The First New Deal, 1933-1934

**FEDERAL PROGRAM & DESCRIPTION**

* “Bank Holiday” closes banks until they can be made healthy
* **Reconstruction Finance Corp**. => make sick banks healthy w/ fed’l $
* **Fed’l Deposit Insurance Corp. (FDIC)** => insures Americans’ bank deposits
* **Glass-Steagall Act, 1933** (prohibits banks from investing in stock mkt)

**SECTOR OR ISSUE**

U.S. Banking System

**RESULTS?**

* In the 1920s, over 500 U.S. banks closed per year. After these acts, only 10 per year closed.
* These acts brought stability to the U.S. banking system.

The First New Deal, 1933-1934

FEDERAL PROGRAM & DESCRIPTION

* If US gold reserves fall, US currency levels drop. Why is this a problem?
* **Gold Standard Act, 1934**. (FDR removes US from Gold Standard because US currency is tied to gold reserves).

SECTOR OR ISSUE

Monetary and Fiscal Policy

RESULTS?

* Allows Fed’l Reserve flexibility to protect US economy (keep $ supply HIGH)
* Exchange Stabilization Fund, which (even today) stabilizes the value of U.S. currency

The First New Deal, 1933-1934

**FEDERAL PROGRAM & DESCRIPTION**

* **Securities Act 1933**

(Securities firms to provide balance sheet, profit, loss, corporate pay)

* **Securities and Exchange Comm’n, 1934** (Fed’l regulatory body overseeing Wall Street investment firms)

**SECTOR OR ISSUE**

Securities Reform (stock market reform)

**RESULTS?**

* These acts protected average American investors from unscrupulous practices.
* Sellers of stocks have to be truthful about the shares they sell or face criminal penalties.

The First New Deal, 1933-1934

**FEDERAL PROGRAM & DESCRIPTION**

**Agricultural Adjustment Administration (AAA)** Gov’t pays subsidie$ to farmers to NOT grow crops and to destroy excess livestock). Why?

**Farmers Relief Act**, May 1933 (pays farmers to cut production). *Act like this one had been vetoed by Coolidge!*

**Farm Mortgage Relief Act, 1933**

**Rural Electrification Admin. & Tennessee Valley Authority (TVA)**

**SECTOR OR ISSUE**

Agricultural/Rural reform

**RESULTS?**

* Cotton, wheat & corn prices doubled in 3 yrs.
* Farmers’ income rose 55% by 1937!

🡪Helped 20% of US farmers to keep their farms.

In 1930s, 90% of urbanites had electricity, but only 10% of rural US. These two programs brought affordable electricity to the poorest rural Americans.

The First New Deal, 1933-1934

First New Deal, 1933-

FEDERAL PROGRAM & DESCRIPTION

**National Industrial Recovery Act (NIRA)** June 1933

Created the **National Recovery Admin. (NRA)**

SECTOR OR ISSUE

Industrial Reform

RESULTS?

* "codes of fair practice" to keep working conditions fair and prices and wages up; production down.
* Outlawed Yellow Dog contracts
* Increased safety regulations

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SECTOR OR ISSUE

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RESULTS?

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The First New Deal, 1933-1934

RESULTS?

Employed 3 million young men at 1200 camps during Great Depression.

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\*Spent $3 billion fast!! Every town affected. New park, new roads, etc.

\*In 1935, WPA spent 6.7 of total fed’l budget!

\*Employed WIDE variety of ppl from unskilled to artists, writers

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

\*Large public works like gov’t buildings, airports, hospitals, schools, roads, bridges, and dams.

\*1933-1935 spent $3.3 billion with private companies to build 34,599 projects.

\*No sense of urgency; slow.

FEDERAL PROGRAM & DESCRIPTION

**Civilian Conservation Corps** **(CCC).** Young men, 18-23 worked manual labor in camps. $30 month ($25 HAD to be sent home).

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**Works Progress Admin. (WPA)** Led by former social worker Harry Hopkins (Desk)

90% or ppl hired by Hopkins were unemployed. Feuded with Ickes. Why?

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**Public Works Admin. (PWA)**

Led by Sec of Interior Harold Ickes (Sagamore & Bourne Bridges)

SECTOR OR ISSUE

Unemployment relief