

Efforts to tackle economic problems

President Franklin D. Roosevelt enveloped numerous policies within his New Deal legislation. He argued that a fundamental reconstruction of the economy would be needed to prevent another, or avoid prolonging, the current depression. His policies include...

- ✧ Introduction of public works projects
- ✧ Introduction of social security
 - ↳ Raised fears of socialism
- ✧ Farm Mortgage Act
 - ↳ Lowered mortgages
- ✧ Emergency Banking Act
 - ↳ Closed all banks nationwide, and they only opened if their contents were backed (insured) by the United States government.
 - ↳ Three-fourths of all banks were reopened three days later.
 - ↳ By the end of 1933, 4,004 smaller banks were closed permanently and merged with larger banks. Their customers received 85 cents on the dollar of their deposits.
- ✧ Agricultural Adjustment Act
 - ↳ Sought to prop up prices by limiting supply
 - ↳ This encouraged the slaughter of six million pigs, and the destruction of ten million acres of cotton fields.
 - ↳ Very controversial!
 - ↳ Ruled unconstitutional in 1936 (arguing it was beyond government jurisdiction), Roosevelt replaced it with other programs.
- ✧ Townsend Act
 - ↳ Suggests a 2% nationwide sales tax to fund \$200 pensions.
 - ↳ Never implemented; too much negative press dooms it in Congress.
- ✧ Tennessee Valley Authority created in 1933
 - ↳ A project involving dam construction planning on an unprecedented scale in order to curb flooding, generate electricity and modernize farming.
- ✧ Regarding the Dust Bowl...
 - Mandate three year rotation of cropland
 - Plant grass seed and evergreen foliage
 - Introduction of countertop plowing and strip planting
 - Plant trees (to act as wind breakers) in close proximity to wet areas
- ✧ Home Owner and Loan Corporation
 - ↳ In 1933, Nearly half of all American home loans were in default.
 - ↳ In response, HOLC was created.
 - ↳ This was an initiative wherein the agency would refinance struggling mortgages.
- ✧ The Wagner Act of 1935
 - ↳ FDR endorses unions and collective bargaining.
 - ↳ This was an effort to prevent mass firings
- ✧ Introduced welfare policies
- ✧ 21st Amendment ended Prohibition in 1933
 - ↳ The 21st Amendment rescinded the 18th
 - ↳ States and cities gained additional revenue since they could now tax the alcohol (and Roosevelt's popularity skyrocketed!)
- ✧ Advocated for the Hatch Act
 - ↳ Aimed at stopping corrupt political practices

By 1940, only 50% of young adults had earned a high school diploma.

- ✧ National Recovery Administration, 1933
 - ↳ Attempted to stabilize prices and wages through regulations imposing pricing, wage and production standards.
 - ↳ Most economists were dubious because it meant fixing prices to reduce competition.
 - ↳ Ended by the Supreme Court in 1935.
- ✧ The President was given the ability to regulate the value of the US dollar.
- ✧ FDR urges a five day work week
- ✧ Judiciary Reorganization Bill of 1937
 - ↳ FDR tries to pack the Supreme Court, to further support his policies.
 - ↳ It would have given the president power to appoint an additional Justice to the Supreme Court for every sitting member who was over the age of seventy.
 - ↳ Ruled unconstitutional. Why? Separation of power issues; Congress can change the number of judges, but not the president.
- ✧ President Roosevelt takes the United States currency off of the gold standard in 1933
 - ↳ Why? When attached to the gold standard, the Federal Reserve was prevented from lowering interest rates and was instead forced to raise rates to protect the dollar.
 - ↳ Executive Order 6102: Anyone holding significant amounts of gold coinage was mandated to exchange it for dollars.
 - ↳ Markets responded well, although they thought it would only be temporary.
- ✧ "Circular Flow of Money Theory"
 - ↳ The more money actively in circulation, the stronger the economy is. Roosevelt tried to jumpstart the economy by infusing it with money.
 - ↳ Theory originated by John Keynes

Resistance to the New Deal took the form initially of the American Liberty League in 1934, led by former presidential candidates John Davis and Al Smith. There was also a large and loosely affiliated group of New Deal conservative opponents, commonly called the Old Right

FDR is criticized for the expansion of government.

Culture and Economic Rebuilding During the Pre-War Roosevelt Era, 1933 to about 1941

Cultural and other significant events:

- ✧ Lend-Lease Act secretly loaned surplus weaponry to the Allies during World War II
- ✧ 1938, first toothbrush introduced
- ✧ 1938, Hispanic Civil Rights Congress formed in Los Angeles
- ✧ 1938, House Committee on Un-American Activities created.
 - ↳ Its purpose is to investigate suspected communists and other 'un-Americans'
- ✧ 1935, the United States Congress refuses to join the World Court
- ✧ 1940 Federal census reveals a 7.3% population increase over the prior decade.
- ✧ 1941, FDR signs Executive Order 8802
 - ↳ Bars racial discrimination and setting up an agency to oversee compliance.

- ✧ Brown v. Mississippi, 1936
 - ↳ The court ruled that confessions due to torture were not admissible in court.
- ✧ New Jersey mom loses custody of children due to her communist affiliation, 1936
- ✧ It is illegal to advocate for the overthrow of the US government, 1940
- ✧ 1934, San Francisco police, charged with breaking up a strike, fire into the crowd
- ✧ 1934, NYC taxi drivers terrorize city!
 - ↳ Companies like Checker were taking advantage of the absence of regulations and pushing unfair labor practices on their drivers and unfair price gouging on the passengers.
 - ↳ Neither the police nor government would get involved. These tensions are exacerbated by the news that the Checker cab company was bribing the mayor, James Walker.
 - ↳ Tensions grew, and eventually more than 2,000 taxi drivers took over Times Square!
- ✧ Half a million Americans are involved in sit-down strikes, 1936-1937
- ✧ Roosevelt asks Congress for \$552 million in defense spending in 1939
- ✧ United States recession, 1937-1939
 - ↳ Unemployment increases from 14.3% (1937) to 19% (1938)
- ✧ Alcoholic's Anonymous founded in 1935
 - ↳ Only two years after Prohibition ends.
- ✧ Isolationists dominated membership in the United States government.
 - ↳ They were wary of getting the country involved in any foreign entanglements.
- ✧ Eleanor Roosevelt honors African-American students with a White house visit
- ✧ Assassination attempt on Roosevelt in 1933
- ✧ Law: companies who contract with the government can not use child labor.
- ✧ 1939 US Neutrality Act affirmed American neutrality in international affairs.
 - ↳ By Congress; not signed by the President
- ✧ Golden Gate Bridge completed in 1937;
 - ↳ This leads directly to improved economy in the San Francisco bay area
- ✧ Peacetime draft instituted, 1940

Extreme poverty everywhere

- ↳ 1936, 38% of American families have a income of \$1,000 (\$1,300 was designated as poverty)
- ↳ Unemployment is over 20% from 1932-1934; over 15% 1931-1939 (except in '37)

"Utopia" – hope for an idealized future

Roosevelt is elected president in 1932, 1936, 1940 and 1944 (as was the standard, he assumed office months following the election).
↳ He is the only president to be elected to more than two terms.

1921, Roosevelt contracts a virus.

- ↳ At the time it was believed to be Polio (today, medical historians believe it was actually Guillain-Barre Syndrome)
- ↳ He would eventually be permanently paralyzed from the waist down, often using a wheelchair in private or leg braces in public to hid the nature of his disability.

Brainstorm review – pre-war 1930s Roosevelt

1. How did the unemployment rate change from 1937 to 1938?
2. What does “utopia” mean?
3. How did Roosevelt deal with the crisis of banks closing?
4. What was Executive Order 6102?
5. What was the ruling of Brown v. Mississippi?
6. What did Roosevelt do to address the Dust Bowl?
7. What was the Judiciary Reorganization Bill?
8. What was the unemployment rate from 1932-1934, and from 1931-1939?
9. What do isolationists believe?
10. Why did Roosevelt take the United States off the gold standard?
11. What is the Circular Flow of Money Theory?
12. What did the Lend-Lease Act do?
13. What was the purpose of the Wagner Act?
14. In what four years was Roosevelt elected?
15. Why did the Agricultural Adjustment Act encourage the slaughter of millions of pigs and acres of cotton fields?
16. What was the 21st Amendment?
17. In what ways did the 21st Amendment allow cities and states to make more money?
18. What did the National Recovery Administration of 1933 try to do?
19. What would the Townsend Act have done if passed?
20. What is the purpose of the House Committee on Un-American Activities?
21. What is Executive Order 8802?
22. In 1938, what percentage of Americans had an income of \$1,000 (which was within poverty).
23. What was the impact of the construction of the Golden Gate bridge upon the bay area?
24. What was the US Neutrality Act?
25. How many home loans were in default in 1933?
26. What disease paralyzed Roosevelt?
27. Why was the Judicial Reorganization Act ruled unconstitutional?