

United States History

Chapter 18

Roosevelt and the New Deal 1933-1939

Section 1 Roosevelt Takes Office

- Election of 1932—Hoover-Republican. After 4 tries Democrats finally choose Franklin Delano Roosevelt (FDR). Roosevelt's policies for ending the depression became known as the New Deal. FDR wins in a landslide
- FDR elected Nov. 1932 isn't sworn in until March 1933. During that time bank runs continued, threatening our entire banking system. By March 1933---4,000 banks closed wiping out \$9 million in savings
- On inauguration day most of the country's banks closed and 1 out of 4 people out of work. The economy seemed paralyzed.

Section 2 The First New Deal

- Roosevelt and his advisors (aka Brain Trust) came into office with lots of ideas
- FDR sent bill after bill to Congress. Between March 9 and June 16 (which is called the Hundred Days) Congress passed 15 major acts.
- FDR's advisors divided into 3 groups (1) business and gov't should work together (2)distrusted big business and blamed them for depression (3)gov't should break-up big business and restore competition
- Roosevelt realized faith in the banking system had to be restored
- FDR declared a national bank holiday. Congress passed the Emergency Banking Relief Act. All banks to be inspected.
- March 12, 1933 FDR hold his first "fireside chat" which was a radio message to the nation. The banking crisis is over.
- Securities Act 1933—companies had to provide truthful information to investors.
- 1934—Securities and Exchange Commission (SEC) created to regulate stock market and prevent fraud
- The Glass-Steagall Act separated commercial banks from investment banks
- Federal Deposit Insurance Corp. (FDIC) provides gov't insurance for bank deposits
- Farmers needed help. Production was too high and prices too low. Agricultural Adjustment Administration (AAA) would pay farmers to **not** produce certain crops. Farmers received over \$1 billion in support payments.
- Food prices rose by over 50%. Rising food prices hurt the rest of the nation and thousands of tenant farmers became homeless and jobless when land owners took their fields out of production.