

## Chapter 25 Outline - The Great Depression and the New Deal, 1929–1941

- I. Introduction

The stock market crash in 1929 touched off a crisis that left 13 million Americans (25 percent of the workforce) unemployed by the time Franklin D. Roosevelt took office. The New Deal transformed the role and power of the federal government; however, America's economic and social systems were maintained.

- II. Hoover and Hard Times: 1929–1933

- A. Farmers and Industrial Workers

The economic crisis not only affected people in urban areas but caused great social disruption in the farm community as well.

Almost 25 percent of industrial workers were unemployed. Industrial workers who had employment saw the average wage fall by almost one-third.

- B. Marginal Workers

Ethnic and racial minorities felt both the economic impact of the depression and racism.

Discrimination against women in the work force increased as the depression worsened.

- C. Middle-Class Workers and Families

Many middle-class families had to make do with less.

The depression had a deep psychological impact on many Americans.

- D. Hoover's Limited Solutions

At first, Hoover expressed hostility at calls for direct government relief and put faith in “associationalism” to combat the ills of the depression.

As conditions worsened, Hoover created the President’s Organization on Unemployment Relief to generate private contributions for relief of the destitute.

Ultimately, Hoover began to endorse limited federal action.

Hoover approved a tariff increase by signing the Hawley-Smoot Tariff into law in 1930. Hoover believed it would protect American farmers and manufacturers. Instead, the tariff further weakened the economy.

The Hoover administration’s most forceful action came with the creation of the Reconstruction Finance Corporation, which provided federal loans to banks, insurance companies, and railroads.

- E. Protest and Social Unrest

Social protest and violence increased as the depression deepened.

The Farmers’ Holiday Association encouraged farmers to keep products off the market to drive up prices.

Unemployed Councils, created and led by Communist Party members, led numerous protests against conditions in America, which often turned violent. Racial violence also increased.

- F. Bonus Army

Fifteen thousand World War I veterans marched on Washington to support immediate payment of cash bonuses, but the Senate refused. President Hoover sent in the U.S. Army, which attacked the veterans and their families that remained in Washington.

- III. Franklin D. Roosevelt and the Launching of the New Deal

- A. Banking Crisis

In an effort to deal with the collapse of the banking industry, President Roosevelt declared a four-day bank “holiday” and called Congress into emergency session.

Congress quickly passed the Emergency Banking Relief Bill.

On March 12, Roosevelt addressed the nation by radio, reassuring the people that banks were again safe.

- B. First Hundred Days

Congress began the massive legislative output of the First New Deal.

Although Roosevelt and his “Brain Trust” had no single, coherent plan, their two basic strategies were national economic planning and the creation of “relief” programs to help those in need.

- C. National Industrial Recovery Act

The National Industrial Recovery Act was the industrial cornerstone for the New Deal. The wide-ranging law revealed the New Deal’s faith in national economic planning.

- D. Agricultural Adjustment Act

The AAA paid farmers to reduce production in exchange for government subsidies. Government subsidies proved to be a disaster for tenant farmers and sharecroppers.

- E. Relief Programs

New Deal programs emphasized “work relief.”

The Civil Works Administration gave work to 4 million people; the

CCC served as a jobs corps for young men; and the Public Works Administration was established.

Congress approved fifteen major laws by the time it adjourned in June 1933.

- IV. Political Pressure and the Second New Deal

- A. Business Opposition

With the arrival of partial economic recovery, many businesspeople and conservatives sharply criticized the New Deal.

- B. Demagogues and Populists

The most notable critics included Father Charles Coughlin, Dr. Francis E. Townsend, and Senator Huey Long.

- C. Left-Wing Critics

As the Depression continued, some Americans gravitated toward left-wing parties.

- D. Shaping the Second New Deal

Within the Roosevelt administration, activists such as Eleanor Roosevelt and the “black cabinet” were committed to progressive causes and social justice. These activists had a voice in the shaping of the Second New Deal.

In shaping the Second New Deal, Roosevelt was cognizant of the upcoming 1936 presidential election.

- E. Works Progress Administration

The Emergency Relief Appropriation Act allowed the president to establish massive public works programs for the unemployed.

The largest program funded by the Emergency Relief Appropriation Act was the Works Progress Administration.

Cultural programs such as the Federal Theater Project and the Federal Writers Project provided employment for artists, musicians, writers, and actors.

- F. Social Security Act

The Social Security Act established old-age insurance for some Americans, a measure that acknowledged a greater social responsibility for the government.

- G. Roosevelt's Populist Strategies

Roosevelt began to use Populist language and decided that business should be "cut down to size" through antitrust suits and corporate taxes.

In the 1936 presidential election, Roosevelt won a landslide victory over Alf Landon.

Roosevelt had forged the New Deal coalition, which consisted of urban voters, organized labor, the "Solid South," and northern African Americans.

- V. Labor

- A. Rivalry Between Craft and Industrial Unions

Craft unions and industrial unions fought bitterly over control of the labor movement.

- B. Sit-Down Strikes

The United Auto Workers staged a successful sit-down strike against GM, leading to wide use of the tactic.

- C. Memorial Day Massacre

Violence at the Republic Steel Plant exemplified the intense animosity between labor and management.

- VI. Federal Power and the Nationalization of Culture

- A. New Deal in the West

The Bureau of Reclamation oversaw the construction of large multipurpose dams that reshaped the economy and environment of the American West and gave the federal government a great deal of control over water and hydroelectric power in the region.

In an attempt both to prevent agricultural and livestock prices from further decline and to combat the environmental disaster of the Dust Bowl, the federal government brought millions of acres of western land under its control in the 1930s.

- B. New Deal for Native Americans

John Collier, founder of the American Indian Defense Agency, was named head of the Bureau of Indian Affairs.

Although not supported by all Indian peoples, the Indian Reorganization Act of 1934 aided many Native Americans by, among other things, ending the forced assimilation of Indians, restoring Indian lands to tribal ownership, and extending federal recognition to tribal governments.

- C. New Deal in the South

The Tennessee Valley Authority was created to foster economic revitalization of the entire Tennessee River Valley.

Although the goal of economic revitalization was achieved, the TVA was a disaster for the environment.

New Deal programs began the process of fully integrating the South into the national culture and economy.

- D. Mass Media and Popular Culture

Radio offered people access to political news and to entertainment and helped create a more homogeneous mass culture.

Hollywood movies helped create a national culture by offering Americans shared experiences.

New Deal programs were intended to provide jobs for male heads of households. As a result, fewer teenagers were employed and more young people completed high school. This, in turn, caused youth culture to spread more widely among America's young.

- VII. The Limits of the New Deal

- A. Court-Packing Plan

The Supreme Court ruled against the New Deal in several cases.

Roosevelt sought to gain control over the courts, but Congress refused to accept his Judiciary Reorganization Bill.

In the end, swing-vote justices on the Supreme Court began to vote in favor of liberal, pro-New Deal rulings.

- B. Roosevelt Recession

The economy improved by 1937, but a recession ensued when Roosevelt ordered cutbacks in government spending and the Federal Reserve Board tightened credit.

- C. Election of 1940

Roosevelt ran for a historic third term in 1940, and the New Deal

coalition handily defeated Wendell Wilkie.

- D. Race and the Limits of the New Deal

Although non-white Americans benefited from the New Deal, they did not receive benefits equal to those of white Americans.

In the case of the Scottsboro Boys in 1931, eight African Americans were convicted of rape in Alabama, even though medical evidence revealed that the female witnesses had lied.

- E. African American Support

Although African Americans did not receive their fair share, the New Deal helped blacks. Eleanor Roosevelt's public commitment to racial equality was very important to African Americans.

African Americans realized the limits of the New Deal and organized self-help and direct-action movements.

- F. An Assessment of the New Deal

Assessments of Roosevelt vary widely, but scholars agree that he profoundly transformed the presidency.

Eleanor Roosevelt, often referred to as the conscience of the New Deal, worked tirelessly for social justice and human rights.

Under the New Deal, the federal government assumed new and far-reaching responsibilities.