

Period 3 Ch. 31 and 32

Group 1

The Republican “Old Guard Returns”

- The 29th president of the United States, William G. Harding was inaugurated in 1921. He was a very compassionate and easygoing guy, one of the best-liked men of his generation.
- Harding exhibited a relaxed and kind persona, but what was on the exterior concealed a weak, inept interior. He was unable to see the bad in people and was blind to the corruption in his own staff.
- Promising to gather some of the “best minds” of the Republican party in his cabinet. His cabinet included the following:
 - Secretary of State: Charles Evan Hughes
 - Treasury: Andrew W. Mellon
 - Secretary of Commerce: Herbert Hoover
 - Secretary of the Interior: Albert B. Fall
 - Attorney general: Harry M. Daugherty

GOP Reaction at the Throttle

- Harding was the perfect front for old-fashioned politicians to set up for the nation a McKinley-style old order.
- Harding’s administration hoped to further laissez-faire capitalism. One example of this would be in the supreme court, where he appointed four of the nine justices, including William H.
- In the first half of the 1920’s, the supreme court struck down progressive legislation. In *Adkins v. Children's Hospital* (1923), the Supreme Court ruled that a minimum wage law for women violated the Due Process Clause of the Fifth Amendment because it abridged a citizen's right to freely contract labor. The supreme court ruled that since the 19th amendment made women the equals of men, and that men did not receive these “special protections” that it would not be equal if the women got the special treatment in the workplace.

- Under president Harding, corporations could expand again and antitrust laws were not enforced or downright ignored.
- The Interstate Commerce Commission was led by men who were more sympathetic to the managers of railroads.

The Aftermath of War

- In 1920, Washington promptly returned the railroads to private management. Reformers hoped that wartime government operation of the lines might lead to the permanent nationalization of them. Congress then passed the Esch-Cummins Transportation Act of 1920.
- As a result of the Esch-Cummins Transportation Act, the government gave the operations of all railroads back to private ownerships. Before the act, the railroads were obligated to carry large volumes of people with little attention paid to repairs or maintenance. This left the railroads in a deplorable condition when they were returned to their private owners. The new philosophy was not to save the country from the railroads, but to save the railroads for the country.
- The federal government also tried to get out of the shipping business. Congress passed The Merchant Marine Act of 1920 that authorized the Shipping Board, which had control of about fifteen-hundred vessels, to dispose of the hastily built wartime fleet at bargain prices.
- In 1915, the La Follette Seaman's Act was passed, stating that American shipping could not thrive in competition with foreigners.
- Labor began to decline rapidly, and in 1919, a bloody strike in the steel industry was broken. In 1922, the Railway Labor Board, which was replaced by the wartime labor boards, ordered a wage cut of 12 percent. The cut provoked a two-month strike which eventually ended when Attorney General Daugherty clamped on the strikers. Union membership shriveled by nearly 30 percent from 1920-1930.
- Congress created the Veterans Bureau in 1921 to help veterans from the war earn gains instead of work and operate hospitals and rehabilitation for the injured. This also promised each veteran an insurance policy in 20 years called the "Bonus Bill" or "Adjusted Compensation Act."

- The American Legion was founded in 1919 by Colonel Theodore Roosevelt, Jr. Focusing on service to veterans, service members and communities, the Legion evolved from a group of war-weary veterans of World War I into one of the most influential nonprofit groups in the United States. Membership swiftly grew to over 1 million, and local posts sprang up across the country.
- In 1922 Congress passed a bonus bill after millions of veterans created political chaos.

America Seeks Benefits without Burdens

- Due to the fact that America never ratified the Treaty of Versailles, we were technically still at war with Germany and Austria-Hungary. So in July of 1921, Congress passed a simple joint resolution ending the war.
- The U.S. didn't cooperate with the League of Nations, but eventually, "unofficial observers" participated in conferences. Due to the lack of participation in the U.S., the League was doomed from success.
- In an attempt to not neglect the outside world, Secretary Hughes secured the right to share the exploitation of Middle Eastern oil-riches for American companies. They also did this because it was recognized that the liquid "black gold" would be just as important as blood in the future battles.
- One international issue for Harding was disarmament. After much indecision, he finally seized the initiative. He also had to watch the actions of Britain and Japan to make sure that the front stayed calm.
- The Washington "Disarmament" Conference of 1921-22 resulted in a plan that kept a 5:5:3 ratio of ships that could be held by the U.S., Britain, and Japan (in that order). This surprised many delegates at the conference (notably, the Soviet Union, which was not recognized by the U.S., was not invited and did not attend). The Five-Power Naval Treaty of 1922 embodied Hughes's ideas on ship ratios, but only after Japanese received compensation.
- A Four-Power Treaty, which bound Britain, Japan, France, and the U.S. to preserve the status quo in the Pacific, replaced the 20-year-old Anglo-Japanese Alliance. The Nine-Power Treaty of 1922 kept the open door open in China. However, despite all this apparent action, there were no limits placed on small ships, and Congress only approved the Four-Power Treaty on the condition that the U.S. was not bound, thus effectively

rendering that treaty useless. Frank B. Kellogg, Calvin Coolidge's Secretary of State, won the Nobel Peace Prize for his role in the Kellogg-Briand Pact (Pact of Paris), which said that all nations that signed would no longer use war as offensive means.

Group 2

Hiking the Tariff Higher-

Lack of realism afflicted foreign economic policy in the 1920's.

Businesspeople sought to keep market to themselves by building up tariffs.

1922 Congress passed the Fordney- McCumber Tariff Law which boosted the tariff under Wilson's Underwood Tariff of 1913.

Duties on farm produce were increased and the general rates were designed to aid American and foreign production.

Flexibility was introduced for the first time, when the president was authorized to reduce or increase duties.

Presidents Harding and Coolidge were more friendly to tariff increases than to reductions.

They authorized upward changes including their vital commodities and in the same period the White House ordered only 6 reductions.

The high-tariff course aided by the Republican regimes set off a chain reaction.

European producers felt the pressure. Because American tariffs prolonged the post war chaos.

Europe needed to sell its manufactured goods to the United States if it hoped to achieve economic recovery and to pay its war debt to Washington.

America needed to give foreign nations a chance so they could make a profit by buying its manufactured articles and repay debts.

They could not sell to others in quantity unless they bought from them in quantity- or lent them more U.S. dollars due to International Trade.

The American Example spurred European nations to pile up higher barriers,

The artificial obstacles not only hurt American-made goods but the products of European countries as well.

The circle deepened the international economic distress, by which Adolf Hitler rose to power.

The Stench Of Scandal-

The loose morality of the Harding era led to many scandals.

In 1923 Colonel Charles R. Forbes, onetime deserter from the army, was caught with his hand in the till and resigned as head of the Veterans Bureau.

The Teapot Dome scandal was an affair that involved priceless naval oil reserves at Teapot Dome (Wyoming) and Elk Hills (California).

In 1921, the secretary of the interior, Albert B. Fall, induced his colleague, to transfer these valuable properties to the Interior Department. Harding indiscreetly signed the secret order. Fall then quietly leased the lands to oilmen, but not until he had received a bribe.

Details of the transaction gradually began to leak out in March 1923, two years after Harding took office.

The case dragged through the courts until 1929.

The Teapot Dome messed with the prestige of the Washington government.

Attorney General Daugherty prompted a Senate investigation in 1924 of the illegal sale of liquor and pardon permits.

The accused official was tried in 1927 but was released after a jury twice failed to agree. During the trial Daugherty hoped to uncover crookedness in the White House.

“Silent Cal” Coolidge-

Harding’s death was sped to Vice President Coolidge, then visiting at his father’s New England farm house.

“Silent Cal” came to be known in Washington conversational circles for his brilliant flashes of silence.

Coolidge became the “high priest of the great god of business.”

He believed that the man who builds factory builds a temple and that the man who works there works there.

Coolidge's nature caused him to fully sympathize with Secretary of Treasury Mellon's efforts to reduce both taxes and debts.

America's moral sensibility was evidently being dulled by prosperity.

Frustrated Farmers-

While the fighting in the war occurred, farmers had raked in money by the spring of 1920 and the price of wheat went up to 3 dollars a bushel.

Peace brought an end to government-guaranteed high prices and to massive purchases by other nations, as foreign production reentered the stream of world commerce.

Machines let them grow an overabundance of their own crops.

The gasoline-engine tractor was a working revolution on American farms and was used to cultivate and sow what the McCormick reaper was to harvesting.

They could grow bigger crops on larger areas.

The war time boom had encouraged them to bring vast new tracts under cultivation.

Improved efficiency and expanded agricultural acreage helped to pile up more price-dampening surpluses.

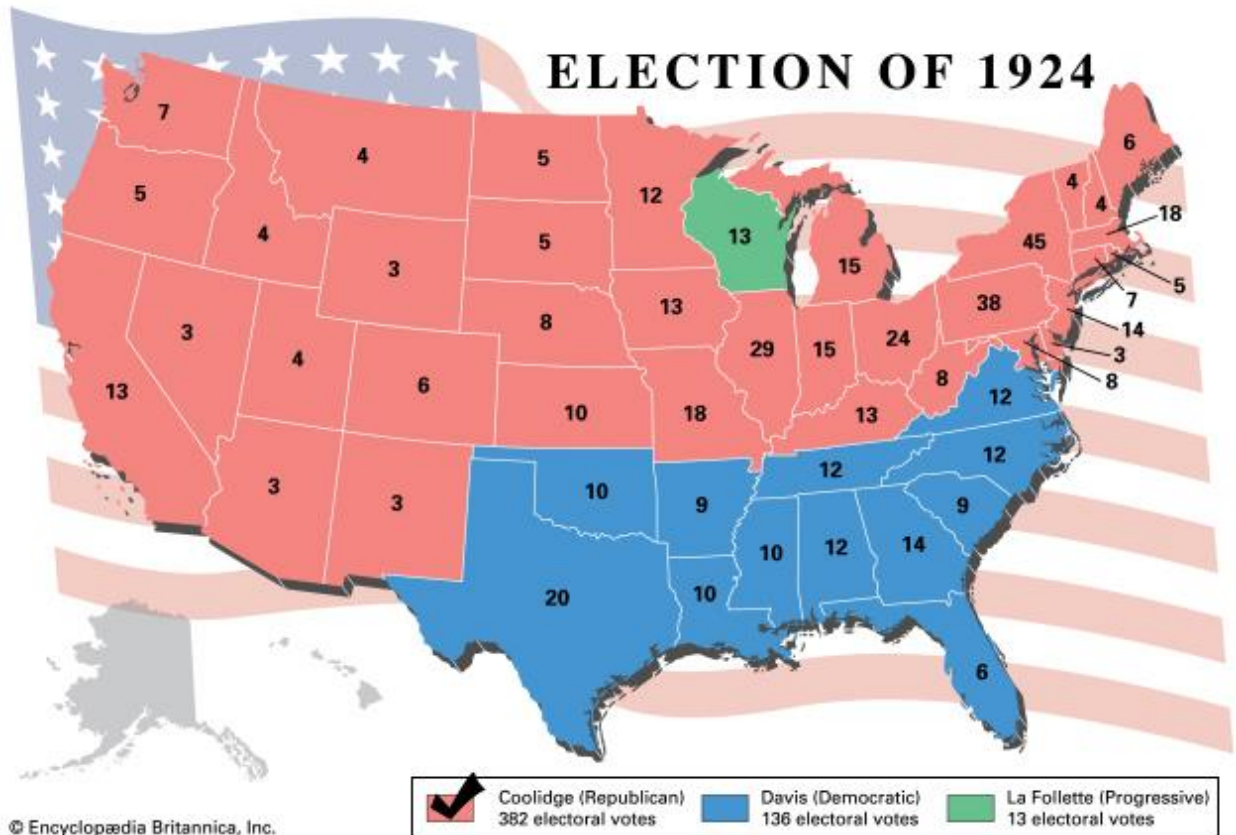
Depressing swept through agricultural districts in the 1920's, when one farm in four was sold for debt taxes.

Farm Bloc- 1921.

Capper-Volstead Act.

McNary-Haugen Bill- 1924-1928.

Group 3



Group 4

President Hoover's First Moves

The disorganized wage earners and the disorganized farmers were not getting rich in the growing economy.

The Agricultural Marketing Act, passed in 1929, was designed to help the farmers by setting up the Federal Farm Board.

The Board purchased agricultural surpluses, hoping to stabilize agricultural prices.

The Board created the Grain Stabilization Corporation and the Cotton Stabilization Corporation, which also purchased surpluses.

The corporations failed after farmers produced too much surplus, exceeding the budget of the Board.

The Hawley-Smoot Tariff of 1930 was intended to be a mild tariff, but Congress tacked on several amendments, turning it into a bill that raised the tariff to 60%.

This was the nation's highest protective tariff during peacetime.

The tariff deepened the depression that had already begun in America and other nations, and it increased international financial chaos.

The Great Crash Ends the Golden Twenties

The stock market crashed in October 1929.

It was partially triggered by the British, who raised their interest rates in an effort to bring back capital lured abroad by American investments.

The British needed money, and they were unable to trade with the United States due the high tariffs.

On "Black Tuesday" of October 29, 1929, millions of stocks were sold in a panic.

By the end of 1929, two months after the initial crash, stockholders had lost \$40 billion.

As a result of the crash, millions lost their jobs and thousands of banks closed.

The United States was the hardest industrialized nation to be hit.

This crash led to the Great Depression.

Hooked on the Horn of Plenty

One of the main causes of the Great Depression was overproduction by farms and factories. The nation's ability to produce goods had outrun its capacity to consume or pay for them.

All of the money was being invested in factories and other agencies of production; not enough money was going into salaries and wages.

Over-expansion of credit also contributed to the depression.

The Great Depression worsened the economic state in Europe, which had not yet fully recovered from WWI.

In the 1930s, a drought scorched the Mississippi Valley, causing thousands of farms to be sold.

Hooverilles: a nickname for tin-and-paper shantytowns.

Rugged Times for Rugged Individuals

In the beginning of the Great Depression, President Hoover believed that industry and self-reliance had made America great and that the government should play no role in the welfare of the people.

He soon realized, however, that the welfare of the people in a nationwide catastrophe was a direct concern of the government.

Hoover developed a plan in which the government would help the railroads, banks, and rural credit corporations in the hope that if financial health was restored at the top of the economic pyramid, then unemployment would be relieved as the prosperity trickled down.

Hoover's efforts were criticized because he gave government money to the big bankers who had allegedly started the depression.

Group 5

Hoover Battles the Great Depression

- Congress was convinced by Hoover to allocate \$2.25 billion for public works
 - The Hoover Dam on the Colorado River (Began in 1930 and ended in 1936 with Roosevelt)
- Muscle Shoals Bill
 - Vetoed by Hoover because of the “socialistic” scheme to create competition with the local, private companies by damming the Tennessee River to sell government issued electricity
- 1932: Congress responds with the Reconstruction Finance Corporation (RFC)
 - Government lending bank supported by Hoover
 - Designed to provide relief by assisting insurance companies banks, agricultural organizations, railroads, and state/local governments
 - No loans given to individuals
 - Projects that the RFC supported were largely self-liquidating, and the government as a banker actually profited millions of dollars
 - Giant Corporations also benefited, dubbed “the millionaires’ dole”
- 1932: Congress passed the Norris-La Guardia Anti- Injunction Act
 - Outlawed anti union contracts and barred federal courts to issue injunctions to restrain strikes, boycotts, and peaceful picketing
- Hoover integrated a significant new policy, abandoning old nineteenth-century bias.
 - By the end of his term, he had started up government assistance for needy citizens
 - Hostile Congress caused more problems for Hoover
 - The Republican majority butted heads with the strides Hoover wished to take
 - Worsened uncooperation in last two years of his term (depression-cursed electorate, rebelling in the congressional elections of 1930, so reduced the Republican majority)
 - Congress in the words of Hoover, “played politics with human misery”

Routing the Bonus Army in Washington

- WWI Veterans returned home in the early 1920's
- Petitioned for compensation for lost wages because military pay was lower than what they could have earned staying home and working in the factories
- Congress passed a law to compensate them, but the certificates were not payable until 1945
- 1932 the Great Depression was sweeping across nation
- Veteran had no food, no jobs, and for some no homes
- Nationwide unemployment rate at 24%
- Veterans felt like they were cheated
- 15,000-20,000 veterans camped out in Washington to make their case
- Known as the Bonus Expeditionary Force, shortened later to the Bonus Army
- Veterans lived in abandoned structures between the capital building and the White House and tents in parks and the Anacostia Flats
- Tent cities known as "Shanty Towns" or "Hooverilles"
- Conditions were tolerable, they had their own library, post office and newspaper
- Kept organized due to discipline and public appearance
- To politicians these veterans were communists and agitators
- Patman Bonus Bill, hoped to take care of bonus payments in cash, but Senate shot it down
- July 28, 1932, Secretary of War, Patrick Hurley, ordered MacArthur to lead the evacuation of the tent cities
- Hoover ordered MacArthur twice to not cross the 11th Street Bridge
- Soldiers set off tear gas bombs and set tents ablaze, tanks backed up the on foot soldiers
- As a result, one baby died and a woman miscarried from the tear gas, 54 injuries and veterans were killed
- MacArthur attempted to claim that the Bonus Army was composed of revolutionaries and Communists and that they threatened the government
- Later that year Franklin D. Roosevelt was elected by massive margin, along with the majority of the democratic party in Congress
- They passed the Servicemen's Readjustment Act of 1944
- Known as the G.I. Bill of rights
- Offered college education to veterans, low cost mortgages, low-interest business loans, and a year of unemployment compensation

Japanese Militarists Attack China

- September 1931: Japanese imperialists, seeing that the West was bogged down in the Great Depression, invaded the Chinese province of Manchuria
 - wanted to shut the Open Door policy in Manchuria

- The United States Minister to China said that this was "an aggressive act by Japan" that was long-planned, and carefully and systematically put into effect
- this violated several international agreements signed by Japan
 - Kellogg-Briand Pact of August 27, 1928 for the renunciation of war as an instrument of national policy
- Americans wanted to boycott, have blockades, a tight blockade by the League backed by America
 - the tight blockade might have brought Japan back
- Although a direct violation of the League of Nations, the League was unable to do anything because it lacked America's support.
 - The League in no way relaxed its vigilance and in no way failed to assert all its pressure and authority toward regulating the action of China and Japan
- The United States Government called attention to their obligations under the Kellogg-Briand Pact. This Government expressed the hope that nations would refrain from measures which might lead to that they would agree upon a peaceful method for resolving their dispute "in accordance with their promises and in keeping with expectations of public opinion throughout the world"
- In 1932, Secretary of State Henry L. Stimson decided to only diplomatically attack the Japanese.
 - He issued the Stimson doctrine, which declared that the United States would not recognize any territory acquired by force.
 - Japan ignored the doctrine and moved onto Shanghai in 1932 by bombing the city.
 - Americans had informal boycotts of Japanese dime-store knickknacks due to this attack on China
 - The violence continued without the League of Nation's intervention.

Hoover Pioneers the Good Neighbor Policy

- President Hoover sought to improve relations with Latin America.
 - He went on a tour of Latin America after his election in 1928 on a US battleship
 - He withdrew American troops from Haiti and Nicaragua.
- Hoover's actions laid the groundwork for future President Roosevelt's "Good Neighbor" policy.
 - Hoover made a new treaty with the Republic of Haiti promising to end the American occupation by January 1, 1935.
 - This treaty still allowed the United States with some financial control over the country.
 - The Haitian government rejected this treaty at first due to its "principle"
 - Though rejected, this later became the groundwork for an executive agreement for the withdrawal of American platoons by 1934 in the Roosevelt Administration
 - The last marine departed from Nicaragua after astonishing twenty years
 - Hoover engineered the "good neighbor" policy that would later be constructed in Franklin Roosevelt's presidency

Group 6

FDR: Politician in a Wheelchair

- Frederick Delano Roosevelt had steel braces on his legs. He was tall, athletic, and nice-looking. His charisma and wittiness inspired millions. He was a patient and tolerant man in his own time of helplessness.
- His wife, Eleanor Roosevelt, remains one of the most active First Ladies in American history. She helped FDR's campaigns for governor and president. She had a strong influence on the federal government's policies. Also, she was a strong activist for women's rights nationwide.
- FDR was a wonderful speaker who fought for the oppressed and impoverished. He believed that money, rather than humanity, was expendable.

- Eventually, the Democrats excitedly nominated him for the presidential race. He promised a balanced budget and sweeping social and economic reforms.

Presidential Hopefuls of 1932

- Roosevelt advocated for a New Deal for the “forgotten man”. His explanations were sometimes vague and contradictory.
 - The Brain Trust was a small group of intellectual informers whom were mainly college professors. They offered a lot for the New Deal legislation.
- Herbert Hoover’s supporters were desperate to support him. Hoover insisted that Roosevelt would plunge the nation even further into the depression. The Republican campaign was a mess. He still held onto his beliefs of free enterprise and individual initiative.
- Roosevelt’s campaign proved to be more efficient and promising.

Hoovers Humiliation in 1932

- Hoover was swept out of office
 - Electoral count: 472 to 59
- Black voters make the transition from Republican to Democratic
- Majority want a new deal rather than the New Deal
- Roosevelt fought assuming responsibility with authority.
 - Hoover was trying to bind him to an anti-inflationary policy that would’ve made impossible many of the later New Deal experiments.
- Deadlocked Washington caused the economy to halt
 - Hooverites accused Roosevelt of deliberately permitting the depression to worsen so he would be a more almighty savior.

FDR and the Three Rs: Relief, Recovery, Reform

- March 6-10 nationwide banking holiday
 - Hundred Days (March 9 – June 16, 1933) Congress turned out a basketful of remedial legislation.
- New Deal aimed at the three Rs
 - 1st 2 years were for relief and immediate recovery while long term goals were for

permanent recovery and reform of current abuses.

- Congress gives the president blank check powers
- Congress goes through old documents in order to create new reforms
 - They accepted old progressive ideas and added new plans.
 - Social prosperity is no longer going backwards.

Group 7

Roosevelt Manages the Money

- The massive debt of the 1920s brought about the Great Depression, which crushed the American economy, banking system, stock market, and citizen's trust in financial security.
- Officials began moving quickly to remedy the nation's sad state by creating numerous organizations and acts as per the newly re-elected Roosevelt's, wishes.
 - The Emergency Banking Act did two major things.
 - It allowed the 12 Federal Banks to print money as needed.
 - This took America off of the gold standard and created modest inflation.
 - It gave the president significant power over the Federal Banks.
 - Roosevelt fully supported this and had many fireside chats to help generate citizen support for the act.
 - The Federal Deposit Insurance was created to reimburse individuals if their bank closed.
 - The Reconstruction Finance Corporation Act supported failing businesses.
 - The Banking Act strengthened banks.
 - The Glass-Steagall Act separated investment and commercial banking.

Creating Jobs for the Jobless

- Roosevelt created many jobs through the Civilian Conservation Corps (CCC) and the Federal Emergency Relief Administration (FERA).
 - The CCC and FERA took up numerous projects.
 - They fought deforestation, constructed buildings, contributed to the arts, and improved sanitary facilities.
 - These organizations established the thought that it was the government's duty to support its citizens financially in hard times.
- Federal Emergency Relief Act: First effort made by the new Congress to grapple with the millions of unemployed people
 - Chief Aim: Immediate relief rather than long range recovery
 - Led by Harry L. Hopkins (granted about \$3 billion to states for wages on work projects)
- Agricultural Adjustment Act: made millions of dollars available to help farmers pay mortgages
- Home Owners' Loan Corporation: refinance mortgages of nonfarm homes
 - Bolted the political loyalties of relieved middle-class homeowners to Democratic party
- Civil Works Administration (1933): established by FDR to provide temporary jobs during the winter months

A Day for Every Demagogue

- The continuing unemployment showed that the relief measured needed to be more than temporary when various demagogues appeared and "pie-in-the-sky" agitators emerged

- Father Charles Coughlin: broadcasted “Social Justice” and was very fascist, anti-Semitic and demagogic so he was silenced in 1942 by his superiors
- Dr. Francis E. Townsend: addressed poverty of the elderly and promised everyone over 60 \$200 a month
- Senator Huey P. Long: “Share Our Wealth” program which promised to make “Every Man a King” & every family to receive \$5,000 at the expense of H. L. Mencken
- Congress authorized the Work Progress Administration (1935) to keep from a political explosion
 - Objective: employment on useful projects (building public buildings, roads, and bridges)
 - Over 8 years, nearly 9 million people were given jobs

Group 8

❖ Visibility for Women

- Women became major contributors to literature and cultural studies
- Women gained influential roles in government

❖ A.A.A.(Agricultural Adjustment Administration)

- Goal was to reduce agricultural surpluses
- Founded in 1933
- Supreme court ruled unconstitutional in 1936

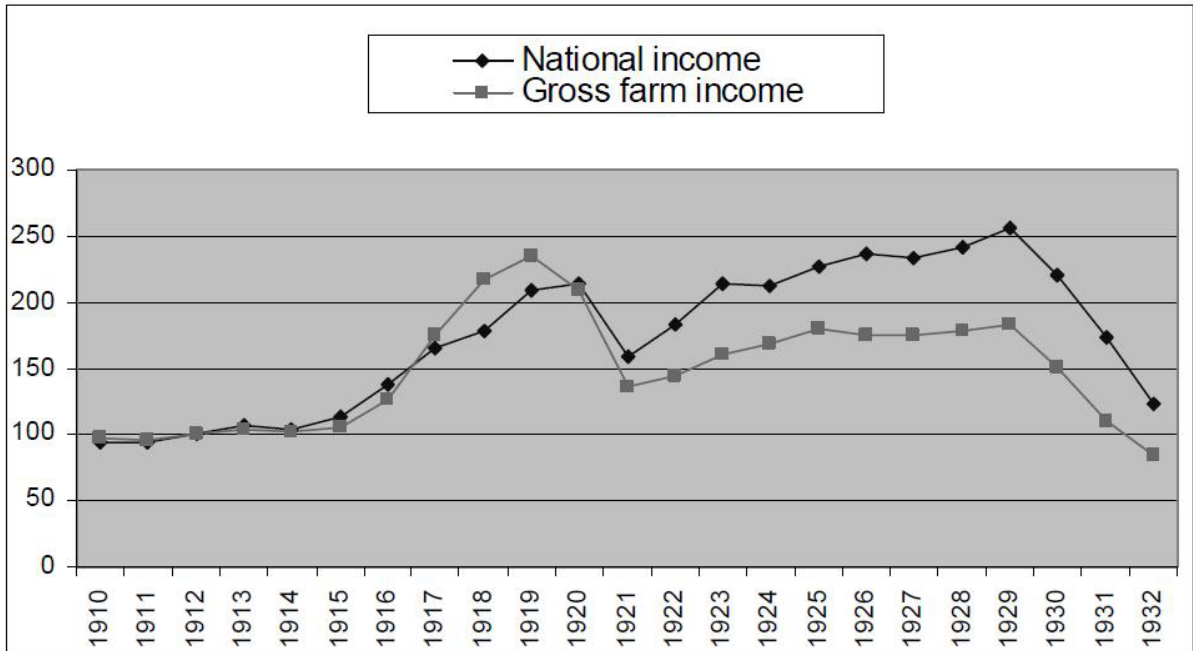
❖ N.R.A. (National Recovery Administration)

- Founded in 1933
- Goal was to help workers through fair codes and government reforms
- Ruled unconstitutional by supreme court in 1935

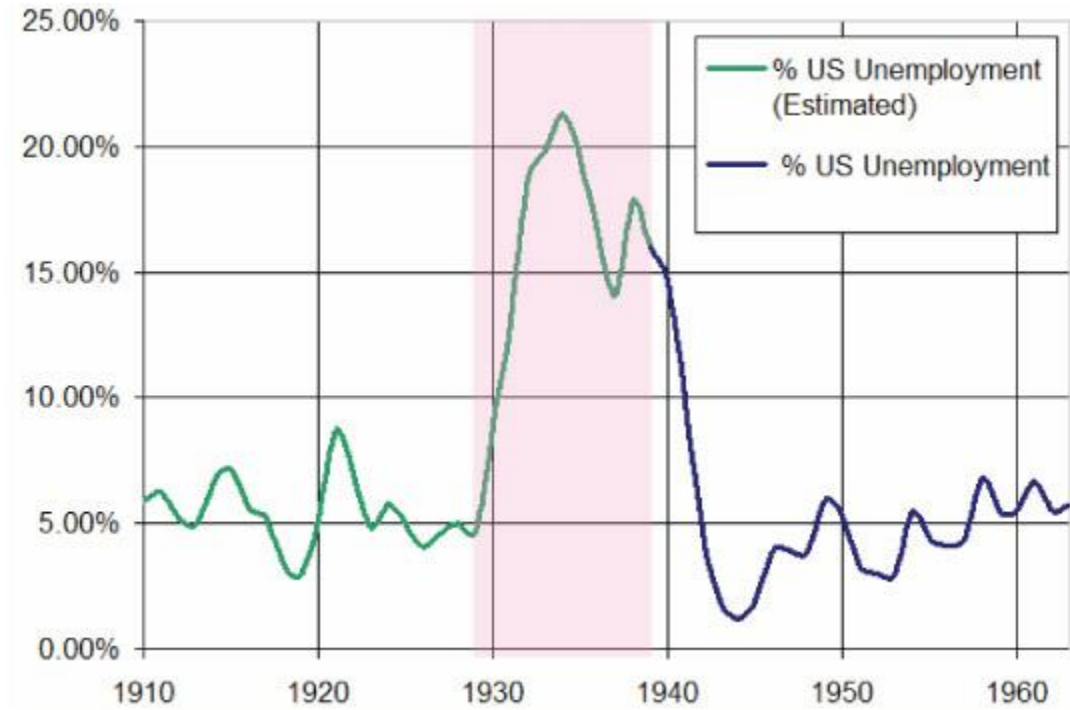
❖ P.W.A.(Public Works Administration)

- Also established in 1933
- Goal was industrial recovery and reducing unemployment

A.A.A. Impact



P.W.A. Impact



Group 9

Dust Bowls and Black Blizzards

- Late in 1933, the Dust Bowl struck many states in the Great Plains. It was caused by drought, wind, and **over-farming** of the land.

- The Frazier-Lemke Farm Bankruptcy Act passed in 1934, suspended mortgage foreclosures on farms for 5 years. It was struck down in 1935 by the Supreme Court.
- In 1935, the Resettlement Administration moved near-farmless farmers to better lands.
- The Indian Reorganization Act of 1934 encouraged Native American tribes to establish self-government and to preserve their native crafts and traditions. 77 tribes refused to organize under the law, while hundreds did organize.

Battling Bankers and Big Business

- To protect the public against investment fraud, Congress passed the "Truth in Securities Act" (Federal Securities Act). It required people selling investments to inform their investors of the risks of the investment.
- The Securities and Exchange Commission (SEC) was created in 1934. It provided oversight of the stock market.
- New Dealers attacked utility holding companies, and Samuel Insull's multi-billion dollar financial company collapsed in 1932

TVA Harnesses the Tennessee

- New Dealers accused the electric-power industry of charging the public too much money for electricity.
- In 1933, the Hundred Days Congress created the Tennessee Valley Authority (TVA). It was designed to construct dams on the Tennessee River. In addition to providing employment and long-term recovery, these projects would give the government information on exactly how much money was required to produce and distribute electricity. This would be a metric that the government could use to assess the rates charged by private companies.
- The TVA turned a poverty-stricken area into one of the most flourishing regions in the United States.
- Conservatives viewed the New Deal programs as "**socialistic**", and they ultimately helped limit the TVA-style of management to the Tennessee Valley.

Group 10

- The Federal Housing Administration (FHA), passed in 1934, attempted to improve the home-building industry.
- The United States Housing Authority (USHA) was passed in 1937.
- The Social Security Act of 1935 was one of the most complicated and far-reaching laws to ever pass Congress, and it provided federal-state unemployment insurance.
- As New Deal expenditures brought some slackening of unemployment, labor began to feel more secure and, therefore, more assertive
- Significant strikes in 1934 included the General Strike in San Francisco, the Toledo Auto-Lite strike, the Minneapolis Teamster's strike, and the textile workers' strike that stretched along the east coast.
- Passage of the National Labor Relations Act on July 5, 1935, signaled the beginning of a national labor policy.
- In 1935, John L. Lewis, a member of the American Federation of Labor, formed the Committee for Industrial Organization.

- The Memorial Day massacre occurred in 1937 at the Republic Steel Company Plant in South Chicago.
- The Fair Labor Standards Act (FLSA) was enacted into federal law on June 25, 1938.
- In May, 1938, a formal break occurred between the American Federation of Labor and the Committee of Industrial Organizations.
- Roosevelt took office on January 20, 1937 instead of on March 4
- Tennessee Valley Authority (TVA), Glass-Steagall Banking Reform Act, National Housing Act (NHA), Social Security Act, Fair Labor Standards Act (FLSA)
- The Judiciary Reorganization Act of 1937
- The court packing plan

Group 11

The Court Changes Course

- Roosevelt's Court-packing plan to expand the Supreme Court caused extreme dispute
- Roosevelt was accused of acting outside his powers
- Congress did eventually pass a court reform bill, however it only applied to lower courts
- Although turning down Roosevelt in terms of the Court-packing plan, Roosevelt's New Deal reforms were looked upon friendlier
- Yet Roosevelt in many ways squandered his goodwill of the people by arousing conservatives of both parties, thus preventing many New Deal reforms to be passed

Twilight of the New Deal

- Unemployment continued to be a constant issue in 1936 though still down from 1933.
- In 1937 the economy took another surprisingly severe downturn
- Government policies did in fact cause the nosedive in the economy
- Roosevelt then came up with Keynesianism which was the use of government spending and fiscal policy to stimulate the economy and encourage government spending
- Roosevelt also pushed for Congress to reorganize the national administration in the interest of streamline efficiency
- New Dealers were accused of having the richest campaign chest, and the New Deal in general had lost much of its appeal by 1938.

New Deal or Raw Deal?

- Many people were against the New Deal
- It was compared to communism
- The Bureaucracy blossomed, but the Federal government quickly became the biggest business in the country
- The national debt was at \$19,487,000,000 in 1932 and skyrocketed to \$40,440,000,000 by 1939

- Critics said America was becoming a state of handouts
- Business owners said they could get out of the Great Depression if the Federal Government would get off of their backs
- Private enterprise was being stifled
- The New Deal failed to cure the Great Depression
- \$20 Billion was spent in six years through deficit spending and lending, yet the gap between production and consumption was not closed

FDR's Balance Sheet

- Apologists for Roosevelt declared that the New Deal had relieved the worst crisis in 1933
- Roosevelt promised that "Nobody is going to starve"
- Roosevelt deflected resentments against business and may have saved free enterprise
- He purged capitalism of its worst abuses
- The leader of the American socialist party said the New Deal carried out the Socialist agenda on a stretcher
- The increase in national debt was said to be caused by World War II and not the New Deal
- Roosevelt provided reform without revolution
- Many European nations had predicted Communism or Fascism for America
- Roosevelt chose the middle road of the left and right wings
- He helped preserve democracy while it was fading in foreign nations