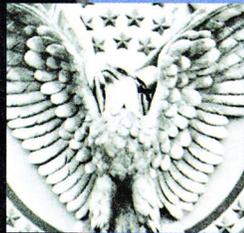


There's More Online!

- ✓ **BIOGRAPHY** Franklin D. Roosevelt
- ✓ **IMAGE** Bank Holiday
- ✓ **IMAGE** Cherokee Dam Construction
- ✓ **PRIMARY SOURCE** Nomination Acceptance Speech
- ✓ **VIDEO** The First New Deal
- ✓ **INTERACTIVE SELF-CHECK QUIZ**



## LESSON 1

# The First New Deal

**ESSENTIAL QUESTIONS** • Can government fix the economy?  
• Is government responsible for the economic well-being of its citizens?

### Reading HELPDESK



#### Academic Vocabulary

- **apparent**
- **ideology**
- **fundamental**

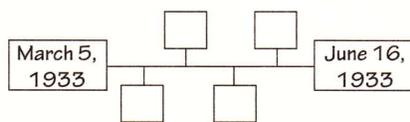
#### Content Vocabulary

- **polio**
- **gold standard**
- **bank holiday**
- **fireside chats**

#### TAKING NOTES:

##### Key Ideas and Details

**Sequencing** As you read about Roosevelt's first three months in office, complete a time line to record the major problems he addressed during this time.



## IT MATTERS BECAUSE

Franklin Delano Roosevelt was elected president in 1932, following his promise of a "New Deal" for Americans. In his first hundred days in office, he introduced a flood of legislation designed to rescue banks, industry, and agriculture and provide jobs for the unemployed.

## Roosevelt's Rise to Power

**GUIDING QUESTION** What qualities make an effective leader?

A distant cousin of Theodore Roosevelt, Franklin Delano Roosevelt grew up in Hyde Park, New York. In his youth, Franklin learned to hunt, ride horses, and sail; he also developed a lifelong commitment to conservation and a love of rural areas in the United States. Roosevelt was educated at Harvard and then at Columbia Law School. While at Harvard, he became friends with Theodore Roosevelt's niece Eleanor, whom he later married.

Intensely competitive, Roosevelt liked to be in control. He also liked being around people. His charming personality, deep rich voice, and wide smile expressed confidence and optimism. In short, his personality seemed made for a life in politics.

Roosevelt began his political career in 1910 when he was elected to the New York State Senate. He earned a reputation as a progressive reformer. Three years later, he became assistant secretary of the navy in the Wilson administration. In 1920 his reputation (and famous surname) helped him win the vice-presidential nomination on the unsuccessful Democratic ticket.

After losing the election, Roosevelt temporarily withdrew from politics. The next year, he caught the dreaded paralyzing disease **polio**. Although there was no cure, Roosevelt refused to give in. He began a vigorous exercise program to restore muscle control. With heavy steel braces on his legs, he was able to seem to walk short distances by leaning on a cane and someone's arm and swinging his legs forward from his hips.

While recovering from polio, Roosevelt depended on his wife and his aide Louis Howe to keep his name prominent in the New York Democratic Party. Eleanor Roosevelt became an effective public speaker, and her efforts kept her husband's political career alive.

By the mid-1920s, Roosevelt was again active in the Democratic Party. In 1928 he ran for governor of New York. He campaigned hard to show that his illness had not slowed him down, and he narrowly won the election. Two years later, he was reelected in a landslide. As governor, Roosevelt oversaw the creation of the first state relief agency to aid the unemployed.

Roosevelt's popularity in New York paved the way for his presidential nomination in 1932. Americans saw in him an energy and optimism that gave them hope despite the tough economic times. After Roosevelt became president, his serenity and confidence amazed people. When one aide commented on his attitude, Roosevelt replied, "If you had spent two years in bed trying to wiggle your big toe, after that anything else would seem easy."

In mid-June 1932, when the country was deep in the Depression, Republicans gathered in Chicago and nominated Herbert Hoover to run for a second term as president. Later that month, the Democrats also held their national convention in Chicago. When Roosevelt won the nomination, he broke with tradition by flying to Chicago to accept it in person. His speech set the tone for his campaign:

#### PRIMARY SOURCE

“Let it be from now on the task of our Party to break foolish traditions. . . . [I]t is inevitable that the main issue of this campaign should revolve about . . . a depression so deep that it is without precedent. . . . Republican leaders not only have failed in material things, they have failed in national vision, because in disaster they have held out no hope. . . . I pledge you, I pledge myself, to a new deal for the American people.”

—speech delivered to the Democratic National Convention, July 2, 1932

From that point forward, Roosevelt's policies for ending the Depression became known as the New Deal. Roosevelt's confidence that he could make things better contrasted sharply with Herbert Hoover's **apparent** failure to do anything effective. On Election Day, Roosevelt won in a landslide, winning the electoral vote in all but six states.

#### READING PROGRESS CHECK

**Interpreting** What characteristics did Roosevelt have that made him popular with Americans?

**polio** abbreviated term for poliomyelitis, an acute infectious disease affecting the skeletal muscles, often resulting in permanent disability and deformity

**apparent** appearing to be fact as far as can be understood

Franklin Roosevelt delivers his first Inaugural Address.

#### CRITICAL THINKING

**Interpreting** Why was it important that Franklin Roosevelt inspired optimism among so many Americans?



# The Hundred Days

**GUIDING QUESTION** *Why are the first hundred days so important for a president?*

**gold standard** a monetary standard in which one ounce of gold equals a set number of dollars

**bank holiday** closing of banks during the Great Depression to avoid bank runs

**ideology** a system of thought that is held by an individual, group, or culture

Roosevelt won the presidency in November 1932, but the situation grew worse between the election and his inauguration. Unemployment continued to rise and bank runs increased. People feared that Roosevelt would abandon the **gold standard** and reduce the value of the dollar to fight the Depression. Under the gold standard, one ounce of gold equaled a set number of dollars. To reduce the value of the dollar, the United States would have to stop exchanging dollars for gold. Many Americans and foreign investors with deposits in American banks decided to take their money out of the banks and convert it to gold before it lost its value.

Across the nation, people stood in long lines with paper bags and suitcases, waiting to withdraw their money from banks. By March 1933, more than 4,000 banks had collapsed, wiping out nine million savings accounts. In 38 states, governors declared **bank holidays**—closing the remaining banks before bank runs could put them out of business.

By the day of Roosevelt's inauguration, most of the nation's banks were closed. One in four workers was unemployed. Roosevelt knew he had to restore the nation's confidence. "First of all," he declared in his Inaugural Address, "let me assert my firm belief that the only thing we have to fear is fear itself. . . . This nation asks for action, and action now!"

## The New Deal Begins

Roosevelt and his advisers came into office bursting with ideas about how to end the Depression. Roosevelt had no clear agenda, nor did he have a strong political **ideology**. He argued, "The country needs bold, persistent experimentation. . . . Above all, try something."

The new president sent bill after bill to Congress. Between March 9 and June 16, 1933—which came to be called the Hundred Days—Congress passed 15 major acts to resolve the economic crisis. These programs made up what would be called the First New Deal.

## A Divided Administration

Although he alone made the final decision about what policies and programs to pursue, Roosevelt depended on his advisers for new ideas. He deliberately chose advisers who disagreed with one another because he wanted to hear many different points of view.

One influential group of President Roosevelt's advisers supported the belief that if the government agencies worked with businesses to regulate wages, prices, and production, they could lift the economy out of the Depression. A second group of advisers, who distrusted big business and felt business leaders had caused the Depression, wanted government planners to run key parts of the economy. A third group of advisers supported former president Woodrow Wilson's "New Freedom" philosophy. They wanted Roosevelt to break up big companies and allow competition to set wages, prices, and production levels. This group of advisers also thought that the government should impose regulations to keep economic competition fair.

### **READING PROGRESS CHECK**

**Summarizing** What were the key accomplishments during Roosevelt's first hundred days in office?

## Banks and Debt Relief

**GUIDING QUESTION** Why did Roosevelt broadcast “fireside chats”?

Roosevelt knew that very few of the new programs would work as long as the nation’s banks remained closed. Before he did anything else, he had to restore people’s confidence in the banking system. Within a week of his taking office, the Emergency Banking Relief Act was passed. The new law required federal examiners to survey the nation’s banks and issue Treasury Department licenses to those that were financially sound.

On March 12, Roosevelt addressed the nation by radio. Sixty million people listened to this first of many “**fireside chats**.” He said, “I assure you that it is safer to keep your money in a reopened bank than under the mattress.” When banks opened on March 13, deposits far outweighed withdrawals. The banking crisis was over.

### The FDIC and SEC

Many of Roosevelt’s advisers wanted to go further, pushing for new regulations for banks and the stock market. Roosevelt agreed, and supported the Securities Act of 1933 and the Glass-Steagall Banking Act. The Securities Act required companies that sold stocks and bonds to provide complete and truthful information to investors. The Securities and Exchange Commission (SEC) was created to regulate the stock market and stop fraud. The Glass-Steagall Act separated commercial banking from investment banking. Commercial banks handle everyday transactions and could no longer risk depositors’ money through stock speculation. The act also created the Federal Deposit Insurance Corporation (FDIC) to provide government insurance for bank deposits. The creation of the FDIC increased public confidence in the banking system.

### Mortgage and Debt Relief

Terrified of losing their homes and farms, many Americans cut back on spending to make sure they could pay their mortgages. Roosevelt responded by introducing policies to help Americans with their debts. For example, the Home Owners’ Loan Corporation bought the mortgages of home owners who were behind in their payments. It then restructured the loans with longer repayment terms and lower interest rates.

The Farm Credit Administration (FCA) helped farmers refinance their mortgages. These loans saved millions of farms from foreclosure. Although the FCA may have slowed economic recovery by making less money available to lend to more efficient businesses, it did help many desperate and impoverished people hold onto their land.

#### **READING PROGRESS CHECK**

**Summarizing** How did the government restore confidence in the banking system?

## Farms and Industry

**GUIDING QUESTION** How did New Deal legislation try to stabilize agriculture and industry?

Many of Roosevelt’s advisers believed that both farmers and businesses were suffering because prices were too low and production too high. To help the nation’s farmers, Congress passed the Agricultural Adjustment Act. The act was based on a simple idea—that prices for farm goods were low because farmers grew too much food. Under this act, the government’s Agricultural Adjustment Administration (AAA) would pay farmers not to raise



### Eleanor Roosevelt (1884–1962)

Eleanor Roosevelt transformed the role of First Lady. She traveled, toured factories and coal mines, and met with workers, then told her husband what people were thinking. She was a strong supporter of civil rights and urged him to stop discrimination in New Deal programs. After President Roosevelt’s death, she was appointed a delegate to the United Nations in 1946, where she helped draft the Universal Declaration of Human Rights.

#### **CRITICAL THINKING**

**Predicting Consequences** How might Franklin Roosevelt’s political career have been different if Eleanor had not been his wife?

**fireside chats** radio broadcasts made by Roosevelt to the American people to explain his initiatives

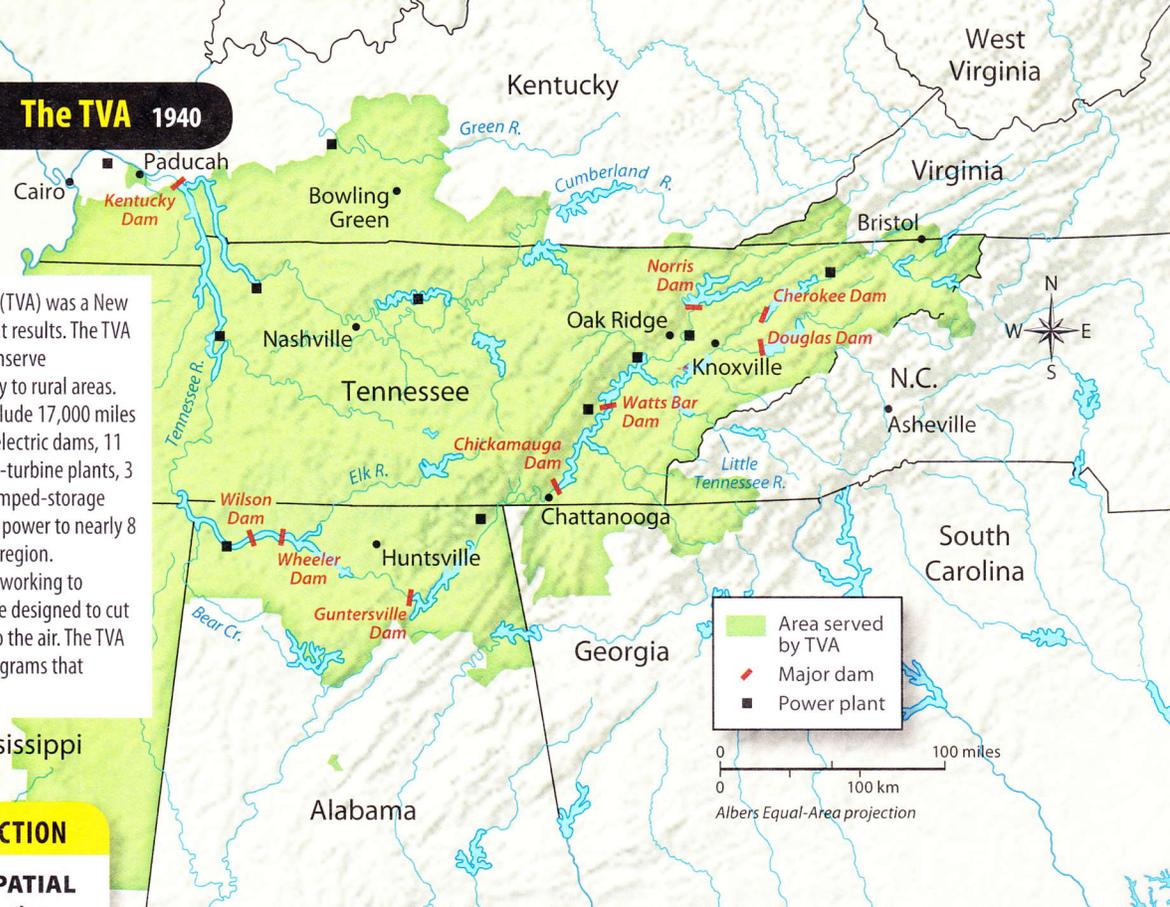


## The TVA 1940

The Tennessee Valley Authority (TVA) was a New Deal project that produced great results. The TVA built dams to control floods, conserve forestlands, and bring electricity to rural areas. Today, TVA power facilities include 17,000 miles of transmission lines, 29 hydroelectric dams, 11 fossil-fuel plants, 4 combustion-turbine plants, 3 nuclear power plants, and a pumped-storage facility. These combine to bring power to nearly 8 million people in a seven-state region. Since 1998, the TVA has been working to reduce air pollution. Projects are designed to cut harmful emissions released into the air. The TVA is committed to developing programs that protect the environment.

### GEOGRAPHY CONNECTION

- 1 THE WORLD IN SPATIAL TERMS** *What states other than Tennessee benefited from the TVA projects?*
- 2 PLACES AND REGIONS** *Why do you think the majority of the projects were located in eastern Tennessee?*



certain livestock, grow certain crops, and produce dairy products. Over the next two years, farmers withdrew millions more acres from cultivation and received more than \$1 billion in support payments. The program met its goal, although raising food prices in a depression drew harsh criticism. Also, not all farmers benefited. Thousands of tenant farmers, many of them African Americans, lost their jobs and homes when landlords took their fields out of production.

The government turned its attention to manufacturing in June 1933, with the National Industrial Recovery Act (NIRA). Once passed, this law authorized the National Recovery Administration (NRA) to suspend antitrust laws and allowed business, labor, and government to cooperate with rules, or codes of fair competition, for each industry. Codes set prices, established minimum wages, shortened workers' hours to create more jobs, permitted unionization, and helped businesses develop industry-wide rules of fair competition. The NRA revived a few industries, but the codes were difficult to administer. Employers disliked that the NRA allowed workers to form unions. They also argued that paying minimum wages forced them to raise prices. After the NRA was instituted, industrial production fell. The NRA was declared unconstitutional in 1935.

### READING PROGRESS CHECK

**Specifying** How was the Agricultural Adjustment Act intended to stabilize the agricultural industry?

## Relief Programs

**GUIDING QUESTION** *How did New Deal programs differ from President Hoover's attempts to combat the Depression?*

Many of President Roosevelt's advisers emphasized tinkering with prices and providing debt relief to solve the Depression. Others maintained that the Depression's **fundamental** cause was low consumption. They thought

**fundamental** being of central importance

getting money into the hands of needy individuals would be the fastest remedy. Because neither Roosevelt nor his advisers wanted to give money to the unemployed, they supported work programs for the unemployed.

### The CCC

The most highly praised New Deal work relief program was the Civilian Conservation Corps (CCC). The CCC offered unemployed young men 18–25 years old the opportunity to work under the direction of the forestry service planting trees, fighting forest fires, and building reservoirs. To prevent a repeat of the Dust Bowl, the workers planted a line of more than 200 million trees, known as a Shelter Belt, from north Texas to North Dakota.

The young men lived in camps near their work areas and earned \$30 a month, \$25 of which was sent directly to their families. The average CCC worker returned home after six to twelve months, better nourished and with greater self-respect. CCC programs also taught more than 40,000 of their recruits to read and write. By the time the CCC closed down in 1942, it had put 3 million young men to work outdoors—including 80,000 Native Americans, who helped reclaim land they had once owned. After a second Bonus Army march on Washington in 1933, Roosevelt added some 250,000 veterans to the CCC as well.

### FERA and the PWA

A few weeks after authorizing the CCC, Congress established the Federal Emergency Relief Administration (FERA). Roosevelt chose Harry Hopkins, a former social worker, to run FERA. Initially, it did not create projects for the unemployed. Instead, it gave money to state and local agencies to fund their relief projects.

After meeting with Roosevelt to discuss his new job, Hopkins took the next two hours to spend \$5 million on relief projects. When critics charged that some of the projects did not make sense in the long run, Hopkins replied, “People don’t eat in the long run—they eat every day.”

In June 1933, Congress authorized another relief agency, the Public Works Administration (PWA). One-third of the nation’s unemployed were in the construction industry. To put them back to work, the PWA began building highways, dams, schools, and other government facilities.

The PWA awarded contracts to construction companies. By insisting that contractors not discriminate against African Americans, the agency broke down some of the racial barriers in the construction trades.

### The CWA

By the fall of 1933, neither FERA nor the PWA had reduced unemployment significantly, and Hopkins realized that unless the federal government acted quickly, a huge number of unemployed citizens would be in severe distress once winter began. After Hopkins explained the situation, President Roosevelt authorized him to set up the Civil Works Administration (CWA).

Hiring workers directly, the CWA employed 4 million people, including 300,000 women. The agency built or improved 1,000 airports, 500,000 miles of roads, 40,000 school buildings, and 3,500 playgrounds and parks. The program spent nearly \$1 billion in just five months. Although the CWA helped many people get through the winter, President Roosevelt was alarmed by how quickly the agency was spending money. He did not want Americans to get used to the federal government providing them with jobs. Warning that the Civil Works Administration would “become a habit with the country,”

This poster for the Civilian Conservation Corps (CCC) expresses the optimism of the New Deal.

#### ► CRITICAL THINKING

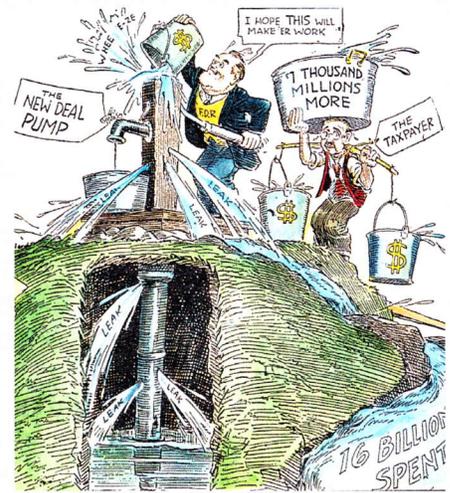
**Drawing Conclusions** How did the CCC provide opportunities for work, play, study, and health?



This political cartoon from 1933 depicts the efforts made by President Roosevelt to end the Great Depression with his New Deal.

President Roosevelt tries to “prime” the economic pump using taxpayer dollars to get the economy going again.

- Analyzing Primary Sources** How does the artist feel about the New Deal?
- Analyzing Visuals** What symbols are used to convey the artist’s message?



## Connections to TODAY

### Emergency Economic Stabilization Act

Government relief programs and legislation to help banks and other financial institutions are still enacted today. In 2008 the Emergency Economic Stabilization Act became law. It provided up to \$700 billion to the secretary of the treasury to buy mortgages and other troubled assets from the country’s banks “to promote financial market stability.”

Roosevelt insisted that it be shut down the following spring. Hopkins summarized what the CWA had accomplished:

#### PRIMARY SOURCE

“Long after the workers of CWA are dead and gone and these hard times are forgotten, their effort will be remembered by permanent useful works in every county of every state.”

—from *Spending to Save: The Complete Story of Relief*, 1936

### Success of the First New Deal

During his first year in office, Roosevelt convinced Congress to pass an astonishing array of legislation. The First New Deal did not restore prosperity, but it reflected Roosevelt’s zeal for action and his willingness to experiment. Banks were reopened, many more people retained their homes and farms, and more people were employed. Perhaps the most important result of the First New Deal was a change in the spirit of the American people. Roosevelt’s actions had inspired hope and restored Americans’ faith in their nation.

#### READING PROGRESS CHECK

**Identifying** How did the relief programs help combat the Depression?

## LESSON 1 REVIEW



### Reviewing Vocabulary

- Defining** How did polio affect President Roosevelt’s character and physical abilities?
- Explaining** What did people fear would happen if the nation went off the gold standard?

### Using Your Notes

- Summarizing** Use the notes you completed during the lesson to write a short paragraph summarizing how Roosevelt addressed the major problems during his first three months in office.

### Answering the Guiding Questions

- Identifying** What qualities make an effective leader?

- Making Inferences** Why are the first hundred days so important for a president?

- Describing** Why did Roosevelt broadcast “fireside chats”?

- Analyzing** How did New Deal legislation try to stabilize agriculture and industry?

- Contrasting** How did New Deal programs differ from President Hoover’s attempts to combat the Depression?

### Writing Activity

- ARGUMENT** If you were an adviser to President Roosevelt, what ideas would you suggest to end the Depression? Provide an argument for why your ideas would work.