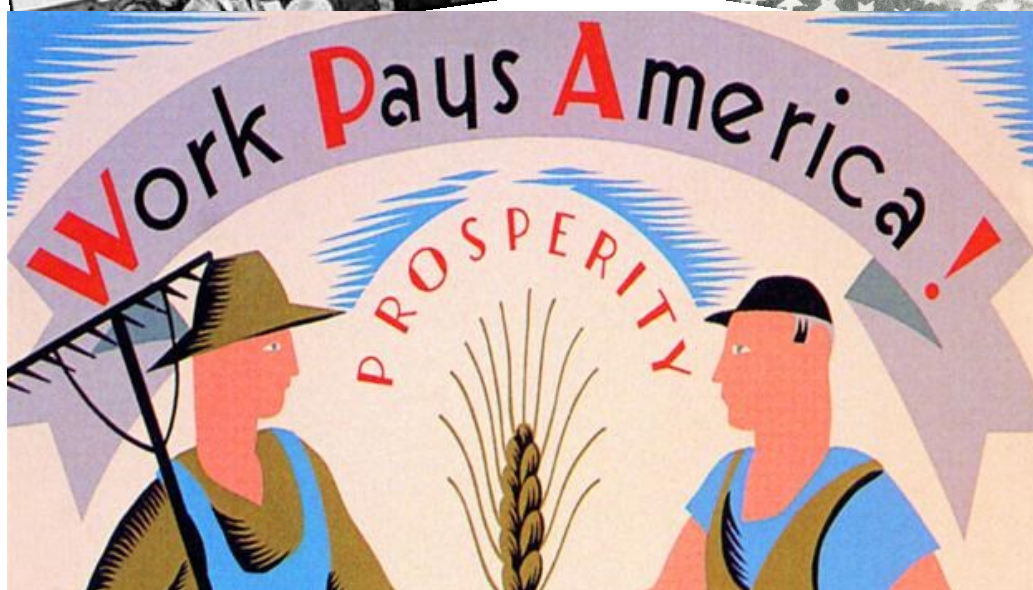
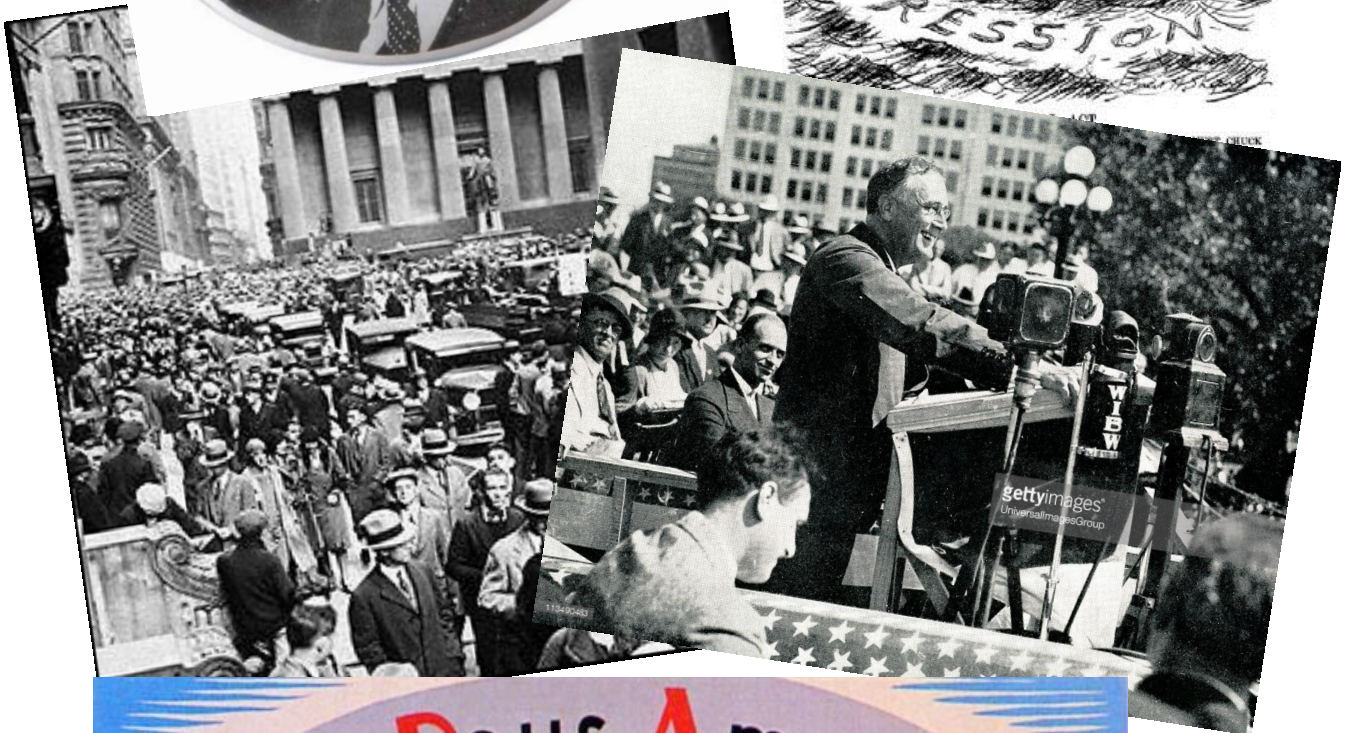


# How successful was the New Deal?



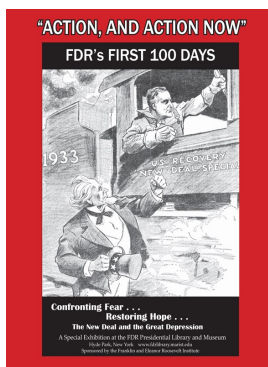


## 12. What was the New Deal? (Laying the foundations)

By the 1932 election the USA was in a miserable position, at which point the people of the USA chose to elect Roosevelt to the presidential office. He **became President on 4th March 1933** and began to bring in his promised 'New Deal' for the people of the USA. Within his first **100 days** in office he underpinned his new deal by passing hundreds of laws which were to change America fundamentally.

**Fireside chats:** Roosevelt was the first President to use the radio regularly as a way to communicate with his people. He broadcast **30 'fireside chats'** to the public which explained what problems the country was facing and what he intended to do to solve America's problems. Key facts;

- They were mostly **informal**, often starting with 'Good evening, friends'
- The first took place on **12th March 1933**
- Over **90% of homes had radios** as the main form of entertainment, so millions of Americans tuned in for them



**Sorting out the banks:** After the Wall Street Crash most Americans simply did not trust the banks themselves or the systems related to them (stock market etc). Many of them had closed and this had been something which had damaged the economy and meant that very few people had any money to spend. Roosevelt solved this problem in the following ways;

1. **Emergency Banking Act:** This ordered all banks to stay closed for 4 days whilst the government assessed their finances. Those who had given too much credit, had taken on too much risk or demonstrated corruption were closed forever. However, the banks who were found to have acted properly before the Wall Street Crash were given government grants and allowed to reopen. Roosevelt went on the radio to appeal to people to start spending and have discussions with the banks about loans to kick start the economy. It worked.
2. **The Securities Act** forced companies wanting to sell shares of their business on the Wall Street stock exchange to **provide full details of their accounts to the public.**
3. In 1934 he introduced the **Securities and Exchange Commission** who were given powers to monitor and control the activities of the Wall Street stock exchange. **This reduced Stock Fraud** (see Wall Street Crash revision guide!)



It is important to remember that not EVERYONE liked this idea. Many Republicans thought that Roosevelt had too much power and was trying to increase his control and power, which would reduce individual freedoms.


## 12. Which aspects of the New Deal were not replaced?

After the first New Deal in 1933, the situation for many Americans began to improve and there was significant evidence to suggest that the New Deal was having a positive impact. However, due to cost and other opposition (see two pages - issue 13), different **parts of the New Deal were revised, and Roosevelt introduced his Second New Deal in 1935**. Over the next two pages are the following:

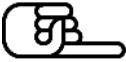
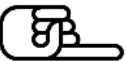
**This page:** Parts of the New Deal which were unchanged throughout both new deals

**Next page:** Parts of the New Deal which were changed.

**All of the significant achievements of the New Deals had taken effect by the time 1936 ended.**

| Who did it target / who was it aimed at?  | Name of Act or 'alphabet Agency | Description of what it did/the impact   | Was this agency replaced in the Second New Deal? If so, why?  |
|---|---------------------------------|---|---|
| Home Owners   | HOLC (1933)                     | The <b>Home Owners' Loan Corporation</b> gave home owners low-interest loans which meant they could afford to keep up payments on their mortgage<br>                | NOT REPLACED IN THE SECOND NEW DEAL<br>   |
| Poorest of the areas suffering the depression   | TVA (1933)                      | The <b>Tennessee Valley Authority</b> was set up to revitalise the economy and farming in Tennessee specifically. Projects such as hydro-electric dams, river redirection, new schools and extra relief for the poor was funded by federal government | NOT REPLACED IN THE SECOND NEW DEAL<br>  |
| Drinkers<br> | Beer Act (March 1933)           | <b>Ended prohibition</b> by legalising the sale and production of beers and wines again<br>  | THIS WAS A POPULAR LAW WITH MANY, BUT NOT THE ANTI-SALOON LEAGUE, WOMEN'S TEMPERENCE UNION AND VARIOUS CHURCH ORGANISATIONS.<br> |

## 12. Which aspects of the first New Deal were replaced in the Second New Deal in 1935 and why?

| Who did it target / who was it aimed at? | Name of Act or 'alphabet Agency  | Description of what it did/the impact   | Was this agency replaced in the Second New Deal? If so, why?  |
|--|--|---|---|
| Farmers                                  | AAA (1933)<br><b>REPLACED</b>  | <u>The Agricultural Adjustment Act paid farmers for NOT producing crops. The government destroyed surplus produce and compensated farmers for lost production using money.</u><br>   | <u>The Resettlement Administration (RA) was set up to relocate sharecroppers and farm workers from areas where they weren't needed to areas where they were. They also gave them loans to get started and provided them with specialist equipment.</u><br><b>WHY WAS THE AAA REPLACED:</b> The Republican dominated Supreme Court voted that it should be scrapped as it gave Federal Government (central government) control over individual State Governments. The AAA was considered <b>unconstitutional</b>   |
| Unemployed and workers                   | CWA (1933)<br><b>REPLACED</b><br>CCC (1933)<br><b>REPLACED</b><br>PWA (1933)<br><b>REPLACED</b><br>FRA (1933)<br><b>REPLACED</b> | <u>The <b>Civilian Works Agency</b> had people doing jobs like building roads, but many jobs were lower level such as sweeping streets. The pay was very little and the work was VERY short term, sometimes even weeks.</u><br><u><b>Civilian Conservation Corps</b> - Provided jobs in the countryside doing jobs such as strengthening dams, river banks, fighting forest fires etc.</u><br><u>The <b>Public Works Administration</b> invested \$7bn in hiring skilled workers to build dams, sewage systems, hospitals, schools, bridges.</u><br><u>The <b>Federal Relief Administration</b> gave local governments funding to help the poorest of the poor.</u> | <u>The WPA was brought in in 1935 as part of the Second New Deal. The Works Progress Administration gave stable work to about <b>8 million people (of all skill levels) in the 9 years</b> it existed, and focused on all of the jobs mentioned to the left. <b>People were eligible for this programme until the age of 39.</b></u><br><b>WHY WAS THE CWA/PWA/CCC REPLACED:</b> It reduced the costs of running 3 separate programmes by bringing them all together under the WPA. Also, the PWA gave workers certain powers that came into conflict with existing laws, so was scrapped because it was seen as unlawful and <b>unconstitutional</b> .<br><b>Some local governments overspent</b> with the funding from central government given in the FRA, so it was heavily criticised. |
| Industry                                 | NRA (1933)<br><b>REPLACED</b>  | <u>The National Recovery Administration made sure that big businesses were <b>encouraged</b> to sign a deal which kept worker's wages and working conditions at a good level. <b>Trade unions were banned.</b></u><br>   | <u>The NRA was replaced by the Wagner Act in 1935 - This <b>guaranteed in law</b> that employers could not sack employees for making trade unions. The Fair Labour Standards Act (FLSA) was introduced in 1935, and <b>set the minimum wage</b> for workers in unskilled industries .</u><br><b>WHY WAS THE NRA REPLACED:</b> Workers' rights were not upheld by the NRA and <b>Roosevelt (and others) believed that the NRA gave employers the opportunity to take advantage of and exploit their workers</b>  |

**Social Security Act (1935)** - This act made sure that workers paid **National Insurance** payments to make sure that old people got **pensions**, the **disabled** and **children** in need had support AND that employers and employees **paid unemployment insurance** (workers were paid if they were not employed for a limited time). The first 'safety net' of its kind in America.



# 13. Why did the New Deal encounter opposition?

## Republicans

"This Roosevelt is a damn **dictator**. He is using his power as President to interfere with the economic lives of ordinary Americans. He is **fixing prices, telling employers how to treat workers and controlling how much they produce**. This is none of the government's business. He is taking our freedoms away! #murica #freedom4eva

## Taxpayers (the rich ones who were capable of paying more!)

"I have paid my taxes all of my life and I earned plenty during the 20s, which meant I paid a lot of tax. This Roosevelt keeps demanding more and more from me to pay for his stinking New Deal. Why should I, me, myself have to pay for Jonny no work who lives over on the East Side of the city when he hasn't put in a good day's work throughout the entire depression? **Roosevelt it wasting money on these people**, not to mention that these 'alphabet agencies' are very costly and some of them duplicate the work. **Inefficient**, I say.

## Supreme Court (most of the 9 Supreme court members were Republican supporters!)

"It was ace in the boom years when Hoover passed laws which we mostly supported and agreed with. However, Roosevelt has been trying to pass laws which lower freedoms and go against the constitution, something which we simply could not allow and told him some of the New Deal was unconstitutional and needed changing. In 1936 he reacted and even **tried to appoint 6 new judges to join us in the Supreme Court (would have made 15 in total)**. Naturally, we were scared (as were ordinary people) that he was trying to do this so he could employ 6 judges who would support his decisions. **This would make him a dictator** and give us no power to stop him. Luckily, **congress supported us in stopping this**. We will think carefully before challenging his ideas again."



## Huey Long

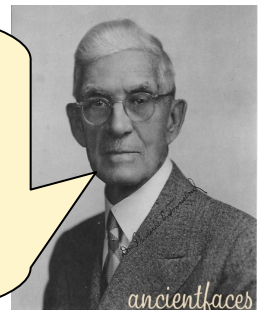
"I have been called a Communist, a dictator and a crazy man. My **'Share our Wealth' scheme** would take all of the fortunes of the richest people in America and make sure every house had a home, a car and a radio. Why should ordinary Americans not have access to these things whilst people with more than enough money sit there and watch it grow? I have aggressively challenged my opponents and used political, even criminal tricks to make sure that I have done my job as **Senator of Louisiana** and improved public services for everyone who lives here. **I think the government should buy all surplus food and sell it really cheap, start up free education and old age pensions, as the depression has hit America hard**. I am supposedly a national superstar politician now, and plan on running against Roosevelt to become President in 1936 to accelerate the New Deal because it **hasn't gone far enough to help the poor**."

Huey Long was assassinated in September 1935!



## Dr Francis Townsend

"Although I am in the **Union Party (close with the NUSJ)** with Father Coughlin, I have different reasons for opposing the New Deal. **I think this New Deal didn't go far enough** and didn't help the old people who've helped shape our nation into the biggest world power it still is today. My **'Townsend Plan'** suggested that all **people over 60 should get \$200 a month, but would HAVE to spend it**. Many oldies liked the sound of this and have organised "Townsend Clubs" to pressure the government and it seems we are getting somewhere! It is in this great year of 1935 that Roosevelt has finally taken measures to help old people through pensions. At last, my hard work has paid off! I still would have liked the credit for this idea though!"



## Father Coughlin


"I helped found the **NUSJ (National Union for Social Justice)**, an organisation with over 7 million members, who have campaigned tirelessly to drag this New Deal down. I believe this is unfair on ordinary hard working Americans and that the **Government are corrupt, taking money for themselves and wasting it**. That Hitler bloke in Germany and Mussolini (**Fascists**) are strong have the right ideas about how to rule a country. **New Deal... Pah... Jew Deal**. Down with Roosevelt and his filthy politics. Luckily I've got a voice for radio. They call me the **'radio priest'**"



# 14. How far were the New Deals a success?

As with all topics we study in History, there is always a two sided argument. We can assess the success of these deals by considering the start point (Great Depression) in comparison to the end point of this module (1941) and look at who was helped and who wasn't. In addition to this, we need to look at other economic and social factors and weigh up how much the New Deals helped America and Americans.

| Helped a lot  | Didn't help enough  |
|---|---|
| <p><b>Big Farmers:</b> The AAA restored food prices to a sensible level in 1933 by reducing surplus and paying farmers not produce, and loans were provided to help automate their farms. Incomes rose and farmers who had large amounts of land benefitted from this the most.</p>   | <p><b>Sharecroppers and small scale farmers:</b> The AAA mostly helped big farming and sharecroppers still lived in poverty. Although the RA helped relocate many of them during the second New Deal, the majority still struggled on living below the poverty line. This was a big problem in the Southern states</p>  |
| <p><b>The poor and unemployed:</b> They were helped by a whole range of agencies to find and sustain work (CCC, PWA, CWA and, after 1935, the WPA), as well as being provided relief through the FRA. Although many argued the help had not gone far enough, there is no doubt that the poor and unemployed were helped significantly by the New Deal in a way that they would not have been had the Republicans remained in charge.</p>                  | <p><b>Dustbowl families:</b> States like <b>Kansas, Oklahoma, Texas and Colorado</b> were hit by drought and desertification, leading to the area becoming known as the dustbowl. Many made their way West to California and were met with discrimination and hate. The New Deal did little to help these Dustbowl farmers specifically, although some did benefit from the agencies helping all farmers.</p>   |
| <p><b>Workers/employees:</b> Worker rights improved after the introduction of the NRA and Wagner Act (see issue 12) and they now had the legal right to strike and have a minimum wage. In 1937 there were strikes in the steel and car industries and the workers won. However, there were examples of strikes going wrong like the '<b>Memorial Day Massacre</b>' in Chicago, where 10 steel workers were shot dead during a strike and 90 injured!</p> | <p><b>Black people (from the South in particular):</b> The biggest group to need emergency relief from the FRA were the black population, 30% of which depended on these hand outs. Little was done to help the black population specifically and they remained in poverty, particularly in the South. This is because Roosevelt wanted the support of Politicians from the South (Democrats) and, therefore, did very little to challenge the racist system which many of the Politicians down there supported.</p> <p><b>Employers:</b> Disliked the New Deal's terms and when strikes broke out (see 'workers/employees to the left) employers' attempts to deal with them failed, with <b>80% of 4700 strikes in 1939 going in favour of the workers!</b></p> |

| Successes  | Failures  |
|--|---|
| <ul style="list-style-type: none"> <li>The economy was worth <b>\$59bn in 1933</b> when Roosevelt came to power and this rose to <b>\$92bn by 1939</b>.</li> <li>Government works agencies like the CCC, CWA, PWA and later the WPA put millions of Americans to work and improved infrastructure for the people</li> <li>Most people were protected from the drastic effects of the depression they were experiencing in 1932.</li> <li><b>Roosevelt created a fairer society</b> where the difference between rich and poor was more balanced</li> <li><b>Workers rights improved significantly</b> and employers could no longer exploit them.</li> <li>Roosevelt restored peoples' faith in the idea that 'the system' cared about them and made people believe in American democracy again.</li> <li><b>International trade recovered, which laid the foundations for a huge trade boost in WWII</b></li> </ul> | <ul style="list-style-type: none"> <li>Although the economy rose by 1939, it still wasn't as successful as it had been in <b>1929, when it was worth \$106bn</b></li> <li>The value of the economy dipped in <b>1938 by \$5bn</b></li> <li>Some groups, like black people, sharecroppers and dustbowl families had no specific help—<b>the most desperate were forgotten by the New Deal</b></li> <li>Unemployment was still 9m people in 1936</li> <li><b>Unemployment rose by 2.5 million (11.5m total) people between 1937-38</b>, as Roosevelt had made some cuts to the New Deal.</li> </ul>  |

## PART 4: TOP 15 QUIZ

1. Which 3 measures were put in place to solve the banking crisis?
2. In how many days did Roosevelt lay the foundations for the New Deals?
3. How did he address the people in the 'fireside chats'?
4. What did HOLC do?
5. What measures did the TVA introduce?
6. Which agencies were replaced because they were seen as unconstitutional?
7. What was the Social Security Act?
8. How many people did the WPA help over how many years?
9. Why were wealthier tax payers annoyed with the New Deal?
10. Why did congress, even the Democrats within it, oppose Roosevelt about his suggested changes to the Supreme court?
11. How many judges did he want to increase the Supreme Court by? Why?
12. Which two individuals thought the New Deal didn't go far enough?
13. What did each of them want to introduce?
14. Who was Father Coughlin and what similarity did he share with Roosevelt in the way he communicated?
15. List who benefit from the New Deals and give a reason why for each
16. Do the same for those who didn't benefit
17. Which success of the New Deal do you think was the biggest? Why?
18. Which down side do you think people would have viewed as the biggest failure? Why?

# EXAM QUESTIONS: Wall Street Crash

## DESCRIBE:

What actions did Roosevelt take in his first hundred days? (4 marks)

Describe the work of one 'alphabet' agency. Remember to state the alphabet agency you are writing about (4 marks)

Describe how Roosevelt solved the banking crisis (4 marks)

## EXPLAIN:

Explain why Republicans opposed the New Deal (6 marks)

Explain why some people opposed the New Deal (6 marks)

Explain why some alphabet agencies were replaced in the second New Deal (6 marks)

## EVALUATE:

Which of the following benefitted more from the New Deal:

- Farmers and industrial workers
- Black Americans

Explain your answer referring only to (i) and (ii) (10 marks)

How far did all Americans benefit from the New Deal?

Explain your answer (10 marks)

'The New Deal was a success.'

How far do you agree with this statement? Explain your answer (10 marks )

'The Second New Deal threatened American civil liberties.'

How far do you agree with this statement 10 marks

'The New Deal solved the problems of America's Depression'

How far do you agree with this statement? Explain your answer (10 marks)