**Chapter 26: Chapter Outline**

The following annotated chapter outline will help you review the major topics covered in this chapter.

**Instructions:** Review the outline to recall events and their relationships as presented in the chapter. Return to skim any sections that seem unfamiliar.

**I. Launching the New Deal**

A. Restoring Confidence

1. Roosevelt projected optimism- famous quote “all we have to fear is fear itself”

2. Two days after taking office issued “Bank Holiday” closing all banks for four days to give Congress time to discuss reforms; Emergency Banking Act required Treasury Dept inspection of banks, assistance to troubled institutions

3. Bank Holiday restored ¾ of closed banks; Economy Act passed a few days later forced balanced fed budget thru cutting govt salaries + veterans pensions

B. Agricultural Adjustment

1. Agricultural Adjustment Act 1933 reduced crop production to end surpluses + raise prices; Agricultural Adjustment Administration would enforce industry limits + subsidize vacant lands to parity-- farm income began increasing

2. 1936 Agricultural Adjustment Act declared unconstitutional b/c it required farmers to limit production; new Soil Conservation and Domestic Allotment Act passed to pay farmers to reduce production in order to “conserve soil”

3. Resettlement Administration and later Farm Security Administration gave loans to small farmers to help relocate to better lands; Rural Electrification Administration attempted to make power more available to farmers

C. Industrial Recovery

1. Administration allowed for relaxing of some antitrust laws to stabilize industry prices in return for concessions to labor to allow collective bargaining and unions led to 1933 National Industrial Recovery Act

2. Act created National Recovery Administration under Hugh Johnson called on adoption of labor codes + industrial codes to set floor prices-- sought to maintain employment + production

3. NRA weakened b/c codes poorly written and administered; Section 7(A. of NIR Act gave workers right to unionize but no enforcement so many corps. ignored it; Public Works Administration of NIR Act slow to distribute monies

4. NRA failed to raise production; 1935 Supreme C. held NRA unconstitutional

D. Regional Planning

1. AAA and NRA examples of economic planning that allowed private interests to dictate planning process; others wanted govt in charge of planning

2. Tennessee Valley Authority created after failure of electric utility companies to develop water resources for cheap power; 1933 TVA began building dams in Tennessee Valley region + sell electricity at reasonable rates

3. TVA revitalized region by improving transport, limiting flooding, making electricity more available, and lowered power rates nationwide

E. Currency, Banks, and the Stock Market

1. 1933 president took president took nation off gold standard; govt began manipulating value of dollar by buying/selling large amts of silver

2. Efforts to increase govt regulation in 1933 Glass-Steagall Act- govt power to curb speculation, Federal Deposit Insurance Corporation to protect deposits

3. 1933 Truth in Securities Act required corporations to give truthful disclosures

4. 1934 Securities and Exchange Commission created to police stock market

F. The Growth of Federal Relief

1. Administration saw need to help impoverished until economy improved—Federal Emergency Relief Administration gave cash to state relief groups

2. Work relief provided by the Civil Works Administration that gave millions temporary work- built roads + schools, and pumped money into economy

3. Civilian Conservation Corps gave unemployed men jobs in national parks planting trees and improving irrigation

4. To aid in mortgage relief created Farm Credit Administration to help farmers refinance; 1933 Frazier-Lemke Farm Bankruptcy Act aided foreclosed farmers; 1933 Home Owners’ Loan Corporation refinanced households

**II. The New Deal in Transition**

A. Critics of the new Deal

1. Conservatives and businesses leaders main opponents to New Deal, 1934 formed American Liberty League decrying “attacks” on free enterprise

2. Another threat to New Deal in Townsend Plan- proposed giving all over 60 monthly pension; idea gained much support older ppl, forerunner to Soc Sec

3. Father Charles Coughlin’s nat’l radio sermons called for banking + currency reform (recoining of silver, nationalization of banks) to restore economic justice, felt admin unresponsive so founded National Union for Social Justice

4. Sen Huey Long gained popularity for attacks on banks, oil companies, utilities and b/c of progressive voting record; like Coughlin felt administration not acting strongly enough so proposed Share-Our-Wealth Plan to redistribute wealth (and created Share-Our-Wealth Society)

5. Growing dissident movements threat to president, so Roosevelt began to consider measures to counter their growing popularity

B. The “Second New Deal”

1. Second New Deal of 1935 marked beginning of open critique of big business

2. Holding Company Act sought to break up monopoly of utility industry; 1935 tax reforms established progressive tax w/ very high rate for wealthy

3. National Labor Relations Act (Wagner Act) gave enforcement to NIR Act’s Section 7(A. (right to unionizE. in National Labor Relations Board

C. Labor Militancy

1. Trade union power increased dramatically in 1930s b/c of efforts to strengthen unions + growing labor militancy to challenge conservative groups

2. After Wagner Act attempts to find new forms of organization; American Federation of Labor still committed to organizing workers based on skill, but b/c mass of labor force unskilled industrial unionism gained popularity (all workers in industry organized regardless of rolE.

3. AFL hesitancy to adopt industrial unionism led John L Lewis in 1936 to create independent Congress of Industrial Organizations- grew into new areas

D. Organizing Battles

1. Laborers in auto industry increasingly joining unrecognized United Auto Workers; 1936 staged sit-down strike that stopped all production and prevented strikebreakers- most auto makers soon recognized union

2. In steel Steel Worker’s Organizing Committee recognized by US Steel 1937 to prevent costly stroke; “Little Steel” committed “Memorial Day Massacre” when strikers attempted protest- strike failed, SWOC not recognized for years

3. Period saw union membership increase by millions, growing recognition

E. Social Security

1. Lobbying for social insurance for elderly and unemployed led to 1935 Social Security Act—payroll tax created to create pension system for workers upon retirement, unemployment insurance paid by employers gave laid off workers temporary govt assistance, disability + dependent children aid created

2. Seen as insurance in which participants contributed and benefits for all

F. New Directions in Relief

1. SS for long term needs; to help currently unemployed created 1935 Works Progress Administration under Harry Hopkins to build + renovate public buildings, employ millions, pump money into economy

2. WPA replaced smaller CWA after 1934 fall- $5 billion budget vs $1 billion

3. Federal Writers Project of WPA (Music Proj, Theater Proj, ect.) provided govt salary to those ppl to continue work

4. Men often given relief in form of work relief and employment whereas women mainly given cash assistance

G. The 1936 “Referendum”

1. With 1936 revival of economy doubts about re-election from 1935 troubles largely dispelled. Repub nominee Alf Landon ran poor campaign, other Roosevelt dissidents (e.g. Coughlin and Townsend’s Union Party) very weak

2. Election largest landslide to date, Dems increased majorities in both Congressional houses; results highlighted Dem coalition of farmers, urban working ppl, unemployed and poor, progressive liberals, and blacks

**III. The New Deal in Disarray**

A. The Court Fight

1. 1936 landslide led Roosevelt to deal with Supreme Court whose conservative rulings (against NRA, AAA. he feared would ruin more legislation

2. 1937 Roosevelt proposed overhaul of court system to Congress, including adding six new justices to Supreme Court so that he could appoint liberals and change ideological balance. Conservatives outraged as “Court-packing plan”

3. Legislation failed but more moderate court no longer a New Deal obstacle, although administration was damaged and Roosevelt viewed as power hungry

B. Retrenchment and Recession

1. In summer 1937 Roosevelt feared inflation so began to cut fed govt programs and reduce deficit—led to recession of 1937 (“Roosevelt’s Recession”); increased govt spending in 1938 for public works seemed to lead to recovery

2. Roosevelt began to denounce economic concentrations + sought antirust law reform- Congress formed Temporary National Economic Committee, apptd Thurman Arnold head of the antitrust division at the Justice Dept

3. 1938 Fair Labor Standards Act established nat’l minimum wage, 40 hour work week, child labor limits

4. By end of 1938 New Deal largely over b/c of Congressional opposition + growing global crisis and Roosevelt’s concentration on war preparation

**IV. Limits and Legacies of the New Deal**

A. The Idea of the “Broker State”

1. New Deal backers originally sought to remake American capitalism and create new controls to make new economic order. Instead, transformation of government as “broker state” in which govt was a mediator in competition btwn interest groups rather than force to create universal harmony

2. Before 1930s main interest group corporations, but by end of 1930s business interests competing with labor, agricultural economy, and consumers

B. African Americans and the New Deal

1. New Deal did little to assist African Americans; Roosevelt himself not opposed to blacks- his “Black Cabinet” of blacks in second-level administrative positions, many blacks received govt relief or assistance

2. Electoral shift as blacks no longer overwhelmingly voted Republican but by 1936 90% voting Democratic- even though race not part of New Deal agenda

3. New Deal agencies reinforced discrimination by separating blacks in CCC and NRA codes, WPA gave minorities lower-paying jobs

C. The new Deal and the “Indian Problem”

1. Federal government sought to erase Indian problem by assimilating them and decreasing amt who identified as members of tribe

2. Commissioner of Indian Affairs John Collier proponent of cultural relativism and therefore supported legislation to reverse Native pressures to assimilate and instead be given right to live traditionally—Indian reorganization Act of 1934 advanced many of these goals by re-allowing collective ownership

D. Women and the New Deal

1. Administration mostly unconcerned w/ feminist movement b/c lack of popular support but nevertheless had symbolic gestures (Secretary of Labor Frances Perkins first female Cabinet member, other women appts in govt)

2. New Deal supported notion that women withdraw from working to open up positions for men—agencies offered women few jobs

3. Like with AAs New Deal not against women but still accepted cultural norms

E. The New Deal in the West and the South

1. West and South given special attention by New Deal relief and public works programs; these programs didn’t challenge racial and ethnic prejudices

2. New Deal had profound impact on West b/c farming central to economy and was a good site for and had the need for dams, electricity, other public works

3. New Deal programs profound in South b/c less economically developed than rest of nation in 1930s, gave federal attention to South that no previous administration had ever done b/c of view of S as “backward”

F. The new Deal and the National Economy

1. New Deal failed to end Depression, change drastically the maldistribution of wealth. New Deal did allow new groups previously unheld powers (labor, women, farmers), economically developed South and West, increased govt regulation, created welfare state thru relief and Social Security that broke w/ tradition of providing little public help to citizens deeply in need

G. The New Deal and American Politics

1. Roosevelt strengthened power of federal government as local govt took second seat to national govt, presidency established as center of power and shifted Congress to more secondary role

2. New Deal led to political shifts—Dem Party now strong coalition ready to dominate national politics; reawakened interest in economy over cultural issues; changed expectations American people had of government