

What were the main features of the new deal essay sample



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In 1929, the stock market collapsed causing a worldwide economic depression, destroying America's economy with many people losing their life savings therefore thrusting them into unemployment and poverty.

Unemployment reached highs of over 13 million whilst the GNP for the country reached as low as \$58 billion, compared to the \$100 billion+ pre depression figures, because demand and production fell so dramatically. People were forced out of their homes and moved to shantytowns known as 'Hooverilles'. The president in power at the time, J.

Edgar Hoover, refused to use the government funds in order to help the American people. He believed that America was a land of ' rugged individuals' and that ' prosperity was just around the corner' and so people didn't require any help, although, he did help set up the Reconstruction Finance Corporation, which lent money to banks, industry and agriculture. However, this didn't work as people thought that it was ' too little too late' and the suffering continued. In the 1932 elections, Franklin Delano Roosevelt won the presidency in a landslide promising the American people a ' New Deal'.

When Roosevelt entered the office in March 1933, he had an uphill struggle with the USA in deep economic crisis. He spent the first 100 days from March 9th to June 16th with a group of his employees working on various different legislations which he managed to make the Congress pass. This was Roosevelt's New Deal. Its main aims were to help America recover by reducing unemployment and poverty so that people would have enough money and confidence to invest their money once again and to reform

capitalism so that a similar incident to the Wall Street Crash could be prevented in the future.

The main features of the New Deal were what are known as the alphabet agencies as they all their names were reduced to acronyms, which were government, funded and employed many people. Each agency had specific responsibilities to help get America back on track. The initial agencies were: Federal Emergency Relief Administration, Civilian Conservation Corps, Public Works Administration (which later became the Works Progress Administration), Agricultural Adjustment Administration and the Tennessee Valley Authority.

Another feature of the New Deal was the various acts passed, which were: The Emergency Banking Act, Securities Exchange Act and the National Industrial Recovery Act. The first thing Roosevelt did as part of his New Deal was to pass the aforementioned Emergency Banking Act which declared a bank holiday and closed all banks for at least 8 days. During those 8 days, government workers investigated the banks reopening only those that were deemed reliable, sound and safe. Soon they officially opened 5000 banks reassuring Americans that their money was indeed safe.

This helped solve the depression partly as it helped return some confidence to the Americans, which meant that more people would spend or invest money. This was a huge success because as soon as the banks had reopened, over \$1 billion was deposited back into them. While this was taking place, Roosevelt also started the Securities Exchange Act which was a

reformation, to regulate the stock market and ensure that the speculation causing the Crash in 1929 would not happen again.

He also raised taxes which was questioned and criticised by many Republicans and the wealthier business men and upper class. Roosevelt did this as he understood that the recovery and prosperity of America was dependant on a larger middle class. By increasing taxes he was able to distribute the nations wealth more evenly therefore reducing poverty. The National Industrial Recovery Act (NIRA) was also a reformation and was set up to set standards on working practises. For example, the numbers of hour's people were allowed to work and child labour was abolished.

This in turn helped create jobs. The employers who took part in the scheme displayed the eagle symbol of government approval and the government encouraged people to use these firms. This caused over 2 million people to join. The Federal Emergency Relief Administration (FERA) invested 500 million dollars to help relieve suffering of the poor. It helped set up soup kitchens, employment schemes and gave out blankets and seeds and equipment to poor farmers. The Civilian Conservation Corps (CCC) was set up to give men aged 18-25 6 months work.

They had to send most of the money home to their parents or wives. In 1933, roughly 300, 000 joined, by 1940 there were over 2 million. The Public Works Administration (PWA) used government money to build schools, roads, dams etc. This employed millions of people and was vital for when America had recovered. It was a very simple way of employing people and was meant to help America in the long term. The Agricultural Adjustment Agency (AAA)

was one of the alphabet agencies designed to help farmers. It advised farmers on marketing and farming techniques and reduced their quotas.

The farmers became more organised however, the modernisation of the farms did also mean that many people lost their jobs. The Tennessee Valley Authority (TVA) was one of Roosevelt's biggest successes. The area covered parts of 6 different states and constantly suffered from flooding which ruined livelihoods of the farm workers. There were no alternative jobs available in the area until the TVA was set up. Huge public work programs began; Dams, Canals, Irrigation and water transport. Farmers were given loans and were trained in soil conservation, whilst new housing was built.

The area became revitalised and soon hydro-electric power was created by the thousands of men employed. Tennessee became the biggest provider of electricity in the whole of America. These were all features of the New Deal. Each one being successful although some did have their faults. Roosevelt managed to halve the number of people unemployed whilst improving the working conditions and restoring the national confidence. With America slowly recovering, Roosevelt's next aim was to create a fairer society for all Americans by reforming the way the country works.

To do this he introduced his second New Deal. The main difference was that while the first New Deal was aimed at helping America get back on track in the short term, the second New Deal had more long term solutions. The main features were the Works Progress Administration which replaced the PWA, the Resettlement Administration (RA) which was then replaced by the Farm Security Administration (FSA), the Wagner Act (1935) and the Social Security

Act (1935). The WPA extended the range of jobs provided from building to the Federal Theatre Project which gave unemployed artists and writer's jobs.

The RA and FSA were designed to help farmers. It helped small holders who had not yet been helped by the AAA. They gave loans to farmers, built camps to provide decent living conditions and provided work for migrant workers. The Social Security Act was designed to help the Elderly, Widows, the sick and/or disabled and the unemployed. It provided pensions and benefits as a form of relief which had never been done before. The Wagner Act was implemented after the NRA was declared illegal.

It was introduced by Senator Robert Wagner because during the depression the workers were constantly having their wages lowered or being sacked. It forced businesses into allowing trade unions and stated that a person was not allowed to be sacked if he/she was part of one. This meant that workers were given more protection and security. This was a long term act as it meant that companies were not allowed to sack anyone for being part of a Union therefore giving the average worker more power, which then meant an improvement in working conditions.

However, relations between workers and their bosses were strained. In conclusion, the main features of Roosevelt's New Deal were the alphabet agencies and acts which were designed to help America recover from the depression by giving many people forms of relief e. g. the AAA and CCC. There were also many agencies which were designed to reform America in the long term so that an economic crisis wouldn't happen again. For

example, the TVA was a huge project aimed at reforming and revitalising the area for the future.