• Hoover believed in “rugged individualism” – every man should fend for himself

• Hoover refused to involve the federal government in forcing fixed prices, controlling businesses, or manipulating the value of the currency, all of which he felt were steps towards socialism.
The Hoover Dam (Boulder Dam):
Harnesses the power of the Colorado River for electricity, flood control, and water supply.

726 feet high and 1,244 feet long (world’s tallest, 2\textsuperscript{nd} largest)
Hoover flags, blankets - #3
AWFUL JOB TO QUIET ANYTHING AROUND HERE!

DROUGHT DAMAGE

BUSINESS DEPRESSION

TAIN'T GONNA RAIN NO MO'!

THE GOOD OLD TIMES AINT WHAT THEY USED TO BE.
How Herbert Hoover Dealt with the Crisis

- He played the game of confidence economics and just kept saying: “Prosperity is right around the corner.”
Franklin D. Roosevelt’s Appeal

- In 1932 presidential election, the candidates were seen as:
  - FDR - a man of action.
  - Hoover - “do-nothing president.”
"AMERICA AT THE CROSSROADS"

By Jerry Doyle.
Situation When FDR Entered Office

- In March 1933, the country was virtually leaderless and the banking system had collapsed.
FDR Restored Confidence

- In his inaugural address, he said “The only thing we have to fear is fear itself....”
FDR’s Personal Qualities

- He was a charismatic person who exhibited a warmth and understanding of people.
- He provided dynamic leadership in a time of crisis.
- He was willing to experiment
Purposes of the New Deal – Answers #9

- **Relief:** to provide jobs for the unemployed and to protect farmers from foreclosure
- **Recovery:** to get the economy back into high gear, “priming the pump”
- **Reform:** To regulate banks, to abolish child labor, and to conserve farm lands
- **Overall objective:** to save capitalism
Sources of New Deal Ideas

- #9: Brain Trust: specialists and experts, mostly college professors, idea men
- New Economists: government spending, deficit spending and public works, government should prime economic pump
- Roosevelt Cabinet: included conservatives, liberals, Democrats, Republicans, inflationists, anti-inflationists -- often conflicting, compromising, blending ideas
#9 – The New Deal – series of programs between 1933-36 passed by FDR & Congress to help people/banks/businesses
First New Deal (1933-1934)

- Answers #9: The 100 Days: 15 major bills are passed in Congress; the most intense period of lawmaking ever undertaken by Congress
- Emphasis: reform
- Primary aim: economic recovery
- Philosophy: economic nationalism and economic scarcity (i.e., raise prices by creating the illusion of scarcity)
- Objectives: higher prices for agriculture and business
- Beneficiaries: big business and agricultural business
“Bank Holiday” – March 6-10

- 50% of the nation's banks were deemed first category and fit to reopen.
- The second category of banks was permitted to allow a percentage of its deposits to be withdrawn.
- The third category consisted of banks that were on the brink of collapse (5%)
US History, April 21

- **Entry Task:** Let’s rap!
- **Announcements:**
  - Thank you for your flexibility yesterday!
  - Today: New Deal Programs
  - Thursday – Career Center – looks like I might be gone this day, too. I will have a sub for SENIORS who do not need to go.
  - Study Guide available
  - Test coming up – next TUESDAY.
- **QUESTION TO ANSWER:**
Situation When FDR Entered Office

- In March 1933, the country was virtually leaderless and the banking system had collapsed.
AWFUL JOB TO QUIET ANYTHING AROUND HERE!

STAFF

DRAUGHT DAMAGE

H.H.

BUSINESS DEPRESSION

DEM. NATIONAL COMMITTEE

ALL THE OLD FAMILIAR SONGS HERE!

TAIN'T GONNA RAIN NO MO'!

THE GOOD OLD TIMES WHAT THEY USED TO BE.

NOUNDAY KNOW HOW DRY I AM!
Hoover flags, blankets - #3
FDR Restored Confidence

- In his inaugural address, he said “The only thing we have to fear is fear itself....”
#9 – The New Deal – series of programs between 1933-36 passed by FDR & Congress to help people/banks/businesses
Fireside Chat – 1st one on March 12, 1933

- Answers #11
- 40 million Americans listened
- Number of banks that failed in 1934: 9
- Insured up to $2500, then $5000 (today - $250,000)
ROOSEVELT ORDERS 4-DAY BANK HOLIDAY, PUTS EMBARGO ON GOLD, CALLS CONGRESS

First Agricultural Adjustment Act (AAA)

- **Purpose:** the recovery of agriculture
- Paid farmers who agreed to reduce production of basic crops such as cotton, wheat, tobacco, hogs, and corn
- Money came from a tax on processors such as flour millers and meat packers who passed the cost on to the consumer

In 1936 the Supreme Court declared the AAA unconstitutional – illegal to tax one group (processors) to pay another (farmers). 1938 AAA passed without tax.
Civilian Conservation Corp (CCC)

- **Purpose:** relief
- **Nicknamed** “TREE ARMY”
- Gave outdoor work to unemployed men between the ages of 17 and 29
- They received $30 per month, but $22 went back to the family
- **WA:** Mt. Rainier National Park, Olympic National Park, and the Yakima and Spokane Indian Reservations.
Ms. Lydia Lobsiger, the first person to be paid for deposits in an insured closed bank.
National Recovery Act (NRA) part of the National Industrial Recovery Act (NIRA)

- **Purpose:** recovery of industry (1935-55% increase in ind. prod.)
- Created a partnership of business, labor, and government to attack the depression with such measures as price controls, high wages, and codes of fair competition
Building Big Ridge Dam (TN)
Public Works Administration (PWA): gave projects to private firms for large construction projects
Federal Emergency Relief Admin (FERA)

- **Purpose:** relief
- Gave money to states and municipalities so they could distribute money, clothing, and food to the unemployed (DIRECT AID)
New Deal program, FERA

View From Summer Camp for Underprivileged Children, Washington (1935)
This was an agency created to regulate (reform) the stock market, for example, limited margin buying.

Increased trust in the capital markets – disclosure of information

Today: still regulates; online system EDGAR helps to reduce insider trading & fraud
Second New Deal (1934-1941)

- **Emphasis**: reform
- **Political Position**: liberal
- **Primary aim**: permanent reform
- **Philosophy**: international economic cooperation and economic abundance
- **Objectives**: increased purchasing power and social security for public
- **Beneficiaries**: small farmers and labor
Social Security Act

- **Purpose**: reform
- Also called the old age, survivors, or disability program – only 12 states had old age insurance
- Gave money to states for aid to dependent children, established unemployment insurance through payroll deduction, set up old-age pensions for retirees.
MORE SECURITY FOR THE AMERICAN FAMILY

THE WIDOW OF A QUALIFIED WORKER WILL RECEIVE MONTHLY BENEFITS AT AGE 65. IN CERTAIN CASES, AN AGED DEPENDENT PARENT MAY GET BENEFITS. ...

FOR INFORMATION WRITE OR CALL AT THE NEAREST FIELD OFFICE OF THE SOCIAL SECURITY BOARD

MORE SECURITY FOR THE AMERICAN FAMILY

THE SOCIAL SECURITY ACT AS AMENDED OFFERS GREATER OLD-AGE INSURANCE PROTECTION TO PEOPLE NOW NEARING RETIREMENT AGE.
Edward Laning and assistants at work on his mural “The Role of the Immigrant in the Industrial Development of America” – New York, NY

Workers covering the stream in Cain Park, Cleveland Park, OH
WPA in Washington

- Large scale projects: Grand Coulee Dam, Lake Washington Floating Bridge, & Olympic Nat’l Park

By 1941, the WPA had funded 28,000 miles of road, 1,000 bridges, 26 libraries, 193 parks, 380 miles of sewers, 15,500 traffic signs, 90 stadiums, and 760 miles of water mains in Washington, low-income housing schools, etc.

Grand Coulee Dam: "granddaddy of all New Deal projects"
Women work at the Kirkland Cooperative Cannery, funded by WPA.
"Leaning on a shovel" skit from New York City production of Sing for Your Supper New York City Federal Theatre Project, WPA, May 1939
National Youth Administration

- June 1935 – NYA provided grants for Depression-era youth – continue studying while working.
National Labor Relations Act

- **Purpose:** reform
- Put restraints on employers and set up a National Labor Relations Board to protect the rights of organized labor to bargain collectively with employers.
Second Agricultural Adjustment Act

- Purpose: recovery for agriculture
- Paid farmers for conservation practices, but only if they restricted production of staple crops.
U.S. Housing Authority

- **Purpose:** recovery and reform
- **Used federal funds to tear down slums and construct better housing.**
By 1935, political disunity was evident. There were critics on the right and the left.
Criticisms of Conservative Opponents

- Conservative opponents said the New Deal went too far:
  - It was socialism (killed individualism)
  - It added to the national debt ($35 billion)
  - It wasted money on relief and encouraged idleness
  - It violated the constitution & states rights
  - It increased the power of the Presidency (FDR was reaching toward dictatorship, Congress a rubber stamp, independence of judiciary threatened, separation of powers shattered)
Anti-New Deal Organization

- Conservative opponents to the New Deal had an organization called the American Liberty League. They had money but were small in numbers, so FDR was not worried.
Criticisms of Radical Opponents

- Radical opponents said the New Deal did not go far enough. They were demagogues (rabble-rousers) and had popular followings, so FDR was concerned.
Senator Huey Long (LA)

- Senator Huey Long said New Deal relief measures were mere crumbs and advocated a share the wealth plan (i.e., a guaranteed annual income of at least $5,000 for every American, financed by confiscating wealth of people who made over $5 million per year).
Father Charles E. Coughlin

- Father Charles Coughlin was a rabble-rousing radio priest from Detroit. His broadcasts were called the “Golden Hour of the Little Flower.” He claimed there was an international bankers conspiracy and Jews were responsible. He advocated nationalization of banking and currency and national resources and demanded a “living wage.”

"The great betrayer and liar, Franklin D. Roosevelt, who promised to drive the money changers from the temple, had succeeded [only] in driving the farmers from their homesteads and the citizens from their homes in the cities. . . I ask you to purge the man who claims to be a Democrat, from the Democratic Party, and I mean Franklin Double-Crossing Roosevelt."
Dr. Francis E. Townsend

- Dr. Francis E. Townsend was an elderly physician from CA. He had a plan for the federal government to pay $200 per month to unemployed people over 60. The program would be financed by a 2% national sales tax and each pensioner would be required to spend the money in 30 days. This would stimulate the economy.
Moderate Legislation

- FDR sponsored moderate legislation to silence radical opposition:
  - Social Security Act of 1935 Response to Townsend. Included provisions for unemployables (dependent children, the disabled, blind), unemployment insurance, and old-age pensions.
The Election of 1936

- Made the Democratic party the majority party
- Created a new Democratic coalition composed of both traditional elements and new elements
- Showed that the American people rejected radical solutions to depression
## The Election of 1936

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Party</th>
<th>% Popular Vote</th>
<th>Electoral Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDR</td>
<td>Democratic</td>
<td>60.3%</td>
<td>523</td>
</tr>
<tr>
<td>Alfred E. Landon</td>
<td>Republican</td>
<td>36.56%</td>
<td>8</td>
</tr>
<tr>
<td>William Lemke</td>
<td>Radical</td>
<td>1.93%</td>
<td></td>
</tr>
<tr>
<td>Norman Thomas</td>
<td>Socialist</td>
<td>0.41%</td>
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<tr>
<td></td>
<td></td>
<td>(2.21 in 1932)</td>
<td></td>
</tr>
<tr>
<td>Earl Browder</td>
<td>Communist</td>
<td>0.17%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.25 in 1932)</td>
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</tbody>
</table>
The Roosevelt Coalition

- While Republicans were still relying on their traditional base of political support (big business, big farmers, and conservatives), Democrats broadened their constituency by appealing to small farmers in the Midwest, urban political bosses, ethnic blue collar workers, Jews, intellectuals, and African Americans.
Protection of New Deal Accomplishments

- Steps FDR took to protect New Deal accomplishments (both failed):
  - Court-Packing Plan: proposed increasing Supreme Court from 9 to 15 members (and all Federal courts), adding one per sitting judge aged 70 or older
Result of FDR’s Court packing scheme

- Revolt in Dem. Party
- Loss of popularity with the people
- Purge of the Democratic Party (72 seats lost in the Election of 1938 (Republicans gained strength in both houses of Congress))

In the end, FDR wins – he appointed 8 S.C. justices
Decline of New Deal Reform after 1937

- Reasons for decline of New Deal reform after 1937:
  - Court-packing plan made Congress/public irritable.
  - Recession of 1937-38 weakened confidence in New Deal measures. Republicans gained strength in both houses.
  - Attempted purge of Democratic party failed.
  - Conservative Democrats were elected to office. Resentful of attempted party purge, they joined ranks with Republicans to block New Deal legislation.
  - Increasing focus on foreign affairs.
The Significance of the New Deal
Physical Rehabilitation of Country

- Attacked soil erosion
- Built dams and planted trees to prevent floods
- Reclaimed the grasslands of the Great Plains
- Developed water power resources
- Encouraged regional reconstruction projects like the TVA and Columbia River project
Human Rehabilitation

- Established the principle that government has responsibility for the health, welfare, and security, as well as the protection and education of its citizens
- Embraced social security, public health, housing
- Entered the domain of agriculture and labor
Revitalization of Politics

- Strengthened executive branch
- Reasserted presidential leadership
- Revitalized political party as a vehicle for the popular will and as an instrument for effective action.
Extension of Democracy

- Redefined the concept of democracy so that it included not only political rights but economic security and social justice as well.
Maintenance of a Democratic System

- The New Deal maintained a democratic system of government and society in a world threatened by totalitarianism.
  - Increased size and scope of government to meet needs of the depression
  - Provided the leadership that enabled Congress to put through the necessary relief, recovery, and reform measures.
  - Sponsored moderate legislation to neutralize the popularity of radical opponents
Minority Groups

- At your table, read aloud about African Americans, Mexican Americans, and Native Americans. Answer these questions:
  1. How did the Great Depression affect this minority group?
  2. Did the New Deal help this minority group? If so, why/how? If not, why not?
Unemployment Rate During the New Deal

Percentage of Jobless Nonfarm Workers, 1926–1947

- 1926: Stock market crash
- 1931: FDR’s first New Deal
- 1936: Supreme Court declares much of New Deal unconstitutional
- 1937: FDR “court packing” crisis; second New Deal
- 1939: Germany invades Poland, WWII begins
- 1941: U.S. creates “war economy”
- 1941: U.S. enters WWII
- 1945: End of WWII

Unemployment Rates During the New Deal

Percentage of Jobless Nonfarm Workers, 1926 – 1946

- FDR’s first New Deal
- Supreme Court declares much of New Deal unconstitutional
- New Deal, Part 2, begins
- World War II begins
- U.S. creates “war economy”
- U.S. enters WWII
- End of WWII

5.5% – Normal unemployment rate, 1970–2008


Chart 2 heritage.org
U.S. Gross Domestic Product, 1929-1941

- GDP peaks 1929: Depression begins
- March 1933: Bottom of the Depression; Roosevelt takes office
- New record GDP in 1936
- FDR Slashes New Deal Programs to Balance Budget
- Japan attacks the US Navy at Pearl Harbor December 7, 1941; US enters World War II

Source: U.S. Department of Commerce and MBG Information Services
Government Expenditures

- The total cost of the bailout now exceeds $4.6 trillion dollars. It has cost more than all of these government expenditures combined. Figures in parentheses have been adjusted for inflation:
  - Marshall Plan: Cost: $12.7 billion ($115.3 billion)
  - Louisiana Purchase: Cost: $15 million ($217 billion)
  - Race to the Moon: Cost: $36.4 billion ($237 billion)
  - S&L Crisis: Cost: $153 billion ($256 billion)
  - Korean War: Cost: $54 billion ($454 billion)
  - The New Deal: Cost: $32 billion est. ($500 billion est.)
  - Invasion of Iraq: Cost: $551 billion ($597 billion)
  - Vietnam War: Cost: $111 billion ($698 billion)
  - NASA: Cost: $416.7 billion ($851.2 billion)
  - TOTAL: $3.92 trillion
Disbursements as of March 31, 2012

FY10 Base, FY10 Supplemental, FY11, and prior year funding
Where Did Your Tax Dollar Go?

45% Major entitlements

Medicare, Medicaid, other health care: 23%
Social Security: 22%

19% National defense

19% Income security, Veterans benefits

6% Net interest

Transportation 3%
K-12 education 1%
All other 7%

FIGURES FOR 2012

Notes: Income security includes federal employee retirement and disability, unemployment compensation, food and housing assistance, and other federal income security programs. Figures have been rounded. National defense includes overseas contingency operations.
