Placard 4.3A

Aid to the Elderly

The New Deal provided care for the elderly under the Social Security Act, referred to by one scholar as the "most important single piece of social welfare legislation [law] in American history." The act required the federal government to provide financial support for most retired workers, ages 65 and over. The government created a pool of money from which to pay the old-age benefits by imposing a one percent social security tax on U.S. employees' wages, half of which was paid by the worker's employer. Before 1942—the year social security payments went into effect—the federal government provided up to $15 a month in aid to the elderly poor. After 1942 social security payments ranged from $10 to $85 per month, depending on the wages the employee had earned before he or she retired. The very first social security payment issued by the government was only 12¢. The Social Security Act also provided aid to the disabled, mothers and their dependent children, and the unemployed.

Most forms of social security established by the New Deal continued to exist in the United States in the 1990s, including aid to the elderly. In the late 1990s, American workers and their employees paid a social security tax of approximately 12 percent. In 1995 the maximum monthly payment for a retiree was about $1,200.

Social Security Act
SSA

Caption Placard 4.3A

A photograph of an elderly man taken by Irving Rusinow of the Bureau of Agricultural Economics in El Cerrito, New Mexico. The man was a descendant of one of the oldest families in his village and his house is one of the oldest in the area.

Placard 4.3D

Federal Deposit Insurance Corporation FDIC

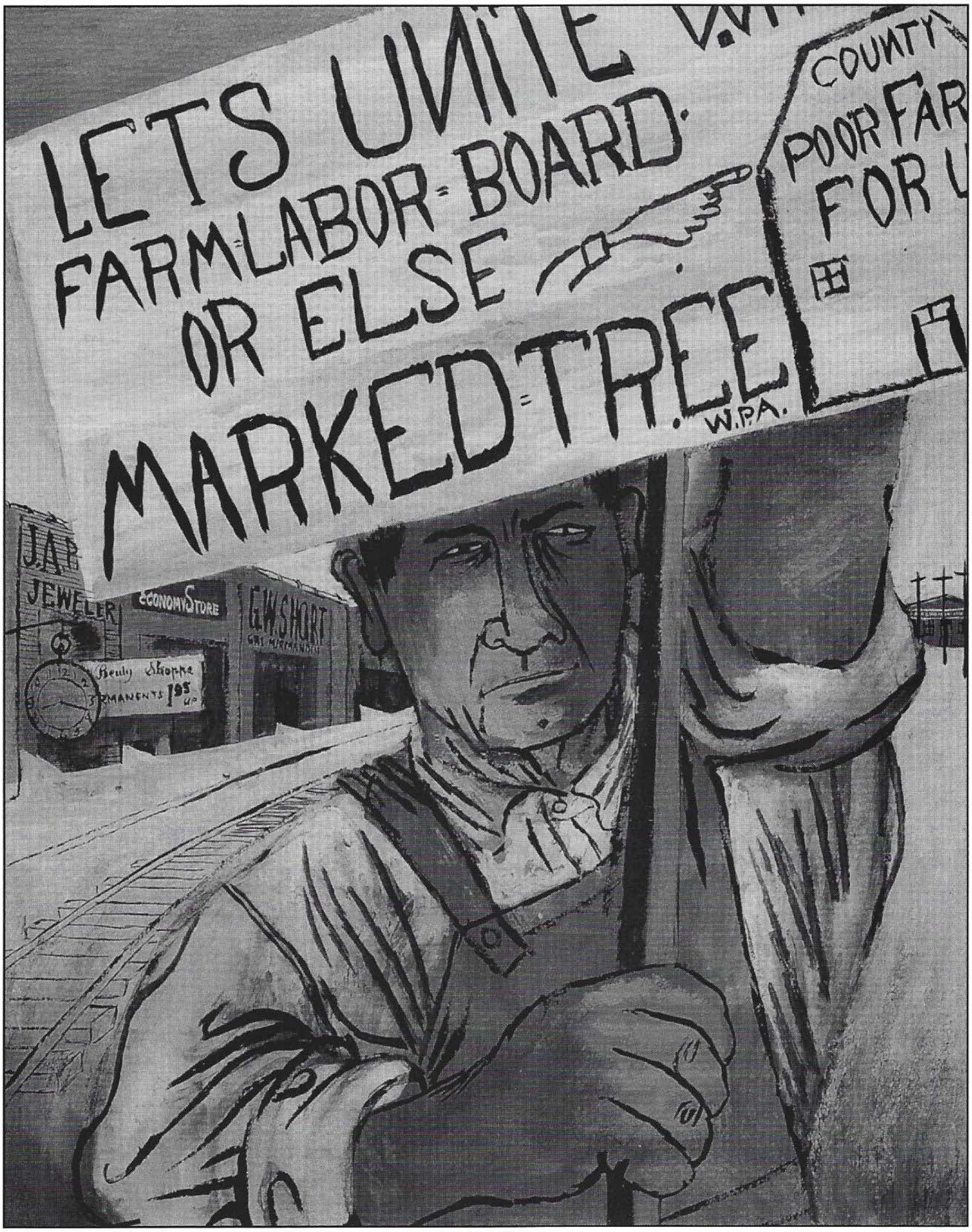
Caption Placard 4.4D

Here people are depositing money in the National Safety Bank and Trust Company of New York in 1936, confident in the Federal Deposit Insurance Corporation (FDIC) assurance of government backing for bank deposits.

Insured Bank Deposits

The New Deal instituted federal regulations over banking practices and set up the Federal Deposit Insurance Corporation (FDIC) to protect bank depositors' money should their banks fail. The agency's mission was "to maintain stability and public confidence in the nation's banking system." The FDIC regularly monitored banks to ensure their practices were both "profitable and fair." Most importantly, the FDIC guaranteed that the depositors of federally approved banks would not lose all of their money should their banks close their doors. The FDIC initially insured depositors' money up to $2,500, but it quickly raised the amount to $5,000. By 1940 depositors' accounts were insured for up to $15,000. To obtain insurance for its depositors' funds, a bank had to prove to the FDIC that it was economically stable and able to meet all of its financial obligations. For example, a bank had to have an adequate amount of money on reserve to minimize the chance of collapse due to a lack of immediately available funds. The FDIC created a pool of money from which to pay insurance claims by charging banks premiums (fees) for the insurance it provided and making safe investments.

In the late 1990s, the FDIC continued to operate, insuring bank depositors' money for up to $100,000. It had over $27 billion in reserve funds and was authorized to borrow up to $30 billion from the U.S. Treasury if necessary. Since its foundation in the 1930s, the FDIC has never had to borrow money from the government, and it has successfully reimbursed all insured depositors whose banks have failed.


LETS UNITE
FARM LABOR BOARD
OR ELSE
MARKED TREE
W.P.A.
COUNTY
POOR FAR
FOR
JEWELER
ECONOMY STORE
G.W. SHORT

Promotion of Workers' Rights

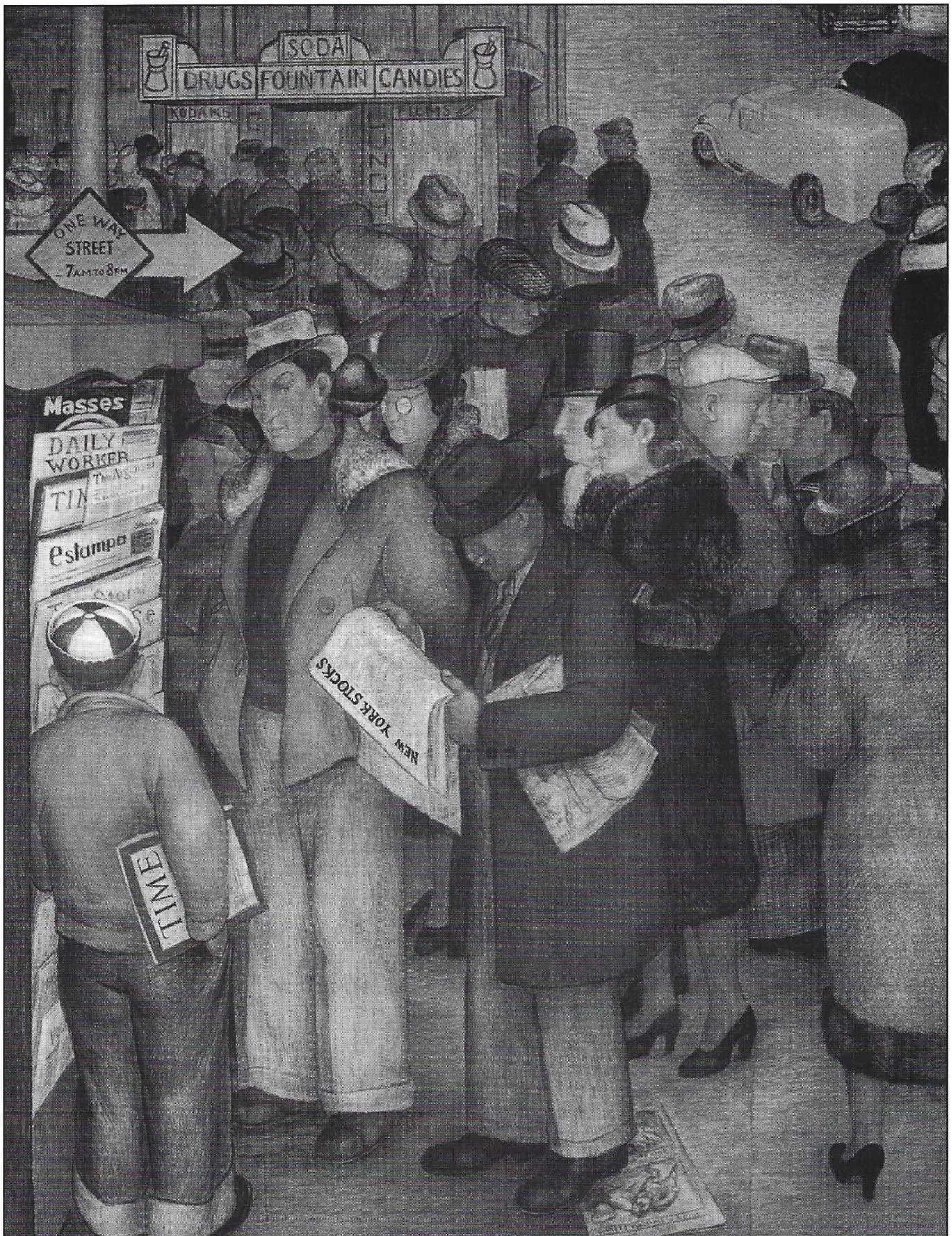
The federal government established the first national labor policy in U.S. history under the New Deal. Prior to the mid 1930s, workers' attempts to form labor unions—organizations that protect workers' rights and interests—received little support from the government. As a result, most unions were unable to hold effective strikes or secure significant gains for their members. The New Deal's National Labor Relations Act (also known as the Wagner Act) injected new life into the U.S. labor movement. The act declared that workers had the right to organize labor unions, elect union representatives to fight for their interests, and bargain with employers collectively (as a single group). The act also established a federal labor board to enforce labor laws, monitor businesses to ensure they were not using illegal or brutal means to stamp out union activity, and prosecute employer labor violations. Consequently, labor unions increased dramatically in size and strength during the 1930s. Union membership jumped from 3 million in 1932 to 10 million in 1941. By the late 1940s, over 35 percent of the labor force was enrolled in a union. In addition, worker strikes tripled in the first year the act went into effect. At the height of labor unrest in 1937, workers held over 4,700 strikes, 80 percent of which were settled in their favor.

A federal labor board continued to operate in the 1990s, enforcing labor laws and investigating both employers and unions, as necessary. The board no longer had the power to prosecute labor violations, and served primarily in a judicial (judging) capacity. By the mid 1990s, unions still had collective bargaining power, but national membership had declined to a little over 15 percent of the labor force.

National Labor Relations Act NLRA

Caption Placard 4.4G

A painting by Ben Shahn entitled "Lest We Forget." The painting is based on photographs Shahn took in 1935 during trips to Arkansas while he was working for the Resettlement Administration. In the background we can see Marked Tree, a small Arkansas town where many strikers from the Southern Tenant Farmers' Union were violently attacked by anti-union forces in the mid and late 1930s.


SODA
DRUGS FOUNTAIN CANDIES
KODAKS
FILMS
LUNCH
ONE WAY STREET 7AM TO 8PM
Masses
DAILY WORKER
estampa
NEW YORK STOCKS
TIME

Securities and Exchange Commission
SEC

Caption Placard 4.4J

Here is a portion of a mural completed by New Deal artists in Coit Tower in San Francisco. In the mural one sees a busy street corner with a man in the center examining the stock pages from a national newspaper.

Regulated Stock Market

The New Deal established federal regulation over the stock market by passing a series of laws and forming the Securities and Exchange Commission (SEC) to enforce the laws. The main goal of the SEC was to police the stock market and scrutinize all companies and their stocks. For instance, the SEC required all stock-issuing companies to register themselves with the U.S. government, and disclose (reveal) all of their assets—such as cash and property—the state of their finances, and the identities of their controlling investors. In addition, the SEC required companies to submit regular financial reports and fully disclose all stock transactions. It also set limits on how much credit banks could extend for the purchase of stocks, thereby limiting the amount of borrowed money invested in the stock market. Finally, the SEC investigated wrongdoing in the stock market, including fraud and theft. Overall, the SEC's mission was to preserve financial order and protect stock market investors. One writer, commenting on an upcoming SEC inspection of the New York Stock Exchange, declared that on the commissioners' arrival, "The Marines will have landed on Wall Street."

The function of the SEC has remained virtually unchanged since the New Deal. In the 1990s, the Commission continued to regulate the stock market and investigate unethical conduct by stock brokers and investors.