

"The forgotten man at the bottom of the economic pyramid"

Workers  
- ppl out of work  
FDR





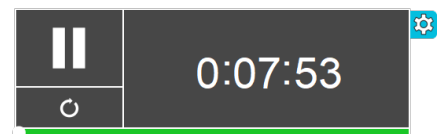
**“Ring around a Roosevelt, pockets full of dough”: a 1938 cartoon.**

**New Deal in action - RELIEF, RECOVERY, REFORM**

**1933 - First 100 Days - Relief & Recovery**

**1935 - 1936 Social Reform (Second 100 Days)**

## Group Task



### ***Handout A1-A3***

- Describe the arguments for & against FDR's New Deal Programs. Is the New Deal changing the basic character of the American people?

### ***Spirit 329-330 & 330-332***

- Why did FDR's court proposal cause so much debate? Explain who is more justified in their argument?

## **Keynesian**

### **Theory to stimulate the economy**

#### **Relief**

1. Emergency Banking Act - federal loans to private bankers
2. FERA - federal \$ to states to provide relief to poor
3. Public Works Administration (PWA)
4. Civilian Conservation Corps (CCC) - provide jobs for men 18-25
5. WPA
6. AAA - Agricultural Adjustment Act - raised farm prices by restricting production

#### **Recovery**

1. NRA (Nat'l Industrial Recovery Act) - supervise drafting & operation of business codes
2. Home owners Loan Corp
3. Fed. Housing Administration
4. Tennessee Valley Authority - expand hydroelectric plant & develop nitrate manufacturing to produce cheap fertilizers - leads to authorization to build dams, power plants, sell fertilizers & electricity to ppl & communities

## New Deal Legislation

### Args For

- boldest president since Washington
- new legislation
  - single handedly raises the economy from nothing
- TVA is a good thing
  - rehab for the economy of US
  - public works

### Arg Against

- mostly supported Big businesses & monopolies
  - lenient on anti-trust laws to help raise \$ in economy
  - extra \$ was supposed to lead 2 new jobs
  - business owners keep profit
- Doubles debt; imposes taxes on ppl
- public \$ used for political reasons
  - \$ taken from army - nation open to attack
- American ppl lost their freedoms

## **Supreme Court Reaction**

### **Judicial Restraint**

#### **1. NRA - Schechter Poultry Corp. v. US**

Declared Unconstitutional

- a. law illegally gave Congress power to regulate intrastate commerce and violated separation of powers (legis to exec.)

#### **2. AAA - United States v. Butler**

- a. Agriculture is a local, not an interstate, matter (10th Amend.)

### **FDR'S Court Packing Plan**

- FDR asked Congress to approve a law that would permit the Exec. to increase the number of judges from 9 to 15 (if the judges refused retire at age 70)



## FDR + Packing the Court

### - Arg Against

- makes FDR a dictator by adding 6 more justices
- trying to tip the opinion of court b/c

Sup. Ct is ruling against him

- US Govt is already led by Democrats
- US Govt is supposed to have checks & balances
- Justices chosen 4 life to keep non-partisan policies

### Arg For

- Sup Ct is taking too much action
  - too heavy handed in decision making
  - anti-what ppl want









**SUCCESS or FAILURE?**

**The New Deal programs lessened the scope of the Depression and alleviated a lot of suffering, but America did not achieve a return to prosperity during peacetime: as late as 1941, 6 million were still out of work. There were still no clear answers to the economic questions—While demand-side Keynesianism seemed to generate some results, no one knew just how much federal spending was required to really end the Depression. The war provided the answer to the question of how much—and it was a magnitude that only the necessities of war could bring about—it was a previously inconceivable scale of government activity...**

**Reforms:**

- a. Truth in Securities Act
- b. SEC
- c. Glass-Steagall Act - Federal Reserve Act
- d. FDIC
- e. Social Security
- f. Wagner Act
- g. NLRB and Fair Labor Standards Act
- h. TVA - hydroelectric power

**What was the major difference in approach to solving the economic crisis between Hoover and FDR?**



**Revolution or Evolution?**

**Critics:**

- a. Deficit spending - unbalancing the budget
- b. Growth of federal and executive power - inconsistent with American tradition
- c. Increase of bureaucracy
- d. Economic violation of laissez-faire and free enterprise - "socialistic"

**Supporters:**

- a. Continuation of Populist and Progressive agendas
- b. bringing more democracy to capitalism
- c. evolution of American tradition
- d. restoring courage and optimism
- e. work relief and enriching the nation's infrastructure
- f. regulating capitalism and introducing reform

## Attachments

---

The stock market crash of 1929.docx