Influence of the New Deal
Aid to Elderly

- **Social Security Act**: Possibly most important piece of social welfare law in American history.
- Act required the fed gov’t to provide financial support for most retired workers over the age of 65.
- Needed pool of money for the benefits- 2% tax on wages. The worker paid half, employer other half
- Social Security payments went in to effect in 1940.
- Before, state gov’t giving elderly poor aid. (Average $16 per month)
- After 1940, federal Social Security payments ranged from $10 to $85 per month.
- Act eventually provided aid to:
  - disabled,
  - the unemployed
  - mothers and their dependent children.
- In 2006, 15% of the worker’s earnings. Maximum monthly payment to retirees was just over $2,000.
MORE SECURITY FOR
THE AMERICAN FAMILY

MORE SECURITY FOR
THE AMERICAN FAMILY

WHEN AN INSURED WORKER DIES,
LEAVING DEPENDENT CHILDREN
AND A WIDOW, BOTH MOTHER
AND CHILDREN RECEIVE MONTHLY
BENEFITS UNTIL THE LATTER
REACH 18.

THE SOCIAL SECURITY ACT AS AMENDED
OFFERS GREATER OLD-AGE INSURANCE
PROTECTION TO PEOPLE NOW NEARING
RETIREMENT AGE.

FOR INFORMATION WRITE OR CALL AT THE NEAREST FIELD OFFICE OF THE
SOCIAL SECURITY BOARD

THE WIDOW OF A QUALIFIED
WORKER WILL RECEIVE MONTHLY
BENEFITS AT AGE 65. IN CERTAIN
CASES, AN AGED DEPENDENT
PARENT MAY GET BENEFITS...

FOR INFORMATION WRITE OR CALL AT THE NEAREST FIELD OFFICE OF THE
SOCIAL SECURITY BOARD
Aid to Farmers

- The **Agricultural Adjustment Act** (AAA) asked farmers to only plant as much as the country could purchase and consume.
- Gov’t subsidized—farmers to plant fewer crops and destroy a portion of their crops and livestock.
- At peak, clerks gave 80,000 subsidy checks per day.
- By 1936, the government had distributed $1.5 billion in aid to farmers.
- Gov’t moved thousands of farming families to more fertile farmland and irrigated millions of acres of dry land.
- Planted more than 127 million trees in order to block dust storms.
- As well, the government loaned hundreds of millions of dollars to farmers to help them repay their mortgages and bank loans.
Aid to Farmers

How Program Has Affected Contemporary Society:

- By the mid 1990s, Congress had passed legislation to eventually eliminate federal support of farmers.

- However, early 2000s, the fed gov’t continued to pay generous subsidies to American farmers.
Direct Relief

- Immediate relief to Americans in desperate need of food, shelter, and money

- Congress established the **Federal Emergency Relief Administration (FERA)**, provided $500m in fed grants to state and local relief agencies.

- States used money for:
  - soup kitchens and food-distribution
  - housing camps for homeless jobseekers.
  - Gave families small cash payments for monthly living expenses.

- Gov’t converted farmers’ extra crops and livestock into food for the needy.

- The gov’t intended direct relief to be “local, minimal, and temporary.”

- Eventually favored other forms of relief such as work relief—or government-created jobs.
How Program Has Affected Contemporary Society:

In the early 2000s, the government continued to provide direct relief to needy American families through federal and state welfare programs. Public assistance programs included monthly payments to poverty-stricken families, low-cost or free health care, and food stamps.
Insured Bank Deposits

- **Federal Deposit Insurance Corporation (FDIC)** protects bank depositors’ money if their banks failed.

- Mission: “to maintain stability and public confidence in the nation’s banking system.”

- FDIC guaranteed that people who made deposits in federally approved banks would not lose all their money if bank closed.

- Initially, the FDIC insured up to $2,500

- To obtain insurance, bank had to prove to the FDIC that it was economically stable and able to meet all its financial obligations.
Insured Bank Deposits

How Program Has Affected Contemporary Society:

In the early 2000s, the FDIC continued to operate, insuring depositors’ money up to $100,000. It held more than $49 billion in reserve funds and was authorized to borrow up to $30 billion from the U.S. Treasury if necessary. However, since its foundation in the 1930s, the FDIC has never had to borrow money from the government. In addition, it has successfully reimbursed all insured depositors whose banks have failed.
Investment in Youth

- **National Youth Administration** (NYA). This agency oversaw work programs and educational grants for men and women ages 16 to 25.
- 1/7 youths lived in poverty and received relief payments.
- 4 million young people unemployed
- The NYA aimed to provide financial and work assistance to unemployed youth and to help high school and college students continue their education.
- The NYA paid young men and women $6 to $25 per month to perform a variety of jobs.
- The NYA also provided work-study assistance, which offered students financial aid and part-time jobs. It helped 2 million students pay for college or stay in high school.
- Other NYA programs trained young people to work in a trade, such as construction or farming.
Investment in Youth

How Program Has Affected Contemporary Society:

In the early 2000s, the government continued to support a variety of programs dedicated to providing youth with a solid future.

Example: financial aid programs provided college students with educational grants and work-study opportunities.
Job Programs

- To provide economic relief to the United States’ approximately 13 million unemployed workers, the New Deal established various job programs. These included:
  - **Civilian Conservation Corps** (CCC),
  - **Civil Works Administration** (CWA),
  - **Works Progress Administration** (WPA).

- Over their lifetimes, these programs employed about 15 million people—primarily white men.
- Spent nearly $14 billion in fed funds. (construction)
- WPA workers alone built or renovated more than 125,000 public; 650,000 miles of roads; 75,000 bridges; 8,000 parks; and 800 airports.
- Jobs programs also employed thousands of childcare workers, doctors, nurses, and teachers for public assistance projects.
Job Programs

- Government-created jobs programs existed in some form until the 1970s.

- In the 1980s and 1990s, conservative politicians pushed to reduce government sponsored relief. In so doing, they eliminated most of the jobs programs.

- By the early 2000s, small, state regulated “workfare” programs had replaced the old federal jobs programs. In the workfare programs, welfare recipients worked at low-paying, low-skill jobs in return for benefits.
Promotion of Workers’ Rights

- The first national labor policy in U.S. history. The New Deal’s National Labor Relations Act (also known as the Wagner Act) injected new life into the U.S. labor movement.

- Act declared workers had right to organize labor unions and elect union representatives.

- Gave workers the right to bargain with employers.

- Act established a fed labor board to enforce labor laws.

- Result: labor unions increased in size during 1930s. By 1950s, 1/3 of labor force had joined a union.

- At the height of labor unrest in 1937, workers held more than 4,700 strikes.
Worker’s Rights

- A federal labor board continued to operate in the early 2000s.
- The board enforced labor laws and also investigated and prosecuted employers and unions as needed.
- In addition, it served in a judicial capacity, deciding cases related to unfair labor practices.
- Unions still had collective bargaining power, but national membership in them had declined to just over 12 percent of the labor force.
Public Housing

- **Public Works Administration** (PWA), workers demolished slums and built low-rent housing in their place.

- In the PWA’s first few years, its workers completed 51 housing projects containing almost 21,700 dwellings in 37 communities. Big improvement over tenement housing.

- Example, the Williamsburg Housing Project in Brooklyn, New York, contained 20 buildings, small courtyards, and community rooms painted with colorful murals.

- As well, New Deal programs helped renovate and build farm housing and constructed camps for migrant workers and other homeless jobseekers.
Public Housing

- A federal agency devoted to community and housing development still existed in the early 2000s.
- Department of Housing and Urban Development funds low-income housing projects
Public Works

- The Public Works Administration (PWA) aimed to provide jobs to unemployed Americans, encourage industrial growth, and improve the landscape all by building impressive public monuments.

- The PWA ran its own construction projects and also provided loans and building grants to state governments and private corporations.

- In the lifetime of the PWA, the agency spent about $4 billion on hundreds of thousands of building projects.

- By 1940, the PWA had coordinated the construction of:
  - 70 percent of the nation's schools
  - 65 percent of its city halls and courtroom buildings
  - 65 percent of its sewage systems
  - 35 percent of its public health facilities, such as hospitals
  - 10 percent of its transportation structures, such as bridges, roads, and subways.

- Beginning in 1939, the government dissolved the PWA. The agency has never been revived. However, in the early 2000s, the federal government continued to provide funding for a range of public works projects, including the construction of highways, dams, bridges, and public housing.
Regulated Stock Market

- **Securities and Exchange Commission (SEC)** to enforce the laws. The SEC’s main goals were to police the stock market and to scrutinize all companies and their stocks.

- For example, the SEC required all stock-issuing companies to register with the U.S. government and disclose, or reveal, the state of certain information. This included the company’s finances, the identities of its controlling investors, and all of its assets—such as cash and property.

- In addition, the SEC required companies to submit regular financial reports and fully disclose all stock transactions.

- It also set limits on how much credit banks could extend for the purchase of stocks. This in turn limited the amount of borrowed money invested in the stock market.

- Finally, the SEC investigated wrongdoing in the stock market, including both fraud and theft.

- Function of SEC has remained almost unchanged since the New Deal.
Rural Electrification

- Through the **Tennessee Valley Authority (TVA)**, the New Deal radically transformed the lives of southern rural families. The TVA implemented a far-reaching plan to bring electrical power and economic recovery to impoverished farmers.
  - New waterways to prevent flooding
  - planted trees
  - developed the use of fertilizer to stimulate crop growth.
  - preserved valuable natural resources, such as timber and soil
  - taught farmers better planting methods.

- The TVA’s most important contribution to rural life was its creation of cheap, water-generated electrical power. Before the TVA existed, 90% of American farmers had no electrical power.

- Using local labor, the TVA built dams, power lines, and power plants to bring electricity to hundreds of thousands of rural southern homes. In other parts of the country, New Deal workers built similar power facilities, such as the massive Hoover Dam on the Arizona-Nevada border. Government-sponsored rural electrification brought comfort and economic growth to rural regions across the country. It also forced private utilities companies to lower their rates in order to compete with the government’s cheap public power.
In the early 2000s, the TVA continued to operate much as it had during the New Deal. It remained one of the nation’s largest and cheapest suppliers of electrical power.

Dams constructed during the New Deal also continued to supply power and water to regions—such as desert communities in Arizona, Nevada, and southern California—that would be sparsely populated without these necessities.
Support for the Arts

- The New Deal established the **Federal Art Project**, using $27 million to fund projects in fine art, music, literature, and theater.

- Many of these art projects celebrated American life or praised aspects of the New Deal.

- The federal government did occasionally censor, or ban, politically or socially controversial material. However, allowed N.D. artists large amount of creative freedom.

How Program Has Affected Contemporary Society:

- In the early 2000s, the fed gov’t continued to support the arts through the **National Endowment for the Arts** (NEA). The NEA provided grants, to a variety of artists. Also funded museums, theaters, student art programs, to preserve American art.
Unemployment Rate During the New Deal

Percentage of Jobless Nonfarm Workers, 1926–1947