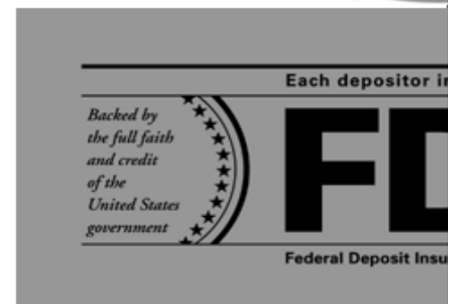


Chapter 25: The New Deal

Section 1: Restoring Hope

Roosevelt Confronts the Emergency

- March 1933: FDR "declared war against the emergency"
- **New Deal**: gov't programs created by FDR to help Americans hurt during Depression and help economy
- **March 6**: created a **bank holiday** closing every bank in US and wouldn't allow them to reopen until gov't declared them "sound"
- Urged Americans to put \$ back into banks
- June 1933: created **Federal Deposit Insurance Corporation** (FDIC) to insure every account up to \$5000
 - Over \$1 Billion put back into banks in 1st month
- Also created programs to save homes & farms w/ low-interest loans
- ***People began feeling confident again***



Relief for the Needy

- Large programs created to help 13 million unemployed workers
- **Federal Emergency Relief Administration (FERA)**
gave \$500 million of aid to states & local gov'ts
 - Purpose was to create "work-relief" programs
 - 1935: 8 million families receiving welfare
 - Unpopular--people wanted jobs not handouts
- **Civil Works Administration (CWA)**: created jobs for people in return for their relief such as raking leaves
 - 1933-34: \$740 million given to 4 million people
- **Civilian Conservation Corps (CCC)**: provided jobs to men 18-25
 - 2.5 million men in 10 years
 - Trained in army camps
 - Worked in nation's parks & forests
 - \$30 per month



Helping the Nation Recover

- Created **Securities and Exchange Commission (SEC)** to stop a future stock market crash & regulate companies that sell stock
- FDR used **supply-side economics**--gov't needed to invest \$ into economy to encourage growth
- **National Industrial Recovery Act (NIRA)**: created programs spending \$ to build roads, bridges, & public buildings
 - Increased wages & created jobs



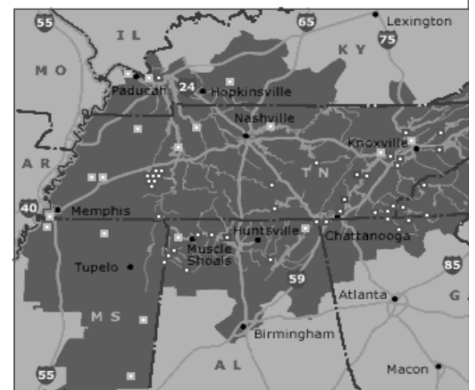
Agricultural Recovery

- Urged farmers to grow LESS in order to make MORE money
- Law of Supply: decreased supply causes raise in prices
- **Agricultural Adjustment Administration (AAA):** paid farmers to grow less crops
- Helped rich farmers more--hurt poor landowners
 - **Southern Tenant Farmers' Union (STFU):** group of poor farmers that united against AAA
 - Supreme Court ruled the AAA had to close b/c it hurt customers & poor



Revitalizing a Region

- 7 state region in **Tennessee River Valley** hurt by deforestation & flooding
- 2 million people suffered from worst disease, illiteracy, poverty, and malnutrition
- **Tennessee Valley Authority (TVA)**: gov't program created to build dams, plant trees, build power stations, and recreational facilities
- Provided more electricity, reduced erosion, controlled floods, combated malaria, poverty, and illiteracy



Section 2: New Challenges

Critics of the New Deal

- Some believed New Deal was unfair to millionaires & businesses
- Some believed it was "Un-American" to not allow businesses to run economy (FREE ENTERPRISE)
- Some wanted the gov't to do MORE to take over economy
 - Nationalize all banks
 - Provide \$200 pension to all people over 60
 - Robin Hood mentality to take wealth from rich & give to poor



The Second New Deal

- **Second New Deal:** new wave of gov't programs to help poor & workers in 1934
- **Works Progress Administration (WPA):** \$5 billion program to help Americans find jobs
 - "Blue-collar" jobs built/rebuilt airports, roads, bridges
 - "White-collar" jobs for people to perform research or teach
- **National Youth Administration (NYA):** "junior WPA" to help people 16-25 find part-time jobs so they could stay in school
- **Social Security Act (SSA):** created a **payroll tax** to provide unemployment insurance, pension to retired workers over 65, and provide assistance to disabled and widows/children of MALE workers who died
- Rural Electrification Administration (REA) provided electricity to rural areas (THINK HIGH SPEED INTERNET IN TURTLEPOINT TODAY...)
- New Deal was popular--helped FDR win reelection in 1936--only lost 2 states



Roosevelt and the Supreme Court

- FDR frustrated by SCOTUS b/c they rejected several New Deal Programs
- "Nine Old Men"--6 of 9 were over 70 years old
- Asked Congress to give him power to choose a new Justice for every Justice over 70
- Very unpopular request--REJECTED--FDR accused of wanting to be a dictator
- Over next 4 years several Justices died anyway

Effects of the Second New Deal

- Slow recovery
- SCOTUS did reject some New Deal programs--
thought they were Un-American
- People were becoming more confident but growth
was slow
- Labor Unions became popular; membership doubled
from 1936-1939
- More strikes for better pay & working conditions
- Farmers were making more \$ through cutting crops

Roosevelt's Recession

- **Recession:** a period of financial loss
- 1936: FDR started cutting back on New Deal programs
b/c of criticism the gov't was doing TOO MUCH
- Private businesses not ready to operate on their own--
factories closed & jobs were lost
- FDR immediately increased funding into New Deal
programs to hold economy together
- Unpopular move
- FDR was losing popularity & power by 1939

