**Chapter 23, Section 2: The First New Deal**

**I. The Hundred Days Begins** *(pages 682–683)*

**A.** Between March 9 and June 16, 1933, referred to as the **Hundred Days,** Roosevelt sent many bills to Congress. Congress passed 15 major acts to help the economic crisis. These programs made up the First New Deal.

**B.** To generate new ideas and New Deal programs, Roosevelt put together a group of advisers in the fields of academia, business, agriculture, government, law, and social work.

**C.** Roosevelt’s advisers were divided into three main groups. The first group supported the “New Nationalism” of Theodore Roosevelt and believed government and business should work together to manage the economy. The second group distrusted big business and wanted government planners to run key parts of the economy. The third group supported the “New Freedom” of Woodrow Wilson and felt it was the government’s responsibility to restore competition to the economy.

**Discussion Question**

Why did Roosevelt choose advisers with differing views? *(Roosevelt purposely chose advisers who disagreed to hear many points of view and to ensure he alone would make the final decision on what policies to pursue.)*

**II. Fixing the Banks and the Stock Market** *(pages 683–685)*

**A.** When Roosevelt took office, he knew the first thing he needed to do was to restore confidence in the banking system. He called a national bank holiday and called Congress into special session.

**B.** Congress passed the Emergency Banking Relief Act, which required federal examiners to survey the nation’s banks and issue Treasury Department licenses to financially sound banks. In Roosevelt’s first **“fireside chat,”** where he spoke on the radio directly to the people, he assured Americans that the banks were now secure. The following day deposits in every city outweighed withdrawals, ending the banking crisis.

**C.** New regulations for banks and the stock market were implemented with the Securities Act of 1933 and the Glass-Steagall Banking Act. Under the Securities Act of 1933, companies that sold stocks and bonds had to provide complete and truthful information to investors.

**D.** The **Securities and Exchange Commission** (SEC) was created to regulate the stock market and prevent fraud.

**E.** The Glass-Steagall Act separated commercial banking from investment banking. It no longer allowed depositors’ money to be risked by speculating on the stock market. The act created the **Federal Deposit Insurance Corporation** (FDIC) that provided government insurance for bank deposits up to a certain amount.

**Discussion Question**

How did the FDIC change public opinion of the banking system? *(The FDIC increased public confidence in the banking system. Bank deposits were now insured up to a certain amount, so people could deposit money without fear that it would be lost.)*

**III. Managing Farms and Industry** *(pages 685–686)*

**A.** Roosevelt asked Congress to pass the Agricultural Adjustment Act—a plan that paid farmers not to raise certain crops to lower crop production. The act was administered by the **Agricultural Adjustment Administration** (AAA). While the plan reduced production, increased prices, and helped some farmers, thousands of tenant farmers were unemployed and homeless. Large commercial farmers who raised one crop profited more than small farmers who raised several products.

**B.** The **National Industrial Recovery Act** (NIRA) suspended antitrust laws and allowed business, labor, and government to cooperate in setting up voluntary rules, known as codes of fair competition, for each industry. The program was run by the **National** **Recovery Administration** (NRA), and it urged consumers to buy only from companies who signed agreements with the NRA. The gains of the NRA were short-lived and actually caused industrial production to fall. It was declared unconstitutional by the Supreme Court in 1935.

**Discussion Question**

What were codes of fair competition? *(These rules set prices, established minimum wages, and limited factories to two shifts per day to spread production to as many companies as possible. Other codes shortened hours to create additional jobs and gave workers the right to form unions.)*

**IV. Providing Debt Relief** *(page 686)*

**A.** Several policies were introduced by Roosevelt to help Americans deal with their debt.

**B.** The Home Owners’ Loan Corporation (HOLC) bought the mortgages of homeowners behind on payments and restructured them with longer terms of repayment and lower interest rates. The HOLC gave loans only to those employed. It foreclosed on property if payment could not be made. The result was 100,000 foreclosures. However, the HOLC refinanced 1 out of every 5 mortgages in the United States.

**C.** The Farm Credit Administration (FCA) was established to help farmers refinance their mortgages. While the FCA loans helped many farmers in the short term, the loans may have slowed overall economic recovery by giving money to poor inefficient farmers instead of to businesses.

**Discussion Question**

How did the HOLC and the FCA help provide debt relief? *(The HOLC bought the mortgages of homeowners behind on payments and restructured them with longer terms of repayment and lower interest rates. The HOLC refinanced 1 out of every 5 mortgages in the United States. The FCA was established to help farmers refinance their mortgages.)*

**V. Spending and Relief Programs** *(pages 686–688)*

**A.** Roosevelt supported a series of government agencies to begin work programs for the unemployed.

**B.** The **Civilian Conservation Corps** (CCC) gave unemployed men aged 18 to 25 the opportunity to work with the national forestry service planting trees, fighting forest fires, and building reservoirs. By the time it closed in 1942, the CCC had employed three million men.

**C.** The Federal Emergency Relief Administration (FERA) was created to channel money to help state and local agencies fund relief projects.

**D.** In 1933 Congress authorized the **Public Works Administration** to begin a series of construction projects, creating additional jobs.

**E.** Harry Hopkins, the head of FERA, set up the **Civil Works Administration** (CWA), which hired workers directly and put them on the government’s payroll. It was shut down when Roosevelt became fearful of the amount of money spent on the program.

**F.** The most important aspect of Roosevelt’s New Deal was the change in the spirit of the American people. People became hopeful and optimistic, and their faith in America was restored.

**Discussion Question**

Why did Roosevelt want Congress to establish work programs for the unemployed? *(Roosevelt did not want to simply give money to the unemployed to help stimulate the economy.* *He and his advisers felt that work skills and self-respect could be maintained if people earned* *their money.)*