The New Deal Legislation

Below is a short description of almost all the New Deal programs enacted during the Great Depression. Please read them over and on the blank table list the highlights of each program as well as the outcome. After you have done this please rank the top ten programs you believe had the most impact. Be ready to justify your ranking.

The Three Rs and Their Legacy

Although the New Deal sometimes comes across as a cohesive package, much of the individual legislation passed during the First Hundred Days was conceived on the fly. So many special interest groups, such as big business and organized labor, were hounding the government for change that Roosevelt and Congress often felt they were being pulled in opposite directions.

Nevertheless, the New Deal policies did much to get Americans back on their feet. They not only provided **relief**, **recovery**, and **reform** but also drastically changed the federal government's role in politics and society. Roosevelt's successful application of Keynes's economic theories transformed the Democrats into social welfare advocates. Even decades after the Great Depression, Democratic politicians would continue fighting for more government intervention in the economy, redistribution of wealth, and aid for the neediest.

Relief

Much of the legislation that the Hundred Days Congress drafted doled out immediate relief for the American people that President Hoover and the Republicans had failed to provide. The Federal Emergency Relief Administration's relief assistance, for example, provided millions of Americans with enough money to make ends meet. The Civil Works Administration put the unemployed to work, and the Agricultural Adjustment Administration, the Tennessee Valley Authority, the National Recovery Administration, and the Public Works Administration kept millions of others alive as well. Americans were so relieved by the federal government's quick action that many became die-hard Democrats and Roosevelt fans. The president's optimism and can-do attitude, combined with the success of his immediate relief programs, made him almost politically untouchable during his first term.

Recovery

Many of the same programs designed to provide immediate relief were also geared toward long-term economic recovery. The Civilian Conservation Corps and the Public Works Administration put millions of men to work not only to keep them employed but also to improve the national **infrastructure**. When the United States finally emerged from the Great Depression during World War II, it had hundreds of new roads and public buildings, widespread electrical power, and replenished resources for industry.

Reform

The third goal of the New Deal policies was to reform the banking and financial sector of the economy to curb bad lending practices, poor trading techniques, and corruption. The president's decision to take the country off the gold standard proved to be a smart move because it boosted people's confidence in the U.S. dollar. The Federal Deposit Insurance Corporation, created under the Glass-Steagall Act, eliminated untrustworthy banks that had plagued the country for more than a century. Once Americans became confident that their funds would be safe, the number of bank deposits surged. Likewise, the Securities and Exchange Commission in 1934, which weeded out bad investment habits, gave Americans more confidence in the stock market.

Emergency Banking Act Of 1933

What Does *Emergency Banking Act Of 1933* Mean?

A bill passed during the administration of former U.S. President Franklin D. Roosevelt in reaction to the financially adverse conditions of the Great Depression. The measure, which called for a four-day mandatory shutdown of U.S. banks for inspections before they could be reopened, sought to re-instill investor confidence and stability in the banking system.

ECONOMY ACT OF 1933

The Economy Act was enacted on March 20, 1933, during the so-called First Hundred Days of anti-Depression activism by President Franklin D. Roosevelt's new Democratic administration. It cut $400 million from federal payments to veterans and $100 million from the payroll of federal employees. The measure reflected the fiscal conservatism of the early New Deal and Roosevelt's antipathy to deficit spending.

The legislation was drafted by budget director Lewis Douglas, who shared Roosevelt's determination to deliver on his 1932 campaign pledge that a Democratic administration would balance the budget. The president was much impressed by Douglas, whom he described as "the real head of the Roosevelt cabinet." Both found themselves at odds with those Democratic congressmen who worried that the bill would alienate the veterans' lobby and that federal retrenchment would worsen the Depression. To overcome their opposition, Roosevelt delivered a special message to Congress on March 10 that blamed the Hoover administration's deficit budgets for continued economic stagnation and for the banking collapse of early 1933. "For three long years," he warned, "the federal government has been on the road toward bankruptcy."

Although ninety Democrats broke ranks, the measure gained speedy approval in the House on March 11 under the skilled parliamentary leadership of John McDuffie of

Alabama. The power of the president during this time of unprecedented economic crisis was convincingly demonstrated. As Representative John Young Brown, a Kentucky Democrat, avowed, "I had as soon start a mutiny in the face of a foreign foe as start a mutiny today against the program of the President of the United States." Routine approval later followed in the upper house. Nevertheless, the measure was instrumental in prompting the share-the-wealth campaign launched in 1934 by Senator Huey P. Long of Louisiana, who saw the Economy Act as evidence of Roosevelt's capture by big business and banking interests.

The Economy Act did not prevent the growth of the budget deficit during the early New Deal, but it diminished the expansionary effects of new spending programs. The $500 million in savings that it yielded was precisely the sum that was appropriated for federal unemployment relief in May 1933. The legislation was signal proof of the absence of influence of the new economics soon to be known as Keynesianism on the early New Deal and it reflected Roosevelt's initial belief that deficit spending was harmful to economic recovery because it impaired the restoration of business confidence.

Agricultural Adjustment Act

World War I severely disrupted agriculture in Europe. That was an advantage to farmers in the United States, who increased production dramatically and were therefore able to export surplus food to European countries. But by the 1920s, European agriculture had recovered and American farmers found it more difficult to find export markets for their products. Farmers continued to produce more food than could be consumed, and prices began to fall.

The decline in demand for agricultural products meant that many farmers had difficulty paying the mortgages on their farms. By the 1930s, many American farmers were in serious financial difficulty.

In South Dakota, the county grain elevators listed corn as minus three cents a bushel — if a farmer wanted to sell them a bushel of corn, he had to bring in three cents. Fields of cotton lay unpicked, because it couldn't be sold even for the price of picking. Orchards of olive trees hung full of rotting fruit. Oranges were being sold at less than the cost of production. Grain was being burned instead of coal because it was cheaper.

When Franklin D. Roosevelt was inaugurated president in 1933, he called Congress into special session to introduce a record number of legislative proposals under what he dubbed the New Deal. One of the first to be introduced and enacted was the Agricultural Adjustment Act. The intent of the AAA was to restore the purchasing power of American farmers to pre-World War I levels. The money to pay the farmers for cutting back production by about 30 percent was raised by a tax on companies that bought farm products and processed them into food and clothing.

The AAA evened the balance of supply and demand for farm commodities so that prices would support a decent purchasing power for farmers. This concept was known as "parity."

AAA controlled the supply of seven "basic crops" — corn, wheat, cotton, rice, peanuts, tobacco, and milk — by offering payments to farmers in return for farmers not planting those crops.

The AAA also became involved in assisting farmers ruined by the advent of the Dust Bowl in 1934.

In 1936 the Supreme Court declared the AAA unconstitutional. The majority of the judges ruled that it was illegal to levy a tax on one group, the processors, in order to pay it to another, the farmers. Further legislation by Congress restored some of the act's provisions, encouraging conservation, maintaining balanced prices, and establishing food reserves for periods of shortages.

Congress also adopted the Soil Conservation and Domestic Allotment Act, which encouraged conservation by paying benefits for planting soil-building crops instead of staple crops.

During World War II, the AAA turned its attention to increasing food production to meet war needs.

The AAA did not end the Great Depression and drought, but the legislation remained the basis for all farm programs in the following 70 years

Civilian Conservation Corps (CCC), 1933-1941

The creation of the CCC

In 1932, when the American public voted President Herbert Hoover out of office, they were searching for an end to the economic chaos and unemployment that had gripped the nation for two years. They turned to a man promising a better life than the one they had known since the beginning of the Great Depression — Franklin D. Roosevelt.

When FDR took office, he immediately commenced a massive revitalization of the nation's economy. In response to the depression that hung over the nation in the early 1930s, President Roosevelt created many programs designed to put Americans back to work.

Roosevelt was not interested in the dole. He was was determined, rather, to preserve the pride of American workers in their own ability to earn a living, so he concentrated on creating jobs.

In his first 100 days in office, President Roosevelt approved several measures as part of his "New Deal," including the Emergency Conservation Work Act (ECW), better known as the Civilian Conservation Corps (CCC). With that action, he brought together the nation's young men and the land in an effort to save them both. Roosevelt proposed to recruit thousands of unemployed young men, enlist them in a peacetime army, and send them to battle the erosion and destruction of the nation's natural resources. More than any other New Deal agency, the CCC is considered to be an extension of Roosevelt's personal philosophy.

The speed with which the plan moved through proposal, authorization, implementation, and operation was certainly a miracle of cooperation among all the agencies and branches of the federal government. From FDR's inauguration on March 4, 1933, to the induction of the first CCC enrollee, only 37 days had elapsed.

Revitalization and reforestation

The CCC, also known as Roosevelt's Tree Army, was credited with renewing the nation's decimated forests by planting an estimated three billion trees from 1933 to 1942. This was crucial, especially in states affected by the Dust Bowl, where reforestation was necessary to break the wind, hold water in the soil, and hold the soil in place. So far reaching was the CCC's reforestation program that it was responsible for more than half the reforestation, public and private, accomplish in the nation's history.

Eligibility requirements for the CCC carried several simple stipulations. Congress required U.S. citizenship only. Other standards were set by the ECW. Sound physical fitness was mandatory because of the hard physical labor required. Men had to be unemployed, unmarried, and between the ages of 18 and 26, although the rules were eventually relaxed for war veterans. Enlistment was for a duration of six months, although many reenlisted after their alloted time was up.

Problems were confronted quickly. The bulk of the nation's young and unemployed youth were concentrated in the East, while most of the work projects were in the western parts of the country. The War Department mobilized the nation's transportation system to move thousands of enrollees from induction centers to work camps. The Agriculture and Interior departments were responsible for planning and organizing work to be performed in every state. The Department of Labor was responsible for the selection and enrollment of applicants. The National Director of the ECW was Robert Fechner, a union vice president chosen personally by President Roosevelt.

Young men flocked to enroll. Many politicians believed that the CCC was largely responsible for a 55 percent reduction in crimes committed by the young men of that day. Men were paid $30 a month, with mandatory $25 allotment checks sent to families of the men, which made life a little easier for people at home.

Camps were set up in all states, as well as in Hawaii, Alaska, Puerto Rico, and the Virgin Islands. Enrollment peaked at the end of 1935, when there were 500,000 men located in 2,600 camps in operation in all states. California alone had more than 150 camps. The greatest concentration of CCC personnel was in the Sixth Civilian Conservation Corps District of the First Corps Area, in the Winooski River Valley of Vermont, in December 1933. Enlisted personnel and supervisors totaled more than

5,300 and occupied four large camps.

The program enjoyed great public support. Once the first camps were established and the CCC became better known, they became accepted and even sought after. The CCC camps stimulated regional economies and provided communities with improvements in forest activity, flood control, fire protection, and overall community safety.

Segregation and education

Although policy prohibited discrimination, blacks and other minorities encountered numerous difficulties in the CCC. In the early years of the program, some camps were integrated. By 1935, however, there was, in the words of CCC director Fechner, a "complete segregation of colored and white enrollees," but "segregation is not discrimination." At its peak, more than 250,000 African Americans were enrolled in nearly 150 all-black CCC companies.

An important modification became necessary early in 1933. It extended enlistment coverage to about 14,000 American Indians whose economic circumstances were deplorable and had mostly been ignored. Before the CCC was terminated, more than 80,000 Native Americans were paid to help reclaim the land that had once been theirs.

In addition, in May 1933, the president authorized the enrollment of about 25,000 veterans of the Spanish American War and World War I, with no age or marital restrictions. This made it possible for more than 250,000 veterans to rebuild lives disrupted by earlier service to their country.

In June 1933, the ECW decided that men in CCC camps could be given the opportunity of vocational training and additional education. Educational programs were developed that varied considerably from camp to camp, both in efficiency and results. More than 90 percent of all enrollees participated in some facet of the educational program. Throughout the CCC, more than 40,000 illiterate men were taught to read and write.

Leaving its mark on the land

By 1942, there was hardly a state that could not boast of permanent projects left as markers by the CCC. The CCC worked on improving millions of acres of federal and state lands, as well as parks. New roads were built, telephone lines strung, and trees planted.

CCC projects included:

more than 3,470 fire towers erected;

97,000 miles of fire roads built;

4,235,000 man-days devoted to fighting fires;

more than 3 billion trees planted;

7,153,000 man days expended on protecting the natural habitats of wildlife; 83 camps in 15 Western states assigned 45 projects of that nature;

46 camps assigned to work under the direction of the U.S. Bureau of Agriculture Engineering;

more than 84,400,000 acres of good agricultural land receive manmade drainage systems; Indian enrollees do much of that work;

1,240,000 man-days of emergency work completed during floods of the Ohio and Mississippi valleys;

disease and insect control;

forest improvement — timber stand inventories, surveying, and reforestation;

forest recreation development — campgrounds built, complete with picnic shelters, swimming pools, fireplaces, and restrooms.

In addition, 500 camps were under the control of the Soil Conservation Service. The primary work of those camps was erosion control. The CCC also made outstanding contributions to the development of recreational facilities in national, state, county, and metropolitan parks. By design, the CCC worked on projects that were independent of other public relief programs. Although other federal agencies, such as the National Park Service and Soil Conservation Service contributed, the U.S. Forest Service administered more than 50 percent of all public work projects for the CCC.

Residents of southern Indiana will always remember the extraordinary work of the CCC during the flood of the Ohio River in 1937. The combined strength of the camps in the area saved lives as well as property. The CCC also was involved in other natural disasters, including a hurricane in New England in 1938, floods in Vermont and New York, and blizzards in Utah.

The CCC approached maturity in 1937. Hundreds of enrollees had passed through the system, and returned home to boast of their experiences. Hundreds more demonstrated their satisfaction by extending their enlistments.

The end of the CCC, the beginning of war

There were numerous reasons why Congress refused to establish the Civilian Conservation Corps as a permanent agency. However, disenchantment, or failure to recognize the organization's success, were never topics of debate. In fact, Congress extended its life as an independent, funded agency for two years.

The year 1939 brought about a major challenge, because there was a struggle with internal problems brought on by changing conditions in both the United States and Europe. The potential of war in Europe was belatedly recognized. Storm clouds were forming that positively affected the United States economy. The president's Lend-Lease program made jobs more plentiful in the armaments industry, and applications for the CCC declined.

Also in 1939, Congress authorized the Federal Security Agency (FSA) to consolidate several offices under one director. The CCC lost its status as an independent agency. Congress added $50 million to the CCC's 1940-41 appropriation and the Corps remained at its current strength of about 300,000 enrollees. However, by late summer 1941, it was obvious that the Corps was in serious trouble. A lack of applicants, desertion, and a great number of enrollees leaving for jobs had reduced the Corps to fewer than 200,000 men in about 900 camps. Many were beginning to question the necessity of retaining the CCC when unemployment had all but disappeared.

Although there was still work to be done, most agreed that defense had to come first. Following the attack on Pearl Harbor, it became obvious that any federal project not directly related to the war effort was in jeopardy. A joint committee of Congress recommended that the CCC be abolished by July 1, 1942. Technically, however, the corps was never abolished. Congress simply refused it any additional money. Eventually, $8 million was set aside to cover all costs of liquidation, and the War Department, Labor Department, and Civil Aeronautics Administration were given first opportunity to acquire CCC properties. The War Department claimed the majority of the equipment.

The Civilian Conservation Corps was one of the most successful New Deal programs of the Great Depression. It existed for fewer than 10 years, but left a legacy of strong, handsome roads, bridges, and buildings throughout the United States. Between 1933 and 1941, more than 3,000,000 men served in the CCC.

The effects of service in the CCC were felt for years, even decades, afterwards. Following the depression, when the job market picked up, businessmen indicated a preference for hiring a man who had been in the CCC, and the reason was simple. Employers believed that anyone who had been in the CCC would know what a full day's work meant, and how to carry out orders in a disciplined way.

Today, many of the remaining physical features the CCC built have been placed on the National Register of Historic Places.

Tennessee Valley Authority (TVA)

The story of the Tennessee Valley Authority starts with Muscle Shoals, a stretch of the Tennessee River where the river drops 140 feet in 30 miles. That drop in elevation created the rapids or "shoals" that the area is named for and made passage farther upstream impossible. The federal government acquired the land in 1916, with the intent of constructing a dam that would generate electricity needed to produce explosives for the World War I effort, but the war ended without a dam being built.

In the following years, efforts were made to sell the land back to the private sector. Senator George W. Norris of Nebraska fought to keep the land in public ownership, but his efforts to have it developed were defeated by the resistance of Republican administrations.

The election of Franklin D. Roosevelt altered the balance of power and finally led to action. On May 18, 1933, President Roosevelt signed the Tennessee Valley Authority Act, as part of the flurry of legislation that marked Roosevelt's first 100 days in office.

The TVA pledged to improve navigability on the Tennessee River, as well as provide flood control, reforest and improve marginal farm land, assist in industrial and agricultural development, and assist in the creation of a government nitrate and phosphorus manufacturing facility. The TVA was one of the most ambitious projects of the New Deal in its overall conception.

The TVA encountered many setbacks and failures and was involved in many controversies, but it brought electricity to thousands of people at an affordable price. It controlled the flood waters of the Tennessee River and improved navigation, as well as introduced modern agriculture techniques.

The Tennessee Valley, which drains the Tennessee River and its tributaries, includes parts of seven states: Tennessee, Kentucky, Virginia, North Carolina, Georgia, Alabama, and Mississippi.

Prior to the Tennessee Valley Authority Act, the region was one of the most disadvantaged in the South. The TVA was given an assignment to improve the economic and social circumstances of the people living in the river basin.

The U.S. Department of Agriculture, including the Agricultural Adjustment Administration, U.S. Forest Service, Civilian Conservation Corps (CCC), and 1state agricultural experiment stations and extension services, were (and are) among the agencies that have worked with the TVA to carry out a well-rounded program of rehabilitation for both the land and its people.

Direction, dissent, and dams

The TVA was first presided over by a three-member board who held differing ideas about the direction the TVA should take. Arthur Morgan was an advocate of social planning, who saw in the TVA an opportunity to build a partnership between government and business. Morgan believed the higher purpose of the TVA was to eliminate poverty in the Tennessee Valley and to act as a model for national regional planning.

Harcourt Morgan supported southern commercial farmers and was suspicious of experiments in government planning. David Lilienthal was an outspoken promoter of public power who wanted the TVA to compete directly with private power interests. A battle between the three administrators went on from 1933 until March 1938, when President Roosevelt dismissed Arthur Morgan for his public criticisms of the TVA.

In October 1933, construction began on Norris Dam, named after Senator Norris, who had campaigned for the TVA's creation. The TVA engaged in one of the largest hydropower construction programs ever undertaken in the United States. Sixteen dams and a steam plant were constructed by the TVA between 1933 and 1944. At its peak, a dozen hydroelectric projects and the steam plant were under construction at the same time, and design and construction employment reached a total of 28,000 workers.

Each dam along the Tennessee Valley is unique in its design, but the TVA dams can be divided into two general types. The higher dams were built on the tributaries to the Tennessee River. Those dams flooded large areas of land and created huge reservoirs. Norris was 285 feet tall, Hivassee 307 feet, and Fontana 460 feet.

The dams along the Tennessee River were lower and broader. They were designed to control navigation and flooding on the Tennessee River. Locks allowed ships to pass from one dam to the next, which opened up a 650-mile channel to Knoxville from the Ohio River. Tonnage of river market trade increased from 32 million ton-miles in 1933 to 161 million ton-miles in 1942. The TVA dams served another purpose as well. They were a popular destination for tourists. During the depression, 1,000 people a day visited Wilson, Wheeler, and Norris dams.

Channeling the power of water

In the 1930s, nearly 90 percent of urban dwellers had electricity, compared to only 10 percent of rural dwellers. Private utility companies, which supplied electric power to most of the nation's consumers, argued that it was too expensive to string electric lines to isolated rural farmsteads. In addition, they argued that most farmers were too poor to afford electricity.

Rural electrification was based on the belief that affordable electricity would improve the standard of living and the economic competitiveness of the family farm. The Roosevelt Administration believed that if private enterprise could not supply electric power to the people, then it was the duty of the government to do it.

Most of the court cases involving the TVA during the 1930s concerned the government's involvement in the public utilities industry. By 1941, the TVA had become the largest producer of electrical power in the United States. That led to strong opposition from power companies, who were angered by the cheaper energy available through TVA, and saw it as a threat to private development.

They charged that the federal government's involvement in the power business was unconstitutional. During the 1930s, numerous court challenges were brought against the TVA. In the end, the Supreme Court ruled that the TVA had the authority to generate power, to sell the electricity, and to distribute that electricity.

Additionally, the TVA set up the Electric Home and Farm Authority to help farmers purchase major electric appliances. The EHFA made arrangements with appliance makers to supply electric ranges, refrigerators and water heaters at affordable prices, which were then sold at local power companies and electric cooperatives. A farmer could purchase appliances there with loans offered by the EHFA, which offered low-cost financing.

New farming methods

Farming practices in the Tennessee Valley, like those in other farming communities, attempted to pull as much productivity as possible out of fragile lands. Results were often destructive. Hillsides and valleys were plowed and planted, resulting in the loss of valuable topsoil.

Such crops as corn, tobacco and cotton left the topsoil exposed during the winter months, which contributed to land erosion. The TVA developed programs to teach farmers how to improve crop yields, replant forests, and improve habitat for fish and wildlife.

The TVA worked to change old farming practices, and taught farmers to substitute nitrates with such plants as alfalfa and clover that naturally add nitrogen to the soil. TVA extension programs introduced contour plowing, crop rotation, the use of phosphate fertilizers, and the planting of cover crops for soil conservation.

TVA set up demonstration farms to teach farmers about new techniques and farm products. The farmers chosen to be demonstration farmers were often the area's most successful, although African-American farmers were not even allowed to participate in the demonstration farm program.

National Industrial Recovery Act (1933)

The National Industrial Recovery Act (NIRA) was enacted by Congress in June 1933 and was one of the measures by which President Franklin D. Roosevelt sought to assist the nation's economic recovery during the Great Depression. The passage of NIRA ushered in a unique experiment in U.S. economic history—the NIRA sanctioned, supported, and in some cases, enforced an alliance of industries. Antitrust laws were suspended, and companies were required to write industry-wide "codes of fair competition" that effectively fixed prices and wages, established production quotas, and imposed restrictions on entry of other companies into the alliances. The act further called for industrial self-regulation and declared that codes of fair competition—for the protection of consumers, competitors, and employers—were to be drafted for the various industries of the country and were to be subject to public hearings. Employees were given the right to organize and bargain collectively and could not be required, as a condition of employment, to join or refrain from joining a labor organization.

The National Recovery Administration (NRA), created by a separate executive order, was put into operation soon after the final approval of the act. President Roosevelt appointed Hugh S. Johnson as administrator for industrial recovery. The administration was empowered to make voluntary agreements dealing with hours of work, rates of pay, and the fixing of prices. Until March 1934, the NRA was engaged chiefly in drawing up these industrial codes for all industries to adopt. More than 500 codes of fair practice were adopted for the various industries. Patriotic appeals were made to the public, and firms were asked to display the Blue Eagle, an emblem signifying NRA participation.

From the beginning, the NRA reflected divergent goals and suffered from widespread criticism. The businessmen who dominated the code drafting wanted guaranteed profits and insisted on security for their renewed investment and future production. Congressional critics insisted on continued open pricing and saw the NRA codes as a necessary means of making it fair and orderly. A few intellectuals wanted an even more extensive government role in the form of central economic planning. Finally, unhappy labor union representatives fought with little success for the collective bargaining promised by the NIRA. The codes did little to help recovery, and by raising prices, they actually made the economic situation worse.

Though under criticism from all sides, NRA did not last long enough to fully implement its policies. In May 1935, in the case of the *Schechter Poultry Corp. v. United States*, the U.S. Supreme Court invalidated the compulsory-code system on the grounds that the NIRA improperly delegated legislative powers to the executive and that the provisions of the poultry code (in the case in question) did not constitute a regulation of interstate commerce. (See the Interstate Commerce Act) In a lengthy and unanimous opinion, the Court seemed to demonstrate a complete unwillingness to endorse Roosevelt's argument that the national crisis of economic depression demanded radical innovation. Later, FDR would use this Court opinion as evidence that the Court was living in the "horse and buggy" era and needed to be reformed.

Public Works Administration

Created by the National Industrial Recovery Act on June 16, 1933, the Public Works Administration (PWA) budgeted several billion dollars to be spent on the construction of public works as a means of providing employment, stabilizing purchasing power, improving public welfare, and contributing to a revival of American industry. Simply put, it was designed to spend "big bucks on big projects."

Frances Perkins had first suggested a federally financed public works program, and the idea received considerable support from Harold Ickes, James Farley, and Henry Wallace. After having scaled back the initial cost of the PWA, FDR agreed to include the administration as part of his New Deal reforms.

More than any other New Deal program, the PWA epitomized the Rooseveltian notion of "priming the pump" to encourage economic growth. Between July 1933 and March 1939, the PWA funded the construction of more than 34,000 projects, including airports, electricity-generating dams, and aircraft carriers; and seventy percent of the new schools and one third of the hospitals built during that time. It also electrified the Pennsylvania Railroad between New York and Washington, D.C. Its one big failure was in quality, affordable housing, building only 25,000 units in four and a half years.

The PWA spent over $6 billion, but did not succeed in returning the level of industrial activity to pre-depression levels. Nor did it significantly reduce the unemployment level or help jump-start a widespread creation of small businesses. FDR, personally opposed to deficit spending, refused the spend the sums necessary to accomplish these goals.

Nonetheless, the historical legacy of the PWA is perhaps as important as its practical accomplishments at the time. It provided the federal government with its first systematic network for the distribution of funds to localities, ensured that conservation would remain an element in the national discussion, and provided federal administrators with a broad amount of badly needed experience in public policy planning.

When FDR moved industry toward war production and abandoned his opposition to deficit spending, the PWA became irrelevant and was abolished in June 1941.

Glass-Steagall Act (1933)
Adapted from an article in the Law Library.

The Glass-Steagall Act, also known as the Banking Act of 1933 (48 Stat. 162), was passed by Congress in 1933 and prohibits commercial banks from engaging in the investment business.

It was enacted as an emergency response to the failure of nearly 5,000 banks during the Great Depression. The act was originally part of President Franklin D. Roosevelt's New Deal program and became a permanent measure in 1945. It gave tighter regulation of national banks to the Federal Reserve System; prohibited bank sales of securities; and created the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits with a pool of money appropriated from banks.

Beginning in the 1900s, commercial banks established security affiliates that floated bond issues and underwrote corporate stock issues. (In underwriting, a bank guarantees to furnish a definite sum of money by a definite date to a business or government entity in return for an issue of bonds or stock.) The expansion of commercial banks into securities underwriting was substantial until the 1929 stock market crash and the subsequent Depression. In 1930, the Bank of the United States failed, reportedly because of activities of its security affiliates that created artificial conditions in the market. In 1933, all of the banks throughout the country were closed for a four-day period, and 4,000 banks closed permanently.

The Federal Emergency Relief Administration (FERA)

The economic collapse of 1929 known as the Great Depression caused widespread hardship throughout the United States. When President Franklin Roosevelt took office in January 1933, 15 million Americans were unemployed. Many had lost not only their jobs, but their also their savings and homes and were dependent on relief money from the government to survive. Businesses and banks had closed, production and sales of goods and services had been severely reduced. Most federal relief efforts had been mired for some time in a quagmire of political and legislative wrangling. Little aid or direction had actually reached the state level.

On May 22, 1933, the Federal Emergency Relief Administration (FERA) was inaugurated. The chief architect of this program was Harry Hopkins, the former president and executive director of the New York State Temporary Emergency Relief Administration and a man who had, by 1933, 20 years of experience in social work and welfare administration. He had worked with (then Governor) Franklin Roosevelt in New York, and the two became good friends, with Hopkins serving as Roosevelt's chief advisor and confidant throughout his administration.

Hopkins sprang into action less than a week after Roosevelt's inauguration, approaching Roosevelt's secretary of labor, Frances Perkins, with a plan for a program of federal relief. Impressed, Perkins agreed to take the proposal to Roosevelt, who quickly agreed to the plan.

"When Roosevelt appointed Hopkins as director of FERA, he called him to his office for a five-minute talk. The president told the Washington newcomer two things: give immediate and adequate relief to the unemployed, and pay no attention to politics or politicians. Hopkins did just that. Thirty minutes later, seated at a makeshift desk in a hallway . he began a program committed to action rather than debate, a program that would eventually put 15 million people to work. Even more important, FERA established the doctrine that adequate public relief was a right that citizens in need could expect to received from their government." (J. Hopkins p. 309)

FERA had three primary objectives: 1) Adequacy of relief measures; 2) providing work for employable people on the relief rolls; and 3) diversification of relief programs.

FERA accepted as elementary that all needy persons and their dependents should receive sufficient relief to prevent physical suffering and to maintain a minimum standard of living." (Williams p. 96) In a report to Congress in 1936, FERA indicated that while actual physical suffering was prevented, it was never fully possible to achieve living standards of minimum decency for the entire population in need of relief.

It has been estimated that during this period of relief, roughly three-fourths of the heads of families on relief were employable. They may not have been generally employable in private industry due to age, but they were considered employable by FERA. The FERA's goals for work relief included not only genuine work (as opposed to "make work projects") but also work opportunities that were sufficiently diversified to give relief workers employment in line with their previous job experience. The working conditions and wages also had to be in line with those found in the private sector.

Brass band at Volunteer Park

The purpose of FERA was to work cooperatively with state government, providing federal grants for relief purposes. Grant applications required that states were to provide information on the amounts necessary to meet relief needs in the state and the amounts available from public and private sources within the state to contribute toward those relief needs. States also were to provide information on provisions made to assure adequate administrative supervision of the funds, the methods by which adequate relief levels would be assured, and the purposes for which the funds would be used. The provisions of the Federal Emergency Relief Act of 1933 provided that authorization for FERA would expire in two years from the date of inception.

The most pressing problem for FERA at first was to build up adequate local relief organizations. Few of the existing state relief agencies had been in existence for more than 7 or 8 months at the time of creation of FERA. Those state relief agencies that were deemed to be inadequate or flawed in some way had to be overhauled to meet the requirements of FERA.

Most states had little experience with running genuine work relief programs and almost no experience in providing appropriate work for white-collar workers. Despite directives and orders issued in 1933, states and localities were not quick to cooperate by accepting federal projects. Either through inertia or a desire to institute projects of purely local interest and benefit, state involvement in work relief programs were slow to start in 1933. Faced with continued high unemployment and concerns for public welfare during the coming winter of 1933-34, FERA institute the Civil Works Administration (CWA) as a short-term measure to get people to work.

As the CWA program drew to a close in March 1934, it was replaced by the Emergency Work Relief Program of FERA. This program continued and expanded many of the projects begun under the CWA.

The bulk of the work relief projects, were engineering and construction oriented. Other projects included sanitation improvements, repair or construction of public buildings, national park improvements, real property surveys, library projects, art and theater projects, and archeological excavations. The Washington Emergency Relief Administration (WERA) supervised numerous construction and repair projects in the state. In Seattle, it built the Montlake playfield field house and the Montlake Community Clubhouse, which has since acquired the name "Tudor Building," after its architecture. Other projects in Washington were of an agricultural nature. Among these were a rural electric survey of the state, research on the development of new fruit by-products, research to determine the vitamin C content in Washington apples, a survey of part-time farming, and research on the use of by-products of the fishing industry as feed for the poultry industry. (WSU MASC)

Blacksmiths at work inside a forge shop

The Emergency Work Relief Program provided for three special classes of projects for white-collar workers: 1) Planning; 2) public health, welfare and recreation; 3) education, arts and research. ." It had been estimated that there were about 560,000 white-collar workers between the ages of 16 and 64 on the relief rolls in March 1935, approximately 11 percent of all employable persons on relief rolls at this time. "Federal encouragement of white-collar projects has been productive of more bitter criticism than any other single activity of the various federal relief agencies.Much of the criticism.has arisen from a misunderstanding of the peculiar problems which beset the relief agencies in attempting to meet adequately the relief needs of those white-collar workers who were forced to apply for relief."

"During 1932 and 1933 a growing number of unemployed teachers applied for relief after their resources had become exhausted. Shortly after the FERA was initiated we attempted to do something for this group of needy teachers. Obviously it was hardly enough to give them direct relief. With thousands of teachers out of work there were, at the same time, hundreds of thousands of men and women in need of educational facilities. We decided to put these unemployed teachers to work teaching those unemployed who wanted instruction." (H. Hopkins p. 113)

In March 1935, at the peak of the emergency education program, more than 44,000 persons were employed and the number of pupils was slightly higher than 1,724,000. Each state could choose to develop or emphasize any or all of the following, depending on local conditions: 1) General adult education; 2) literary classes for adults; 3) vocational education; 4) vocational rehabilitation; and 5) nursery schools for pre-school children from underprivileged homes.

Another part of the emergency education program was the college student aid program. It provided part-time employment for those college students who would otherwise have been unable to continue their education. The projects for the students were planned and supervised in large part by the college authorities.

Funds through the emergency education program were made available for student employment at Washington State University (WSU) in Pullman from 1934 to 1936. During part of this time period there were also funds available through the Civil Works Administration but these were primarily for public works projects. The FERA funds at WSU were administered by a Central Faculty Committee made up of the Dean of Men, the Dean of Women, the Superintendent of the Central Correspondence Office and one faculty member. The Committee operated through the office of the Dean of Men.

Food bank interior

The requirements for the use of the funds were that they be used to employ not more that 10% of the total full time student population, of which 25% had to be students not previously enrolled. Although the FERA funds enabled many students to attend WSU who could not otherwise afford to, the program was terminated in 1936 when this relief activity was transferred to the Works Progress Administration.

Prior to FERA, few efforts were made to institute special projects for women. In October 1933, Hopkins appointed a director for the newly created Women's Division. FERA also ordered states to appoint a qualified woman to head a women's division in each state agency. These agencies were to plan special projects that would benefit women and to exert pressure on other divisions of state relief agencies to insure that women had equal consideration for work opportunities for which they were qualified.

"Among the projects providing work for women were sewing room projects in which clothing, bedding, towels, etc., were fabricated for distribution to persons on relief rolls; food canning projects; nursing and teaching projects; and various research and statistical surveys." (Williams p. 132)

Finally, there were three types of special programs within FERA, the Federal Surplus Relief Corporation, the Self-Help Cooperative Program, and the Transient Program. The Federal Surplus Relief Corporation had two main purposes. First, it helped keep farmers above the destitution level by serving as an agency for removing price-depressing surplus commodities from the open market. Secondly, it served as the agency through which these surplus commodities were made available to the state and local relief administrations for distribution to relief clients. At times, processing of the commodities was done by work divisions of the state relief agencies.

The Self-Help Cooperative Program was a small part of FERA which had as its mission to help existing grassroots cooperatives produce goods for themselves and to facilitate the exchange or barter of other goods needed by the members of the cooperative but which could not be produced within this group. The program also helped groups that wished to start cooperatives.

"The need for a special program for transients soon became manifest. Localities have always regarded the indigent transient as an undesirable character and a drain upon local resources. During the depressing this age-old dislike was fanned by the fear that a non-resident who was seeking relief might at any moment take some job which 'properly' belonged to a local person." (Williams p. 147)

New school roof construction

The Transient Division of FERA was established in July 1933, volunteering to furnish all the necessary funds for a transient program in those states that drew up an approved plan for dealing with transients. "Local antagonism toward transients was so great, however, that despite the fact that no state and local funds were required, only a few states had applied for funds before September 1933." (Williams p. 148) It was not until late in December that 40 states and the District of Columbia were operating transient programs. Most states required a period of residence of one year to qualify for relief in that state, and FERA accepted this. FERA defined as a transient one who had lived less than the twelve preceding months in the state in which he was applying for aid.

During the period of over two years that the program was in existence, transient relief bureaus existing in most large cities and along the main travel routes. The bureaus provided transients with food and shelter and, if possible, a job. At times, large transient camps were set up on the outskirts of cities.

FERA and the Seattle Salvation Army collaborated in the operation of shelters for homeless men at two locations in Seattle: 213-1/2 Second Avenue South (the former United States Immigration Building) and at 117-1/2 Main Street. Because of Seattle's position as a gateway city to the Pacific and to Alaska, transients who visited the shelters came from all over the United States and even from foreign nations. Because Federal Emergency Relief Act of 1933 mandated that FERA should end two years after its inception, a new program was needed to take its place. The program put in place was called the Works Progress Administration (WPA), and it took over and improved the programs put in place by FERA. The WPA was created May 6, 1935, by authority of the Emergency Relief Appropriate Act of 1935.

Frazier Lemke Act

In attempts to modify the United States Bankruptcy Code over the course of American history, the Frazier-Lemke Farm Bankruptcy Act is a lesson in stick-to-it-iveness. While the Act is often cited as an important step for the recognition of the struggles of farmers in the United States, it tends to be forgotten by some that this amendment to the Federal Bankruptcy Code was invalidated in its first form.

Of course, its legacy is that of positive impact to the United States Bankruptcy Code and the urgency of the Great Depression which prompted its speedy reintroduction to the floor of Congress. Still, this should not diminish its achievements and place in the history of Chapter 12. The Frazier-Lemke Act is so named for its two major co-sponsors, Senator Lynn Frazier and Representative William Lemke, both from the State of North Dakota. Signed into law in 1934, the Act tackled the problem of repossession of farms by banks head on, creating debt adjustment strategies that used post-petition property values as a basis for assigning monies to be repaid to lenders, and thus, acting as a precursor to similar provisions in amendments to United States Bankruptcy Code circa the 1970s, 80s and 90s. Like aspects of the current Federal Bankruptcy Code, the Frazier-Lemke Act spelled out circumstances by which farmers could earn up to five years of a stay of collection actions from creditors, also known as a "moratorium." As noted, though, the initial Frazier-Lemke Act would not last. The Act was called into question in the case of Louisville Joint Stock Land Bank v. Radford. Ultimately, the court ruled the Frazier-Lemke Farm Bankruptcy Act was unconstitutional, as it violated creditors' Fifth Amendment rights to entitled properties (unless due process of law warranted their removal). Soon enough, though the Federal Bankruptcy Code would be updated once more via the reformed Frazier-Lemke Farm Mortgage Moratorium Act, which lowered moratoriums to three years and gave creditors more rights to sell debtors' lands. Once again, though, the issue of the law's existence would be called into question in front of the Supreme Court. In a finding that would have a lasting effect on the future viability of Chapter 12 of the United States Bankruptcy Code, the Court ruled in 1937's Wright v. Vinton Branch of Mountain Trust Bank of Roanoke that the new Frazier-Lemke Act was not unconstitutional, stating that during stays on collection/foreclosure, mortgages are the property of the debtor, not the creditor.

Home Owners' Loan Corporation

For middle-class America the Home Owners' Loan Corporation, founded in 1933, was a crucial New Deal benefit. Americans had always held to an ideal of individualism that included a home of one's own; but in the years leading up to the New Deal, only four out of every ten Americans managed to attain that status. A key reason for the majority's failure was the restrictive mortgage system. Usually, borrowers were required to make down payments averaging around 35 percent for loans lasting only five to ten years at interest of up to 8 percent. At the end of that brief loan period, mortgage holders had to hope they could refinance or else come up with the remaining cost of the property. The minority of home buyers who could manage such terms assumed the additional risk of dealing with local institutions that did not offer loan mortgage insurance and were often dangerously under-funded, especially in areas outside the main cities.

This shaky system was unable to withstand the shock of the 1929 economic collapse. The number of mortgages issued nationwide dropped from 5,778 in 1928 to a mere 864 in 1933, and many banks went under, dragging homeowners down with them. Faced with this dire situation, the New Deal had a basic choice. It could follow the urging of the Federal Reserve Board chairman, Marriner Eccles, echoing the most influential economist of the age, John Maynard Keynes, that money should be pumped into the lagging building trades in order to gain both work for the unemployed and badly needed public housing. Or it could follow the lead of Herbert Hoover, who in 1932 had created the Federal Home Loan Bank to provide federal funding for lenders in the private housing market. Franklin Roosevelt, when he succeeded Hoover as president, inclined toward the latter course, but with government oversight and a focus on hard-pressed homeowners, rather than on the institutions controlling their mortgages.

In June 1933, the Home Owners' Loan Act, following the president's lead, sailed through Congress. The law authorized $200 million to set up the Home Owners' Loan Corporation (HOLC) with authority to issue $2 billion in tax-exempt bonds. The money raised would enable the HOLC to rescue imperiled mortgages by offering financing up to 80 percent of assessed value, to a maximum of $14,000. There followed a rush to file applications in 1934 by those holding 40 percent of all mortgaged properties, of which half with lowest risk were accepted. As intended, the main beneficiaries were homeowners at the lower end of the middle class with incomes in the $50 to $150 monthly range, persons who in the private market would have lost their homes.

The HOLC permanently changed the prevailing mortgage system. It offered money at 5 percent, provided insurance for its loans through the Federal Housing Authority and the Federal Savings and Loan Insurance Corporation, and allowed up to twenty-five years for repayment. To reach far-flung clients the HOLC dispersed into regional centers. Every loan situation was handled individually, including personal visits to prevent default. Given wide discretion to act, agents improved the chances clients would meet their obligations by helping them find work, collect insurance claims and pensions, attract tenants for rental space, qualify for public assistance, and even locate foster children to take in for a fee. The success of this sympathetic outreach was best demonstrated by the fact that the foreclosure rate for HOLC's risky mortgages was no greater than that for much safer mortgages accepted by banks and insurance companies.

HOLC policies favored single-family homes outside the central cities, thus setting in motion the rapid growth of suburbs after World War II. The suburban ideal of privately financed housing also inclined toward segregation on the grounds that racially homogeneous areas were most stable and thus posed the lowest credit risk. That bias, shared by private sector bankers and realtors, excluded most minorities from much consideration. The HOLC Loan Experience Card specified race and immigrant status as a consideration, and the records of the agency showed that from 1933 to 1936, the period it was authorized to issue loans, 44 percent of its help went to areas designated "native white," 42 percent to "native white and foreign," and 1 percent to Negro. Typifying the plight of the cities, the half of Detroit where blacks lived was excluded outright, as was a third of Chicago.

Despite its shortcomings, New Deal innovation helped account for home ownership rising from 40 percent of the population in the prosperous 1920s to almost 70 percent by the mid-1990s, with vast new tracts outside the cities of the Northeast and in new, sprawling urban areas in the South and Southwest setting the most conspicuous example. The historian David Kennedy did not exaggerate in claiming that the HOLC and the housing legislation it set in motion "revolutionized the way Americans lived."

Securities Act of 1933

A federal piece of legislation enacted as a result of the market crash of 1929. The legislation had two main goals: (1) to ensure more transparency in financial statements so investors can make informed decisions about investments, and (2) to establish laws against misrepresentation and fraudulent activities in the securities markets.

The Securities Act of 1933 was the first major piece of federal legislation regarding the sale of securities. Prior to this legislation, the sale of securities was primarily governed by state laws; however, the market crash of 1929 raised some serious questions about the effectiveness of how the markets were being governed. Because of the turmoil surrounding the investing community at this time, the federal government had to bring back stability and investor confidence in the overall system. In general, the legislation was enacted as the need for more information within and about the securities markets was acknowledged. The legislation addressed the need for better disclosure by requiring companies to register with the Securities and Exchange Commission. Registration ensures companies provide the SEC and potential investors with all relevant information by means of the prospectus and registration statement.

National Housing Act

The National Housing Act that was passed by Congress in 1934 and set up the Federal Housing Authority (FHA). This agency encouraged banks, building and loan associations, etc. to make loans for building homes, small business establishments, and farm buildings. If the FHA approved the plans, it would insure the loan. In 1937 Congress passed another National Housing Act that enabled the FHA to take control of slum clearance. It made 60 year loans at low interest to local governments to help them build apartment blocks. Rents in these homes were fixed and were only available to low income families. By 1941 the agency had assisted in the construction of more than 120,000 family units.

Works Progress Administration

The Works Progress Administration (WPA) was a relief measure established in 1935 by executive order as the Works Progress Administration, and was redesigned in 1939 when it was transferred to the Federal Works Agency. Headed by Harry L. Hopkins and supplied with an initial congressional appropriation of $4,880,000,000, it offered work to the unemployed on an unprecedented scale by spending money on a wide variety of programs, including highways and building construction, slum clearance, reforestation, and rural rehabilitation. So gigantic an undertaking was inevitably attended by confusion, waste, and political favoritism, yet the 'pump-priming' effect stimulated private business.

Particularly novel were the special programs. The Federal Writers' Project prepared state and regional guide books, organized archives, indexed newspapers, and conducted useful sociological and historical investigations. The Federal Arts Project gave unemployed artists the opportunity to decorate hundreds of post offices, schools, and other public buildings with murals, canvases, and sculptures; musicians organized symphony orchestras and community singing. The Federal Theatre Project experimented with untried modes, and scores of stock companies toured the country with repertories of old and new plays, thus bringing drama to communities where it had been known only through the radio.

By March, 1936, the WPA rolls had reached a total of more than 3,400,000 persons; after initial cuts in June 1939, it averaged 2,300,000 monthly; and by June 30, 1943, when it was officially terminated, the WPA had employed more than 8,500,000 different persons on 1,410,000 individual projects, and had spent about $11 billion. During its 8-year history, the WPA built 651,087 miles of highways, roads, and streets; and constructed, repaired, or improved 124,031 bridges, 125,110 public buildings, 8,192 parks, and 853 airport landing fields

NATIONAL YOUTH ADMINISTRATION

As a New Deal organization the National Youth Administration (NYA) was established within the Works Progress Administration (WPA) on June 26, 1935, and funded by the Emergency Relief Appropriation Act of 1935. NYA provided work training based on U.S. citizenship and financial need for youth between ages sixteen and twenty-five. In addition to offering courses in writing, reading, and arithmetic, NYA operated two programs: the Works Project Program to train unemployed, out-of-school youth, and the Student Aid Program to provide work-study training for high school, college, and graduate students. Congress distributed federal money each academic year to state educational institutions for scholarships and grants. In Oklahoma more than nine hundred educational and work facilities participated annually in both programs.

Pres. Franklin D. Roosevelt appointed Aubrey Williams, deputy administrator of the Works Projects Administration (WPA, later Works Progress Administration), as the executive director of NYA. Roosevelt established two committees to assist in the development of the NYA program. Assistant Secretary of the Treasury Josephine Roche headed the executive committee, composed of departmental officials, and Charles W. Taussig chaired the National Advisory Committee, comprising thirty-five representatives from various fields such as labor, business, agriculture, education, and youth. The National Advisory Committee met annually to evaluate policies and program effectiveness and to make recommendations.

Although the NYA program was divided into national regions, it operated independently at the state level. Aubrey Williams appointed Houston A. Wright as Oklahoma state director. Wright was administrative assistant to Oklahoma A&M Pres. Henry G. Bennett. The state director's administration included an appointed state advisory board and local advisory committees of six to eight public officials for each county and town. The board, chaired by the governor, constituted representatives of various occupations. The director's office implemented projects, but the board and local committees exercised policies governing publicity, recruitment, assignment, transfer, and other NYA activities.

Hundreds of NYA projects evolved according to the facilities, funds, materials, and manpower particular to each state, county, or community. Major projects included construction, public and semiprofessional service, and home economics. The projects gave rise to learning skills in road and building construction, woodworking, office work, nursing, furniture and auto repair, radio operation, landscaping, blacksmithing, welding, agriculture, and domestic science. The national WPA regulated work hours at eight hours a day, forty hours a week, and seventy hours a month. Earnings ranged from ten to twenty-five dollars per month, which often went to the worker's family. NYA offered self-improvement, health benefits, citizenship courses, and vocational guidance. It also provided social opportunities through community youth centers featuring athletics, hobby clubs, dramatics, games, music, and dancing. In 1938 Oklahoma had seven youth centers, and fifteen were under construction.

NYA furnished educational camps for unemployed women between ages eighteen and twenty-five who needed personal and occupational guidance. The one- to four-month training period included self-government, cooperative living, and studying the problems of women in industry. By 1936 Camp Parthenia opened in Oklahoma. In 1937 camps opened in Stillwater and Cordell.

By 1938 camps converted to youth resident centers for participants who needed housing, particularly those from rural areas who could not travel. They lived in dormitories and trained for six to eight months. NYA utilized school campuses, but most centers' facilities were built, maintained, and furnished by trainees. Residents received a thirty-dollar monthly stipend with twenty dollars deducted to cover room and board. By 1940 Oklahoma had

> twenty resident centers, including sites at Bristow, Stillwater, Lawton, Tonkawa, Miami, Jay, Chickasha, and Wilburton, and four women's centers located at Shawnee, Hobart, Altus, and Weatherford. Established in 1938, a typical resident center operated on the 101 Ranch near Ponca City. Fifty boys raised livestock and replaced or remodeled ranch buildings. Renovations resulted in a dormitory, recreation center, barns, small slaughterhouse, wood- and metal-working shops, foundry, blacksmith shop, and auto repair shop.
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> Although the NYA was perhaps the most racially egalitarian of the New Deal programs, its number of African American NYA participants never corresponded to the percentage on relief. The Oklahoma Negro Advisory Board, chaired by Langston University Pres. John W. Sanford, coordinated training opportunities for black youth. Although the national administration prohibited discrimination, whites supervised segregated Oklahoma black youth programs, which received minimum financial assistance. In 1937 the only African American resident center was located at Langston.
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> Effective July 1, 1939, at the onset of World War II, through the Administrative Reorganization Act of 1939 the NYA transferred to the Federal Security Agency. In 1942 NYA activities that were not contributing to the war effort were dropped and control transferred to the War Manpower Commission, Office of Emergency Management. State administrations were abolished, and NYA operated through its regional offices. The NYA Defense Program eliminated financial need as criteria for training youth, and thereafter, training for the national defense became the basis for continuing some of the youth centers as War Production Training Centers.

In 1943 NYA fell to national and local criticism. Oklahoma Gov. Leon C. Phillips, an outspoken opponent of the New Deal, alleged that most of the convicts he interviewed for parole were former NYA trainees. Other anti New Dealers argued that NYA was expensive and valueless, fostered shiftlessness, and trained no more than one-sixth of jobless youth. After congressional debates, NYA ceased in September 1943. During its eight years of existence NYA trained more than two million nationally under the Student Aid Program and employed another 2.6 million youth through its Works Projects Program. NYA provided Oklahoma with approximately $16.2 million and benefited more than two hundred thousand youth.

Indian Reorganization Act

(June 18, 1934) Measure enacted by the U.S. Congress to decrease federal control of American Indians and to increase tribal self-government. The act sought to strengthen tribal structure by encouraging written constitutions and to undo the damage caused by the Dawes General Allotment Act by returning surplus lands to the tribes rather than homesteaders. It gave Indians the power to manage their internal affairs and established a revolving credit fund for tribal land purchases and educational assistance. It remains the basic legislation concerning Indian affairs.

The Indian Reorganization Act (IRA) of 1934 represented a shift in U.S. Indian policy away from forced acculturation and assimilation. In 1928 the government-sponsored Meriam Report had documented problems of poverty, ill health, and despair on many reservations and recommended reforms in Bureau of Indian Affairs administration, including ending allotment and the phasing out of boarding schools. In 1933 the new administration of Franklin D. Roosevelt named John Collier, a former New York City social worker, to be commissioner of Indian affairs. Disillusioned with the materialistic and individualistic nature of industrial society, Collier proposed an Indian New Deal that would help preserve Native cultures and provide tribes with greater powers of self-government.

The IRA was the center of Collier's reform agenda. The act repudiated the Dawes General Allotment Act, barred further allotment, and set aside funds to consolidate and restore tribal landholdings. The IRA also provided for job training and vocational education and stipulated that Indians could gain employment in the BIA without recourse to civil service regulations. Finally, the act also allowed tribes to establish business councils with limited powers of home rule to enable them to develop reservation resources. A provision in Collier's original proposal to establish a special court of Indian affairs was rejected by Congress. Tribes were given the option of accepting or rejecting the IRA by referendum.

Despite Collier's rhetoric of self-determination, tribes felt pressured to accept the IRA just as they had felt pressed to accept previous government policies. Boiler-plate BIA home rule charters showed little sensitivity to the diversity of Native life, and attempted to impose a one-size-fits-all solution to Indian problems. IRA referendums and majority rule tribal councils also ignored the consensus-driven traditions that persisted in many communities. The IRA attracted opposition from advocates of both assimilation and traditionalism, both inside and outside Indian communities. Ultimately, 174 tribes voted to accept the IRA and 78 tribes, including the Crow, Navajo, and Seneca, rejected it.

Despite its flaws and limitations, the IRA did represent a new recognition of Indian rights and culture. Although many of Collier's policies were altered in subsequent decades, both as a result of government-sponsored programs to terminate federal services to Indians and as a result of indigenous demands for greater sovereignty, the IRA and IRA-created governments remain influential in shaping U.S. Indian policy.

Social Security Act

On August 14, 1935, the Social Security Act established a system of old-age benefits for workers, benefits for victims of industrial accidents, unemployment insurance, aid for dependent mothers and children, the blind, and the physically handicapped.

Before the 1930s, support for the elderly was a matter of local, state and family rather than a Federal concern (except for veterans' pensions). However, the widespread suffering caused by the Great Depression brought support for numerous proposals for a national old-age insurance system. On January 17, 1935, President Franklin D. Roosevelt sent a message to Congress asking for "social security" legislation. The same day, Senator Robert Wagner of New York and Representative David Lewis of Maryland introduced bills reflecting the administration's views. The resulting Senate and House bills encountered opposition from those who considered it a governmental invasion of the private sphere and from those who sought exemption from payroll taxes for employers who adopted government-approved pension plans. Eventually the bill passed both houses, and on August 15, 1935, President Roosevelt signed the Social Security Act into law.

The act created a uniquely American solution to the problem of old-age pensions. Unlike many European nations, U.S. social security "insurance" was supported from "contributions" in the form of taxes on individuals' wages and employers' payrolls rather than directly from Government funds. The act also provided funds to assist children, the blind, and the unemployed; to institute vocational training programs; and provide family health programs. As a result, enactment of Social Security brought into existence complex administrative challenges. The Social Security Act authorized the Social Security Board to register citizens for benefits, to administer the contributions received by the Federal Government, and to send payments to recipients. Prior to Social Security, the elderly routinely faced the prospect of poverty upon retirement. For the most part, that fear has now dissipated.

National Labor Relations Act

Also known as the Wagner Act, this bill was signed into law by President Franklin Roosevelt on July 5, 1935. It established the National Labor Relations Board and addressed relations between unions and employers in the private sector.

After the National Industrial Recovery Act was declared unconstitutional by the Supreme Court, organized labor was again looking for relief from employers who had been free to spy on, interrogate, discipline, discharge, and blacklist union members. In the 1930s, workers had begun to organize militantly, and in 1933 and 1934, a great wave of strikes occurred across the nation in the form of citywide general strikes and factory takeovers. Violent confrontations occurred between workers trying to form unions and the police and private security forces defending the interests of anti-union employers.

In a Congress sympathetic to labor unions, the National Labor Relations Act (NLRA) was passed in July of 1935. The broad intention of the act, commonly known as the Wagner Act after Senator Robert R. Wagner of New York, was to guarantee employees “the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid and protection.” The NLRA applied to all employers involved in interstate commerce except airlines, railroads, agriculture, and government.

In order to enforce and maintain those rights, the act included provision for the National Labor Relations Board (NLRB) to arbitrate deadlocked labor-management disputes, guarantee democratic union elections, and penalize unfair labor practices by employers. To this day, the board of five members, appointed by the President, is assisted by 33 regional directors. The NLRB further determines proper bargaining units, conducts elections for union representation, and investigates charges of unfair labor practices by employers. Unfair practices, by law, include such things as interference, coercion, or restraint in labor’s self-organizing rights; interference with the formation of labor unions; encouragement or discouragement of union membership; and the refusal to bargain collectively with a duly chosen employee representatives.

The constitutionality of the NLRA was upheld by the United States Supreme Court in *National Labor Relations Board v. Jones & Laughlin Steel Corp.* in 1937. The act contributed to a dramatic surge in union membership and made labor a force to be reckoned with both politically and economically. Women benefited from this shift to unionization as well. By the end of the 1930s, 800,000 women belonged to unions, a threefold increase from 1929. The provisions of the NLRA were later expanded under the Taft-Hartley Labor Act of 1957 and the Landrum-Griffin Act of 1959.

Public Utility Holding Company Act of 1935
Public Utility Holding Company Act of 1935

Major landmark in legislation regulating the securities industry, which reorganized the financial structures of Holding Companies in the gas and electric utility industries and regulated their debt and dividend policies. Prior to the Act, abuses by holding companies were rampant, including Watered Stock top-heavy capital structures with excessive fixed-debt burdens, and manipulation of the securities markets. In summary:

1. It requires holding companies operating interstate and persons exercising a controlling influence on utilities and holding companies to register with the Securities and Exchange Commission (SEC) and to provide information on the organizational structure, finances, and means of control.

2. It provides for SEC control of the operation and performance of registered holding companies and SEC approval of all new securities offerings, resulting in such reforms as the elimination of Nonvoting Stock the prevention of the milking of subsidiaries, and the outlawing of the upstreaming of dividends (payment of dividends by operating companies to holding companies).

3. It provides for uniform accounting standards, periodic administrative and financial reports, and reports on holdings by officers and directors, and for the end of interlocking directorates with banks or investment bankers.

4. It began the elimination of complex organizational structures by allowing only one intermediate company between the top holding company and its operating companies (the Grandfather Clause).

The Public Utility Holding Company Act of 1935 (PUHCA) (P.L. 74-333) reorganized the electric and gas industries and is one of the strongest congressional legislative responses to corporate abuse in American history. Congress declared in PUHCA its policy to "eliminate the evils" of interstate "public utility holding companies," to "compel" simplification of the pyramid system of public utility holding companies, and, with certain exceptions, to provide for "the elimination of public utility holding companies."

Resettlement Administration

The Resettlement Administration (RA) was the New Deal's rural antipoverty agency (1935–1937). In 1935 President Franklin Roosevelt issued an executive order consolidating several farm programs into a single agency, the Resettlement Administration. Rexford Tugwell, the combative New Deal intellectual who became administrator of the RA, rejected a government policy that, as he saw it, maintained poor farmers on unproductive soil. At first he focused on long-term land reform: buying millions of acres of substandard land, converting it to more appropriate uses, and resettling displaced farm families in experimental communities and public housing (including controversial model farms and suburban greenbelt towns).

Congressional opponents of the New Deal, however, cast the RA's collectivist resettlement projects as dangerous experiments in socialism. Tugwell shifted the agency's attention to rural rehabilitation, a less controversial and shorter-term program assisting the rural poor with emergency grants, loans, and farm planning. By June 1936 the RA had more than two million clients, almost 10 percent of the total farm population.

In December 1936 Tugwell retired from government service, and the RA was transferred to the Department of Agriculture, where it could remain relatively safe from congressional attack. The RA became the Farm Security Administration in September 1937.

Back in 1935 Tugwell, knowing that the RA was likely to come under political attack, had formed an information division to distribute propaganda. Its artistic output, including the famous photographs of Walker Evans and Dorothea Lange, has survived longer than the land-reform policies it was meant to promote.

Revenue Act targets wealthy

President Franklin Roosevelt's Revenue Act, which aimed to take a cut out of the nation's fattest pocketbooks, was passed into law. Aptly referred to as the Wealth Tax Act, the legislation increased taxes on rich citizens and big business, while lowering taxes for small businesses. Though the taxes were a seeming boon to a nation mired in the Depression, they raised the hackles of business leaders and the wealthy elite. The president, himself a child of affluence, was branded a "traitor to his class," as well as a Communist. The Revenue Act hardly paved the way for a wholesale redistribution of wealth, but it did seek to rectify the imbalances in the American economy. "Our revenue laws have operated to the unfair advantage of the few," FDR reasoned when the act passed. "They have done little to prevent an unjust concentration of wealth and economic power."

Soil Conservation and Domestic Allotment Act (1935)

On April 27, 1935, Congress responded to the dual threats of soil erosion and agricultural overproduction by passing the Soil Conservation and Domestic Allotment Act (P.L. 46-74, 49 Stat. 163), the nation's first national soil conservation program. Although geologists had first warned the White House about the dangers of soil erosion in 1908, the federal government did not begin to react to this hazard until Hugh Bennet, a soil scientist with the U.S. Department of Agriculture, published *Soil Erosion: A National Menace* in 1928. As a result, in 1929 Congress authorized soil conservation experiment stations and then in 1933 established the Soil Erosion Services (SES) to provide farmers with planning assistance and equipment, seeds, and seedlings. Then on May 12, 1934, the worst dust storm in the history of the United States grew out of the Dust Bowl, an area of the Great Plains known for its recurring droughts and dust storms. The 1934 dust storm worked its way to the Atlantic Ocean, obscuring the sun and leaving a dusty film in its wake. This catastrophe convinced Congress that the soil erosion caused by conditions in the Dust Bowl truly did pose a menace to the national welfare, and led directly to the enactment of the act.

When it created the act, Congress "recognized that the wastage of soil and moisture resources on farm, grazing, and forest lands of the Nation, resulting from soil erosion, is a menace to the national welfare." The act stated that its ultimate goal was "to provide permanently for the control and prevention of soil erosion and thereby to preserve natural resources, control floods, prevent impairment of reservoirs, and maintain the navigability of rivers and harbors, protect public health, public lands and relieve unemployment." To do so, the act authorized the secretary of agriculture to survey and research soil erosion and methods for its prevention, to carry out preventive measures, to cooperate with state agencies or individuals, and to acquire any lands necessary to carry out the purpose of the act. To limit governmental interference in private actions, the act required landowner consent before the secretary could act on private land and prohibited actions that would interfere with the general production of food and fibers for ordinary domestic consumption.

The act established the Soil Conservation Services (SCS—now called the Natural Resources Conservation Service) as the successor to the SES and empowered it to conduct a national program of soil erosion prevention through technical and financial aid to farmers who agreed to implement soil conservation practices. The SCS did this first through demonstration projects with local farmers, where the cooperative effort employed contour plowing, strip cropping, erosion resistant crops, resting lands, and terracing. Then, in 1937, the SCS initiated the soil conservation district concept whereby the federal government would work through state-created conservation districts composed of local farmers.

Farmers approached the act's direct federal regulation with skepticism, worrying that the federal government would over-regulate them and essentially take direct control of the farms. However, the conservation district approach eased their concerns. These conservation districts gave locally appointed directors, not federal officials, the authority to establish and manage local soil and water conservation. The federal government, in turn, cooperated by granting the districts equipment and technical assistance. This arrangement left local areas with the authority to shape conservation projects, but encouraged them to undertake such projects with federal funding. In 1937 Arkansas hosted the first such district, and now there are nearly 3,000, delivering conservation education, watershed protection, and technical assistance to the nation's farmers.

The act combated overproduction of crops by paying farmers to shift from production of "soil-depleting crops" to "soil-conserving crops." The act then defined soil-depleting crops to include surplus crops, even those such as wheat that had soil-conserving properties. Defining crops this way helped farmers who had to sell their crops at a low price because the market was flooded with them. Hence, the government indirectly paid farmers to reduce production of surplus crops to decrease overall overproduction

Farm Security Administration

Farm Security Administration (FSA). The FSA was born in 1937 out of frustration with the failure of New Deal agricultural policy to provide help for the nation's poorest farmers. By the time the Democrats came to power in 1932, over a quarter of all farms, involving almost 8 million people, were generating less than $600 apiece in annual income, putting them on the same level as the most deprived city dwellers. Yet, despite the New Deal's announced goal of raising all farmers out of the Depression, its main program, the Agricultural Adjustment Administration (AAA), concentrated on the interests of the largest farm producers, who had irresistible influence in Congress because they dominated the major farm organizations and land grant colleges.

Roosevelt responded to the situation with an executive order on 1 May 1935, setting up an independent Resettlement Administration (RA), headed by his close advisor on economic planning, Rexford Tugwell. The aim of the RA was to take 100 million acres of land that had been exhausted by lumbering, oil exploration, overfarming, and drought and move the 650,000 people faring badly there either to better land or into suburban communities planned by the RA. Resettlement was also offered to sharecroppers and tenant farmers who otherwise would have few prospects of escaping poverty. Congress proved reluctant to fund such a reordering of the status quo, which seemed socialistic to some and threatened to deprive influential farm owners of their tenant workforce. The RA was thus left with only enough resources to relocate a few thousand people from 9 million acres and build several greenbelt cities, which planners admired as models for a cooperative future that never arrived.

The RA project to build camps for migratory labor, especially refugees from the drought-struck Dust Bowl of the Southwest, was also resisted by Californians who did not want destitute migrants to settle in their midst. The RA managed to construct ninety-five camps that gave migrants unaccustomed clean quarters with running water and other amenities, but the 75,000 people who had the benefit of these camps were a small share of those in need and could only stay temporarily.

Concerned that criticism of him as "Rex the Red" had made him a liability, Tugwell resigned in 1936. After the triumph of the Democrats in elections later that year, Congress passed the Farm Security Act in 1937, which transformed the RA into the Farm Security Administration, with broader powers to aid poor farmers. Eventually, the staff of the FSA reached 19,000 and was deployed in nearly 2,300 county offices to aid 800,000 client families. With funds provided by the Bankhead-Jones Farm Tenant Act, some 12,000 tenant families became landowners, loans totaling $100 million reduced farm debt by nearly 25 percent, and a medical care program for borrowers grew to include clinics in thirty-one states. In order to give small farmers greater stability and control over the market, the FSA also encouraged the formation of 16,000 cooperatives with 300,000 members willing to pool their resources.

These measures, accompanied by efforts by the President's Committee on Farm Tenancy to help black farmers overcome discrimination and Secretary of Agriculture Henry Wallace's advocacy of planning to coordinate agricultural production and education, stirred up a backlash. The Farm Bureau, which had acquiesced in the creation of the RA as an emergency relief measure, denounced the FSA as "government bureaucracy gone mad"; in Congress the return of most Midwestern farmers to the Republican party by 1940 once Depression hardship had subsided emboldened critics to mount attacks on the FSA as wasteful and "Un-American." By 1943 the program had lost most of its funding and three years later was revamped into a weak and short-lived Farmers' Home Administration.

Perhaps the most lasting achievement of the FSA was its image making. To convince the general public of the need for the agency's mission, Rexford Tugwell on 10 July 1935 appointed his former student Roy Stryker "Chief of the Historical Section," with the assignment of photographing the devastated land and people that were the RA's and the FSA's task to rescue. Stryker's camera crew took 270,000 pictures, and members of the team, such as Dorothea Lange, Walker Evans, Arthur Rothstein, and Ben Shahn gained reputations as leading creators of documentary photography. Alongside the photographers, Pare Lorenz made films for the FSA, most notably *The Plow that Broke the Plains* (1935) and *The River* (1937), that won fame for their artistry and the vividness with which they brought home the drastic damage inflicted by flood, drought, and careless exploitation of natural resources. These images retain an ability to evoke both the hardships of rural America during the 1930s and the New Deal conviction that the common people so beautifully photographed deserved the help that only their government could give.

National Housing Act

The public housing program has always been controversial. The act, based on Congress' power, under Article I, section 8 of the United States Constitution, to provide for the general welfare, was a late part of President Franklin Roosevelt's Depression-era legislation. Proponents included social reformers who wanted to remedy "unsafe and insanitary" [sic] housing for poor people. Some argued that bad housing contributed to other problems, including poor health, political corruption, crime, and even immorality. Others argued that housing assistance should be provided to the "submerged middle class" that was temporarily out of work because of the Depression. Labor unions and political leaders supported housing subsidies as aids to recovery from the Depression because building housing would create jobs and stimulate the construction industry.

Opponents objected that providing housing subsidies was inappropriate for the federal government on three grounds. They believed subsidies would 1) undermine the private housing market, 2) diminish homeownership incentives, and 3) be a form of socialism. Opponents included chambers of commerce, business organizations, and real estate interests, such as associations of home builders. To meet opponents' objections, President Roosevelt accepted the limitation that only the "poorest and lowliest people" would qualify to live in public housing. This provision would ensure that a government program would neither interfere with the private sector nor diminish personal incentives for those the private sector could serve.

Under the act, assistance would go through the states to local entities that would provide and operate the subsidized housing. The policy assured that local government would share in the responsibility and public housing would not be forced upon communities that did not want it.

Second Agricultural Adjustment Administration Act

New Deal program to restore U.S. agricultural prosperity during the Great Depression. Established by an act of Congress in 1933, the AAA sought to curtail farm production of certain staples, in order to raise prices. It also established the Commodity Credit Corp., to make loans to farmers and to purchase and store crops in order to maintain farm prices. The program had limited success before it was declared unconstitutional in 1936.

Agricultural Adjustment Administration (AAA), former U.S. government agency established (1933) in the Dept. of Agriculture under the Agricultural Adjustment Act of 1933 as part of Franklin Delano Roosevelt's New Deal program. Its purpose was to help farmers by reducing production of staple crops, thus raising farm prices and encouraging more diversified farming. Farmers were given benefit payments in return for limiting acreage given to staple crops; in the case of cotton and tobacco coercive taxes forced (1934-35) farmers to cut the amounts that they marketed. In 1936 the Supreme Court declared important sections of the act invalid, but Congress promptly adopted (1936) the Soil Conservation and Domestic Allotment Act, which encouraged conservation by paying benefits for planting soil-building crops instead of staple crops. The Agricultural Adjustment Act of 1938 empowered the AAA in years of good crops to make loans to farmers on staple crop yields and to store the surplus produce, which it could then release in years of low yield. Soil conservation was continued, and farmers could by two-thirds vote adopt compulsory marketing quotas (as they did for cotton and tobacco). In World War II the AAA turned its attention to increasing food production to meet war needs. It was renamed (1942) the Agricultural Adjustment Agency, and in 1945 its functions were taken over by the Production and Marketing Administration.

Fair Labor Standards Act

President Franklin D. Roosevelt characterized the Fair Labor Standards Act of 1938 (FLSA), as “the most far-reaching, far-sighted program for the benefit of workers ever adopted in this or any other country.” A law drafted by Senator Hugo Black of Alabama and signed into law in June 1938, the FLSA was designed to “put a ceiling over hours and a floor under wages” by establishing an eventual maximum 40 weekly work hours, a minimum wage of 40 cents an hour by 1945, and prohibiting most child labor. The act's objective was summarized as the “elimination of labor conditions detrimental to the maintenance of the minimum standards of living necessary for health, efficiency and well being of workers.”

Before the dawn of the FLSA, John L. Lewis, president of the Congress of Industrial Organizations (CIO), ordered a series of strikes directed at securing the closed shop, establishing the CIO's exclusive right to represent workers in collective bargaining, and to defend his newly favored sit-down strike tactic.* While such employers as United States Steel Company complied with Lewis's demands in March 1937, General Motors and Republican Steel contested the new sit-down's legality, calling for the Michigan courts to rescue their properties by ordering injunctions against sit-down protesters. Those actions caused a further rise in tension between workers and factory owners, until Governor Frank Murphy's intervention successfully prevented widespread violence in the automotive industries.

Later that same year, a bitter strike broke out in South Chicago, where 10 people were killed while police were defending the property of Goodyear Tire. Public opinion turned against Lewis and the newly formed CIO because of the recent labor violence caused by the new sit-down strike tactic. As a way to solve some of the issues facing industrial workers, such as in the steel and coal industries, the FLSA was born. But prior to its final ratification, three different versions were batted around Congress.

Nearly 700,000 workers were affected by the wage increase initially and some 13 million more were ultimately affected by the hours provision. Those affected by the act were mostly white males (39 percent), compared with only 14 percent of women. Labor unions made efforts to exclude blacks and women from unionized industrial jobs, due to the the latter's scarcity, and high unemployment during the Depression. However, organized blacks with industrial jobs ultimately benefited from the wage increase and hours provision, although the majority of blacks found their employment in the unskilled and semi-skilled categories, where few or no labor unions had been established. Therefore, the FLSA did not affect several million blacks who worked in the agricultural and domestic sectors.

The strongest opposition came from the U.S. Supreme Court, which in case after case, had struck down laws establishing a minimum wage, number of hours worked, and child labor provisions. Among the most noteworthy cases, the court struck down a federal child-labor law in 1918 in the case of *Hammer v. Dagenhart*. Also, in the case of *Adkins v. Children's Hospital* the court narrowly struck down the District of Columbia law that established minimum wages for women. Strong opposition to the act also came from Southern congressional members whose constituents thought they would be put out of business by a 25 cents-an-hour minimum wage requirement.

As part of the New Deal programs, President Franklin Roosevelt had made promises to effectuate changes in the treatment of workers and was consistently hampered in his efforts by the Supreme Court. During his first administration, Roosevelt nominated as Secretary of Labor, Frances Perkins, an ardent advocate of labor reform and strong activist against the exploitation of child laborers. Roosevelt also introduced such legislation as the National Industrial Recovery Act (NRA), which absorbed 4,000,000 unemployed people into industrial jobs before it was found unconstitutional by the Supreme Court; and the National Employment System Act (1933), which established the U.S. Employment Service.

Although the constitutionality of the act was unanimously supported initially by the Supreme Court, the FLSA has been altered and amended on at least 43 subsequent occasions. Those alterations and amendments have provided and clarified benefits to workers in various employment sectors. Most notably, those amendments include:

- The transfer of functions of the Children's Bureau and of the Chief of the Children's Bureau to the Secretary of Labor in 1946;
- The Equal Pay Act of 1963, which prohibits the discrimination of employees on the basis of gender for their rate of pay;
- Fair Labor Standards Amendment of 1966, which prohibits the discrimination of employees on the basis of their age for their rate of pay; and
- the Minimum Wage Increase Act of 1996, which raised the minimum wage paid to $5.15 per hour.