

Research paper on president franklin roosevelt, the great depression and the new ...

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ABSTRACT

Never in its history had the U. S. faced an economic crisis like the Great Depression of 1929-41, and never had the federal government played such an active role in social and economic life prior to the New Deal. From the 1870s to 1920s, almost all of the presidents had been conservative Republicans who served the interests of Wall Street and large corporations rather than workers, small farmers and the general public. With the collapse of capitalism in 1929-33, though, these forces were temporarily discredited and the door was left open to new economic policies that abandoned laissez faire in favor of a more activist and social democratic government that was more sympathetic to organized labor, regulation of capitalism, social welfare and public investment. =

Secretary of Agriculture Henry A. Wallace, who represented the more radical or left-wing side of the New Deal, was actually Roosevelt's preferred running mate and served as vice president in 1941-45, even though the more conservative elements of the Democratic Party coalition were hostile to him. He met with John Maynard Keynes in 1936 and transmitted a memorandum of his basic economic principles to Roosevelt. Keynes was not particularly interested in overseas trade and foreign investment, but insisted that the best way to end the Great Depression was to increase employment and domestic demand, while evening out the disparities in wealth and incomes through a progressive tax system (Keynes 1936). He thought it was necessary to increase public investments to stimulate the economy, which would then increase consumer demand and wages. Even though the economy was recovering gradually, he suspected that it would not be

sustained. Capitalism had collapsed almost completely in any case, and the Wall Street bankers and industrialists seemed unable to comprehend this basic fact. They thought that the system was recovering on its own and that the New Deal had hindered it, which was also echoed by the Republican media and politicians controlled by the capitalist interests (Keynes 1936). Economic recovery, even if only to a limited degree, was only as a result of the New Deal programs, and the depression would have returned full-force without these. Keynes also denounced the recent Supreme Court decision that had ruled the Agricultural Adjustment Act (AAA) unconstitutional, which was absurd since every other country in the world was following similar policies of subsidies, restrictions on acreage and quotas. Here again, given the decreased low prices and consumer demand in the Great Depression, there was no other way to avoid the total collapse of agriculture.

During the Great Depression, mass strikes were common in both industry and agriculture, most famously during the sit-down strikes of 1937 against General Motors, which finally forced the auto industry to recognize the existence of United Auto Workers labor union. Often these confrontations gave every appearance of class warfare between workers and the capitalist owners of the means of production, made even more desperate by the low wages and high unemployment of the 1930s. Agricultural labor unions, like those organized by migrant workers in California, faced violent repression by the large agricultural interests. Frank McDonald, the California labor commissioner, reported on one major strike that took place against the cotton growers in the depths of the depression in 1933, involving over 10,000 Mexican migrants. It began when the union demanded \$1 per hundred

pounds of cotton and the growers offered only 60 cents.

When the strike began, the growers attempted to ban all public meetings and demonstrations, and hired strikebreakers to force the union members out of the area. They also sent out public announcements attacking the union organizers as Communists (McDonald 1933). Although state and federal laws permitted these workers to strike and form unions, they were continually and violently attacked for even attempting to do so, with no concern for their civil rights. At this point, the state government stepped in and arranged for the legal recognition of the union and a pay rate of 75 cents per 100 pounds for the cotton pickers (McDonald 1933).

In the years 1933-40, the New Deal reshaped the relationship between the American people and the federal government, through the creation of the Social Security system in 1935, the recognition of labor unions under the Wagner Act of the same year, a reorganization of agriculture under the Agricultural Adjustment Acts (AAA), the minimum wage and eight-hour day under the Fair Labor Standards Act of 1938, and many other important pieces of legislation. Keynesian economics based on active government, deficit spending in recessions and a strong welfare state were the basis of policy in the U. S. and other Western nations up through the 1970s.

Organized labor became a major factor in industry for the first time in U. S. history and a key element in the Democratic coalition for decades. Big business interests and conservative Republicans were extremely hostile to all these changes, and accepted them only grudgingly. Over the last thirty years, they have been attempting to reverse as many of them as possible, with some degree of success.

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