New Deal Objectives

- Explain how the early New Deal pursued the “three R”
- Describe the Supreme Court’s hostility to many New Deal programs
- Analyze the arguments presented by both critics and defenders of the New Deal
- Indicate how domestic concerns influences FDR’s early foreign policy
- Describe US isolationism in the mid-1930s and explain its effects
- Discuss the events and diplomatic issues in the Japanese-America conflict that led up to Pearl Harbor
Sign of Economic Collapse

- 1920's had been a period of good economic times (ie Roaring ‘20s)
- Tues. Oct. 29th, 1929 - NYC Stock market crashed, depression that would last until 1942
Recap of Causes of Economic Stability

- Buying on Margin
- Encouraged Stock Speculation
  - Stock Watering to increase profit
  - False sense of security in economic system
Recap of Causes of Economic Stability

- Oct. 1929, investors’ confidence dropped, market collapse
- panic selling... (many bankruptcies as banks called in loans)
- only a tiny minority of people traded on the stock exchange, but they possessed vast wealth, and the crash had a ripple effect on the economy
Recap of Causes of Economic Stability: Economic Cycle

Unemployment

Purchasing Power

Productivity
Recap of Causes of Economic Stability

- Overproduction
- Uneven Distribution of Wealth
- Poverty Line
  - 42% of American families below
- Middle Class
  - Not wealthy
  - Employment depended on industrialization
  - Productivity decline = job loss
Hoover’s Response

- RUGGED INDIVIDUALISM
- VOLUNTARY NON-COERCIVE COOPERATION
- HOOVER MORATORIUM
- TARIFF WARS
  - SMOOT HAWLEY
  - GLOBAL ECONOMY
Hoover’s Response

- **HOOVERVILLES**
- **BONUS ARMY MARCH**
Election of 1932

- **Roosevelt** (Democratic Candidate)
- **Hoover** (Republican Candidate)
- Roosevelt defeated Hoover 472 to 59
- "Lame Duck" period
  - Twentieth-First Amendment
  - Twentieth Amendment (adopted in 1933)
The New Deal

- Franklin D. Roosevelt
  - “Abolish Breadlines Vote for FDR”

- Politically suave and conciliatory

- Eleanor Roosevelt
  - Became the “conscience of the New Deal”
  - Most active first lady in American history
Effects of Great Depression by 1932

- 25%-33% unemployment
- About 25% of banks failed
- 25% of farmers lost their farms
- Large numbers of businesses failed
- Loss of self-worth among millions of Americans
The New Deal

- FDR’s administration
  - “Brain Trust”
  - Frances Perkins

- First “Hundred Days”
  - Fireside chats
  - Plan: Relief, Recovery, and Reform (three R’s)
  - First New Deal
    - 1933-1935
The New Deal

- The Banking Crisis
  - “banking holiday” between March 6-10
  - Emergency Banking Relief Act of 1933
  - “Fireside Chats”
  - Home Owner’s Loan Corporation (HOLC)
  - Glass-Steagall Banking Reform Act
    - Federal Deposit Insurance Corporation (FDIC)
The New Deal

- Regulation of Banks and Big Business
  - Securities and Exchange Commission (SEC)
- Relief and Unemployment programs of the Hundred Days
  - Civilian Conservation Corps (CCC)
  - Federal Emergency Relief Administration (FERA)
    - Harry Hopkins
    - Dole payments
    - “on the dole”
    - Civil Works Administration (CWA)
The New Deal

- Public Works Administration (WPA)
  - Federal Arts Projects
  - Dorothea Lange
- National Youth Administration (NYA)
  - Butler vs. U.S.
The New Deal

- Agricultural Programs of the Hundred Days
  - Agricultural Adjustment Administration (AAA)
    - Subsidies
  - Dust Bowl refugees
  - Grapes of Wrath
- Rural Electrification Administration (REA)
The New Deal

- Industry of Labor
  - National Industrial Recovery Admin (NIRA)
    - Section 7A
  - National Recovery Administration (NRA)
    - Hugh Johnson
    - "blue eagle"
- Wagner Act (National Labor Relations Act of 1935)
  - CIO (Congress of Industrial Organizations)
    - started by John L. Lewis
  - Sit-down strike
- Fair Labor Standards Act (Wages and Hours Bill)
The New Deal

- Tennessee Valley Authority (TVA)

- Housing Reform
  - Federal Housing Administration (FHA)
The New Deal

- Social Security Act of 1935
- Revenue Act of 1935
- Indian Reorganization Act of 1934
- Effects of the First New Deal
Critics of the New Deal

- The American Liberty League
  - 1936 elections
- Father Charles Coughlin
- Senator Huey P. ("Kingfish") Long
  - "Share Our Wealth"
- Dr. Francis Townsend
Second New Deal

- Roosevelt responded to Democratic voters influenced by Townsend, Long, and Coughlin.
- FDR introduced new programs in the spring of 1935 (much of it passed in summer).
1936 Elections

- New Democratic party coalition: blacks unions, intellectuals, city machines, South
- Republicans could offer no viable alternatives
- Union Party
- Result: Roosevelt defeated Landon 523 to 2
Roosevelt and the Supreme Court

- Court Challenges to the New Deal
  - Schechter vs. US (1935)
  - Butler vs. US (1935)
    - Second new deal
- Judiciary Reorganization Bill - 1937
  - “court packing”
The End of the New Deal

- Recession of 1937-38
  - Deficit spending
  - John Maynard Keynes
- Democrats lost 80 seats in 1938 mid-term elections
  - “Conservative coalition”
- Approaching War in Europe diverted public attention from the domestic economy
Criticism of the New Deal

- The New Deal failed to cure the Great Depression
- Bureaucracy mushroomed
- States power faded further
- National Debt doubled from 1932 to 1939
- U.S. becoming “handout” state, undermining old virtues
- Business accused the New Deal of fomenting class conflict while laborers and farmers were pampered
- Critics claimed New Deal was a “planned economy” and “creeping socialism” that overly interfered in the private sector
- FDR criticized for attempting to change the Supreme Court
- Criticism for FDR trying to “purge” members of congress in 1938 elections and create a “dummy congress”
- More farm surpluses under Roosevelt than under Hoover
- The New Deal didn’t cure the depression, WWII did
Support of the New Deal

- May have saved American capitalism
- FDR’s positive leadership restored America’s pride and faith in the gov’t
- New Deal relieved the worst of the crisis in 1933
- Promoted the principle that the federal government was morally bound to prevent mass hunger by “managing” the economy
- New Deal reforms are still important today
- A fairer distribution of national income was achieved
- Citizens were enabled to retain their self-respect
- Middle-of-the-road approach
An Age of Reform

(Be able to compare and contrast each of the movements below)

- Populism: 1890’s
- Progressivism: 1900-1920
- New Deal: 1933-1938