the CIO
      3. By 1935 – New Deal supporters had concluded that the govt should no longer try to plan biz recovery, but redistribute the national income so to sustain mass purchasing power in the consumer economy
      4. Series of measures in 1935 attached the problem of weak demand and economically inequality head-on
      5. Congress levied a tax on large fortunes and corporate profits
         1. Direct response to popularity of Huey Long’s Share our Wealth campaign
      6. Congress created Rural Electrification Agency
         1. Provide electric power to rural homes
         2. 80 percent of farms still without electricity in 1934
         3. In part to enable more Ams to purchase household appliances
         4. REA was one of the Second New Deal’s most successful programs
         5. By 1950, 90 percent of nation’s farms had electricity
            1. Almost all possessed radios, electric stoves, refrigerators and mechanical equipment to milk cows
      7. Under Second New Deal, fed govt tried to promote soil conservation and family farming
         1. Effort resulted from belief that country would never achieve prosperity so long as farmers’ standard of living lagged behind city dwellers’
         2. That rural poverty resulted from poor use of natural resources
         3. Farmers received fed assistance in reducing soil loss in fields
         4. Fed govt also purchased marginal and eroded land, converted them from farms into natural grasslands and parks
         5. Encouraged more environmentally conscious agricultural techniques
      8. These measures (like AAA) mainly benefitted landowners, not sharecroppers, tenants or migrant workers
         1. In long run 2nd new deal failed to arrest trend toward larger farms and fewer farmers
   5. The WPA
      1. 1934 – FDR curtailed fed employment for those in need
         1. Approved establishment of Works Progress Administration (WPA)
            1. Which hired some 3 million Ams each year until ended in 1943

From all walks of life

* + - 1. WPA constructed
         1. thousands of public buildings and bridges
         2. More than 500,000 miles of roads, 600 airports
         3. Built stadiums, swimming ools and sewage treatment plans
         4. Unlike previous work relief programs, WPA employed many out of work white-collar workers and professionals, even doctors and dentists
      2. Most famous WPA projects were in the arts
         1. Set hundreds of artists to work decorating public buildings with murals
         2. Hired writers to produce local histories and guidebooks to the 48 states
         3. And to record the recollections of ordinary Ams, including hundreds of former slaves
         4. Federal Theater Project put on plays, including all black productions
         5. Federal Music Project established orchestras and choral groups
         6. Federal Dance Project sponsored ballet and modern dance programs
      3. 1935 – congress created the National Youth Administration to provide relief to Am teenagers and young adults
  1. Wagner Act
     1. Another major initiative of 2nd new deal – the Wagner Act
        1. Known at the time as Labor’s Magna Carta
        2. Brought democracy into the Am workplace
        3. Empowered national Labor Relations Board to supervise elections in which employees voted on union representation
        4. Outlawed unfair labor practices
           1. Including firing and blacklisting of union organizers
        5. Bill’s main sponsor, Robert Wagner of NY, said that unionization and higher wages would aid economic recovery by boosting purchasing power of ordinary Ams
  2. Social Security
     1. Centerpiece of 2nd New Deal was Social Security Act of 1935
     2. Embodied FDR’s conviction that national govt had a responsibility to ensure the material well-being of ordinary Ams
     3. Created system of unemployment insurance, old age pensions and aid to the disabled, elderly poor and families with dependent children
     4. None original ideas – reminiscent of the Progressive platforms of early 1900s, European countries already adopted national unemployment insurance plans
     5. What was new – in the name of economic security, the Am govt would now supervise not simply temporary relief, but a permanent system of social insurance
     6. SS Act launched the Am version of the welfare state
     7. Illustrated both the extent and limits of changes ushered in by 2nd New Deal
     8. A radical departure from previous govt policies, but compared with similar programs in Europe, it is far more decentralized, involved lower levels of public spending and covered fewer citizens
        1. Original bill envisioned a national system of health ins
        2. Was dropped after opposition form Am Medical Assoc (feared govt regulation of doctors’ activities and incomes)
     9. Funding for Soc Sec was a hybrid of national and local funding, control and eligibility standards
        1. Old age pensions were administered nationally
           1. Paid for by taxes on employers and employees
        2. Such taxes also paid for payments to the unemployed
           1. This program highly decentralized – states retained considerable control over the level of benefits
        3. States paid most of the cost of direct poor relief
           1. Program called Aid to Dependent Children
           2. Eligibility and level of payments varied by location
        4. The combination of local administration and that domestic and agricultural workers were not coved by unemployment and old age benefits meant that Soc Sec at first excluded large numbers of Ams, esp. unmarried women and non-whites
        5. Still Soc Sec represented dramatic departure from trad functions of the govt
        6. 2nd new deal transformed relationship btwn fed govt and Am ctizens

1. Roosevelt’s second term
   1. FDR, along with being a superb politician, he wa a master of political communications
      1. At time when political opponents controlled most newspapers, he harnessed radio’s power to bring his message directly into Am homes
      2. By mid-30s, more than 2/3 of Am families owned radios
      3. They listened avidly to FDR’s radio addresses, his “fireside chats”
   2. By 1936 working class voters strongly supported Democrat pary
   3. His Republican opponent was Kansas governor Alfred Landon
      1. Landon denounced Soc Sec and other measures as threats to individual liberty
   4. Opponents to New Deal planted seeds for later flowering of an antigovernment conservatism bent on upholding free market and dismantling the welfare state
   5. 1936 – FDR wan by a landslide, with more than 60 percent of the popular vote
      1. Victory remarkable in view of heavy support of most of nation’s newspapers and nearly the entire business community for the Republicans
      2. Success stemmed from strong backing from organized labor, and FDR’s abilty to unite southern white and northern black voters, protestant farmers and urban Catholic and Jewish ethnics; industrial workers and middle-class homeowners
         1. These groups made up the so-called New Deal coalition, and would dominate Am politics for nearly half a century
   6. Slumping economy
      1. Momentum of 2nd New Deal slowed in FDR’s second term
      2. Landmark United States Housing Act passed in 1937
         1. first major national effort to build homes for poorest
      3. Fair Labor Standards bill failed to reach the floor for over a year
         1. When finally passed in 38, it banned goods produced by child labor from interstate commerce
         2. Set 40 cents as minimum hourly wage
         3. Required overtime pay for hours of work exceeding 40 per week
         4. Last major piece of New Deal legislation
         5. Established practice of fed regulation of wages and working conditions
      4. 1937 – sudden sharp downturn of economy
         1. Economic conditions improved in 36, so FDR reduced fed funding for farm subsidies and WPA work relief
         2. Result disastrous
         3. As govt spending fell, so did biz investment, industrial production and the stock market
         4. Unemployment rose from 14 percent at beginning of 37 to nearly 20 percent by year’s end
   7. Setbacks
      1. During late 30s Dems split into two factions
         1. Conservative southerners – who balked at party’s growing dependence on votes of northern unions and African Ams
         2. Liberal northerners
      2. Other critics felt FDR exercising too much power, spending too much money
      3. Southern Dems worked with conservative Repubs to veto any additional New Deal programs
      4. FDR headed divided party
         1. Congressional elections 1938 – Dems lost 7 seats in Senate, 80 in the House
      5. For first time, FDR presented no new reforms
         1. Instead spoke of need to preserve the reforms
   8. A halfway revolution
      1. New Deal’s momentum petered out in 1939
      2. Just as new world war erupted in Europe and Asia
      3. Some New Deal programs had failed, poorly conceived and implemented
      4. Others were changing Am life for the better
         1. Soc Sec, fed reg of sock markets and banks, minimum wage levels, fed insured bank accounts, right to join labor unions
      5. Never before had fed govt intervened so directly in the economy or spent so much on social welfare programs
      6. FDR transformed nation’s political dynamics
         1. Lured black voters to Dem party
         2. Raised nation’s spirits through relentless optimism
2. Eleanor Roosevelt
   1. One reason for FDR’s popularity was energetic wife, Eleanor Roosevelt
      1. Prove to be one of most influential leaders of time
      2. Refined role of First Lady
         1. Not content to just host social events in White House
         2. Became relentless activist
         3. First woman to address national political convention
         4. Wrote a nationally syndicated newspaper column
         5. Held regular press conferences
      3. Crisscrossed the nation
         1. Spoke in support of New Deal
         2. Met with African Am leaders
         3. Supported Women’s causes and labor unions
         4. Urged Ams to live up to their humanitarian ideals
      4. 1933 – convened White House conference
         1. Called on Federal Emergency Relief Administration to wee that women are employed wherever possible
            1. Within 6 mos, 300,000 women at work on various govt projects
3. Many reforms of New Deal endured
   1. FDR and New Dealers insisted that govt should provide at least a minimal quality of life for all Ams
   2. Enduring protections gave people sense of security and protected nation against future eco crises
   3. Greatest failure of New Deal was inability to restore prosperity and record levels of unemployment
      1. 1939 – 10 million Ams, nearly 17 percent of workforce, remained jobless
      2. Only the Second World War would finally produce full employment
         1. In armed forces
         2. And in factories supporting the military
   4. FDR’s energetic pragmatism greatest strength – and weakness
      1. Flexible in developing new policies and programs
         1. Kept what worked, discarded what failed
      2. Sharply increased regulatory powers of fed govt
      3. Laid foundation for what would be expanding system of social welfare programs
      4. Despite critics, FDR was not a socialist
         1. Sought to preserve the basic capitalist economic structure while providing protections to nation’s most vulnerable
      5. New Deal permanently altered nation’s social and political landscape
      6. In time of peril, FDR created a more secure future for Ams