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THE NEW DEAL

 (part 2 of 3: The Second New Deal 1935-38)

In the spring of 1935, responding to the setbacks in the Court, a new skepticism in Congress, and the growing popular clamor for more dramatic action, the Administration proposed or endorsed several important new initiatives. Historians refer to them as the "Second New Deal" and note that it was more liberal and more controversial than the First New Deal.

The "[Second New Deal](https://en.wikipedia.org/wiki/Second_New_Deal)" included the [Wagner Act](https://en.wikipedia.org/wiki/National_Labor_Relations_Act) to promote labor unions, the [Works Progress Administration](https://en.wikipedia.org/wiki/Works_Progress_Administration) relief program (which made the federal government by far the largest single employer in the nation), the [Social Security Act](https://en.wikipedia.org/wiki/Social_Security_%28United_States%29), and new programs to aid tenant farmers and migrant workers.

Wiki, in the 21st century Republicans have decimated labor unions, defunded the federal government at every opportunity, are pushing to privatize Social Security, and have kept hard-working migrant workers below the poverty line.

The final major items of New Deal legislation were the creation of the [Housing Authority](https://en.wikipedia.org/wiki/United_States_Housing_Authority) and the [Farm Security Administration](https://en.wikipedia.org/wiki/Farm_Security_Administration), both in 1937, and the [Fair Labor Standards Act of 1938](https://en.wikipedia.org/wiki/Fair_Labor_Standards_Act_of_1938), which set maximum hours and minimum wages for most categories of workers.

Wiki, Republicans are still trying their darnedest to eliminate minimum wages; and working hours have increased for millions of workers while employers use a variety of tactics to avoid paying them for their work.

Social Security Act

Until 1935 there were just a dozen states that had old age insurance laws but these programs were woefully underfunded and therefore almost worthless. Just one state (Wisconsin) had an insurance program. The United States was the only modern industrial country where people faced the Depression without any national system of social security.

Wiki, how embarrassing is that?

What is even worse is that 80 years later, Republicans are working to take it away so that we will again be the only modern industrial country without social security.

The most important program of 1935, and perhaps the New Deal as a whole, was the [Social Security Act](https://en.wikipedia.org/wiki/Social_Security_%28United_States%29), drafted by [Frances Perkins](https://en.wikipedia.org/wiki/Frances_Perkins). It established a permanent system of universal retirement pensions ([Social Security](https://en.wikipedia.org/wiki/Social_Security_%28United_States%29)), [unemployment insurance](https://en.wikipedia.org/wiki/Unemployment_insurance#United_States), and welfare benefits for the handicapped and needy children in families without a father present. It established the framework for the U.S. welfare system. Roosevelt insisted that it should be funded by payroll taxes rather than from the general fund because "*We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and unemployment benefits. With those taxes in there, no damn politician can ever scrap my social security program*."

Wiki, more bad news for Roosevelt: Those*"Damn politicians"* are called "Republicans" and they are trying to do just that. In order to disguise their attempts to take Social Security away, they refer to it as "privatization." But before America had Social Security - it *was* privatized. So they are trying to take it away.

Conservatives have to word things dishonestly in order to get support from ignorant voters.

Sadly, Republicans have already made some progress: they have increased the retirement age from 65 to 66 and want it to be 70. But obviously, if privatization succeeds and social security is taken away, the age brackets will be unnecessary.

Compared with the social security systems in western European countries, the Social Security Act of 1935 was rather conservative. But for the first time, the federal government took responsibility for the economic security of the aged, the temporarily unemployed, dependent children, and the handicapped.

Wiki, the federal government did it in spite of the Plutocrats who fought against it with everything they had, and continue to fight against those advances to this day.

Labor Relations

The [National Labor Relations Act](https://en.wikipedia.org/wiki/National_Labor_Relations_Act) of 1935 (aka the [Wagner Act](https://en.wikipedia.org/wiki/Wagner_Act)), finally guaranteed workers the right to collective bargaining through unions of their own choice. The Act also established the National Labor Relations Board to facilitate wage agreements and to suppress the repeated labor disturbances. The Wagner Act did not compel employers to reach agreement with their employees, but it opened possibilities for American labor. The result was a tremendous growth of membership in the labor unions, especially in the mass-production sector, composing the [American Federation of Labor](https://en.wikipedia.org/wiki/American_Federation_of_Labor). Labor thus became a major component of the New Deal political coalition.

The [Fair Labor Standards Act of 1938](https://en.wikipedia.org/wiki/Fair_Labor_Standards_Act_of_1938) set maximum hours (44 per week) and minimum wages (25 cents per hour) for most categories of workers. [Child labor](https://en.wikipedia.org/wiki/Child_labour) of children under the age of 16 was forbidden, children under 18 years were forbidden to work in hazardous employment. It was the last major New Deal legislation that Roosevelt succeeded in enacting into law before the [Conservative Coalition](https://en.wikipedia.org/wiki/Conservative_Coalition) of Republicans and conservative Democrats won control of Congress that year. While he could usually use the veto to restrain Congress, it could block any Roosevelt legislation it disliked.

Wiki, the masses were too stupid to realize who was on their side and who were their enemies. In a Democracy, it is the people who are ultimately responsible. The Recession of 1937-38 was all it took for the people to abandon Roosevelt. The same thing happened to Obama in the 2010 and 2014 midterms: the people abandoned him, leaving Obama at the mercy of a hostile congress and a conservative supreme court, neither of which had the best interests of the people at heart.

Works Progress Administration

Roosevelt nationalized unemployment relief through the [Works Progress Administration](https://en.wikipedia.org/wiki/Works_Progress_Administration) which was created to return the unemployed to the work force. It financed a variety of projects such as hospitals, schools, and roads, and employed more than 8.5 million workers who built 650,000 miles of highways and roads, 125,000 public buildings, as well as bridges, reservoirs, irrigation systems, parks, playgrounds, and so on.

Prominent projects were the [Lincoln Tunnel](https://en.wikipedia.org/wiki/Lincoln_Tunnel), the [Triborough Bridge](https://en.wikipedia.org/wiki/Triborough_Bridge), the [LaGuardia Airport](https://en.wikipedia.org/wiki/LaGuardia_Airport), the [Overseas Highway](https://en.wikipedia.org/wiki/Overseas_Highway) and the [San Francisco–Oakland Bay Bridge](https://en.wikipedia.org/wiki/San_Francisco%E2%80%93Oakland_Bay_Bridge). The [Rural Electrification Administration](https://en.wikipedia.org/wiki/Rural_Electrification_Administration) used co-ops to bring electricity to rural areas, many of which still operate. The [National Youth Administration](https://en.wikipedia.org/wiki/National_Youth_Administration) was another semi-autonomous WPA program for youth.

Tax Policy

In 1935, Roosevelt called for a tax program called the *Wealth Tax Act* ([Revenue Act of 1935](https://en.wikipedia.org/wiki/Revenue_Act_of_1935)) to redistribute wealth.

Wiki, a lot of people bristle when they hear the buzzword "redistribution." What they don't understand is that redistribution is necessary because the game was rigged at the start by Capitalists who dictated the original distribution. Redistribution through taxation is a method for leveling a very uneven playing field.

The bill imposed an income tax of 79% on incomes over $5 million. Since that was an extraordinary high income in the 1930s, the highest tax rate actually covered just one individual – [John D. Rockefeller](https://en.wikipedia.org/wiki/John_D._Rockefeller). It raised the bitterness of the rich who called Roosevelt "a traitor to his class" and the wealth tax act a "soak the rich tax."

Wiki, it only affected one guy - and one who could easily afford it.

Here is a chart of the top historical income tax rates:

<http://www.cch.com/WBOT2013/029IncomeTaxRates.asp>

Wiki, it's amazing how well a society can function when the rich pay their fair share. Right before the Great Depression the Plutocrats had managed to get the top income tax rates reduced from 73% down to 25%. When Roosevelt returned the rate to the previous level, America prospered as never before.

Then during WW2 the top rate exceeded 90%, and stayed above 70% until the savior of the rich, Ronald Reagan (pbuh), came to power and restored the Plutocracy to its rightful place by reducing the top income tax rate on the rich from 70% back down to 30%. Within one generation, Conservatives demolished more New Deal safety nets and crashed the economy like they did in the 1930's. The only thing that saved us this time was the fact the some of the safety nets still remain. However, Republicans have made it very clear that ... they want them all gone.

To help pay for the [Adjusted Compensation Payment Act](https://en.wikipedia.org/wiki/Adjusted_Compensation_Payment_Act), which called for payments of $2 billion to World War I veterans, a tax was enacted in 1936 called the [undistributed profits tax](https://en.wikipedia.org/wiki/Undistributed_profits_tax). The bill established the persisting principle that retained corporate earnings could be taxed. Paid dividends were tax deductible by corporations. Its proponents intended the bill to replace all other corporation taxes—believing this would stimulate corporations to distribute earnings and thus put more cash and spending power in the hands of individuals. In the end, Congress watered down the bill, setting the tax rates at 7 to 27% and largely exempting small enterprises. Facing widespread and fierce criticism, the tax deduction of paid dividends was repealed in 1938.

By 1936 the term "[liberal](https://en.wikipedia.org/wiki/Modern_liberalism_in_the_United_States)" typically was used for supporters of the New Deal, and "[conservative](https://en.wikipedia.org/wiki/Conservatism_in_the_United_States)" for its opponents.

Wiki, those terms are still accurate today, 80 years later.

Conservatives have been attacking The New Deal the entire time, trying to restore things to the way they were in the Roaring 20's.

Housing Act of 1937

The United States Housing Act of 1937 created the [United States Housing Authority](https://en.wikipedia.org/wiki/United_States_Housing_Authority) within the [U.S. Department of the Interior](https://en.wikipedia.org/wiki/U.S._Department_of_the_Interior). It was one of the last New Deal agencies created. The bill passed in 1937 with some Republican support to abolish [slums](https://en.wikipedia.org/wiki/Slum).

Wiki, the best way to abolish slums is to abolish ... Republicans.

Court-packing plan and jurisprudential shift

Since Roosevelt managed to serve in office for more than twelve years he got the chance to appoint eight of the nine Justices of the Court. Former Supreme Court Chief Justice [William Rehnquist](https://en.wikipedia.org/wiki/William_Rehnquist) noted that in this way the Constitution provides for ultimate responsibility of the Court to the political branches of government.

Wiki, that is why Supreme Court justices are often nothing more than political hacks in robes. They should be independent of the executive and legislative branches if they are to function as a check and balance on the other two. I would like to see a Supreme Court that is chosen by the judicial branch itself, guided by rules to limit political influence in choosing who is nominated.

Your welcome.

RECESSION OF 1937-38

Recovery was steady and strong until 1937. Except for employment, the economy by 1937 surpassed the levels of the late 1920s.

The [Recession of 1937](https://en.wikipedia.org/wiki/Recession_of_1937%E2%80%9338) was a temporary downturn. Private sector employment, especially in manufacturing, recovered to the level of the 1920s but failed to advance further until the war.

It began in the fall of 1937 and continued through most of 1938. Production and profits declined sharply. Unemployment jumped from 14.3% in 1937 to 19.0% in 1938. Keynesian economists stated that the recession of 1937 was a result of a premature effort to curb government spending and balance the budget. Roosevelt had been cautious not to run large deficits. In 1937 he actually achieved a balanced budget. Therefore, he did not fully utilize [deficit spending](https://en.wikipedia.org/wiki/Deficit_spending).

In November 1937 Roosevelt decided that big business was trying to ruin the New Deal by causing another depression that voters would react against by voting Republican.

Wiki, Republicans would never do that ... would they?

Actually, that sounds exactly like what they did after the 2008 Great Recession, which resulted in a lethargic recovery, as Republicans engaged in the most historic obstructionism in recorded history. If Democrats succeeded in cleaning up the Republican's mess, Conservatives knew they would be out of power for a long time. Their only hope was to slow the recovery down and then blame it on the Democrats, while convincing Americans to give control back to Republicans.

Sadly, many Americans fell for it, as was proven by the results of the midterm elections in which the Senate was handed back over to the predators.

Roosevelt moved left and unleashed a rhetorical campaign against monopoly power, which was cast as the cause of the new crisis. Ickes attacked automaker [Henry Ford](https://en.wikipedia.org/wiki/Henry_Ford), steelmaker [Tom Girdler](https://en.wikipedia.org/wiki/Republic_Steel), and the super rich "[Sixty Families](https://en.wikipedia.org/wiki/America%27s_Sixty_Families)" who supposedly comprised "the living center of the modern industrial [oligarchy](https://en.wikipedia.org/wiki/Oligarchy) which dominates the United States."

Wiki, "*the oligarchy of super rich sixty families who dominated the U.S*.?"

It doesn't sound like much has changed ... does it?

Left unchecked, Ickes warned, they would create "big-business Fascist America—an enslaved America."

Wiki, that guy Ickes should have opened up his own psychic hotline. He nailed it right on the head. That is exactly what has happened. The Plutocrats now control the U.S. government.

Roosevelt embarked on an antidote to the depression, reluctantly abandoning his efforts to balance the budget and launching a $5 billion spending program in the spring of 1938, an effort to increase mass purchasing power.

Wiki, looking back on history ... it looks like that worked.

In the 1938 midterm elections, however, Roosevelt and his liberal supporters lost control of Congress to the bipartisan [Conservative Coalition](https://en.wikipedia.org/wiki/Conservative_Coalition).

Wiki, the recession caused voters to panic and put the wolves back in power. No surprise there ... it happens every time.

The people forgot that only 2 years previously, that liberal Congress that they voted out, had overridden Roosevelt's veto and gave WW1 veterans over a billion dollars. Those Congressmen learned the hard way ... that no good deed ever goes unpunished.

The [Food Stamp Plan](https://en.wikipedia.org/wiki/Supplemental_Nutrition_Assistance_Program)—a major new welfare program for urban poor—was established in 1939 to provide stamps to poor people who could use them to purchase food at retail outlets. The program ended during wartime prosperity in 1943, but was restored in 1961. It survived into the 21st century with little controversy because it was seen to benefit the urban poor, food producers, grocers and wholesalers, as well as farmers. Thus it gained support from both liberal and conservative Congressmen. In 2013, however, [Tea Party](https://en.wikipedia.org/wiki/Tea_Party_movement) activists in the House tried to end the program, now known as the [Supplemental Nutrition Assistance Program](https://en.wikipedia.org/wiki/Supplemental_Nutrition_Assistance_Program), while the Senate fought to preserve it.

Wiki, the Tea Party is one of the greatest American enemies to ever emerge from within. It's a cancer that is spreading. It thrives on ignorance, and has one purpose, and one purpose only ...

to transfer as much wealth as possible from the masses to the Plutocrats.

WORLD WAR II AND FULL EMPLOYMENT

The U.S. reached full employment after entering World War II in December 1941. Under the special circumstances of war mobilization, massive war spending doubled the [Gross National Product](https://en.wikipedia.org/wiki/Gross_National_Product). Federal contracts were cost-plus. Instead of competitive bidding to get lower prices, the government gave out contracts that promised to pay all the expenses plus a modest profit. Factories hired everyone they could find regardless of their lack of skills; they simplified work tasks and trained the workers, with the federal government paying all the costs. Millions of farmers left marginal operations, students quit school, and housewives joined the labor force.

Wiki, think about that one for a moment. For a decade there was barely enough money for Americans to put food on the table.

Millions were suffering through a great Depression.

Then, when the Plutocracy was threatened by the Plutocrats of other nations such as Germany and Japan, we went to war and

suddenly, money was falling out of the sky ... IT'S A MIRACLE!

Contracts were now cost-plus; all expenses paid plus profit; factories hired everyone; the people didn't even need skills and were trained with more sky money.

Gee, I wonder where all this money came from all of a sudden?

The emphasis was for war supplies as soon as possible, regardless of cost and inefficiencies.

Wiki, did you hear that?

"*Regardless of cost* "

The masses spent a decade in poverty, suffering and dying, fighting for scraps from the government. Then suddenly, when the Plutocrats needed their help ... the people were drowning in money.

Gee, I wonder where it all came from?

Industry quickly absorbed the slack in the labor force, and the tables turned such that employers needed to actively and aggressively recruit workers. As the military grew, new labor sources were needed to replace the 12 million men serving in the military. Propaganda campaigns pleading for people to work in the war factories. The barriers for married women, the old, and the unskilled were lowered—and (in the North and West) the barriers for racial minorities—were also lowered.

Wiki, how pathetic is that?

Even a World War couldn't change those racist assholes in the Confederacy. They are a different species of human altogether, which is why they cannot interbreed with normal Americans:

just like the progeny of a horse and a donkey (a mule) ...

the offspring would be sterile.

Federal Budget Soars

In 1929, federal expenditures accounted for only 3% of GNP. Between 1933 and 1939, federal expenditures tripled, but the national debt as a percent of GNP showed little change. Spending on the war effort quickly eclipsed spending on New Deal programs.

Wiki, did the government discover a gold mine? A new oil strike? Win a Nigerian lottery?

Unless the money just magically washed up on the shores of D.C. one morning, it is clear that the money had been there. It wasn't until the Plutocracy was threatened with war that all the money began flowing out ... like a magic fountain that had just been discovered. A fountain that somehow couldn't be located during The Great Depression when Americans were starving to death.

This is proof that American Plutocrats pose a thousand times more danger to Americans than any foreign enemy.

So what could explain this incredible discovery which opened up the magic flow of money to the people?

In the 21st century, the majority of all government handouts and subsidies (~60%) go to the rich and the big corporations. Before the New Deal, that percentage must have been a whole lot higher. The Depression and then the war forced the Plutocracy to share government money with the masses in order to protect ...

their own economic interests.

If anyone has a better explanation ... I'm all ears.

Wartime Welfare Projects

Conservative domination of Congress during the war meant that all welfare projects and reforms had to have their approval, which was given when business supported the project. For example, the Coal Mines Inspection and Investigation Act of 1941 significantly reduced fatality rates in the coal-mining industry, saving workers' lives and company money.

Wiki, as I will show later when I discuss the Medicaid Expansion refusal, saving workers' lives played no role in their decision to support the Act. The operative words in that statement were "saving company money."

Be patient Wiki. I can back that up.

The Servicemen's Dependents Allowance Act of 1942 provided family allowances for dependents of enlisted men. Emergency grants to States were authorized in 1942 for programs for day care for children of working mothers. In 1944, pensions were authorized for all physically or mentally helpless children of deceased veterans regardless of the age of the child at the date the claim was filed or at the time of the veteran's death.

The Public Health Service Act, which was passed that same year, expanded Federal-State public health programs, and increased the annual amount for grants for public health services.

The Emergency Maternity and Infant Care Program, introduced in March 1943 by the [Children's Bureau](https://en.wikipedia.org/wiki/United_States_Children%27s_Bureau), provided free maternity care and medical treatment during an infant's first year for the wives and children of military personnel in the four lowest enlisted pay grades.

Under the 1943 Disabled Veterans Rehabilitation Act, vocational rehabilitation services were offered to wounded WWII veterans, and some 621,000 veterans would go on to receive assistance under this program.

The G.I. Bill ([Servicemen's Readjustment Act of 1944](https://en.wikipedia.org/wiki/Servicemen%27s_Readjustment_Act_of_1944)) was a landmark piece of legislation, providing 16 million returning veterans with benefits such as housing, educational, and unemployment assistance, and played a major role in the postwar expansion of the American middle class.

In 1944 government spending on the war effort exceeded 40% of GNP. The US economy experienced dramatic growth during the Second World War mostly due to the deemphasis of free enterprise in favor of the imposition of strict controls on prices and wages.

Wiki, I believe that is called ... Socialism.

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THE SCIENCE SEGMENT

How to be more productive at work without a java jolt

Coffee has been shown, in the past to give a boost to mood and makes you feel more alert. But, new research shows that, that "boost" is the result of caffeine drinkers experiencing a short-term reversal of caffeine withdrawal. By controlling for caffeine use in study participants, researchers found that caffeine-related performance improvement is nonexistent without caffeine withdrawal.

In essence, coming off caffeine reduces your cognitive performance and has a negative impact on your mood. The only way to get back to normal is to drink caffeine, and when you do drink it, you feel like it's taking you to new heights. In reality, the caffeine is just taking your performance back to normal for a short period.

So coffee isn't boosting your mood and your alertness, it's bringing you back to normal. And why weren't you at normal to begin with?

Because you were in caffeine withdrawal.

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FAMOUS QUOTES

Christopher Hitchens

(no biography - previously quoted)

“I have always found it quaint and rather touching

that there is a movement in the US [Libertarians]

that thinks Americans are not yet selfish enough.”