The New Deal: Crash Course US History #34

Crash Course: U.S. History
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Hi, I'm John Green, this is Crash Course: U.S. History, and today we're going to get little bit controversial, as we discuss the FDR administration's response to the Great Depression - the New Deal. That's the National Recovery Administration, by the way, not the National Rifle Association or the No Rodents Allowed Club, which I'm a card-carrying member of.

Did the New Deal end the Depression? Spoiler alert: nyehh. More controversially, did it destroy American freedom, or expand the definition of liberty? In the end, was it a good thing?

Mr. Green, Mr. Green. Yes.

Oh, me-from-the-past, you're not qualified to make that statement.

What? I was just trying to be, like, provocative and controversial. Isn't that what gets views?

You have the worst ideas about how to make people like you. But anyway, not everything about the New Deal was controversial. This is Crash Course not TMZ.

=====Intro Music=====

The New Deal redefined the role of the federal government for most Americans and it led to a re-alignment of the constituents in the Democratic Party, the so-called "New Deal Coalition". Good job with the naming there, historians. And regardless of whether you think the New Deal meant more freedom for more people or was a plot by red shirt-wearing communists, the New Deal is extremely important in American history. Wait a second; I'm wearing a red shirt. What are you trying to say about me, Stan? As the owner of the means of production, I demand that you dock the wages of the writer who made that joke!

So, after his mediocre response to the Great Depression, Herbert Hoover did not have any chance of winning the presidential election of 1932 but he also ran like he didn't actually want the job. Plus, his opponent was Franklin Delano Roosevelt who was as close to a born politician as the United States has ever seen, except for Kid President. The phrase "New Deal" came from FDR's campaign and when he was running, FDR suggested that it was the government's responsibility to guarantee every man a right to make a comfortable living. But he didn't say how he meant to accomplish this.

Like it wasn't going to come from government spending since FDR was calling for a balanced budget and criticizing Hoover for spending so much. Maybe it would somehow magically happen if we made alcohol legal again? And one thing FDR did call for was an end to Prohibition, which was a campaign promise he kept. After three years of the Great Depression, many Americans seriously needed a drink and the government sought tax revenue, so no more Prohibition. FDR won 57% of the vote and the Democrats took control of Congress for the first time in a decade. While FDR gets most of the credit, he didn't actually create the New Deal or put it into effect. It was passed by Congress.

So WTF...DR was the New Deal? Basically, it was a set of government programs intended to fix the Depression and prevent future depressions. There are a couple of ways historians conceptualize it. One is to categorize the programs by their function. This is where we see the New Deal described as three 'Rs': the relief programs gave help, usually money, to poor people in need; recovery programs were intended to fix the economy in the short-run and put people back to work; and lastly, the Run-D.M.C. program was designed to increase the sales of Adidas shoes. No, alas, it was reform programs that were designed to regulate the economy in the future to prevent future depressions.

But some of the programs, like social security, don't fit easily into one category and there are some blurred lines between recovery and reform. Like, how do you categorize the bank holiday and the Emergency Banking Act of March 1933, for example? FDR's order to close the banks temporarily also created the FDIC, which ensures individual deposits against future banking disasters. By the way, we still have all that stuff but was it recovery because it helped the short-term economy by making more stable banks? Or was it reform because federal deposit insurance prevents bank runs?

A second way to think about the New Deal is to divide it into phases, which historians, with their A Number 1 naming creativity, call the First and Second New Deals. This more chronological approach indicates that there has to be some kind of cause and effect thing going on because, otherwise, why would there be a second New Deal if the first one worked so perfectly? The first New Deal comprises Roosevelt's programs before 1935, many of which were passed in the first hundred days of his presidency. It turns out that when it comes to getting our notoriously gridlocked Congress to pass legislation, nothing motivates like crisis and fear. Stan, can I get the foreshadowing filter? We may see this again.

So in a brief break from its trademark obstructionism, Congress passed laws establishing the Civilian Conservation Corps, which paid young people to build national parks; the Agricultural Adjustment Act, the Glass-Steagall Act, which barred commercial banks from buying and selling stocks; and, the National Industrial Recovery Act, which established the National Recovery Administration, which has lightning bolts in its claws! The NRA was designed to be government planners and business leaders working together to coordinate industry standards for production, prices and working conditions. But that whole public/private cooperation ideas wasn't much immediate help to many of the starving unemployed. So the hundred days reluctantly included the Federal Emergency Relief Administration to give welfare payments to people who were desperate. Alright, let's go to the Thought Bubble.

=====Thought Bubble=====

Roosevelt worried about people becoming dependent on relief handouts and preferred programs that created temporary jobs. One section of the NIRA created the Public Works Administration, which appropriated 33 billion dollars to build stuff like the Triborough Bridge (so much for a balanced budget). The Civil Works Administration launched in November 1933 and eventually employed 4 million people building bridges, schools and airports.

Government intervention reached its highest point, however, in the Tennessee Valley Authority. This program built a series of dams in the Tennessee River Valley to control floods, prevent deforestation and provide cheap electric power to people in rural counties in seven southern states. But despite all that sweet, sweet electricity, the TVA was really controversial because it put the government in direct competition with private companies.

Other than the NIRA, few acts were as contentious as the Agricultural Adjustment Act. The AAA basically gave the government the power to try to raise farm prices by setting production quotas and paying farmers to plant less food. This seemed ridiculous to the hungry Americans who watched as 6 million pigs were slaughtered and not made into bacon.

Wait, Stan, 6 million pigs? But bacon is good for me! Only property-owning farmers actually saw the benefits of the AAA so most African-American farmers who were tenants or sharecroppers

continued to suffer. And the suffering was especially acute in Oklahoma, Texas, Kansas and Colorado where drought created the Dust Bowl.

All this direct government intervention in the economy was too much for the Supreme Court. In 1936, the court struck down the AAA in the U.S. v. Butler. Earlier, in the Schechter Poultry case, aka. the "sick chicken" case (finally a Supreme Court case with an interesting name); the court invalidated the NIRA because its regulations quote; "delegated legislative powers to the president and attempted to regulate local businesses that did not engage in interstate commerce." Thanks Thought Bubble.

So with the Supreme Court invalidating acts left and right, it looked like the New Deal was about to unravel. FDR responded by proposing a law that would allow him to appoint new Supreme Court justices if sitting justices reached the age of 70 and failed to retire. Now this was totally constitutional, you can go ahead and look at the Constitution if Nicolas Cage hasn't already swiped it, but it seemed like such a blatant power grab that Roosevelt's plan to "pack the court" brought on a huge backlash.

Stop everything; I've just been informed that Nicolas Cage stole the Declaration of Independence not the Constitution. I want to apologies to Nick Cage himself and also everyone involved in the National Treasure franchise, which is truly a national treasure.

Anyway, in the end the Supreme Court began upholding the New Deal laws, starting a new era of Supreme Court jurisprudence in which the government regulation of the economy was allowed under a very broad reading of the Commerce Clause. Because, really, isn't all commerce interstate commerce? I mean, if I go to Jimmy John's, don't I exit the state of hungry and enter the state of satisfied?

Thus began the second New Deal, shifting focus away from recovery and toward economic security. Two laws stand out for their far-reaching effects here. The National Labor Relations Act also called the Wagner Act, and the Social Security Act. The Wagner Act guaranteed workers the right to unionize and it created the National Labor Relations Board to hear disputes over unfair labor practices. In 1934 alone, there were more than 2,000 strikes, including one that involved 400,000 textile workers.

Oh, it's time for the Mystery Document? Man, I wish there were a union preventing me from getting electrocuted. The rules here are simple: I guess the author of the Mystery Document and I'm usually wrong and get shocked.

"Refusing to allow people to be paid less than a living wage preserves to us our own market, there is absolutely use in producing anything if you gradually reduce the number of people able to buy even the cheapest products. The only way to preserve our markets is an adequate wage."

Ugh.... I mean, you usually don't make it this easy but I'm gonna guess that it's Franklin Delano Roosevelt? *Buzzer* DANG IT!! Eleanor Roosevelt, Eleanor of course it was Eleanor. GAH!

The most important union during the 1930s was the Congress of Industrial Organizations, which set out to unionize entire industries like steal manufactures and automobile workers. In 1936 the United Autoworkers launched a new tactic called the sit down strike. Workers at the Fisher Body Plant in Flint Michigan simply stopped working, sat down, and occupied the plant.

Eventually GM agreed to negotiate and the UAW won. Union membership rose to 9 million people as quote "CIO unions helped to stabilize a chaotic employment situation and offered members a sense of dignity and freedom." That quote, by the way, is from our old buddy Eric Foner. I love you Foner.

And unions played an important role in shaping the ideology of the second New Deal because they insisted that the economic downturn had been caused by under consumption and that the best way to combat the depression was to raise workers' wages, so that they could buy lots of stuff.

The thinking went that if people experienced less economic insecurity they would spend more of their money; so there were wide spread calls for public housing and universal health insurance. And that brings us to the crowning achievement of the 2nd new deal, and/or the crowning achievement of its communist plot, the social security act of 1935.

Social security included unemployment insurance, aid to the disabled, aid to poor families with children, and of course retirement benefits. It was, and is, funded through payroll taxes rather than general revenue, and while state and local governments retained a lot of discretion over how benefits would be distributed, Social security still represented a transformation in the relationship between the federal government and American citizens.

Like before the new deal most Americans didn't expect the government to help them in times of economic distress. After the new deal the question was no longer IF the government should but HOW it should. For a while the US government under FDR embraced Keynesian economics, the idea that the government should spend money even if it means going into deficits in order to prop up demand, and this meant that the state was much more present in people's lives.I mean for some people that meant relief or social security checks; for others it meant a job with the most successful government employment program, the Works Progress Administration.

The WPA didn't just build post offices, it paid painters to make them beautiful with murals, it paid actors and writers to put together plays, and ultimately employed more than 3 million Americans until it ended in 1943. It also by the way, paid for lots of photographers to take amazing photographs, which we can show you for free because they are owned by the government; so I'm just going to keep talking about how great they are. Oh look at that one, that's a winner.

Okay, equally transformative, if less visually stimulating, was the change that the new deal brought to American politics. The popularity of FDR and his programs brought together urban progressives, who would have been republicans two decades earlier, with unionized workers, often immigrants, left wing intellectuals, urban Catholics, and Jews.

FDR also gained the support of middle class home owners and he brought African Americans into the Democratic Party. Who was left to be a republican Stan? I guess there weren't many, which is why FDR kept getting reelected, until, you know, he died. But fascinatingly one of the biggest and politically most important blocks in the new deal collation was white southerners, many of whom were extremely racist.

Democrats had dominated in the south since the end of reconstruction, you know, since the other party was the party of Lincoln. And although Southern Democrats who'd been in congress for so long became important legislative leaders. In fact, without them FDR never could have passed the New Deal laws. But southerners expected whites to dominate the government and the economy, and they insisted on the local administration of many New Deal programs. And that insured that the AAA and NLRA would exclude sharecroppers and tenant farmers and domestic

servants, all of whom were disproportionately African American.

So did the New Deal end the depression? No, I mean by 1940 over 15% of the American workforce remained unemployed. But then again, when FDR took office in 1933 the unemployment rate was at 25%. Maybe the best evidence that government spending was working is that when FDR reduced subsidies to farms and the WPA in 1937, unemployment immediately jumped back up to almost 20%. And many economic historians believe that it's inaccurate to say that government spending failed to end the depression because in the end, at least according to a lot of economists, what brought the depression to an end was a massive government spending program called World War II.

So given that is the New Deal really that important? Yes, because first it changed the shape of the American Democratic Party, African Americans and union workers became reliable democratic votes. And secondly it changed our way of thinking, like liberalism in the 19th century meant limited government and free market economics, Roosevelt used the term to refer to a large active state that saw liberty as quote "greater security for the average man." And that idea that liberty is more closely linked to security, than it is to, like, freedom from government intervention, is still really important in the way we think about liberty today. No matter where they fall on the contemporary political spectrum, politicians are constantly talking about keeping Americans safe.

Also our tendency to associate the New Deal with FDR himself points to what Arthur Schlesinger the imperial presidency. That is, we tend to associate all government policy with the presidency. Like, after Jackson and Lincoln's presidencies Congress reasserted itself as the most important branch of the government. But that didn't happen after FDR, but above all that, the New Deal changed the expectations that Americans had of their government. Now when things go sour, we expect the government to do something. We'll give our last words today to Eric Foner, who never Foner-s it in. The New Deal quote "made the government an institution directly experienced in Americans' daily lives and directly concerned with their welfare." Thanks for watching, I'll see you next week.

=====ending=====

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Boop!