

Objectives

- Discover how the New Deal reformed labor relations.
- Find out how Social Security began.
- Identify the main arguments for and against the New Deal.



Terms and People

- **payroll tax** – tax that removes money directly from workers' paychecks
- **Frances Perkins** – FDR's secretary of labor; chaired the committee that drafted the Social Security Act
- **collective bargaining** – the right of a union to negotiate wages and benefits for all of its members
- **John L. Lewis** – union leader who formed the Congress of Industrial Organizations

Terms and People (continued)

- **sit-down strike** – strike in which workers stay in the factory but stop production
- **deficit spending** – situation in which the government spends more money than it receives in taxes



What were the long-term effects of the Great Depression?

FDR's New Deal policies changed American society.

They also changed the role of government—a legacy still being debated today.

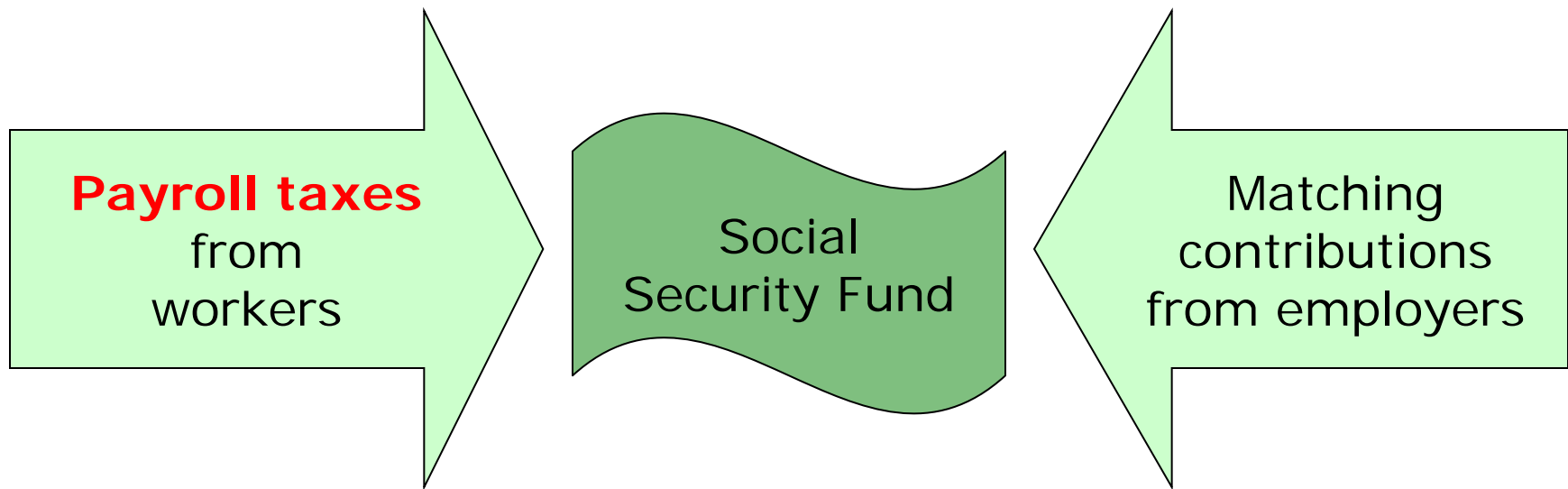
In 1935, President Roosevelt signed a law that has had a lasting impact on Americans.

The law was written to give help to those in need.

Social Security Act

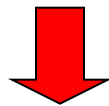
- Old-age insurance
- Aid to families with dependent children
 - Aid to the disabled
- Unemployment benefits

The Social Security Act was funded with contributions from both employees and employers.

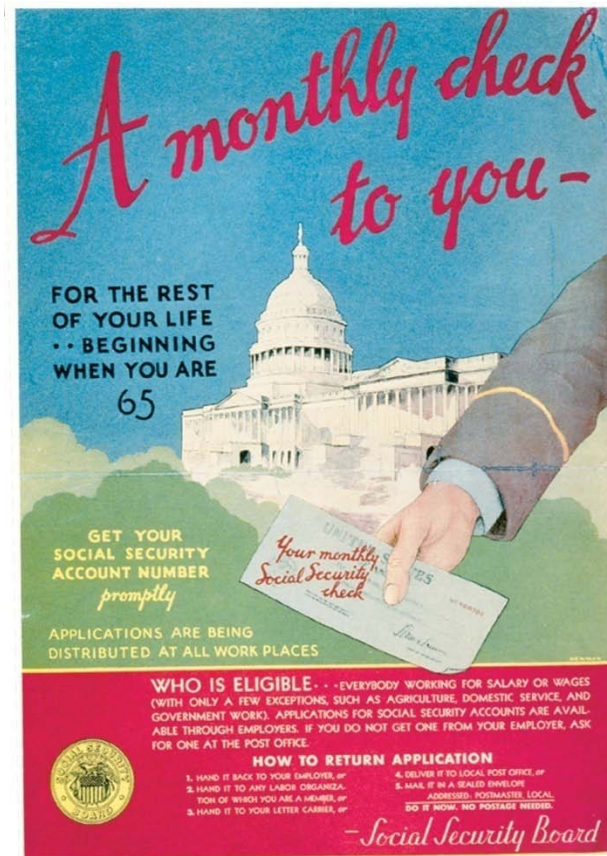


A key provision of the act was old-age insurance.

Each month, retired workers receive a check from the federal government.

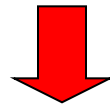


Such benefits helped reduce poverty among the nation's elderly.



Secretary of Labor **Frances Perkins** helped draft the Social Security Act.

Along with aid to the needy, Perkins also supported major labor reforms.



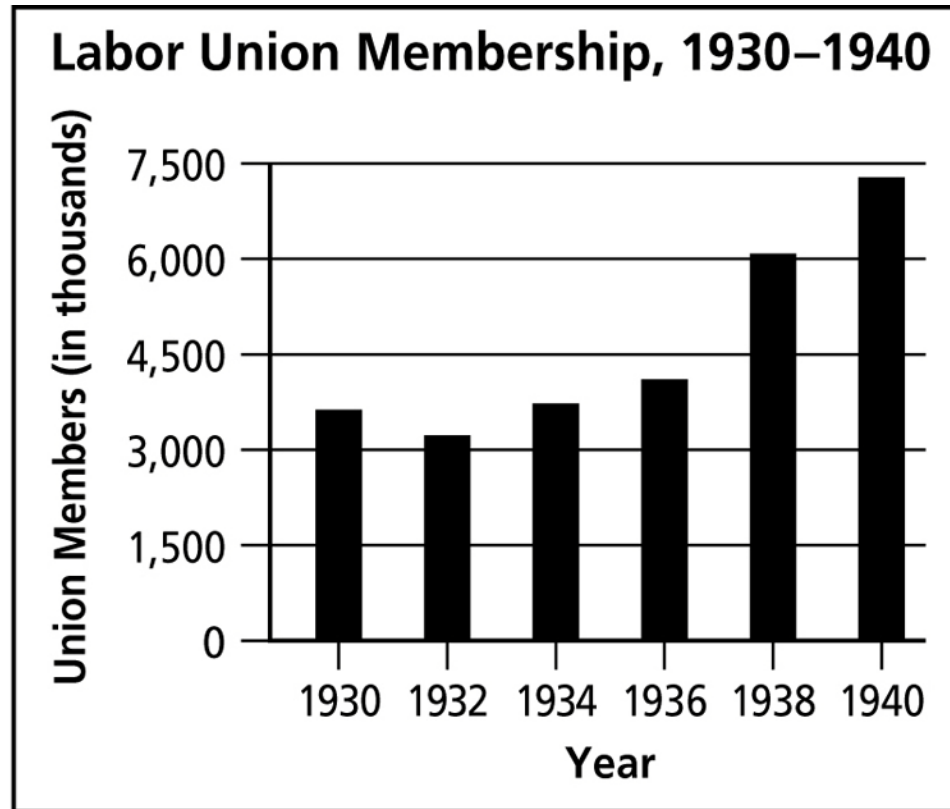
With Roosevelt's support, Perkins helped shape legislation supporting workers' rights.

One of the most important new labor laws was the **National Labor Relations Act**, or Wagner Act.

National Labor Relations Act

- Guaranteed workers' rights to organize unions
- Upheld **collective bargaining**
- Prohibited unfair business practices, such as firing union members

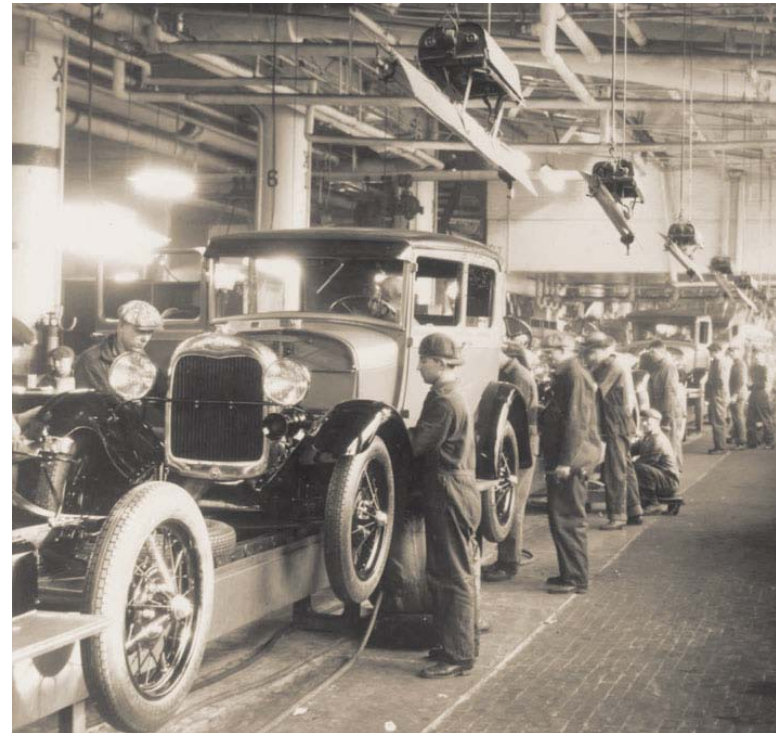
Following the passage of the Wagner Act, **union membership** soared.



Source: *Historical Statistics of the United States*

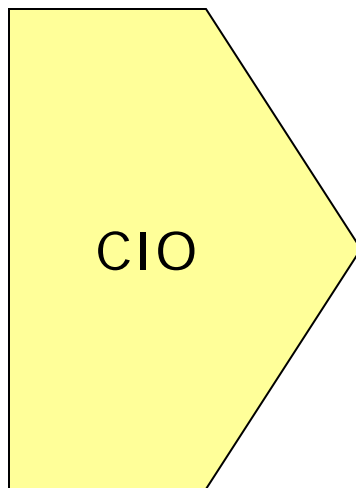
The Fair Labor Standards Act gave workers additional benefits.

- Set a minimum wage
- Set maximum weekly work hours
- Established time-and-a-half payment for overtime work
- Ended child labor in some businesses



In 1935, **John L. Lewis** formed a powerful new union, the Congress of Industrial Organizations.

The CIO differed from older labor unions such as the AFL.

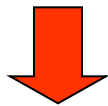


- Umbrella organization of many different unions
- Combined all the workers in an industry, skilled and unskilled
- Included more women and African Americans

The United Auto Workers, a CIO member, organized a **sit-down strike** at an auto factory in 1936.



After six weeks, the strikers **won their demands** for higher wages and shorter hours.



The Supreme Court later **ruled sit-down strikes illegal**.



Social Security and labor reforms were just part of the lasting changes brought about by FDR's New Deal.

Not everyone, however, agreed with Roosevelt's policies.

Critics believed that the federal government **should not take such an active role in society.**

Many of these critics favored a **return to the tradition of laissez faire.**

Many of Roosevelt's critics were concerned with the government's reliance on **deficit spending**.

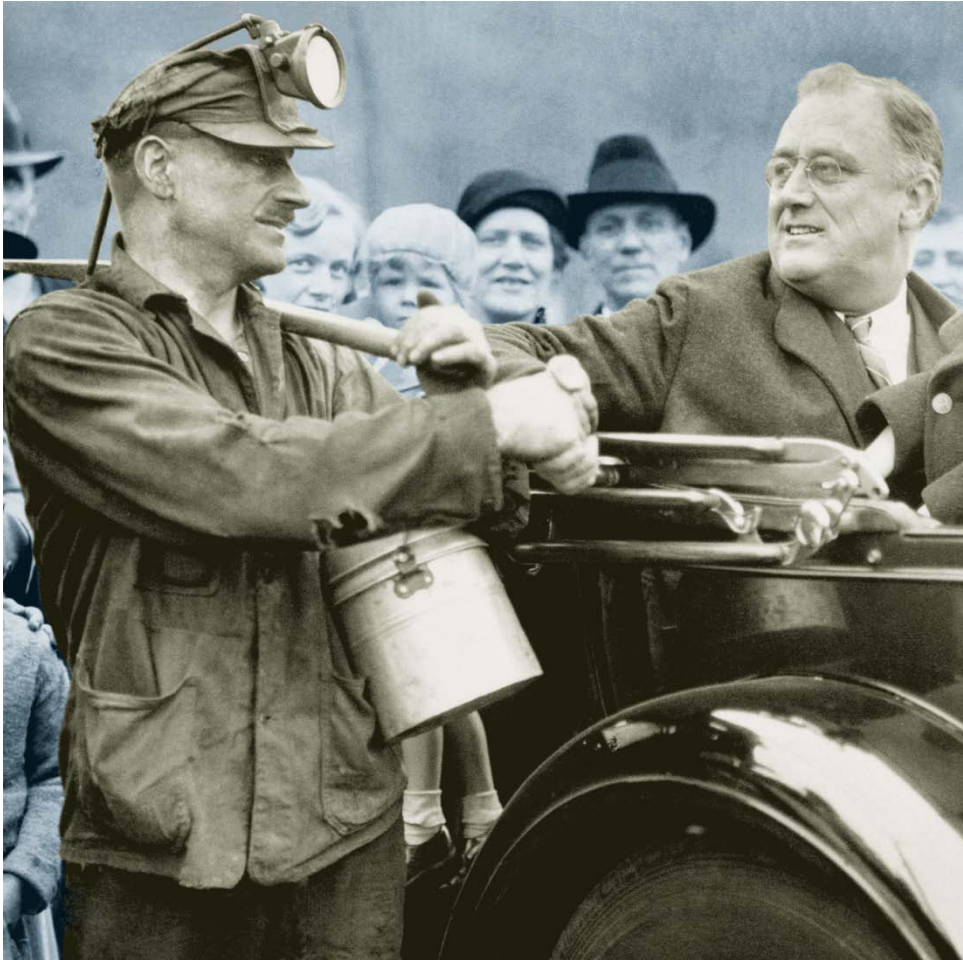


Most importantly, critics pointed out, the New Deal **failed to end the Great Depression**.



Supporters of the New Deal, however, argued that FDR's policies eased many problems.

- Employed millions of jobless people
- Ended the banking crisis
- Reformed the stock market
- Prevented foreclosures
- Improved working conditions
- Strengthened the infrastructure
- Preserved the national parks
- Supported the arts



For many Americans, the most important result of the New Deal was that it restored their faith in government.

Section Review

QuickTake Quiz



Know It, Show It Quiz

