

CHAPTER 15 Section 5 (pages 515–519)

The Impact of the New Deal

BEFORE YOU READ

In the last section, you learned about American culture during the Depression.

In this section, you will read about the legacy of the New Deal.

TERMS AND NAMES

Federal Deposit Insurance Corporation (FDIC) Insurance for savings

Securities and Exchange Commission (SEC) Agency to regulate stock markets

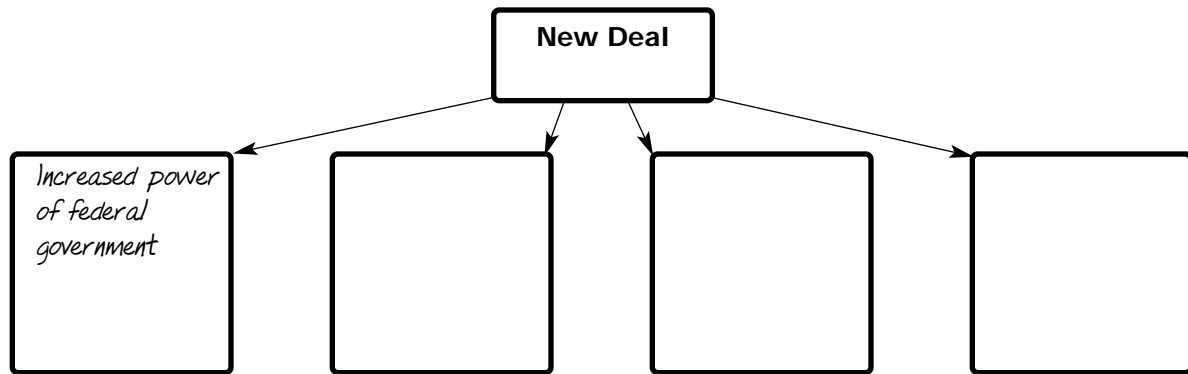
National Labor Relations Board (NLRB) Agency to regulate business

parity An equal or fair amount

Tennessee Valley Authority (TVA) Regional work project of lasting value

AS YOU READ

Use the chart below to take notes on the lasting effects of the New Deal.



New Deal Reforms Endure

(pages 515–518)

***What** do critics say about the New Deal?*

By the end of the 1930s, the economy had improved somewhat. Industrial production had reached 1929 levels. Unemployment was still high. But it was much lower than during the worst days of the Depression. Congress urged Roosevelt to cut back on New Deal programs. Roosevelt did, and the economy slid back a bit. Still, Roosevelt did not start another phase of the New Deal.

One reason FDR did not launch another New Deal was that he did not want any more deficit spending. Roosevelt was also more and more worried about events in Europe, particularly the rise of Hitler.

People still disagree over whether the New Deal was good or bad for the country. Conservative critics say that the New Deal made the government too big and too powerful. They say that it got in the way of free enterprise. They feel that government should not be so involved in the economy.

Liberal critics say that the New Deal did not go far enough. They think it should have done more to change the economy. They think that Roosevelt should have done more to end the differences in wealth between the rich and the poor.

Supporters of the New Deal say that it was well balanced between saving capitalism and reforming it. They point to many lasting benefits of the New Deal.

The New Deal expanded the power of the federal government. It gave the federal government

and particularly the president, a greater role in shaping the economy. It did this by putting millions of dollars into the economy, creating federal jobs, regulating supply and demand, and participating in settling labor disputes. The government also created agencies such as the **Federal Deposit Insurance Corporation (FDIC)** and the **Securities and Exchange Commission (SEC)** to regulate banking and investment activities. To do all this, the government went deeply into debt. In the end, what really ended the depression was the massive spending for World War II.

The New Deal left a lasting impact on workers' rights, banking, and investment. Today the **National Labor Relations Board (NLRB)** still *mediates* labor disputes. And the FDIC and SEC help regulate the banking and securities industries.

1. How did some liberals and conservatives criticize the New Deal?

Social and Environmental Effects (pages 518–519)

How did the New Deal make the economy more stable?

New Deal reforms had lasting effects. They helped make the economy more stable. The nation has had

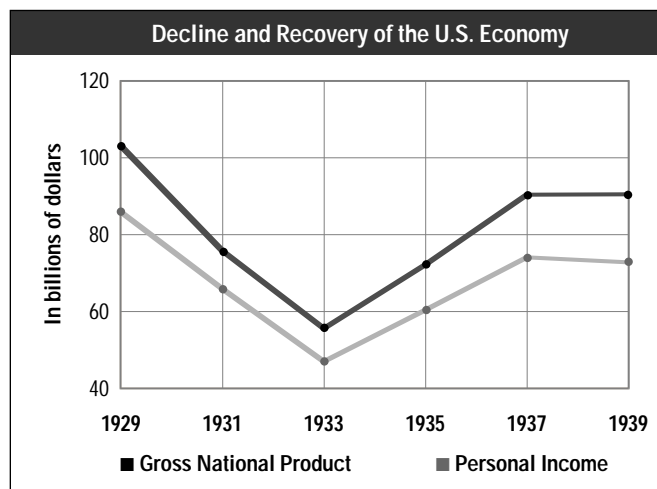
economic downturns. But none have been as bad as the Great Depression. And people's savings are insured.

One of the most important and lasting benefits of the New Deal is the Social Security system. It provides old-age insurance and unemployment benefits. It also helps families with dependent children and those who are disabled. For the first time, the federal government took responsibility for the welfare of its citizens.

The Second Agricultural Adjustment Act made loans to farmers. The loans were based on the **parity** value—a price based on 1910–1914 levels—of farmers' surplus crops. Projects that spread electric power to rural areas also helped farmers.

The New Deal also helped the environment. Roosevelt was very interested in protecting the nation's natural resources. New Deal policies promoted soil conservation to prevent a repeat of the Dust Bowl. The **Tennessee Valley Authority (TVA)** helped prevent floods and provided electricity. And New Deal programs also added to the national park system. They set up areas to protect wildlife. However, the TVA did contribute to pollution through *strip mining*.

2. What are two continuing benefits of the New Deal?



Skillbuilder

Use the chart to answer these questions.

1. Which year according to the chart was the worst year of the Depression?
2. In which year in the 1930s was the economy the strongest?