**Chapter 23, Section 3: The Second New Deal**

**I. Challenges to the New Deal** *(pages 689–691)*

**A.** Support of Roosevelt and his New Deal began to fade in 1935. The effectiveness of the New Deal was questioned by right and left wing politicians.

**B.** Roosevelt used **deficit spending** to pay for his programs. He abandoned a balanced budget and borrowed money to pay for his programs.

**C.** The **American Liberty League** was created as business leaders and anti-New Deal politicians from both parties organized to oppose the New Deal.

**D.** Left wing Democratic senator Huey Long proposed taking property from the rich and dividing it up amongst the poor. It was believed that if he ran as a third party candidate, he would take 10 percent of Roosevelt’s vote, possibly enough for a Republican victory.

**E.** Father Charles Coughlin, a Catholic priest in Detroit, gave further support to Huey Long through his popular radio broadcast.

**F.** Dr. Francis Townsend, a former public health official, proposed that the federal government pay citizens over the age of 60 a pension of $200 a month. This would increase spending and create additional jobs for younger people.

**Discussion Question**

How did the right wing and left wing politicians feel about Roosevelt’s New Deal? *(The right wing felt the New Deal imposed too many regulations on business and that it expanded the federal government’s power at the expense of states’ rights. The left wing believed that Roosevelt had not gone far enough. They wanted the government to intervene even more dramatically in the economy to shift wealth from the rich to middle-income and poor Americans.)*

**II. Launching the Second New Deal** *(pages 691–692)*

**A.** In 1935 Roosevelt’s second New Deal began with a series of programs and reforms to speed up recovery and provide economic security to every American. Roosevelt hoped the plan would increase his chances of being re-elected in 1936.

**B.** The **Works Progress Administration** (WPA) was a federal agency headed by Harry Hopkins. It spent $11 billion over several years, creating jobs for workers. Its most controversial aspect was offering work to artists, musicians, theater people, and writers.

**C.** In the Supreme Court case *Schechter* v. *United States*, the court struck down the National Industrial Recovery Act. The Court ruled that the Constitution did not allow Congress to delegate its powers to the executive branch. It ruled the NIRA codes unconstitutional.

**D.** Roosevelt feared that the Court would strike down the New Deal. He ordered Congress to remain in session until his new bills were passed. This was nicknamed the “second hundred days” by the press.

**Discussion Question**

Why did Roosevelt plan a Second New Deal? *(Roosevelt feared that his political support could be undermined by the attacks from the left and right wings. He was disturbed that the New Deal failed to generate a rapid economic recovery.)*

**III. The Rise of Industrial Unions** *(pages 692–694)*

**A.** New labor legislation was created because Roosevelt believed in high union wages to allow more spending power to boost the economy.

**B.** In July of 1935, the National Labor Relations Act (Wagner Act) was passed, guaranteeing workers the right to organize unions without employer interference. The law set up the **National Labor Relations Board** (NLRB), which organized factory elections by secret ballot to determine if workers wanted to form a union. **Binding arbitration** was also set up, in which a neutral party would listen to both sides and decide the issue. This gave dissatisfied union members a process to voice their complaints.

**C.** In 1935 the **Committee for Industrial Organization** (CIO) was formed to organize industrial unions.

**D.** After two union men were demoted at the General Motors auto-body plant in Cleveland, Ohio, workers protested with a **sit**-**down strike** where they stopped working but refused to leave the plant. Workers at the company’s plant in Flint, Michigan, did the same. Violence broke out, and finally the company gave in. The United Auto Workers (UAW) was formed and quickly became one of the most powerful unions in the United States.

**Discussion Question**

Why did President Roosevelt and other Democrats push new labor legislation? *(They knew the working class vote was important in winning re-election. They also believed that unions could help end the Depression. They thought that high union wages would let workers spend more money.)*

**IV. The Social Security Act** *(page 694)*

**A.** The **Social Security Act** became law in 1935, providing security for the elderly, unemployed workers, and other needy people. The bill would provide a monthly retirement benefit and unemployment insurance. Workers earned the right to receive the benefits by paying premiums.

**B.** Social Security helped many people, but initially it left out many of the neediest members of society, such as farmers and domestic workers.

**Discussion Question**

What was the purpose of the Social Security Act? *(Its purpose was to provide some security for the elderly and unemployed workers. It provided welfare payments to other needy people, including those with disabilities and poor families with young dependent children. The act provided a monthly retirement benefit for people when they stopped working at age 65.)*