



THE NEW DEAL



***AMERICA
GETS BACK
TO WORK***

Dr David Rees

THE NEW DEAL

- The 1932 presidential election: Americans ready for change after the 1929 crash and the Depression
- Republicans re-nominated Hoover despite his low approval rating
- The Democrats nominated Franklin Delano Roosevelt



Presidents Hoover and Roosevelt on Inauguration Day, March 4, 1933. Photo National Archives.

ROOSEVELT WINS OVERWHELMING VICTORY



- Democrat Roosevelt, known popularly as FDR, was a 2-term governor of New York
- Greatest Democratic victory in 80 years in reaction against the disaster of Wall Street, poverty, unemployment, no social protection...

Election of 1932

Electoral Vote by State

Popular Vote

DEMOCRATIC 472
Franklin D. Roosevelt



22,809,638

REPUBLICAN 59
Herbert C. Hoover



15,758,901

MINOR PARTIES —

1,153,306

531

39,721,845



The Choice

1. Classical (Conservative – now Neo-Liberal)

Balance the budget:

- Austerity programme
- Reduce spending (and public services)
- Privatisise services
- Increase taxes
- Deregulate

2. Keynesian (John Maynard Keynes)

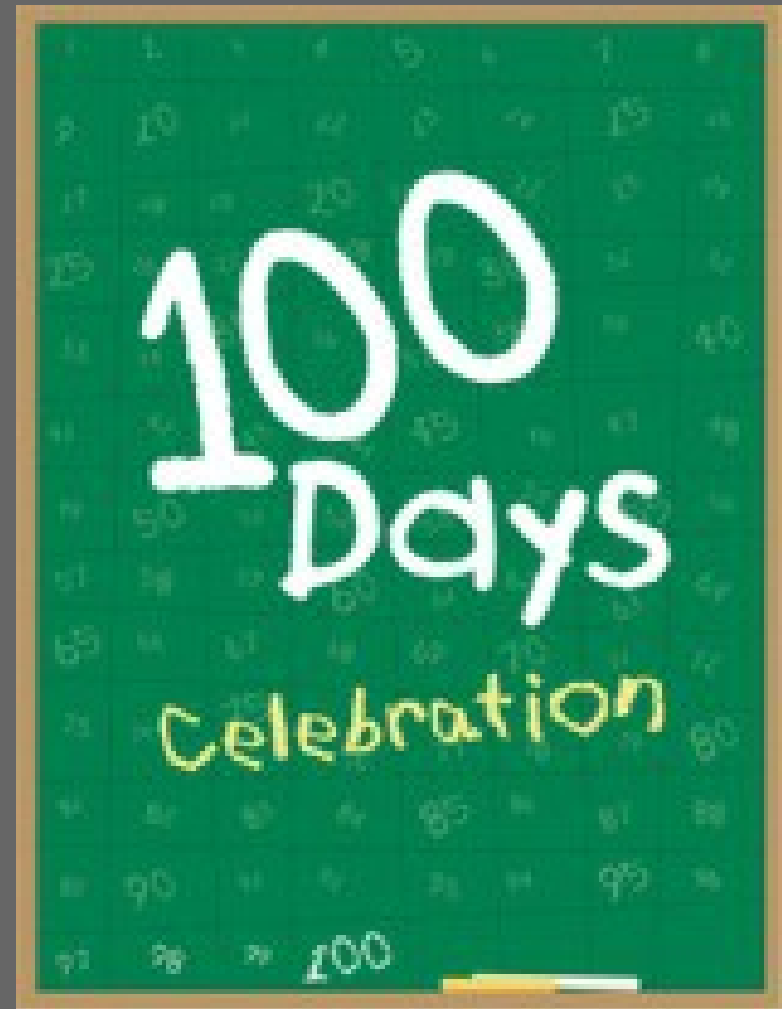
Deficit spending to create jobs:

- Borrow / print money
- Create public jobs via infrastructure projects
- Protect the poorest / weakest
- Regulate the banking system



FDR LAUNCHES NEW DEAL

- FDR promised a “New Deal” for the American people
- He took office with a flurry of activity known as “The Hundred Days”
- The 100 Days lasted from March to June 1933





CONGRESS GETS BUSY

- FDR's philosophy was to get people help and work through "deficit" spending
(Keynesian Economic Theory)
- During 100 Days, Congress passed more than 15 major pieces of legislation that significantly expanded the government's role in the nation's economy and welfare
- 1936 – Second New Deal of a further 100 days

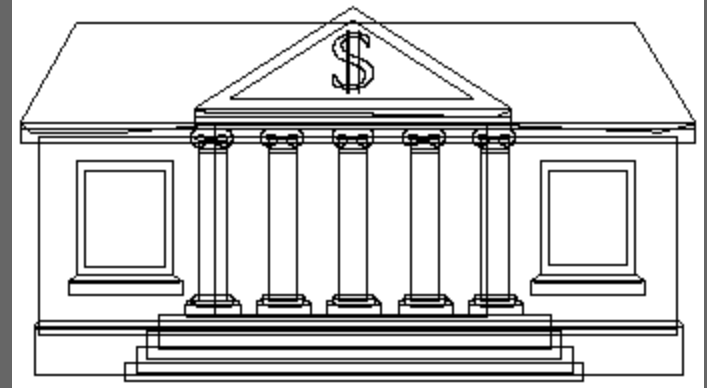


The Alphabet Agencies

(acronyms of the agencies and programmes created)

- **Glass-Steagall Act**
- **FDIC – Federal Deposit Insurance Corporation**
- **TVA – Tennessee Valley Authority**
- **CCC – Civilian Conservations Corps**
- **PWA – Public Works Administration**
- **NIRA – National Industrial Recovery Act**
- **CWA – Civil Works Administration**
- **FHA – Federal Housing Administration**
- **HOLC – Home-Owners Loan Corporation**
- **FERA – Federal Emergency relief Administration**
- **NLRA - National Labour Relations Act**
- **AAA - Agricultural Adjustment Act**
- **NYA – National Youth Administration**
- **SSA – Social Security Act**

Bank Regulation

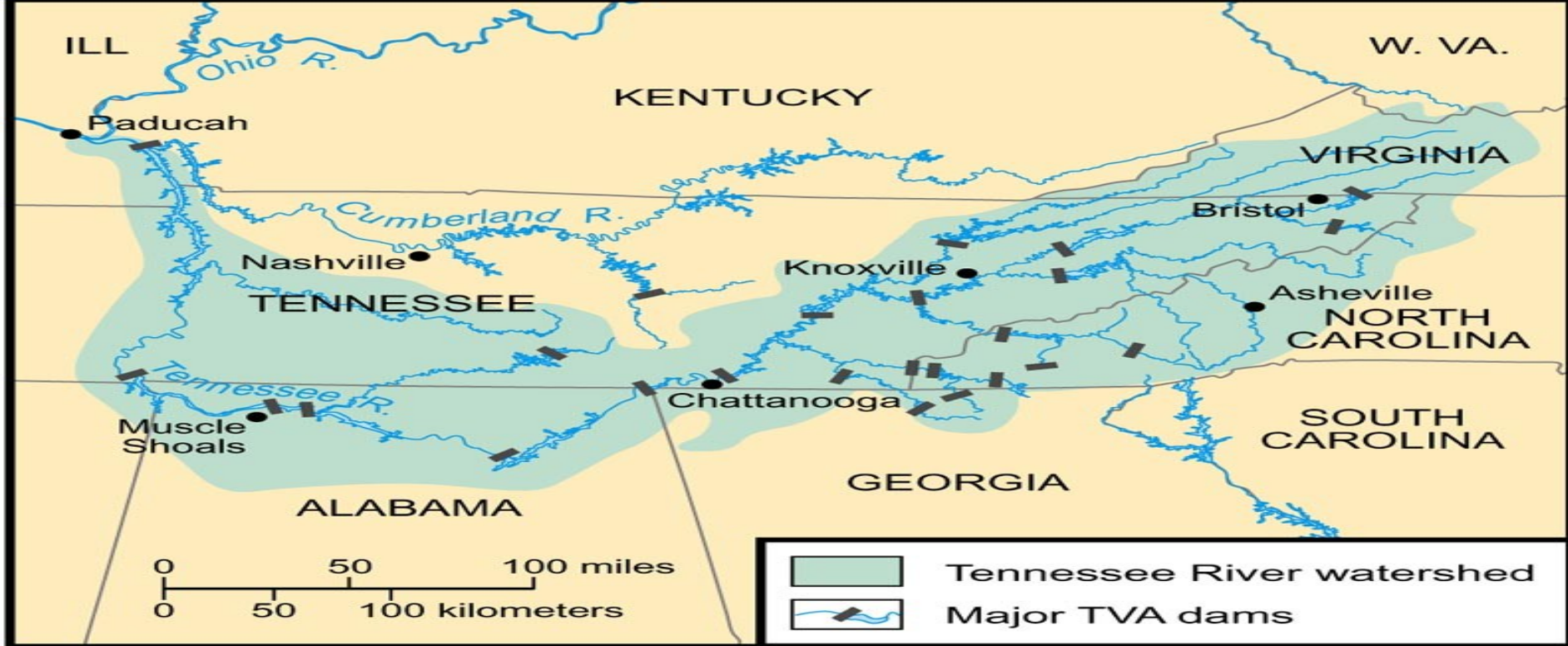


- First order of business was to get the banking system in order
- On March 5, one day after taking office, FDR declared a bank holiday
- Emergency Relief Act, which authorised the Treasury Department to inspect the nation's banks

AMERICANS GAIN CONFIDENCE IN BANKS

- Glass-Steagall Act which established the Federal Deposit Insurance Corporation
- Separation of guaranteed / non-guaranteed banks
- The FDIC insured account holders up to \$5,000 and set strict standards for banks to follow (today = \$100,000)





THE TENNESSEE VALLEY AUTHORITY

TVA

Previously suffered from 90% unemployment, 30% malaria and regular flooding; underdeveloped.

The TVA led to the creation of dams, PUBLIC (socialist) electricity and water supply, flood controls, fertiliser production and economic development

CCC

Civilian Conservation Corps

- CCC – Civilian Conservation Corps put 2,500,000 unmarried men to work in forests, parks and beaches
- Men worked building roads, parks, planting trees (200 million trees in the Dust Bowl area)
- By 1942 three million men worked for the CCC
- They earned 1\$ a day plus lodging and training

PWA

Public Works Administration



PWA workers construct a public building in Hartford, Connecticut

Part of the NIRA (National Industrial Recovery Act)

From 1935-1943 with 11m\$ created 8m jobs and built:

-
- **850 Airports**
- **650,000 miles of road (1m km)**
- **125,000 public buildings**

CWA

Civil Works Administration

- 40,000 schools
- salaries for 50,000 teachers in rural America
- 500,000 miles of roads (800,000km)



CWA School in Woodville, CA

FHA

Federal Housing Administration



- *and HOLC*
Home Owners Loan Corporation
- Home loans
- Home mortgages
- Mortgage relief
- Repairs

(avoid a collapse of the housing market)

Repaired business in Childersburg, Alabama

FERA

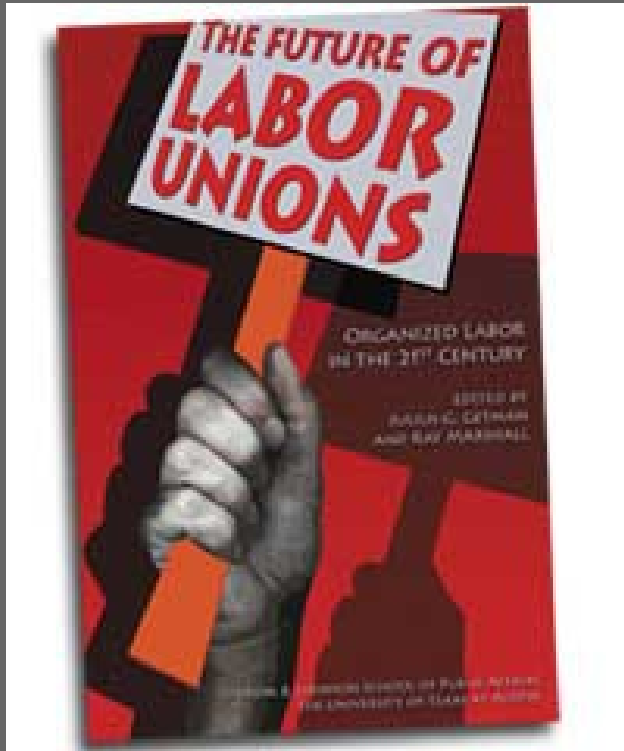
Federal Emergency Relief Agency

- \$500 million in direct relief to the poorest Americans
- \$5m in first 2 hours
- "Work not charity"



Citizens wait outside a FERA in Calipatria, CA for relief cheques

IMPROVING LABOR RELATIONS

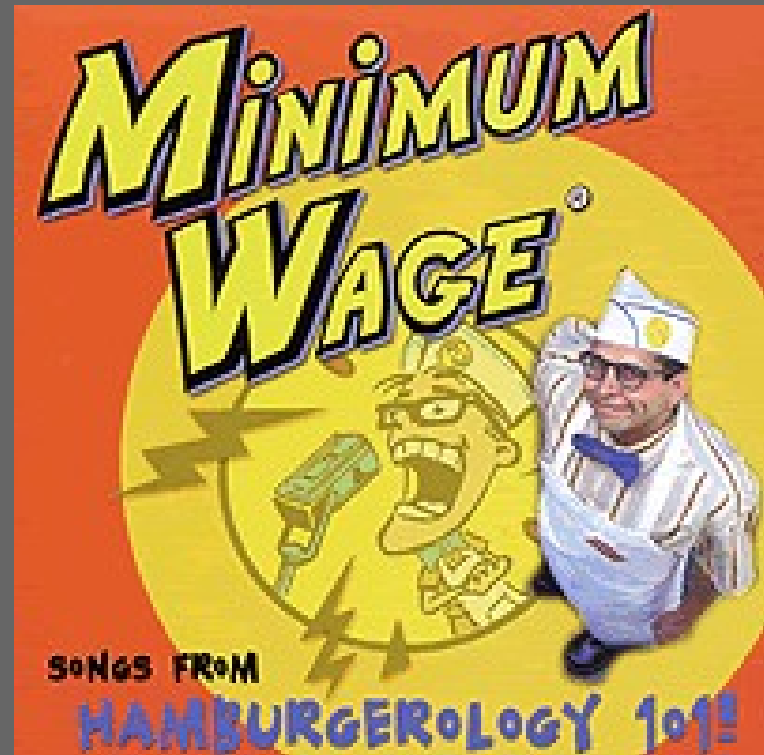


The NLRA was also called the Wagner Act

- In the Second New Deal FDR helped pass the National Labor Relations Act (NLRA)
- This legislation protected workers, ensured collective bargaining, and preserved the right to form unions
- Dispute settlement process
(wages increased which increased national prosperity and consumption)

CONGRESS PROTECTS WORKERS

- In 1938, Congress passed the Fair Labor Standards Act which set maximum hours at 44 per week and minimum wage at 25 cents per hour



AAA

Agricultural Adjustment Act

- Controlled production via quotas to control prices
- Reduced production increased prices
- Provided aid for migrants, sharecroppers, and poor farmers
- FDR authorized more than \$1 billion to help tenant farmers become landowners



Scene in county agent's office, San Augustine, Texas. Farmer is receiving his AAA check. Photo by Russell Lee, April 1939, LOC.

NYA

NATIONAL YOUTH ADMINISTRATION

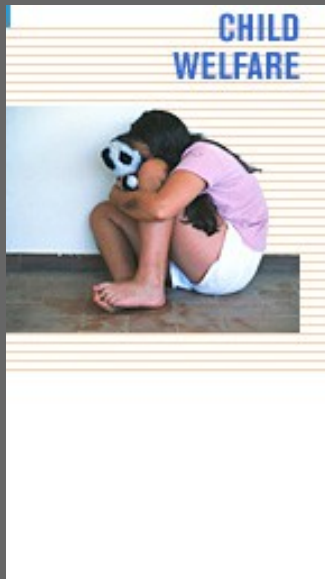
- The National Youth Administration (NYA) was created to provide education, jobs and recreation for young people
- Getting young people off the streets and into schools and jobs was a high priority for the NYA



Workers attending a class in auto mechanics organized by the National Youth Administration.

SSA

SOCIAL SECURITY ACT



- One of the most important achievements of the New Deal era was the creation of the Social Security System
- The Social Security Act, passed in 1935, had 3 parts:
 - ✓ Old-Age Pension (65)
 - ✓ Unemployment compensation
 - ✓ Aid to families with dependent children & the disabled (welfare)