**Great Depression and New Deal STAAR Review**

Roosevelt explained these New Deals in terms of the three R’s – Relief, Recovery, and Reform. The new government programs created by the New Deal is commonly referred to as the “Alphabet Soup”

**FDR’s New Deal**

* **Relief**
* Increased the number of new Government Relief Programs
* With thousands of banks closing, FDR made an attempt to stabilize the banks by immediately declaring a **Bank Holiday**, closing all of the nation’s banks.
  + Each bank was permitted to reopen only after the government inspectors found the bank to be financially sound
* **Federal Emergency Relief Act** – Funded state & local governments to provide emergency relief, and enabled millions of people to be hired on “make-work” projects.
* **Civilian Conservation Corps** (CCC)– Gave jobs to young men, such as planting trees and cleaning up forests. Members of the CCC lived in camps and received free food. Most of their pay was sent to their parents.
* **Public Works Administration** (PWA)– created federal jobs by building public projects, such as schools, roads, courts, post offices, and brides
* **Works Progress Administration** (WPA) – Created jobs by hiring artists, writers, and musicians to paint murals, produce plays, and create other artworks.
* **Recovery**
  + - Roosevelt realized that the key to recovery was to stimulate demand. His recovery measures were designed to restore the economy by increasing incentives to produce by rebuilding people’s purchasing power
    - **Priming the Pump** – FDR believed in pouring money into the economy to get it working again. By putting government money into consumer’s hands, they would spend more, increasing the demand for products. This would lead to more workers being hired, further increasing purchasing power and consumer demand.
    - **National Recovery Administration** (NRA)– Asked businesses to voluntarily follow codes which set standard prices, production limits, and minimum wages. In 1935, the Supreme Court found the NRA unconstitutional because the federal government had no power to interfere with business activities conducted within a state.
    - **Agricultural Adjustment Acts** (AAA) – In the first “AAA,” the government paid farmer to plant less in the hope of increasing cop prices. In 1936, the Supreme Court declared AAA unconstitutional as an example of federal government overreach and violated the 10th Amendment. The second AAA in 1938 succeeded in raising farm prices. Under this act, the government bought farm surpluses and stored them in warehouses until prices went up.
    - **Federal Housing Administration** (FHA) – Provided low income loans from the federal government so people could afford to purchase homes.
* **Reform**
* Reform measures were aimed at remedying defects in the structure of the American economy in order to prevent another severe Depression.
* **Federal Deposit Insurance Corporation** (FDIC) – insured bank deposits so that people would not lose their savings in the event of a bank failure.
  + This reform program still protects consumer’s savings today.
* **Tennessee Valley Authority** (TVA) – Built 21 government-owned dams along the Tennessee River, controlling floods to produce electricity.
* **National Labor Relations Act** – Often called the Wagner Act, gave workers the right to form unions, to bargain collective, and to submit grievances to ta National Labor Relations Board.
* **Securities and Exchange Commission** (SEC) – Created to watch over the stock market, prevent fraud and guard against another stock market collapse
* **Social Security Act** (SSA) - Probably the MOST important measure of the New Deal. It provided workers with unemployment insurances, old age pensions, and insurance if they died early. Workers and their employers each paid new contributions to fund these benefits.
  + Still continues to affect the lives of U.S. citizens today by providing retirement income.

**Effects of New Deal**

* Under Roosevelt’s New Deal, the power of the federal government increased dramatically. The federal government moved beyond the regulatory role it had under the Progressives.
* The Responsibility of government became more than just preventing dishonesty and maintaining safety. Government now had a positive responsibility to make sure the national economy ran smoothly and efficiently.
* Agencies and agency regulations made it possible for the government to closely control its citizen’s private actions. Taxes rose dramatically to fund these new government programs.
* The New Deal greatly expanded the government’s role in areas of social and economic life it had formerly not been involved with.

**Court Packing**

* Roosevelt feared that the Supreme Court would declare the New Deal unconstitutional. He believed that the Justices – most of whom were over 70 years old – were out of touch with the needs of the nation.
* In 1973, FDR proposed a plan to allow the President to add a new appointment to the Supreme Court for each Justice over 70½ years old.
* If adopted, the plan would have given Roosevelt the right to appoint six Justices, giving him control over the court.
  + This court-packing scheme was widely viewed as an attempt to weaken the separation of powers.
    - Would give the executive branch too much power.
* Despite Roosevelt’s popularity, his court-packing scheme was condemned by the public and rejected by Congress.