

President Franklin Roosevelt & the New Deal

I. President Hoover & the Great Depression

- A. From 1929 to 1932, President Hoover was _____ for not doing more to _____ the depression
1. _____ reached 25%; U.S. banking collapsed
 2. Hoover offered gov't intervention (_____, job programs) but it was seen as too little, too late
- B. By the election of 1932, Americans wanted _____ & strong leadership

II. FDR & the New Deal (1933-1935)

- A. In 1932, Democrat Franklin Roosevelt (_____) defeated Hoover
- B. FDR initiated his New Deal, a series of laws that were designed to fight the depression by offering:
1. _____: gov't relief checks & jobs to get people back to work
 2. _____: tried to end the depression by _____ industry & farming
 3. _____: long-term solutions to America's economic problems
- C. The Hundred Days
1. In his 1st _____ in office, FDR & Congress passed 15 major laws
 - a. FDR's 1st action was to address the _____; By 1933, people had no faith in banks
 - b. FDR declared a 4-day _____ after which banks were allowed to re-open only after gaining a gov't endorsement; Banks recovered & Americans slowly regained _____ in banks
 2. Fireside Chats
 - a. FDR used the _____ to sell his New Deal programs to the American people
 - b. These " _____ " used simple, clear language to explain his New Deal programs & gain _____ for these goals

Group Activity: Creating Fireside Chats to Present FDR's New Deal Programs

Notes from Presentation #1	Notes from Presentation #2
Notes from Presentation #3	Notes from Presentation #4
Notes from Presentation #5	Notes from Presentation #6
Notes from Presentation #7	Notes from Presentation #8

3. New Deal: Relief—The greatest success of the New Deal was its ability to offer _____ to unemployed citizens:
 - a. The gov't provided relief checks to _____ % of Americans; The gov't created _____ for Americans
 - b. _____ (CCC) was a work program for young men aged 18-25; The CCC built roads, soil erosion projects, & parks; The CCC employed _____ million young men
4. New Deal: Reforms—The New Deal created long-term reforms to address weaknesses in the American economy
 - a. Securities & Exchange Commission (SEC) was created to _____ the stock market & prevent another _____
 - b. To help restore public _____ in banks, the Federal Deposit Insurance Corporation (FDIC) was created; The national gov't insures money in _____ (up to \$250,000 as of 2006)
 - c. The Tennessee Valley Authority (TVA) created _____ power plants in the South; TVA created dams in 7 states to provide cheap hydroelectric power & create _____

5. New Deal: Recovery—New Deal programs tried to _____ the economy & end the depression
- Agricultural Adjustment Act (AAA) tried to help _____ by paying them not to _____; By lowering supply, the gov't hoped to increase _____
 - The New Deal began in 1933, but by 1935 the Great Depression had not yet come to a _____
- D. FDR's Critics—The failure of the New Deal to end the depression led to frustration & criticism of FDR's programs:
- The most vocal critic was Louisiana Senator _____; Long's _____ plan suggested taxing all personal income over \$1 million to give each family \$ _____ per year
 - The Supreme Court declared 2 recovery programs _____
 - FDR feared that the Supreme Court would _____ the New Deal
 - FDR's solution was to ask called _____: He wanted to increase the number of justices from 9 to _____
 - Congress _____ his radical plan

III. FDR's Second New Deal (1935-1938)

- A. In 1935, FDR launched the _____
- The Works Progress Administration (WPA) was the _____ New Deal program; Created _____ million jobs in a variety of professions & cost the gov't \$10 billion
 - _____ was America's 1st welfare program; It created
 - Old-age _____ to be funded by employers & workers
 - _____ for the blind, handicapped, & needy children
 - The _____ protected workers right to _____ & collectively bargain; Outlawed unfair practices used by companies to discourage _____ membership

IV. Conclusions—FDR's New Deal created a new role for the U.S. government:

- For the 1st time, the gov't used _____ (going into debt) to stimulate the economy
- For the 1st time, the gov't took responsibility for the people & created _____ programs
- New Deal successfully offered relief to ease peoples' suffering, but it did not _____ the Depression

Group Activity: Match each of the New Deal programs below with the appropriate class presentation

<p><u>Federal Deposit Insurance Corporation (FDIC):</u> Created by the Glass-Steagall Act - The Federal Deposit Insurance Corporation (FDIC) was formed by Congress to insure deposits up to \$250,000. Group # _____</p>	<p><u>Securities and Exchange Act (SEC)</u> The SEC regulated the stock market. Congress also gave the Federal Reserve Board the power to regulate the purchase of stock on margin. Group # _____</p>
<p><u>Agriculture Adjustment Administration (AAA)</u> The AAA tried to raise farm prices. It used proceeds from a new tax to pay farmers not to raise specific crops and animals. Lower production would, in turn, increase prices. Group # _____</p>	<p><u>Tennessee Valley Authority (TVA)</u> Public development of nations water resources - electric power, flood control, improved water transportation, local industrialization, reforestation, recreational opportunities. Group # _____</p>
<p><u>National Labor Relations Act (Wagner Act)</u> It legalized practices allowed only unevenly in the past, such as closed shops in which only union members can work and collective bargain. The act also set up the National Labor Relations Board (NLRB) to enforce its provisions Group # _____</p>	<p><u>Social Security Act</u> This act established a system that provided old-age pensions for workers, survivor's benefits for victims of industrial accidents, unemployment insurance, and aid for defendant mothers and children, the blind and physically disabled. Group # _____</p>
<p><u>Civilian Conservation Corps (CCC)</u> This environmental program put 2.5 million unmarried men to work maintaining and restoring forests, beaches, and parks. Workers earned only \$1 a day but received free board and job training. From 1934 to 1937, this program funded similar programs for 8,500 women. Group # _____</p>	<p><u>Works Progress Administration (WPA)</u> This agency provided work for 8 million Americans. The WPA constructed or repaired schools, hospitals, airfields, etc. The WPA created more jobs than any other New Deal agency. Doctors, historians, teachers, authors, artists, and unemployed construction workers all found work in the WPA Group # _____</p>

Directions: In groups, examine the following information on your assigned New Deal program. Create a 1-2 minute “fireside chat” that includes the following:

- Identifies the problem that the program is designed to address
- How you (Franklin Roosevelt) are planning to address this problem. Give a brief overview of your plan.
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WPA Works Progress Administration

One of the most prominent of the New Deal agencies, the Works Progress Administration (WPA) was established in 1935 as the most wide-ranging federal jobs program. By 1935, the Roosevelt administration was seeking ways to build on the programs established during the Hundred Days. Although the economy had improved during FDR’s first two years in office, the gains were not as great as he had expected. Unemployment remained high despite government work programs, and production still lagged behind the levels of the 1920s. The WPA was created as an ambitious effort to create jobs in almost all fields on industry. When the WPA was created, it replaced the Civil Works Administration (CWA), a limited work-relief program operating under the Federal Emergency Relief Administration. Its funds exhausted, the CWA ceased operations after only a few months.

The WPA set out to create as many jobs as possible as quickly as possible. Between 1935 and 1943, it spent \$11 billion to give jobs to more than 8 million workers, most of them unskilled. These workers built 850 airports throughout the country, constructed or repaired 651,000 miles of roads and streets, and put up more than 125,000 public buildings. Women workers in sewing groups made 300 million garments for the needy.

But the WPA differed from other New Deal programs that created jobs by seeking to provide employment on necessary projects rather than merely make work tasks—to replace relief with “real jobs.” The WPA produced public works of lasting value to the nation and gave working people a sense of hope and purpose. As one man recalled, “It was really great. You worked, you got a paycheck and you had some dignity. Even when a man raked leaves, he got paid, he had some dignity.” In addition, the WPA employed many professionals who wrote guides to cities, collected historical slave narratives and research for the Library of Congress, painted murals on the walls of schools and other public buildings, performed in theater troupes around the country, funded writers, created and maintained parks and recreational facilities, and many other forms of blue and white collar employment. At the urging of FDR’s wife, Eleanor, the WPA made special efforts to help women, minorities, and young people.

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CCC Civilian Conservation Corps

Many men had difficulty coping with unemployment because they were accustomed to working and supporting their families. Every day, they would set out to walk the streets in search of jobs. Many teenagers and young men looked for a way out of the suffering. Hundreds of thousands of teenage boys hopped aboard America’s freight trains to zigzag the country in search of work, adventure, and an escape from poverty. These “wild boys” came from every section of the United States, from every corner of society. They were the sons of poor farmers, and out-of-work miners, and wealthy parents who had lost everything.

In his first 100 days in office, President Roosevelt pushed Congress to create the programs to provide relief through work projects and cash payments. One important program, the **Civilian Conservation Corps (CCC)**, put young men aged 18 to 25 to work building roads, developing parks, planting trees, and helping in soil-erosion and flood-control projects. By the time the program ended in 1942, almost 3 million young men had passed through the CCC. The CCC paid a small wage, \$30 a month, of which \$25 was automatically sent home to the worker’s family. It also supplied free food and uniforms and lodging in work camps. Many politicians believed that the CCC was largely responsible for a 55 percent reduction in crimes committed by the young men of that day.

Many of the camps were located on the Great Plains, where, within a period of eight years, the men of the CCC planted more than 200 million trees. This tremendous reforestation program was aimed at preventing another Dust Bowl. This was crucial, especially in states affected by the Dust Bowl, where reforestation was necessary to break the wind, hold water in the soil, and hold the soil in place. So far reaching was the CCC's reforestation program that it was responsible for more than half the reforestation, public and private, accomplish in the nation's history.

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FDIC Federal Deposit Insurance Corporation

After the stock market crash in October 1929, many people panicked and withdrew their money from banks. But some couldn't get their money because the banks had invested it in the stock market. In 1929, 600 banks closed. By 1933, 11,000 of the nation's 25,000 banks had failed. Because the government did not protect or insure bank accounts, millions of people lost their savings accounts.

When Franklin Roosevelt took over in 1933, he helped reorganize the banking system by working with Congress to pass the **Glass-Steagall Act** of 1933, which established the Federal Deposit Insurance Corporation (FDIC). The FDIC is an independent U.S. federal executive agency designed to promote public confidence in banks and to provide insurance coverage for bank deposits up to \$100,000 (temporarily increased to \$250,000 from Oct., 2008, through Dec., 2009). The corporation was established in 1933 to prevent a repetition of the losses incurred during the Great Depression when bankrupt banks could not return the money deposited in them. It originally insured investments up to \$2,500 per investor in order to prevent future bank failures. The FDIC handled 370 bank failures from 1934 through 1941. Most of these were small banks.

The FDIC reassured millions of bank customers that their money was safe. It also required banks to act cautiously with their customers' money. Without the presence of federal deposit insurance, the number of bank failures undoubtedly would have been greater and the bank population would have been reduced.

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SEC Securities and Exchange Commission

Throughout the late 1920s, people were engaging in stock speculation—that is, they bought stocks and bonds on the chance of a quick profit, while ignoring the risks. Many began buying on margin—paying a small percentage of a stock’s price as a down payment and borrowing the rest. The government did little to discourage such buying or to regulate the market. In reality, these rising prices did not reflect companies’ worth. One month after the stock market crashed in October 1929, investors had lost about \$30 billion, an amount equal to how much America spent in World War I. The stock market bubble had finally burst.

When President Franklin Roosevelt took over the presidency in 1933, he began his New Deal. Congress and the president worked to regulate the stock market, in which people had lost faith because of the crash of 1929. The Federal Securities Act, passed in May 1933, required corporations to provide complete information on all stock offerings and made them liable for any misrepresentations. In June of 1934, Congress created the Securities and Exchange Commission (SEC) to regulate the stock market. One goal of this commission was to prevent people with inside information about companies from “rigging” the stock market for their own profit and preventing unfair practices in the sale of stocks and bonds due to the widespread belief that such practices had contributed to the severity of the Great Depression. The SEC requires that certain current information be made public on the financial and managerial condition of corporations whose securities are traded in the exchanges. Manipulative practices and false and misleading statements are prohibited.

The various laws administered by the SEC are intended to give investors a greater degree of safety in entrusting their money to enterprises than was previously afforded them. With these laws the emphasis in determining responsibility for the quality and condition of goods sold has shifted from the buyer to the seller. However, the statutes do not guarantee investors against loss. It is perhaps no more difficult for them to lose their money than before.

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TVA Tennessee Valley Authority

During the early 20th century, the South lagged behind the rest of the nation as the region struggled to develop a strong economy. Sharecropping was a common profession for most poor Southerners. The region lacked electrical power and had few urban centers to generate to generate an industrial economy. When the Great Depression began in October 1929, the South was hit hard. Falling crop prices and rising unemployment left the region devastated.

The Tennessee River basin is one of the largest river basins in the United States, covering parts of seven states, including Tennessee, Kentucky, Mississippi, Alabama, Georgia, North Carolina, and Virginia. The people who live in this area have a number of common concerns, including devastating floods, badly eroded lands, a deficient economy, and lack of electrical power throughout the Southeast. .

As part of his New Deal, President Roosevelt pushed Congress to create the Tennessee Valley Authority (TVA) in 1933 to construct dams and power plants along the Tennessee River and its tributaries. TVA renovated five existing dams and constructed 20 new ones, created thousands of jobs and hydroelectric power to benefit an impoverished South. Through a series of hydroelectric dams, the Tennessee Valley Authority (TVA) harnessed water power to generate electricity. Before the creation of the TVA, the Tennessee River was subject to periodic flooding. The TVA project helped control flooding, which saved lives and crops. The dams curbed soil erosion and generated hydroelectricity, which was vital to industrial development. Damming the river also created the “Great Lakes of the South,” which provided new recreational opportunities. In addition, the TVA added to the national park system in the 1930s, established new wildlife refuges and set aside large wilderness areas.

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Wagner Act

In the 1920s, unions organized thousands of strikes and millions of workers walked off the job. Employers didn’t want to give raises, nor did they want employees to join unions. Some employers, either out of a sincere belief or because they saw a way to keep wages down, attempted to show that union members were planning a revolution. Employers labeled striking workers as Communists. Newspapers screamed, “Plots to Establish Communism.” Over the decade, union membership dropped from more than 5 million to around 3.5 million. When the Great Depression began in October 1929, skyrocketing unemployment further weakened workers and unions. By 1933, 12 million Americans were unemployed and were powerless to make demands against their bosses for better pay.

During the Second New Deal, Roosevelt, with the help of Congress, brought about important reforms in the areas of labor relations and economic security for retired workers. In 1935, as one of the first reforms of the FDR’s Second New Deal, Congress passed the Wagner Act. The federal government protected the right of workers to join unions and engage in collective bargaining with employers. The Wagner Act also outlawed unfair labor practices such as threatening workers, firing union members, and interfering with union organizing. The act set up the National Labor Relations Board (NLRB) to hear testimony about unfair practices and to hold elections to find out if workers wanted union representation.

The Wagner Act was one of the most dramatic legislative measures of the New Deal. The Wagner Act showed that the federal government was prepared to move against employers to enforce the rights of labor to unionize, strike, and collectively bargain. The protection that labor unions gained by the Wagner Act helped union membership grow from around 12% in 1930 to around 31% by 1950. This increase helped improve the economic standing of many working-class Americans in the years following World War II.

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Social Security Administration

During the Great Depression, growing unemployment created widespread fear and insecurity. Between 1929 and 1933 the unemployment rate rose from 3.2 percent to 25.1 percent. Funds from charities and local government were almost completely drained. Many demands were placed on the federal government to design and implement economic and social reforms to help abate social tensions. One group that struggled the most during the depression was senior citizens. Many elderly Americans lost their savings when the banks failed and were either too old to work or could not compete against younger Americans were fighting for the same few jobs.

President Franklin D. Roosevelt responded pushing for the Social Security Act of 1935. The Social Security Administration had three major parts:

Old-age insurance for retirees 65 or older and their spouses. The insurance was a supplemental retirement plan (called pensions). Half of the funds came from the worker and half from the employer. The size of each pension was based on how much the worker contributed to the fund. Increased earnings resulted in increased pensions. Although some groups were excluded from the system, it helped to make retirement comfortable for millions of people.

Unemployment compensation system. Unemployment insurance was developed to provide some security against joblessness; it was funded by employee and employer taxes. The initial payments ranged from \$15 to \$18 per week.

Aid to families with dependent children and the disabled. Another arm of the Social Security Act was the Aid to Dependent Children (ADC). Originally, ADC was designed to help widowed mothers who could not adequately support their families, but Social Security benefits were also provided to poor two-parent families and needy children.

One of the most important legacies of the New Deal was that the federal government assumed some responsibility for the social welfare of its citizens. Under President Roosevelt, the government undertook the creation of a Social Security system that helped a large number of needy Americans receive some assistance. The Social Security program was America’s first welfare program (a government program that uses tax-payer funds to assist people in need).

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AAA Agriculture Adjustment Administration

Even before the Great Depression began in 1929, agriculture suffered more than any other sector of the economy. When demand for farm goods declined after World War I, crop prices declined by 40% or more. Between 1919 and 1921 annual farm income declined from \$10 billion to just over \$4 billion. Farmers who had gone into debt had difficulty in paying off their loans. Many lost their farms when banks foreclosed and seized the property as payment for the debt. As farmers began to default on their loans, many rural banks began to fail. The outbreak of the Great Depression only made matters worse. With few Americans willing to spend money, demand for farm goods fell even lower. The effects of drought, overworked land, and windstorms led to the Dust Bowl in the early 1930s which devastated farming in the Plains. In the mid-1930s, two of every five farms in the United States were mortgaged, and thousands of small farmers lost their farms.

As part of President Roosevelt’s New Deal, Congress created the Agricultural Adjustment Act. The AAA sought to raise crop prices by lowering production, which the government achieved by paying farmers to leave a certain amount of every acre of land unseeded. The theory was that reduced supply would boost prices. In some cases, crops were too far advanced for the acreage reduction to take effect. As a result, the government paid cotton growers \$200 million to plow under 10 million acres of their crop. It also paid hog farmers to slaughter 6 million pigs. This policy upset many Americans, who protested the destruction of food when many people were going hungry. It did, however, help raise farm prices and put more money in farmers’ pockets. In addition, the AAA discouraged farmers from using soil depleting crops and rewarded farmers for practicing good soil conservation methods.