THE SKEPTIC ARENA.COM

March 1, 2017

THE NEW DEAL

(part 1 of 3: The First New Deal 1933-34)

Overview

The New Deal was a series of [social liberal](https://en.wikipedia.org/wiki/Social_liberalism_in_the_United_States) programs enacted in the United States following The Great Depression. They included both laws passed by Congress as well as presidential executive orders by President [Franklin D. Roosevelt](https://en.wikipedia.org/wiki/Franklin_D._Roosevelt). The [Republicans](https://en.wikipedia.org/wiki/History_of_the_Republican_Party_%28United_States%29) were split, with conservatives opposing the entire New Deal as an enemy of business and growth, and liberals accepting some of it and promising to make it more efficient.

Wiki, Republicans were right;

The New Deal *was* the enemy of business ... owners.

But for the masses, it was the greatest gift they have ever received.

Roosevelt was backed by rare, non-Southern Democratic majorities:

270 non-Southern Democrat Representatives in The House

and 71 non-Southern Democrats in the Senate.

Wiki, thanks for identifying one of the greatest enemies that America has ever had, and to no one's surprise, it is the Confederacy. The Civil War may have ended militarily in 1865, but it has continued for 150 years as America's true "cold war."

Also notice that Southern Democrats sided with Republicans in opposing The New Deal. When LBJ betrayed Southern Democrats in 1964 with the Civil Rights Act, and in 1965 with the Voting Rights Act, Southern Democrats would drop all pretenses and switch to the Republican party. It is where they belong anyway.

Origins of the New Deal:

Economic collapse (1929–1932)

From 1929 to 1932 manufacturing output decreased by one third.

Prices fell by 20%, causing deflation that made repaying debts much harder. [Unemployment in the U.S.](https://en.wikipedia.org/wiki/Unemployment_in_the_United_States) increased from 4% to 25%.

Additionally, one-third of all employed persons were downgraded

to working part-time on much smaller paychecks.

Almost 50% of the nation's human work-power was going unused.

Before the New Deal, there was no [insurance on deposits](https://en.wikipedia.org/wiki/Deposit_insurance) at banks. When thousands of banks closed, depositors lost their savings. At that time there was no national safety net, no public unemployment insurance, and no Social Security.

Wiki, yet nearly all of the world's "advanced" nations already had Social Security. But just like slavery, which most of the civilized world had outlawed while we kept it legal, America was also one of the last to get Social Security. Why is it that America always seems to lag so far behind the civilized nations when it comes to protecting its citizens?

It's because America is home to the greatest concentration of wealth in the world. When you are looking for the source of evil, it is always sound advice ... to follow the money.

The depression had devastated the nation.

Wiki, but not the rich. For them, the caviar never dries up and the champagne never stops flowing. The worst that happens to them is that they might have to sell one of their vacation homes ...

for less than they wanted.

Many Americans had little or no access to their bank accounts. The [unemployment rate](https://en.wikipedia.org/wiki/Unemployment_rate) was about 25% and higher in major industrial and mining centers. Farm income had fallen by over 50% since 1929. Between 1930 and 1932, out of 5 million nonfarm mortgages, nearly a million had been foreclosed. Political and business leaders feared revolution and anarchy.

The American people were generally extremely dissatisfied with the crumbling economy, mass unemployment, declining wages and profits and especially [Hoover](https://en.wikipedia.org/wiki/Herbert_Hoover)'s policies such as the [Smoot–Hawley Tariff Act](https://en.wikipedia.org/wiki/Smoot%E2%80%93Hawley_Tariff_Act) and the [Revenue Act of 1932](https://en.wikipedia.org/wiki/Revenue_Act_of_1932).

Wiki, with a tough election looming in 1932, Hoover made an effort to reverse some of the damage done by the rich. He signed the Revenue Act increasing taxes on the rich, which went from 25% to 63%. But the effects would not be noticed until the following year. In other words, it was too little - too late.

At the beginning of the Great Depression the economy was destabilized by bank failures followed by [credit crunches](https://en.wikipedia.org/wiki/Credit_crunch). The initial reasons were substantial losses in investment banking, followed by [bank runs](https://en.wikipedia.org/wiki/Bank_run). (Bank runs occurred when a large number of customers withdrew their deposits because they believed the bank might become insolvent. As the bank run progressed, it generated a self-fulfilling prophecy: as more people withdrew their deposits, the likelihood of default increased, and this encouraged further withdrawals). Between 1929 and 1933, out of 24 thousand banks, 10 thousand failed. Much of the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression)'s economic damage was caused directly by bank runs.

THE FIRST NEW DEAL

(1933–1934)

The First 100 Days

The first New Deal dealt with the pressing banking crisis through the [Emergency Banking Act](https://en.wikipedia.org/wiki/Emergency_Banking_Act) and the [Glass-Steagall Act](https://en.wikipedia.org/wiki/1933_Banking_Act). The [Federal Emergency Relief Administration](https://en.wikipedia.org/wiki/Federal_Emergency_Relief_Administration) provided over 9 billion dollars (in 2016 currency) for relief operations by states and cities, while the short-lived [Civil Works Administration](https://en.wikipedia.org/wiki/Civil_Works_Administration) gave localities money to operate [make-work](https://en.wikipedia.org/wiki/Make-work_job) projects in 1933 and 1934.

Wiki, that's quite a different response than what happened in 2008 when taxpayers showered the rich with money in "The Great Bailout." The results of the two methods were also quite different. America stormed out of The Great Depression with record-breaking increases in GDP that have never been duplicated, but remained mired in The Great Recession for many years.

Roosevelt's choice for [Secretary of Labor](https://en.wikipedia.org/wiki/United_States_Secretary_of_Labor), [Frances Perkins](https://en.wikipedia.org/wiki/Frances_Perkins), greatly influenced his initiatives. Her list of what her priorities would be if she took the job illustrates: "a forty-hour workweek, a minimum wage, worker's compensation, unemployment compensation, a federal law banning child labor, direct federal aid for unemployment relief, Social Security, a revitalized public employment service and health insurance."

Wiki, think about all those things on Frances Perkins' list, and then realize that Republicans fight with every ounce of their being to deny those things to the American people. That should make it clear that Republican politicians (who only work for the rich) are among the greatest enemies that America has ever faced. Since this enemy comes from within, it can best be described as ...

a cancer.

Those politicians are the main tool that Plutocrats use to control the masses.

Fiscal Policy

The [Economy Act](https://en.wikipedia.org/wiki/Economy_Act), was passed on March 14, 1933. The act proposed to balance the "regular" (non-emergency) federal budget by cutting the salaries of government employees and cutting pensions to veterans by fifteen percent. It saved $500 million per year.

Wiki, good point: those overpaid government workers and freeloading veterans need to be brought under control. Why waste money on them when all that cash could be setting in an offshore bank account accumulating untaxed interest?

Banking Reform

On March 9, 1933, Roosevelt sent to Congress the [Emergency Banking Act](https://en.wikipedia.org/wiki/Emergency_Banking_Act), drafted in large part by Hoover's top advisors. The Act was passed and signed into law the same day. It provided for a system of reopening sound banks under [Treasury](https://en.wikipedia.org/wiki/United_States_Department_of_Treasury) supervision, with federal loans available if needed. Three-quarters of the banks in the [Federal Reserve System](https://en.wikipedia.org/wiki/Federal_Reserve_System) reopened within the next three days. Billions of dollars in hoarded currency and gold flowed back into them within a month, thus stabilizing the banking system. Despite the myth that depositors received nothing back, they eventually received, on average, 85 cents on the dollar of their deposits. The [Glass–Steagall Act](https://en.wikipedia.org/wiki/Glass%E2%80%93Steagall_Act) limited commercial bank securities activities and affiliations between commercial banks and securities firms to regulate speculations. It also established the [Federal Deposit Insurance Corporation](https://en.wikipedia.org/wiki/Federal_Deposit_Insurance_Corporation), which insured deposits for up to $2,500, ending the risk of runs on banks. This banking reform offered unprecedented stability. Throughout the 1920s more than 500 banks had failed per year; after 1933, it was less than 10 a year.

Wiki, and then Republicans went to work. It took them decades, but in 1999 they were finally able to get Glass-Steagall repealed. The Great Recession hit less than one decade later. Democrats, under Obama, responded with the Dodd-Frank Act. But Republicans, who swept into power in the 2010 midterms, have vowed to repeal Dodd-Frank. They attempted to get it declared unconstitutional but failed. The states who joined the lawsuit were the usual suspects (the Conservative-controlled states).

This was no surprise, as Conservatives want no interference in their pursuit of the wealth possessed by the masses.

Securities Regulation

Before the [Wall Street Crash of 1929](https://en.wikipedia.org/wiki/Wall_Street_Crash_of_1929), there was no regulation of securities at the federal level. Even firms whose securities were publicly traded published no regular reports, or even worse, rather misleading reports based on arbitrarily selected data. To avoid another Wall Street Crash, the [Securities Act of 1933](https://en.wikipedia.org/wiki/Securities_Act_of_1933) was enacted. It required the disclosure of the balance sheet, profit and loss statement, and the names and compensation of corporate officers, about firms whose securities were traded. Additionally those reports had to be verified by independent auditors.

Wiki, the Securities Act mainly benefitted the rich since poor and low-income people own only a miniscule portion of the stock market.

In 1934 the [U.S. Securities and Exchange Commission](https://en.wikipedia.org/wiki/U.S._Securities_and_Exchange_Commission) was established to regulate the stock market and prevent [corporate abuses](https://en.wikipedia.org/wiki/Corporate_abuses) relating to the sale of securities and corporate reporting.

Repeal of Prohibition

In a measure that garnered substantial popular support for his New Deal, Roosevelt signed the bill to legalize the manufacture and sale of alcohol, which put to rest one of the most divisive cultural issues of the 1920s.

RELIEF

Relief was the immediate effort to help the one-third of the population that was hardest hit by the depression. Also, relief was aimed at providing temporary help to suffering and unemployed Americans.

Public Works

To prime the pump and cut unemployment, the [National Industrial Recovery Act](https://en.wikipedia.org/wiki/National_Industrial_Recovery_Act) created the [Public Works Administration](https://en.wikipedia.org/wiki/Public_Works_Administration), a major program of public works, which organized and provided funds for the building of useful works such as government buildings, airports, hospitals, schools, roads, bridges, and dams. From 1933 to 1935 Public Works Administration spent $3.3 billion with private companies to build over 30 thousand projects, many of them quite large.

Under Roosevelt, many unemployed persons were put to work on a wide range of government-financed public works projects, building bridges, airports, dams, post offices, courthouses, and thousands of miles of road. Through reforestation and flood control, they reclaimed millions of acres of soil from erosion and devastation.

Rural America was a high priority for Roosevelt. FDR believed that full economic recovery depended upon the recovery of agriculture, and raising farm prices was a major tool, even though it meant higher food prices for the poor living in cities.

In the 1920s farm production had increased dramatically thanks to mechanization, more potent insecticides, and increased use of fertilizer. Due to an overproduction of agricultural products farmers faced a severe and chronic agricultural depression throughout the 1920s. The Great Depression worsened the agricultural crisis. At the beginning of 1933 agricultural markets nearly faced collapse. Farm prices were so low that, as an example, in Montana wheat was rotting in the fields because it could not be profitably harvested. In Oregon sheep were slaughtered and left to the buzzards because meat prices were not sufficient to warrant transportation to markets.

Roosevelt was keenly interested in farm issues and believed that true prosperity would not return until farming was prosperous. Many different programs were directed at farmers. The first 100 days produced the Farm Security Act to raise farm incomes by raising the prices farmers received, which was achieved by reducing total farm output. Under the Farmers' Relief Act of 1933, the government paid compensation to farmers who reduced output, thereby lifting prices. As a result of this legislation, the average income of farmers almost doubled by 1937.

The [Agricultural Adjustment Act](https://en.wikipedia.org/wiki/Agricultural_Adjustment_Act) created the [Agricultural Adjustment Administration](https://en.wikipedia.org/wiki/Agricultural_Adjustment_Administration) in May 1933. In 1936, the Supreme Court declared the Agricultural Adjustment Administration to be [unconstitutional](https://en.wikipedia.org/wiki/Constitutionality), stating that "a statutory plan to regulate and control agricultural production, [is] a matter beyond the powers delegated to the federal government." The Agricultural Adjustment Administration was replaced by a similar program that did win Court approval. Instead of paying farmers for letting fields lie barren, this program instead subsidized them for planting soil-enriching crops such as [alfalfa](https://en.wikipedia.org/wiki/Alfalfa) that would not be sold on the market. Federal regulation of agricultural production has been modified many times since then, but together with large subsidies is still in effect.

Many rural people lived in severe poverty, especially in the South. Major programs addressed to their needs included the [Resettlement Administration](https://en.wikipedia.org/wiki/Resettlement_Administration), the [Rural Electrification Administration](https://en.wikipedia.org/wiki/Rural_Electrification_Administration), rural welfare projects sponsored by the [Works Progress Administration](https://en.wikipedia.org/wiki/Works_Progress_Administration), [National Youth Administration](https://en.wikipedia.org/wiki/National_Youth_Administration), Forest Service, and [Civilian Conservation Corps](https://en.wikipedia.org/wiki/Civilian_Conservation_Corps), including school lunches, building new schools, opening roads in remote areas, reforestation, and purchase of marginal lands to enlarge national forests. In 1933, the Administration launched the [Tennessee Valley Authority](https://en.wikipedia.org/wiki/Tennessee_Valley_Authority), a project involving dam construction planning on an unprecedented scale to curb flooding, generate electricity, and modernize poor farms in the [Tennessee Valley](https://en.wikipedia.org/wiki/Tennessee_Valley) region of the Southern United States.

RECOVERY

Recovery was the effort in numerous programs to restore the economy to normal health. By most economic indicators this was achieved by 1937—except for unemployment, which remained stubbornly high until World War II began. By 1937 employment in private sector factories had recovered to the level of the late 1920s but did not grow much bigger until the war came, when manufacturing employment leapt from 11 million in 1940 to 18 million in 1943.

Wiki, death is always good for business. Always has been, still is, and likely will be ... for a long, long time.

"*War occurs when Plutocrats order the masses to go kill the masses living under the control of other Plutocrats ...*

*for their own personal gain*."

neo, 2016

The National Recovery Administration's

"Blue Eagle" Campaign

Roosevelt's advisers believed that excessive competition and technical progress had led to overproduction and lowered wages and prices, which they believed lowered demand and employment ([Deflation](https://en.wikipedia.org/wiki/Deflation)). New Deal economists argued that cut-throat competition had hurt many businesses.

Wiki, "cutthroat competition" in which the big eat the small, is how monopolies grow. Here is a link detailing just how bad this monopolistic trend is getting in the 21st century as the Plutocrats tighten their grip on the masses:

<http://www.alternet.org/economy/us-economy-increasingly-dominated-monopolies-2015-corporate-mergers-continue>

Ah, unrestrained Capitalism ... what could possibly go wrong?

By the time the [National Recovery Administration](https://en.wikipedia.org/wiki/National_Recovery_Administration) ended in May 1935, industrial production was 55% higher than in May 1933. In addition, well over 2 million employers accepted the new standards laid down by the Administration, which had introduced a minimum wage and an [eight-hour workday](https://en.wikipedia.org/wiki/Eight-hour_day), together with abolishing child labor.

Wiki, why didn't the Capitalists have the morality to end child labor themselves? Why did they have to be forced by government to end the practice?

And why does it continue today in the tobacco fields of North Carolina?

[http://wunc.org/post/child-labor-north-carolina-tobacco-fields#stream/0](http://wunc.org/post/child-labor-north-carolina-tobacco-fields%23stream/0)

Housing Sector

The New Deal had an important impact in the housing field. The New Deal sought to stimulate the private home building industry and increase the number of individuals who owned homes. The New Deal implemented two new housing agencies; the [Home Owners' Loan Corporation](https://en.wikipedia.org/wiki/Home_Owners%27_Loan_Corporation) which set uniform national appraisal methods and simplified the mortgage process; and the [Federal Housing Administration](https://en.wikipedia.org/wiki/Federal_Housing_Administration) which created national standards for home construction.

The New Deal helped increase the number of Americans who owned homes. Before the New Deal only 4 out of 10 Americans owned homes; this was because the standard mortgage lasted only 5 to 10 years and had interest as high as 8%. These conditions severely limited the accessibility to housing for most Americans. Under the New Deal, Americans had access to 30-year mortgages, and the standardized appraisal and construction processes helped open up the housing market to many more Americans of that time.

Wiki, that may be true in theory, but in practice the opportunity to own a home was severely limited for African-Americans.

REFORM

Reform was based on the assumption that the depression was caused by the inherent instability of the market and that government intervention was necessary to rationalize and stabilize the economy, and to balance the interests of farmers, business and labor.

Wiki, I disagree. I assert that the depression was caused by the uncontrollable greed of the Plutocrats who created wealth and income inequality, the likes of which, would not be seen until 80 years later ... when they did it again.

Reforms targeted the causes of the depression and sought to prevent a crisis like it from happening again.

Wiki, I'm afraid I have some rather bad news for you ...

they failed.

Not because their reforms didn't work, but because Americans allowed the Plutocrats to regain power; and once that power was regained, the Plutocrats did what they always do ...

steal everything they can lay their hands on.

Trade Liberalization

There is consensus among economic historians that protectionist policies, culminating in the [Smoot-Hawley Act of 1930](https://en.wikipedia.org/wiki/Smoot-Hawley_Tariff_Act), worsened the Depression. [Franklin D. Roosevelt](https://en.wikipedia.org/wiki/Franklin_D._Roosevelt) already spoke against the act while campaigning for president during 1932. In 1934 the [Reciprocal Tariff Act](https://en.wikipedia.org/wiki/Reciprocal_Tariff_Act) was drafted by [Cordell Hull](https://en.wikipedia.org/wiki/Cordell_Hull). It gave the president power to negotiate bilateral, [reciprocal trade agreements](https://en.wikipedia.org/wiki/Reciprocal_trade_agreement) with other countries. The act enabled Roosevelt to liberalize [American trade policy](https://en.wikipedia.org/wiki/Trade_policy_of_the_United_States) around the globe. It is widely credited with ushering in the era of liberal [trade policy](https://en.wikipedia.org/wiki/Trade_policy) that persists to this day.

Results of The First New Deal

The result of the "First New Deal" (1933–34) was that the economy shot upward, with FDR's first term marking one of the fastest periods of GDP growth in history. The great majority of economists and historians agree that the programs were an overall benefit. It especially led to greatly increased federal regulation of the economy. It also marked the beginning of complex social programs and growing power of labor unions.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

THE SCIENCE SEGMENT

Nearly all non-Africans today

descend from a single migration out of Africa

A study of hundreds of new genomes from across the globe has yielded insights into modern human genetic diversity and ancient population dynamics, including compelling evidence that essentially all non-Africans today descended from a single migration out of Africa.

The multinational research effort, also suggests that no single genetic change or small group of changes is likely to explain the substantial transformations in human culture and cognition seen in the last 50,000 years.

A key conclusion—that the vast majority of modern human ancestry in non-Africans derives from a single population that migrated out of Africa—is also supported by two other whole-genome sequencing studies.

Together, the three studies put to rest a lingering question about whether indigenous peoples of Australia, New Guinea and the Andaman Islands descended in large part from a group that left Africa earlier and skirted the coast of the Indian Ocean. They did not.

The study further revealed that the common ancestors of modern humans began to differentiate at least 200,000 years ago, long before the out-of-Africa dispersal occurred.

The additional discovery that genetics alone can’t account for the acceleration of cultural, economic and intellectual progress in the last 50,000 years runs contrary to a popular hypothesis in the field. There did not seem to be one or a few enabling mutations that suddenly appeared among our ancestors that allowed them to think in profoundly different ways. Instead, a constellation of factors, including environment, lifestyle, and possibly genetics, likely drove the great changes that occurred.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

FAMOUS QUOTES

George Carlin

(no biography - previously quoted)

"The reason they call it the American Dream

is because you have to be asleep to believe it."