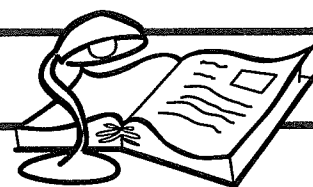


Study Guide

Chapter 9, Section 1

For use with textbook pages 468–473



CAUSES OF THE DEPRESSION

CONTENT VOCABULARY

- stock market** a system for buying and selling shares of companies (page 470)
- bull market** a long period of rising stock prices (page 470)
- margin** a way of buying stocks by paying only a small percent of the price of the stock and taking a loan from a stockbroker to pay the rest (page 470)
- margin call** a demand by a broker for the investor to repay the loan at once (page 470)
- speculation** buying shares, betting that the stock market will continue to climb, and then selling the stock to make money quickly (page 471)
- installment** monthly payment made on a high-cost item (page 473)

DRAWING FROM EXPERIENCE

How important is the stock market to the U.S. economy today? How do Americans participate in the stock market?

In this section, you will learn about the stock market in the 1920s. You will also learn about the causes of the Great Depression.

ORGANIZING YOUR THOUGHTS

Use the cause-and-effect diagram below to help you take notes. Several situations led to the stock market crash. List these causes below.

California History-Social Science Standards

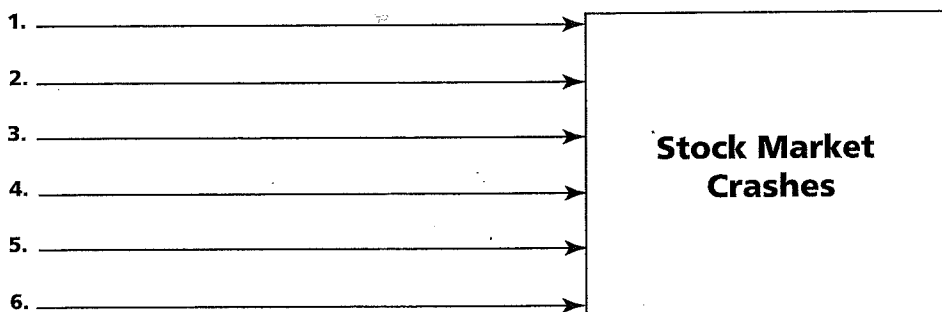
11.5 Students analyze the major political, social, economic, technological, and cultural developments of the 1920s.

11.6 Students analyze the different explanations for the Great Depression and how the New Deal fundamentally changed the role of the federal government.

Focuses on: 11.5.1, 11.6.1, 11.6.2

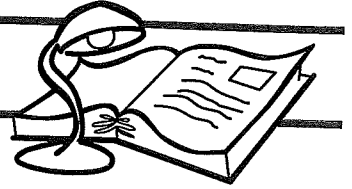
Causes

Effect



Study Guide

Chapter 9, Section 1 (continued)



READ TO LEARN

• The Election of 1928 (page 469)

In the 1928 presidential election, Herbert Hoover ran as the Republican nominee. The Democrats nominated Alfred E. Smith. Several issues determined the election results. Hoover supported Prohibition. Smith opposed the ban. Hoover was a Quaker, and Smith was a Roman Catholic, the first one ever to be nominated for president. Many Protestants believed that if a Catholic were elected president, the Pope would rule the White House. This belief damaged Smith's candidacy. Hoover and the Republicans were also given credit for the nation's prosperity during the 1920s. As a result, Hoover won in a landslide victory.

7. How did religion play a part in the 1928 presidential election?

• The Long Bull Market (page 470)

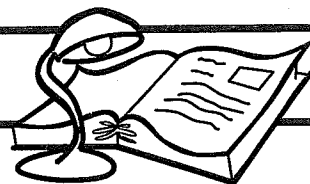
After the election, stock prices continued to increase. The **stock market** was started as a system for buying and selling shares of companies. The late 1920s saw a **bull market**, or a long period of rising stock prices. As a result, many Americans began investing heavily in stocks. As the bull market continued, many investors began buying stocks on **margin**. They made a small cash down payment on the stock, and took out a loan from a stockbroker to pay for the rest of the stock. The stockbroker earned a commission on the sale and interest on the loan. Buying on margin was safe as long as the stock prices kept rising. However, a decrease in prices became a problem. To protect the loan, the stockbroker could issue a **margin call**. This was a demand for the investor to repay the loan. If prices started falling, many investors had to sell their stock quickly in order to be able to repay their loans.

Before the late 1920s, the prices that investors paid for stocks had to do with the company's profits. If the company's profits rose, the stock price rose. If earnings decreased, the value of the stock decreased. However, in the late 1920s, new investors would buy a company's stock without regard to a company's earnings. Buyers hoped to make a quick profit and practiced **speculation**. Instead of investing in the future of the companies whose stock they bought, they were betting that the stock market would continue to climb and then sell the stock quickly to make money.

Academic Vocabulary

invest: to put money into a company in order to gain a future financial reward (p. 470)

Study Guide



Chapter 9, Section 1 (continued)

8. Why did many investors buy stocks on speculation in the late 1920s?

• The Great Crash (page 471)

By mid-1929 the stock market was running out of new customers, and stock prices stopped rising. Investors began selling off their holdings and prices decreased. Other investors sold their shares to pay the interest on the loans they took out from brokers, and prices decreased even more. On October 29, 1929, which became known as Black Tuesday, stock prices took their steepest dive. By mid-November stock prices had dropped by over one-third. Some \$30 billion was lost, a sum roughly equal to the total wages earned by Americans in 1929. The stock market crash did not cause the Great Depression, but it prevented the economy from surviving other weaknesses.

Academic Vocabulary

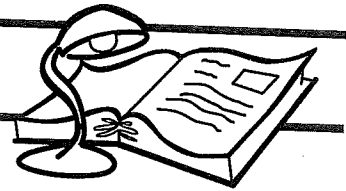
sum: a specified amount of money (p. 471)

Banks also suffered as a result of the stock market crash. Many banks had lent money to stock speculators. They also had invested depositors' money in the stock market in hopes of getting higher returns. When stock prices fell, many banks lost money on their investments, and speculators could not repay their loans. The banks had to cut back on the number of loans they made. As a result, many people were not able to borrow as much money as they once did.

Many banks were forced to close because of their losses. People who had deposits in these banks lost all their savings. Many Americans began withdrawing their deposits from banks because they feared that the banks would collapse. This run on the banks caused many banks to collapse.

9. Why did many banks collapse in 1929?

Study Guide



Chapter 9, Section 1 (continued)

• The Roots of the Great Depression (page 472)

The stock market crash alone did not cause the Great Depression. Other reasons also contributed to it. One major reason was overproduction of manufactured goods. Most Americans did not have enough money to buy all the goods that were made. During the 1920s, many Americans bought high-cost items, such as refrigerators, on the **installment** plan. People made a down payment and paid the rest of the price in monthly installments. Some people reached a point where they had to reduce their purchases in order to pay their debts. When sales slowed, manufacturers cut production and laid off employees. The slowdown in one industry affected other industries. This kind of chain reaction put more and more Americans out of work.

Academic Vocabulary
reaction: the response to a stimulus (p. 473)

Another reason for the Great Depression was the fact that Americans were not selling many goods to foreign countries. During the 1920s, banks earned more money by making loans to speculators than by lending to foreign companies so that they could buy American goods. As a result, foreign companies bought less from the United States. In 1930 Congress passed the Hawley-Smoot Tariff. It raised the tax on many imports. Although it protected American manufacturers from foreign competition, it also damaged American sales to foreign countries. Americans began buying fewer imports, which led foreign countries to buy fewer American goods. American companies and farmers were hurt by this situation. The high tariff deepened the Great Depression.

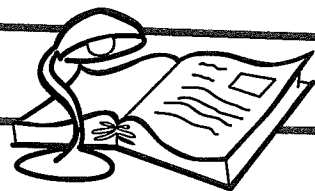
The actions of the Federal Reserve also contributed to the Great Depression. Instead of raising interest rates to stop speculation buying, the Federal Reserve lowered rates. These lower rates encouraged banks to make risky loans. Lower interest rates generally mean the economy is growing. By lowering interest rates, the Federal Reserve misled many business leaders. They believed the economy was still growing, so they borrowed more money to expand their production. This led to overproduction at a time when sales were decreasing. When the Depression finally came, the companies had to cut their costs and lay off their workers. The increased unemployment damaged the economy even more.

10. How did the Hawley-Smoot Tariff contribute to the Great Depression?

Study Guide

Chapter 9, Section 3

For use with textbook pages 482–487



HOOVER RESPONDS

CONTENT VOCABULARY

public works government-financed building projects (page 483)

relief money that went directly to people in poverty (page 485)

foreclose to take possession of by creditors (page 486)

DRAWING FROM EXPERIENCE

For what issues have groups of people in the United States held demonstrations or protests in recent years? What issues do you think are important enough to demonstrate for?

The last section described how the Great Depression affected Americans. This section explains how President Hoover attempted to end the Depression.

California History-Social Science Standards

11.6 Students analyze the different explanations for the Great Depression and how the New Deal fundamentally changed the role of the federal government.

Focuses on: 11.6.3

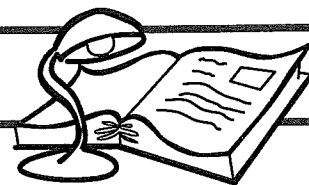
ORGANIZING YOUR THOUGHTS

Use the chart below to help you take notes. During the 1930s, the government proposed several programs to help end the Depression. Explain what each listed program was designed to do.

Programs	How They Attempted to End the Depression
public works	1.
National Credit Corporation	2.
Reconstruction Finance Corporation	3.
Emergency Relief and Construction Act	4.

Study Guide

Chapter 9, Section 3 (continued)



READ TO LEARN

• Promoting Recovery (page 483)

Although President Hoover tried to persuade Americans that things would improve quickly, he was very worried about the economy. He organized a series of conferences with the heads of banks and other businesses, government officials, and labor.

At first Hoover received a pledge from business to keep factories open and to stop cutting wages. However, by 1931 they did not keep their pledges. Hoover then tried to increase **public works**, which are government-financed building projects. He hoped that the jobs these government projects would create would make up for the construction jobs lost in private business. The jobs made up for only a small part of the jobs that were lost in the private sector. The only way the public works would have created many new jobs would have been to increase government spending for the public works projects. If the government raised taxes to get the money, it would take money away from consumers and it would hurt the struggling businesses. If the government kept taxes low and spent more money than it collected in taxes, it would have to borrow the money it needed from banks. This would leave less money for businesses and consumers who needed loans. Hoover believed that this deficit spending would delay an economic recovery.

In the 1930 congressional elections, Americans blamed the Republican Party for the economic problems. As a result, the Republicans lost their majority in the House of Representatives and narrowly held on to it in the Senate.

5. Why did President Hoover propose the creation of public works projects?

• Pumping Money Into the Economy (page 484)

Hoover wanted to make sure that banks could make loans to businesses so that they could start producing and rehire workers. He tried to persuade the Federal Reserve Board to put more money into circulation, but the board refused. Hoover then set up the National Credit Corporation (NCC) in 1931. This was a voluntary lending organization. Hoover persuaded a number of New York bankers to contribute to the organization to create a pool of money. Troubled banks could draw from this pool so they could continue lending money in their communities. The contributions made to the pool were not enough to help the nation.

Academic Vocabulary

series: a number of events that come one after another (p. 483)

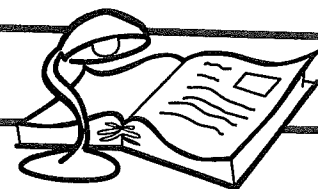
Academic Vocabulary

community: people with common characteristics living in the same area (p. 485)

contribute: to give to a common cause (p. 485)

Study Guide

Chapter 9, Section 3 (continued)



By 1932 Hoover decided that the only way to provide money for borrowers was for the government to lend it. He asked Congress to set up the Reconstruction Finance Corporation (RFC) to make loans to banks, railroads, and farming institutions. The RFC made millions of dollars worth of loans. However, it did not loan enough money to meet the needs. As a result, the economy continued to decline.

Hoover did not want the government to participate in **relief**—money that went directly to poor families. He believed that that was the job of state and local governments. These governments, however, were running out of money. By 1932 Congress passed the Emergency Relief and Construction Act, which provided loans to states for direct relief. This program was also too late to stop the continuing decline of the economy.

6. What was the purpose of the National Credit Corporation?

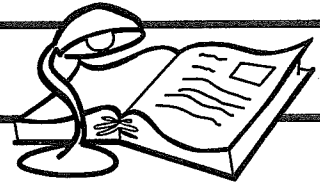
• In an Angry Mood (page 485)

By 1931 Americans were getting increasingly upset about the bad economy. In December 1932, crowds began to form rallies and “hunger marches.” One such group marched in Washington, D.C., demanding that the government feed the hungry and tax the wealthy.

Farmers also protested. Farm prices sank so low that most farmers could not pay their mortgages. Between 1930 and 1934, creditors foreclosed on almost one million farms. They took over the farms and forced the families off the farms. Some farmers began to destroy their crops, hoping that reducing the supply of crops would help raise prices.

To thank American soldiers for serving in World War I, Congress set up a \$1,000 bonus for each veteran to be distributed in 1945. However, in 1931 Congress debated a bill that would authorize early payment of the bonuses. By 1932 the veterans, many of whom were homeless, were in need of the bonuses. About 1,000 veterans, named the Bonus Army, set off on a march to Washington to lobby Congress to pass the bill. They lived in Hoovervilles around the capital. The number of veterans grew in a few weeks to almost 15,000. President Hoover refused to meet with them. The Senate voted the new bonus bill down. Many veterans began to leave to return home. Some of the marchers, however, stayed on since they had no jobs. Some moved to unoccupied buildings.

Study Guide

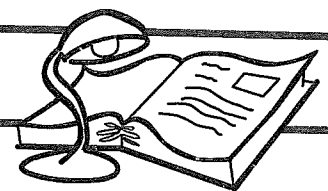


Chapter 9, Section 3 (continued)

President Hoover ordered the police to clear the buildings. One police officer panicked and fired into a crowd. Two veterans were killed. The government of Washington, D.C., then called in the army. The soldiers were told to enforce the order to clear the veterans from the buildings. The soldiers used tear gas on the veterans and burned down their shacks. The press covered these events, and the pictures upset the public. These images and the Depression affected Americans' opinion of President Hoover.

7. Why did veterans march on Washington, D.C., in 1932?

Study Guide



Chapter 10, Section 1

For use with textbook pages 498–507

ROOSEVELT TAKES OFFICE

CONTENT VOCABULARY

fireside chats radio talks that President Roosevelt held with the American people to let them know what he hoped to accomplish (page 502)

DRAWING FROM EXPERIENCE

What do you think was the most important thing President Roosevelt had to do to help end the Depression? Why do you think so?

This section discusses the background of President Franklin Roosevelt and the programs he initiated in his first 100 days in office.

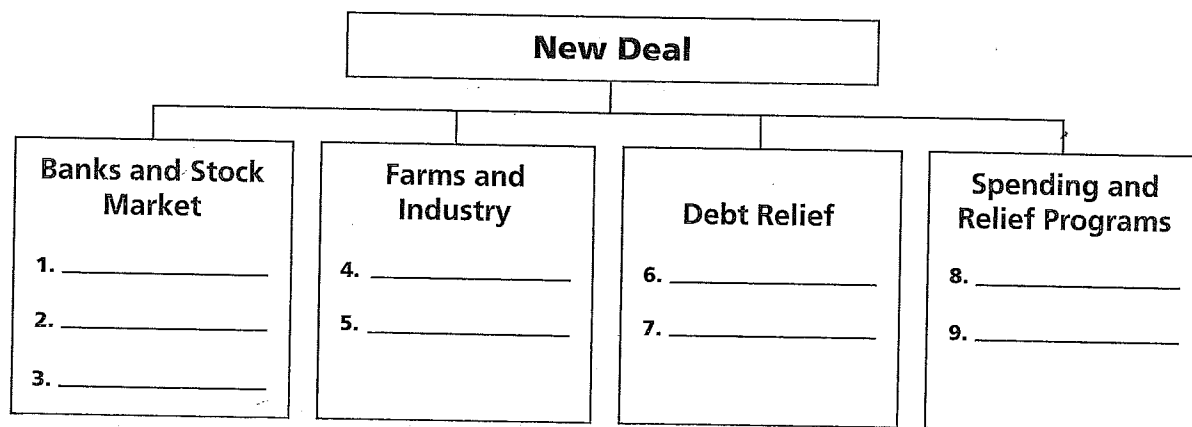
California History-Social Science Standards

11.6 Students analyze the different explanations for the Great Depression and how the New Deal fundamentally changed the role of the federal government.

Focuses on: 11.6.2, 11.6.4

ORGANIZING YOUR THOUGHTS

Use the diagram below to help you take notes. Congress passed several laws and set up programs to help various aspects of the U.S. economy. Identify the laws and programs that were to help each of the areas listed in the diagram.



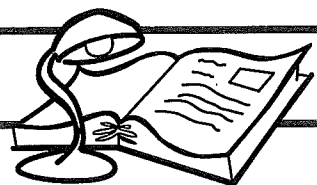
READ TO LEARN

• Roosevelt Takes Office (page 449)

In the 1932 presidential election, many voters were against President Hoover, who was the Republican nominee. Democrats chose New York Governor Franklin Delano Roosevelt. Roosevelt's programs for ending the Depression became known as the New Deal.

Study Guide

Chapter 10, Section 1 (continued)



Franklin Roosevelt was a distant cousin of President Theodore Roosevelt. He was born into a wealthy New York family. He was educated at Harvard University and Columbia Law School. After leaving law school, Roosevelt went into politics. He started as a senator in the New York legislature. He was the assistant secretary of the navy under President Wilson. He ran as the vice-presidential candidate in the 1920 election, which he lost. A year later, Roosevelt came down with polio, a paralyzing disease. While recovering from the disease, Roosevelt depended on his wife Eleanor to keep his name in the forefront in the New York Democratic Party. By the mid-1920s, Roosevelt returned to politics and became governor of New York. His policies made him a very popular governor. He cut taxes for farmers. He reduced rates charged by public utilities. In 1931 Roosevelt convinced the New York legislature to create an agency that would help unemployed New Yorkers. Roosevelt's popularity led to his nomination for president in the 1932 election. Roosevelt's optimism gave Americans hope during hard times and contrasted sharply with Hoover's apparent failure to do anything effective. He was elected in November 1932.

Academic Vocabulary

apparent: appearing to be fact as far as can be understood (p. 499)

Between Roosevelt's election and his inauguration, unemployment continued to rise. Bank runs increased. Some of the bank runs happened because people were afraid that Roosevelt would get rid of the gold standard and lower the value of the dollar to fight the Depression. At that time, one ounce of gold was equal to a set number of dollars. To lower the value of the dollar, the United States would have to stop exchanging dollars for gold. Investors who had deposits in American banks decided to take their money out of the banks and exchange it for gold before it lost its value. By March 1933, more than 4,000 banks had collapsed. In 38 states, governors declared bank holidays. They closed the remaining banks before people could make a run on them and put them out of business.

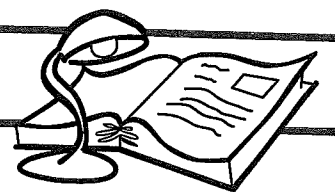
10. Why did many states declare bank holidays in 1933?

• The Hundred Days Begins (page 501)

Once Roosevelt came into office, he began sending bill after bill to Congress. Between March 9 and June 16, 1933, which came to be known as the Hundred Days, Congress passed 15 major laws to deal with the economy. All these programs became known as the First New Deal.

Study Guide

Chapter 10, Section 1 (continued)



Academic Vocabulary
ideology: a system of thought that is held by an individual, group, or culture (p. 501)

Roosevelt was willing to experiment and try several approaches to solve the economic problems. Lacking a strong political **ideology**, he asked for advice from people from a variety of backgrounds. He chose advisers who disagreed with each other so that he could hear several different viewpoints. Roosevelt alone made the final decision.

Roosevelt's advisers made up three major groups. One group favored the policies of Theodore Roosevelt. They believed that government and business should work together to manage the economy. A second group distrusted big business. They blamed business leaders for causing the Depression. They wanted the government to run important parts of the economy. A third group supported President Wilson's policies. They believed that large trusts were to blame for the Depression. They also believed that the government had to bring back competition to the economy. These advisers wanted Roosevelt to break up big companies to allow competition.

11. What did the advisers who blamed business leaders for causing the Depression want the government to do?

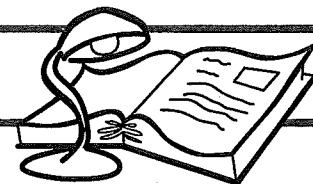
• Fixing the Banks and the Stock Market (page 502)

President Roosevelt realized that one of the first things he had to do was restore people's confidence in the banks. He declared a national bank holiday and then called a special session of Congress. On the day that Congress met, the House of Representatives passed the Emergency Banking Relief Act. The Senate approved it the same evening and Roosevelt signed it into law. It said that federal officials would check the nation's banks and give licenses to those that were financially sound.

On March 12, President Roosevelt addressed the American public by radio. This was the first of many **fireside chats**. He used them to let the American people know what he was trying to accomplish. In his first chat, Roosevelt told the people that it would be safe for them to put their money back into the banks. The next day there were more bank deposits than bank withdrawals.

Roosevelt's advisers pushed for regulations for the banks and the stock market. Roosevelt agreed and supported the Securities Act of 1933 and the Glass-Steagall Banking Act. The Securities Act required that companies that sold stocks and bonds had to provide complete and truthful information to their investors. The next year, Congress set up the Securities and Exchange Commission. The agency was to regulate the stock market and prevent fraud.

Study Guide



Chapter 10, Section 1 (continued)

The Glass-Steagall Act separated commercial banking from investment banking. Commercial banks handle everyday transactions, such as taking deposits and cashing checks. Under the Glass-Steagall Act, these banks could not risk depositors' money by speculating on the stock market. The act also created the Federal Deposit Insurance Corporation (FDIC). It provided government insurance on bank deposits up to a certain amount.

- 12.** How did President Roosevelt communicate with the American people about what he was trying to accomplish?

• Managing Farms and Industry (page 503)

President Roosevelt believed that farmers and businesses were suffering because prices were too low and production was too high. Several of Roosevelt's advisers wanted to set up federal agencies to manage the economy.

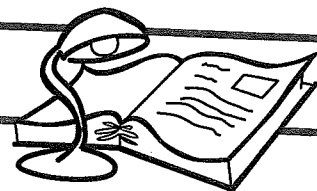
Farmers had been hurt badly by the Depression. To help them, Roosevelt announced plans for a new farm program. He asked Congress to pass the Agricultural Adjustment Act. It was based on the idea that prices for farm products were low because farmers grew too much food. Under this act, the government would pay farmers not to grow certain crops and certain livestock. This program was administered by the Agricultural Adjustment Administration (AAA).

Over the next two years, farmers took out millions of acres of land from production. They received more than \$1 billion in support payments. The program reached its goal. Surpluses fell by 1936, and food prices rose. Farm income also rose. However, not all farmers benefited. The large commercial farmers who grew one crop benefited more than small farmers who grew several crops. In addition, thousands of poor tenant farmers became homeless when landlords took fields out of production.

In June 1933, Roosevelt and Congress enacted the National Industrial Recovery Act (NIRA). The law suspended antitrust laws. It allowed business, labor, and government to cooperate in setting up voluntary rules for each industry. The rules were known as codes of fair competition. They set prices, set up minimum wages, and limited factories to two shifts per day. This was done to spread production to as many firms as possible. Some codes shortened hours in the hope of creating more jobs. Another code guaranteed workers the right to form unions. The National Recovery Administration (NRA) ran the program. Those business owners who signed code agreements received signs displaying the NRA's symbol. People were urged to buy goods only from companies that displayed the signs.

Study Guide

Chapter 10, Section 1 (continued)



The NRA had few successes. Small companies complained that large companies wrote codes that favored themselves. Many companies disliked price fixing, which limited competition. Employers disliked the idea of workers' rights to form unions. The codes were also difficult to enforce, and many companies ignored them. Industrial production actually fell after the organization was set up. The Supreme Court ruled that the NRA was unconstitutional in 1935. However, public support for it was lost before that.

13. What were the effects of the Agricultural Adjustment Act?

• Providing Debt Relief (page 504)

Some people believed that debt was standing in the way of an economic recovery. Income was falling, so people had to use much of their money to pay their debts. They had little left over to buy goods. Many people cut back on their spending in order to pay their mortgages. As a result, President Roosevelt introduced several programs to help Americans with their debts.

Roosevelt asked Congress to set up the Home Owners' Loan Corporation (HOLC). It bought the mortgages from many homeowners who were behind in their payments. It then restructured the payments with lower interest rates. The HOLC only helped those people who still had jobs. It foreclosed on the property of those who did not have jobs and could no longer pay their mortgages. However, the HOLC did help refinance one out of every five mortgages on private homes in the United States.

Congress also set up the Farm Credit Administration (FCA) to help farmers refinance their mortgages. The loans helped many farmers keep their land. However, giving loans to poor farmers meant that little money was left to loan to more efficient businesses in the economy.

14. What programs did Congress set up to help Americans pay their debts?

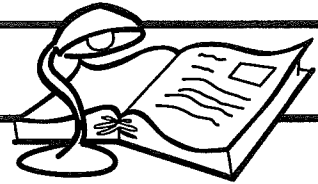
• Spending and Relief Programs (page 505)

Although some of Roosevelt's advisers believed that low prices and debt caused the Great Depression, others believed that the fundamental cause was not buying enough to get the economy going. These advisers believed that the

Academic Vocabulary
fundamental: being of central importance (p. 505)

Study Guide

Chapter 10, Section 1 (continued)



best way to get out of the Depression was to find a way to provide money for people. To do this, Roosevelt asked Congress to set up government agencies that would organize work programs for the unemployed.

One such relief program was the Civilian Conservation Corps (CCC). Starting in 1933, it employed young men 18 to 25 years of age to work under the supervision of the national forestry service. They planted trees, fought fires, and built reservoirs. Men lived in camps near their work areas and earned about \$30 a month. By the time the CCC closed down in 1942, it had provided outdoor work to about three million men.

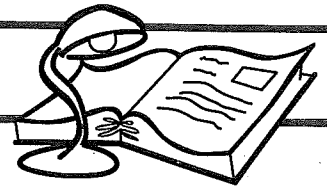
Congress set up the Federal Emergency Relief Administration (FERA). This agency provided federal money to state and local agencies to pay for their relief projects. The Public Works Administration (PWA), set up in June 1933, was a federal relief agency. To put the many unemployed construction workers back to work, the PWA set up a series of construction projects. The projects included building and improving highways, dams, sewer systems, and waterworks. The PWA did not hire workers directly. Instead, it gave contracts to construction companies. The PWA did insist that contractors hire African Americans, thereby breaking down racial barriers in the construction industry.

The Civil Works Administration (CWA) hired workers directly and put them on the federal government's payroll. In the winter of 1933, the CWA had employed four million people. They built airports, roads, schools, and playgrounds. The CWA spent nearly \$1 billion in just five months. Although the CWA helped many people get through the winter, President Roosevelt was concerned about how quickly it spent money. He did not want people to get used to the federal government providing them with jobs. As a result, he ordered the CWA to shut down and to fire the four million workers it had hired.

The programs of the New Deal did not restore the economy. However, they did inspire Americans with hope and restored their faith in the country.

15. How did the PWA hire workers?

Study Guide



Chapter 10, Section 2

For use with textbook pages 510–517

THE SECOND NEW DEAL

CONTENT VOCABULARY

deficit spending borrowing money to pay for programs (page 511)

binding arbitration a process in a dispute in which a neutral party would listen to both sides and decide the issues (page 515)

sit-down strike a protest action in which workers stopped working but refused to leave the factory (page 515)

DRAWING FROM EXPERIENCE

When you get your paycheck, some of the money you earn has been taken out for income tax. An additional amount has been removed for Social Security. President Roosevelt initiated the Social Security program. The last section discussed the programs set up under the First New Deal. This section discusses President Roosevelt's programs in the Second New Deal.

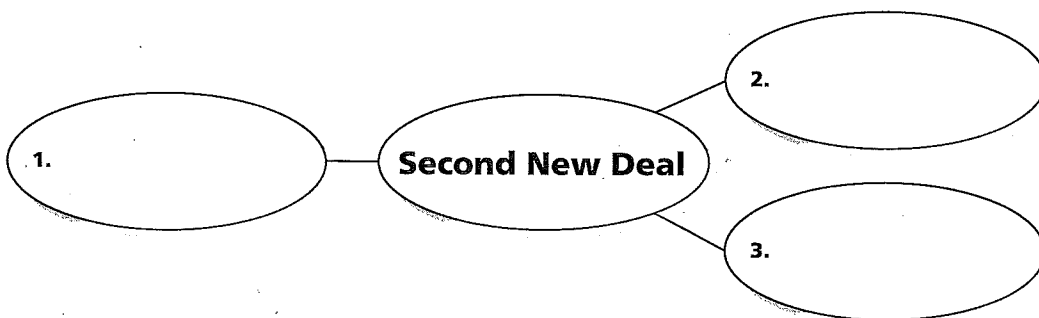
California History-Social Science Standards

11.6 Students analyze the different explanations for the Great Depression and how the New Deal fundamentally changed the role of the federal government.

Focuses on: 11.6.4, 11.6.5

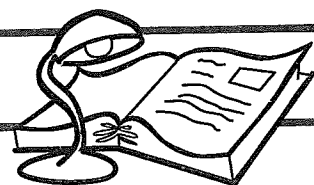
ORGANIZING YOUR THOUGHTS

Use the diagram below to help you take notes. In 1935 President Roosevelt set up the Second New Deal—a series of new programs to help the economy recover. In the diagram, list the laws and programs in the Second New Deal and explain the purpose of each.



Study Guide

Chapter 10, Section 2 (continued)



READ TO LEARN

• Challenges to the New Deal (page 511)

After his first two years in office, Roosevelt had not been able to end the Depression. Opposition to his policies began to grow. People from both the right and the left of the political spectrum opposed them. The right opposed them because Roosevelt had begun **deficit spending** to pay for his programs. He ended the balanced budget and began borrowing money to pay for his programs. In 1934 anti-New Deal politicians and business leaders joined together to form the American Liberty League. They organized to oppose the New Deal.

Challenges also came from the left, where people believed that Roosevelt had not gone far enough. They wanted the government to be involved even more in shifting wealth from the rich to middle-income and poor Americans. One of Roosevelt's biggest opponents was Huey Long, a senator from Louisiana. As governor of Louisiana, he had fought for the poor. He established a reputation for attacking the rich. Long's popularity increased. Many people believed that if Long ran for president, he would win several million votes. This would be enough to give Republicans the win.

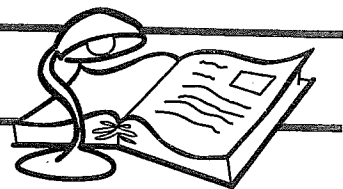
Another New Deal opponent from the left was Father Charles Coughlin, a Catholic priest in Detroit. He called for huge taxes on the wealthy. He established an organization that supported Huey Long.

Dr. Francis Townsend was also an opponent from the left. He proposed that the federal government pay every citizen over age 60 a pension of \$200 per month. Those who received the pension would have to spend their entire pension check each month. Townsend believed the plan would increase spending, remove people from the labor force, and free up jobs for the unemployed. Townsend's plan had many supporters, particularly the elderly. If his supporters joined the supporters of Long and Coughlin, there was a possibility that they would draw enough votes away from Roosevelt to stop him from being re-elected in 1936.

4. Why did the left oppose President Roosevelt's policies?

Study Guide

Chapter 10, Section 2 (continued)



• Launching the Second New Deal (page 513)

President Roosevelt knew that he might lose political support from both the left and the right. He also knew that the New Deal had not improved the nation's economy. As a result, in 1935 he began a series of programs called the Second New Deal, which he hoped would provide an economic recovery.

In January 1935, Roosevelt asked Congress for funds to provide work relief and to increase jobs. Much of the money would be given to the Works Progress Administration (WPA), a new federal agency. Under the WPA, 8.5 million workers built miles of highways, roads, public buildings, and parks. The WPA also financed artists and writers. They created murals and sculptures to decorate the walls and halls of public buildings. Musicians set up city symphonies.

Academic Vocabulary

finance: to provide money for a project (p. 513)

Because of opposition to Roosevelt's programs, the bill that created the WPA did not pass in Congress until April 1935. Then in May 1935, the Supreme Court struck down the National Industrial Recovery Act. It ruled that the NIRA codes were unconstitutional. The President now knew that he had to introduce a new set of programs to get the voters' support. He called congressional leaders to the White House and told them they could not go home until Congress passed his new programs.

5. Why did the Supreme Court strike down the National Industrial Recovery Act?

• The Rise of Industrial Unions (page 514)

When the Supreme Court ruled against the NIRA, it also struck down the part of the law that protected the right to form unions. President Roosevelt and others knew that the labor vote was important in the 1936 election. They also believed that unions could help end the Depression. They believed that higher union wages would let workers spend more money thereby boosting the economy. Opponents believed that high wages forced companies to charge higher prices and to hire fewer workers.

Academic Vocabulary

thereby: to be connected with or in reference to (p. 514)

In July 1935, Congress passed the National Labor Relations Act, also called the Wagner Act. It guaranteed workers the right to form unions and to collective bargaining. The law set up the National Labor Relations Board (NLRB). It organized factory elections by secret ballot to determine whether workers wanted a union. It also certified successful unions. The law set up a way that dissatisfied union members could take their complaints to **binding arbitration**. In this process, a neutral party would listen to both sides and decide the issues.

Study Guide



Chapter 10, Section 2 (continued)

By the mid-1930s, union activity increased. The United Mine Workers union began working with other unions to organize workers in industries where there were no unions. They formed the Committee for Industrial Organization (CIO) in 1935. The union set out to organize industrial unions. These unions included all workers in a particular industry—both skilled and unskilled. The CIO started by focusing on the steel and automobile industries, where workers were not yet organized.

When two union men were demoted at a General Motors (GM) plant in Cleveland, Ohio, 135 workers sat down and started a strike. They stopped working but refused to leave the factory. Then four days later the workers in the Flint, Michigan, plant started their own **sit-down strike**. Workers at other GM plants also went on strike.

Violence broke out in Flint between the police and striking workers. In the end, however, the company gave in and recognized the CIO's United Auto Workers (UAW). The UAW became one of the most powerful unions in the nation.

The United States Steel Corporation did not want to have the same experiences that GM had. It recognized the CIO's United Steelworkers of America. The union won a 40-hour workweek and a 10-percent pay raise.

By 1939 total union membership tripled. In 1938 the CIO changed its name to the Congress of Industrial Organizations. It became a federation of industrial unions.

6. What kind of union was the Committee for Industrial Organization?

• The Social Security Act (page 516)

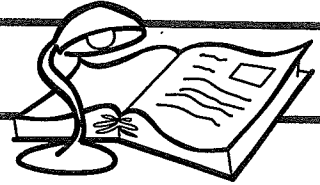
In August 1935, Congress passed the Social Security Act. Its goal was to provide some security for the elderly and for unemployed workers. Under this act, workers received benefits because they paid premiums. It also provided welfare payments to other needy people. The crucial part of Social Security was the monthly retirement benefit. People collected this benefit when they stopped working at age 65. Another part of Social Security was unemployment insurance, in which unemployed workers would receive a temporary income while looking for new jobs.

Academic Vocabulary

crucial: something considered important or essential (p. 516)

Study Guide

Chapter 10, Section 2 (continued)



Although Social Security helped many people, it left out farm and domestic workers. About 65 percent of all African American workers in the 1930s fell into these two groups of workers. However, Social Security set the principle that the federal government should be responsible for people who, through no fault of their own, were unable to work.

7. What was the goal of the Social Security Act?
