The New Deal was a series of economic programs passed by Congress during the first term of Franklin Delano Roosevelt, 32nd President of the United States, from 1933 to his reelection in 1937. The programs were responses to the Great Depression, and focused on what historians call the 3 Rs: relief, recovery and reform. That is, relief for the unemployed and poor, recovery of the economy to normal levels, and reform of the financial system to prevent a repeat depression. The New Deal produced a political realignment, making the Democratic party the majority, with its base in liberal ideas, big city machines, and newly empowered labor unions. The Republicans were split, either opposing the entire New Deal as an enemy of business and growth, or accepting some of it and promising to make it more efficient. The realignment crystallized into the New Deal Coalition that dominated most American elections into the 1960s, while the opposition Conservative Coalition largely controlled Congress from 1937 to 1964. Few new programs were enacted after 1936, and many agencies were disbanded during World War II.

Historians distinguish a "First New Deal" (1933) and a "Second New Deal" (1934–36). Some programs were declared unconstitutional, and others were repealed during World War II; in early 1937 almost no new programs were initiated because of the opposition of the new Conservative Coalition.\[1\]

The "First New Deal" (March 8, 1933) dealt with groups; from banking and railroads to industry and farming. A "Second New Deal" in 1934-35 included the Wagner Act to promote labor unions, the Works Progress Administration (WPA) relief program, the Social Security Act, and new programs to aid tenant farmers and migrant workers. The Supreme Court ruled several programs unconstitutional; however, most were soon replaced, with the exception of the National Recovery Administration (NRA). After 1936, the Fair Labor Standards Act of 1938 was the only major legislation; it set maximum hours and minimum wages for most categories of workers.\[2\]

The WPA, CCC and other relief programs were shut down during World War II by the Conservative Coalition (i.e., the opponents of the New Deal in Congress); they argued the return of full employment made them superfluous. As a Republican President in the 1950s, Dwight D. Eisenhower left the New Deal largely intact. In the 1960s, Lyndon B. Johnson's Great Society took New Deal policies further. After 1974, laissez-faire views grew in support, calling for deregulation of the economy and ending New Deal regulation of transportation, banking and communications in the late 1970s and early 1980s.\[3\] Several New Deal programs remain active, with some still operating under the original names, including the Federal Deposit Insurance Corporation (FDIC), the Federal Crop Insurance Corporation (FCIC), the Federal Housing Administration (FHA), and the Tennessee Valley Authority (TVA). The largest programs still in existence today are the Social Security System and the Securities and Exchange Commission (SEC).

-------------- TAX BREAKS ---------------

New Tax Breaks for (almost) Everyone

If you bought a house, a car or even a water heater, had a kid in college or were getting unemployment checks, you could save a bundle on your 2009 bill. - By Kiplinger's Personal Finance Magazine

There's no denying that 2009 was a challenging year for millions of Americans. But filling out your 2009 tax return could bring some welcome relief in the form of a big refund. There are new and expanded tax breaks for buyers of homes and cars, for college students and their parents, for homeowners who made energy-efficient improvements and for the unemployed.
Together, these tax savings are expected to boost average tax refunds above last year's level of about $2,800, Internal Revenue Service spokeswoman Nancy Mathis said. Here are highlights of what's new for 2009 tax returns.

Education credit
More parents and students can use a federal education credit to offset part of the cost of college under the new American Opportunity Credit. The maximum $2,500 credit is available to eligible taxpayers who paid at least $4,000 in qualified college tuition, fees and required course materials, including books, in 2009.

Compare your credit
The full credit is available to individuals with incomes up to $80,000, phasing out above that level and disappearing completely at $90,000. (For married couples filing jointly, the full credit is available to those with incomes up to $160,000 and disappears above $180,000.) Those income limits are higher than under the older Hope and Lifetime Learning credits. If you claim the new credit and owe no tax, you may receive a refund of 40% of the credit, up to a maximum of $1,000 for each eligible student.

Other education credits are not refundable. The American Opportunity Credit can be applied only to expenses paid during the first four years of college. Graduate students are not eligible for this new credit, but they still qualify for the Lifetime Learning credit of up to $2,000 per household or a tuition-and-fees deduction of up to $4,000. (A credit, which reduces your tax bill dollar for dollar, is more valuable than a deduction, which merely reduces the amount of income that is taxed.) Parents of some college freshmen and sophomores should bypass the new American Opportunity Credit and opt instead for the supercharged Hope Credit available to students in seven Midwestern states -- Arkansas, Illinois, Indiana, Iowa, Missouri, Nebraska and Wisconsin -- affected by flooding in 2008. The top credit on 2009 returns for qualified students is $3,600.

Home energy credits
If you weatherized your home or bought alternative-energy equipment in 2009, you may qualify for either of two expanded home energy credits, regardless of your income.
You may claim a credit worth 30% of the cost of eligible home improvements on your principal residence, up to a maximum $1,500. The cost of certain high-efficiency heating and air-conditioning systems, water heaters and stoves used for home heating qualify for the credit, along with labor costs for installing them.

Details on the homebuyer tax credit
The cost of energy-efficient windows, doors, skylights and insulation also count, but installation costs do not. You would have to spend at least $5,000 to qualify for the full $1,500 credit.
A second tax credit is designed to spur investment in alternative-energy equipment, such as solar electric systems, solar water heaters, geothermal heat pumps and wind turbines, in new and existing homes. The credit is worth 30% of the cost, including installation, with no cap on the amount of the credit.

"Trickle-down economics" and "trickle-down theory" are pejorative terms of political rhetoric that refer to the policy of providing across the board tax cuts or benefits to businesses, such as tax breaks, in the belief that this will indirectly benefit the broad population. Such policies are primarily supported by Conservatives, who prefer the term "supply-side economics". Conversely, the term "trickle-down economics" is more often favored by Liberals and Socialists for its pejorative undertones. The term has been attributed to humorist Will Rogers, who said during the Great Depression that "money was all appropriated for the top in hopes that it would trickle down to the needy."
Proponents of these policies claim that if the top income earners invest more into the business infrastructure and equity markets, it will in turn lead to more goods at lower prices, and create more jobs for middle and lower class individuals. Proponents argue economic growth flows down from the top to the bottom, indirectly benefiting those who do not directly benefit from the policy changes. However, others have argued that "trickle-down" policies generally do not work, and that the trickle-down effect might be very slim.

Today "trickle-down economics" is most closely identified with the economic policies known as Reaganomics or supply-side economics. Originally, there was a great deal of support for tax reform; there was a dual problem that loopholes and tax shelters create a bureaucracy (private sector and public sector) and that relevant taxes are thus evaded. During Ronald Reagan's presidency, the Democratic controlled House, at the urging of President Reagan, cut the marginal tax rate on the highest-income tax bracket from 70% to 28%.

A major feature of these policies was the reduction of tax rates on capital gains, corporate income, and higher individual incomes, along with the reduction or elimination of various excise taxes. David Stockman, who as Reagan's budget director championed these cuts but then became skeptical of them, told journalist William Greider that the term "supply-side economics" was used to promote a trickle-down idea.

"It's kind of hard to sell 'trickle down,' so the supply-side formula was the only way to get a tax policy that was really 'trickle down.' Supply-side is 'trickle-down' theory. - David Stockman, Ronald Reagan's budget director

------------------------------- INTEREST RATES -----------------------------

Why Interest Rates Change
When interest rates change, it is the result of many complex factors. People who study interest rates find that it is as difficult to forecast future interest rates as it is the weather. Since interest rates reflect human activity, a long-term forecast is virtually impossible. After the fact, explanations are many and confident! Some of the major factors which help to dictate interest rates are explained below.

Supply and Demand for Funds
Interest rates are the price for borrowing money. Interest rates move up and down, reflecting many factors. The most important among these is the supply of funds, available for loans from lenders, and the demand, from borrowers. For example, take the mortgage market. In a period when many people are borrowing money to buy houses, banks and trust companies need to have the funds available to lend. They can get these from their own depositors. The banks pay 6% interest on five year GICs and charge 8% interest on a five year mortgage. If the demand for borrowing is higher than the funds they have available, they can raise their rates or borrow money from other people by issuing bonds to institutions in the "wholesale market". The trouble is, this source of funds is more expensive. Therefore interest rates go up! If the banks and trust companies have lots of money to lend and the housing market is slow, any borrower financing a house will get "special rate discounts" and the lenders will be very competitive, keeping rates low. This happens in the fixed income markets as a whole. In a booming economy, many firms need to borrow funds to expand their plants, finance inventories, and even acquire other firms. Consumers might be buying cars and houses. These keep the "demand for capital" at a high level, and interest rates higher than they otherwise might be. Governments also borrow if they spend more money than they raise in taxes to finance their programs through "deficit financing". How governments spend their money and finance is
called "fiscal policy". A high level of government expenditure and borrowing makes it hard for companies and individuals to borrow; this is called the "crowding out" effect.

Monetary Policy
Another major factor in interest rate changes is the "monetary policy" of governments. If a government "loosens monetary policy", this means that it has "printed more money". Simply put, the Central Bank creates more money by printing it. This makes interest rates lower, because more money is available to lenders and borrowers alike. If the supply of money is lowered, this "tightens" monetary policy and causes interest rates to rise. Governments alter the "money supply" to try and manage the economy. The trouble is, no one is quite sure how much money is necessary and how it is actually used once it is available. This causes economists endless debate.

Inflation
Another very important factor is inflation. Investors want to preserve the "purchasing power" of their money. If inflation is high and risks going higher, investors will need a higher interest rate to consider lending their money for more than the shortest term. After the very high inflation years of the 1970s and early 1980s, lenders had to receive a very high interest rate compared to inflation to lend their money. As inflation dropped, investors then demanded lower rates as their expectations became lower. Imagine the plight of the long-term bond investor in the high inflation period. After lending money at 5-6%, inflation moved from the 2-3% range to above 12%! The investor was receiving 7% less than inflation, effectively reducing the investor's wealth in real terms by 7% each year!

-------------------- SOCIAL SECURITY --------------------
Social Security in the United States currently refers to the federal Old-Age, Survivors, and Disability Insurance (OASDI) program.

The original Social Security Act (1935) and the current version of the Act, as amended encompass several social welfare and social insurance programs. The larger and better known programs are:
- Federal Old-Age, Survivors, and Disability Insurance
- Unemployment benefits
- Temporary Assistance for Needy Families
- Health Insurance for Aged and Disabled (Medicare)
- Grants to States for Medical Assistance Programs (Medicaid)
- State Children's Health Insurance Program (SCHIP)
- Supplemental Security Income (SSI)

U.S. Social Security is a social insurance program funded through dedicated payroll taxes called Federal Insurance Contributions Act (FICA). Tax deposits are formally entrusted to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund. The main part of the program is sometimes abbreviated OASDI (Old Age, Survivors, and Disability Insurance) or RSDI (Retirement, Survivors, and Disability Insurance). When initially signed into law by President Franklin D. Roosevelt in 1935 as part of his New Deal, the term Social Security covered unemployment insurance as well. The term, in everyday speech, is used to refer only to the benefits for retirement, disability, survivorship, and death, which are the four main benefits provided by traditional private-sector pension plans. In 2004 the U.S. Social Security system paid out almost $500 billion in benefits.

By dollars paid, the U.S. Social Security program is the largest government program in the world and the single greatest expenditure in the federal budget, with 20.8% for social security, compared to 20.5% for
discretionary defense and 20.1% for Medicare/Medicaid. Social Security is currently the largest social insurance program in the U.S., constituting 37% of government expenditure and 7% of the gross domestic product and is currently estimated to keep roughly 40% of all Americans age 65 or older out of poverty. The Social Security Administration is headquartered in Woodlawn, Maryland, just to the west of Baltimore.

-------------------------------- MEDICAID / MEDICARE --------------------------------

Medicaid is the United States health program for eligible individuals and families with low incomes and resources. It is a means tested program that is jointly funded by the state and federal governments, and is managed by the states[1] Among the groups of people served by Medicaid are certain eligible U.S. citizens and resident aliens, including low-income adults and their children, and people with certain disabilities. Poverty alone does not necessarily qualify an individual for Medicaid. Medicaid is the largest source of funding for medical and health-related services for people with limited income in the United States. Because of the aging Baby Boomer population, the fastest growing aspect of Medicaid is nursing home coverage.

Comparisons with Medicare
Medicare is an entitlement program funded entirely at the federal level. It is a social insurance focusing primarily on the older population. As stated in the CMS website, Medicare is a health insurance program for people age 65 or older, people under age 65 with certain disabilities, and people of all ages with end stage renal disease. The Medicare Program provides a Medicare part A which covers hospital bills, Medicare Part B which covers medical insurance coverage, and Medicare Part D which covers prescription drugs.

Medicaid is a program that is not solely funded at the federal level. States provide up to half of the funding for the Medicaid program. In some states, counties also contribute funds. Unlike the Medicare entitlement program, Medicaid is a means-tested, needs-based social welfare or social protection program rather than a social insurance program. Eligibility is determined largely by income. The main criterion for Medicaid eligibility is limited income and financial resources, a criterion which plays no role in determining Medicare coverage. Medicaid covers a wider range of health care services than Medicare. Some individuals are eligible for both Medicaid and Medicare (also known as Medicare dual eligibles). In 2001, about 6.5 million Americans were enrolled in both Medicare and Medicaid.

-------------------------------- Welfare --------------------------------

Welfare or welfare work consists of actions or procedures — especially on the part of governments and institutions — striving to promote the basic well-being of individuals in need. These efforts usually strive to improve the financial situation of people in need but may also strive to improve their employment chances and many other aspects of their lives including sometimes their mental health. In many countries, most such aid is provided by family members, relatives, and the local community and is only theoretically available from government sources.

In American English, welfare is often also used to refer to financial aid provided to individuals in need, which is called benefit(s) or welfare benefits in British English.