

---

# CHAPTER 26

## THE NEW DEAL: 1933-1941

The American Nation:  
A History of the United States, 13th edition  
Carnes/Garraty

# THE HUNDRED DAYS

---

- Financial panic prior to Franklin Roosevelt's inauguration led states to declare "bank holidays"
  - Four-fifths of states suspended all banking operations
  - Conditions so bad even conservatives felt need for government involvement
- February 1933: Congress submitted 21<sup>st</sup> Amendment ending Prohibition
  - Ratified by end of year
- FDR's inaugural address captured the heart of the country
- March 9, 1933: FDR summoned special session of Congress, which proceeded to pass his agenda

# THE HUNDRED DAYS

---

- **ECONOMY ACT:** reduced the salaries of federal employees by 15 percent and cut various veterans' benefits
- **March 5:** Roosevelt declared a nationwide bank holiday and placed an embargo on the exportation of gold
  - Delivered fireside chat
  - Created plan for reopening banks under Treasury Department licenses
  - Confidence was restored and banks remained private entities

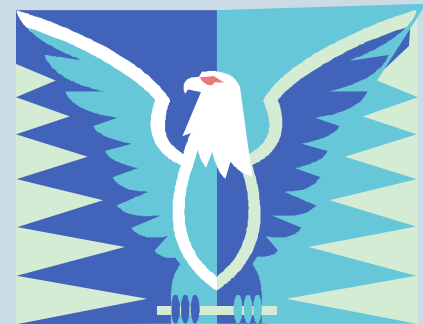
# THE HUNDRED DAYS

---

- April: took the country off the gold standard
  - Hoped prices would rise
- Congress established the Federal Deposit Insurance Corporation (FDIC) to guarantee bank deposits
- Forced the separation of investment banking and commercial banking concerns while extending Federal Reserve power over both
- Created the Home Owners Loan Corporation (HOLC) to refinance mortgages and prevent foreclosures
- Passed the Federal Securities Act requiring promoters to make public full financial information about new stock issues and giving the Federal Trade Commission the right to regulate such transactions

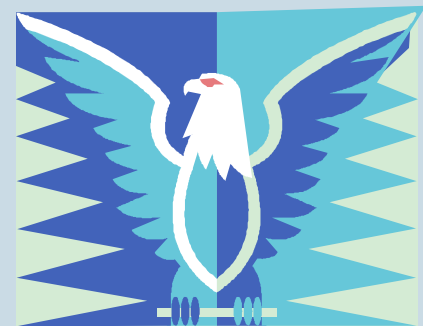
# THE NATIONAL RECOVERY ADMINISTRATION (NRA)

- Congress appropriated \$500 million for relief of the needy
- Created the Civilian Conservation Corps (CCC) to provide jobs for men 18 to 25 in reforestation and other conservation projects
- NATIONAL INDUSTRIAL RECOVERY ACT (NIRA)
  - Established Public Works Administration with authority to spend \$3.3 billion
  - Permitted manufacturers to draw up industry wide codes of “fair business practices”
    - Producers could agree to raise prices and limit production
    - Gave workers protection of minimum wage and maximum hours regulation and guaranteed them the right to “organize and bargain collectively”



# THE NATIONAL RECOVERY ADMINISTRATION (NRA)

- NIRA variant on idea of corporate state
  - Industrywide organizations of capitalists and workers (supervised by the government) that would resolve conflicts internally
  - Avoid wasteful economic competition and dangerous social clashes
  - Outgrowth of the trade association idea
- Act created National Recovery Administration (NRA) to supervise the drafting and operation of the business codes
- In nearly every case, the dominant producers in each industry used their power to raise prices and limit production rather than to hire more workers and increase output



# THE NATIONAL RECOVERY ADMINISTRATION (NRA)

---

- Beginning with the cotton textile code, agreements did away with child labor
- Also established principle of federal regulation of wages and hours and led to the organization of thousands of workers
  - United Mine Workers expanded from 150,000 members to half a million
  - About 100,000 auto and steel workers joined unions
- 1935: John L. Lewis and members of garment trades formed Committee for Industrial Organization (CIO) to organize on industry level
  - AFL expelled them in 1938
  - Changed name to Congress of Industrial Organization



# THE AGRICULTURAL ADJUSTMENT ADMINISTRATION (AAA)

---

- Roosevelt believed the nation was overcommitted to industry
- May 1933: AGRICULTURAL ADJUSTMENT ACT combined compulsory restriction on production with government subsidies to growers of wheat, cotton, tobacco, pork, and a few other staple crops
  - Money for payments was raised by levying processing taxes on middlemen such as flour millers
  - Object was to lift agricultural prices to “parity” with industrial prices based on a ratio from 1909-1914
  - In return for withdrawing part of land from cultivation, farmers received “rental” payments from the AGRICULTURAL ADJUSTMENT ADMINISTRATION



# THE AGRICULTURAL ADJUSTMENT ADMINISTRATION (AAA)

---

- 1933: crops were growing when the AAA was passed, so decided to pay farmers to destroy crops in the field
  - Cotton planters plowed up 10 million acres and received \$100 million
  - 6 million baby pigs and 200,000 pregnant sows were slaughtered
- Afterwards, acreage limitation proved sufficient to raise agricultural prices
  - While some benefited, dairy farmers and cattlemen were hurt
  - So were railroads and consumers

# THE AGRICULTURAL ADJUSTMENT ADMINISTRATION (AAA)

---

- Biggest negative effect was on tenant farmers and sharecroppers
  - Lost livelihood when landowners took land out of production to obtain AAA payments
  - Additionally, many landowners substituted machinery for labor
    - In cotton belt, farmers purchased more than 100,000 tractors during 1930s
    - Each tractor could do the work of several tenant or sharecropping families
  - Acreage and mortgage relief helped thousands of others

# THE DUST BOWL

---

- Protracted drought compounded plight of farmers, especially in Midwest where had perfected dryland techniques
- During the winter of 1933-1934, bitter cold killed off the winter wheat and heavy storms pulverized the soil
  - By March 1934, driving winds whipped across the Great Plains
  - April storms spread dust through Nebraska and Kansas

# THE DUST BOWL

---

- Summer of 1934 was dry, especially in the Dakotas and western Kansas
  - Strong winds scooped up the dry dirt and blew it in heavy clouds throughout the Plains
  - Dust, forced into people's lungs, caused "dust pneumonia"
- Winds devastate wheat and corn
  - Over 30 percent of the crops in much of North Dakota, South Dakota, Kansas, Nebraska and Oklahoma panhandle failed
  - Two years later, another drought resulted in similar conditions and tens of thousands abandoned their farms

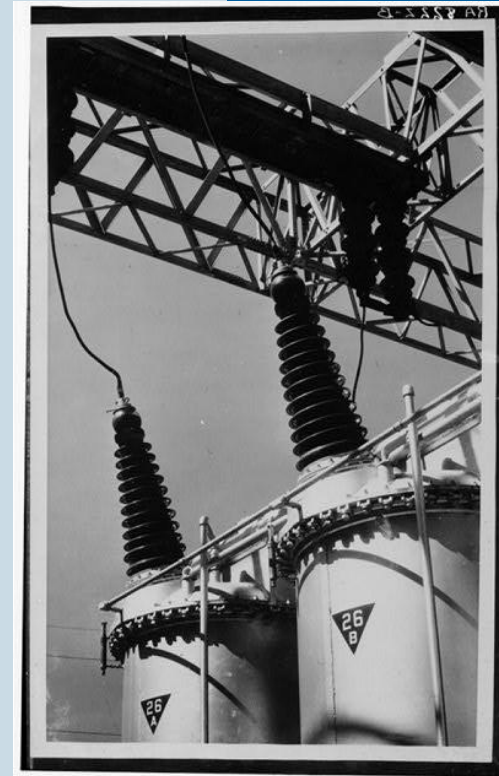
# THE TENNESSEE VALLEY AUTHORITY (TVA)

---

- Roosevelt wanted to make Tennessee Valley area a broad experiment in social planning
  - Expand hydroelectric plant at Muscle Shoals, Alabama, that had been built during WWI
  - Develop nitrate manufacturing in order to produce cheap fertilizers
  - Create coordinated program of soil conservation, reforestation, and industrialization
- Congress passed the TVA Act in May 1933
  - Created a board authorized to build dams, power plants, and transmission lines and to sell fertilizers and electricity to individuals and local communities
  - Could undertake flood control, soil conservation and reforestation projects and improve the navigation of the river

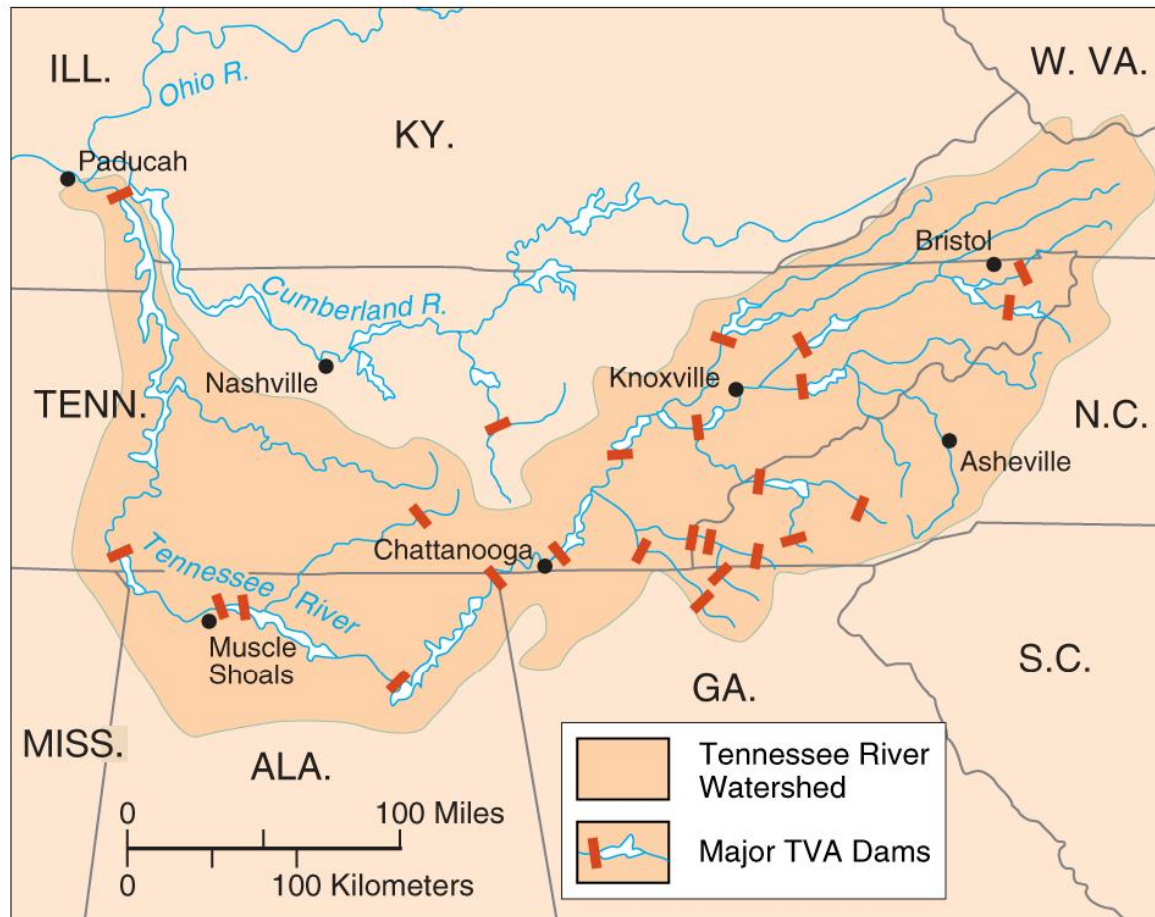
# THE TENNESSEE VALLEY AUTHORITY (TVA)

- Did not become the comprehensive regional planning organization envisioned but did improve standard of living for millions
  - Produced electricity and fertilizers
  - Provided a “yardstick” whereby the efficiency—and thus the rates—of private power companies could be tested
  - Took on other functions ranging from the eradication of malaria to the development of recreational facilities



TVA POWER STATION 1935?

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USF344-000822-ZB DLC]



### ★ The Tennessee Valley Authority

Although the Tennessee Valley Authority (TVA) never fully became the regional planning organization its sponsors had anticipated, the TVA nevertheless was able to expand the hydroelectric plants at Muscle Shoals, Alabama, and build dams, power plants, and transmission lines to service the surrounding area.

# THE NEW DEAL SPIRIT

---

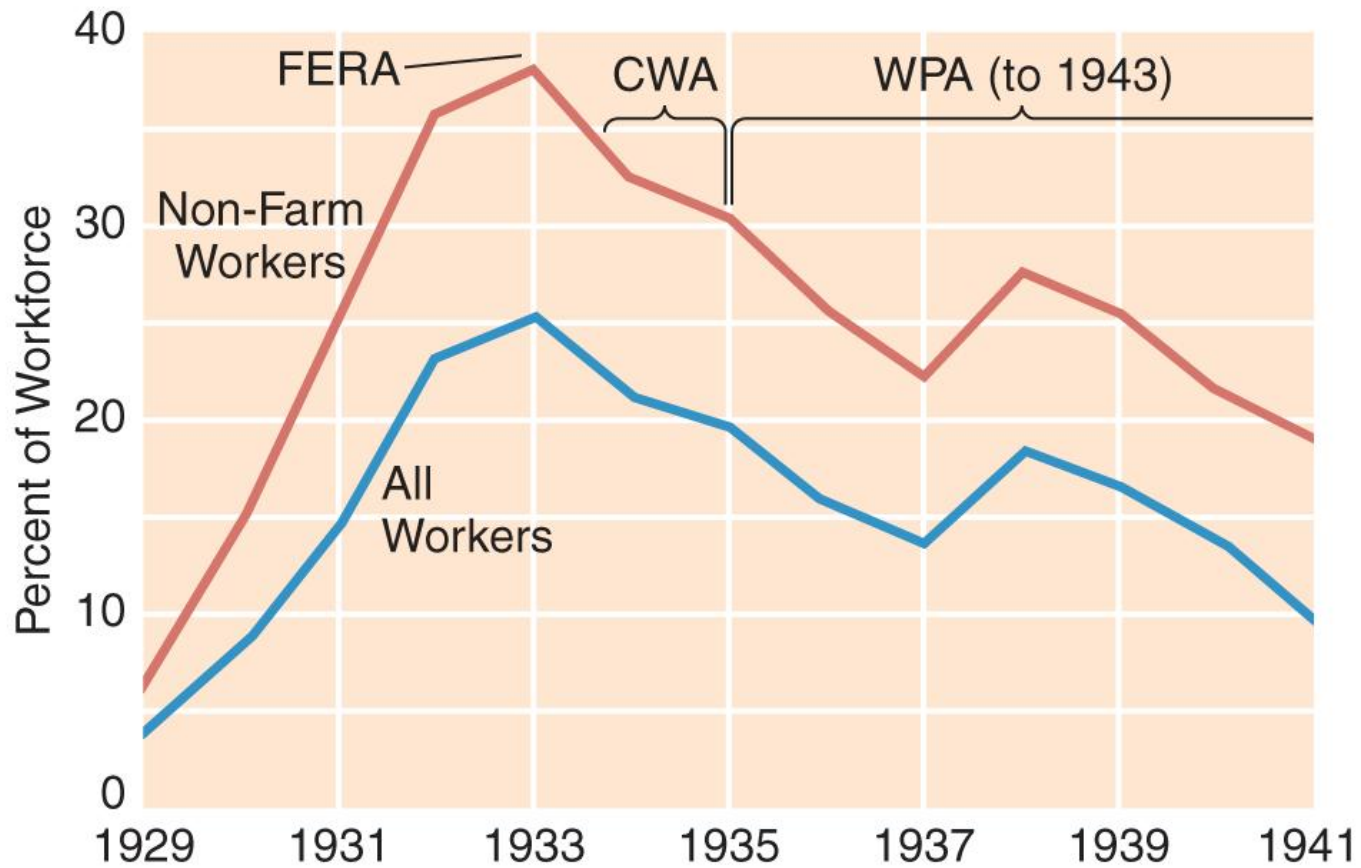
- By end of 100 days, public had made up mind about New Deal
  - Large majority saw as solid success
    - Considerable recovery
    - FDR had infused administration and spirit of bustle and optimism
- FDR added large numbers of college professors and young lawyers to New Deal agencies
- New Deal drew on several sources:
  - OLD POPULIST TRADITION: antipathy to bankers and willingness to adopt schemes for inflating the currency
  - NEW NATIONALISM OF THEODORE ROOSEVELT: dislike of competition and its de-emphasis of the antitrust laws
  - IDEAS OF PROGRESSIVE ERA SOCIAL WORKERS
  - WILSONIAN TECHNIQUES
- Rival bureaucrats battled each other with Roosevelt as mediator
- Unorganized majority was slighted



# THE UNEMPLOYED

---

- 1934: at least 9 million were still unemployed and hundreds of thousands in real need
- Democrats increased their control in both Houses of Congress largely due to FDR's unemployment policies
- May 1933: FEDERAL EMERGENCY RELIEF ADMINISTRATION (FERA) dispensed \$500 million through state relief organizations
  - Harry Hopkins in charge



### ★ Unemployment and Federal Action, 1929–1941

Unemployment of non-farm workers reached nearly 40 percent by early 1933. The Federal Emergency Relief Act (FERA) and Civil Works Administration (CWA) (both in 1933) and the Works Progress Administration (WPA) (1935) put millions back to work.

# THE UNEMPLOYED

---

- November 1933: CIVIL WORKS ADMINISTRATION (CWA), which put 4 million people to work building and repairing roads and public buildings, teaching, decorating the walls of post offices with murals, and utilizing their special skills in dozens of other ways
  - After \$1 billion spent in less than 5 months, FDR abolished
- Extensive public works program was continued under FERA

# THE UNEMPLOYED

---

- May 1935: Harry Hopkins put in charge of Works Progress Administration (WPA)
  - When disbanded in 1943 had found employment for 8.5 million people
  - Built public works
  - Made important cultural contributions
    - Federal Theatre Project
    - Federal Writers' Project
    - Federal Art Project
    - National Youth Administration
- At no time during the New Deal did unemployment drop below 10 percent of work force
  - Mainly because president unwilling to spend the kind of money required because worried about unbalancing budget too much

# LITERATURE DURING THE DEPRESSION

---

- Some American authors wrote “proletarian” novels in a Soviet style but the most successful were critical of U.S. without adopting Soviet party line
- John Dos Passos authored the *U.S.A.* trilogy (1930-1936)
  - Anti-capitalist and pessimistic look at U.S. society from 1900 to 1930
  - Utterly realistic and a monument to the despair and anger of liberals during the Depression
  - Abandoned radical views after Depression

# LITERATURE DURING THE DEPRESSION

- John Steinbeck's *Grapes of Wrath* (1939) best portrayed the plight of millions of impoverished
  - Joads leave Oklahoma Dust Bowl to become migrant laborers in California
  - Also portrayed lives of California cannery workers (*Tortilla Flat* 1935) and ranchers (*The Long Valley* 1938)
- William Faulkner published four major novels between 1929 and 1932: *The Sound and the Fury*, *As I Lay Dying*, *Sanctuary*, *Light in August*
  - Essentially a pessimist



FAMILY OF MIGRANT WORKERS living near Muskogee.  
Muskogee County, Oklahoma

Library of Congress, Prints & Photographs Division, FSA-OWI  
Collection [reproduction number LC-USF34-033463-D DLC (b&w  
film neg.)]

# THREE EXTREMISTS: Long, Coughlin, and Townsend

---

Louisiana Senator Huey Long, the “Kingfish”

- Did not question segregation or white supremacy but treated black-baiters with scathing contempt
- Reformer in populist tradition who hated bankers and “the interests”
- Believed poor people, regardless of color, should have a chance to earn a decent living
- By 1935, Long’s “Share Our Wealth” movement had a membership of over 4.6 million
  - Called for confiscation of family fortunes of over \$5 million
  - Tax of 100 percent on incomes over \$1 million a year with the money used to buy every family a house, car, and other necessities and provide an annual family income of \$2,000 to \$3,000, plus old-age pensions, educational benefits, and veterans’ pensions

# THREE EXTREMISTS: Long, Coughlin, and Townsend

---

- Father Charles Coughlin, the “Radio Priest,” was less powerful but more influential than Long
  - Turned against the New Deal and demanded currency inflation
  - Created National Union for Social Justice which attracted people of every faith, especially lower-middle class districts in big cities
  - Contributions of \$500,000 a year flooded his headquarters
  - Attacked bankers, New Deal planners, Roosevelt’s farm program, and the alleged sympathy of the administration for communists and Jews



# THREE EXTREMISTS: Long, Coughlin, and Townsend

---

- Dr. Francis E. Townsend launched a campaign for “old-age revolving pensions”
  - Advocated paying every person aged 60 years and over a pension of \$200 a month, the only conditions being that the pensioners not hold jobs and spend the entire sum in 30 days
  - Argued purchases would stimulate production
  - Program would be paid for by stiff transactions tax
  - Economists pointed out that plan would cost over \$24 billion a year
  - Townsend Clubs flourished everywhere and the *Townsend National Weekly* reached a circulation of over 200,000

# THREE EXTREMISTS: Long, Coughlin, and Townsend

- Success of extremists convinced Roosevelt he must move boldly to restore good times
  - Urged by Felix Frankfurter and Justice Brandeis to abandon pro-business programs and start restoring competition and taxing corporations more heavily
  - *Shecter v. United States* (1935) declared NRA to be unconstitutional



# THE SECOND NEW DEAL

---

- Launched in June 1935 with “Second Hundred Days”
- NATIONAL LABOR RELATIONS ACT (Wagner Act) restored labor guarantees by giving workers the right to bargain collectively and prohibiting employers from interfering with union organizing activities in their factories
  - Established NATIONAL LABOR RELATIONS BOARD (NLRB) to supervise plant elections and designate successful unions as official bargaining agents when a majority of workers approved

# THE SECOND NEW DEAL

---

## SOCIAL SECURITY ACT (August 1935)

- Set up a system of old-age insurance, financed partly by a tax on wages (paid by workers) and partly by a tax on payrolls (paid by employers)
- Created a state-federal system of unemployment insurance, similarly financed
- Did not cover agricultural workers, domestics, self-employed persons, and some other groups particularly in need of benefits
- Health insurance was not included
- Because size of pensions depended on amount earned, those most in need had the least income after 65
- Over the years, pension payments were increased and classes of workers expanded

# THE SECOND NEW DEAL

---

- **RURAL ELECTRIFICATION ADMINISTRATION (REA)**, created by executive order
  - Lent money at low interest rates to utility companies and to farmer cooperatives interested in bringing electricity to rural areas
  - When started only 1 farm in 10 had electricity, and by 1950 only 1 in 10 did not
- **WEALTH TAX ACT (August 1935)** raised taxes on large incomes considerably
  - Estate and gift taxes were also increased
  - Stiffer taxes on corporations were added

# THE ELECTION OF 1936

---

- Republicans ran Governor Alfred M. Landon of Kansas
  - Former follower of Theodore Roosevelt
  - Opponent of KKK in 1920s
  - Believer in government regulation of business
  - Colorless speaker
- Roosevelt carried every state but Maine and Vermont
  - Republicans elected only 89 member of the House of Representatives
  - Republicans in Senate fell to 16
  - Democratic candidates made large gains in state and local elections

# THE ELECTION OF 1936

---

- Roosevelt appealed to workers and the underprivileged
  - Labor unions supported
  - Black voters switched to the Democrats in record numbers
  - Farmers felt he supported their interests (as when he replaced the unconstitutional AAA with Soil Conservation and Domestic Allotment Act which achieved same results)
  - Elderly backed FDR due to Social Security
  - Homeowners appreciated program guaranteeing mortgages and for the Federal Housing Administration (1934), which made available low-cost, long-term loans for modernizing old buildings and constructing new ones

# ROOSEVELT TRIES TO UNDERMINE THE SUPREME COURT

---

- FDR interpreted victory as a mandate for further reforms
- Throughout first term, Supreme Court was immovable against increased scope of federal authority and broadening of general power of government
  - Only three justices viewed New Deal sympathetically
  - Four were completely reactionary
  - Two were more open-minded but tended to side with reactionaries
- Much of early New Deal legislation was drafted without regard to Constitution and was struck down
  - New legislation seemed doomed as well



# ROOSEVELT TRIES TO UNDERMINE THE SUPREME COURT

- Roosevelt asked Congress to increase the number of Supreme Court justices
  - Member of court who reached age 70 had option of retiring at full pay
  - If chose not to retire, president was to appoint an additional justice, up to 6
  - FDR believed Democrats and public would back him—he was very wrong



SUPREME COURT 1943

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-DIG-fsac-1a35455 DLC (color digital copy file from original transparency)]

# ROOSEVELT TRIES TO UNDERMINE THE SUPREME COURT

---

- Opposition
  - Even liberals were concerned over the precedent
  - Congressional opposition was immediate and intense
  - Press and local bar associations denounced the plan
- July 1937: FDR yielded

# ROOSEVELT TRIES TO UNDERMINE THE SUPREME COURT

---

- Justices Hughes and Roberts sided with liberals on several important issues and supported
  - Minimum wage law in state of Washington
  - Wagner Act
  - Social Security
- May: Justice Devanter retired and FDR replaced with him with New Dealer Hugo Black
- Conservative justices gave up the fight and soon FDR was able to appoint enough justices to give court a pro-New Deal majority
- President's prestige never recovered from attempt
  - November 1937: Special session of Congress failed to pass any of FDR's legislation

# THE NEW DEAL WINDS DOWN

- Court fight marked beginning of the end of New Deal
- New Deal had created a revolution in the lives of wage workers
  - Now had higher wages, shorter hours, paid vacations, insurance and unionization that enabled them to settle disputes and have a measure of job security
  - CIO worked to include blacks and other minorities



Detroit, Michigan. Ford workers carrying American flag and union banners in the Labor Day parade 1942

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USW3-008466-C DLC (b&w film neg.)]

# THE NEW DEAL WINDS DOWN

---

- 1937: “sit down” strikes
  - General Motors plant, Flint, Michigan, where workers barricaded themselves inside and held off police and strikebreakers
    - Most employers capitulated to workers’ demands
    - All auto manufacturers but Ford made a deal with UAW
- Major steel companies recognized the CIO and granted higher wages and a 40-hour week
- Auto and steel unions alone boasted more than 725,000 members by late 1937
  - Other units conquered the rubber industry, the electrical industry, the textile industry, and others
- Made middle class nervous and cooled ardor for reform

# THE NEW DEAL WINDS DOWN

---

- Since business had been improving, Roosevelt cut back sharply on relief programs in July 1937
  - Between August and October the economy slipped downward
    - Stock prices plummeted
    - Unemployment rose by 2 million
    - Industrial production slumped
  - Recession further damaged Roosevelt's reputation
- Rival theorists within administration warred
  - Keynesians (Harry Hopkins, Marriner Eccles, Harold Ickes) wanted steep government spending
  - Conservatives (Morgenthau) advocated retrenchment

# THE NEW DEAL WINDS DOWN

---

- FDR finally committed himself to heavy deficit spending in April 1938
  - Congress passed \$3.75 billion public works bill
- February 1938: new AAA set marketing quotas and acreage limitations for growers of staples
  - Authorized the Commodity Credit Corporation to lend money to farmers on their surplus crops
- FAIR LABOR STANDARDS ACT abolished child labor and established a national minimum wage of 40 cents an hour and a maximum work week of 40 hours, with time and a half for overtime
  - Provided increases for 750,000 workers

# THE NEW DEAL WINDS DOWN

---

- These measures further alienated conservatives without improving economic conditions
  - Resistance of many Democratic members of Congress to additional experiments hardened
  - FDR decided to go to voters in 1938 election to reenergize New Deal by seeking to eliminate a number of conservative Democratic senators
- Southern voters resented his interference in local politics and refused to go along with purge
- Republicans made important gains for the first time since Roosevelt had taken office and, though Democrats retained nominal control of both houses, conservatives had the ability to block new legislation



# SIGNIFICANCE OF THE NEW DEAL

---

- Unskilled laborers born between 1900 and 1910 who entered the labor force in 1930s had their careers stunted with far fewer rising to middle class status than any time since the 1830s and 1840s
- FDR's uncertainty about ultimate New Deal objectives was counterproductive
- FDR's tendency to create new agencies to deal with specific problems
  - Increased size of federal bureaucracy
  - Indirectly added to influence of lobbyists
  - Made it more difficult to monitor government activities
- His cavalier attitude toward constitutional limitations on executive power set bad precedent

# SIGNIFICANCE OF THE NEW DEAL

---

- By 1939 country was committed to the idea that the federal government should accept responsibility for the national welfare and act to meet specific problems in every necessary way
- Removed the issue of government expansion from politics
- Many formerly unregulated areas of American life became subject to federal authority
  - Stock exchange, agricultural prices and production, labor relations, old-age pensions, relief of the needy
- New Deal helped prevent later economic declines from being as severe
- Helped workers obtain a larger share of profits
- Put a floor under the income of farmers, thus preventing the continued decline of their standard of living
- Social security program lessened impact of bad times and provided psychological support

# WOMEN AS NEW DEALERS: The Network

- Because of Eleanor Roosevelt and Molly Dewson, head of the Women's Division of the Democratic National Committee, Roosevelt administration employed far more women in positions of importance than any earlier one
  - Secretary of Labor, Frances Perkins
- Eleanor Roosevelt was a major political force
  - Newspaper column "My Day"
  - Identified with efforts to obtain better treatment for blacks



Washington, D.C. Eleanor Roosevelt visiting George Washington Carver Hall, men's dormitory for Negroes

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USW3-028291-C

DLC (b&w film neg.) ]

# BLACKS DURING THE NEW DEAL

---

- By 1936, large numbers of African Americans had switched their allegiance to the Democratic party
- Yet because he claimed he could not antagonize Southern supporters, Roosevelt did little for civil rights before 1941 and relatively little thereafter
  - Many southern white liberals did not support civil rights for fear it would hurt other liberal causes

# BLACKS DURING THE NEW DEAL

---

- Many early New Deal programs treated blacks as second-class citizens
  - Paid them less
  - Shortchanged black tenants and sharecroppers
  - Blacks in CCC were in all-black camps
  - TVA developments were rigidly segregated, and almost no blacks got jobs in TVA offices
- New Deal urban housing projects inadvertently increased the concentration of blacks in particular neighborhoods

# BLACKS DURING THE NEW DEAL

---

- Social Security, which did not include agricultural laborers and domestics, did not affect many blacks or Mexican-American farmhands in Southwest
  - 1939: unemployment was twice as high among blacks as among whites
  - Whites' wages were double those of blacks
- Nevertheless, what they did get was better than any other government had offered them

# BLACKS DURING THE NEW DEAL

---

- Harold L. Ickes, Secretary of the Interior, appointed Charles Forman as special assistant to “keep the government honest when it came to race”
- 1936: FDR appointed Mary McLeod Bethune head of the Division of Negro Affairs in the National Youth Administration
  - Developed educational and occupational training programs for disadvantaged African American youths
- New CIO unions accepted black members

# A NEW DEAL FOR INDIANS

- During Harding and Coolidge administrations more Indian land had passed into hands of whites
  - Agents of Bureau of Indian Affairs tried to suppress elements of Indian culture
  - 1924: Congress granted all Indians citizenship, though whites generally felt they should still be treated as wards of the state
  - Assimilation had failed



Windsor Locks, Connecticut. Two Indians standing by their car on the ground of the Indian fair sponsored by the local Indian association 1941

Library of Congress, Prints & Photographs Division, FSA-OWI Collection  
[reproduction number LC-USF34-080966-E DLC (b&w film nitrate neg.)]



# A NEW DEAL FOR INDIANS



Indian child hunkering down in doorway of farm home near Sallisaw, Oklahoma, 1941

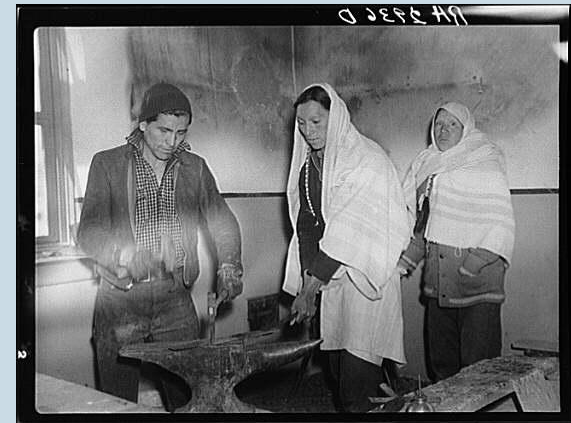
Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USF34-033719-D DLC (b&w film neg.)]

- 1933: FDR named James Collier as commissioner of Indian affairs
  - Had studied Indians of Southwest in 1920s
  - Became executive secretary of American Indian Defense Association
  - 1925: became editor of a reform-oriented magazine *American Indian Life*
- By 1933, about one third of the 320,000 Indians on reservations had been reduced to penury

# A NEW DEAL FOR INDIANS

## 1934 Indian Reorganization Act

- Did away with Dawes allotment system
- Enabled Indians to establish tribal governments with powers like those of cities
- Encouraged Indians to return individually owned lands to tribal control
  - About 4 million of the 90 million acres of Indian land lost under the allotment system were returned to the tribes
- Those with profitable allotments did not want to return them to tribal control
  - 77 out of 269 tribes voted against communal holdings
- Collier resigned in 1945



Pueblo Indians in the Indian Service School. Taos, New Mexico 1936

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USF34-002936-D DLC

(b&w film nitrate neg.)

# THE ROLE OF ROOSEVELT

---

- FDR constructed the coalition that made the New Deal possible
- His humanitarianism made it a reform movement of major significance
- One of most effective chief executives in U.S. history
- Roosevelt's informal biweekly press conferences kept people in touch with developments and himself in tune with popular thinking

# THE TRIUMPH OF ISOLATIONISM

---

- April 1933: FDR took the U.S. off the gold standard, hoping the devaluation of American currency would make it easier to sell American goods abroad
  - May: World Economic Conference in London: 64 countries met
  - Collapsed when FDR announced U.S. would not return to gold standard
- Nye Commission investigation of arms industry concluded that bankers and munitions makers had dragged the United States into WWI
  - DuPont's earnings had increased from \$5 million in 1914 to \$82 million in 1916

# THE TRIUMPH OF ISOLATIONISM

---

- Walter Millis, *Road to War: America, 1914-1917* (1935): advanced thesis that British propaganda, heavy purchases of American supplies by the Allies, and Wilson's differing reactions to violations of neutral rights had drawn U.S. into war
- March 1935: Hitler instituted universal military training and denounced settlement of Versailles
- May 1935: Mussolini threatened Ethiopia

# THE TRIUMPH OF ISOLATIONISM

- Neutrality Act of 1935: forbade the sale of munitions to all belligerents whenever president declared a state of war existed
  - Americans could travel on belligerent ships but at their own risk
- October 1935: Italy invaded Ethiopia
  - FDR invoked the neutrality law
  - Secretary of State Cordell Hull asked American businesses for a “moral embargo” on goods (oil especially) not covered by the act
  - Ignored, and oil shipments to Italy tripled between October and January
- Italy annexed Ethiopia



EMPEROR HAILE SELASSIE of Ethiopia, with his pet dog, Bull

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USE6-D-008743 DLC (b&w film nitrate neg.)]

# THE TRIUMPH OF ISOLATIONISM

---

- February 1936: second Neutrality Act: forbade loans to belligerents
- Summer 1936: civil war broke out in Spain
  - Reactionary General Francisco Franco, backed by Hitler and Mussolini, sought to overthrow the government
- FDR had Congress extend arms embargo to include civil wars
  - March 1937 poll showed 94 percent of Americans thought U.S. should keep out of foreign wars

# THE TRIUMPH OF ISOLATIONISM

---

- April 1937: Congress passed third Neutrality Act that continued embargo on munitions and loans, forbade Americans to travel on belligerent ships, and gave the president discretionary authority to place the sale of other goods to belligerents on a cash-and-carry basis
- In 1938: Congress defeated the Ludlow amendment, which would have required voter approval for a declaration of war



# WAR AGAIN IN EUROPE

---

- July 1937: Japan resumed conquest of China
  - FDR did not declare it a war, thereby allowing arms shipments to continue
- October: FDR, in a speech in Chicago, condemned nations that were creating international instability
  - Suggested only solution was to quarantine the aggressors
  - Isolationist response from Americans forced him to back down



### ★ Japanese Expansion, 1920-1941

The Japanese empire, which conquered Korea early in the twentieth century, seized Manchuria in 1931, and Jehol, north of Beijing, in 1933, and the rest of China after 1937.

# WAR AGAIN IN EUROPE

---

- March 1938: Hitler annexed Austria
  - Nazi anti-Semitism had caused many of Germany's 500,000 Jews to seek refuge abroad
  - Now 190,000 Austrian Jews were also under Nazi control
  - While president appalled at Nazi behavior, public opinion refused to change immigration laws and president did nothing
- September 1938: Hitler demanded Czechoslovakia cede the German-speaking Sudetenland
  - British Prime Minister Neville Chamberlain and French Premier Edouard Daladier met Hitler at Munich and agreed

# WAR AGAIN IN EUROPE

---

- March 1939: Hitler seized the rest of Czechoslovakia
  - FDR called for methods “short of war” to show U.S. determination to halt fascists
- Spring 1939: Hitler threatened Poland and Mussolini invaded Albania
  - Roosevelt urged Congress to repeal the 1937 neutrality act so U.S. could sell arms to Britain and France if needed
  - Did not press the issue when told he did not have the votes
- August 1939: Germany and Soviet Union signed a non-aggression pact



### ★ German Expansion, 1936–1939

In March 1936, Hitler's forces reoccupied the Rhineland. In 1938 Germany annexed Austria and wrested the Sudetenland from Czechoslovakia, and in 1939 occupied the remaining Czech lands.

# WAR AGAIN IN EUROPE

---

- September 1, 1939: Hitler invaded Poland
  - Britain and France declared war
  - November: Congress passed law permitting sale of arms and other contraband goods on a cash-and-carry basis and authorizing short-term loans
- Poland fell in less than a month
- Between April 9 and June 22, 1940: Hitler took Denmark, Norway, the Netherlands, Belgium, and France
  - British Army forced to flee across Channel at Dunkirk
- Fall 1939: FDR committed funds to development of U.S. atomic weapon in secret Manhattan Project
- Sold Britain and France surplus government arms without legal authority



# WAR AGAIN IN EUROPE

- Italy entered the war against France
- First five months of 1940: FDR asked Congress to appropriate more than \$4 billion for national defense
  - Named republicans Henry Stimson Secretary of War and Frank Knox Secretary of the Navy
- Summer 1940 saw epic air battles over Britain and failure of Royal Navy (with only 100 destroyers) to stem destruction by Nazi U-boats



EASTERN ARMORY, 1940

Library of Congress, Prints & Photographs Division, FSA-OWI Collection [reproduction number LC-USE6-D-000137 DLC (b&w film neg.)]

# WAR AGAIN IN EUROPE

---

- Prime Minister Winston Churchill (replaced Chamberlain in May 1940) asked FDR for 50 old American destroyers
  - U.S. Navy had 240 destroyers and another 50 under construction
  - Direct loan or sale of any of these vessels violated both U.S. and international law
  - FDR “traded” destroyers for six British bases in the Caribbean, while Britain also leased bases in Bermuda and Newfoundland to the U.S.
- September 1940: Congress passed first peacetime draft in U.S. history
  - 1.2 million draftees were summoned for one year of service
  - 800,000 reservists were called to duty
- Japan signed a mutual assistance pact with Germany and Italy, creating the Rome-Berlin-Tokyo axis



# A THIRD TERM FOR FDR

---

- FDR decided to run for a third term in the 1940 presidential election
  - Chose Secretary of Agriculture Henry A. Wallace as Vice President
- Republicans and isolationists distressed at Roosevelt's decision and his use of war in Europe to justify it
  - Republicans nominated Wendell L. Wilkie of Indiana, who focused campaign on FDR's handling of foreign relations
  - Was not isolationist but charged Roosevelt wanted to make U.S. a participant in the war
- FDR won election 27 million popular votes to 22 million and 449 electoral votes to 82

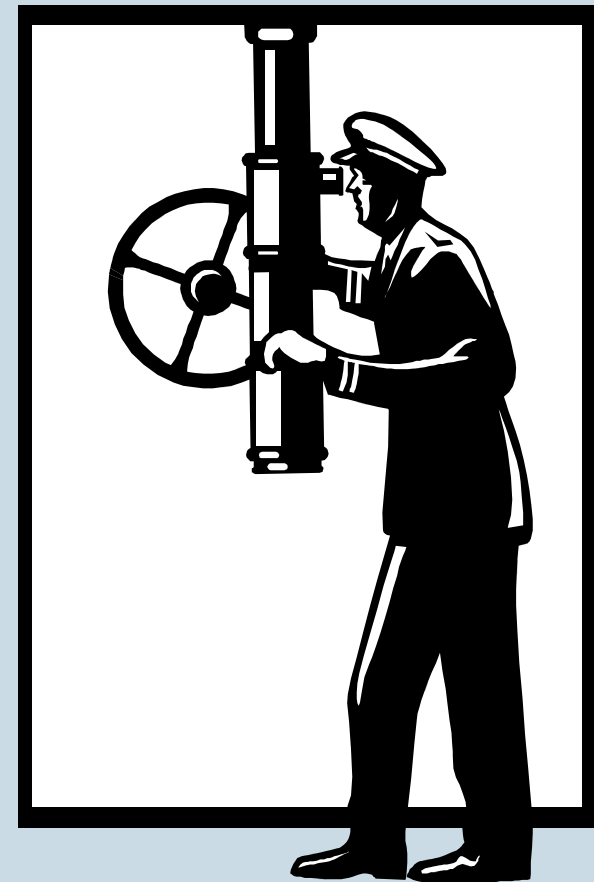
# THE UNDECLARED WAR

---

- When Britain announced it no longer had the funds for cash-and-carry, Roosevelt switched to lend-lease
  - Held a fireside chat stressing evils of Nazis and need to view the British as a means of American self-defense
  - Favorable response led to January 1941 proposal to Congress of \$7 billion in war materials that president could sell, lend, lease, exchange, or transfer to any country whose defense he deemed vital to that of U.S.
  - Congress agreed in March

# THE UNDECLARED WAR

- FDR coupled demand for heavy military expenditures with announcement of the “Four Freedoms”
  - Freedom of speech
  - Freedom of religion
  - Freedom from fear
  - Freedom from want
- American navy began to patrol the North Atlantic, shadowing and reporting the location of Nazi subs
- April 1941: U.S. occupied Greenland
- May: FDR declared a state of unlimited national emergency
- June 1941: Hitler invaded the Soviet Union
  - November: \$1 billion in lend lease aid was extended to USSR



# THE UNDECLARED WAR

---

- July 1941: U.S. occupied Iceland
- August: draft law was extended
- September: German submarine fired a torpedo at the U.S. destroyer *Greer* in the North Atlantic, which had been tracking it, sending its location to the British and trying to sink it with depth charges
  - FDR said *Greer* had simply been carrying mail to Iceland
  - Ordered U.S. navy to shoot on sight any German vessel in waters south and west of Iceland and to convoy ships to Iceland
- October 30: destroyer *Reuben James* was sunk
  - Congress voted to allow arming of American merchant ships and to permit them to carry cargo to Allied ports

# MILESTONES

---

1933	FDR becomes president Hitler is elected German chancellor FDR proclaims Good Neighbor Policy Banking Act gives FDR broad powers Civilian Conservation Corps (CCC) employs 250,000 young men Federal Emergency Relief Act (FERA) funds relief programs Agricultural Adjustment Act (AAA) seeks relief for farmers Tennessee Valley Authority (TVA) plans dams and power plants National Industrial Recovery Act (NIRA) establishes Public Works Administration (PWA) and National Recovery Administration (NRA) Banking Act establishes Federal Deposit Insurance Corporation (FDIC) Civil Works Administration puts 4 million to work
1934	Twenty-first Amendment ends prohibition Indian Reorganization Act gives tribes more autonomy Securities and Exchange Commission (SEC) regulates stocks and bonds Federal Communications Commission (FCC) regulates interstate and foreign communication Federal Housing Administration (FHA) gives housing loans
1935	Emergency Relief Appropriation Act creates Works Project Administration (WPA) Rural Electrification Administration brings electricity to farms

# MILESTONES

## cont.

---

Supreme Court rules NIRA unconstitutional in *Schechter v. United States*

National Labor Relations Act (Wagner-Connelly) encourages unionization

Social Security Act guarantees pensions and other benefits

Neutrality Act forbids wartime arms sales to belligerents

Italy invades and annexes Ethiopia

Walter Millis publishes isolationist *The Road to War: America, 1914–1917*

1936 FDR is reelected president in record landslide

Supreme Court declares AAA unconstitutional

1937 Roosevelt tries to pack Supreme Court  
Japanese in China seize Beijing, Shanghai, Nanking

1938 Fair Labor Standards Act abolishes child labor, sets minimum wage

House of Representatives defeats Ludlow (isolationist) Amendment

Britain and France appease Hitler at Munich

1939 Germany invades Poland; World War II begins

1940 Hitler conquers Denmark, Norway, the Netherlands, Belgium, France

FDR is reelected to third term

Axis powers sign Rome-Berlin-Tokyo pact

Isolationists form America First Committee

1941 Lend-Lease Act helps Britain

# WEBSITES

---

- Voices from the Dust Bowl: The Charles L. Todd and Robert Sonkin Migrant Worker Collection, 1940-1941

<http://memory.loc.gov/ammem/afctshtml/tshome.html>

- The New Deal Network

<http://newdeal.feri.org>

- Franklin Delano Roosevelt

<http://www.ipl.org/div/POTUS/fdroosevelt.html>

- A New Deal for the Arts

[http://www.archives.gov/exhibit\\_hall/new\\_deal\\_for\\_the\\_arts/work\\_pays\\_america.html](http://www.archives.gov/exhibit_hall/new_deal_for_the_arts/work_pays_america.html)

# WEBSITES

---

- Eleanor Roosevelt

<http://ap.grolier.com/assetid=0336050-00&template=/article/article.html>

- America from the Great Depression to World War II: Photographs from the FSA and OWI, c. 1935-1945

<http://memory.loc.gov/ammem/fsowhome.html>

- American Life Histories: Manuscripts from the Federal Writers Project, 1936-1940

<http://memory.loc.gov/ammem/wpaintro/wpahome.html>