

Roosevelt and the New Deal

In 1933 the new president, Franklin D. Roosevelt, brought an air of confidence and optimism that quickly rallied the people to the banner of his program, known as the New Deal. "The only thing we have to fear is fear itself," the president declared in his inaugural address to the nation.

1. Who became president of the United States in 1933?

2. The new president's program was called the ____.
- a. Alliance for Progress
 - b. Four Freedoms
 - c. New Deal
 - d. Square Deal

In one sense, the New Deal merely introduced social and economic reforms familiar to many Europeans for more than a generation. Moreover, the New Deal represented the culmination of a long-range trend toward abandonment of "laissez-faire" capitalism, going back to the regulation of the railroads in the 1880s, and the flood of state and national reform legislation introduced in the Progressive era of Theodore Roosevelt and Woodrow Wilson.

3. The New Deal pre-dated social and economic reforms in Europe.
- a. True
 - b. False
4. The New Deal represented a commitment to traditional laissez-faire capitalism.
- a. True
 - b. False

What was truly novel about the New Deal, however, was the speed with which it accomplished what previously had taken generations. Many of its reforms were hastily drawn and weakly administered; some actually contradicted others. Moreover, it never succeeded in restoring prosperity. Yet its actions provided tangible help for millions of Americans, laid the basis for a powerful new political coalition, and brought to the individual citizen a sharp revival of interest in government.

5. New Deal legislation was enacted speedily.
- a. True
 - b. False
6. The New Deal revived individuals' interest in government.
- a. True
 - b. False

The First New Deal: Banking and Finance

When Franklin D. Roosevelt took the presidential oath, the banking and credit system of the nation was in a state of paralysis. With astonishing rapidity the nation's banks were first closed - and then reopened only if they were solvent. The administration adopted a policy of moderate currency inflation to start an upward movement in commodity prices and to afford some relief to debtors. New governmental agencies brought generous credit facilities to industry and agriculture. The Federal Deposit Insurance Corporation (FDIC) insured savings - bank deposits up to \$5,000. Federal regulations were imposed upon the sale of securities on the stock exchange.

1. When Franklin D. Roosevelt first became president, the American banking and credit system was the strongest it had ever been.
 - a. True
 - b. False

2. solvent :
 - a. arrears
 - b. broken
 - c. firm
 - d. unstable
3. What new government agency insured bank deposits?

4. Under Franklin D. Roosevelt, the stock exchange remained unregulated.
 - a. True
 - b. False
5. Under the FDIC, bank deposits were insured for up to what amount?

The Great Depression

In October 1929 the booming stock market crashed, wiping out many investors. The collapse did not in itself cause the Great Depression, although it reflected excessively easy credit policies that had allowed the market to get out of hand. It also aggravated fragile economies in Europe that had relied heavily on American loans. Over the next three years, an initial American recession became part of a worldwide depression. Business houses closed their doors, factories shut down, banks failed with the loss of depositors' savings. Farm income fell some 50 percent. By November 1932, approximately one of every five American workers was unemployed.

The presidential campaign of 1932 was chiefly a debate over the causes and possible remedies of the Great Depression. President Herbert Hoover, unlucky in entering the White House only eight months before the stock market crash, had tried harder than any other president before him to deal with economic hard times. He had attempted to organize business, had sped up public works schedules, established the Reconstruction Finance Corporation to support businesses and financial institutions, and had secured from a reluctant Congress an agency to underwrite home mortgages. Nonetheless, his efforts had little impact, and he was a picture of defeat.

His Democratic opponent, Franklin D. Roosevelt, already popular as the governor of New York during the developing crisis, radiated infectious optimism. Prepared to use the federal government's authority for even bolder experimental remedies, he scored a smashing victory - receiving 22,800,000 popular votes to Hoover's 15,700,000. The

United States was about to enter a new era of economic and political change.

1. What happened to the American economy in October, 1929?
2. Approximately how many American workers were unemployed by November, 1932?
 - a. 5%
 - b. 10%
 - c. 15%
 - d. 20%
3. Describe President Herbert Hoover's efforts to end the Great Depression.
4. Who won the presidential election of 1932?
 - a. Franklin D. Roosevelt
 - b. Herbert Hoover
 - c. Warren G. Harding
 - d. Woodrow Wilson
5. It is often said that hindsight is 20/20. Looking back upon the Roaring Twenties, what might have been done to avoid the Great Depression? Explain your answer.

The First New Deal: Unemployment

Roosevelt faced unprecedented mass unemployment. By the time he took office, as many as 13 million Americans – more than a quarter of the labor force – were out of work. Bread lines were a common sight in most cities. Hundreds of thousands roamed the country in search of food, work, and shelter. "Brother, can you spare a dime?" was the refrain of a popular song.

1. Approximately how many Americans were unemployed when Franklin D. Roosevelt became president?

An early step for the unemployed came in the form of the Civilian Conservation Corps (CCC), a program that brought relief to young men between 18 and 25 years of age. CCC enrollees worked in camps administered by the army. About two million took part during the decade. They participated in a variety of conservation projects: planting trees to combat soil erosion and maintain national forests; eliminating stream pollution; creating fish, game, and bird sanctuaries; and conserving coal, petroleum, shale, gas, sodium, and helium deposits.

2. What government organization employed young men between the ages of 18 and 25 in camps administered by the army?

A Public Works Administration (PWA) provided employment for skilled construction workers on a wide variety of mostly medium- to large-sized projects. Among the most memorable of its many accomplishments were the Bonneville and Grand Coulee Dams in the Pacific Northwest, a new Chicago sewer system, the Triborough Bridge in New York City, and two aircraft carriers (Yorktown and Enterprise) for the U.S. Navy.

3. What government organization provided employment for skilled construction workers?

The Tennessee Valley Authority (TVA), both a work relief program and an exercise in public planning, developed the impoverished Tennessee River valley area through a series of dams built for flood control and hydroelectric power generation. Its provision of cheap electricity for the area stimulated some economic progress, but won it the enmity of private electric companies. New Dealers hailed it as an example of "grass roots democracy."

4. What government organization built dams in the Tennessee River valley area?

The Federal Emergency Relief Administration (FERA), in operation from 1933

The First New Deal: Agriculture

In the spring of 1933, the agricultural sector of the economy was in a state of collapse. It thereby provided a laboratory for the New Dealers' belief that greater regulation would solve many of the country's problems. In 1933, Congress passed the Agricultural Adjustment Act (AAA) to provide economic relief to farmers. The AAA proposed to raise crop prices by paying farmers a subsidy to compensate for voluntary cutbacks in production. Funds for the payments would be generated by a tax levied on industries that processed crops. By the time the act had become law, however, the growing season was well under way, and the AAA paid farmers to plow under their abundant crops. Crop reduction and further subsidies through the Commodity Credit Corporation, which purchased commodities to be kept in storage, drove output down and farm prices up.

1. In 1933, what was passed by Congress to provide economic relief to farmers?

2. What government organization purchased commodities to be kept in storage?

Between 1932 and 1935, farm income increased by more than 50 percent, but only partly because of federal programs. During the same years that farmers were being

encouraged to take land out of production - displacing tenants and sharecroppers - a severe drought hit the Plains states. Violent wind and dust storms during the 1930s created what became known as the "Dust Bowl." Crops were destroyed and farms ruined.

3. During the 1930s, the Dust Bowl hit what part of the country?

By 1940, 2.5 million people had moved out of the Plains states, the largest migration in American history. Of those, 200,000 moved to California. The migrants were not only farmers, but also professionals, retailers, and others whose livelihoods were connected to the health of the farm communities. Many ended up competing for seasonal jobs picking crops at extremely low wages.

4. Approximately how many people migrated from the Plains states by 1940?
 - a. 1.5 million
 - b. 2 million
 - c. 2.5 million
 - d. 3 million

The government provided aid in the form of the Soil Conservation Service, established in 1935. Farm practices that damaged the soil had intensified the impact of the drought. The service taught farmers measures to reduce erosion. In addition, almost 30,000 kilometers

