

US History

The Great Depression & The New Deal

8. Franklin D. Roosevelt & The First New Deal

The New Deal –

- A relief and recovery program instituted by Roosevelt to confront the emergency of the Great Depression
- Roosevelt warned the nation that a temporary departure from the normal balance of executive and legislative authority might be necessary to wage war against the emergency.

The New Deal & Banking –

The Bank Holiday –

- A temporary closure of all banks from March 6 – 12, 1933
- Designed to stop massive withdrawals from banks
- Gave Congress time to examine all banks for stability

1. Emergency Banking Relief Act –

- Authorized the federal government to examine all banks
- Only those that were financially sound could reopen

Purpose:

- To restore public confidence in the banking system
- When banks reopened around \$1 million in deposits flowed in

2. Federal Deposit Insurance Corporation (FDIC) –

- Created by Congress to insure bank deposits
- Insured bank deposits up to \$5000
- Today insures up to \$250,000

3. Home Owners Loan Corporation (HOLC) –

- Created to assist homeowners who could not pay their mortgage
- Helped homeowners by granting low-interest, long-term loans

The New Deal & Poverty Relief –

1. Federal Emergency Relief Administration (FERA) –

- Created to distribute money for relief aid to state and local governments
- Over half of the money was directly distributed to families in need
- Other half went to work-relief projects such as raking leaves and picking up litter

The New Deal & Economic Recovery –

1. Securities and Exchange Commission (SEC) -

- Created to protect investors from stock fraud
- Regulated companies that sell stock & bonds

2. National Industrial Recovery Act (NIRA) -

- Created to stimulate industrial & business activity and reduce unemployment
- Wanted to stabilize prices, raise wages, limit work hours, and provide jobs

A. Public Works Administration (PWA) -

- NIRA agency which built roads, public buildings, and other public projects
- Contracted with private firms to accomplish this

3. The Tennessee Valley Authority –

- Largest of early New Deal Programs
- Sought to aid a rural seven-state region that was economically depressed
- Built new dams, power stations, flood control stations, and recreational facilities