The Second New Deal
Chapter 12 Sect. 2

Democrats won majorities in the House and Senate in 1934 Midterm elections. Showed America approved of FDR. Democrats held ¾ of all seats. But all was not well, the economy was still bad. Supreme Court was set to dismantle a few of the New Deal programs. Liberal elements called for more reform. Thus FDR unveiled the Second New Deal to solve these problems.

Second New Deal

- Kept regulating banks and passed higher taxes on the rich.
- Stopped with hand outs and did more organizations like the CCC, which made workers work. This gave workers dignity.
- (WPA) Works Progress Administration: employed 8.5 million Americans. Built roads, subways, airports etc.
- Social Security Act provided a pension for seniors at the age of 65. No longer did older Americans have to live in fear.
- To fund this Congress passed new taxes.
Essential Questions
1. Which political Party won the 1934 Midterm elections? What did that mean?
2. Why was there a need for a Second New Deal?
3. Name 2 new laws in the 2nd New Deal?
4. How would they pay for the 2nd New Deal?

Union Membership
• Unions gained power in the 1930s.
• The Wagner Act of 1935 gave rights to unions.
• Set up the NLRB The National Labor Relations board, which allowed employees to vote to set up Unions.
• The Wagner act gave unions rights to strike and collectively bargain.
• AFL American Federation of Labor was for skilled workers
• AFL had been American’s traditional Union, but they did not take unskilled labor.
• CIO: New organization in 1935 started by John L. Lewis. Was for unskilled workers that the AFL did not take.

CIO and Sit down Strike
• Won a huge strike vs. GM in 1936 by using the sit-down strike. Workers sit down and refuse to work.
• Outsiders would bring food and water to the strikers
• GM could not bring in scabs, and clearing out the sit-in strikers could break machinery or give them bad Public Relations.
• Was a huge victory for the CIO
• FDR stepped in to help with laws for labor also
• By 1940 ¼ of workers unionized
**Essential Questions**
1. Who did the Wagner Act of 1935 help? How did it help them?
2. How did the AFL and CIO differ?
3. What is a sit down strike?
4. Why did the sit down strike work?

**Election of 1936**
- **REA Rural Electrification Act**: FDR sought to give Rural areas electricity since power companies forgot about them.
- Unemployment cut in half in 1936
- Personal incomes were up
- New Deal programs had not ended the Depression, but had given hope and dignity.
- FDR won the election of 1936 in a landslide
  - Americans were happy with FDR and the Democrats who also won in Congress.
  - Also marked a strong shift in African-Americans from Lincoln’s Republicans to the Democrats.

**1937 troubles for FDR**
- The Supreme Court had ruled against many New Deal Programs.
- Court packing plan: Would have allowed the Supreme Court to expand so FDR could appoint judges favorable to his New Deal
- The plan failed and Americans thought FDR had gone too far.
- Another stock market crash in 1937
- Unemployment rose as 2 million Americans lost jobs
- Roosevelt began to worry about the national deficit, but he began to spend again to help those in need
John Maynard Keynes

- **John Maynard Keynes**: New economist of the times
- Keynes argued that government spending could *create jobs and stimulate the economy*
- This bolstered FDR to continue the **New Deal in the face of a climbing debt**.
  - By 1938 the economy was beginning to recover from the crash of 37
- But it was too late for FDR, **the court-packing and crash of 1937** damaged his popularity.

**Essential Questions**

1. Why did FDR win the election in 1936?
2. What was the court packing plan and how did it effect FDR?
3. What happened in 1937?
4. How did John Maynard Keynes help FDR with what he was doing?