Legacy of the New Deal Notes

Hook: Imagine that you are the president of Movie Club. You really like action movies, like The Fast and the Furious, Transformers, and . But the rest of the club officers really like romantic-comedy movies, so for the past four weeks, the club has watched Legally Blonde, The Notebook, Think Like a Man, Too, and . What steps could you take to ensure that you watch more action movies?

Leading Questions

1. Who was Abraham Lincoln?
2. What major thing did he do?
3. What political party was Lincoln part of?
4. Who supported the Republican party during Reconstruction and through the late 1800s?
5. What did the Democratic party stand for?
6. Where did the Democratic party find support?

Election of 1936

* Roosevelt running for re-election
* Many people owed their job, mortgage, or salvaged bank accounts to FDR
* White South was strongly Democratic but was now just various groups of farmers, laborers, African Americans, immigrants, women, etc.
* Eleanor Roosevelt helped bring about the change in African Americans and women—they voted for FDR because he appointed many African Americans and women to important positions and did not leave them out of relief programs
  + Example: Mary McLeod Bethune-founded schools for African Americans and was appointed director (by FDR) of the Negro Division of the National Youth Administration which provided job training to young people
* Republican candidate is Kansas Governor Alfred Landon who argued that the New Deal basically was bringing to socialism to the United States
* Challenge from Left-wing radicals was weak, as Huey Long was assassinated, and there was no strong leader over Coughlin’s and Townsend’s Union Party

Court Packing Plan

* Americans liked the New Deal, but the Supreme Court did not
  + *Schechter v. United States* May 1935: National Industrial Recovery Act unconstitutional
  + *United States v. Butler* January 1936: Agricultural Adjustment Administration unconstitutional
  + By 1936, Supreme Court has cases pending against Social Security and the Wagner Act--Seems likely that they will get struck down as well
* Roosevelt is angry at the nine justices of the Supreme Court, so he decided to change the political balance on the court
* Roosevelt submits a bill to Congress to increase the number of justices
* First serious political mistake because it makes it seem like the president is trying to interfere with separation of powers and undermine the Supreme Court and expand the power of the executive (most people are angry)
* Supreme Court actually backs down
  + April 1937: Court upholds the Wagner Act
  + May 1937: Court upholds the Social Security Act
  + A conservative justice retires, and FDR appoints a New Deal supporter
* Significance: FDR achieved his goal of changing the Court’s view of the New Deal, but the fight over the plan hurt his reputation with Americans and made conservative Democrats to work with Republicans to oppose further New Deal proposals

Roosevelt Recession

* Late 1937: Roosevelt’s reputation suffers another blow
* Looks like troubles are over (output is back up but unemployment is still high)
* Roosevelt decided to balance the budget
  + Cuts funding to WPA and PWA
  + Coupled with Social Security money being removed
  + Economy plummets and more people are out of work
* Recession of 1937-what to do?
  + Secretary of the Treasury Henry Morgenthau favored balancing the budget and cutting spending
  + Harry Hopkins and Harold Ickes push for more government spending
    - Keynesian economics: government should spend heavily, even if it incurs a deficit, during a recession in order to jumpstart the economy
    - Concerns that Americans are relying too much on government spending
    - By 1938, FDR asks Congress for more money to spend

Last New Deal Reforms

* Limited success of new programs due to court-packing scheme and recession of 1937
* National Housing Act
  + Supported by Senator Wagner and Eleanor Roosevelt
  + Establishes United States Housing Authority, which receives money to subsidize loans for builders willing to buy blocks of slums and build low-cost housing
* Farm Security Administration
  + Cause: lots of white and African American tenant farmers out of work
  + Give loans to tenant farmers so they could purchase farms
* Fair Labor Standards Act
  + Provided more protection for workers, abolished child labor, and established a 40-hour workweek
* By 1939, FDR is distracted by growing threat posed by Germany and Japan

Legacy of the New Deal

* Limited success in ending the Depression
* Unemployment still high and economy does not recover until after WWII
* Americans have a stronger sense of security and stability
* People begin to look to government to protect our interests
* Increased power of the federal government
* Government has a duty to create a safety net for Americans even though it is expensive
* Debate over how much government involvement in the economy should happen