

Roosevelt and the New Deal

1933–1941

SECTION 1 The First New Deal

SECTION 2 The Second New Deal

SECTION 3 The New Deal Coalition

During the 1932 presidential campaign, New York governor Franklin D. Roosevelt greets a coal miner in West Virginia.



Hoover
1929–1933

Franklin D. Roosevelt
1933–1945



1933

- Unemployment peaks at 24.9%
- FDR's "100 Days" results in 9 new federal programs

1934

- Securities and Exchange Commission is created

1935

- Social Security Act and Wagner Act are passed
- Supreme Court strikes down NIRA

U.S. PRESIDENTS

U.S. EVENTS

WORLD EVENTS

1931

1933

1935

1933

- Hitler becomes German chancellor
- World Economic Conference fails to reduce tariffs

1935

- Hitler denounces Treaty of Versailles
- Canada creates minimum wage and unemployment insurance



 Chapter Audio

MAKING CONNECTIONS

Can Government Fix the Economy?

During the 1930s, New Deal programs increased government regulation of banking, industry, and farming; gave greater rights to workers; and provided government aid to the unemployed and senior citizens.

- *What kind of problems do you think government can solve?*
- *What difficulties can result when the government tries to regulate the economy?*



1936

- “Court-packing” plan creates controversy

1937

- Sit-down strikes force General Motors to recognize UAW

1938

- Fair Labor Standards Act sets minimum wage and 40-hour workweek

1937

1939

1936

- Wave of sit-down strikes in France leads to 40-hour workweek
- Spanish Civil War begins

1938

- Germany annexes Austria
- Mexico takes control of U.S. oil companies in Mexico

1939

- World War II begins

FOLDABLES™

Analyzing Long-Term Effects Make a Folded Chart Foldable showing major New Deal programs and their long-term effects. In one column, describe the program’s original purpose. In the second column, identify how those programs still influence government and society today.

New Deal Measure	Purpose in the 1930s	Effect Today
Social Security		
National Labor Relations Board		
Federal Deposit Insurance Corporation		

History ONLINE Visit glencoe.com and enter **QuickPass™** code TAVMT5147c12 for Chapter 12 resources.



The First New Deal

Guide to Reading

Big Ideas

Individual Action Franklin Delano Roosevelt's character and experiences prepared him for the presidency.

Content Vocabulary

- polio (p. 422)
- gold standard (p. 424)
- bank holiday (p. 424)
- fireside chats (p. 425)

Academic Vocabulary

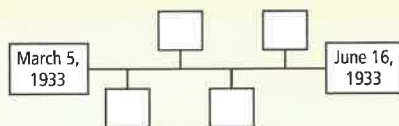
- apparent (p. 423)
- ideology (p. 424)
- fundamental (p. 430)

People and Events to Identify

- New Deal (p. 423)
- Hundred Days (p. 424)
- Civilian Conservation Corps (p. 430)

Reading Strategy

Sequencing As you read about Roosevelt's first three months in office, complete a time line to record the major problems he addressed during this time.



Franklin Delano Roosevelt was elected president in 1932, following his promise of a “new deal” for Americans. In his first 100 days in office, he let loose a flood of legislation designed to rescue banks, industry, and agriculture and provide jobs for the unemployed.

Roosevelt's Rise to Power

MAIN Idea Franklin D. Roosevelt was governor of New York when he was elected president in 1932, promising a New Deal for the American people.

HISTORY AND YOU Do you believe your past experiences can make you stronger? Read how FDR's experiences helped prepare him to be president.

A distant cousin of Theodore Roosevelt, Franklin Delano Roosevelt grew up in Hyde Park, New York. In his youth he learned to hunt, ride horses, and sail; he also developed a lifelong commitment to conservation and a love of rural America. Roosevelt was educated at Harvard and Columbia Law School. While at Harvard, he became friends with Theodore Roosevelt's niece Eleanor, whom he later married.

Intensely competitive, Roosevelt liked to be in control. He also liked being around people. His charming personality, deep rich voice, and wide smile expressed confidence and optimism. In short, his personality seemed made for a life in politics.

Roosevelt began his political career in 1910, when he was elected to the New York State Senate. Three years later, having earned a reputation as a progressive reformer, he became assistant secretary of the navy in the Wilson administration. In 1920 his reputation (and famous surname) helped him win the vice presidential nomination on the unsuccessful Democratic ticket.

After losing the election, Roosevelt temporarily withdrew from politics. The next year he caught the dreaded paralyzing disease **polio**. Although there was no cure, Roosevelt refused to give in. He began a vigorous exercise program to restore muscle control. Eventually, by wearing heavy steel braces on his legs, he was able to walk short distances by leaning on a cane and someone's arm and swinging his legs forward from his hips.

While recovering from polio, Roosevelt depended on his wife and his aide Louis Howe to keep his name prominent in the New York Democratic Party. Eleanor Roosevelt became an effective public speaker, and her efforts kept her husband's political career alive.

By the mid-1920s, Roosevelt was again active in the Democratic Party. In 1928 he ran for governor of New York. He campaigned hard

PRIMARY SOURCE

Roosevelt's First Inaugural Address

March 4, 1933

"This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.

... Restoration calls, however, not for changes in ethics alone. This Nation asks for action, and action now.

... Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war.

... Action in this image and to this end is feasible under the form of government which we have inherited from our ancestors. Our Constitution is so simple and practical that it is possible always to meet extraordinary needs by changes in emphasis and arrangement without loss of essential form.

We do not distrust the future of essential democracy. The people of the United States have not failed. In their need they have registered a mandate that they want direct, vigorous action."

—from *The Public Papers and Addresses of Franklin D. Roosevelt*



▲ Franklin Roosevelt delivers his First Inaugural Address.

DBQ Document-Based Questions

- 1. Analyzing Primary Sources** Why does Roosevelt think that "nameless, unreasoning, unjustified terror" is such a big problem?
- 2. Identifying Central Issues** What unspoken fear does Roosevelt address in the final two paragraphs?

to demonstrate that his illness had not slowed him down, and he narrowly won the election. Two years later he was reelected in a landslide. As governor, Roosevelt oversaw the creation of the first state relief agency to aid the unemployed.

Roosevelt's popularity in New York paved the way for his presidential nomination in 1932. Americans saw in him an energy and optimism that gave them hope despite the tough economic times. After Roosevelt became president, his serenity and confidence amazed people. When one aide commented on his attitude, Roosevelt replied, "If you had spent two years in bed trying to wiggle your big toe, after that anything else would seem easy."

In mid-June 1932, with the country deep in the Depression, Republicans gathered in Chicago and nominated Herbert Hoover to run for a second term as president. Later that month, the Democrats also held their national convention in Chicago. When Roosevelt won the nomination, he broke with tradition by flying to Chicago to accept it in person. His speech set the tone for his campaign:

PRIMARY SOURCE

"Let it be from now on the task of our Party to break foolish traditions. . . . It is inevitable that the main issue of this campaign should revolve about . . . a depression so deep that it is without precedent. . . . Republican leaders not only have failed in material things, they have failed in national vision, because in disaster they have held out no hope. . . . I pledge you, I pledge myself, to a new deal for the American people."

—from *The Public Papers and Addresses of Franklin D. Roosevelt*

From that point forward, Roosevelt's policies for ending the Depression became known as the **New Deal**. Roosevelt's confidence that he could make things better contrasted sharply with Herbert Hoover's **apparent** failure to do anything effective. On Election Day, Roosevelt won in a landslide, receiving the electoral vote of all but six states.

✓ **Reading Check** **Interpreting** What events in Roosevelt's life shaped his ideas and character?

The Hundred Days

MAIN Idea Upon taking office, FDR launched the New Deal by sending 15 major pieces of legislation to Congress.

HISTORY AND YOU Do you remember reading about the “New Nationalism” and “New Freedom”? Read how those ideas influenced New Deal legislation.

Although Roosevelt won the presidency in November 1932, the country’s unemployed and homeless had to endure another winter as they waited for his inauguration on March 4, 1933. All through the winter, unemployment continued to rise and bank runs increased, further threatening the banking system.

Some of the bank runs occurred because people feared that Roosevelt would abandon the **gold standard** and reduce the value of the dollar in order to fight the Depression. Under the gold standard, one ounce of gold equaled a set number of dollars. To reduce the value of the dollar, the United States would have to stop exchanging dollars for gold. Many Americans, and many foreign investors with deposits in American banks, decided to take their money out of the banks and convert it to gold before it lost its value.

Across the nation, people stood in long lines with paper bags and suitcases, waiting to withdraw their money from banks. By March 1933, more than 4,000 banks had collapsed, wiping out nine million savings accounts. In 38 states, governors declared **bank holidays**—closing the remaining banks before bank runs could put them out of business.

By the day of Roosevelt’s inauguration, most of the nation’s banks were closed. One in four workers was unemployed. The economy seemed paralyzed. Roosevelt knew he had to restore the nation’s confidence. “First of all,” the president declared in his Inaugural Address, “let me assert my firm belief that the only thing we have to fear is fear itself. . . . This nation asks for action, and action now!”

The New Deal Begins

Roosevelt and his advisers, sometimes called the “brain trust,” came into office bursting with ideas about how to end the Depression. Roosevelt had no clear agenda, nor did he have

a strong political **ideology**. The previous spring, during his campaign for the presidential nomination, Roosevelt had revealed the approach he would take as president. “The country needs,” Roosevelt explained, “bold, persistent experimentation Above all, try something.”

The new president began to send bill after bill to Congress. Between March 9 and June 16, 1933—which came to be called the **Hundred Days**—Congress passed 15 major acts to resolve the economic crisis, setting a pace for new legislation that has never been equaled. Together, these programs made up what would later be called the First New Deal.

A Divided Administration

To generate new ideas and programs, Roosevelt deliberately chose advisers who disagreed with each other. He wanted to hear many different points of view, and by setting his advisers against one another, Roosevelt ensured that he alone made the final decision on what policies to pursue.

Despite their disagreements, Roosevelt’s advisers generally favored some form of government intervention in the economy—although they disagreed over what the government’s role should be.

One influential group during the early years of Roosevelt’s administration supported the “New Nationalism” of Theodore Roosevelt. These advisers believed that if government agencies worked with businesses to regulate wages, prices, and production, they could lift the economy out of the Depression.

A second group of Roosevelt’s advisers went even further. They distrusted big business and blamed business leaders for causing the Depression. These advisers wanted government planners to run key parts of the economy.

A third group in Roosevelt’s administration supported the “New Freedom” of Woodrow Wilson. These advisers wanted Roosevelt to support “trust busting” by breaking up big companies and allowing competition to set wages, prices, and production levels. They also thought the government should impose regulations to keep economic competition fair.

Reading Check **Summarizing** What ideas did Roosevelt’s advisers support?

People IN HISTORY

Eleanor Roosevelt

1884–1962

Orphaned at age 10, Eleanor Roosevelt was raised by relatives and later attended boarding school in England. When she returned home as a young woman, she devoted time to a settlement house on Manhattan's Lower East Side. During this time, she became engaged to Franklin D. Roosevelt, a distant cousin. They were married in 1905. At their wedding, Eleanor's uncle, President Theodore Roosevelt, gave her away.

During FDR's presidency, Eleanor Roosevelt transformed the role of First Lady. Rather than restricting herself to traditional hostess functions, she became an important figure in his administration. She traveled extensively, toured factories and coal mines, and met with factory workers and farmers. She then told her husband what people were thinking. In doing so, she became FDR's "eyes and ears" when his disability made travel difficult.

Eleanor was also a strong supporter of civil rights and prodded her husband to stop discrimination in New Deal programs. When the Daughters of the American Revolution barred African American singer Marian Anderson from performing in its auditorium, Eleanor intervened and arranged for Anderson to perform at the Lincoln Memorial instead.

After FDR's death, Eleanor remained politically active. She continued to write her syndicated newspaper column, "My Day," which she began in 1936, and became a delegate to the United Nations where she helped draft the Universal Declaration of Human Rights.

How might Franklin Roosevelt's political career have been different if Eleanor had not been his wife?



▲ In this 1935 photo, Eleanor Roosevelt speaks to Geraldine Walker, a five-year-old from Detroit, Michigan, as slums in that city were about to be cleared.

Banks and Debt Relief

MAIN Idea President Roosevelt took steps to strengthen banks and the stock market and to help farmers and homeowners keep their property.

HISTORY AND YOU Have you ever watched a presidential address? Read about Roosevelt's "fireside chats" and how they encouraged optimism that the economy would get better.

As the debate over policies and programs swirled around him, President Roosevelt took office with one thing clear in his mind. Very few of the proposed solutions would work as long as the nation's banks remained closed. The first thing he had to do was restore confidence in the banking system.

On his very first night in office, Roosevelt told Secretary of the Treasury William H. Woodin that he wanted an emergency banking bill ready for Congress in less than five days. The following afternoon, Roosevelt declared a national bank holiday, temporarily closing all

banks, and called Congress into a special session scheduled to begin on March 9, 1933.

When Congress convened, the House of Representatives unanimously passed the Emergency Banking Relief Act after only 38 minutes of debate. The Senate approved the bill that evening, and Roosevelt signed it into law shortly afterward. The new law required federal examiners to survey the nation's banks and issue Treasury Department licenses to those that were financially sound.

On March 12 President Roosevelt addressed the nation by radio. Sixty million people listened to this first of many "fireside chats," direct talks in which Roosevelt let the American people know what he was trying to accomplish. He told people that their money would be secure if they put it back into the banks: "I assure you that it is safer to keep your money in a reopened bank than under the mattress." When banks opened the day after the speech, deposits far outweighed withdrawals. The banking crisis was over.

The FDIC and SEC

Although President Roosevelt had restored confidence in the banking system, many of his advisers urged him to go further. They pushed for new regulations for both banks and the stock market. Roosevelt agreed with their ideas and supported the Securities Act of 1933 and the Glass-Steagall Banking Act.

The Securities Act required companies that sold stocks and bonds to provide complete and truthful information to investors. The following year, Congress created a government agency, the Securities and Exchange Commission (SEC), to regulate the stock market and prevent fraud.

The Glass-Steagall Act separated commercial banking from investment banking. Commercial banks handle everyday transactions. They take deposits, pay interest, cash checks, and lend money for mortgages. Under the Glass-Steagall Act, these banks were no longer allowed to risk depositors' money by using it to speculate on the stock market.

To further protect depositors, the Glass-Steagall Act also created the Federal Deposit

Insurance Corporation (FDIC) to provide government insurance for bank deposits up to a certain amount. By protecting depositors in this way, the FDIC greatly increased public confidence in the banking system.

Mortgage and Debt Relief

While some of Roosevelt's advisers believed low prices had caused the Depression, others believed that debt was the main obstacle to economic recovery. With incomes falling, people had to use most of their money to pay their debts and had little left over to buy goods or services. Many Americans, terrified of losing their homes and farms, cut back on their spending to make sure they could pay their mortgages. Roosevelt responded to the crisis by introducing several policies intended to assist Americans with their debts.

The Home Owners' Loan Corporation To help homeowners make their mortgage payments, Roosevelt asked Congress to establish the Home Owners' Loan Corporation (HOLC). The HOLC bought the mortgages of many

THE First Hundred Days

March 9

Roosevelt signs the Emergency Banking Relief Act and 3 days later delivers his first fireside chat



▲ Farmers in Texas receive their AAA checks.

May 12

The Agricultural Adjustment Act is signed, and farmers soon begin receiving payments to destroy their crops in an effort to push up prices

April 1933

March 31

The Civilian Conservation Corps is created and soon afterward begins hiring 3 million young men to work in the nation's forests



May 1933

May 12

The Federal Emergency Relief Administration begins making grants to states to help the unemployed

homeowners who were behind in their payments. It then restructured them with longer terms of repayment and lower interest rates. Roughly 10 percent of homeowners received HOLC loans.

The HOLC did not help everyone. It made loans only to homeowners who were not farm owners and who were still employed. When people lost their jobs and could no longer make their mortgage payments, the HOLC foreclosed on their property, just as a bank would have done. Between 1933 and 1936, the three years during which it functioned as a loan source, the HOLC made loans to cover one million mortgages—one out of every ten in the United States.

The Farm Credit Administration Three days after Congress authorized the creation of the HOLC, it authorized the Farm Credit

Administration (FCA) to help farmers refinance their mortgages. Over the next seven months, the FCA lent four times as much money to farmers as the entire banking system had the year before. It was also able to push interest rates substantially lower. These loans saved millions of farms from foreclosure.

Although FCA loans helped many farmers in the short term, their long-term value can be questioned. FCA loans helped less efficient farmers keep their land, but giving loans to poor farmers meant that the money was not available to lend to more efficient businesses in the economy. Although FCA loans may have slowed the overall economic recovery, they did help many desperate and impoverished people hold onto their land.

Reading Check Explaining How did the government restore confidence in the banking system?



May 18
Congress creates the Tennessee Valley Authority

June 13
The Home Owners' Loan Corporation is authorized to make low interest mortgage loans to homeowners

June 16
The Public Works Administration is created. Under the leadership of Harold Ickes, it begins spending over \$3 billion on public works such as new highways, dams, and public buildings. The agency begins spending.



▲ *Workers of the Grand Coulee Dam in Washington.*

June 1933



June 16
The National Recovery Administration is authorized to begin setting codes and regulations for industry

Analyzing TIME LINES

- Analyzing** What groups of people were targeted for help in the first hundred days of Roosevelt's first term?
- Drawing Conclusions** What was Roosevelt's first act after becoming president? Why do you think he chose this as a first step?

Farms and Industry

MAIN Idea New Deal legislation tried to raise crop prices and stabilize industry.

HISTORY AND YOU Can you think of a product that gets more expensive when less of it is available? Read to learn how some New Deal programs tried to raise prices.

Many of Roosevelt's advisers believed that both farmers and businesses were suffering because prices were too low and production too high. Several advisers believed competition was inefficient and bad for the economy. They favored creating federal agencies to manage the economy.

The AAA

To further help the nation's farmers, Secretary of Agriculture Henry Wallace drafted the Agricultural Adjustment Act. President Roosevelt asked Congress to pass the act. This legislation was based on a simple idea—that prices for farm goods were low because farmers grew too much food. Under Roosevelt's

program, the government would pay some farmers *not* to raise certain livestock, and *not* to grow certain crops. Some farmers were also asked *not* to produce dairy products. As the program went into effect, farmers slaughtered 6 million piglets and 200,000 sows and plowed under 10 million acres of cotton—all in an effort to raise prices. The program was administered by the Agricultural Adjustment Administration (AAA).

Over the next two years, farmers withdrew millions more acres from cultivation and received more than \$1 billion in support payments. The program accomplished its goal: the farm surplus fell greatly by 1936. Food prices then rose, as did total farm income, which quickly increased by more than 50 percent.

In a nation caught in a Depression, however, raising food prices drew harsh criticism. Furthermore, not all farmers benefited. Large commercial farmers who concentrated on one crop profited more than smaller farmers who raised several products. Worse, thousands of poor tenant farmers, many of them African Americans, became homeless and jobless when landlords took their fields out of production.

PAST & PRESENT

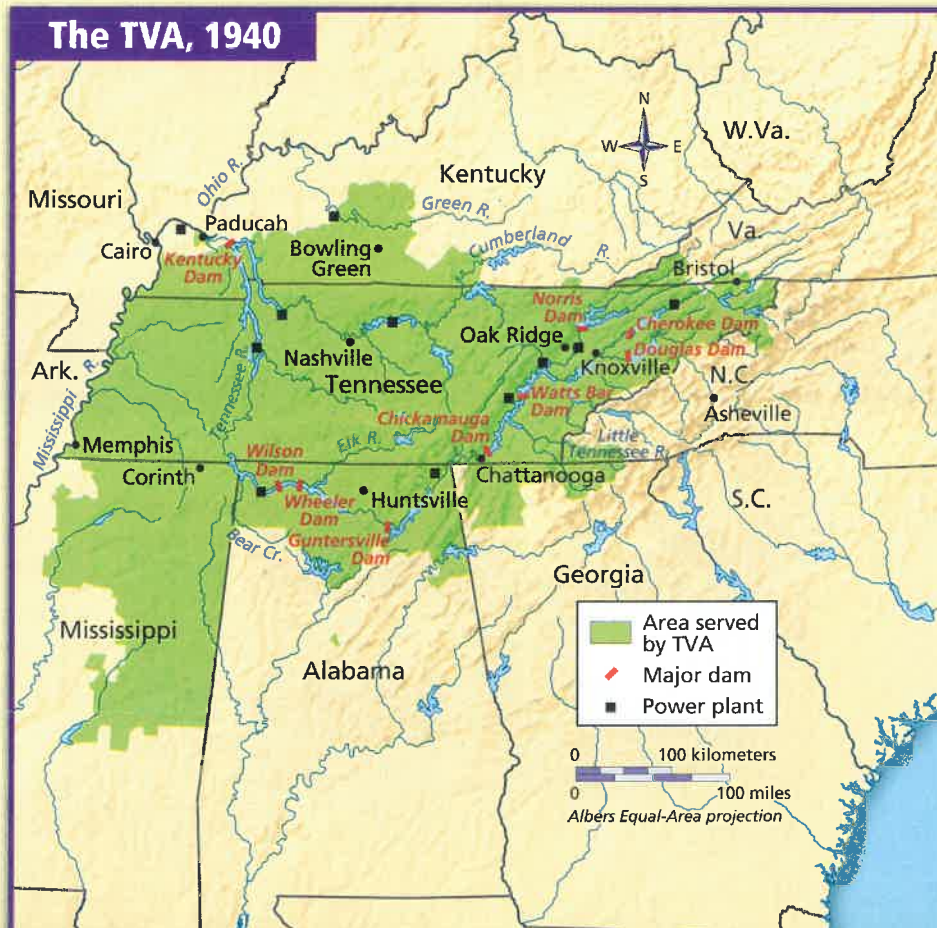
The TVA

The Tennessee Valley Authority (TVA) was a New Deal project that produced visible benefits. The TVA built dams to control floods, conserve forest lands, and bring electricity to rural areas.

Today, TVA power facilities include 17,000 miles of transmission lines, 29 hydroelectric dams, 11 fossil-fuel plants, 4 combustion-turbine plants, 3 nuclear power plants, and a pumped-storage facility. These combine to bring power to nearly 8 million people in a seven-state region.

Since 1998, the TVA has been working to reduce air pollution. Projects are designed to cut harmful emissions released into the air. The TVA is committed to developing programs that protect the environment.

The TVA, 1940



The NRA

The government turned its attention to manufacturing in June 1933, when Roosevelt and Congress enacted the National Industrial Recovery Act (NIRA). The NIRA suspended antitrust laws and allowed business, labor, and government to cooperate in setting up voluntary rules for each industry.


These rules were known as codes of fair competition. Some codes set prices, established minimum wages, and limited factories to two shifts per day so that production could be spread to as many firms as possible. Other codes shortened workers' hours, with the goal of creating additional jobs. Another provision in the law guaranteed workers the right to form unions. The codes also helped businesses develop codes of fair competition within industries.

Under the leadership of Hugh Johnson, the National Recovery Administration (NRA) ran the entire program. Business owners who signed code agreements received signs displaying the National Recovery Administration's symbol—a blue eagle—and the slogan, "We Do Our Part." The NRA had limited power to

enforce the codes, but urged consumers to buy goods only from companies that displayed the blue eagle.

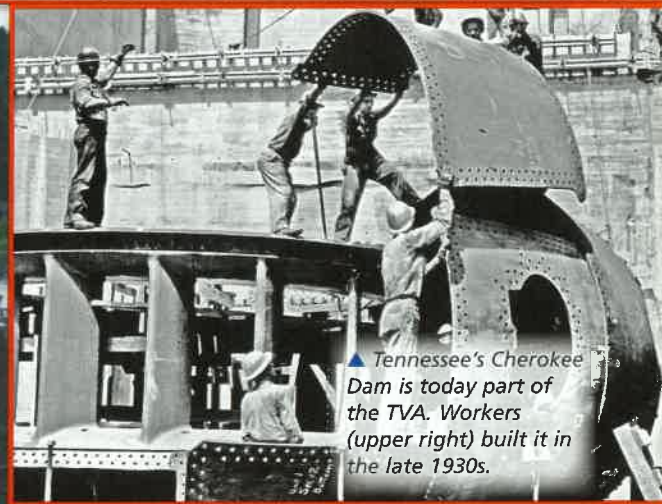
The NRA did revive a few American industries, but its gains proved short-lived. Small companies complained, justifiably, that large corporations wrote the codes to favor themselves. American employers disliked codes that gave workers the right to form unions and bargain collectively over wages and hours. They also argued that paying high minimum wages forced them to charge higher prices to cover their costs.

The codes were also difficult to administer, and business leaders often ignored them. Furthermore, businesses could choose not to sign code agreements and thus not be bound by their rules. It became obvious that the NRA was failing when industrial production actually fell after the organization was established. By the time the Supreme Court declared the NRA unconstitutional in 1935, it had already lost much of its political support.

 **Reading Check** **Examining** What were the goals of the Agricultural Adjustment Act and the National Industrial Recovery Act?

2006

▼ This photo shows the completed Cherokee Hydroelectric Dam.



▲ Tennessee's Cherokee Dam is today part of the TVA. Workers (upper right) built it in the late 1930s.

MAKING CONNECTIONS

- 1. Listing** Look at the map on the previous page. What states other than Tennessee benefited from the TVA projects?
- 2. Examining** Where were most of the projects located?

 Maps In Motion

See StudentWorks™ Plus
or glencoe.com.

Section 1 REVIEW

Harry Hopkins, a former social worker, to run the agency. FERA did not initially create projects for the unemployed. Instead, it channeled money to state and local agencies to fund their relief projects.

Half an hour after meeting with Roosevelt to discuss his new job, Hopkins set up a desk in the hallway outside of his office. In the next two hours, he spent \$5 million on relief projects. When critics charged that some of the projects did not make sense in the long run, Hopkins replied, "People don't eat in the long run—they eat every day."

In June 1933 Congress authorized another relief agency, the Public Works Administration (PWA). One-third of the nation's unemployed were in the construction industry. To put them back to work, the PWA began building highways, dams, sewer systems, schools, and other government facilities. In most cases, the PWA did not hire workers directly but instead awarded contracts to construction companies. By insisting that contractors not discriminate against African Americans, the agency broke down some of the long-standing racial barriers in the construction trades.

The CWA

By the fall of 1933 neither FERA nor the PWA had reduced unemployment significantly. Hopkins realized that unless the federal government acted quickly, a huge number of unemployed citizens would be in severe distress once winter began. After Hopkins explained the situation, President Roosevelt authorized him to set up the Civil Works Administration (CWA).

Unlike the PWA, the CWA hired workers directly. That winter the CWA employed 4 million people, including 300,000 women. Under Hopkins's direction, the agency built or improved 1,000 airports, 500,000 miles of roads, 40,000 school buildings, and 3,500 playgrounds and parks. The cost of the CWA was huge—the program spent nearly \$1 billion in just five months.

Although the CWA helped many people get through the winter, President Roosevelt was alarmed by how quickly the agency was spending money. He did not want Americans to get used to the federal government providing them with jobs. Warning that the CWA would "become a habit with the country," Roosevelt insisted that it be shut down the following spring.

Success of the First New Deal

During his first year in office, Roosevelt convinced Congress to pass an astonishing array of legislation. The programs enacted during the first New Deal did not restore prosperity, but they reflected Roosevelt's zeal for action and his willingness to experiment. Banks were reopened, many more people retained their homes and farms, and more people were employed. Perhaps the most important result of the first New Deal was a noticeable change in the spirit of the American people. Roosevelt's actions had inspired hope and restored Americans' faith in their nation.

Reading Check **Identifying** What types of projects did public works programs undertake?

Vocabulary

- 1. Explain** the significance of: polio, New Deal, gold standard, bank holiday, Hundred Days, fireside chats, Civilian Conservation Corps.

Main Ideas

- 2. Describing** What actions did Roosevelt take during the Hundred Days?
- 3. Explaining** How did government regulate banks and the stock market in the first Roosevelt administration?
- 4. Interpreting** How did the AAA affect farm prices?
- 5. Organizing** Use a graphic organizer to list the major organizations of the First New Deal.



Critical Thinking

- 6. Big Ideas** In what ways did FDR's early experiences shape his political ideology?
- 7. Analyzing Charts** Look at the time line on pages 426–427. How did the various agencies listed change the role of government?

Writing About History

- 8. Expository Writing** Interview a member of your community who lived during the Great Depression. How did the New Deal programs affect your community? Create a one-page report using a word processor to summarize your findings.

History  ONLINE

Study Central™ To review this section, go to glencoe.com and click on Study Central.

ANALYZING PRIMARY SOURCES

The First New Deal

When FDR took office in 1933, the economy had been getting worse for more than three years. During the first one hundred days of his presidency, he oversaw 15 major pieces of legislation that attempted to revive the nation's economy and provide relief to the unemployed. Never before had the federal government intervened so directly in the economy. Key to stopping the economic downside was FDR's ability to inspire confidence that the nation's economic problems could be solved.

Study these primary sources and answer the questions that follow.

PRIMARY SOURCE 2

Oral History Interview

"During the whole '33 one-hundred days' Congress, people didn't know what was going on, the public. Couldn't understand these things that were being passed so fast. They knew something was happening, something good for them. They began investing and working and hoping again. . . .

"A Depression is much like a run on a bank. It's a crisis of confidence. People panic and grab their money."

—Raymond Moley, original member of FDR's "brains trust"

Excerpted from *Hard Times: An Oral History of the Great Depression* (1970)

PRIMARY SOURCE 1

Inaugural Address, 1933

"I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our nation impels. This is pre-eminently the time to speak the truth, the whole truth, frankly and boldly. . . .

"So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days. . . .

"This Nation asks for action, and action now.

"Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources."

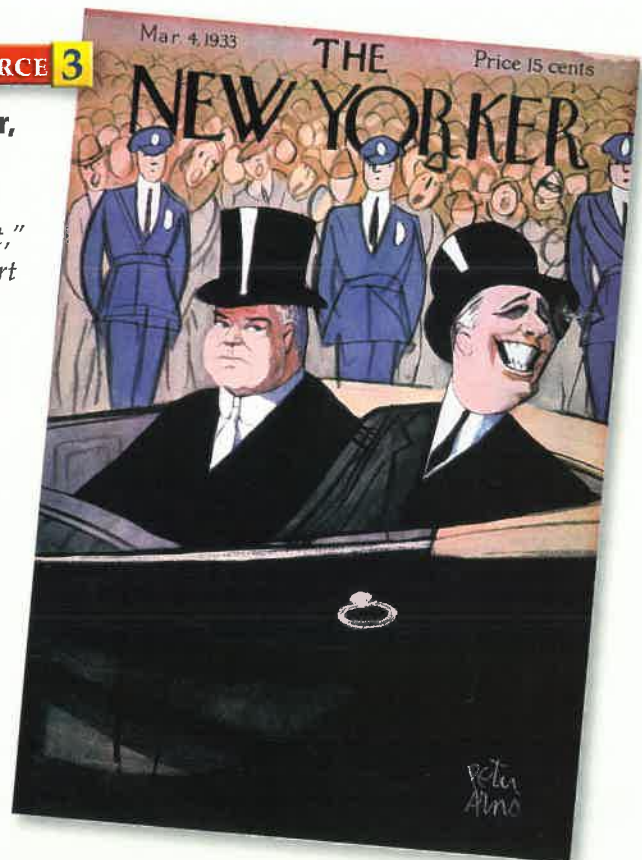
—President Franklin D. Roosevelt,
first inaugural address, delivered March 4, 1933

Excerpted from *The Public Papers and Addresses of Franklin D. Roosevelt*

PRIMARY SOURCE 3

Magazine Cover, 1933

► "The Faces of Victory and Defeat," portrayal of Herbert Hoover and Roosevelt on inauguration day, March 4, 1933



PRIMARY SOURCE 4

New Deal poster for the CCC, c. 1935 ▼

**PRIMARY SOURCE 6**

Contemporary Book, 1934

"Even if the government conduct of business could give us the maximum of efficiency instead of least efficiency, it would be purchased at the cost of freedom. It would increase rather than decrease abuse and corruption, stifle initiative and invention, undermine the development of leadership, cripple the mental and spiritual energies of our people and the forces which make progress."

—Former president Herbert Hoover in his book, *The Challenge to Liberty* (1934)

Excerpted from *The Era of Franklin D. Roosevelt, 1933–1945*

PRIMARY SOURCE 5

Oral History Interview

"What Roosevelt and the New Deal did was to turn about and face the realities. . . . A hundred years from now, when historians look back on it, they will say a big corner was turned. People agreed that old things didn't work. What ran through the whole New Deal was finding a way to make things work.

"Before that, Hoover would loan money to farmers to keep their mules alive, but wouldn't loan money to keep their children alive. This was perfectly right within the framework of classical thinking. If an individual couldn't get enough to eat, it was because he wasn't on the ball. It was his responsibility. The New Deal said: Anybody who is unemployed isn't necessarily unemployed because he's shiftless."

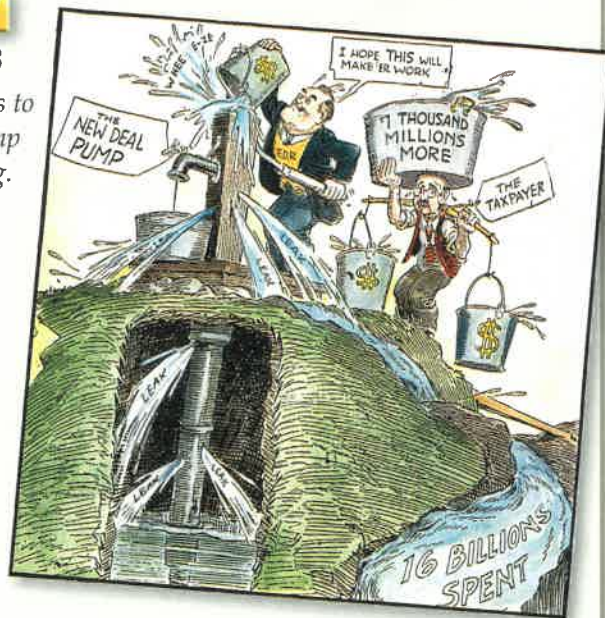
—Economist Gardiner C. Means, economic adviser in the Roosevelt administration

Excerpted from *Hard Times: An Oral History of the Great Depression* (1970)

PRIMARY SOURCE 7

Political Cartoon, 1933

► President Roosevelt tries to "prime" the economic pump with government spending.

**DBQ Document-Based Questions**

- Evaluating** What themes did Roosevelt emphasize in his inaugural address? How would you have responded to this speech if you had been an unemployed worker?
- Explaining** Study Sources 2 and 3. How did FDR inspire confidence and optimism? What effect did this have on the economy?
- Describing** In Source 4, the poster highlights four opportunities offered by the CCC. Describe some specific ways the CCC provided such opportunities.
- Paraphrasing** In Source 5, how does the author define Roosevelt's attitude toward unemployment and Hoover's approach to unemployment?
- Evaluating** In Source 6, why does Herbert Hoover object to the New Deal? What programs do you think he found most objectionable?
- Speculating** Study the picture in Source 7. How does the artist feel about the New Deal? What symbols are used to convey that message?



The Second New Deal

Guide to Reading

Big Ideas

Economics and Society In 1935 Roosevelt introduced new programs to help unions, senior citizens, and the unemployed.

Content Vocabulary

- deficit spending (p. 434)
- binding arbitration (p. 438)
- sit-down strike (p. 438)

Academic Vocabulary

- benefit (p. 435)
- finance (p. 436)
- thereby (p. 437)

People and Events to Identify

- American Liberty League (p. 435)
- Works Progress Administration (p. 436)
- National Labor Relations Board (p. 437)
- Congress of Industrial Organizations (p. 439)
- Social Security Act (p. 439)

Reading Strategy

Organizing As you read about President Roosevelt's Second New Deal, complete a graphic organizer similar to the one below by filling in his main legislative successes during this period.

Legislation	Provisions

In response to criticisms of the New Deal, President Roosevelt introduced several major pieces of legislation in 1935. These laws created the Works Progress Administration, the National Labor Relations Board, and the Social Security Administration.

Launching the Second New Deal

MAIN Idea By 1935, the New Deal faced political and legal challenges, as well as growing concern that it was not ending the Depression.

HISTORY AND YOU Do you know anyone who can easily convince others to follow his or her ideas? Read about several people who used this power against Roosevelt and his New Deal policies.

Harry Hopkins, head of the Federal Emergency Relief Administration, worked long hours in his Washington office, a bare, dingy room with exposed water pipes. Hopkins also took to the road to explain the New Deal. Once in Iowa, where he was discussing spending programs, someone called out, "Who's going to pay for it?" Hopkins peeled off his jacket, loosened his tie, and rolled up his sleeves, before roaring his response: "You are!"

President Roosevelt appreciated Harry Hopkins's feistiness. He needed effective speakers who were willing to contend with his adversaries. Although Roosevelt had been tremendously popular during his first two years in office, opposition to his policies had begun to grow.

The economy had shown only a slight improvement, even though the New Deal had been in effect for two years. Although the programs had created more than 2 million new jobs, more than 10 million workers remained unemployed, and the nation's total income was about half of what it had been in 1929.

Criticism From Left and Right

Hostility toward Roosevelt came from both the political right and the left. People on the right generally believed the New Deal regulated business too tightly. The right wing also included many Southern Democrats who believed the New Deal had expanded the federal government's power at the expense of states' rights.

The right wing, which had opposed the New Deal from the beginning, increased that opposition by late 1934. To pay for his programs, Roosevelt had started **deficit spending**, abandoning a balanced budget and borrowing money. Many business leaders became greatly alarmed at the government's growing deficit.

PRIMARY SOURCE

Opposition to the New Deal

By 1935 some Americans had grown impatient with the New Deal economic recovery. They believed that the reforms did not go far enough and called for wider-ranging change.



THE TOWNSEND PLAN
\$200 PER MONTH FOR THOSE OVER
60 YRS OF AGE - THE SPENDING OF THIS
MONEY WILL PUT THE CONTROL
OF CREDIT IN THE HANDS OF
THE PEOPLE - PREVENTING
ECONOMIC CHAOS

◀ Dr. Francis Townsend explains his ideas to offer pensions to business leaders at a 1936 luncheon in Philadelphia.



▲ Father Coughlin speaks to a crowd of 6,000 members of the National Union for Social Justice at the Hippodrome in Detroit shortly after the stock market collapse in 1929. By the mid-1930s, Coughlin favored massive taxes.



▶ Huey Long, who served Louisiana in the U.S. Senate, looked for ways to redistribute wealth.

Analyzing VISUALS

1. **Comparing and Contrasting** What strikes you as the same and different about these three men?
2. **Assessing** Which man do you think would have the largest audience, and why?

In August 1934 business leaders and anti-New Deal politicians from both parties joined together to create the **American Liberty League**. Its purpose was to organize opposition to the New Deal and “teach the necessity of respect for the rights of person and property.”

While criticisms from the right threatened to split the Democratic Party and reduce business support for Roosevelt, another serious challenge to the New Deal came from the political left. People on the left believed Roosevelt had not gone far enough. They wanted even more dramatic government economic intervention to shift wealth from the rich to middle-income and poor Americans.

Huey Long Perhaps the most serious threat came from Huey Long of Louisiana. As governor of Louisiana, Long had championed the poor and downtrodden. He had improved schools, colleges, and hospitals, and built roads and bridges. These **benefits** made Long popular, enabling him to build a powerful—but

corrupt—political machine. In 1930 Long was elected to the U.S. Senate.

Long’s attacks on the rich were popular in the midst of the Great Depression. He captivated audiences with folksy humor and fiery oratory. By 1934, he had established a national organization, the Share Our Wealth Society, to promote his plan for massive redistribution of wealth. Long announced he would run for president in 1936.

Father Coughlin Roosevelt also faced a challenge from Father Charles Coughlin, a Catholic priest in Detroit. About 30 to 45 million listeners heard his weekly radio show.

Originally an ardent New Deal supporter, Coughlin had become impatient with its moderate reforms. He called instead for inflating the currency and nationalizing the banking system. In 1935 Coughlin organized the National Union for Social Justice, which some Democrats feared would become a new political party.

History ONLINE
Student Web
Activity Visit
glencoe.com
and complete the
activity on the
New Deal.

The Townsend Plan A third challenge came from Francis Townsend, a California physician. Townsend proposed that the federal government pay citizens over age 60 a pension of \$200 a month. Recipients would have to retire and spend their entire pension check each month. He believed the plan would increase spending and remove people from the workforce, freeing up jobs for the unemployed.

Townsend's proposal attracted millions of supporters, especially among older Americans, who mobilized as a political force for the first time. Townsend's program was particularly popular in the West. When combined with Long's support in the Midwest and South, and Coughlin's support among urban Catholics in the Northeast, Roosevelt faced the possibility of a coalition that would draw enough votes to prevent his reelection.

The WPA

Roosevelt was also disturbed by the failure of the New Deal to generate a rapid economic recovery. In 1935 he launched a series of programs now known as the Second New Deal.

Among these new programs was the **Works Progress Administration (WPA)**. Headed by Harry Hopkins, the WPA was the largest public works program of the New Deal. Between 1935 and 1941, the WPA spent \$11 billion. Its 8.5 million workers constructed about 650,000 miles of highways, roads, and streets, 125,000 public buildings, and more than 8,000 parks. It built or improved more than 124,000 bridges and 853 airports.

The WPA's most controversial program was Federal Number One, a program for artists, musicians, theater people, and writers. The artists created thousands of murals and sculptures for public buildings. Musicians established 30 symphony orchestras, as well as hundreds of smaller musical groups. The Federal Theater Project **financed** playwrights, actors, and directors. It also funded writers who recorded the stories of former slaves and others whose voices were not often heard.

The Supreme Court's Role

In May 1935, in *Schechter Poultry Company v. United States*, the Supreme Court unanimously struck down the authority of the National Recovery Administration. The Schechter broth-

ers had been convicted of violating the NRA's poultry code.

The Court ruled that the Constitution did not allow Congress to delegate its legislative powers to the executive branch. Thus, it declared the NRA's codes unconstitutional. Although relieved to be rid of that "awful headache," the NRA, Roosevelt still worried about the ruling. It suggested that the Court could strike down the rest of the New Deal.

Roosevelt knew he needed a new series of programs to keep voters' support. He called congressional leaders to a White House conference. Pounding his desk, he thundered that Congress could not go home until it passed his new bills. That summer, Congress worked busily to pass Roosevelt's programs.

✓ Reading Check Identifying Points of View

What criticisms prompted the Second New Deal?

Debates

IN HISTORY

Was the New Deal Socialistic?

Franklin Roosevelt took extraordinary measures to stimulate the economy with his New Deal programs. Many Americans were divided on the issue of increased government intervention in the economy. Some claimed the New Deal was socialistic and a violation of American values. Others thought the New Deal did not do enough to help Americans.

Reforms for Workers and Senior Citizens

MAIN Idea Roosevelt asked Congress to pass the Wagner Act and Social Security to build support among workers and older Americans.

HISTORY AND YOU Do you have an older relative who has retired from his or her job? Read about benefits created by the Social Security Act.

When the Supreme Court struck down the NRA, it also invalidated the section of the NIRA that gave workers the right to organize. President Roosevelt and the Democrats in Congress knew that the working-class vote was very important in winning reelection in 1936. They also believed that unions could help end the Depression. They thought that high

union wages would give workers more money to spend, **thereby** boosting the economy. Opponents disagreed, arguing that high wages forced companies to charge higher prices and hire fewer people. Despite these concerns, Congress pushed ahead with new labor legislation.

The Wagner Act

In July 1935 Congress passed the National Labor Relations Act (also called the Wagner Act after its author, Senator Robert Wagner of New York). The act guaranteed workers the right to organize unions and to bargain collectively. It also set up the **National Labor Relations Board** (NLRB), which organized factory elections by secret ballot to determine whether workers wanted a union.

YES

Alfred E. Smith

Former Democratic Candidate



PRIMARY SOURCE

"Now what would I have my party do? I would have them re-declare the principles that they put forth in that 1932 platform [reduce the size of government, balance the federal budget] . . .

Just get the platform of the Democratic party and get the platform of the Socialist party and . . . make your mind up to pick up the platform that more nearly squares with the record, and you will have your hand on the Socialist platform. . . .

[I]t is all right with me, if they want to disguise themselves as Karl Marx or Lenin or any of the rest of that bunch, but I won't stand for their allowing them to march under the banner of Jackson or Cleveland."

—speech delivered January 25, 1936

NO

Norman Thomas

Socialist Party Candidate



PRIMARY SOURCE

"All of these leaders or would-be leaders out of our wilderness, however they may abuse one another, however loosely they may fling around the charge of socialism or communism—still accept the basic institutions and loyalties of the present system. A true Socialist is resolved to replace that system. . . .

The New Deal did not say, as socialism would have said, 'Here are so many millions of American people who need to be well fed and well clothed. How much food and cotton do we require?' We should require more, not less. What Mr. Roosevelt said was 'How much food and cotton can be produced for which the exploited masses must pay a higher price?'"

—speech delivered February 2, 1936

DBQ Document-Based Questions

- 1. Distinguishing Fact From Opinion** Compare Smith's attack on the New Deal with what you have read about it elsewhere. Does he make any valid points?
- 2. Contrasting** According to Thomas, how are the principles of the New Deal and those of the Socialist Party different?
- 3. Evaluating** Which speaker do you find more persuasive? Why?
- 4. Hypothesizing** Do you think either speaker would be able to persuade someone who did not agree with him to reconsider his or her attitudes?

The Wagner Act also set up a process called **binding arbitration** whereby dissatisfied union members could take their complaints to a neutral party who would listen to both sides and decide on the issues. The NLRB could investigate employers' actions and stop unfair practices, such as spying on workers.

The CIO Is Formed The Wagner Act led to a burst of labor activity. John L. Lewis led the United Mine Workers union. He worked with several other unions to organize industrial workers. They formed the Committee for Industrial Organization (CIO) in 1935.

The CIO set out to organize unions that included all workers, skilled and unskilled, in a particular industry. It focused first on the automobile and steel industries—two of the largest industries in which workers were not yet unionized.

Sit-Down Strikes Union organizers used new tactics, such as the **sit-down strike**, in which employees stopped work inside the factory and refused to leave. (This technique prevented management from sending in replacement workers.) First used effectively to organize rubber workers, the sit-down strike became a common CIO tactic for several years.

The United Auto Workers (UAW), a CIO union, initiated a series of sit-down strikes against General Motors. On December 31, 1936, the workers at General Motors' plant in Flint, Michigan, began a sit-down strike. The UAW strikers held the factory for weeks, while spouses, friends, and other supporters passed them food and other provisions through windows. A journalist who was allowed to enter the plant reported on conditions in the factory:

PRIMARY SOURCE

"Beds were made up on the floor of each car, the seats being removed if necessary. . . . I could not see—and I looked for it carefully—the slightest damage done anywhere to the General Motors Corporation. The nearly completed car bodies, for example, were as clean as they would be in the salesroom, their glass and metal shining."

—quoted in *The Great Depression*

Violence broke out in Flint when police launched a tear gas assault on one of the plants. The police wounded 13 strikers, but the strike held. On February 11, 1937, the company gave in and recognized the UAW as its employees' sole bargaining agent. The UAW became one of the most powerful unions in the United States.

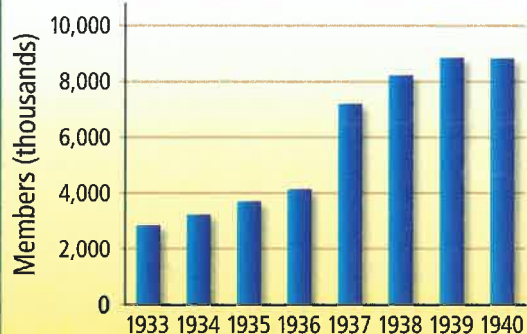
PRIMARY SOURCE

The CIO Uses Sit-Down Strikes



▲ Sit-down strikers at the GM Fisher Body plant in Flint, Michigan, take over the plant on December 30, 1936. Their action led to a national strike that lasted until February 11, 1937.

Union Membership, 1933–1940



Source: *Historical Statistics of the United States*.

Analyzing VISUALS

- Analyzing** How can you tell from the men's appearance and activities that they intend to stay?
- Summarizing** When did union membership increase the most? How can you account for this jump?

Section 2 REVIEW

U.S. Steel, the nation's largest steel producer and a long-standing opponent of unionizing, decided it did not want to repeat the General Motors experience. In March 1937 the company recognized the CIO's steelworkers union. Smaller steel producers did not follow suit and suffered bitter strikes. By 1941, however, the steelworkers union had won contracts throughout the industry.

In the late 1930s, workers in other industries worked hard to gain union recognition from their employers. Union membership tripled from roughly 3 million in 1933 to about 9 million in 1939. In 1938 the CIO changed its name to the **Congress of Industrial Organizations** and became a federation of industrial unions.

Social Security


After passing the Wagner Act, Congress began work on one of America's most important pieces of legislation. This was the **Social Security Act**. Its major goal was to provide some security for older Americans and unemployed workers.

Roosevelt and his advisers spent months preparing the bill, which they viewed primarily as an insurance measure. Workers earned the right to receive benefits because they paid premiums, just as they did in buying a life insurance policy. The premiums were a tax paid to the federal government. The legislation also provided modest welfare payments to other needy people, including those with disabilities and poor mothers with dependent children.

The core of Social Security was the monthly retirement benefit, which people could collect when they stopped working at age 65. Another important benefit, unemployment insurance, supplied a temporary income to unemployed workers looking for new jobs. Some critics did not like the fact that the money came from payroll taxes imposed on workers and employers, but to Roosevelt these taxes were crucial: "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits."

Since the people receiving benefits had already paid for them, he explained, "no . . . politician can ever scrap my social security program." What Roosevelt did not anticipate was that, in the future, Congress would borrow money from the Social Security fund to pay for other programs while failing to raise payroll deductions enough to pay for the benefits.

Although Social Security helped many people, initially it left out many of the neediest—farm and domestic workers. Some 65 percent of all African American workers in the 1930s fell into these two categories. Nevertheless, Social Security established the principle that the federal government should be responsible for those who, through no fault of their own, were unable to work.

 **Reading Check** **Explaining** How did the Social Security Act protect workers?

Vocabulary

1. Explain the significance of: deficit spending, American Liberty League, Works Progress Administration, National Labor Relations Board, binding arbitration, sit-down strike, Congress of Industrial Organizations, Social Security Act.

Main Ideas

- 2. Summarizing** How did the ideas of Father Coughlin, Senator Long, and Dr. Townsend differ?
- 3. Analyzing** Why was the Social Security Act an important piece of legislation?

Critical Thinking

- 4. Big Ideas** How did the New Deal contribute to the growth of industrial unions?
- 5. Organizing** Use a graphic organizer similar to the one below to list the political challenges Roosevelt faced in his first term.



- 6. Analyzing Visuals** Look again at the photo of Dr. Townsend on page 435. How does he intend to prevent economic chaos?

Writing About History

- 7. Persuasive Writing** Choose one of the figures who criticized the New Deal. Write an editorial to the local newspaper expressing why people should be in favor of or opposed to that person's ideas.

History  **ONLINE**

Study Central™ To review this section, go to glencoe.com and click on Study Central.



The New Deal Coalition

Guide to Reading

Big Ideas

Group Action Backed by a new coalition of voters FDR easily won reelection, but conservative opposition prevented the passage of additional reforms.

Content Vocabulary

- court-packing (p. 442)
- broker state (p. 445)
- safety net (p. 445)

Academic Vocabulary

- recovery (p. 442)
- mediate (p. 445)

People and Events to Identify

- Frances Perkins (p. 441)
- Henry Morgenthau (p. 442)
- John Maynard Keynes (p. 442)

Reading Strategy

Taking Notes As you read, create an outline similar to the one below.

- | |
|----------------------------|
| The New Deal Coalition |
| I. Roosevelt's Second Term |
| A. |
| B. |
| C. |
| II. |
| A. |
| B. |

President Roosevelt won a landslide reelection victory in 1936. Early in his second term, however, his court-packing plan and a new recession hurt him politically. The Fair Labor Standards Act, the last significant piece of New Deal legislation, provided new protections for workers.

Roosevelt's Second Term

MAIN Idea Roosevelt was easily reelected, but the New Deal lost momentum during his second term due to his court-packing plan and a new recession.

HISTORY AND YOU Does your family rent or own your home? Read how the New Deal started programs that tried to make home ownership more affordable.

Since the Civil War, African Americans had been reliable Republican voters. The Republican Party was the party of both Abraham Lincoln and emancipation. In the 1930s, however, this allegiance unraveled. The Great Depression had hit African Americans hard, and the Republican Party had done little to help. To many African Americans, it seemed their votes were taken for granted. That was certainly the sentiment of Robert L. Vann, editor of the *Pittsburgh Courier*, Pennsylvania's leading African American newspaper. Vann decided it was time for a change and started a campaign to persuade African Americans to join the Democratic Party. "My friends, go turn Lincoln's picture to the wall," he told audiences. "That debt has been paid in full."

The dramatic shift in party allegiance by African Americans was part of a historic political realignment the New Deal triggered. As the election of 1936 approached, millions of voters owed their jobs, mortgages, and bank accounts to the New Deal, and they knew it.

The white South, which had been the core of the Democratic Party, now became just one part of a new coalition that included farmers, industrial workers, African Americans, new immigrants, ethnic minorities, women, progressives, and intellectuals. First Lady Eleanor Roosevelt helped bring about the change in the African American and women's vote. She had demonstrated strong sympathies toward African Americans in her many tours of the country. She recounted her experiences to her husband and persuaded him to address at least some of their problems in his New Deal programs.

African Americans made some modest gains during the New Deal. The president appointed several African Americans to positions in his administration, where they informally became known as the Black Cabinet. FDR also tried to see that public works projects included African Americans.

PRIMARY SOURCE

Building the New Deal Coalition

By creating programs that addressed the needs of different groups in American society, the New Deal created a new voting coalition: African Americans, women, and laborers.



▲ **Appealing to Women and Workers**
The appointment of Secretary of Labor Frances Perkins, shown surveying work on the Golden Gate Bridge in 1935, was one example of Roosevelt's effort to bring women voters into the New Deal coalition. Perkins headed the team that designed the Social Security program and the Fair Labor Standards Act. Social Security, along with the New Deal's labor programs, helped bring many workers into the New Deal coalition.

Analyzing VISUALS

1. **Analyzing** Look at the photo of Frances Perkins and the workers. What clues do you get that she took her job seriously?
2. **Evaluating** What mood does the photograph of Mary McLeod Bethune and Eleanor Roosevelt convey?



▲ **New Deal Raises African American Hopes**
Mary McLeod Bethune, shown with Eleanor Roosevelt, was appointed in 1936 as director of the Office of Minority Affairs within the National Youth Association. Bethune became the first black woman to head a federal agency. Roosevelt also relied on an informal advisory group, the "Black Cabinet," also known as the "Black Brain Trust." FDR failed in some areas of civil rights, such as not opposing poll taxes for fear of causing Southern Democrats to block New Deal programs.



▲ **A New Deal for Native Americans**
Commissioner of Indian Affairs John Collier, shown here consulting with Native American leaders in South Dakota, helped create the Indian Reorganization Act of 1934. The act reversed the Dawes Act's policy of assimilation. It restored some reservation lands, gave Native Americans control over those lands, and permitted them to elect their own governments.

A similar policy guided FDR's approach to women. He appointed the first woman to a cabinet post, Secretary of Labor **Frances Perkins**, and appointed many other women to lower-level posts. He also appointed two female diplomats and a female federal judge. Despite these gains, New Deal programs paid women lower wages than men.

The Election of 1936

To challenge President Roosevelt's reelection bid, the Republicans nominated Alfred

Landon, the governor of Kansas. Although Landon favored some New Deal policies, he declared it was time "to unshackle initiative and free the spirit of American enterprise." Landon was unable to convince the majority of American voters it was time for a change. Roosevelt and the New Deal that he represented remained very popular, and on Election Day, Roosevelt swept to victory in one of the largest landslides in American history. He won more than 60 percent of the popular vote and carried every state except Maine and Vermont.

The Court-Packing Plan

Although many people supported the New Deal, the Supreme Court saw things differently. In January 1936, in *United States v. Butler*, the Court had declared the Agricultural Adjustment Act unconstitutional. With cases pending on Social Security and the Wagner Act, it was possible that the Court would strike down most of the major New Deal programs.

Roosevelt was furious that a handful of jurists, “nine old men” as he called them, were blocking the wishes of a majority of the people. After winning reelection, he decided to try to change the political balance on the Court. In March 1937 he sent Congress a bill to increase the number of justices. It proposed that if any justice had served for 10 years and did not retire within six months after reaching the age of 70, the president could appoint an additional justice to the Court. Since four justices were in their 70s and two more were in their late 60s, the bill, if passed, would allow Roosevelt to quickly appoint as many as six new justices.

The **court-packing** plan, as the press called it, was Roosevelt’s first serious political mistake. Although Congress had the power to change the Court’s size, the scheme created the impression that the president was trying to undermine the Court’s independence.

The issue split the Democratic Party. Many Southern Democrats feared Roosevelt’s plan would put justices on the Court who would overturn segregation. At the same time, African American leaders worried that once Roosevelt set the precedent of changing the Court’s makeup, a future president might pack the Court with justices opposed to civil rights. Many Americans believed the plan would give the president too much power.

Despite the uproar, Roosevelt’s actions appeared to force the Supreme Court to back down. In April 1937, the Court upheld the constitutionality of the Wagner Act by a vote of 5–4 in the case *National Labor Relations Board v. Jones and Laughlin Steel Corporation*. In May the Court narrowly upheld the Social Security Act in *Steward Machine Company v. Davis*. Shortly afterward, a conservative justice resigned, enabling Roosevelt to appoint a New Deal supporter to the Court.

In mid-July the Senate quietly killed the court-packing bill without bringing it to a vote.

Roosevelt achieved his goal of changing the Court’s view of the New Deal. The fight over the court-packing plan, however, hurt his reputation and encouraged conservative Democrats to work with Republicans to block any further New Deal proposals.

The Recession of 1937

In late 1937 Roosevelt’s reputation again suffered when unemployment suddenly surged. Early in the year, the economy had seemed on the verge of full **recovery**. Industrial output was almost back to pre-Depression levels, and many people believed the worst was over. Roosevelt decided it was time to balance the budget. Concerned about the dangers of too much debt, Roosevelt ordered the WPA and the PWA to be cut significantly. Unfortunately, Roosevelt cut spending just as the first Social Security payroll taxes removed \$2 billion from the economy, which plummeted. By the end of 1937, about 2 million people had been thrown out of work.

The recession of 1937 led to a debate inside Roosevelt’s administration. Treasury Secretary **Henry Morgenthau** favored balancing the budget and cutting spending. This would encourage business leaders to invest in the economy. Harry Hopkins, head of the WPA, and Harold Ickes, head of the PWA, both disagreed. They pushed for more government spending using a new theory called Keynesianism to support their arguments.

Keynesianism was based on the theories of an influential British economist named **John Maynard Keynes**. In 1936 Keynes published a book arguing that government should spend heavily in a recession, even if it required deficit spending, to jump-start the economy.

According to Keynesian economics, Roosevelt had done the wrong thing when he cut back programs in 1937. At first, Roosevelt was reluctant to begin deficit spending again. Many critics believed the recession proved the public was becoming too dependent on government spending. Finally, in the spring of 1938, with no recovery in sight, Roosevelt asked Congress for \$3.75 billion for the PWA, the WPA, and other programs.

 **Reading Check** **Summarizing** What events weakened Roosevelt’s reputation in 1937?



ANALYZING SUPREME COURT CASES

Can Government Regulate Business?

- ★ ***Schechter Poultry v. United States* (1935)**
- ★ ***NLRB v. Jones & Laughlin Steel Corp.* (1937)**

Background to the Cases

These two cases look at the federal government's right to regulate interstate commerce. In the *Schechter* case, the Court overturned the NIRA and the industrial codes that regulated business. In the *Jones & Laughlin* case, Chief Justice Hughes switched sides from the *Schechter* case and upheld the Wagner Act's labor regulations. The case marks the Supreme Court's shift toward upholding New Deal legislation.

How the Court Ruled

Both cases addressed the question of federal power to regulate interstate commerce. In the *Schechter* case, the Court ruled that the federal government could regulate only business activity that was *directly* related to interstate commerce. In the *NLRB* case, the Court extended congressional power to regulate commerce and upheld the constitutionality of the Wagner Act.

PRIMARY SOURCE

The Court's Opinion

"The persons employed in slaughtering and selling in local trade are not employed in interstate commerce. Their hours and wages have no direct relation to interstate commerce. The question of how many hours these employees should work and what they should be paid differs in no essential respect from similar questions in other local businesses which handle commodities brought into a state and there dealt in as a part of its internal commerce. . . .

On both the grounds we have discussed, the attempted delegation of legislative power and the attempted regulation of intrastate transactions which affect interstate commerce only indirectly, we hold the code provisions here in question to be invalid."

—Chief Justice Charles E. Hughes
writing for the Court in *Schechter v. U.S.*



▲ In this 1937 cartoon, the donkey, a symbol of the Democratic Party, kicks up a storm and the dove of peace flies off, dropping the olive branch, in response to FDR's court-packing plan.

PRIMARY SOURCE

Dissenting Views

"The fundamental principle is that the power to regulate commerce is the power to enact 'all appropriate legislation' for its 'protection or advancement' . . . Although activities may be intrastate in character when separately considered, if they have such a close and substantial relation to interstate commerce that their control is essential or appropriate to protect that commerce from burdens and obstructions, Congress cannot be denied the power to exercise that control.

When industries organize themselves on a national scale . . . how can it be maintained that their industrial labor relations constitute a forbidden field into which Congress may not enter when it is necessary to protect interstate commerce from the paralyzing consequences of industrial war?"

—Chief Justice Charles E. Hughes
writing for the Court in *NLRB v. Jones & Laughlin Steel Corporation*

DBQ Document-Based Questions

- 1. Explaining** In *Schechter*, why does the Court assert that poultry workers are not engaged in interstate commerce?
- 2. Analyzing** In the *NLRB* decision, how has the Court's reasoning changed?
- 3. Drawing Conclusions** How would you explain the shift in the Court's attitude toward federal labor regulations?

The New Deal Ends

MAIN Idea The New Deal expanded federal power over the economy and established a social safety net.

HISTORY AND YOU Do you think the government should help those in need? Read how people felt about the government as the New Deal came to an end.

In his second Inaugural Address, Roosevelt had pointed out that despite the nation's progress in climbing out of the Depression, many Americans were still poor:

PRIMARY SOURCE

"I see one-third of a nation ill-housed, ill-clad, ill-nourished. . . . The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

—from *The Public Papers and Addresses of Franklin D. Roosevelt*

The Last New Deal Reforms

One of the president's goals for his second term was to provide better housing for the nation's poor. Eleanor Roosevelt, who had toured poverty-stricken Appalachia and the rural South, strongly urged the president to do something. Roosevelt responded with the National Housing Act, establishing the United States Housing Authority. This organization received \$500 million to subsidize loans for builders willing to provide low-cost housing.

Roosevelt also sought to help the nation's tenant farmers. Before being shut down, the AAA had paid farmers to take land out of production. In doing so, it had inadvertently hurt tenant farmers. Landowners had expelled tenants from the land to take it out of production. As a result, some 150,000 white and 195,000 African American tenants left farming during the 1930s. To stop this trend, Congress created the Farm Security Administration to give loans to tenants so they could purchase farms.

INFOGRAPHIC

What New Deal Programs Still Exist Today?



▲ All workers are required to have a Social Security card, printed on bank paper to decrease forgeries.

▶ The Federal Deposit Insurance Corporation sign is posted at most banks.



Program	Purpose Today
Social Security	The Social Security Administration provides old age pensions, unemployment insurance, and disability insurance.
National Labor Relations Board	The NLRB oversees union elections, investigates complaints of unfair labor practices, and mediates labor disputes.
Securities and Exchange Commission	The SEC regulates and polices the stock market.
Federal Deposit Insurance Corporation	The FDIC insures deposits up to \$100,000.
Tennessee Valley Authority	The TVA provides electrical power to more than 8 million consumers.
Federal Housing Authority	Renamed the Department of Housing and Urban Development (HUD) in 1965, it insures mortgage loans, assists low-income renters, and fights housing discrimination.



◀ The Federal Housing Administration Web site uses this logo.

Analyzing VISUALS

- Identifying** Which organization regulates and oversees the stock market policies?
- Listing** What is the new name for the Federal Housing Authority?

Section 3 REVIEW

To further help workers, Roosevelt pushed through Congress the Fair Labor Standards Act, which abolished child labor, limited the workweek to 44 hours for most workers, and set the first federal minimum wage at 25 cents an hour. The Fair Labor Standards Act was the last major piece of New Deal legislation. The recession of 1937 enabled the Republicans to win seats in Congress in the midterm elections of 1938. Together with conservative Southern Democrats, they began blocking further New Deal legislation. By 1939, the New Deal era had come to an end.

The New Deal's Legacy

The New Deal had only limited success in ending the Depression. Unemployment remained high, and economic recovery was not complete until after World War II. Even so, the New Deal gave many Americans a stronger sense of security and stability.

As a whole, the New Deal tended to balance competing economic interests. Business leaders, farmers, workers, homeowners, and others now looked to government to protect their interests. The federal government's ability to take on this new role was enhanced by two important Supreme Court decisions. In 1937, in *NLRB v. Jones and Laughlin Steel*, the Court ruled that the federal government had the authority to regulate production within a state. Later, in 1942, in *Wickard v. Filburn*, the Court used a similar argument to allow the federal government to regulate consumption in the states. These decisions increased federal power over the economy and allowed it to **mediate** between competing groups.

In taking on this mediating role, the New Deal established what some have called the **broker state**, in which the government works out conflicts among different interests. This broker role has continued under the administrations of both parties ever since. The New Deal also brought about a new public attitude toward government. Roosevelt's programs had succeeded in creating a **safety net** for Americans—safeguards and relief programs that protected them against economic disaster. By the end of the 1930s, many Americans felt that the government had a duty to maintain this safety net, even though doing so required a larger, more expensive federal government.

Critics continue to argue that the New Deal made the government too powerful. Thus, another legacy of the New Deal is a continuing debate over how much the government should intervene in the economy or support the disadvantaged. Throughout the hard times of the Depression, most Americans maintained a surprising degree of confidence in the American system. Journalist Dorothy Thompson expressed this feeling in 1940:

PRIMARY SOURCE

"We have behind us eight terrible years of a crisis. . . . Here we are, and our basic institutions are still intact, our people relatively prosperous and most important of all, our society relatively affectionate. . . . No country is so well off."

—from the *Washington Post*, October 9, 1940

 **Reading Check** **Summarizing** What was the legacy of Roosevelt's New Deal?

Vocabulary

1. **Explain** the significance of: Frances Perkins, court-packing, Henry Morgenthau, John Maynard Keynes, broker state, safety net.

Main Ideas

2. What caused a recession early in Roosevelt's second term?
3. How did the New Deal expand federal power over the economy?

Critical Thinking

4. **Big Ideas** What groups made up the New Deal coalition?
5. **Organizing** Use a chart like the one below to list the achievements and defeats of Roosevelt's second term.

Achievements	Defeats

6. **Analyzing Visuals** Choose one of the photos on page 441 and write a brief account of the day's activities from the viewpoint of one of the people in the photograph.

Writing About History

7. **Persuasive Writing** Imagine that you are a staff member in Roosevelt's cabinet. Write a short paper criticizing or defending FDR's court-packing plan.

History  **ONLINE**

Study Central™ To review this section, go to glencoe.com and click on Study Central.



You can study anywhere, anytime by downloading quizzes and flashcards to your PDA from glencoe.com.

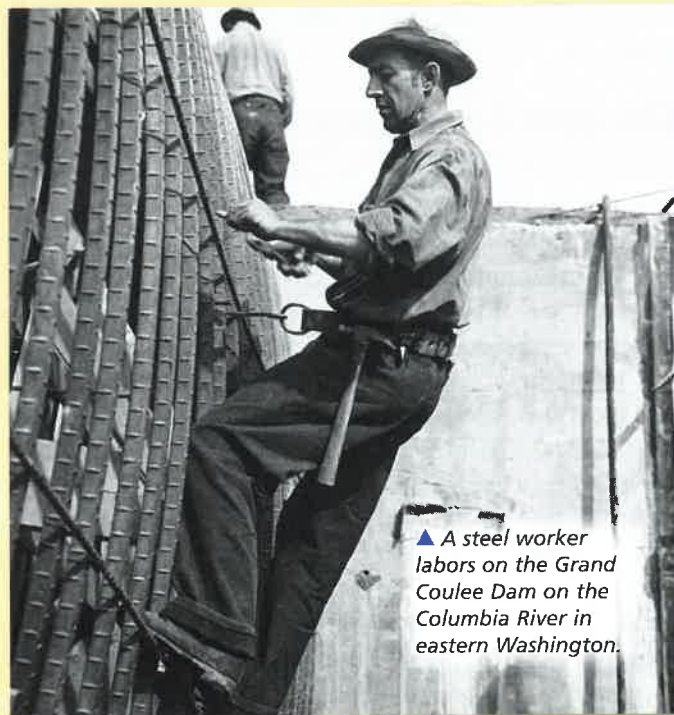
The New Deal in Action

Banking and Finances

- Emergency Banking Relief Act regulated banks.
- Federal Deposit Insurance Corporation insured bank deposits.
- Farm Credit Administration refinanced farm mortgages.
- Home Owners' Loan Corporation financed homeowners' mortgages.

Agriculture and Industry

- Agricultural Adjustment Administration paid farmers to limit surplus production.
- National Industrial Recovery Act limited industrial production and set prices.
- National Labor Relations Act gave workers the right to organize unions and bargain collectively.
- Tennessee Valley Authority financed rural electrification and helped develop the economy of a seven-state region.



▲ A steel worker labors on the Grand Coulee Dam on the Columbia River in eastern Washington.

Work and Relief

- Civilian Conservation Corps created forestry jobs for young men.
- Federal Emergency Relief Administration funded city and state relief programs.
- Public Works Administration created work programs to build public projects, such as roads, bridges, and schools.



◀ A Civilian Conservation Corps member plants trees.

Social "Safety Net"

- Social Security Act provided
 - income for senior citizens, handicapped, and unemployed
 - monthly retirement benefit for people over 65

► In 1935 President Roosevelt signs the Social Security Bill while Secretary of Labor Perkins and legislators observe.



Reviewing Vocabulary

Directions: Choose the word or words that best complete the sentence.

- The purpose of a _____ was to prevent banks from being closed completely because of bank runs.
 - New Deal
 - bank holiday
 - gold standard
 - fireside chat
- The period of intense congressional activity after FDR took office was known as the
 - Square Deal.
 - Securities and Exchange Commission.
 - New Deal.
 - Hundred Days.
- _____ involves borrowing money to pay for programs.
 - Deficit spending
 - The gold standard
 - States' rights
 - Binding arbitration
- Roosevelt ran into major opposition to his _____ plan.
 - broker state
 - gold standard
 - recovery
 - court-packing
- The New Deal created a new public attitude toward government, by imagining the federal government used a _____ to protect citizens from economic disasters.
 - broker state
 - deficit nation
 - safety net
 - gold standard

Reviewing Main Ideas

Directions: Choose the best answers to the following questions.

Section 1 (pp. 422–431)

- One of the ways in which Franklin Roosevelt gained political experience before being president was by serving as the
 - U.S. senator for Maine.
 - mayor of Boston.
 - governor of New York.
 - congressional representative from Connecticut.
- The _____ was created to protect bank deposits.
 - Agricultural Adjustment Act
 - Home Owners' Loan Corporation
 - Securities and Exchange Commission
 - Federal Deposit Insurance Corporation
- To _____, the Agricultural Adjustment Act paid farmers not to grow certain crops.
 - raise farm prices
 - lower farm prices
 - feed the homeless
 - let farmers relax
- The _____ provided work for unemployed young men, who planted trees and built reservoirs.
 - Civil Works Administration
 - Public Works Administration
 - Civilian Conservation Corps
 - Federal Emergency Relief Administration

TEST-TAKING TIP

Questions sometimes ask for the exception, rather than the one right answer. Be sure to read through the question carefully, as well as each response, to see which one does not fit.

Need Extra Help?

If You Missed Questions . . .	1	2	3	4	5	6	7	8	9
Go to Page . . .	424	424	434–435	442	445	422–423	426	428	430

GO ON 

Chapter 12 ASSESSMENT

Section 2 (pp. 434–439)

10. By 1935 the New Deal was criticized because it
- A had created too many new programs.
 - B was focusing only on the Midwest.
 - C had spent too much money on the stock market.
 - D had not ended the Great Depression.
11. Benefits for older Americans were guaranteed by the
- A Congress of Industrial Organizations.
 - B Works Progress Administration.
 - C Social Security Act.
 - D Wagner Act.

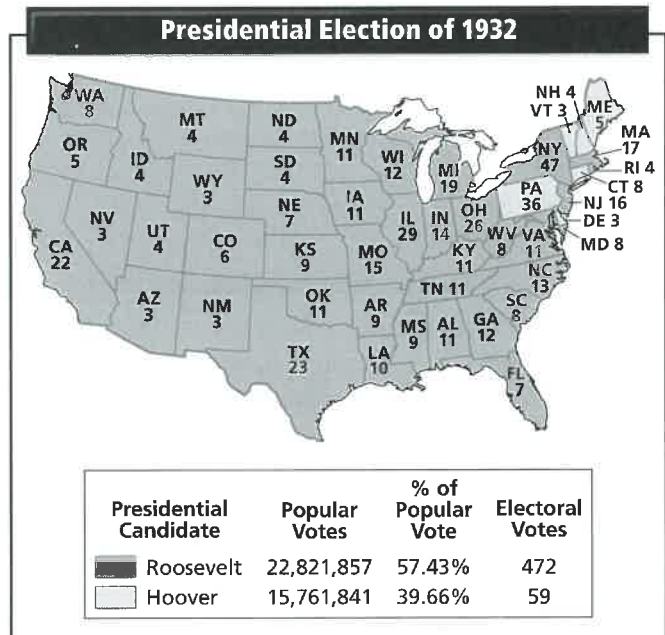
Section 3 (pp. 440–445)

12. Roosevelt split his own party by suggesting the need to
- A appoint additional Supreme Court judges.
 - B include African Americans in New Deal programs.
 - C appoint women to his cabinet.
 - D follow Keynesian economics.
13. Part of the New Deal's legacy was an expansion of
- A state power over the courts.
 - B federal power over the economy.
 - C federal power over the Constitution.
 - D state power over social safety nets.
14. The New Deal changed American attitudes toward government and
- A the desire for easy wealth.
 - B the challenge of unionization.
 - C the duty to regulate industry.
 - D the need to provide a safety net.

Critical Thinking

Directions: Choose the best answers to the following questions.

Base your answers to questions 15 and 16 on the map below and on your knowledge of Chapter 12.



15. Which of the following regions remained supportive of Republican President Hoover?
- A Midwest
 - B South
 - C Northeast
 - D West
16. Which state gave Hoover the largest number of votes in the Electoral College?
- A Pennsylvania
 - B New York
 - C Connecticut
 - D Texas

Need Extra Help?

If You Missed Questions ...	10	11	12	13	14	15	16
Go to Page ...	434–436	439	442	445	440–444	R15	R15

GO ON

17. Social Security was an important piece of legislation because it
- A provided monthly retirement benefits.
 - B encouraged state governments to improve schools.
 - C forced the federal government to hire the unemployed.
 - D mandated that workers be issued safety equipment.

Analyze the cartoon and answer the question that follows. Base your answer on the cartoon and your knowledge of Chapter 12.



18. This cartoon was published just after FDR took office. What message does it send?
- A Republicans are not very happy about the new legislation.
 - B Congress is slow and stubborn as a donkey.
 - C The new president is not slowed down by being in a wheelchair.
 - D The Congress and many people are happy to follow Roosevelt.

Document-Based Questions

Directions: Analyze the document and answer the short-answer questions that follow the document.

Eleanor Roosevelt wrote in her autobiography of her experiences with people around the country:

"This trip to the mining areas was my first contact with the work being done by the Quakers. I liked the idea of trying to put people to work to help themselves. The men were started on projects and taught to use their abilities to develop new skills. The women were encouraged to revive any household arts they might once have known but which they had neglected in the drab life of the mining village.

This was only the first of many trips into the mining districts but it was the one that started the homestead idea [placing people in communities with homes, farms, and jobs] . . . It was all experimental work, but it was designed to get people off relief, to put them to work building their own homes and to give them enough land to start growing food."

—from *The Autobiography of Eleanor Roosevelt*

19. Why did Eleanor Roosevelt like the Quaker project?
20. Based on this excerpt, how do you think Eleanor Roosevelt felt about New Deal programs? Explain your answer.

Extended Response

21. Review the various New Deal programs discussed in the chapter. Select one that you think could be used or adapted to a current situation. Explain what group or groups it would help and how it would do so.

STOP

History ONLINE

For additional test practice, use Self-Check Quizzes—Chapter 12 at glencoe.com.

Need Extra Help?

If You Missed Questions . . .	17	18	19	20	21
Go to Page . . .	439	R18	449	R19	422–431