

President Franklin D. Roosevelt's Domestic Program Called the "New Deal"

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The "New Deal" was an initiative comprised of a series of sweeping executive and legislative programs implemented by President Franklin D. Roosevelt following the Great Depression in order to restore confidence in the American economy. This Domestic Program was implemented after the banking crisis of 1929 which aimed to help millions of unemployed Americans recover from the aftermath of the Great Depression. The "Great Depression" was a worldwide economic downturn that began in the United States in 1929 and lasted till 1939 which sparked major changes in economic institutions across the United States (Reading, 1973). This was the most severe economic downturn the industrialized western world had ever experienced where the United States witnessed a time of unparalleled economic hardship. The Program, therefore, was meant to promote government activism in the economy that could lead to greater regulation of increased business and government spending on public works projects. This paper explores President Franklin D. Roosevelt's Domestic Program called the "New Deal" which was specifically designed to help struggling Americans recover from the aftermath of severe social turmoil caused due to the Great Depression in the economy and society of the United States.

Background

The United States economic sphere was in a state of a severe downturn after the banking crisis of 1929 throughout the 1930s and that is where the Great Depression of 1930s began with a series of bank failures. The global event of economic depression began in October 1929 when the value of stocks traded fell and many medium-sized banks lost their savings and went completely out of business in the United States alone. This event was the largest and longest financial disaster in US history that started in 1929 and lasted in 1939 for almost 10 years. The subsequent collapse of the banking system led to the US government's declaration of a national emergency in early 1930. The depression lasted until 1939, during which millions lost their jobs, employers went bankrupt, businesses failed, the economy was crushed, inflation soared, and many American families had to go hungry. The US economy as a whole suffered greatly and people struggled to maintain the standard of living that they had enjoyed prior to the crisis because millions become bankrupt and unemployed. The economic downturn caused significant social and political changes in all parts of America and around the world.

Great Depression

During the great economic depression, interest rates were artificially kept low by the United States government in order to enact a series of stimulus measures to promote the economy and prevent a further collapse of the banking system. However, this strategy backfired soon and led to widespread financial panic across the economic institutions in the United States. Furthermore, the rate of interest halted on the investment projects which led to a severe drop in productivity and economic growth. This resulted in a shortage of investment capital which in turn meant that many companies could not continue operating which also affected agriculture and other sectors of the economy. Consequently, many businesses shut down and banks went out of business because of which thousands of corporations were forced to close their doors and lay off workers (Romer & Pells, 2003).

Aftermaths of the Great Economic Depression

The “Great Depression” was a time of great economic hardship and despair and was a time of immense suffering and heartache for millions of Americans. The stock market crashed in 1929 and did not recover for years thereafter leading to widespread unemployment and poverty across the country. Families were torn apart, jobs were lost, and many people ended up homeless. The biggest impact of the Great Depression was felt by the working poor, as many were forced to either go into debt, sell their belongings, or try to survive on a bare minimum wage. Unemployment rose to alarming levels which worsened the economic situation even more. People were out of work for years on end and had little hope for the future because the poverty rate soared to unprecedented record highs as businesses failed left and rights across the country.

About President Franklin D. Roosevelt

Franklin D. Roosevelt was an American national who was a lawyer by profession and a politician who later served as the President of America from 1933 until his death in 1945 at the age of 63. In 1933, Franklin D. Roosevelt, the leader of the Democratic Party, was sworn in as the 32nd US president. Just a few months into his term, Roosevelt issued the “New Deal” program which was designed to assist American citizens to recover from the turmoil of the Great Depression that had struck the country the previous year. In response to the crisis, President Franklin D. Roosevelt put forth a number of reforms to the economy in an effort to restore the economy (Schlesinger, 2003). In an effort to provide relief to those most affected by the severe recession, Roosevelt began a series of economic policies that had broad appeal and were widely seen as a success by many observers.

The “New Deal” Domestic Program

The New Deal program was a number of sweeping changes implemented by 32nd US President Franklin D. Roosevelt in the 1930s during the Great Depression. It was a series of programs intended to provide relief for the unemployed and help to restore economic growth following the Great Depression. Under the New Deal, a series of social programs were implemented aimed at providing workers with better employment, housing, and healthcare as well as creating public work projects aimed at improving infrastructure. These programs helped to stabilize the economy and put millions of Americans back to work (Patel & Goodman, 2020). The programs aimed at providing financial assistance to the poor and unemployed are as follows:

Important Social Programs

The New Deal Program included a number of important social programs that were designed to help vulnerable people to have a stronghold after the collapse of the US economy. The programs included unemployment insurance and social security while building a national infrastructure that would help the country to rebound from the economic disaster that had struck the United States badly. To cope with that, Roosevelt included economic policies in the New Deal program to stimulate the economy and get people back to work.

Some of the important programs to stimulate the economy are curated below:

Establishment of Federal Deposit Insurance Corporation

The first major and significant piece of the “New Deal” programs was the Federal Deposit Insurance Corporation’s establishment in 1933 which ensured the protection of individual depositors against losses. It was established to provide financial stability for the nation’s banks and other institutions linked to the US economy in the wake of the Great Depression. It took over the responsibilities of the American Bankers Association and the National Association of Insurance Commissioners and became one of the key elements of the New Deal. It also made it possible for Americans to start their own banks again. In the previous decade, several banks collapsed which led to the banning of the establishment of banks as it had been forbidden by the 1907 banking act (Corporation, 1984). In short, it was able to establish a national banking system that was strong enough to endure the Great Depression.

Securities Act of 1933

“The Securities Act” implemented in 1933 was enacted in response to the financial crisis and Great Depression that began in 1929. It was designed to establish a new regulatory regime and protect investors by regulating the securities industry. This Act included the regulation of stock buybacks and initial public offerings to ensure investor protection and prevent market manipulation. The Act of 1933 was implemented to ensure the orderly market operations of securities exchanges and required that

all securities offerings be registered with the Securities and Exchange Commission (Douglas & Bates, 1933). It required dealers and brokers to provide professional services to their clients and required the exchanges to maintain industry-specific regulations.

Agricultural Adjustment Act

Another significant piece of the “New Deal” was Agricultural Adjustment Act which was designed to stabilize the farm industry. It was passed in 1933 following the Great Depression with the aim to reduce the burden of debt on farmers and lower the price of food for poor and needy people in society. This Act was also known as “Farm Relief” legislation that helped to mitigate the major agricultural crisis that resulted from the subsequent collapse of the American economy during the times of the Great Depression. Passed by the United States Congress, the Act provided a series of technical and financial assistance programs to peasants and people related to the farm industry who were struggling to make ends meet. These programs helped to reduce the surplus of agricultural products on the market, increase farm income, and expand rural employment opportunities and agricultural export (Breimyer, 1983).

Glass-Steagall Act

“Glass-Steagall Act” of 1933 was a major piece of the “New Deal” programs with a wide range of measures that were intended to increase the stability of the banking system by separating investment banking and commercial activities. The Act mandated that banks could not hold investments in bonds and stocks, but only in government securities. This kept banks from becoming too investment-heavy, taking on too much risk, and becoming overleveraged. The Act also created the Federal Deposit Insurance Corporation (FDIC) which provided insurance for bank deposits to bank depositors in the event of a bank failure (Maues, 2013). Moreover, it was intended to prevent banks from becoming so highly leveraged and overly dependent on customer deposits to avoid another banking collapse.

Main Features of Roosevelt’s New Deal

President Roosevelt introduced and implemented a wide range of social and [economic reforms](#) that were designed to stimulate the American economy and restore prosperity for the American nation. These reforms included the creation of a number of new government agencies to restore Americans’ confidence in the government and economy. To achieve that, Roosevelt had large-scale public works projects which included:

Civilian Conservation Corps (CCC)

“Civilian Conservation Corps” was a program that employed over three million Americans during the 1930s. These men were put to work on a number of projects in various parts of the United States, including reforestation, building bridges, flood control, and fire fighting. The program was created as a

direct response to the devastating effects of the recession due to the bank crisis on American society and economy. It was a public works program instituted during the Great Depression to provide employment opportunities for Americans who were out of work. This program provided work in a wide range of disciplines such as recreation and forestry. This series of “New Deal” programs worked with the aim to improve federal lands by planting trees, constructing dams, building trails, and building bridges. Moreover, it offered free training in various trades such as electrical work, carpentry, landscaping, and plumbing as well as providing jobs in local government, conservation projects, and industries (Maher, 2002). The program helped to revive American agriculture, conserve natural resources, and improve the quality of life for all US citizens.

Works Progress Administration (WPA)

“The Roosevelt administration’s Works Progress Administration (WPA)” was a great initiative and a remarkable effort during the Great Depression to provide work for unemployed people in America. This program was founded on the belief that a job is the best form of social security which helped millions of Americans find work during the severe economic crisis. The WPA program like CCC aimed to provide education and jobs to vulnerable Americans and distressed farmers who were struggling when the economy collapsed (Goldberg, 2005). It also provided an important source of income to thousands of small businesses across the country. Although the program lasted for a few years, it helped many people find financial security and sparked the creation of Social Security and other government-funded initiatives to help US citizens in times of need. This program was one of the most successful programs Roosevelt’s government enacted ever in United States history.

Conclusion

In a nutshell, the “Great Depression” was a worldwide economic crisis that caused severe hardship to millions of people in the United States and around the globe in the 1930s. To cope with the great economic recession, the Roosevelt administration’s New Deal program established federal responsibility that reversed the downward economic spiral for the welfare of the American economy and the unemployed people of the United States. Despite criticism, the New Deal was a great effort of recovery, reform, and relief for those who were hardest hit during the recession when the stock exchange crashed in 1929 during the Great Depression. The “New Deal” programs and policies created opportunities to improve the economy, reduce unemployment, and improve public welfare to help struggling Americans at a time when the country’s economy was deeply depressed.

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