

Franklin roosevelt  
was first elected  
president in 1933  
essay



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In 1933, America was facing a Depression.

Those who were not unemployed were being paid sixty per cent lower wages than before the Great Depression, during the 'boom years' of the early twenties. The fourteen million who were unemployed were forced to live in Hoovervilles after being evicted from their farms or homes, as they could no longer afford the mortgage or loan repayments. Industrial production was down by forty per cent, as there was little investment in industry following the Wall Street Crash of 1929. There were several reasons for the Wall Street Crash. Wall Street was the New York Stock Exchange) In the early 1920's, the boom years, many people borrowed money to buy shares, making share prices rise.

This meant more people bought shares as they thought the company was successful. In 1929, shareholders lost confidence and rushed to sell their shares as they realised companies were doing badly. Share prices dropped, businesses collapsed, and thousands of people were ruined. Banks were unable to artificially maintain the value of shares, as loaned money had not been repaid. Over five thousand banks became broke, which made people lose confidence in the banks as well. The loss of confidence and decline in demand helped cause the Great Depression.

There was also a lot of overproduction, with a greater supply than demand. US producers found it difficult to sell goods, either abroad or in America. This was due to high tariffs on American imports in foreign countries, in retaliation to the tariffs on foreign goods coming into America. It was difficult to sell goods to American consumers, as the market for consumer goods was

diminishing, since those who could afford it already had the conveniences they needed.

The rest of the American citizens were too poor and unable to afford luxury items. Herbert Hoover, the Republican President elected in 1929; before the Wall Street Crash; was a firm believer in what he referred to as 'rugged individualism'. He felt people should work hard for personal gain, and not rely on the government to help them. He did not believe the State should interfere in the welfare of the free market economy, or the American people- they should learn to work for themselves. Hoover said America became rich because of hard-working citizens who had become rich through their individual efforts. In 1932, during the Great Depression, Hoover's view of 'rugged individualism' was no longer applicable, as those affected by the Depression were unable to deal with a situation beyond their control.

He also felt the economy was basically sound, and that the Depression would not last long. Those who were starving and homeless needed immediate action. However, Hoover did take some action to help improve the failing American economy. He cut taxes by \$130 million in 1930, and put over \$4000 million in the construction industry, such as building the Hoover dam. This also created some jobs and increased the supply of electricity. After signing the Emergency Relief and Reconstruction Act in 1932, he gave \$300 million towards helping the unemployed.

He also set up the Reconstruction Finance Corporation in 1932, which loaned \$1500 million to companies facing bankruptcy, to stop them from closing down. Even after he had been voted out of office, in preference of Roosevelt,

Hoover continued to cut taxes, by \$800 million, and claimed he would reorganise banking, as well as continuing to provide loans to companies with financial problems. Many Republicans who believed very strongly in ' rugged individualism' gave out only \$30 million of the money they were offered. He was also accused of ' reckless and extravagant spending' by the future President, Franklin Roosevelt. However, Hoover's policies came too late, and he was unable to halt the Depression, which in fact grew worse, with mounting unemployment as well as transport and power companies going bankrupt.

More banks than ever were forced to close down for good as people panicked and rushed to withdraw their savings. By March 1933, all the banks in America had closed down; causing widespread fear and panic as people realised a total collapse of American Economy was imminent. Hoovers strategies were unsuccessful, as evidenced by marches and demonstrations carried out by the unemployed to show their resentment of an incompetent government. On the fourth of March 1933, when Franklin Delano Roosevelt was inaugurated as the first Democratic President in thirteen years, he promised to take immediate action against the crisis now facing the American people. During a speech in June 1932, he said ' I pledge you, I pledge myself, to a New Deal for the American people'.

Now Roosevelt had to act on his pledge. The New Deal had three main aims: Relief, Recovery and Reform. He aimed to provide practical and immediate relief for those suffering and in poverty. He wanted to aid the recovery of the American economy so things could go back to how they were, and so people

could get jobs. He wanted to create long-term reform of the system in order to prevent a repeat of the Great Depression and improve the USA.

One of the first things Roosevelt did was to ask Congress for the power to act without the consent of Congress, as if America was fighting an alien adversary. This act was known as the ' Trading with the Enemy Act' and gave the President more power, allowing him to act immediately in an emergency, such as during the war. It had first been passed during the Great War in 1917, and had not been cancelled at the end of the war. However, the ' Trading With The Enemy Act' had not been used by any President since 1918. Roosevelt felt America was now facing emergency circumstances, and it was necessary to again use this Act in order to help him control the situation.

On the sixth of March 1933, he ordered all banks to remain closed, while a strategy was formulated in order to help them stay in business. Roosevelt also forbade all Americans to take gold, silver or coins out of America. Many democratic Americans, who had voted for Roosevelt and the New Deal, were pleased that he was taking firm and decisive action. However, those who still had faith in Hoover's idea of ' rugged individualism' were shocked, saying he was behaving like a dictator and was ignoring Congress.

On the ninth of March 1933, Congress unanimously passed the Emergency Banking Act, which said only banks that had accurately administered accounts, and enough money would be allowed to reopen. Badly managed, unstable banks must remain closed. This helped to restore public confidence in banks, and people no longer rushed to withdraw their savings, which

meant the banking crisis was ended. Roosevelt also felt it was necessary to cut government spending, by reducing the pay of all government employees and armed forces workers by fifteen per cent.

The budget of every government department was also cut by twenty five per cent. Congress voted in favour of these measures, known as the Economy Act, on the fifteenth of March 1933. The Economy Act liberated approximately a billion dollars, which could be used to help restart the American economy. On the twentieth of March 1933, the Beer Act was ratified, the first step towards ending Prohibition and making alcohol legal again.

The government could make money from taxes on alcohol and beer. After tackling the banking crisis, Roosevelt now had to deal with the diverse depression dilemmas. On the twelfth of May 1933, the Federal Emergency Relief Administration was set up in order to provide relief for the hungry, homeless and unemployed. 500 million was spent on soup kitchens, clothing, blankets and free nursery schools for the children of the unemployed. For every three dollars state governments spent for assisting the unemployed, the federal government gave one dollar.

This was only a temporary measure, and Roosevelt soon unveiled several measures to help reduce unemployment. The Civilian Conservation Corps (CCC) was set up on the thirty-first of March 1933; employing men with unemployed parents aged eighteen to twenty-five for a period of six months. These men worked on conservation projects, living in work camps in the countryside and being paid a dollar a day. These men planted trees, made

reservoirs, cleaned up camping grounds, cut down trees to create firebreaks, restored historic battlefields and also strengthened riverbanks. However, the rules of the camp stated twenty-five dollars had to be sent home for the unemployed parents. The young men were given food, shelter in huts or tents and clothing in return for the work they did.

Although the CCC was criticised by some as being cheap labour, over two million young people, including about 8000 women had served in the CCC. However, it was not compulsory, and many of those who took part learnt valuable skills, which helped them to later get a job. On the sixteenth of June 1933, Congress approved the National Industrial Recovery Act, which was made up of two parts. The Public Works Administration, (PWA) which aimed to provide jobs for unemployed industrial workers, and the National Recovery Administration (NRA).

The PWA spent \$3.3 billion dollars on providing long-term work arrangements that would be of lasting benefit to American citizens. In seven years, between 1933-1939, those employed by the PWA built seventy per cent of schools in America, fifty military airports, four river dams and electrified the New York-Washington Railway and many other endeavours. The only dissatisfaction about the PWA was that the jobs it provided only catered for skilled workers.

In November 1933, the Civil Works Administration (CWA) was set up to provide jobs for skilled and unskilled workers. The skilled workers were paid one dollar per hour while the unskilled workers were paid forty cents per hour. Those employed by the CWA built 40 000 schools, built or improved

800 000km of roads, and built 500 airports, as well as improving 500 more. The CWA also employed thousands of people to sweep up leaves, or to frighten away birds from public buildings.

The CWA did provide four million jobs, but these were all ended when the CWA disbanded after the winter of 1933-34. Many citizens criticised the CWA for providing 'boondoggles' (after the leather plaits made by American cowboys to pass their free time in) for the unemployed, and wasting government funds. In addition, the jobs were only short term, and left four million unemployed in the spring of 1934. In order to provide employment for the unqualified workers, the Works Progress Administration (WPA) was set up in 1935.

Up to 1939, the WPA employed people to construct over 50 000km of new roads, over 10 000 schools and La Guardia airport in New York. Jobs were supplied to over two million workers, including all kinds of out of work artists, such as writers, actors and photographers. Writers were employed to write a series of guidebooks on American states and cities. Nearly 12 000 actors were employed to travel the country, giving free performances.

Photographers were engaged to make a photographic record of the Depression years. However, this was only a work-relief agency, and not on a grand a scale as the PWA.

The WPA, PWA and CWA all provided employment for millions of Americans, who were able to again buy goods with their wages. This caused a chain reaction, as more people bought goods, employers, farmers and businessmen began to make a profit once more. The more profit that was



made, the more people could afford to expand, creating even more jobs for those without employment. These people were then able to buy more goods, such as food and clothing. However, from 1933-41, unemployment never dropped below five million, compared to less than two million in 1929, during the 'boom years' in America.

The Agricultural Adjustment Administration (AAA) was set up on the twelfth of May 1933. This aimed to adjust the amount of food produced by farmers, in order to increase their incomes. Henry Wallace, the Secretary of Agriculture felt if less food were produced, the demand would increase, pushing prices up. The AAA paid farmers to produce less food, by cultivating less land or by reducing the amount of livestock they owned. Quotas were set for most products, and the cotton crop was ploughed into the ground.

The AAA also butchered 6 million baby pigs, canning the meat and giving it away free to the unemployed. Americans were horrified at what appeared to be a crazy and wasteful policy. They could not understand why farmers were being paid to produce less food. However, the policy worked as prices rose, increasing profits and incomes for farmers. The only problem was the sharecroppers, who did not own their own land and found there was no more work for them to do after destroying the crops. Many had to look for work elsewhere.