

## The New Deal

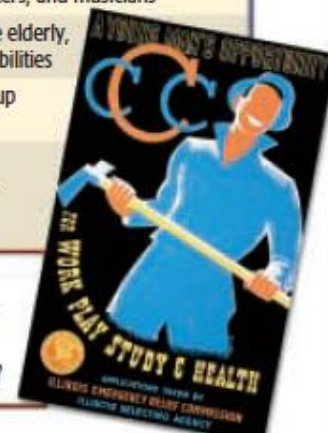
First New Deal Program	Initials	Begun	Purpose
Civilian Conservation Corps	CCC	1933	Provided jobs for young men to plant trees and build bridges
Tennessee Valley Authority	TVA	1933	Built dams to provide cheap electric power to seven Southern states; set up schools and health centers
Federal Emergency Relief Administration	FERA	1933	Gave relief to unemployed and needy
Agricultural Adjustment Administration	AAA	1933	Paid farmers not to grow certain crops
National Recovery Administration	NRA	1933	Helped set standards for production, prices, and wages
Public Works Administration	PWA	1933	Built ports, schools, and aircraft carriers
Federal Deposit Insurance Corporation	FDIC	1933	Insured savings accounts in banks approved by the government
<b>Second New Deal Program</b>			
Rural Electrification Administration	REA	1935	Loaned money to extend electricity to rural areas
Works Progress Administration	WPA	1935	Employed men and women to build hospitals, schools, parks, and airports; employed artists, writers, and musicians
Social Security Act	SSA	1935	Set up a system of pensions for the elderly, unemployed, and people with disabilities
Farm Security Administration	FSA	1937	Lent money to sharecroppers; set up camps for migrant workers
Fair Labor Standards Act	FLSA	1938	Established minimum wages and maximum hours for all businesses engaged in interstate commerce



### Chart Skills

Under the Roosevelt New Deal during the 1930s, the federal government assumed responsibility for the welfare of many citizens.

**Analyzing Information** Why did setting up the FDIC help all Americans?



## The New Deal Takes Shape

The new laws that Congress passed during the Hundred Days—and in the months and years that followed—came to be called the **New Deal**. New Deal laws and regulations affected banking, the stock market, industry, agriculture, public works, relief for the poor, and conservation of resources. These laws changed the face of America dramatically.

### Jobs and Relief

Roosevelt gave high priority to creating jobs. He planned to help the unemployed with **work relief** programs, giving needy people government jobs. During his first month in office, FDR asked Congress to create the **Civilian Conservation Corps (CCC)**. Over the next 10 years, the CCC employed about 2.5 million young men to work on projects that benefited the public, planting trees to reforest areas, building levees for flood control, and improving national parks.

Roosevelt made aid to the poor and suffering another priority. FDR established the **Federal Emergency Relief Administration (FERA)** to give money to the states for use in helping people in need. Roosevelt appointed **Harry Hopkins**, a New York social worker, to lead the FERA. Hopkins became one of FDR's closest advisers and got involved in several other New Deal programs.

**National Labor Relations Board – guaranteed workers the right to form unions to bargain collectively with employers.**

Roosevelt did not forget agriculture. On May 12, Congress passed the **Agricultural Adjustment Act (AAA)**. The act had two goals: to raise farm prices quickly and to control production so that farm prices would stay up over the long term.

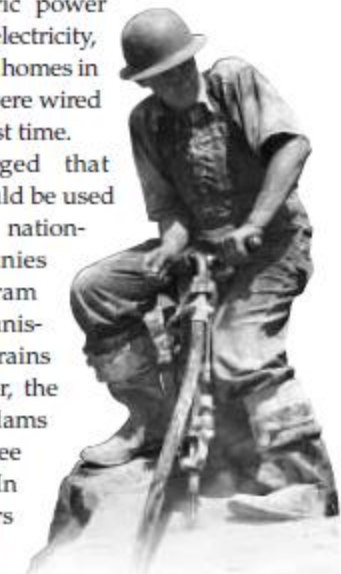
In the AAA's first year, though, the supply of food outstripped demand. The AAA could raise prices only by paying farmers to destroy crops, milk, and livestock. To many it seemed shocking to throw food away when millions of people went hungry. The New Dealers claimed the action was necessary to bring prices up.

To control production and farm prices, the AAA paid farmers to leave some of their land uncultivated. If market prices of key farm products such as wheat and cotton fell below a certain level, the AAA would pay farmers **subsidies**—grants of money—to make up the difference. In the first three years of the New Deal, farmers' incomes rose by about 50 percent. The Supreme Court ruled that the AAA was unconstitutional in *United States v. Butler* (1936) for invading the reserved powers of the states.

## Rebuilding a Region

One of the boldest programs launched during the Hundred Days was the **Tennessee Valley Authority (TVA)**. The TVA aimed to control flooding, promote conservation and development, and bring electricity to rural areas along the **Tennessee River**. By building new dams and improving others, the TVA ended the region's disastrous floods. And with hydroelectric power generating affordable electricity, thousands of farms and homes in some Southern states were wired for electricity for the first time.

Some critics charged that funds for the TVA should be used to support programs nationwide. Power companies also attacked the program as unfair and communistic. When the spring rains came in 1937, however, the system worked—the dams prevented the Tennessee River from flooding. In the end, most observers agreed that the TVA was an example of successful social and economic planning.



*Driller, Fort Loudon Dam, Tennessee*

By 1932, one out of four Americans was unemployed.

## Helping Business and Labor

On the last day of the Hundred Days, Congress passed the **National Industrial Recovery Act (NIRA)**, which Roosevelt called “the most important and far-reaching legislation” ever passed in the United States. The NIRA aimed to boost the economy by helping business regulate itself.

The NIRA created the **National Recovery Administration (NRA)**, which encouraged businesses to set a minimum wage and abolish child labor. In addition the NRA tried to set up codes governing pricing and other practices for every industry. **Hugh Johnson**, a former general



*The Blue Eagle, symbol of the NRA*

named to head the NRA, launched a campaign to promote the agency. Before long the agency's blue eagle symbol and slogan—“We Do Our Part”—appeared everywhere.

Another program that the NIRA launched was the **Public Works Administration (PWA)**. Its goal was to stimulate the economy through the building of huge public works projects that needed large numbers of workers. The agency employed people to work on the construction of roads, shipyards, hospitals, city halls, and schools. Many PWA projects—such as New York City's Lincoln Tunnel and Kentucky's Fort Knox—still stand. The PWA spent its funds slowly, though, and did not have much immediate impact on unemployment.

To avoid future banking crises, Roosevelt called for reform of the nation's financial system. Congress established the **Federal Deposit Insurance Corporation (FDIC)** to insure bank deposits. The government guaranteed that money placed in a bank insured by the FDIC would not be lost if the bank failed.

Congress also passed a law regulating the sale of stocks and bonds and created the **Securities and Exchange Commission (SEC)**. This 1934 law gave the SEC the power to punish dishonest stockbrokers and speculators.

## Restoring Confidence in Banks

Two days after the inauguration, Roosevelt ordered all banks closed for four days.....

The **Emergency Banking Relief Act** proposed a wide range of Presidential powers over banking and set up a system by which banks would open again or be reorganized. By mid-March half of the nation's banks had reopened.