

The Great Depression and the New Deal

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1933–1939

The country needs and . . . demands bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something.

FRANKLIN D. ROOSEVELT, CAMPAIGN SPEECH, 1932

Voters were in an ugly mood as the presidential campaign of 1932 neared. Countless factory chimneys remained ominously cold, while more than 11 million unemployed workers and their families sank ever deeper into the pit of poverty. Herbert Hoover may have won the 1928 election by promising “a chicken in every pot,” but three years later that chicken seemed to have laid a discharge slip in every pay envelope.

Hoover, sick at heart, was renominated by the Republican convention in Chicago without great enthusiasm. The platform indulged in extravagant praise of Republican antidepression policies, while halfheartedly promising to repeal national prohibition and return control of liquor to the states.

The rising star of the Democratic firmament was Governor Franklin Delano Roosevelt of New York, a fifth cousin of Theodore Roosevelt. Like the

Rough Rider, he had been born to a wealthy New York family, had graduated from Harvard, had been elected as a kid-gloved politician to the New York legislature, had served as governor of the Empire State, had been nominated for the vice presidency (though not elected), and had served capably as assistant secretary of the navy. Although both men were master politicians, adept with the colorful phrase, FDR was suave and conciliatory, whereas TR was pugnacious and confrontational.

FDR: Politician in a Wheelchair

Infantile paralysis, while putting steel braces on Franklin Roosevelt’s legs, put additional steel into his soul. Until 1921, when the dread disease struck,

childhood and emerged as a champion of the dispossessed—and, ultimately, as the “conscience of the New Deal.” FDR’s political career was as much hers as it was his own. She traveled countless miles with him or on his behalf in all his campaigns, beginning with his run for the New York legislature before World War I, later considering herself “his legs.” She was to become the most active First Lady in history. Through her lobbying of her husband, her speeches, and her syndicated newspaper column, she powerfully influenced the policies of the national government. Always she battled for the impoverished and the oppressed. At one meeting in Birmingham, Alabama, she confounded local authorities and flouted the segregation statutes by deliberately straddling the aisle separating the black and white seating sections. Sadly, her personal relationship with her husband was often rocky, due to his occasional infidelity. Condemned by conservatives and loved by liberals, she was one of the most controversial—and consequential—public figures of the twentieth century.

Franklin Roosevelt’s political appeal was amazing. His commanding presence and his golden speaking voice, despite a sophisticated accent, combined to make him the premier American orator of his generation. He could turn on charm in private conversations as one would turn on a faucet. As a popular depression governor of New York, he had sponsored heavy state spending to relieve human suffering. Though favoring frugality, he believed that money, rather than humanity, was expendable. He revealed a deep concern for the plight of the “forgotten man”—a phrase he used in a 1932 speech—although he was assailed by the rich as a “traitor to his class.”

Exuberant Democrats met in Chicago in June 1932 and speedily nominated Roosevelt. Fellow New Yorker Al Smith felt entitled to a second chance, and a beautiful friendship wilted when he was elbowed aside for Franklin Roosevelt. The Democratic platform came out more forthrightly than the Republican for repeal of prohibition, assailed the so-called Hoover depression, and promised not only a balanced budget but sweeping social and economic reforms. Roosevelt flew daringly through stormy weather to Chicago, where he smashed precedent by accepting the nomination in person. He electrified the delegates and the public with these words: “I pledge you, I pledge myself to a new deal for the American people.”

young Roosevelt—tall (six feet two inches), athletic, and handsome—impressed observers as charming and witty yet at times a superficial and arrogant “lightweight.” But suffering humbled him to the level of common clay. In courageously fighting his way back from complete helplessness to a hobbling mobility, he schooled himself in patience, tolerance, compassion, and strength of will. He once remarked that after trying for two years to wiggle one big toe, all else seemed easy.

Another of Roosevelt’s great personal and political assets was his wife, Eleanor. The niece of Theodore Roosevelt, she was Franklin Roosevelt’s distant cousin as well as his spouse. Tall, ungainly, and toothy, she overcame the misery of an unhappy

In his successful campaign for the governorship of New York in 1928, Franklin Roosevelt (1882–1945) had played down alleged Democratic “socialism”:

“We often hear it said that government operation of anything under the sun is socialistic. If that is so, our postal service is socialistic, so is the parcel post which has largely taken the place of the old express companies; so are the public highways which took the place of the toll roads.”

Presidential Hopefuls of 1932

In the campaign that followed, Roosevelt seized the offensive with a slashing attack on the Republican Old Dealers. He was especially eager to prove that he was not an invalid (“Roosevelt Is Robust”) and to display his magnificent torso and radiant personality to as many voters as possible.

Roosevelt consistently preached a New Deal for the “forgotten man,” but he was annoyingly vague and somewhat contradictory. Many of his speeches were “ghostwritten” by the “Brains Trust” (popularly the “Brain Trust”), a small group of reform-minded intellectuals. They were predominantly youngish college professors, who, as a kind of kitchen cabinet, later authored much of the New Deal legislation. Roosevelt rashly promised a balanced budget and berated heavy Hooverian deficits, amid cries of “Throw the Spenders Out!” and “Out of the Red with Roosevelt.” All of this was to make ironic reading in later months.

The high spirits of the Democrats found expression in the catchy air “Happy Days Are Here Again.” This theme song fit FDR’s indestructible smile, his jauntily angled cigarette holder, his breezy optimism, and his promises to do something, even at the risk of bold experimentation.

Grim-faced Herbert Hoover remained in the White House, conscientiously battling the depression through short lunches and long hours. Out on the firing line, his supporters halfheartedly assured half-listening voters, “The Worst Is Past,” “It Might Have Been

Worse,” and “Prosperity Is Just Around the Corner.” Hoover never ceased to insist that the uncertainty and fear produced by Roosevelt’s impending victory plunged the nation deeper into the depression.

With the campaign going badly for the Republicans, a weary and despondent Hoover was persuaded to take to the stump. He stoutly reaffirmed his faith in American free enterprise and individual initiative, and gloomily predicted that if the Hawley-Smoot Tariff were repealed, the grass would grow “in the streets of a hundred cities.” Such down-at-the-mouthism contrasted sharply with Roosevelt’s tooth-flashing optimism and sparkling promises.

Hoover’s Humiliation in 1932

Hoover had been swept into office on the rising tide of prosperity; he was swept out of office by the receding tide of depression. The flood of votes totaled 22,809,638 for Roosevelt and 15,758,901 for Hoover; the electoral count stood at 472 to 59. In all, the loser carried only six rock-ribbed Republican states.

One striking feature of the election was the beginning of a distinct shift of blacks, traditionally grateful to the Republican party of Lincoln, over to the Roosevelt camp. As the “last hired and first fired,” black Americans had been among the worst sufferers from the depression. Beginning with the election of 1932, they became, notably in the great urban centers of the North, a vital element in the Democratic party.

Hard times unquestionably ruined the Republicans, for the electoral upheaval in 1932 was as much anti-Hoover as it was pro-Roosevelt. Democrats had only to harness the national grudge and let it pull them to victory. An overwhelming majority appear to have voiced a demand for change: a new deal rather than *the* New Deal, for the latter was only a gleam in the eyes of its sponsors. Any upstanding Democratic candidate probably could have won.

The preinauguration lame duck period now ground slowly to an end. Hoover, though defeated and repudiated, continued to be president for four long months, until March 4, 1933. But he was helpless to embark upon any long-range policies without the cooperation of Roosevelt—and the victorious president-elect proved rather uncooperative. Hoover at length succeeded in arranging two

meetings with him to discuss the war-debt muddle. But Roosevelt, who airily remarked to the press, “It’s not my baby,” fought shy of assuming responsibility without authority. As Hoover privately confessed, he was trying to bind his successor to an anti-inflationary policy that would have made impossible many of the later New Deal experiments. But in politics the winner, not the loser, calls the tune.

With Washington deadlocked, the vast and vaunted American economic machine clanked to a virtual halt. One worker in four tramped the streets, feet weary and hands idle. Banks were locking their doors all over the nation, as people nervously stuffed paper money under their mattresses. Hooverites, then and later, accused Roosevelt of deliberately permitting the depression to worsen, so that he could emerge the more spectacularly as a savior.

FDR and the Three *R*’s: Relief, Recovery, Reform

Great crises often call forth gifted leaders, and the hand of destiny tapped Roosevelt on the shoulder. On a dreary Inauguration Day, March 4, 1933, his vibrant voice, broadcast nationally from a bullet-proof stand, provided the American people with

inspirational new hope. He denounced the “money changers” who had brought on the calamity and declared that the government must wage war on the Great Depression as it would wage war on an armed foe. His clarion note was, “Let me assert my firm belief that the only thing we have to fear is fear itself.”

Roosevelt moved decisively. Now that he had full responsibility, he boldly declared a nationwide banking holiday, March 6–10, as a prelude to opening the banks on a sounder basis. He then summoned the overwhelmingly Democratic Congress into special session to cope with the national emergency. For the so-called Hundred Days (March 9–June 16, 1933), members hastily cranked out an unprecedented basketful of remedial legislation. Some of it derived from earlier progressivism, but these new measures mostly sought to deal with a desperate emergency.

Roosevelt’s New Deal programs aimed at three *R*’s—relief, recovery, and reform. Short-range goals were relief and immediate recovery, especially in the first two years. Long-range goals were permanent recovery and reform of current abuses, particularly those that had produced the boom-or-bust catastrophe. The three-*R* objectives often overlapped and got in one another’s way. But amid all the topsy-turvy haste, the gigantic New Deal program lurched forward.

Firmly ensconced in the driver's seat, President Roosevelt cracked the whip. A green Congress so fully shared the panicky feeling of the country that it was ready to rubber-stamp bills drafted by White

House advisers—measures that Roosevelt called “must legislation.” More than that, Congress gave the president extraordinary blank-check powers: some of the laws it passed expressly delegated

Principal New Deal Acts During Hundred Days Congress, 1933*
(items in parentheses indicate secondary purposes)

Recovery	Relief	Reform
FDR closes banks, March 6, 1933		
Emergency Banking Relief Act, March 9, 1933		
(Beer Act)	(Beer Act)	Beer and Wine Revenue Act, March 22, 1933
(CCC)	Unemployment Relief Act, March 31, 1933, creates Civilian Conservation Corps (CCC)	
FDR orders gold surrender, April 5, 1933		
FDR abandons gold standard, April 19, 1933		
(FERA)	Federal Emergency Relief Act, May 12, 1933, creates Federal Emergency Relief Administration (FERA)	
(AAA)	Agricultural Adjustment Act (AAA), May 12, 1933	
(TVA)	(TVA)	Tennessee Valley Authority Act (TVA), May 18, 1933 Federal Securities Act, May 27, 1933
Gold-payment clause repealed, June 5, 1933		
(HOLC)	Home Owners' Refinancing Act, June 13, 1933, creates Home Owners' Loan Corporation (HOLC)	
National Industrial Recovery Act, June 16, 1933, creates National Recovery Administration (NRA), Public Works Administration (PWA)	(NRA, PWA)	(NRA)
(Glass-Steagall Act)	(Glass-Steagall Act)	Glass-Steagall Banking Reform Act, June 16, 1933, creates Federal Deposit Insurance Corporation

*For later New Deal measures, see p. 784.

restrictions on child labor. A few such reforms had already made limited gains in some of the states. Many of these forward-looking measures had been adopted a generation or so earlier by the more advanced countries of western Europe. In the area of social welfare, the United States, in the eyes of many Europeans, remained a “backward nation.”

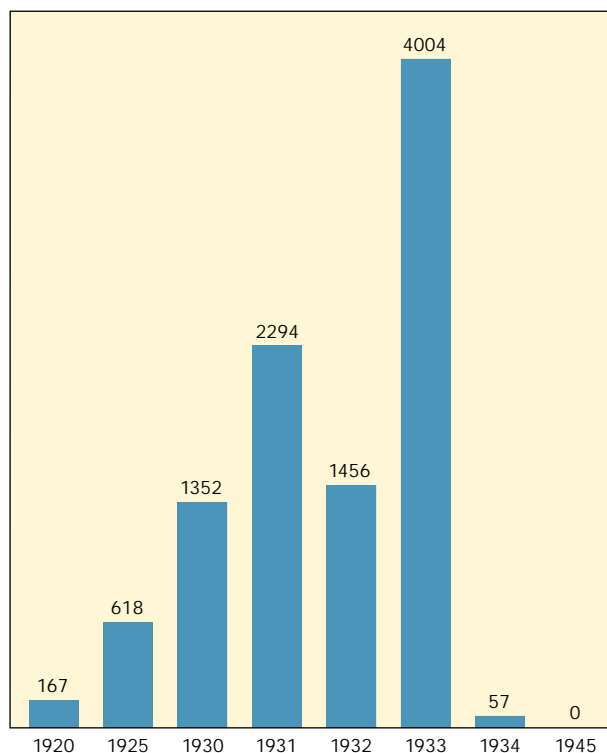
Roosevelt Tackles Money and Banking

Banking chaos cried aloud for immediate action. Congress pulled itself together and in an incredible eight hours had the Emergency Banking Relief Act of 1933 ready for Roosevelt’s busy pen. The new law invested the president with power to regulate banking transactions and foreign exchange and to reopen solvent banks.

legislative authority to the chief executive. One senator complained that if FDR asked Congress “to commit suicide tomorrow, they’d do it.”

Roosevelt was delighted to exert executive leadership, and Congress responded to it, although he did not always know precisely where he was going. He was inclined to do things by intuition—off the cuff. He was like the quarterback, as he put it, whose next play depends on the outcome of the previous play. So desperate was the mood of an action-starved public that *any* movement, even in the wrong direction, seemed better than no movement at all.

The frantic Hundred Days Congress passed many essentials of the New Deal “three R’s,” though important long-range measures were added in later sessions. These reforms owed much to the legacy of the pre-World War I progressive movement. Many of them were long overdue, sidetracked by the war in Europe and the Old Guard reaction of the 1920s. The New Dealers, sooner or later, embraced such progressive ideas as unemployment insurance, old-age insurance, minimum-wage regulations, conservation and development of natural resources, and



Bank Failures Before and After the Glass-Steagall Banking Reform Act of 1933

Roosevelt, the master showman, next turned to the radio to deliver the first of his thirty famous “fireside chats.” As some 35 million people hung on his soothing words, he gave assurances that it was now safer to keep money in a reopened bank than “under the mattress.” Confidence returned with a gush, and the banks began to unlock their doors.

The Emergency, or Hundred Days, Congress buttressed public reliance on the banking system by enacting the memorable Glass-Steagall Banking Reform Act. This measure provided for the Federal Deposit Insurance Corporation, which insured individual deposits up to \$5,000 (later raised). Thus ended the disgraceful epidemic of bank failures, which dated back to the “wildcat” days of Andrew Jackson.*

Roosevelt moved swiftly elsewhere on the financial front, seeking to protect the melting gold reserve and to prevent panicky hoarding. He ordered all private holdings of gold to be surrendered to the Treasury in exchange for paper currency and then took the nation off the gold standard. The Emergency Congress responded to his recommendation by canceling the gold-payment clause in all contracts and authorizing repayment in paper money. A “managed currency” was well on its way.

The goal of Roosevelt’s “managed currency” was inflation, which he believed would relieve debtors’ burdens and stimulate new production. Roosevelt’s principal instrument for achieving inflation was gold buying. He instructed the Treasury to purchase gold at increasing prices, ratcheting the dollar price of gold up from \$21 an ounce in 1933 to \$35 an ounce in early 1934, a price that held for nearly four decades. This policy did increase the amount of dollars in circulation, as holders of gold cashed it in at the elevated prices. But this inflationary result also provoked the wrath of “sound-money” critics, who gagged on the “baloney dollar.” The gold-buying scheme came to an end in February 1934, when FDR returned the nation to a limited gold standard for purposes of international trade only. Thereafter (until 1971—see p. 954), the United States pledged itself to pay foreign bills, if requested, in gold at the rate of one ounce of gold for every \$35 due. But domestic circulation of gold continued to be prohibited, and gold coins became collectors’ items.

*When FDR was inaugurated in 1933, not a single Canadian bank had failed.

Creating Jobs for the Jobless

Overwhelming unemployment, even more than banking, clamored for prompt remedial action. One out of every four workers was jobless when FDR took his inaugural oath—the highest level of unemployment in the nation’s history, before or since. Roosevelt had no hesitancy about using federal money to assist the unemployed and at the same time to “prime the pump” of industrial recovery. (A farmer has to pour a little water into a dry pump—that is, “prime it”—to start the flow.)

The Hundred Days Congress responded to Roosevelt’s spurs when it created the Civilian Conservation Corps (CCC), which proved to be perhaps the most popular of all the New Deal “alphabetical agencies.” This law provided employment in fresh-air government camps for about 3 million unformed young men, many of whom might otherwise

Later Major New Deal Measures, 1933–1939 (items in parentheses indicate secondary purposes)

Recovery	Relief	Reform
(CWA)	FDR establishes Civil Works Administration (CWA), November 9, 1933	
Gold Reserve Act, January 30, 1934, authorizes FDR's devaluation, January 31, 1934		Securities and Exchange Commission (SEC) authorized by Congress, June 6, 1934
(Reciprocal Trade Agreements)	(Reciprocal Trade Agreements)	Reciprocal Trade Agreements Act, June 12, 1934 (see pp. 808–809) Indian Reorganization Act, June 18, 1934
(FHA)	National Housing Act, June 28, 1934, authorizes Federal Housing Administration (FHA)	(FHA)
(Frazier-Lemke Act)	Frazier-Lemke Farm Bankruptcy Act, June 28, 1934	
(Resettlement Administration)	FDR creates Resettlement Administration, April 30, 1935	
(WPA)	FDR creates Works Progress Administration (WPA), May 6, 1935, under act of April 8, 1935	
(Wagner Act)	(Wagner Act)	(Wagner) National Labor Relations Act, July 5, 1935 Social Security Act, August 14, 1935 Public Utility Holding Company Act, August 26, 1935
(Soil Conservation Act)	Soil Conservation and Domestic Allotment Act, February 29, 1936	
(USHA)	(USHA)	United States Housing Authority (USHA) established by Congress, September 1, 1937
(Second AAA)	Second Agricultural Adjustment Act, February 16, 1938	
(Fair Labor Standards)	(Fair Labor Standards)	Fair Labor Standards Act (Wages and Hours Bill), June 25, 1938 Reorganization Act, April 3, 1939 Hatch Act, August 2, 1939

have been driven by desperation into criminal habits. Their work was useful—including reforestation, fire fighting (forty-seven lost their lives), flood control, and swamp drainage. The recruits were required to help their parents by sending home most of their pay. Both human resources and natural resources were thus conserved, though there were minor complaints of “militarizing” the nation’s youth. Critics charged that CCC “soldiers” would later claim pensions for exposure to poison ivy.

The first major effort of the new Congress to grapple with the millions of adult unemployed was the Federal Emergency Relief Act. Its chief aim was immediate relief rather than long-range recovery. The resulting Federal Emergency Relief Administration (FERA) was handed over to zealous Harry L. Hopkins, a painfully thin, shabbily dressed, chain-smoking New York social worker who had earlier won Roosevelt’s friendship and who became one of his most influential advisers. Hopkins’s agency in all granted about \$3 billion to the states for direct dole payments or preferably for wages on work projects.*

Immediate relief was also given two large and hard-pressed special groups by the Hundred Days Congress. One section of the Agricultural Adjustment Act (AAA) made available many millions of dollars to help farmers meet their mortgages. Another law created the Home Owners’ Loan Corporation (HOLC). Designed to refinance mortgages on nonfarm homes, it ultimately assisted about a million badly pinched households. The agency not only bailed out mortgage-holding banks, it also bolted the political loyalties of relieved middle-class homeowners securely to the Democratic party.

Harassed by the continuing plague of unemployment, FDR himself established the Civil Works Administration (CWA) late in 1933. As a branch of the FERA, it also fell under the direction of Hopkins. Designed to provide purely temporary jobs during the cruel winter emergency, it served a useful purpose. Tens of thousands of jobless were employed at leaf raking and other make-work tasks, which were dubbed “boondoggling.” As this kind of labor put a premium on shovel-leaning slow motion, the scheme was widely criticized. “The only thing we have to fear,” scoffers remarked, “is work itself.”

A Day for Every Demagogue

Direct relief from Washington to needy families helped pull the nation through the ghastly winter of 1933–1934. But the disheartening persistence of unemployment and suffering demonstrated that emergency relief measures had to be not only continued but supplemented. One danger signal was the appearance of various demagogues, notably a magnetic “microphone messiah,” Father Charles Coughlin, a Catholic priest in Michigan who began broadcasting in 1930 and whose slogan was “Social Justice.” His anti-New Deal harangues to some 40 million radio fans finally became so anti-Semitic, fascistic, and demagogic that he was silenced in 1942 by his ecclesiastical superiors.

Also notorious among the new brood of agitators were those who capitalized on popular discontent to make pie-in-the-sky promises. Most conspicuous of these individuals was Senator Huey P. (“Kingfish”) Long of Louisiana, who was said to have more brass than a government mule. He used his abundant rabble-rousing talents to publicize his “Share Our Wealth” program, which promised to

*A boast attributed to Hopkins in 1938 was, “We will spend and spend, tax and tax, and elect and elect.”

In 1935 Father Charles Coughlin (1891–1979) single-handedly defeated President Roosevelt's effort to win Senate ratification of a treaty providing for American membership in the World Court, a judicial body of limited authority established by the League of Nations. What FDR saw as a symbolic embrace of international responsibility Coughlin convinced his radio listeners was a conspiracy of international monied interests against American sovereignty:

"Our thanks are due to Almighty God in that America retains her sovereignty. Congratulations to the aroused people of the United States who, by more than 200,000 telegrams containing at least 1,000,000 names, demanded that the principles established by Washington and Jefferson shall keep us clear from foreign entanglements and European hatreds."

make "Every Man a King." Every family was to receive \$5,000, supposedly at the expense of the prosperous. H. L. Mencken called Long's chief lieu-

tenant, former clergyman Gerald L. K. Smith, "the gutsiest, goriest, loudest and lustiest, the deadliest and damndest orator ever heard on this or any other earth, the champion boob-bumper of all time." Fear of Long's becoming a fascist dictator ended when he was shot by an assassin in the Louisiana state capitol in 1935.

Another Pied Piper was gaunt Dr. Francis E. Townsend of California, a retired physician whose savings had recently been wiped out. He attracted the trusting support of perhaps 5 million "senior citizens" with his fantastic plan that nonetheless spoke to earthly need. Each oldster sixty years of age or over was to receive \$200 a month, provided that the money be spent within the month. One estimate had the scheme costing one-half of the national income.

Partly to quiet the groundswell of unrest produced by such crackbrained proposals, Congress authorized the Works Progress Administration (WPA) in 1935. The objective was employment on useful projects. Launched under the supervision of the ailing but energetic Hopkins, this remarkable agency ultimately spent about \$11 billion on thousands of public buildings, bridges, and hard-surfaced roads. Not every WPA project strengthened the infrastructure: for instance, one controlled crickets in Wyoming, while another built a monkey pen in Oklahoma City. Predictably, missions like these caused critics to sneer that WPA meant "We Provide Alms." But the fact is that over a period of

eight years, nearly 9 million people were given jobs, not handouts.

Agencies of the WPA also found part-time occupations for needy high school and college students and for such unemployed white-collar workers as actors, musicians, and writers. John Steinbeck, future Nobel Prize novelist, counted dogs in his California county. Cynical taxpayers condemned lessons in tap dancing, as well as the painting of murals on post office walls. But much precious talent was nourished, self-respect was preserved, and more than a million pieces of art were created, many of them publicly displayed.

A Helping Hand for Industry and Labor

A daring attempt to stimulate a nationwide comeback was initiated when the Emergency Congress authorized the National Recovery Administration (NRA). This ingenious scheme was by far the most complex and far-reaching effort by the New Dealers to combine immediate relief with long-range recovery and reform. Triple-barreled, it was designed to assist industry, labor, and the unemployed.

Individual industries—over two hundred in all—were to work out codes of “fair competition,” under which hours of labor would be reduced so that employment could be spread over more people. A ceiling was placed on the maximum hours of labor; a floor was placed under wages to establish minimum levels.

Labor, under the NRA, was granted additional benefits. Workers were formally guaranteed the right to organize and bargain collectively through representatives of *their own choosing*—not through handpicked agents of the company’s choosing. The hated “yellow-dog,” or antiunion, contract was expressly forbidden, and certain safeguarding restrictions were placed on the use of child labor.

Industrial recovery through the NRA “fair competition” codes would at best be painful, for these called for self-denial by both management and labor. Patriotism was aroused by mass meetings and monster parades, which included 200,000 marchers on New York City’s Fifth Avenue. A handsome blue eagle was designed as the symbol of the NRA, and merchants subscribing to a code displayed it in their windows with the slogan “We Do Our Part.” A newly formed professional football team was christened the

Philadelphia Eagles. Such was the enthusiasm for the NRA that for a brief period, there was a marked upswing in business activity, although Roosevelt had warned, “We cannot ballyhoo our way to prosperity.”

But the high-flying eagle gradually fluttered to earth. Too much self-sacrifice was expected of labor, industry, and the public for such a scheme to work. Critics began to brand NRA “National Run Around” and “Nuts Running America,” symbolized by what Henry Ford called “that damn Roosevelt buzzard.” A new “age of chiselry” dawned as certain unscrupulous businesspeople (“chiselers”) publicly displayed the blue bird on their windows but secretly violated the codes. Complete collapse was imminent when, in 1935, the Supreme Court shot down the dying eagle in the famed *Schechter* “sick chicken” decision. The learned justices unanimously held that Congress could not “delegate legislative powers” to the executive. They further declared that congressional control of interstate commerce could not properly apply to a local fowl business, like that of the Schechter brothers in Brooklyn, New York.

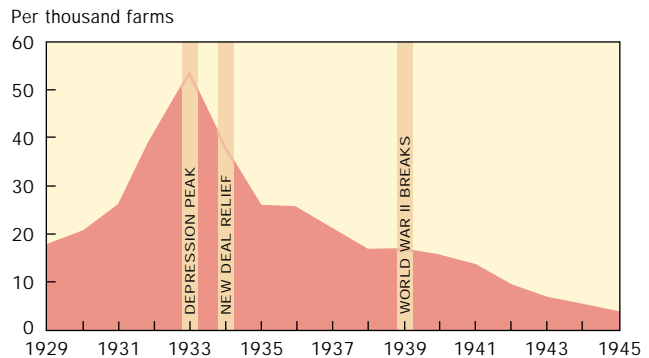
Roosevelt was incensed by this “horse and buggy” interpretation of the Constitution, but actually the Court helped him out of a bad jam.

The same act of Congress that hatched the NRA eagle also authorized the Public Works Administration (PWA), likewise intended both for industrial recovery and for unemployment relief. The agency was headed by the secretary of the interior, acid-tongued Harold L. Ickes, a free-swinging former bull mooser. Long-range recovery was the primary purpose of the new agency, and in time over \$4 billion was spent on some thirty-four thousand projects, which included public buildings, highways, and parkways. One spectacular achievement was the Grand Coulee Dam on the Columbia River—the largest structure erected by humans since the Great Wall of China. In the depths of the depression, the grand dam seemed the height of folly. It made possible the irrigation of millions of acres of new farmland—at a time when the government was desperately trying to reduce farm surpluses. It created more electrical power than the entire TVA—in a region with little industry and virtually no market for additional power. But with the outbreak of World War II and then postwar prosperity, the dam would come to seem a stroke of genius, transforming the entire region with abundant water and power.

Special stimulants aided the recovery of one segment of business—the liquor industry. The imminent repeal of the prohibition amendment afforded an opportunity to raise needed federal revenue and at the same time to provide a measure of employment. Prodded by Roosevelt, the Hundred Days Congress, in one of its earliest acts, legalized light wine and beer with an alcoholic content (presumably nonintoxicating) not exceeding 3.2 percent by weight, and levied a tax of \$5 on every barrel so manufactured. Disgruntled dries, unwilling to acknowledge the breakdown of law and order begotten by bootlegging, damned Roosevelt as “a 3.2 percent American.” Prohibition was officially repealed by the Twenty-first Amendment late in 1933 (see Appendix), and the saloon doors swung open.

Paying Farmers Not to Farm

Ever since the war-boom days of 1918, farmers had suffered from low prices and overproduction, especially in grain. During the depression, conditions



Farm Foreclosures and Defaults, 1929–1945

became desperate as innumerable mortgages were foreclosed, as corn was burned for fuel, and as embattled farmers tried to prevent shipment of crops to glutted markets. In Iowa several volatile counties were placed under martial law.

A radical new approach to farm recovery was embraced when the Emergency Congress established the Agricultural Adjustment Administration (AAA). Through “artificial scarcity” this agency was to establish “parity prices” for basic commodities. “Parity” was the price set for a product that gave it the same real value, in purchasing power, that it had enjoyed during the period from 1909 to 1914. The AAA would eliminate price-depressing surpluses by paying growers to reduce their crop acreage. The millions of dollars needed for these payments were to be raised by taxing processors of farm products, such as flour millers, who in turn would shift the burden to consumers.

*Novelist John Steinbeck (1902–1968) related in his novel *The Grapes of Wrath* (1939) that when the “Okies” and “Arkies” reached California, they found the big growers unwilling to pay more than twenty-five cents an hour for work in the fields. One owner mutters,*

“A Red is any son-of-a-bitch that wants thirty cents an hour when we’re paying twenty-five!”

Unhappily, the AAA got off to a wobbly start. It was begun after much of the cotton crop for 1933 had been planted, and balky mules, trained otherwise, were forced to plow under countless young plants. Several million squealing pigs were purchased and slaughtered. Much of their meat was distributed to people on relief, but some of it was used for fertilizer. This “sinful” destruction of food, at a time when thousands of citizens were hungry, increased condemnation of the American economic system by many left-leaning voices.

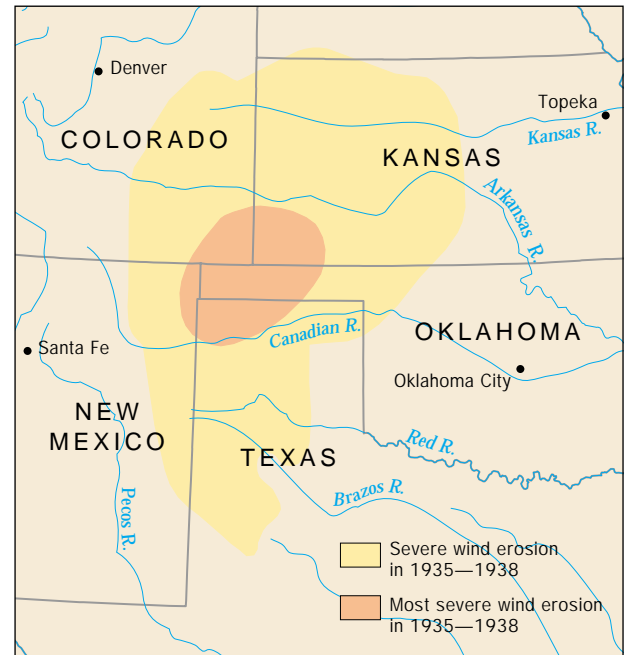
“Subsidized scarcity” did have the effect of raising farm income, but the whole confused enterprise met with acid criticism. Farmers, food processors, consumers, and taxpayers were all to some degree unhappy. Paying the farmers not to farm actually increased unemployment, at a time when other New Deal agencies were striving to decrease it. When the Supreme Court finally killed the AAA in 1936 by declaring its regulatory taxation provisions unconstitutional, foes of the plow-under program rejoiced loudly.

Quickly recovering from this blow, the New Deal Congress hastened to pass the Soil Conservation and Domestic Allotment Act of 1936. The withdrawal of acreage from production was now achieved by paying farmers to plant soil-conserving crops, like soybeans, or to let their land lie fallow. With the emphasis thus on conservation, the Supreme Court placed the stamp of its approval on the revamped scheme.

The Second Agricultural Adjustment Act of 1938, passed two years later, was a more comprehensive substitute, although it continued conservation payments. If growers observed acreage restrictions on specified commodities like cotton and wheat, they would be eligible for parity payments. Other provisions of the new AAA were designed to give farmers not only a fairer price but a more substantial share of the national income. Both goals were partially achieved.

Dust Bowls and Black Blizzards

Nature meanwhile had been providing some unplanned scarcity. Late in 1933 a prolonged drought struck the states of the trans-Mississippi Great Plains. Rainless weeks were followed by furious, whining winds, while the sun was darkened by millions of



The Extent of Erosion in the 1930s Note the extensive wind erosion in the western Oklahoma “panhandle” region, which was dubbed the “Dust Bowl” in the 1930s. Mechanized farmers had “busted” the sod of the southern plains so thoroughly that they literally broke the back of the land. Tons of dust blew out of the Dust Bowl in the 1930s and blotted the sun from the skies as far away as New York. A Kansas newspaperman reported in 1935 that in his dust-darkened town, “Lady Godiva could ride through streets without even the horse seeing her.”

tons of powdery topsoil torn from homesteads in an area that stretched from eastern Colorado to western Missouri—soon to be dubbed the Dust Bowl. Despondent citizens sat on front porches with protective masks on their faces, watching their farms swirl by. A seven-year-old boy in Kansas suffocated. Overawed victims of the Dust Bowl disaster predicted the end of the world or the second coming of Christ.

Drought and wind triggered the dust storms, but they were not the only culprits. The human hand had also worked its mischief. High grain prices during World War I had enticed farmers to bring countless acres of marginal land under cultivation. Worse, dry-farming techniques and mechanization had revolutionized Great Plains agriculture. The steam tractor and the disk plow tore up infinitely more sod than a team of oxen ever could, leaving the powdery topsoil to be swept away at nature’s whim.

Burned and blown out of the Dust Bowl, tens of thousands of refugees fled their ruined acres (see “Makers of America: The Dust Bowl Migrants,” pp. 792–793). In five years about 350,000 Oklahomans and Arkansans—“Okies” and “Arkies”—trekked to southern California in “junkyards on wheels.” The dismal story of these human tumbleweeds was realistically portrayed in John Steinbeck’s best-selling novel *The Grapes of Wrath* (1939), which proved to be the *Uncle Tom’s Cabin* of the Dust Bowl.

Zealous New Dealers, sympathetic toward the soil-tillers, made various other efforts to relieve their burdens. The Frazier-Lemke Farm Bankruptcy Act, passed in 1934, made possible a suspension of mortgage foreclosures for five years, but it was voided the next year by the Supreme Court. A revised law, limiting the grace period to three years, was unanimously upheld. In 1935 the president set up the Resettlement Administration, charged with the task of removing near-farmless farmers to better land. And more than 200 million young trees were successfully planted on the bare prairies as windbreaks by the young men of the Civilian Conservation Corps, even though one governor jeered at trying to “grow hair on a bald head.”

Native Americans also felt the far-reaching hand of New Deal reform. Commissioner of Indian Affairs John Collier ardently sought to reverse the

forced-assimilation policies in place since the Dawes Act of 1887 (see p. 597). Inspired by a sojourn among the Pueblo Indians in Taos, New Mexico, Collier promoted the Indian Reorganization Act of 1934 (the “Indian New Deal”). The new law encouraged tribes to establish local self-government and to preserve their native crafts and traditions. The act also helped to stop the loss of Indian lands and revived tribes’ interest in their identity and culture. Yet not all Indians applauded it. Some denounced the legislation as a “back-to-the-blanket” measure that sought to make museum pieces out of Native Americans. Seventy-seven tribes refused to organize under its provisions, though nearly two hundred others did establish tribal governments.

Battling Bankers and Big Business

Reformist New Dealers were determined from the outset to curb the “money changers” who had played fast and loose with gullible investors before the Wall Street crash of 1929. The Hundred Days Congress passed the “Truth in Securities Act” (Federal Securities Act), which required promoters to transmit to the investor sworn information regarding the soundness of their stocks and bonds. An old

saying was thus reversed to read, "Let the seller beware," although the buyer might never read the fine print.

In 1934 Congress took further steps to protect the public against fraud, deception, and inside manipulation. It authorized the Securities and Exchange Commission (SEC), which was designed as a watchdog administrative agency. Stock markets henceforth were to operate more as trading marts and less as gambling casinos.

New Dealers likewise directed their fire at public utility holding companies, those supercorporations. Citizens had seen one of these incredible colossi collapse during the spring of 1932, when the Chicagoan Samuel Insull's multibillion-dollar financial empire crashed. Possibilities of controlling, with a minimum of capital, a half-dozen or so pyramided layers of big business suggested to Roosevelt "a ninety-six-inch dog being wagged by a four-inch tail." The Public Utility Holding Company Act of 1935 finally delivered a "death sentence" to this type of bloated growth, except where it might be deemed economically needful.

The TVA Harnesses the Tennessee River

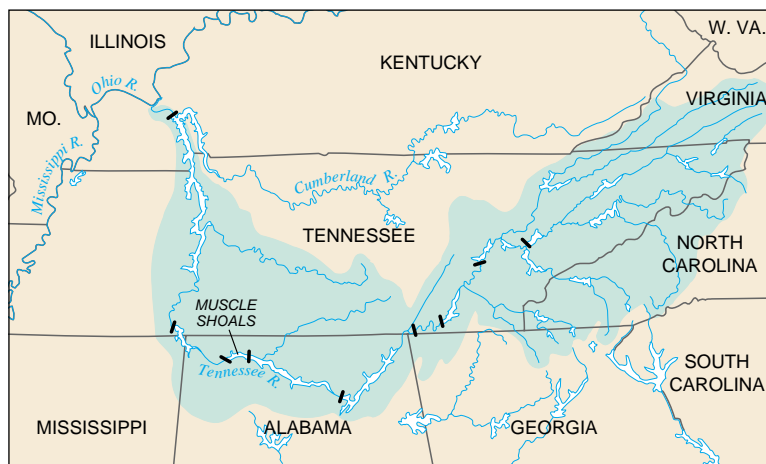
Inevitably, the sprawling electric-power industry attracted the fire of New Deal reformers. Within a few decades, it had risen from nothingness to a behemoth with an investment of \$13 billion. As a public utility, it reached directly and regularly into the pocketbooks of millions of consumers for vitally

needed services. Ardent New Dealers accused it of gouging the public with excessive rates, especially since it owed its success to having secured, often for a song, priceless water-power sites from the public domain.

The tempestuous Tennessee River provided New Dealers with a rare opportunity. With its tributaries, the river drained a badly eroded area about the size of England, and one containing some 2.5 million of the most poverty-stricken people in America. The federal government already owned valuable properties at Muscle Shoals, where it had erected plants for needed nitrates in World War I. By developing the hydroelectric potential of the entire area, Washington could combine the immediate advantage of putting thousands of people to work with a long-term project for reforming the power monopoly.

An act creating the Tennessee Valley Authority (TVA) was passed in 1933 by the Hundred Days Congress. This far-ranging enterprise was largely a result of the steadfast vision and unflagging zeal of Senator George W. Norris of Nebraska, after whom one of the mighty dams was named. From the standpoint of "planned economy," the TVA was by far the most revolutionary of all the New Deal schemes.

This new agency was determined to discover precisely how much the production and distribution of electricity cost, so that a "yardstick" could be set up to test the fairness of rates charged by private companies. Utility corporations lashed back at this entering wedge of government control, charging that the low cost of TVA power was due to dishonest bookkeeping and the absence of taxes. Critics



TVA Area Only the nine dams on the Tennessee River are shown here. More than twenty dams were constructed on the river's tributaries as part of a massive project to control flooding, generate hydroelectric power, and revitalize the Tennessee Valley region, while also creating jobs for the unemployed. The shaded area represents the area served by TVA electric power.

MAKERS OF AMERICA

The Dust Bowl Migrants

Black dust clouds rolled across the southern Great Plains in the 1930s, darkening the skies above a landscape already desolated by the Great Depression. Its soil depleted by erosion, exhausted by over-intensive farming, and parched by drought, the prairie of eastern Colorado, northern Texas, Kansas, Oklahoma, Arkansas, and western Missouri became a dust bowl. The thirsty land offered up neither crops nor livelihood to the sturdy people whose forebears had staked out homesteads there. The desiccated earth exhaled only black dust and a dry wind that blew hundreds of thousands of people—the so-called Okies and Arkies—out of the Dust Bowl forever.

They headed mainly for California, piling aboard buses, hopping freight trains, or buying space in westbound cars. Most journeyed in their own autos, cramming their meager possessions into old jalopies and sputtering onto the highway. But unlike the aimless, isolated Joad family of John Steinbeck's classic novel *The Grapes of Wrath*, most Dust Bowl migrants knew where they were headed. Although many had lost everything in the depression, most knew relatives or friends who had migrated to California before the great crash and had sent back word about its abundant promise.

The earliest Okies had migrated under better circumstances in better times, and they often bragged of the good life in California. In the two decades preceding the Great Depression, more than a million people had left the states of Oklahoma, Texas, Arkansas, and Missouri. At least a quarter of them turned toward California, lured by advertisements that painted a life of leisure and plenty amid the palms.

Their ears so long filled with glowing reports from this earlier exodus, the Dust Bowl migrants refused to believe that the depression could sully the bright promise of California. Not even an omi-

nous sign posted by the state of California on the highway just west of Tulsa deterred them. Indeed the billboard proclaimed its warning in vain—"NO JOBS in California . . . If YOU are looking for work—KEEP OUT."

Some Okies and Arkies made their way past the sign to California cities, but many of them favored the San Joaquin Valley, the southern part of central California's agricultural kingdom. The migrants chose it for its familiarity. The valley shared much in common with the southern plains—arid climate, cotton growing, newfound oil deposits, and abundant land.

During the 1930s the San Joaquin Valley also proved all too familiar in its poverty; in 1939 the median income for migrants from the southern

plains hovered just below the official poverty line. Food, shelter, and clothing were scarce; the winter months, without work and without heat, proved nearly unendurable for the migrants. John Steinbeck, writing in a San Francisco newspaper, exposed the tribulations of the Dust Bowl refugees: “First the gasoline gives out. And without gasoline a man cannot go to a job even if he could get one. Then the food goes. And then in the rains, with insufficient food, the children develop colds. . . .”

Eventually the Farm Security Administration—a New Deal agency—set up camps to house the Okies. A fortunate few purchased land and erected makeshift homes, creating tiny “Okieville” or “Little Oklahomas.” During World War II, most Okies escaped the deprivation and uncertainty of seasonal farm labor, securing regular jobs in defense industries. But the “Okieville” remained, to form the bedrock of a still-thriving subculture in California—one that has brought the Dust Bowl’s country and western music, pecan pie, and evangelical religion to the Far West.

In the early 1980s, Atlanta mayor Andrew Young (b. 1932) observed that the Tennessee Valley Authority created the economic structure for the later civil rights movement:

“It was the presence of the cheap electricity, lower interest rates, water projects, that laid the foundation for the New South.”

complained that the whole dream was “creeping socialism in concrete.”

But the New Dealers, shrugging off such outcries, pointed a prideful finger at the amazing achievements of the TVA. The gigantic project brought to the area not only full employment and the blessings of cheap electric power, but low-cost housing, abundant cheap nitrates, the restoration of eroded soil, reforestation, improved navigation, and flood control. Rivers ran blue instead of brown, and a once-poverty-cursed area was being transformed into one of the most flourishing regions in the United States. Foreigners were greatly impressed with the possibilities of similar schemes in their own lands, and exulting New Dealers agitated for parallel enterprises in the valleys of the Columbia, Colorado, and Missouri Rivers. Federally built dams one day would span all those waterways, impounding more than 30 percent of the total annual runoff from the “roof of America” in the Rocky Mountains. Hydroelectric power from those dams would drive the growth of the urban West, and the waters they diverted would nurture agriculture in the previously bone-dry western deserts. But conservative reaction against the “socialistic” New Deal would confine the TVA’s brand of federally guided resource management and comprehensive regional development to the Tennessee Valley.

Housing Reform and Social Security

The New Deal had meanwhile framed sturdy new policies for housing construction. To speed recovery and better homes, Roosevelt set up the Federal Housing Administration (FHA) as early as 1934. The

building industry was to be stimulated by small loans to householders, both for improving their dwellings and for completing new ones. So popular did the FHA prove to be that it was one of the few “alphabetical agencies” to outlast the age of Roosevelt.

Congress bolstered the program in 1937 by authorizing the United States Housing Authority (USHA)—an agency designed to lend money to states or communities for low-cost construction. Although units for about 650,000 low-income people were started, new building fell tragically short of needs. New Deal efforts to expand the project collided with brick-wall opposition from real estate promoters, builders, and landlords (“slumlords”), to say nothing of anti-New Dealers who attacked what they considered down-the-rathole spending. Nonetheless, for the first time in a century, the slum areas in America ceased growing and even shrank.

Incomparably more important was the success of New Dealers in the field of unemployment insurance and old-age pensions. Their greatest victory was the epochal Social Security Act of 1935—one of the most complicated and far-reaching laws ever to pass Congress. To cushion future depressions, the measure provided for federal-state unemployment insurance. To provide security for old age, specified categories of retired workers were to receive regular payments from Washington. These payments ranged from \$10 to \$85 a month (later raised) and were financed by a payroll tax on both employers and employees. Provision was also made for the blind, the physically handicapped, delinquent children, and other dependents.

Republican opposition to the sweeping new legislation was bitter. “Social Security,” insisted Hoover, “must be builded upon a cult of work, not a cult of leisure.” The GOP national chairman falsely charged that every worker would have to wear a metal dog tag for life.

Social Security was largely inspired by the example of some of the more highly industrialized nations of Europe. In the agricultural America of an earlier day, there had always been farm chores for all ages, and the large family had cared for its own dependents. But in an urbanized economy, at the mercy of boom-or-bust cycles, the government was now recognizing its responsibility for the welfare of its citizens. By 1939 over 45 million people were eligible for Social Security benefits, and in subsequent years further categories of workers were added and the payments to them were periodically increased.

In contrast to Europe, where benefits generally were universal, American workers had to be employed to get coverage.

A New Deal for Unskilled Labor

The NRA blue eagles, with their call for collective bargaining, had been a godsend to organized labor. As New Deal expenditures brought some slackening of unemployment, labor began to feel more secure and hence more self-assertive. A rash of walkouts occurred in the summer of 1934, including a paralyzing general strike in San Francisco (following a “Bloody Thursday”), which was broken only when outraged citizens resorted to vigilante tactics.

When the Supreme Court axed the blue eagle, a Congress sympathetic to labor unions undertook to fill the vacuum. The fruit of its deliberations was the

Wagner, or National Labor Relations, Act of 1935. This trailblazing law created a powerful new National Labor Relations Board for administrative purposes and reasserted the right of labor to engage

A worker at a Chevrolet plant in Flint, Michigan, wrote after the United Auto Workers-CIO victory in 1937,

“The inhuman high speed is *no more*. We now have a voice, and have slowed up the speed of the line. And [we] are now treated as human beings, and not as part of the machinery. The high pressure is taken off. . . . It proves clearly that united we stand, divided or alone we fall.”

in self-organization and to bargain collectively through representatives of its own choice. The Wagner Act proved to be one of the real milestones on the rocky road of the U.S. labor movement.

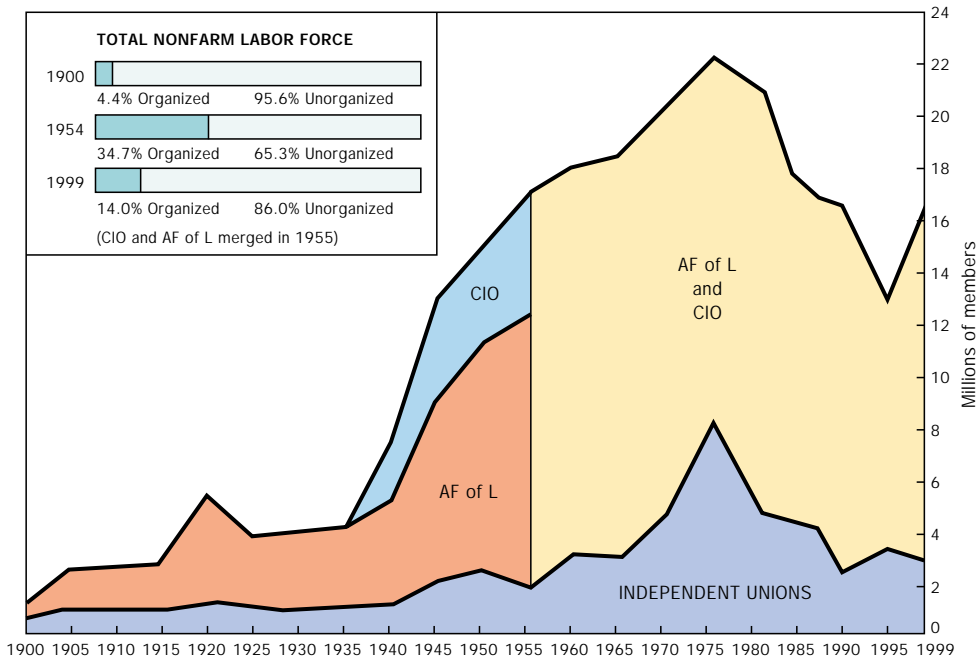
Under the encouragement of a highly sympathetic National Labor Relations Board, a host of unskilled workers began to organize themselves into effective unions. The leader of this drive was beetle-browed, domineering, and melodramatic John L. Lewis, boss of the United Mine Workers. In 1935 he succeeded in forming the Committee for Industrial Organization (CIO) within the ranks of the skilled-craft American Federation of Labor. But skilled workers, ever since the days of the ill-fated Knights of Labor in the 1880s, had shown only lukewarm sympathy for the cause of unskilled labor, especially blacks. In 1936, following inevitable friction with the CIO, the older federation suspended the upstart unions associated with the newer organization.

Undaunted, the rebellious CIO moved on a concerted scale into the huge automobile industry. Late in 1936 the workers resorted to a revolutionary technique (earlier used in both Europe and America) known as the sit-down strike: they refused to leave the factory building of General Motors at Flint,

Michigan, and thus prevented the importation of strikebreakers. Conservative respecters of private property were scandalized. The CIO finally won a resounding victory when its union, after heated negotiations, was recognized by General Motors as the sole bargaining agency for its employees.

Unskilled workers now pressed their advantage. The United States Steel Company, hitherto an impossible nut for labor to crack, averted a costly strike when it voluntarily granted rights of unionization to its CIO-organized employees. But the “little steel” companies fought back savagely. Citizens were shocked in 1937 by the Memorial Day massacre at the plant of the Republic Steel Company in South Chicago. In a bloody fracas, police fired upon pickets and workers, leaving the area strewn with several score dead and wounded.

A better deal for labor continued when Congress, in 1938, passed the memorable Fair Labor Standards Act (Wages and Hours Bill). Industries involved in interstate commerce were to set up minimum-wage and maximum-hour levels. The eventual goals were forty cents an hour (later raised) and a forty-hour week. Labor by children under sixteen (under eighteen if the occupation was dangerous) was forbidden. These reforms were bitterly



The Rise and Decline of Organized Labor, 1900–1999 The percentage of the total labor force that was organized increased until 1954, and it has declined ever since. (Source: Bureau of Labor Statistics.)

though futilely opposed by many industrialists, especially by those southern textile manufacturers who had profited from low-wage labor. But the exclusion of agricultural, service, and domestic workers meant that blacks, Mexican-Americans, and women—who were concentrated in these fields—did not benefit from the act.

In later New Deal days, labor unionization thrived; “Roosevelt wants you to join a union” was the rallying cry of professional organizers. The president received valuable support at ballot-box time from labor leaders and many appreciative working people. One mill worker remarked that Roosevelt was “the only man we ever had in the White House who would know that my boss is a s.o.b.”

The CIO surged forward, breaking completely with the AF of L in 1938. On that occasion the *Committee* for Industrial Organization was formally reconstituted as the *Congress of Industrial Organizations* (the new CIO), under the high-handed presidency of John L. Lewis. By 1940 the CIO could claim about 4 million members in its constituent unions, including some 200,000 blacks. Nevertheless, bitter and annoying jurisdictional feuding involving strikes continued with the AF of L. At times labor seemed more bent on costly civil war than on its age-old war with management.

Landon Challenges “the Champ” in 1936

As the presidential campaign of 1936 neared, the New Dealers were on top of the world. They had achieved considerable progress, and millions of “reliefers” were grateful to their bountiful government. The exultant Democrats renominated Roosevelt on a platform squarely endorsing the New Deal.

The Republicans were hard-pressed to find someone to feed to “the Champ.” They finally settled on the colorless but homespun and honest governor of the Sunflower State of Kansas, Alfred M. Landon. Landon himself was a moderate who accepted some New Deal reforms, although not the popular Social Security Act. But the Republican platform vigorously condemned the New Deal of Franklin “Deficit” Roosevelt for its radicalism, experimentation, confusion, and “frightful waste.” Backing Landon, ex-president Hoover called for a “holy crusade for liberty,” echoing the cry of the American Liberty League, a group of wealthy conservatives who had organized in 1934 to fight “socialistic” New Deal schemes.

Roosevelt gave as good as he got. Angry enough to stretch sheet iron, the president took to the

stump and denounced the “economic royalists” who sought to “hide behind the flag and the Constitution.” “I welcome their hatred,” he proclaimed.

A landslide overwhelmed Landon, as the demoralized Republicans carried only two states, Maine and Vermont. This dismal showing caused political wiseacres to make the old adage read, “As Maine goes, so goes Vermont.”* The popular vote was 27,752,869 to 16,674,665; the electoral count was 523 to 8—the most lopsided in 116 years. Democratic majorities, riding in on Roosevelt’s magic coattails, were again returned to Congress. Jubilant Democrats could now claim more than two-thirds of the seats in the House and a like proportion in the Senate.

The battle of 1936, perhaps the most bitter since Bryan’s defeat in 1896, partially bore out Republican charges of class warfare. Even more than in 1932, the needy economic groups were lined up against the so-called greedy economic groups. CIO units contributed generously to FDR’s campaign chest. Many left-wingers turned to Roosevelt, as the customary third-party protest vote sharply declined. Blacks, several million of whom had also appreciated welcome relief checks, had by now largely shaken off their traditional allegiance to the Republican party. To them, Lincoln was “finally dead.”

FDR won primarily because he appealed to the “forgotten man,” whom he never forgot. Some of the president’s support was only pocketbook-deep: “reliefers” were not going to bite the hand that doled out the government checks. No one, as Al Smith remarked, “shoots at Santa Claus.” But Roosevelt in fact had forged a powerful and enduring coalition of the South, blacks, urbanites, and the poor. He proved especially effective in marshaling the support of the multitudes of “New Immigrants”—mostly the Catholics and Jews who had swarmed into the great cities since the turn of the century. These once-scorned newcomers, with their now-numerous sons and daughters, had at last come politically of age. In the 1920s one out of every twenty-five federal judgeships went to a Catholic; Roosevelt appointed Catholics to one out of every four.

Three days before the 1936 election, Roosevelt took the moral high ground in his speech at New York’s Madison Square Garden:

“I should like to have it said of my first Administration that in it the forces of selfishness and of lust for power met their match. I should like to have it said of my second Administration that in it these forces met their master.”

Nine Old Men on the Supreme Bench

Bowing his head to the sleety blasts, Roosevelt took the presidential oath on January 20, 1937, instead of the traditional March 4. The Twentieth Amendment to the Constitution had been ratified in 1933. (See the Appendix.) It swept away the postelection lame duck session of Congress and shortened by six weeks the awkward period before inauguration.

Flushed with victory, Roosevelt interpreted his reelection as a mandate to continue New Deal reforms. But in his eyes, the cloistered old men on the supreme bench, like fossilized stumbling blocks, stood stubbornly in the pathway of progress. In nine major cases involving the New Deal, the Roosevelt administration had been thwarted seven times. The Court was ultraconservative, and six of the nine oldsters in black were over seventy. As luck would have it, not a single member had been appointed by FDR in his first term.

Roosevelt, his “Dutch up,” viewed with mounting impatience what he regarded as the obstructive conservatism of the Court. Some of these Old Guard appointees were hanging on with a senile grip, partly because they felt it their patriotic duty to curb the “socialistic” tendencies of that radical in the White House. Roosevelt believed that the voters in three successive elections—the presidential elections of 1932 and 1936 and the midterm congressional elections of 1934—had returned a smashing verdict in favor of his program of reform. Democracy, in his view, meant rule by the people. If the American way of life was to be preserved, Roosevelt

*Maine, which traditionally held its state elections in September, was long regarded as a political weathervane. Hence the expression, “As Maine goes, so goes the nation.”

argued, the Supreme Court ought to get in line with the supreme court of public opinion.

Roosevelt finally hit upon a Court scheme that he regarded as “the answer to a maiden’s prayer.” In fact, it proved to be one of the most costly political misjudgments of his career. When he sprang his brainstorm on a shocked nation early in 1937, he caught the country and Congress completely by surprise. Roosevelt bluntly asked Congress for legislation to permit him to add a new justice to the Supreme Court for every member over seventy who would not retire. The maximum membership could then be fifteen. Roosevelt pointed to the necessity of injecting vigorous new blood, for the Court, he alleged, was far behind in its work. This charge, which turned out to be false, brought heated accusations of dishonesty. At best, Roosevelt was headstrong and not fully aware of the fact that the Court, in popular thinking, had become something of a sacred cow.

The Court Changes Course

Congress and the nation were promptly convulsed over the scheme to “pack” the Supreme Court with a “dictator bill,” which one critic called “too damned slick.” Franklin “Double-crossing” Roosevelt was vilified for attempting to break down the delicate checks and balances among the three branches of the government. He was accused of grooming himself as a dictator by trying to browbeat the judiciary. In the eyes of countless citizens, mostly Republicans but including many Democrats, basic liberties seemed to be in jeopardy. “God Bless the Supreme Court” was a fervent prayer.

The Court had meanwhile seen the ax hanging over its head. Whatever his motives, Justice Owen J. Roberts, formerly regarded as a conservative, began to vote on the side of his liberal colleagues. “A switch in time saves nine” was the classic witticism

inspired by this ideological change. By a five to four decision, the Court, in March 1937, upheld the principle of a state minimum wage for women, thereby reversing its stand on a different case a year earlier. In succeeding decisions a Court more sympathetic to the New Deal upheld the National Labor Relations Act (Wagner Act) and the Social Security Act. Roosevelt's "Court-packing" was further undermined when Congress voted full pay for justices over seventy who retired, whereupon one of the oldest conservative members resigned, to be replaced by a New Dealer, Justice Hugo Black.

Congress finally passed a court reform bill, but this watered-down version applied only to lower courts. Roosevelt, the master politician, thus suffered his first major legislative defeat at the hands of his own party in Congress. Americans have never viewed lightly a tampering with the Supreme Court by the president, no matter how popular their chief executive may be. Yet in losing this battle, Roosevelt incidentally won his campaign. The Court, as he had hoped, became markedly more friendly to New Deal reforms. Furthermore, a succession of deaths and resignations enabled him in time to make nine appointments to the tribunal—more than any of his predecessors since George Washington. The clock "unpacked" the Court.

Yet in a sense, FDR lost both the Court battle and the war. He so aroused conservatives of both parties in Congress that few New Deal reforms were passed after 1937, the year of the fight to "pack" the bench. With this catastrophic miscalculation, he

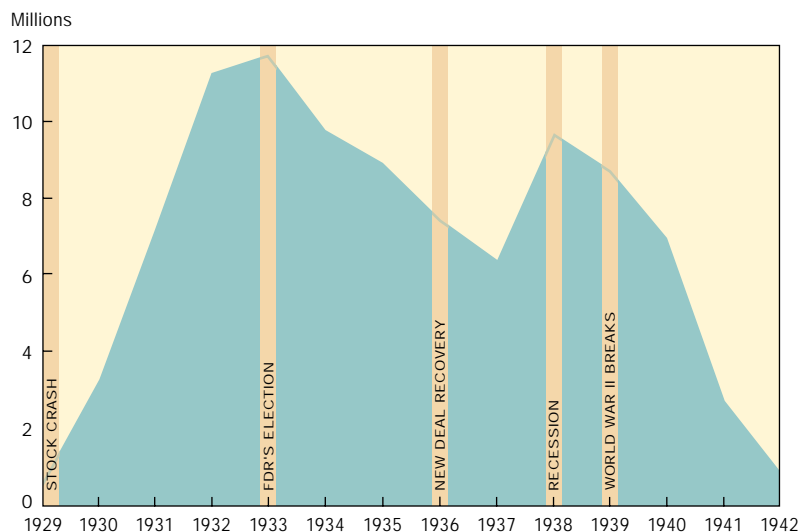
squandered much of the political goodwill that had carried him to such a resounding victory in the 1936 election.

The Twilight of the New Deal

Roosevelt's first term, from 1933 to 1937, did not banish the depression from the land. Unemployment stubbornly persisted in 1936 at about 15 percent, down from the grim 25 percent of 1933 but still miserably high. Despite the inventiveness of New Deal programs and the billions of dollars in "pump priming," recovery had been dishearteningly modest, though the country seemed to be inching its way back to economic health.

Then in 1937 the economy took another sharp downturn, a surprisingly severe depression-within-the-depression that the president's critics quickly dubbed the "Roosevelt recession." In fact, government policies had caused the nosedive, as new Social Security taxes began to bite into payrolls and as the administration cut back on spending out of continuing reverence for the orthodox economic doctrine of the balanced budget.

Only at this late date did Roosevelt at last frankly and deliberately embrace the recommendations of the British economist John Maynard Keynes. The New Deal had run deficits for several years, but all of them had been rather small and



Unemployment, 1929–1942

These cold figures can only begin to suggest the widespread human misery caused by mass unemployment. One man wrote to a newspaper in 1932, "I am forty-eight; married twenty-one years; four children, three in school. For the last eight years I was employed as a Pullman conductor. Since September, 1930, they have given me seven months part-time work. Today I am an object of charity. . . . My small, weak, and frail wife and two small children are suffering and I have come to that terrible place where I could easily resort to violence in my desperation."

A basic objective of the New Deal was featured in Roosevelt's second inaugural address (1937):

"I see one-third of a nation ill-housed, ill-clad, ill-nourished. . . . The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

none was intended. Now, in April 1937, Roosevelt announced a bold program to stimulate the economy by planned deficit spending. Although the deficits were still undersized for the herculean task of conquering the depression, this abrupt policy reversal marked a major turning point in the government's relation to the economy. "Keynesianism" became the new economic orthodoxy and remained so for decades.

Roosevelt had meanwhile been pushing the remaining reform measures of the New Deal. Early

in 1937 he urged Congress—a Congress growing more conservative—to authorize a sweeping reorganization of the national administration in the interests of streamlined efficiency. But the issue became tangled up with his presumed autocratic ambitions in regard to the Supreme Court, and he suffered another stinging defeat. Two years later, in 1939, Congress partially relented and in the Reorganization Act gave him limited powers for administrative reforms, including the key new Executive Office in the White House.

The New Dealers were accused of having the richest campaign chest in history, and in truth government relief checks had a curious habit of coming in bunches just before ballot time. To remedy such practices, which tended to make a farce of free elections, Congress adopted the much-heralded Hatch Act of 1939. This act barred federal administrative officials, except the highest policy-making officers, from active political campaigning and soliciting. It also forbade the use of government funds for political purposes as well as the collection of campaign contributions from people receiving relief payments. The Hatch Act was broadened in 1940 to place limits on campaign contributions and expenditures, but

such clever ways of getting around it were found that on the whole the legislation proved disappointing.

By 1938 the New Deal had clearly lost most of its early momentum. Magician Roosevelt could find few dazzling new reform rabbits to pull out of his tall silk hat. In the congressional elections of 1938, the Republicans, for the first time, cut heavily into the New Deal majorities in Congress, though failing to gain control of either house. The international crisis that came to a boil in 1938–1939 shifted public attention away from domestic reform and no doubt helped save the political hide of the Roosevelt “spendocracy.” The New Deal, for all practical purposes, had shot its bolt.

New Deal or Raw Deal?

Foes of the New Deal condemned its alleged waste, incompetence, confusion, contradictions, and cross-purposes, as well as the chiseling and graft in the alphabetical agencies—“alphabet soup,” sneered Al Smith. Roosevelt had done nothing, cynics said, that an earthquake could not have done better. Critics deplored the employment of “crackpot” college professors, leftist “pinkos,” and outright Communists. Such subversives, it was charged, were trying to make America over in the Bolshevik-Marxist image under “Rooseveltski.” The Hearst newspapers lambasted,

*The Red New Deal with a Soviet seal
Endorsed by a Moscow hand,
The strange result of an alien cult
In a liberty-loving land.*

Roosevelt was further accused by conservatives of being Jewish (“Rosenfield”) and of tapping too many bright young Jewish leftists (“The Jew Deal”) for his “Drain Trust.”

Hardheaded businesspeople, who “had met a payroll,” were shocked by the leap-before-you-look, try-anything-once spirit of Roosevelt, the jolly improviser. They accused him of confusing noise and movement with progress. Others appreciated the president’s do-something approach. Humorist Will Rogers, the rope-twirling “poet lariat” of the era, remarked that if Roosevelt were to burn down the Capitol, people would say, “Well, we at least got a fire started, anyhow.”

“Bureaucratic meddling” and “regimentation” were also bitter complaints of anti-New Dealers; in truth, bureaucracy did blossom. The federal government, with its hundreds of thousands of employees, became incomparably the largest single business in the country, as the states faded further into the background.

Promises of budget balancing, to say nothing of other promises, had flown out the window—so foes of the New Deal pointed out. The national debt had stood at the already enormous figure of \$19,487,000,000 in 1932 and had skyrocketed to \$40,440,000,000 by 1939. America was becoming, its critics charged, a “handout state” trying to squander itself into prosperity—U.S. stood for “unlimited spending.” Such lavish benefactions were undermining the old virtues of thrift and initiative. Ordinary Americans, once self-reliant citizens, were getting a bad case of the “gimmies”: their wishbones were becoming larger than their backbones. In the nineteenth century, hard-pressed workers went west; now they went on relief.

Business was bitter. Accusing the New Deal of fomenting class strife, conservatives insisted that the laborer and the farmer—especially the big operator—were being pampered. Why “soak the successful”? Countless businesspeople, especially Republicans, declared that they could pull themselves out of the depression if they could only get the federal government—an interventionist big government—off their backs. Private enterprise, they charged, was being stifled by “planned economy,” “planned bankruptcy,” “creeping socialism,” and the philosophy “Washington can do it better,” with a federal pill for every ill. States’ rights were being ignored, while the government was competing in business with its own citizens, under a “dictatorship of do-gooders.”

The aggressive leadership of Roosevelt—“one-man supergovernment”—also came in for denunciation. Heavy fire was especially directed at his attempts to browbeat the Supreme Court and to create a “dummy Congress.” Roosevelt had even tried in the 1938 elections, with backfiring results, to “purge” members of Congress who would not lock-step with him. The three senators whom he publicly opposed were all triumphantly reelected.

The most damning indictment of the New Deal was that it had failed to cure the depression. Afloat in a sea of red ink, it had merely administered

aspirin, sedatives, and Band-Aids. Many economists came to believe that better results would have been achieved by much greater deficit spending. Despite some \$20 billion poured out in six years of deficit spending and lending, of leaf raking and pump priming, the gap was not closed between production and consumption. There were even more mountainous farm surpluses under Roosevelt than under Hoover. Millions of dispirited men and women were still unemployed in 1939, after six years of drain, strain, and pain. Not until World War II blazed forth in Europe was the unemployment headache solved. The sensational increase in the national debt was caused by World War II, not the New Deal. The national debt was only \$40 billion in 1939 but \$258 billion in 1945.

FDR's Balance Sheet

New Dealers staunchly defended their record. Admitting that there had been some waste, they pointed out that relief—not economy—had been the primary object of their multifront war on the depression. Conceding also that there had been some graft, they argued that it had been trivial in

view of the immense sums spent and the obvious need for haste.

Apologists for Roosevelt further declared that the New Deal had relieved the worst of the crisis in 1933. It promoted the philosophy of “balancing the human budget” and accepted the principle that the federal government was morally bound to prevent mass hunger and starvation by “managing” the economy. The Washington regime was to be used, not feared. The collapse of America’s economic system was averted, a fairer distribution of the national income was achieved, and the citizens were enabled

In his acceptance speech at the 1936 Democratic convention, Roosevelt stated,

“Governments can err; presidents do make mistakes, . . . but better the occasional faults of a Government that lives in a spirit of charity than the consistent omissions of a Government frozen in the ice of its own indifference.”

to regain and retain their self-respect. “Nobody is going to starve” was Roosevelt’s promise.

Though hated by business tycoons, FDR should have been their patron saint, so his admirers claimed. He deflected popular resentments against business and may have saved the American system of free enterprise. Roosevelt’s quarrel was not with capitalism but with capitalists; he purged American capitalism of some of its worst abuses so that it might be saved from itself. He may even have headed off a more radical swing to the left by a mild dose of what was mistakenly reviled as “socialism.” The head of the American Socialist party, when once asked if the New Deal had carried out the Socialist program, reportedly replied that it had indeed—on a stretcher.

Roosevelt, like Jefferson, provided bold reform without a bloody revolution—at a time in history when some foreign nations were suffering armed

uprisings and when many Europeans were predicting either communism or fascism for America. He was upbraided by the left-wing radicals for not going far enough, by the right-wing radicals for going too far. Choosing the middle road, he has been called the greatest American conservative since Hamilton. He was in fact Hamiltonian in his espousal of big government, but Jeffersonian in his concern for the “forgotten man.” Demonstrating anew the value of powerful presidential leadership, he exercised that power to relieve the erosion of the nation’s greatest physical resource—its people. He helped preserve democracy in America in a time when democracies abroad were disappearing down the sinkhole of dictatorship. And in playing this role, he unwittingly girded the nation for its part in the titanic war that loomed on the horizon—a war in which democracy the world over would be at stake.

Chronology

1932 Roosevelt defeats Hoover for presidency

1933 Bank holiday
Emergency Banking Relief Act
Beer and Wine Revenue Act
The Hundred Days Congress enacts AAA, TVA, HOLC, NRA, and PWA
Federal Securities Act
Glass-Steagall Banking Reform Act
CWA established
Twentieth Amendment (changed calendar of congressional sessions and date of presidential inauguration)
Twenty-first Amendment (prohibition repealed)

1934 Gold Reserve Act
Securities and Exchange Commission authorized
Indian Reorganization Act
FHA established
Frazier-Lemke Farm Bankruptcy Act

1935 WPA established
Wagner Act
Resettlement Administration
Social Security Act
Public Utility Holding Company Act
Schechter “sick-chicken” case
CIO organized

1936 Soil Conservation and Domestic Allotment Act
Roosevelt defeats Landon for presidency

1937 USHA established
Roosevelt announces “Court-packing” plan

1938 Second AAA
Fair Labor Standards Act

1939 Reorganization Act
Hatch Act

VARYING VIEWPOINTS

How Radical Was the New Deal?

The Great Depression was both a great calamity and a great opportunity. How effectively Franklin Roosevelt responded to the calamity and what use he made of the opportunity are the two great questions that have animated historical debate about the New Deal.

Some historians have actually denied that there was much of a connection between the depression and the New Deal. Arthur M. Schlesinger, Jr., for example, who believes in “cycles” of reform and reaction in American history, has written that “there would very likely have been some sort of New Deal in the 1930s even without the Depression.” But most of the first generation of historians who wrote about the New Deal (in the 1940s, 1950s, and early 1960s) agreed with Carl Degler’s judgment that the New Deal was “a revolutionary response to a revolutionary situation.” In this view, though Roosevelt never found a means short of war to bring about economic recovery, he shrewdly utilized the stubborn economic crisis as a means to enact sweeping reforms. A handful of scholars, notably Edgar Eugene Robinson, condemned Roosevelt’s record as a “socialistic” break with American traditions. But until the 1960s, the great majority of historians approved the political values of the new Deal and praised its accomplishments.

Some leftist scholars writing in the 1960s, however, notably Barton J. Bernstein, charged that the New Deal did not reach far enough. This criticism echoed the socialist complaint in the 1930s that the depression represented the total collapse of American capitalism, and that the New Deal had muffed the chance truly to remake American society. Roosevelt had the chance, these historians argue, to redistribute wealth, improve race relations, and bring the giant corporations to heel. Instead, say these critics, the New Deal simply represented a conservative holding action to shore up a sagging and corrupt capitalist order.

Those charges against the New Deal stimulated another generation of scholars in the 1970s, 1980s, and 1990s to look closely at the concrete institutional, attitudinal, and economic circumstances in which the New Deal unfolded. Historians such as James Patterson, Alan Brinkley, Kenneth Jackson, Harvard Sitkoff, and Lizabeth Cohen—sometimes loosely referred to as the “constraints school”—conclude that the New Deal offered just about as much reform as circumstances allowed and as the majority of Americans wanted. The findings of these historians are impressive: the system of checks and balances limited presidential power; the disproportionate influence of southern Democrats in Congress stalled attempts to move toward racial justice; the federal system, in fact, inhibited all efforts to initiate change from Washington. Most important, a majority of the American people at the time wanted to reform capitalism, not overthrow it. Industrial workers, for example, were not hapless pawns upon whom the New Deal was foisted, frustrating their yearning for more radical change. Instead they sought security and self-determination in ways quite compatible with the New Deal’s programs for unemployment insurance, old-age pensions, and guarantees of labor’s right to organize.

The best proof of the soundness of that conclusion is probably the durability of the political alliance that Roosevelt assembled. The great “New Deal coalition” that dominated American politics for nearly four decades after Roosevelt’s election in 1932 represented a broad consensus in American society about the legitimate limits of government efforts to shape the social and economic order. William Leuchtenburg has offered the most balanced historical assessment in his description of the New Deal as a “half-way revolution,” neither radical nor conservative, but accurately reflecting the American people’s needs and desires in the 1930s—and for a long time thereafter.

For further reading, see page A23 of the Appendix. For web resources, go to <http://college.hmco.com>.
