

## Economic Recovery Role Play

### Who *Really* Won?

How did the Roosevelt administration and Congress decide on the issues you debated in class? Find the actual outcome of these questions by looking at the “Economic Recovery Role Play: Who *Really* Won? Sources” handout. *On a separate sheet of paper, for each of the following, indicate: 1) what the class decided at the economic recovery conference, and 2) how the question was answered in real life.* The parentheses after each question indicate at least one place you can look that will help you find an answer.

1a. Should the government provide direct relief to the unemployed? Should it be administered by the state or federal government? (Federal Emergency Relief Act, Section 3a and Section 4a) Digging deeper: Was this relief temporary or permanent?

1b. Should the government directly employ people for the purpose of building “public works”—roads, bridges, schools, hospitals, parks, public squares, dams, electrical grids—construction that benefits the communities of the United States? (National Industrial Recovery Act, Title II) Digging deeper: Was the state or federal government in charge of hiring people?

2. Should the government pay farm owners not to plant on part of their land and to destroy crops and farm animals? (Agricultural Adjustment Act, Part 2, Section 8)

3a. Should the government strengthen antitrust laws and more heavily regulate industry—including setting a minimum wage and maximum hours? Or should the government suspend antitrust laws to allow businesses in an industry to get together in “trade associations” and collaborate to write codes of fair competition that could set minimum wages and maximum hours? (National Industrial Recovery Act, Title I, Section 3a, Section 5, and Section 7b)

3b. If minimum wages and maximum hours are adopted—either by the federal government or through industry codes—should all workplaces have to abide by them, or should certain businesses or industries be exempt?

4a. Should the government guarantee workers the right to join a labor union and bargain collectively? (National Industrial Recovery Act, Title I, Section 7a) Digging deeper: What restrictions were put on employers who tried to prevent workers from joining a labor union? How were these restrictions enforced? (National Industrial Recovery Act, Title I, Section 3f)

4b. Should company unions be banned? (National Industrial Recovery Act, Title I, Section 7a—*read language on company unions closely*, and Excerpt from the Proceedings of Meeting No. 9 of the Special Industrial Recovery Board)

**5. Conclusion: In your opinion, what social group(s) benefited and what social group(s) suffered from the early New Deal? Who won and who lost? Explain your answer with at least three pieces of evidence from above.**

## Economic Recovery Role Play

### Who Really Won? Sources

#### Excerpt from the Federal Emergency Relief Act (FERA)

Approved, May 12, 1933

AN ACT to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increasing inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it imperative that the Federal Government cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people.

Sec. 2. (a) The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the Corporation not to exceed \$500,000,000... for expenditure under the provisions of this Act....

Sec. 3. (a) There is hereby created a Federal Emergency Relief Administration, all the powers of which shall be exercised by a Federal Emergency Relief Administrator to be appointed by the President, by and with the advice and consent of the Senate.... The Federal Emergency Relief Administration and the office of Federal Emergency Relief Administrator shall cease to exist upon the expiration of two years after the date of enactment of this Act, and the unexpended balance on such date of any funds made available under the provisions of this Act shall be disposed of as the Congress may by law provide....

Sec. 4. (a) Out of the funds of the Reconstruction Finance Corporation made available by this Act, the Administrator is authorized to make grants to the several States to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment in the form of money, service, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present emergency, and/or to their dependents, whether resident, transient, or homeless.

(b) Of the amounts made available by this Act not to exceed \$250,000,000 shall be granted to the several States applying therefor, in the following manner: Each State shall be entitled to receive grants equal to one third of the amount expended by such State, including the civil subdivisions thereof, out of public moneys from all sources for the purposes set forth in subsection (a) of this section; and such grants shall be made quarterly, beginning with the second quarter in the calendar year 1933, and shall be made during any quarter upon the basis of such expenditures certified by the States to have been made during the preceding quarter.

Sec. 5. Any State desiring to obtain funds under this Act shall through its Governor make application therefor from time to time to the Administrator....

## **Excerpt from the Agricultural Adjustment Act (AAA)**

Approved, May 12, 1933

AN ACT to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### TITLE I—AGRICULTURAL ADJUSTMENT DECLARATION OF EMERGENCY

That the present acute economic emergency being in part the consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure, it is hereby declared that these conditions in the basic industry of agriculture have affected transactions in agricultural commodities with a national public interest, have burdened and obstructed the normal currents of commerce in such commodities, and render imperative the immediate enactment of title I of this Act.

### DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy....

### PART 2—COMMODITY BENEFITS GENERAL POWERS

SEC. 8. In order to effecuate the declared policy, the Secretary of Agriculture shall have power—

(1) To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through 'agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith or upon that part of the production of any basic agricultural commodity required for domestic consumption, in such amounts as the Secretary deems fair and reasonable, to be paid out of any moneys available for such payments. Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any non-perishable agricultural commodity on the farm, inspection and measurement of any such commodity so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such commodity and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any such commodity so stored. In any such case, such deduction may be made from

the amount of the benefit payment as the Secretary of Agriculture determines will reasonably compensate for the cost of inspection and sealing, but no deduction may be made for interest.

## COMMODITIES

SEC. 11. As used in this title, the term " basic agricultural commodity " means wheat, cotton, field corn, hogs, rice, tobacco, and milk and its products, and any regional or market classification, type, or grade thereof;...

### **Excerpt from the National Industrial Recovery Act (NIRA)**

Approved, June 16, 1933

AN ACT to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## TITLE I—INDUSTRIAL RECOVERY DECLARATION OF POLICY

SEC. 1. A national emergency productive of widespread unemployment and disorganization of industry, which burdens interstate and foreign commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production, to increase the consumption of Industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

## CODES OF FAIR COMPETITION

SEC. 3. (a) Upon the application to the President by one or more trade or industrial associations or groups the President may approve a code or codes of fair competition for the trade or industry or sub- division thereof, represented by the applicant or applicants... The President may, as a condition of his approval of any such code, impose such conditions for the protection of consumers competitors, employees, and others, and in furtherance of the public interest, and may provide such exceptions to and exemptions from the provisions of such code, as the President in his discretion deems necessary to effectuate the policy herein declared....

(f) When a code of fair competition has been approved or prescribed by the President under this title, any violation of any provision thereof in any transaction in or affecting interstate, or foreign commerce shall be a misdemeanor and upon conviction thereof an offender shall be fined not more than \$500 [adjusted for inflation this would be about \$8,895 in 2014 dollars] for each offense and each day such violation continues shall be deemed a separate offense....

SEC. 5. While this title is in effect and for sixty days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

#### LIMITATIONS UPON APPLICATION OF TITLE

SEC. 7. (a) Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

(b) The President shall, so far as practicable, afford every opportunity to employers and employees in any trade or industry or subdivision thereof with respect to which the conditions referred to in clauses (1) and (2) of subsection (a) prevail, to establish by mutual agreement, the standards as to the maximum hours of labor, minimum rates of pay, and such other conditions of employment as may be necessary in such trade or industry or subdivision thereof to effectuate the policy of this title; and the standards established in such agreements, when approved by the President, shall have the same effect as a code of fair competition, approved by the President under subsection (a) of section 3.

#### APPLICATION OF AGRICULTURAL ADJUSTMENT ACT

SEC. 8. (a) This title shall not be construed to repeal or modify any of the provisions of title I of the... "Agricultural Adjustment Act."

(b) The President may, in his discretion, in order to avoid conflicts in the administration of the Agricultural Adjustment Act and this title, delegate any of his functions and powers under this title with respect to trades, industries, or subdivisions thereof which are engaged in the handling of any agricultural commodity or product thereof, or of any competing commodity or product thereof, to the Secretary of Agriculture.

#### TITLE II—PUBLIC WORKS AND CONSTRUCTION PROJECTS FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS

SECTION 201. (a) To effectuate the purposes of this title, the President is hereby authorized to create a Federal Emergency Administration of Public Works, all the powers of which; shall be exercised by a Federal Emergency Administrator of Public Works...

SEC. 202. The Administrator, under the direction of the President, shall prepare a comprehensive program of public works, which shall include among other things the following: (a) Construction, repair, and improvement of public highways and park ways, public buildings, and any publicly owned instrumentalities and facilities; (b) conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil or coastal erosion,

development of water power, transmission of electrical energy, and construction of river and harbor improvements and flood control...

SEC. 203. (a) With a view to increasing employment quickly the president is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, (1) to construct, finance, or aid in the construction or financing of any public works project included in the program prepared pursuant to section 202; (2) upon such terms as the President shall prescribe, to make grants to States, municipalities, or other public bodies for the construction, repair, or improvement of any such project, but no such grant shall be in excess of 30 per centum of the cost of the labor and materials employed upon such project...

#### APPROPRIATION

SEC. 220. For the purposes of this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,300,000,000. The President is authorized to allocate so much of said sum, not in excess of \$100,000,000, as he may determine to be necessary for expenditures in carrying out the Agricultural Adjustment Act and the purposes, powers, and functions heretofore and hereafter conferred upon the Farm Credit Administration.

### **Excerpt from the Proceedings of Meeting No. 9 of the Special Industrial Recovery Board August 14, 1933**

*The Special Industrial Recovery Board was appointed by President Franklin Delano Roosevelt to oversee the enactment of the National Industrial Recovery Act. In this excerpt from one of their meetings the head administrator, Hugh Johnson, clarifies his interpretation of section 7a.*

“General Johnson: We have made these clear statements over and over again that this Administration is not concerned with union organizations. What has happened is that some of these aggressive labor unions have misrepresented the plan and some of the industrial units have misrepresented it, sending out circulars to their men which were really abusing the men's trust in their informants. The labor unions said the only way to get the benefits of the recovery plan was to join a particular labor union; and the companies have stated that it was absolutely necessary for the men to join the company union. It just left us in the position of saying that both statements were untrue. The President has said practically that. It is true that this is an embarrassment. This law provides that anybody who signs an agreement or subscribes to a code may engage in collective bargaining through representatives of the workers' own choosing without being under the control of the employer. It is not a condition that a person shall belong, or shall not belong, to a union. This law should bring about open shops--shops where a man will be employed regardless of whether he belongs to any union or not.”

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### **Excerpt from *A New Deal for Blacks: The Emergence of Civil Rights as a National Issue: The Depression Decade* by Harvey Sitkoff**

“The consequences of Negro powerlessness revealed themselves most starkly in the treatment of blacks in the initial agricultural and industrial recovery programs. African Americans could do

nothing to counter the control over the early New Deal exercised by Southern congressmen in alliance with well-financed industrial associations, local unions, and farm lobbies.... The rare black farmer who owned the land he tilled suffered most from the compulsory crop reduction policy agreed upon by the large landowners because it lowered drastically his already minimal income. Many owners had to become tenants. Because AAA committees usually ignored the rights of tenants, many black tenants descended to sharecropping. Discrimination by the AAA left blacks without the payment benefits due them and bereft of a fair committee to appeal to for equity. Some left to join the ranks of the urban unemployed. Others labored for white farmers for a few dimes a day... The AAA was no New Deal for blacks; it was a continuation of the same old raw deal.

Black leaders felt the same about the NRA.... Over a hundred NRA codes permitted Southern employers to pay their workers a lower minimum wage than that allowed in the rest of the nation.... The NRA never even promulgated codes to cover the bulk of domestic and unskilled black laborers. They remained as poor and as unprotected by the government as ever. Ironically, the enforcement of NRA codes without regard to race also aggravated the plight of African Americans. Many an employer required by the NRA to pay black workers the same salary as whites fired the blacks. If they had to pay equal wages they preferred labor of their own race.... With justification the black press referred to the NRA with scorn as 'Negro Run Around,' 'Negroes Ruined Again,' 'Negro Rarely Allowed,' 'Negro Removal Act,' 'Negro Robbed Again,' and 'No Roosevelt Again.'"