

## Introduction

Americans blamed Republican President Herbert Hoover for not doing enough to help the needy during the Great Depression. In the 1932 election, they elected Democrat *Franklin D. Roosevelt* the 32<sup>nd</sup> President of the United States. He was **inaugurated**, or sworn into office, on March 4, 1933. President Roosevelt immediately began to set up federal programs to end the Depression. Never before had the federal government given itself the power to step in and help those in need.



*People could not see relief in sight; they were looking for work, but there was none.*

Courtesy of the J. N. "Ding" Darling Foundation

## Economic Conditions

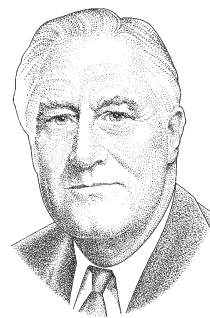
More than 13 million people had lost their jobs by 1933. This number represented a fourth of the national work force. People were looking for work, but there was none. Across the country, thousands were homeless.

Hungry people filled the streets of the large cities. In some towns, **soup kitchens** were set up to feed the hungry. A soup kitchen was a place run by a charity where people could get a free meal.

Many farmers had lost their land. They joined the ranks of the homeless and unemployed. Other farmers refused to harvest their crops because prices for them were so low. The banking system was in a severe crisis because many people had withdrawn their money, and over 4,000 banks had simply closed their doors.

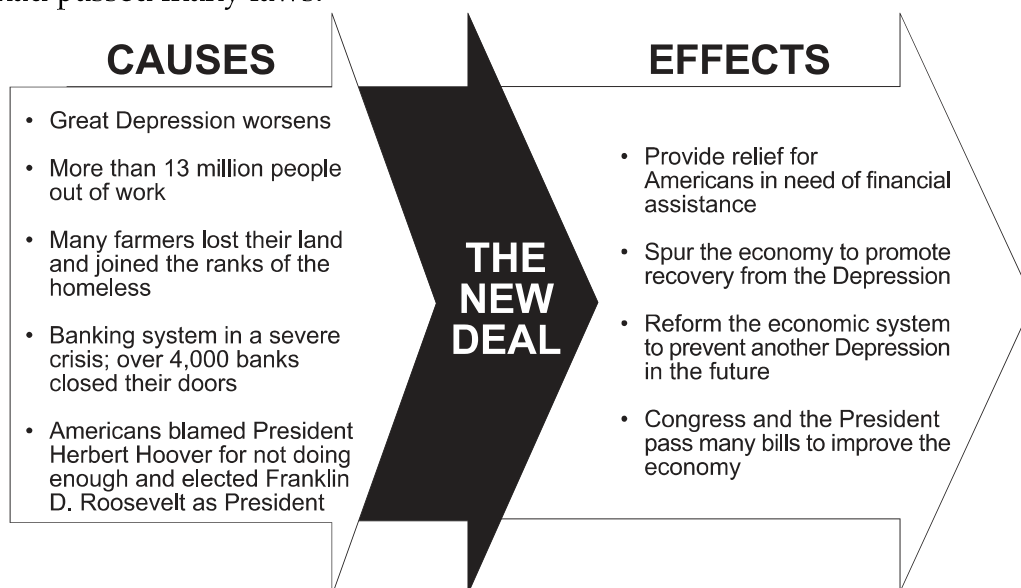
## The First 100 Days

President Roosevelt came to office with new ideas about the role of the federal government. He quickly tried to fulfill his promise of a **New Deal** to the American people. The New Deal aimed to provide *relief, recovery, and reform*. First, it would provide relief for those Americans in need of financial assistance. Second, it would spur the economy to promote recovery from the Depression. And third, it would reform the economic system to prevent another Depression in the future.



President Franklin D. Roosevelt

Roosevelt gathered a group of advisors nicknamed the *Brain Trust*—businessmen, bankers, lawyers, and college professors—to help him find ways to end the Depression. He asked Congress to approve his plans quickly. By the end of his first 100 days in office, Roosevelt and Congress had passed many laws.



## Banking Laws

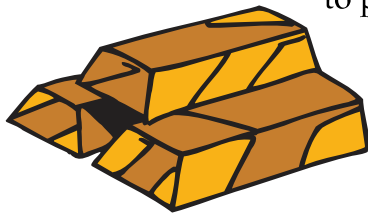
Within his first hours in office, President Roosevelt declared a nationwide **Bank Holiday**. This meant that all banks were temporarily closed while investigators decided which banks were safe for Americans' deposits. To protect Americans from losing their deposits in the future, Congress created the Federal Deposit Insurance Corporation (FDIC). The FDIC insured each American's deposits up to a specific maximum. (Presently, the FDIC insures an individual's deposits up to \$100,000.) The FDIC also provided for greater regulation of the banks. Gradually, people began to deposit their money in the banks again.

## The New Deal Programs

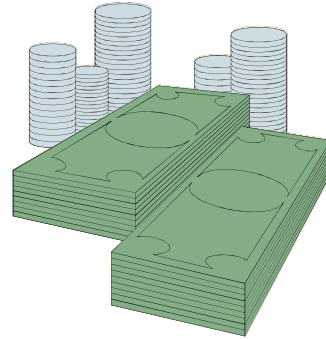
<b>AAA</b>	Agriculture Adjustment Administration	1933	paid farmers to grow fewer crops so prices could rise
<b>CCC</b>	Civilian Conservation Corps	1933	gave jobs planting trees and building dams
<b>FDIC</b>	Federal Deposit Insurance Corporation	1933	insured savings in banks
<b>FERA</b>	Federal Emergency Relief Administration	1933	gave states money to help the needy
<b>NRA</b>	National Recovery Administration	1933	set minimum wages and maximum work hours
<b>PWA</b>	Public Works Administration	1933	created jobs for building schools, bridges, dams, and courthouses
<b>TVA</b>	Tennessee Valley Authority	1933	created jobs building dams to control flooding in the Tennessee River Valley
<b>FHA</b>	Federal Housing Administration	1934	insured loans for building and repairing homes
<b>SEC</b>	Securities and Exchange Commission	1934	regulated stocks and provided stock information
<b>REA</b>	Rural Electrification Project	1935	loaned money to extend electricity to rural farmers
<b>SSA</b>	Social Security Act	1935	set up a system of pensions for persons who are unemployed or retired, people with disabilities, and dependent mothers with children
<b>WPA</b>	Works Project Administration	1935	created jobs for building roads, parks, bridges, and public buildings

## The President and Congress Pass Other Bills to Improve the Economy

Congress passed other bills to improve economic conditions for Americans. One bill increased the amount of **currency**, or money, in circulation. Before President Roosevelt, all paper money could be exchanged for an equal value in gold. Roosevelt and Congress eliminated the *gold standard*. This decision enabled the government



to print more money and distribute it for workers' wages and business and farm goods. Another bill regulated the stock market to prevent future problems such as the stock market crash of 1929.



Farmers were assisted by the **Agricultural Adjustment Act (AAA)** in 1933. This bill encouraged farmers to produce less by paying them to set aside some of their land and grow fewer crops. With fewer crops on the market, the government believed that the price of crops would rise. The **Federal Housing Administration (FHA)** provided money to help people pay the mortgage on their homes. The Rural Electrification Administration (REA) loaned money to extend electric lines and provide cheap electricity to rural farms.

One of Roosevelt's favorite projects was the **Civilian Conservation Corps (CCC)**. The CCC employed young men between the ages of 18-25 to help conserve the nation's lakes, forests, and national parks. Another federal project was the **Tennessee Valley Authority (TVA)**, which built a system of dams on the Tennessee River and its tributaries. The dams helped bring electricity to Kentucky, Tennessee, and Alabama. They also helped prevent flooding of the lands in this region and employed many people.

### Direct Relief

One way that the government aided the needy was through direct relief. The **Federal Emergency Relief Act (FERA)**, 1933, provided \$500 million to the unemployed. In addition, the government gave \$3 billion to the states to use in whatever ways they thought best.

## Work Relief



The government established different work programs so unemployed Americans could earn wages. They put people to work under the **Public Works Administration (PWA)**.

Congress set aside \$3 billion dollars to hire workers to build roads, government buildings, and other public projects. They also began the Works Progress Administration (WPA). The WPA spent \$11 billion dollars and employed 8.5 million workers during its existence.

Other bills provided jobs for unemployed writers, artists, and musicians. Some people criticized these programs. They feared that direct relief and work relief programs would destroy people's self-respect. But Roosevelt believed that help should be given to needy American citizens. He hoped that government spending would help to end the Depression.

## The Second New Deal

The speed with which President Roosevelt acted gave Americans new hope. His successes in the first 100 days in office were followed by more aid to needy Americans in his second New Deal.

### Social Security Act of 1935

One of the most important new bills passed was the **Social Security Act** in 1935. It was designed to aid those who could not work or who had been laid off from their jobs. This act required working people to make a small monthly payment into a government retirement plan. When they were too old to work, the government would pay them a small monthly payment. The Social Security Act also provided support for children and people with disabilities who were in need, and unemployment insurance for people who lost their jobs.

The Social Security Act made the federal government responsible for the welfare of the people for the first time. This act made millions of Americans feel more secure about their future.

## The Wagner Act

In previous chapters, you learned that labor unions were not popular in the United States. President Roosevelt believed labor had the right to organize and bargain for better working conditions. The **Wagner Act**, a law passed in 1935, ensured the workers' right to join unions. It also protected workers from unfair practices by their employers.

## Criticism of the New Deal

There were people who did not like the New Deal, especially businessmen and people with money. The government raised the money to pay for the New Deal through taxes. People with the highest income had to pay the highest taxes. These people argued that the government was spending too much money on relief and public works jobs. In addition, some critics feared that the government was becoming too powerful through the many programs it had established. These critics claimed that a big government would destroy the "American way of life." Some business leaders felt the government provided too much competition in some areas. President Roosevelt agreed that the government was becoming powerful, but he believed that the power would be either in the hands of elected officials or in the hands of big business.

## Election of 1936

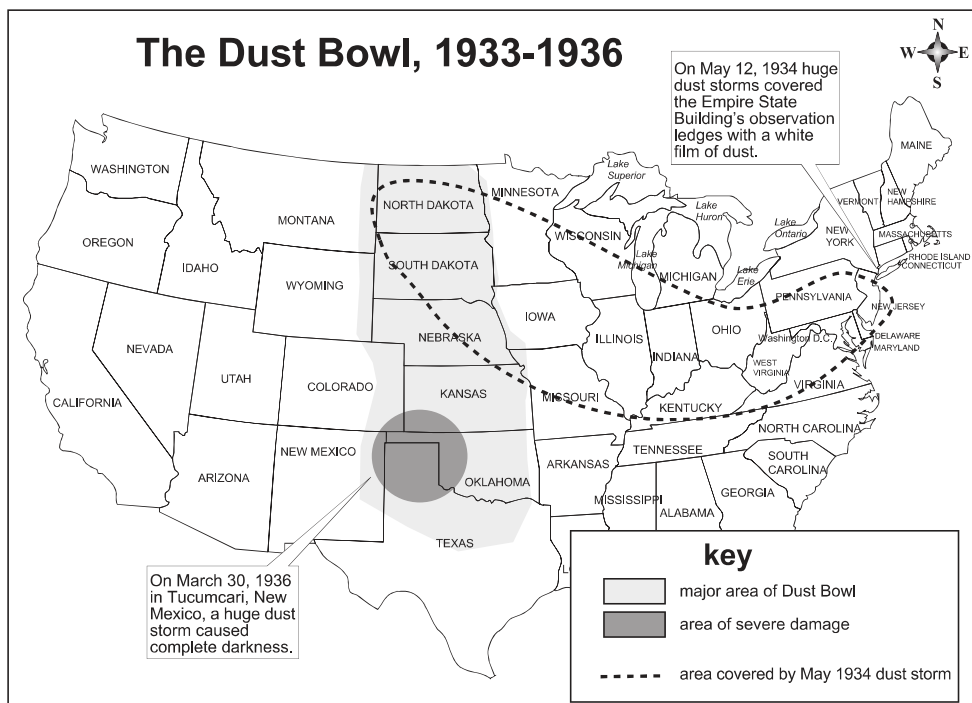
By 1936 there were some signs that the economy was recovering. Industrial production was up and unemployment was down. Although the Depression had not ended, President Roosevelt was the most popular man in the United States. It was no surprise when he defeated his Republican opponent in the election of 1936.

Unfortunately, he learned during his second administration that the Depression was far from over. Shortly after the election of 1936, business went into another slump and unemployment rose again. Several new programs were tried, but they were unsuccessful at ending the Depression. By 1938 Congress began to propose further spending and the New Deal came to an end. A year later, Roosevelt had new concerns when another major war broke out in Europe.

## Social Conditions

The Great Depression was a sorrowful time for most Americans, and each group suffered in its own way. The marriage rate dropped steeply among all groups. Many young people who had left home to make a living had to return to live with their families. Often, several families were forced to share the same small living quarters.

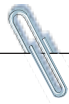
Poor farmers living on the Great Plains watched their lands blow away in **dust storms** brought on by drought. A dust storm is composed of dry, dusty winds that blow away topsoil. Farmers could neither grow crops nor sell their farms. Instead, thousands loaded their families and belongings into broken-down vehicles and headed west. They hoped to find jobs and security in California. Instead, most found overcrowded markets and dreary living conditions. Californians called people from Oklahoma “Okies” and those from Arkansas “Arkies.”



Men of all ages became **hoboes**. Hoboes were unemployed people who rode the railroads and walked the highways. They slept on the ground and ate whatever they could find. Some hoboes were looking for work; others had given up.

**Sharecroppers** were people who farmed the land of others and received a share of the crops. Often, they were deep in debt to the landowner and could not leave. Crop production was reduced by the Agricultural Adjustment Act (AAA). Usually, it was the sharecropper whose land was taken out of production.

In the South, African Americans were **segregated**, or separated, from whites. African Americans were prevented from voting, and denied educational opportunities. President Roosevelt and his wife Eleanor worked to improve conditions for African Americans. African-American administrators such as Dr. *Will W. Alexander* and *Mary McLeod Bethune* were brought in to assist in government programs.



### Mary McLeod Bethune

Mary McLeod Bethune (1875-1955) was the daughter of former slaves. After graduating from college, she set up the Daytona Normal and Industrial School in 1904 for African-American women in Florida. It is now called Bethune-Cookman College. Bethune went on to be a well-respected educator and later became adviser to President Coolidge and adviser to President Roosevelt on minority problems. She was the first African American to head a government agency.

*Eleanor Roosevelt* also worked to improve political and economic conditions for American women. The Roosevelt administration appointed several women to important positions. One of the most important was *Frances Perkins*, who was the first woman Secretary of Labor.

## Summary

Before President Franklin D. Roosevelt's term of office, Presidents were hesitant to involve the government in the economic affairs of the country. President Roosevelt, however, believed that the government should do whatever was necessary to aid those in financial distress. In his first two administrations, from 1932-1940, Roosevelt experimented with many new programs to end the Depression. They were intended to pump money into the American economy and get business moving again. He enacted bills to



assist farmers, workers, needy people, and elderly people. His programs received both support and criticism, but they did not end the Great Depression.

For most people, however, Roosevelt's New Deal had helped restore confidence and belief in the United States. His government programs had helped save the American system of private enterprise. They showed that in bad times the federal government could play an active role in the economy. By the end of the decade, President Roosevelt's attention was turned to a new war in Europe.