

The New Deal

Critics and Challenges

During the Great Depression, America was searching for solutions. Because of this, people with radical opinions, who in better times would have been ignored, were able to capture the attention of the nation. Some made valuable contributions by presenting new ideas for debate. Others seemed to be merely obstructionist complainers or even rabble rousers just trying to make trouble. The majority, however, seemed to fall in an intermediate category of outspoken people who had many valid objections, a few good ideas, and a love for getting on a soapbox.

At this time, Hitler and Stalin were undertaking massive propaganda campaigns describing how they were lifting their countries out of poverty and how democracy and capitalism were not the universal answer to the problems of a society. The propaganda lured many to consider the benefits of a "benign dictatorship" such as Hitler's regime purported to be, or the blessings that might be had from the communal ownership of the means of production and equal shares in the generated wealth as Stalin claimed was blossoming in Russia. These ideas were especially appealing to workers struggling to organize and collectively negotiate for humane working conditions and a living wage. While the fascist and communist tyrannies were marred with flaws that even aggressive propaganda could not conceal, with such troubled times at home many Americans could not help but consider that their faith in capitalism may have been misplaced and that some other economic formula might better answer their needs.

Father Charles Coughlin was a Catholic priest from Michigan who began broadcasting his views on the radio in 1930. Initially a New Deal supporter, he later bitterly criticized Roosevelt and his policies believing that the NRA and AAA benefited only industry and well-off farmers. His favorite phrase was "social justice," and he called Roosevelt a liar for not nationalizing the banks, as Coughlin had believed was Roosevelt's intention from speeches prior to taking office. Father Coughlin had the largest radio audience in U.S. history—40 million listeners. Eventually he resorted to anti-Semitism and fascist rhetoric, which caused his show to be canceled in 1942 when the Catholic Church insisted he give up radio broadcasting.

Senator Huey P. ("Kingfish") Long was an ultra-progressive senator from Louisiana who promoted an agenda of wealth redistribution that shocked even the Liberal Democrats. Long's "Share Our Wealth" program promised to make "Every Man a King" by supplying each family with \$5,000 at the expense of the prosperous. As governor in Louisiana he had been very popular with a majority of the electorate due to his raising taxes on the higher income earners to gain funds for schools, hospitals, road improvement, and bridge construction. Among other income-generating programs, Long instituted high inheritance taxes on large estates. His iron-fisted methods antagonized the wealthy, however, who felt he had pandered to the worst impulses of greed and envy among the poor in order to gain a voter mandate. Had Long not been assassinated in 1935, he might have posed a challenge to Roosevelt in 1936.

A retired doctor who had been reduced to poverty by the troubles of the depression, Dr. Francis Townsend organized over five million supporters for his Old Age Revolving Pension Plan. He advocated giving \$200 per month (about twice the average worker's salary) to each senior citizen over the age of 60. This money had to be spent within the month, however, in order to keep it circulating and prevent hoarding, which had been a stumbling block during the depression. Townsend's scheme was to be funded by a national sales tax, but simple calculations proved that it would cost the Treasury about half the national income.

Taking the radically opposite view from Coughlin, Long, and Townsend, a group of wealthy Republicans and conservative Democrats, including Al Smith and John W. Davis, formed the American Liberty League in 1934 to fight what they considered the socialism of the New Deal. Their goal was to defend the interests of business and to promote open shop laws. This group supported Alfred M. Landon, governor of Kansas, for the Republican nomination in the 1936 presidential election. Former President Hoover backed Landon in vigorously opposing the New Deal programs, which the League characterized as wasteful, radical, and hopelessly muddled.

The rhetoric surrounding the presidential election of 1936 resurfaced an on-going political debate concerning the role of government in society, a debate that is no less intense today than it was in 1936. Americans continuously seek to refine and redefine the optimum balance between the benefits arising from individuals being able to amass capital that creates jobs and industries but also makes them wealthier and the benefits derived from the redistribution of wealth via taxes and social programs back to the general population. A century has not blunted the immediacy of the debate, which attests to the monumental challenge posed to the candidates in 1936 to define the problems facing the nation and to articulate possible solutions.

In the desperate political climate of the depression, Republican Alfred Landon lost by a landslide as Roosevelt marshaled a coalition of city dwellers, minorities, and the poor. In an election that divided the nation along class and income lines, those benefiting from New Deal programs simply outnumbered those who felt they were paying for them. Roosevelt was sworn in for a second term January

20, 1937, rather than March 4, which was the old inauguration date. The Twentieth Amendment, ratified in 1933, moved the date up by six weeks and thus shortened the "lame duck" period.

Perhaps taking his easy victory too much to heart, Roosevelt began casting a resentful eye at the conservative Supreme Court, which had cashiered seven of his New Deal Programs. Six of the justices were over the age of 70, which, in one of his few errors in judgment, Roosevelt thought could give him an excuse to appoint new judges. Shortly after he was inaugurated for his second term, Roosevelt asked Congress to allow him to add a justice of his choosing to the Supreme Court for every justice over 70. He set a maximum number of judges at 15. He claimed that the Supreme Court was behind in its work and needed younger justices to carry the load. His assertion that the Supreme Court was backlogged proved to be incorrect, which invalidated his argument and cast a pall of suspicion over his motives. At the very least he was criticized for attempting to upset the system of checks and balances provided for by the Constitution. Some went so far as to accuse Roosevelt of preparing the way to take over as dictator. This was absurd, but the episode threw a chill over his proposals for additional New Deal programs.

On the other hand, this court-packing challenge must have sounded something of a wake-up call to the justices, who began to view Roosevelt's programs in a more sympathetic light. In subsequent cases the Court upheld the Wagner Act (the National Labor Relations Act), Social Security, and minimum wage for women. Ironically, during his four terms as president, Roosevelt would be called on to name nine judges to the Supreme Court on account of retirements and deaths. Time provided him with the court he wanted. Had he been patient, he could have avoided a damaging fight.

Feeling that the worst of the depression was over and the economy was strong enough to be weaned from "pump-priming," in early 1937 Roosevelt backed off from federal employment programs in an attempt to reduce deficit spending and fulfill his campaign promise of a balanced budget. But the economy was not as robust as Roosevelt had hoped, and it was beginning to feel the pinch of the new Social Security payroll taxes.

In 1938, the country slipped into a deep recession wiping out most of the gains that had been made since 1933. In the face of this setback, Roosevelt began to employ the economic theory of John Maynard Keynes, who argued that in a recession government should use deficit spending and expect to make up the losses in good times through increased tax revenues. Programs such as the WPA that gave direct aid through work were resumed, and the economy began to improve later in 1938. These programs were intended to provide temporary relief for people in need, and be disbanded when the economy improved, but Roosevelt realized in the wake of the recession that they could not be too hastily discontinued without disruptions.

Congress passed the Wages and Hours Bill, or Fair Labor Standards Act, in 1938. This bill required all industries involved in interstate commerce to establish maximum hours per week and minimum wage standards. The goal was a 40-hour week and \$.40 an hour wage. Business complained that these were impossible standards to meet. Even so, farm workers (such as migrant workers), service employees (such as waiters), and domestic workers (such as housekeepers) were excluded from the bill, which meant that its protections were not extended to the many women and minorities engaged in these occupations. In that year also, the Committee for Industrial Organization changed its name to the Congress of Industrial Organization, and it continued its sometimes detrimental feuding with the American Federation of Labor.

In the Congressional elections of 1938, Democrats lost 80 seats in the House and all but gave up control of the legislature. A "Conservative Coalition" in Congress could now successfully block Roosevelt's legislation, and no more New Deal programs were passed after 1939. With the programs already in place, the economy continued to mend, albeit slowly, but not until the wartime manufacturing boom of the early 1940s would America again see full employment.