

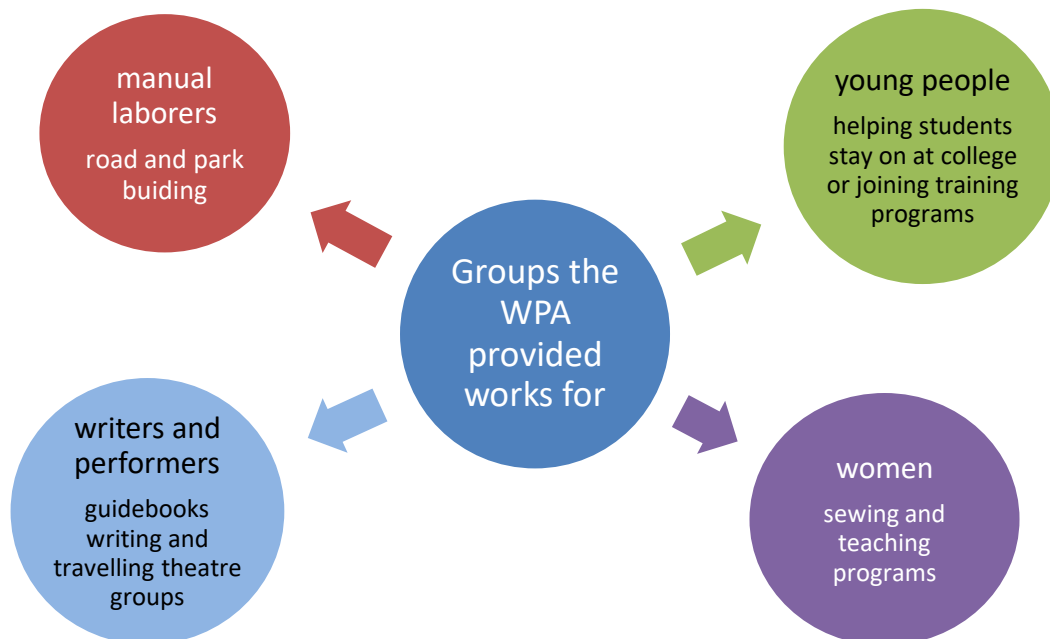
## The Second New Deal

After two years of New Deal programs, national income was still low, unemployment remained high and workers continued to strike over poor conditions. However, 1935 provided the circumstances for New Dealers to change that. The elections to Congress in November 1934 had brought in politicians who wanted to reform. At the same time the Supreme Court had shut down some of agencies of the first New Deal, declaring them unconstitutional. As a result, Roosevelt set out to create a second New Deal, which would:

- Provide more work relief for unemployed
- Support workers in industry and improve their rights
- Help the rural poor get their own land
- Provide for the old during their retirement

### The Work Progress Administration

In May 1935, Roosevelt set up the Work Progress Administration (WPA). This project helped to employ around 8 million Americans and demonstrated how much the federal government was prepared to spend on relief. During its lifetime, WPA spent \$ 11 billion, helping poor men and women from both the town and the country, whether they were black or white.



### Work relief

The second New Deal helped the poor to find employment. Work relief projects, including CCC and PWA, received \$ 4 billion. Along they newly formed WPA, all these agencies provided temporary employment for the poor.

### Housing

Roosevelt also wanted to improve housing conditions. The Resettlement Administration, although set up mainly to help the rural poor, built new suburban towns for urban families. However, only three were constructed, so Congress passed the Housing Act, which set up a new agency to create new homes to replace shanty towns.

## The New Deal

### Working conditions

A huge part of the second New Deal was the National Labor Relations Act, which was designed to help improve the working lives of industrial workers. A few years later, a minimum wage and maximum hours for workers were introduced.

### Help for farmers

#### Access to land

Roosevelt wanted the rural poor to have their own farms, rather than working as sharecroppers or tenants for wealthy landowning farmers. His first attempt was the Resettlement Administration, which set out to resettle families from overworked land. However, this only resettled a few thousand, so it was replaced by the Farm Security Administration, that drew its attention to help the rural poor to buy their own farms and get new equipment to use them.

#### Migrant workers

After 1935, the Farm Security Administration took action to help migrant workers who travelled across the US searching work. They set up migrant camps to provide shelter to those who had left the Dustbowl to California and paid for doctors and dentists to look after migrants. Although this did not help migrants to find a job, it did help them to keep them alive and healthy.

#### Farm prices

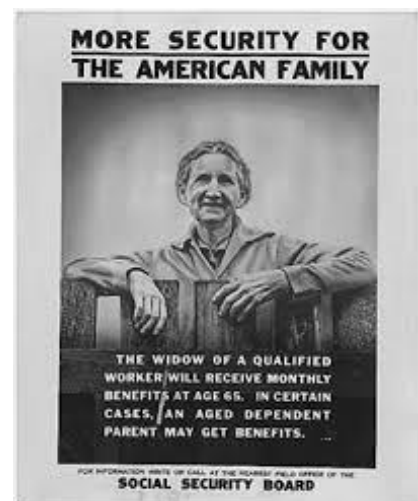
The second Agricultural Adjustment Act created compulsory measures to limit production, using quotas. These were effective because they did not rely on co-operation from farmers. Instead, they were enforced through heavy taxes on sales above the quota, helping the government control how much was produced.



### Help for old and disadvantaged

Before the 1935, in the US there was no national system for pensions or unemployment insurance for workers. It was left each state to establish a policy that worked them. Roosevelt made the Social Security Act in law in 1935; this act created:

- A **federal pension system**: employees paid into a pension scheme for their retirement, with their contributions matched by a tax on their employer
- **Federal unemployment insurance**: employer of more than 10 people paid a tax to the federal government. The money was used to provide unemployment pay up to 16 weeks at half the normal rate
- **Federal support for disadvantaged groups**: support funded by federal matching grants provided money for very poor old people, families with dependent children and disabled groups.



## The New Deal

### The impact of Social Security Act

| Positive effects  | Negative effects  |
|---|---|
| It was the first national program to provide pensions and unemployment insurance                            | It was self-funded, which meant it could not pay out pensions immediately and US economy took longer to recover |
| \$ 50 million was set aside for the immediate needs of the elderly and \$ 25 million for dependent children | Pay-outs to disadvantaged groups varied from state to state, because it was funded by matching grants           |
| By 1939, grants helped 7.000 children   | Domestic servants and agricultural laborers were not included in the unemployment and pension scheme            |

### Help for workers

The National Labor Relations Bill, often known as Wagner Act, became a law in 1935 strengthened labor unions and offered them federal protection. A National Labor Relations Board (NLRB) was set up, which supervised union negotiations, defended workers who had been fired and helped unions gain recognition from employers



### The impact of National Labor Relations Act

| Positive effects   | Negative effects  |
|--|---|
| Union membership rose to around 9 million by 1940  | Many unions had to strike to force companies to recognize them officially |
| Before the act, it was mostly skilled craftspeople that joined unions. Now factory workers joined too. | Strikes could be violent, as employers tried to stop them                 |
| The NLRB grew to defend workers. It had 14 lawyers in 1935 and 226 in 1939                             |   |

### Reforming banks

Roosevelt had managed to rescue the banks in 1933, but as yet there had been no major reforms in their organization. Control was still divided between the Federal Reserve, the states and the big banks. The Banking Act in 1935 changed because it created a Board of Governors of the Federal System chosen by the president and gave various financial powers to the Board, taking them away from the more powerful banks.