

**PROMOTING FAIR PRACTICES** The NIRA also sought to promote industrial growth by establishing codes of fair practice for individual industries. It created the National Recovery Administration (NRA), which set prices of many products and established standards. The aim of the NRA was to promote recovery by interrupting the trend of wage cuts, falling prices, and layoffs. The economist Gardiner C. Means attempted to justify the NRA by stating the goal of industrial planning.

**A PERSONAL VOICE** GARDINER C. MEANS

“The National Recovery Administration [was] created in response to an overwhelming demand from many quarters that certain elements in the making of industrial policy . . . should no longer be left to the market place and the price mechanism but should be placed in the hands of administrative bodies.”

—*The Making of Industrial Policy*

The codes of fair practice had been drafted in joint meetings of businesses and representatives of workers and consumers. These codes both limited production and established prices. Because businesses were given new concessions, workers made demands. Congress met their demands by passing a section of the NIRA guaranteeing workers' right to unionize and to bargain collectively. **D**

Many businesses and politicians were critical of the NRA. Charges arose that the codes served large business interests. There were also charges of increasing code violations.

**MAIN IDEA**

**Evaluating**

**D** How did the New Deal support labor organizations?

**ECONOMIC BACKGROUND**



**DEFICIT SPENDING**

John Maynard Keynes, an influential British economist, promoted the idea of deficit spending to stimulate economic recovery. In his view, a country should spend its way out of a depression by putting money into the hands of consumers. This would make it possible for them to buy goods and services and thus fuel economic growth. Therefore, even if a government has to go deeply into debt, it should spend great amounts of money to help get the economy growing again.

(See *deficit spending* on page R39 and *Keynesian economics* on page R42 in the Economics Handbook.)

**FOOD, CLOTHING, AND SHELTER** A number of New Deal programs concerned housing and home mortgage problems. The Home Owners Loan Corporation (HOLC) provided government loans to homeowners who faced foreclosure because they couldn't meet their loan payments. In addition, the 1934 National Housing Act created the Federal Housing Administration (FHA). This agency continues to furnish loans for home mortgages and repairs today.

Another program, the Federal Emergency Relief Administration (FERA), was funded with \$500 million to provide direct relief for the needy. Half of the money was given to the states as direct grants-in-aid to help furnish food and clothing to the unemployed, the aged, and the ill. The rest was distributed to states to support work relief programs—for every \$3 within the state program, FERA donated \$1. Harry Hopkins, who headed this program, believed that, whereas money helped people buy food, it was meaningful work that enabled them to gain confidence and self-respect.

**The New Deal Comes Under Attack**

By the end of the Hundred Days, millions of Americans had benefited from the New Deal programs. As well, the public's confidence in the nation's future had rebounded. Although President Roosevelt agreed to a policy of **deficit spending**—spending more money than the government receives in revenue—he did so with great reluctance. He regarded deficit spending as a necessary evil to be used only at a time of great economic crisis. Nevertheless, the New Deal did not end the depression, and opposition grew among some parts of the population.

## Analyzing Political Cartoons

### CHANGING COURSE

With hopes of lessening opposition to his programs, Roosevelt proposed a court reform bill that would essentially have allowed him to “pack” the Court with judges supportive of the New Deal. This cartoon shows Roosevelt as a sea captain ordering a shocked Congress to change course.

#### SKILLBUILDER Analyzing Political Cartoons

1. What “compass” did Roosevelt want to change? Explain.
2. How does the cartoonist portray FDR’s attitude regarding his power as president?

SEE SKILLBUILDER HANDBOOK, PAGE R24.



#### MAIN IDEA

#### Contrasting

How did liberal and conservative critics differ in their opposition to the New Deal?

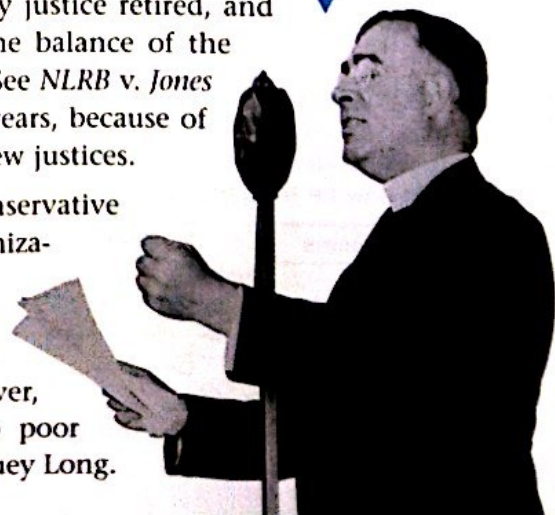
Liberal critics argued that the New Deal did not go far enough to help the poor and to reform the nation’s economic system. Conservative critics argued that Roosevelt spent too much on direct relief and used New Deal policies to control business and socialize the economy. Conservatives were particularly angered by laws such as the Agricultural Adjustment Act and the National Industrial Recovery Act, which they believed gave the federal government too much control over agriculture and industry. Many critics believed the New Deal interfered with the workings of a free-market economy. **E**

**THE SUPREME COURT REACTS** By the mid-1930s, conservative opposition to the New Deal had received a boost from two Supreme Court decisions. In 1935, the Court struck down the NIRA as unconstitutional. It declared that the law gave legislative powers to the executive branch and that the enforcement of industry codes within states went beyond the federal government’s constitutional powers to regulate interstate commerce. The next year, the Supreme Court struck down the AAA on the grounds that agriculture is a local matter and should be regulated by the states rather than by the federal government.

Fearing that further Court decisions might dismantle the New Deal, President Roosevelt proposed in February 1937 that Congress enact a court-reform bill to reorganize the federal judiciary and allow him to appoint six new Supreme Court justices. This “Court-packing bill” aroused a storm of protest in Congress and the press. Many people believed that the president was violating principles of judicial independence and the separation of powers. As it turned out, the president got his way without reorganizing the judiciary. In 1937, an elderly justice retired, and Roosevelt appointed the liberal Hugo S. Black, shifting the balance of the Court. Rulings of the Court began to favor the New Deal. (See *NLRB v. Jones and Laughlin Steel Corp.* on page 502.) Over the next four years, because of further resignations, Roosevelt was able to appoint seven new justices.

**THREE FIERY CRITICS** In 1934, some of the strongest conservative opponents of the New Deal banded together to form an organization called the American Liberty League. The American Liberty League opposed New Deal measures that it believed violated respect for the rights of individuals and property. Three of the toughest critics the president faced, however, were three men who expressed views that appealed to poor Americans: Charles Coughlin, Dr. Francis Townsend, and Huey Long.

Father Charles Coughlin speaks to a radio audience in 1935.



Every Sunday, Father Charles Coughlin, a Roman Catholic priest from a suburb of Detroit, broadcast radio sermons that combined economic, political, and religious ideas. Initially a supporter of the New Deal, Coughlin soon turned against Roosevelt. He favored a guaranteed annual income and the nationalization of banks. At the height of his popularity, Father Coughlin claimed a radio audience of as many as 40–45 million people, but his increasingly anti-Semitic (anti-Jewish) views eventually cost him support.

Another critic of New Deal policies was Dr. Francis Townsend, a physician and health officer in Long Beach, California. He believed that Roosevelt wasn't doing enough to help the poor and elderly, so he devised a pension plan that would provide monthly benefits to the aged. The plan found strong backing among the elderly, thus undermining their support for Roosevelt.

Perhaps the most serious challenge to the New Deal came from Senator **Huey Long** of Louisiana. Like Coughlin, Long was an early supporter of the New Deal, but he, too, turned against Roosevelt. Eager to win the presidency for himself, Long proposed a nationwide social program called Share-Our-Wealth. Under the banner "Every Man a King," he promised something for everyone.

**Vocabulary**  
**nationalization:**  
 conversion from private to governmental ownership

### A PERSONAL VOICE HUEY LONG

"We owe debts in America today, public and private, amounting to \$252 billion. That means that every child is born with a \$2,000 debt tied around his neck. . . . We propose that children shall be born in a land of opportunity, guaranteed a home, food, clothes, and the other things that make for living, including the right to education."

—Record, 74 Congress, Session 1



Huey Long

Long's program was so popular that by 1935 he boasted of having perhaps as many as 27,000 Share-Our-Wealth clubs and 7.5 million members. That same year, however, at the height of his popularity, Long was assassinated by a lone gunman.

As the initial impetus of the New Deal began to wane, President Roosevelt started to look ahead. He knew that much more needed to be done to help the people and to solve the nation's economic problems.



## ASSESSMENT

**1. TERMS & NAMES** For each of the terms and names below, write a sentence explaining its significance.

- Franklin Delano Roosevelt
- Federal Securities Act
- Civilian Conservation Corps (CCC)
- deficit spending
- New Deal
- Agricultural Adjustment Act (AAA)
- National Industrial Recovery Act (NIRA)
- Huey Long
- Glass-Steagall Act

### MAIN IDEA

#### 2. TAKING NOTES

In a two-column chart, list problems that President Roosevelt confronted and how he tried to solve them.

Problems	Solutions

Write a paragraph telling which solution had the greatest impact, and why.

### CRITICAL THINKING

#### 3. EVALUATING

Of the New Deal programs discussed in this section, which do you consider the most important? Explain your choice. **Think About:**

- the type of assistance offered by each program
- the scope of each program
- the impact of each program

#### 4. EVALUATING LEADERSHIP

Do you think Roosevelt was wrong to try to "pack" the Supreme Court with those in favor of the New Deal? Explain your answer.

#### 5. DEVELOPING HISTORICAL PERSPECTIVE

The New Deal has often been referred to as a turning point in American history. Cite examples to explain why.