

## Editor's Introduction

The 1930s are forever associated with two things: the Great Depression and the New Deal. That Franklin D. Roosevelt led the nation for most of the decade (and beyond) makes him a good candidate for being counted as a third major force or icon of the era.

The decade began, however, with Herbert Hoover in the White House. While the disastrous crash of the stock market in 1929 was not the result of any one party's or individual's policies or actions, Hoover became the fall guy for the crash and all that came after it. Hoover and his Republican predecessor in the White House, Calvin Coolidge, strongly believed in keeping government out of the way of business, so that when the crash did come Hoover's response was to regard it as a transient phenomenon that the next business cycle would correct. All that was needed, he felt, was to make some adjustments involving foreign credits and to get the wheels of volunteerism going in order to provide relief at the local level. Together with Congress, the administration set up the Reconstruction Finance Corporation in January 1932 to make government loans to financial institutions, large industries, railroads, and public works projects. Given the scale of the problem, and its human dimension, the response was clearly inadequate, and Hoover was seen as being blind to the plight of millions of suffering Americans.

Adding to Hoover's woes was another matter he inherited from the decade before. Veterans of World War I had advocated for, and received promises regarding, the payment of war bonuses. Although technically the payments had been authorized to begin in 1945, tens of thousands of unemployed veterans saw the matter differently and demanded the immediate payment of their bonuses. Thus, in the summer of 1932, a presidential election year, some 12,000 veterans and their families marched and set up make-shift camps in the capital. Under pressure to pay, but fearing its effects on the US Treasury, Congress moved a Bonus Bill through the House of Representatives but failed to get it past the Senate. Many of the former soldiers in the ragtag "Bonus Army," as the protesters were called, departed on news of the bill's demise, but many others stayed behind. In July, Hoover authorized Army troops under General Douglas MacArthur to clear the camps and restore order. The scene played badly in newspapers and on the radio and did nothing to endear Hoover to voters in the upcoming election. He was easily defeated in the

fall by his Democratic opponent, New York governor Franklin D. Roosevelt.

### A New Deal for Americans

The New Deal of the Roosevelt era was a massive, complicated reform effort designed to save the nation from near collapse. Parts of the enterprise were reasonably successful, while other parts generally were not. It helped put people to work and provided a sense of recovery, but never was there anything like the prosperity that had been enjoyed in the previous decade. Virtually everything about the New Deal was controversial, beginning with the very idea that the government should be responsible for economic salvation and social welfare. In the United States, these had traditionally been left to the individual states or to the private sector—or so critics of the New Deal proclaimed. Roosevelt and his "Brain Trust" of New Dealers (i.e., a group of bright minds who advised the president and carried out the administration's policies) countered that government had long been involved in creating programs, regulating the economy, and seeing to the health and welfare of the nation's citizens. They argued that it was the 1920s, with its *laissez-faire* attitude, that had got the country into the mess it was now in, and there was no reason to go back and repeat the calamity.

Looked at from a distance, the New Deal reflects the traditional American balance between government involvement and independent initiative, albeit with the scales tilted in the direction of the political left. It was anything but the wholesale Soviet-style social engineering experiment that its harshest critics claimed it to be. It sought to tackle the problem of the Depression by a variety of means, focusing on the delivery of immediate relief to individuals, the provision of financial supports for business groups and farmers, the stimulation of the economy overall, and the establishment of a basis for the long-term security of all citizens.

The New Deal is also remembered for having created an "alphabet soup" of new government agencies and programs, each with its own abbreviation or acronym. Here is a partial listing:

#### **Federal Emergency Relief Administration (FERA)**

Created in May 1933 based on an earlier program under the Hoover administration, FERA disbursed federal funds to states and localities in the form of grants and

loans. The monies were to be used for relief programs and job creation. FERA ceased operating in 1935, replaced by the Works Progress Administration (WPA) and the Social Security Administration (SSA).

#### ***National Recovery Administration (NRA)***

Established in June 1933, the NRA set up specialized codes, or regulations, meant to ensure fair competition in industry. The codes specified wages, prices, and production levels, chiefly with respect to the operations of large firms. Small-business owners, farmers, and labor leaders complained that the codes were harmful to their interests, and consumers didn't much appreciate the NRA pricing system. Neither were many people put to work or the economy improved as a result of NRA activities. In 1935 the US Supreme Court ruled, in *Schechter Poultry Corp. v. United States*, that the NRA was unconstitutional; it was shut down in January 1936.

#### ***Civilian Conservation Corps (CCC)***

The CCC, which was created around the same time as FERA and NRA, employed millions of young men in conservation projects such as park creation, reforestation, land reclamation, forest management, fire fighting, and erosion control. The workers lived in camps and were paid wages, most of which were expected to go to their families. The CCC closed operations in 1942.

#### ***Public Works Administration (PWA)***

Not to be confused with the Works Progress Administration (WPA), the PWA built large-scale public works such as dams, tunnels, bridges, schools, hospitals, public buildings, and sewer systems. It was headed by Interior Secretary Harold Ickes and operated between 1933 and 1943.

#### ***Civil Works Administration (CWA)***

The CWA, headed by top Roosevelt advisor Harry Hopkins, operated between 1933 and 1934, during which time it put men to work improving or erecting buildings and grounds, laying roads, building schools, and constructing airports.

#### ***Agricultural Adjustment Administration (AAA)***

Between 1933 and 1935 the AAA sought to regulate farm production, mainly by paying farmers not to grow certain crops and destroy them if they had grown them.

The idea was to reduce production levels in order to force a rise in prices and help restart the agricultural sector. Subsidies were also provided for key commodities. The scheme was declared unconstitutional by the US Supreme Court in 1935.

#### ***Tennessee Valley Authority (TVA)***

The TVA, created in May 1933, was a regional development project designed to bring hydroelectric power to seven southern states and improve river navigation, introduce modern flood control, optimize land usage, and stimulate economic development. Thousands of people were put to work as a result. TVA still exists today, although there is more private-sector involvement. The original experiment was never replicated owing to opposition by private power companies.

#### ***Securities and Exchange Commission (SEC)***

Established in 1934 and remaining in operation today, the SEC was charged with policing the market in stocks and bonds (i.e., securities) to end misleading practices and price manipulations. The intent was to restore investor confidence in a damaged institution and get the financial markets moving again. Its first chairman was Joseph P. Kennedy, Sr., father of John F. Kennedy. The *Glass-Steagall Act of 1933* imposed a barrier between commercial lending banks and investment firms. The act was repealed in 1999, and some commentators have argued that the repeal contributed to the financial collapse of 2007-2009.

#### ***Works Progress Administration (WPA)***

Headed by Harry Hopkins, the WPA operated between 1935 and 1943. (It was renamed the Work Projects Administration in 1939.) Like the CWA, the WPA was focused on small- and medium-scale construction projects such as roads, bridges, parks, schools, libraries, sporting grounds, swimming pools, gyms, city halls, courthouses, post offices, sidewalks, and waterworks. As many as 8 million people worked for the WPA, 3 million at any given time. Besides planners, project managers, and laborers, the program employed artists and writers under the auspices of the Federal Arts Project.

#### ***National Labor Relations Board (NLRB)***

Created in 1935 and still operating today, the NLRB was charged with ensuring workers' right to organize, bargain collectively, and go on strike. It basically moni-

tors employers' labor practices to make sure they are fair according to the National Labor Relations Act (Wagner Act) of 1935 and the Fair Labor Standards Act of 1938, among other laws.

### ***Social Security Administration (SSA)***

Originally the Social Security Board, this agency was created as part of the Social Security Act of 1935. The act set up an old-age pension system and a temporary unemployment benefits program. Later, it was expanded to include dependents and the disabled. Since its inception, Social Security has become a mainstay of American society and has served hundreds of millions of citizens, most of whom contribute to it through paycheck withholdings.

### ***National Youth Administration (NYA)***

Existing between 1935 and 1943, the NYA distributed funds to high schools and colleges for the employment of youth on a part-time basis. Young people not attending school were provided with vocational training.

### **Government, Politics, and World Affairs**

The types of actions taken by the Roosevelt administration in the 1930s defined the role of government in American society for much of the rest of the century—and beyond. The New Dealers strove to stimulate and regulate the economy, keep the job market going, provide welfare for those in need, undertake public works and infrastructure projects, oversee consumer affairs, monitor financial institutions, guard the interests of workers, and facilitate prosperity overall. Not that they always were successful or satisfied all parties involved, but they did change the nature of the dialogue. No longer was it a question, after the New Deal, *whether* government should play a role in managing the economy and promoting social good, but rather *how* it should achieve those goals. (One exception here is the 1980s, when, under President Ronald Reagan, there was a great pullback by government from social and economic affairs.)

Politically, the era increased divisions between the Republican and Democratic parties, as Democrats increasingly became the party of Roosevelt—with all that that meant—and Republicans increasingly became the party of Conservatism and anti-Communism. Roosevelt was swept into power in 1932, enjoyed a landslide victory in 1936, and was reelected for a third time in 1940, all the while bringing along more Democrats to

fill Congress and state legislatures. In that respect, the New Deal was immensely popular and the Democratic Party came to be seen as upholding the interests of the “common man.” Somewhat surprisingly, however, the party also found support among business groups associated with mass consumption, such as retailers, investment firms, building contractors, and various service industries (including legal services). These groups, along with labor unions and farmers, formed the backbone of the Democratic party. Southern Democrats supported the New Deal on the condition that it not delve into the areas of race relations and civil rights.

Republicans, meanwhile, opposed the Administration's progressive legislation at every turn. The greatest evidence of this was at the Supreme Court, where conservative justices blocked several key measures. So frustrated was the president after these reversals that he launched a misguided effort to rewrite the rules and “pack” the Court with liberal justices—an effort that blew up and turned some within his own circle against him. Republicans in Congress were also on the attack. In the House of Representatives, the House Un-American Activities Committee (HUAC) investigated alleged disloyalty and subversive activities among government employees and private citizens, particularly those with supposed communist ties. The Works Progress Administration (WPA) and the Federal Arts Project were among the main targets. The committee uncovered little if anything of substance but did manage to damage the reputations of many of the people it looked at.

The 1930s also saw a shift in foreign policy away from internationalism and toward isolationism. Early in his tenure as president, Roosevelt announced a retreat from intervention as a policy and the beginning of a “Good Neighbor Policy” toward Latin America. Fueling the dislike for him among conservatives, he also recognized the Soviet Union and removed trade barriers between the United States and a number of other nations. By the time Japan invaded China in 1937, the mood in the United States was one of “wait and see.” The response was repeated when Hitler invaded Poland in 1939, launching World War II. Not until the bombing of Pearl Harbor in 1941 did attitudes finally change and the United States entered the war against Germany and Japan. With that, a new era began—even while the legacy of the New Deal lived on.

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### **Bibliography and Additional Reading**

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