

Children picket for the Workers' Alliance during the Great Depression. ►



WITNESS HISTORY AUDIO

Trying to Survive

During the Great Depression, people found themselves desperate for work. Daily visits to the unemployment office and workplaces often turned up nothing. Some of the jobless lost their homes. Others could not feed their children. One 12-year-old boy wrote to President Roosevelt to ask for help for his family.

“My father hasn’t worked for 5 months. . . . Please you do something. . . . We haven’t paid the gas bill, and the electric bill, haven’t paid grocery bill. . . . I have a sister she’s twenty years, she can’t find work. My father he staying home. All the time he’s crying because he can’t find work.”

—Anonymous 12-year-old boy, Chicago, 1936

The Second New Deal

Objectives

- Discuss the programs of social and economic reform in the second New Deal.
- Explain how New Deal legislation affected the growth of organized labor.
- Describe the impact of Roosevelt’s court-packing plan on the course of the New Deal.

Terms and People

Second New Deal	collective bargaining
WPA	Fair Labor Standards Act
John Maynard Keynes	CIO
pump priming	sit-down strikes
Social Security Act	court packing
Wagner Act	

NoteTaking

Reading Skill: Connect Ideas Complete a table like the one below to record problems and the second New Deal’s solutions.

The Second New Deal	
Problem	Solution
Unemployment	

Why It Matters FDR’s goals for the first New Deal were relief, recovery, and reform. Progress had been made, but there was still much work that needed to be done. Beginning in early 1935, Roosevelt launched an aggressive campaign to find solutions to the ongoing problems caused by the Great Depression. This campaign, known as the Second New Deal, created Social Security and other programs that continue to have a profound impact on the everyday lives of Americans. **Section Focus Question:** What major issues did the Second New Deal address?

Extending Social and Economic Reform

In his fireside chats, press conferences, and major addresses, Roosevelt explained the challenges facing the nation. He said that the complexities of the modern world compelled the federal government to “promote the general welfare” and to intervene to protect citizens’ rights. Roosevelt used legislation passed during the **Second New Deal** to accomplish these goals. The Second New Deal addressed the problems of the elderly, the poor, and the unemployed; created new public-works projects; helped farmers; and enacted measures to protect workers’ rights. It was during this period that the first serious challenges to the New Deal emerged.

New Programs Provide Jobs In the spring of 1935, Congress appropriated \$5 billion for new jobs and created the **Works Progress Administration (WPA)** to administer the program. Roosevelt placed his longtime associate Harry Hopkins in charge. The WPA built or improved a good part of the nation’s highways, dredged rivers and

harbors, and promoted soil and water conservation. The WPA even provided programs in the arts for displaced artists. As Hopkins explained, artists “have to eat just like other people.”

By 1943, the WPA had employed more than 8 million people and spent about \$11 billion. Its workers built more than 650,000 miles of highways and 125,000 public buildings. Among the most famous projects funded by the WPA were the San Antonio River Walk and parts of the Appalachian Trail.

All of these programs were expensive, and the government paid for them by spending money it did not have. The federal deficit—\$461 million in 1932—grew to \$4.4 billion in 1936. The enormous expenditures and growing debt led many to criticize the government’s public-works projects as wasteful. Some economists disagreed. British economist **John Maynard Keynes** argued that deficit spending was needed to end the depression. According to Keynes, putting people to work on public projects put money into the hands of consumers who would buy more goods, stimulating the economy. Keynes called this theory **pump priming**.

Social Security Eases the Burden on Older Americans The United States was one of the few industrialized nations in the world that did not have some form of pension system for the elderly. During the depression, many elderly people had lost their homes and their life savings and were living in poverty. On January 17, 1935, President Roosevelt unveiled his plans for Social Security.

In addition to creating a pension system for retirees, the **Social Security Act** that Congress enacted established unemployment insurance for workers who lost their jobs. The law also created insurance for victims of work-related accidents and provided aid for poverty-stricken mothers and children, the blind, and the disabled.

The Social Security Act had many flaws. At first, it did not apply to domestics or farmworkers. Since African Americans were disproportionately employed in these fields, they were not eligible for many of the benefits of Social Security. Widows received smaller benefits than widowers, because people presumed that elderly women could manage on less money than elderly men. Despite these shortcomings, Social Security proved the most popular and significant of the New Deal programs.

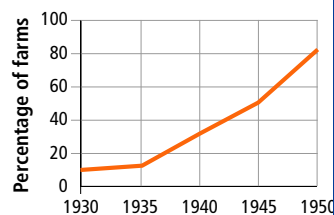
More Aid Goes to Farmers The Second New Deal included further help for farmers. When the depression began, only 10 percent of all farms had electricity, largely because utility companies did not find it profitable to run electric lines to communities with small populations. To bring farmers into the light, Congress established the Rural Electrification Administration (REA). The REA loaned money to electric utilities to build power lines, bringing electricity to isolated rural areas. The program was so successful that by 1950, more than 80 percent of American farms had electricity.

New Deal programs changed the relationship of the federal government to the American farmer. The government was now committed to providing price supports, or subsidies, for agriculture. Critics attacked price supports for undermining the free market. Others observed that large

Electricity Comes to Rural Farms

The success of the REA allowed farm families to light their homes, pump water, and run radios, refrigerators, and washing machines.

Farms With Electricity, 1930–1950



SOURCE: *Statistical Abstract of the United States*



farms, not small farmers, benefited most from federal farm programs. Even during the 1930s, many noticed that tenant farmers and sharecroppers, often African Americans, did not fully share in the federal programs. Yet farm prices stabilized, and agriculture remained a productive sector of the economy.

Water Projects Change the Face of the West Many of the New Deal public-works water projects had an enormous impact on the development of the American West. The government funded the complex Central Valley irrigation system in California. The massive Bonneville Dam in the Pacific Northwest controlled flooding and provided electricity to a vast number of citizens. In 1941, the Department of the Interior's Bonneville Power Administration (BPA) hired folk singer Woody Guthrie for one month to write songs for a movie they had made

Events That Changed America

Milestones in SOCIAL SECURITY

During the Great Depression, many elderly Americans had lost their life savings and were struggling to survive. The 1935 Social Security Act created a pension system as well as unemployment insurance for workers who had lost their jobs. Financed through a payroll tax on employers and workers, Social Security is one of the country's most important legislative achievements.



1935–1950 The Social Security program was expanded in 1939 to pay benefits to the widows and young children of deceased workers. In 1950, amendments to the Social Security Act increased benefit payments and extended coverage to more workers. As a result, almost all working Americans now contribute to Social Security and are eligible for benefits.

◀ Since 1940, senior citizens have depended on their monthly Social Security retirement checks.

Social Security benefits ▶ helped widows feed their children.



promoting the benefits of electricity. Guthrie's song, "Roll on, Columbia," pays tribute to the projects that harnessed the power of the Columbia River.

Primary Source

"Your power is turning our darkness to dawn,
And on up the river is the Grand Coulee Dam,
The Mightiest thing ever built by a man,
To run the great factories and water the land."

—Woody Guthrie, "Roll On, Columbia," 1941

✓ **Checkpoint** Why did the onset of the depression make it essential to have some form of Social Security?

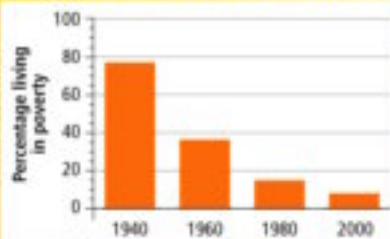
1950–1970 During the 1950s and 1960s, Social Security expanded to provide benefits to people with disabilities. In 1965, two new Social Security programs, Medicare and Medicaid, were introduced. Medicare is a health-insurance program for Americans age 65 and older, and Medicaid provides health insurance to needy persons of any age.



▲ Medicaid makes healthcare more available to low-income families.

1970–Today The Supplemental Social Security Income (SSI) program, begun in 1974, provides monthly payments to the needy elderly and to people who are blind or who have a disability. The Medicare Prescription Drug program, passed in 2003, provides Medicare recipients with voluntary prescription-drug coverage and discounts. President George W. Bush's proposal to allow younger workers to invest Social Security tax money in personal retirement accounts was rejected by the public in 2005.

The Elderly and Poverty, 1940–2000



SOURCE: U.S. Census Bureau

▼ Supplemental Security Income benefits help people who are blind.

The Medicare Prescription Drug program helps seniors manage rising drug costs.



Why It Matters

For more than 70 years, Social Security has provided basic economic security to millions of Americans. Social Security programs act as a safety net for senior citizens, the poor, and others in financial need. Popular support for Social Security continues, although concern mounts over the program's long-term funding.



Thinking Critically

Describe four different kinds of benefits that the Social Security system provides today.

History Interactive

For: More about Social Security
Web Code: nep-0903

Labor Unions Find a New Energy

Even before the Great Depression, most industrial workers labored long hours for little pay. Few belonged to labor unions. However, during the Great Depression, there was an upsurge in union activity. New unions enlisted millions of workers from the mining and automobile industries.

Granting New Rights to Workers Roosevelt believed that the success of the New Deal depended on raising the standard of living for American industrial workers. This, he believed, would improve the entire economy. The National Labor Relations Act was the most important piece of New Deal labor legislation. Called the **Wagner Act**, it recognized the right of employees to join labor unions and gave workers the right to **collective bargaining**. Collective bargaining meant that employers had to negotiate with unions about hours, wages, and other working conditions. The law created the National Labor Relations Board (NLRB) to look into workers' complaints.

The **Fair Labor Standards Act** of 1938 provided workers with additional rights. It established a minimum wage, initially at 25 cents per hour, and a maximum workweek of 44 hours. It also outlawed child labor. The minimum wage remains one of the New Deal's most controversial legacies. In the years ahead, the minimum wage would be gradually raised. Today, whenever a raise in the minimum wage is proposed, economists and political leaders debate the wisdom of such an increase.

Workers Use Their Newfound Rights The upsurge in union activity came at the same time as a bitter feud within the major labor federation, the American Federation of Labor (AFL). The AFL represented skilled workers—such as plumbers, carpenters, and electricians—who joined trade or craft unions. Few workers in the major industries belonged to the AFL, and the union made little effort to organize them.

Fed up with the AFL's reluctance to organize, John L. Lewis, the president of the United Mine Workers, and a number of other labor leaders, established the **Congress of Industrial Organizations (CIO)**. The workers targeted by the CIO-organizing campaigns tended to be lower paid and ethnically more diverse than those workers represented by the AFL.

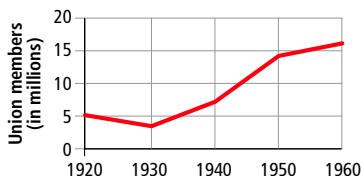
Vocabulary Builder

upsurge—(UHP serj) *n.* a sudden, rapid increase

Sit-Down Strikes Lead to Union Gains

The success of the UAW's sit-down strike against General Motors led the U.S. Steel Company to recognize the steelworkers' union. *How do you think strikes affected union membership?*

Labor Union Membership, 1920–1960



SOURCE: Historical Statistics of the United States



The Second New Deal

Program	Year	Effects
Social Security Act (SSA)	1935	Established a pension system and unemployment insurance; provided payments to workers injured on the job, the poor, and people with disabilities
Works Progress Administration (WPA)	1935	Employed millions of people on government projects ranging from highway construction to arts programs
Rural Electrification Administration (REA)	1935	Provided loans to electric companies to build power lines, bringing electricity to isolated rural areas
National Labor Relations Act (Wagner Act)	1935	Outlawed unfair labor practices; granted workers the right to organize unions and to bargain collectively; created the National Labor Relations Board
National Youth Administration (NYA)	1935	Trained and provided jobs and counseling for unemployed youth between the ages of 16 and 25
Banking Act of 1935	1935	Finalized the creation of the FDIC and made insurance for bank deposits permanent; created a board to regulate the nation's money supply and interest rates on loans
United States Housing Authority (USHA)	1937	Subsidized construction of low-cost public housing by providing federal loans
Fair Labor Standards Act	1938	Banned child labor, established a minimum hourly wage, and set the workweek at 44 hours
Food, Drug, and Cosmetic Act	1938	Prohibited the mislabeling of food, drugs, and cosmetics, and ensured the safety and purity of these products



This commemorative postage stamp honors the many programs of FDR's New Deal. Critics mocked the abbreviated titles, or acronyms, of the New Deal programs as "alphabet soup." Use the chart to identify five programs from the second New Deal that helped workers.

In December 1936, members of the CIO's newly formed United Automobile Workers Union (UAW) staged a **sit-down strike**, occupying one of General Motors' most important plants in Flint, Michigan. In a sit-down strike, workers refuse to leave the workplace until a settlement is reached. When the police and state militia threatened to remove them by force, the workers informed Michigan governor Frank Murphy that they would not leave.

Primary Source

"We fully expect that if a violent effort is made to oust us many of us will be killed and we take this means of making it known to our wives, to our children, to the people of the State of Michigan and the country, that if this result follows from the attempt to eject us, you are the one who must be held responsible for our deaths!"

—Auto workers sit-down committee, Flint, Michigan, January 1936

The strike lasted for 44 days until General Motors, then the largest company in the world, agreed to recognize the UAW. This union success led to others. By 1940, 9 million workers belonged to unions, twice the number of members in 1930. Just as important, union members gained better wages and working conditions.



Checkpoint How did the New Deal affect trade unions?

Challenges to the New Deal

Franklin Roosevelt won an overwhelming victory in the presidential election of 1936. He received 61 percent of the vote, compared to just 37 percent for his Republican challenger, Alfred M. Landon. Roosevelt carried every state but Maine and Vermont. FDR entered his second term determined to challenge the group that he considered the main enemy of the New Deal—a Supreme Court that had struck down many of his programs.

The Supreme Court Opposes the New Deal A year before the 1936 election, the Supreme Court had overturned one of the key laws of Roosevelt's first hundred days. In the case of *Schechter Poultry v. United States*, the Supreme Court unanimously ruled that since the President has no power to regulate interstate commerce, the National Industrial Recovery Act was unconstitutional. One pro-New Deal newspaper captured the mood of many Democrats: "AMERICA STUNNED; ROOSEVELT'S TWO YEARS' WORK KILLED IN TWENTY MINUTES."

Not long afterward, the Court ruled a key part of the Agricultural Adjustment Act unconstitutional. Roosevelt charged that the Court had taken the nation back to "horse-and-buggy" days. He expected the Court to strike down other New Deal measures, limiting his ability to enact new reforms.

FDR Proposes "Packing" the Court So on February 5, 1937, in a special address to Congress, FDR unveiled a plan that would dilute the power of the sitting Justices of the Supreme Court. He called for adding up to six new Justices to the nine-member Court. He justified his proposal by noting that the Constitution did not specify the number of judges on the Court. He added that many of the Justices were elderly and overworked. Critics, recognizing that Roosevelt's new appointees would most likely be New Deal supporters, called his plan **court packing**. They accused him of trying to increase presidential power and upsetting the delicate balance between the three branches of the federal government. Some critics urged Americans to speak out.

Primary Source

"If the American people accept this last audacity of the President without letting out a yell to high heaven, they have ceased to be jealous of their liberties and are ripe for ruin."

—Dorothy Thompson, newspaper columnist, 1937

Given Roosevelt's enormous popularity, he might have convinced Congress to enact his plan but he did not have to because the Court began to turn his way. On March 29, 1937, the Court ruled 5 to 4 in favor of a minimum wage law. Two weeks later, again by a vote of 5 to 4, the Supreme Court upheld the constitutionality of the Wagner Act. In both cases, Justice Owen J. Roberts provided the deciding vote. Pundits called it the "switch in time to save nine," because Roberts had previously voted against several New Deal programs. Roberts's two votes in support of the New Deal removed FDR's main reason for packing the Court.

Shortly after this switch, Judge Willis Van Devanter, who had helped strike down several New Deal programs, resigned from the Court. This enabled FDR to nominate a Justice friendlier to the New Deal. With more retirements, Roosevelt nominated a number of other new Justices, including Felix Frankfurter, one of his top advisers.

Indeed, 1937 marked a turning point in the history of the Court. For years to come, the Court more willingly accepted a larger role for the federal government. Yet the court-packing incident weakened FDR politically. Before the court-packing plan, FDR's popularity prevented critics from challenging him. Now that Roosevelt had lost momentum, critics felt free to take him on. And even though the Court did not strike down any more laws, after 1937 Roosevelt found the public much less willing to support further New Deal legislation.



Analyzing Political Cartoons

The Ingenious Quarterback! This 1937 cartoon makes fun of FDR's court-packing plan.


1. Why did the cartoonist make FDR the quarterback and Congress the referee?
2. What is the cartoonist's message?



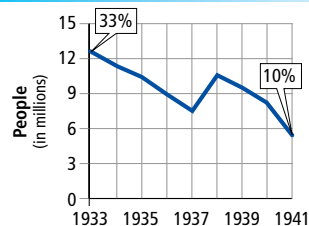
A New Downturn Spurs Conservative Gains The turmoil over the Supreme Court had barely faded when the Roosevelt administration faced another crisis. During 1935 and 1936, economic conditions had begun to improve. Unemployment had fallen 10 percent in four years. With the economy doing better, FDR cut back on federal spending in order to reduce the rising deficit. But he miscalculated.

While Roosevelt reduced federal spending, the Federal Reserve Board raised interest rates, making it more difficult for businesses to expand and for consumers to borrow to buy new goods. Suddenly, the economy was in another tailspin. Unemployment soared to more than 20 percent. Nearly all of the gains in employment and production were wiped out.

Largely because of the downturn, the Democrats suffered a setback in the 1938 congressional elections. Republicans picked up 7 Senate and 75 House seats. Although Democrats still maintained a majority in both houses of Congress, Roosevelt's power base was shaken because many southern Democrats were lukewarm supporters of the New Deal. Needing their support for his foreign policies, FDR chose not to try to force more reforms through Congress.

 **Checkpoint** What setbacks did Roosevelt face during his second term as President?

Unemployment, 1933–1941



SOURCE: Historical Statistics of the United States

Millions Look for Jobs

While New Deal programs employed many Americans, millions of others continued to search for work. *What happened to the unemployment rate in 1937?*

SECTION 2 Assessment

Progress Monitoring Online

For: Self-test with vocabulary practice
Web Code: nea-0904

Comprehension

- Terms** For each act or New Deal agency below, explain how it eased conditions during the depression.
 - WPA
 - Social Security Act
 - Wagner Act
 - Fair Labor Standards Act

2. NoteTaking Reading Skill:

Connect Ideas Use your table to answer the Section Focus Question: What major issues did the second New Deal address?

Writing About History

3. Quick Write: Compare and Contrast

In order to synthesize, you need to compare and contrast different sources. List some emotions expressed by the photos on the first and last pages of this section. Do these images convey the same idea as the graph above? Explain in one or two sentences.

Critical Thinking

- Identify Central Issues** What were the most important reforms of the Second New Deal?
- Make Comparisons** Why did American labor make greater progress during the 1930s than during the prosperous 1920s?
- Demonstrate Reasoned Judgment** Do you think that FDR's court-packing plan was justified? Explain your answer.