Effects Of The New Deal and Social Security Act

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After World War I, America's economy would start to deteriorate. The Great Depression started with President Herbert Hoover entering office in 1929, “Herbert Hoover declared that the United States was ‘nearer to the final triumph over poverty’ than any nation in the history of the world,” (Trowbridge, 2017); the exact opposite of this statement occurred during Hoover’s presidency. One of the major events leading in to the Great Depression was the Stock Market Crash of 1929, when the stock market dropped 10 percent (Trowbridge, 2017). “Hundreds of millions of shares had been purchased using borrowed money with only the stock itself as collateral. When these stock prices fell, the loans could not be repaid. As a result, thousands of banks failed, and millions of depositors lost their life savings,” (Trowbridge, 2017). After the Stock Market Crash of 1929, the American market fell even more between 1931 and 1933, when thousands of banks would fall to bankruptcy (Trowbridge, 2017). Because of America’s bank economic failure and the stock market crash, there had to be a suspension of loans from U.S. banks abroad. These events led to corporations and individuals withdrawing funds from off-shore banks (Trowbridge, 2017). Between the years of 1929 and 1933 during Hoover’s presidency, America’s economy would be in a record-low, which would lead to Franklin Delano Roosevelt coming in to presidency.

To resolve the issues that came in the era of the Great Depression, the United States government would have to enact legislation that would counter the adverse effects of industrialization and inflation. In the mid-1930s, President Franklin D. Roosevelt and congress would pursue the New Deal and Social Security Act, which in turn would provide relief, recovery, and reform to America's economy. The effect of the New Deal and Social Security act was generous, enthusiastic, optimistic, and progressive. To interpret the extent of which the New Deal legislation would represent in American government is to acknowledge the power of what the American government could achieve while the people of America are in need. The New Deal legislation would provide a foundation for evolution within the government and was extremely beneficial to the American society, resulting in benefits for the elderly, opening the opportunity for jobs, and supported growth in the women's movement.

A leading trend prior to the New Deal and Social Security Act legislations was that there were no old-age benefits. Many issues of the time included elderly Americans fearing that they will fall to poverty if they left their jobs and younger generations being unable to work do to the elderly unwilling to leave their jobs (Trowbridge, 2017). The elderly Americans would be fearful to not provide for only their selves, but also for their children, during this time of need (Social Security, 2016). The matter of old-age would come to play a large role in the enactment of the New Deal and Social Security Act, which would lead to the development and institutionalization of old-age benefits.

Older citizens were subject to being taken care of by family, state, or local (Social Security Act, 1935). Americans had to continue working through old-age to sustain their selves (Social Security Act). The New Deal and Social Security Act unfolded with President Franklin D. Roosevelt contacting congress for a "social security" legislation (Social Security Act, 1935). Alf Landon strongly opposed Social Security due to his belief of the hardship on organizations and their workers (Landon, 1936). Landon also conspired that the currency received by the Treasury would not be accounted for, and be used for other debts (Landon, 1936). Roosevelt argued that with the signing of the New Deal legislation and Social Security Act, millions of citizens that are unemployed, of older age, children, and unable to work are would be protected and insured through the benefits that Social Security provides (Roosevelt, 1935).

Old age played a large role in the trend of unemployment due to the conflicts of the Great Depression and changing roles in society. In the 19th century, elderly Americans were unable to leave their jobs due to the fear of falling in to poverty (Social Security Act, 1935). This was a huge factor when it came to unemployment. Many Americans needed jobs; however, new jobs were not being created and nor were people given the opportunity to retire with pension (Trowbridge, 2017). However, old-age pensions were offered in some states, which caused elderly citizens to relocate to different states to receive benefits (*Helvering v. Davis*, 1937). Another way old-age played a role in inducing the New Deal and Social Security Act was that local and state governments no longer were able to provide for the elderly in their communities. Before the 1930s, it was expected of the locals, state governments, and families to take care of their elderly (Social Security Act, 1935). However, during the Great Depression, those that suffered the most were the elderly. The Great Depression brought upon support and talks of multiple proposals for a national old-age insurance system (Social Security Act, 1935).

Old-age benefits were a direct result of these trends, and the historical significance that came with it. In 1935 President Franklin D. Roosevelt proposed Congress to bring upon social security legislation (Social Security Act, 1935). Eventually, the bill was passed that same year, and Roosevelt signed the bill in to law (Social Security Act, 1935). On the day that Roosevelt signed the Social Security Act he stated "Today a hope of many years' standing is in large part fulfilled. The civilization of the past hundred years, with its startling industrial changes, has tended more and more to make life insecure. young people have come to wonder what would be their lot when they came to old age. The man with a job has wondered how long the job would last," (Roosevelt, 1935). It was during the Great Depression that people began to saw the issues brought upon from the industrial era. With the inducement of the Social Security Act and New Deal, more jobs were provided to Americans, along with old-age benefits that would push the elderly towards retirement. It was important that old-age benefits were instilled at the time, as Quadagno stated "In 1929 a study by Industrial Relations Counselors found that 329 industrial programs were in existence. Eighty percent of covered employees were in railroads, public utilities, metal trades, oil, banking and insurance, electrical apparatus and supply industries. In contrast, among the highly competitive and largely unregulated manufacturing companies, only one-eighth of all employees were potentially covered by a pension plan, and those were the larger manufacturing establishments," (Quadagno, 1984). Without the Social Security Act of 1935, old-age benefits would not have been provided, which would have forced elderly Americans to stay in the workforce, preventing the younger generations from joining the workforce.

One of the most prominent reasons why the New Deal and Social Security Act were proposed were to provide benefits for the elderly. The people most effected by the beginning of the Great Depression were the elderly, who would be the first to be laid off and the last to be hired (Social Security, 2016). Even before the Social Security Act was enacted, people such as Senator Huey Long, Farther Charles Coughlin, and many others offered similar plans (Social Security, 2016). The Social Security Act was unique in the sense that it was a different approach to the solution of old age pension (Social Security Act, 1935). "The *state-old* pension movement was the most active form of social welfare before Social Security. This movement was an attempt to persuade state legislatures to adopt needs-based pensions for the elderly. Lobbying for old-age pensions was well organized and was supported by a number of prominent civic organizations, such as the Fraternal Order of Eagles. State welfare pensions for the elderly were practically nonexistent before 1930, but a spurt of pension legislation was passed in the years immediately preceding passage of the Social Security Act, so that 30 states had some form of old-age pension program by 1935. Although old-age pensions were widespread, they were generally inadequate and ineffective. Only about 3 percent of the elderly were actually receiving benefits under these state plans, and the average benefit amount was about 65 cents per day ($19.50 per month)," (DeWitt, 2010). This statement proves to show that there was not a consistent system that would support the elderly at the standard cost-of-living at the time. Upon enactment of the Social Security Act, Quadagno states, "The Old Age Assistance (OAA) title of the act involved channeling federal funds to the states for old age pensions to needy persons over 65, on a fifty-fifty matching basis up to a maximum contribution of $15 a month. Each state was allowed to set its own standards for eligibility, and many states incorporated traditional poor-law criteria, such as means tests, familial responsibility clauses and residency requirements," (Quadagno, 1984). In short, the Social Security Act would provide grants to states for old age appropriation and states would have old age assistance plans, who would then provide pensions for qualifying individuals over the age of 65 (Quadagno, 1984).

Another significant element that the New Deal Legislation and Social Security Act played in was opening the opening the opportunity for jobs. Prior to the New Deal and Social Security Act, unemployment rates were at a high as citizens were out of work (Trowbridge, 2017). U.S. Corporations borrowed billions of dollars to make factories, which would in turn produce goods (Trowbridge, 2017). The issue with this, however, was that there were not enough middle-class consumers that could purchase the goods (Trowbridge, 2017). In 1930, the Smoot-Hawley Tariff was enacted to increase tax revenue, but on contrary, caused international trade to decline up to 1932 (Trowbridge, 2017). All the following events would lead up to the election of President Franklin Delano Roosevelt, who would enact multiple legislations that would provide for public welfare. Roosevelt enacted the Emergency Conservation Work Act in 1933, which would be one of the first steps towards providing jobs for the American public (Trowbridge, 2017). The Emergency Conservation Work Act of 1933 assigned the Civilian Conservation Corps (CCC) to draft young, unemployed citizens from civic areas to complete natural conservation work (Trowbridge, 2017). This program was one of legislations enacted with the New Deal. One of the bigger goals of the New Deal was to promote two objectives, which would be to provide workfare rather than welfare, by providing employment in the terms of public projects; the second objective was to invest in a more stable economy that would boost the growth and rehabilitation of the private sector (Trowbridge, 2017). The most ambitious of legislations would be the Works Progress Administration (WPA), which was passed in 1935 (Rose, 1989). Work relief was one of the most prominent solutions to unemployment as Rose stated, "Work was provided each month for between 1.4 and 2.4 million of the unemployed at payments higher than they would have received for direct relief and sometimes higher than local wage rates as well," (Rose, 1989). In summary, the New Deal and Social Security Act were able to provide millions of job opportunities for the unemployed.

Finally, the New Deal and Social Security Act supported growth in the women's movement. Prior to the Great Depression, women were not given many opportunities for growth in society (Trowbridge, 2017). An example of this would be that only 6 percent of women were employed during World War I and only a limited amount of occupations were deemed fitting for women (Trowbridge, 2017). The number of women in the workforce had motivated President Woodrow Wilson to push women's suffrage (Trowbridge, 2017). 30 States and territories would vote for women’s suffrage in 1919, and in 1920 the 19th amendment would be voted in to the Constitution. In the early versions of the National Recovery Administration (NRA), women were not offered many types of jobs due to the gender roles of the time (Trowbridge, 2017). However, women's movement leaders such as Eleanor Roosevelt fought against gender favoritism in these programs (Trowbridge, 2017). As quoted, "However, the number of careers open to women and the pay they received would expand in future decades, thanks to the number of women who joined the labor movement during the 1930s. The number of union women grew 300 percent during the decade as 800,000 women joined organizations such as the International Ladies Garment Workers’ Union," (Trowbridge, 2017) proved to show that women would continue to fight for equality and growth within the workforce. The women of this era were able to defeat gender stereotypes in the workforce, taking government professions that would be typically held by males (Trowbridge, 2017). The women of this era were able to take advantage of the New Deal and Social Security Act to build a foundation for the future of women's equality in the workforce.

The enactment of the New Deal and Social Security Act legislations provided an integral foundation for today’s government and gender equality. Social Security provided a solid base for benefits that would help repair America’s economy by saving those in dire need. The elderly would no longer have to worry about falling to poverty if they did not work, the younger generations would be provided with more opportunities for jobs, and a strong foundation or women’s equality in the workplace would be built, as more women would be appointed government positions. As quoted from Roosevelt, “This law, too, represents a cornerstone in a structure which is being built but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future Administrations against the necessity of going deeply into debt to furnish relief to the needy. The law will flatten out the peaks and valleys of deflation and of inflation. It is, in short, a law that will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness,” (Roosevelt, 1935). In conclusion, the New Deal and Social Security Act led to benefits for the elderly, opening the opportunity for jobs, and growth in the women’s movement.

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