

The Depression and the New Deal

Lesson 2 The New Deal

ESSENTIAL QUESTION

How do governments change?

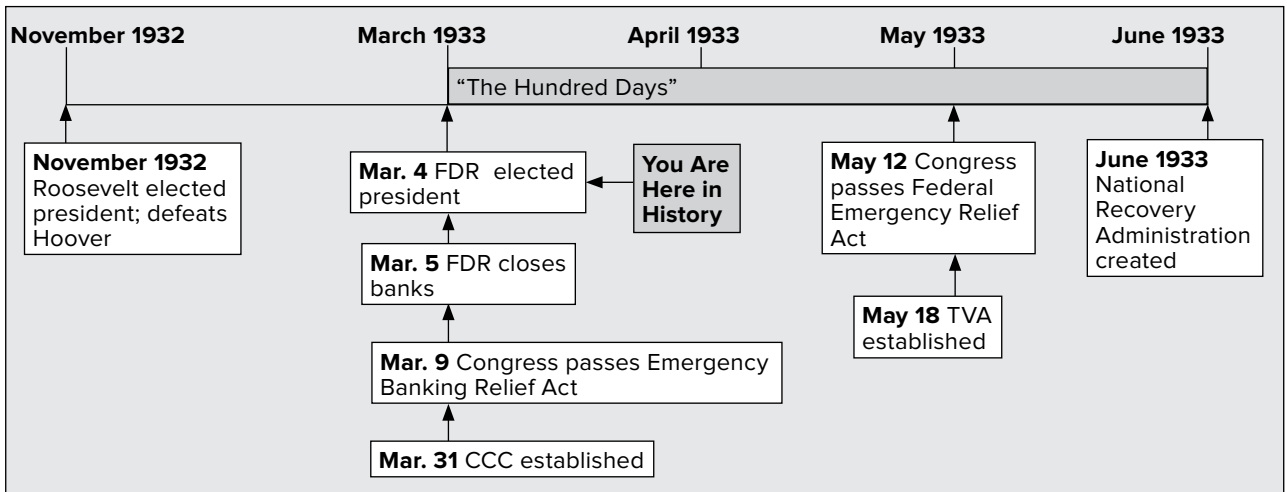
GUIDING QUESTIONS

1. *What did Roosevelt do to improve the American economy?*
2. *How did the New Deal affect areas of American life?*

Terms to Know

subsidy government money paid to a person or company to do work that will benefit the public
work relief programs that give needy people jobs

When did it happen?



What do you know?

In the first column, answer the questions based on what you know before you study. After this lesson, complete the last column.

Now...		Later...
	What was Roosevelt's political position?	
	How did polio affect President Roosevelt?	
	How did Roosevelt use work relief?	

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Lesson 2 The New Deal, *Continued*

Roosevelt in the White House

In 1932 the economy of the United States was falling apart. President Hoover was running for reelection. He knew that not many people would vote for him, though.

The Democrats thought they would win the election. They asked Franklin Delano Roosevelt (FDR) to run for president. FDR was President Theodore Roosevelt’s cousin.

Timeline of FDR’s Early Life

- **1910**—Was elected to New York State Senate
- **1913**—Was appointed Assistant Secretary of the Navy
- **1920**—Ran for vice president (did not win)
- **1921**—Polio left him paralyzed in both legs.
- **1928**—Was elected Governor of New York State

Polio seemed to make FDR a stronger person. He said later, “Once I spent two years lying in bed trying to move my big toe. After that, anything else seems easy.” FDR wore leg braces and used a wheelchair.

Roosevelt was known as a reformer. He relied on a group of people to advise him. They were known as the “Brain Trust.” During FDR’s presidential campaign they helped him come up with ideas about how to help the economy. Voters liked Roosevelt’s confidence. He won the election by so many votes that it was called a “landslide.”

There were four months from election day until Inauguration Day. The economy got worse and worse, but Roosevelt was not yet in office. The day he took office he made a speech to the American people. He said, “The only thing we have to fear is fear itself.”

One big problem was the nation’s banks. Many had gone out of business. Many people had lost their savings. When Roosevelt took office, he immediately closed all the banks for four days. This gave Congress time to pass the Emergency Banking Relief Act.

The president spoke on the radio to tell Americans about his plan to find out which banks had enough money to reopen. People began to trust him. As a result, the plan worked. Roosevelt continued to make these radio broadcasts. They were called his “fireside chats.”

Roosevelt had many good ideas for helping the country. During his first hundred days in office, Congress passed many new laws based on his ideas. People felt hopeful again.

? Critical Thinking

1. Why did people like FDR?

2. Why would it be important to the economy for people to have confidence in banks?

✓ Reading Check

3. Why did Roosevelt broadcast his “fireside chats”?

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FOLDABLES®

4. Place a two-tab Foldable under the heading *The New Deal Takes Shape*. Write *New Deal* on the anchor tab. Label the left tab *Subsidies* and the right tab *Work Relief*. Use both sides of the tabs to explain how each program helped individuals and the economy.



Mark the Text

5. Underline the purpose of work relief. Circle two public works programs.



Reading Check

6. What did the TVA accomplish?

The New Deal Takes Shape

////////// Glue Foldable here //////////

In the first 100 days Roosevelt was in office, he worked with Congress to start new programs and pass new laws. These programs and laws were called the “New Deal.” The laws affected many parts of life. They had to do with banking, the stock market, industry, farming, public works, helping poor people, and conservation.

FDR knew that people wanted to work. He created programs to provide **work relief**. These programs put jobless people to work.

One such program was the Civilian Conservation Corps, or CCC. CCC laborers worked on projects that helped the public. They planted trees, improved national parks, and did other things to help the environment.

Roosevelt also asked Congress to pass the Federal Emergency Relief Act, or FERA. FERA gave federal money to the states. The states used the money to help the poor and needy.

One program, called the Agricultural Adjustment Act (AAA) helped farmers. This act gave payments called **subsidies** to farmers. Farmers needed money because they could not sell their products at a fair price. Subsidies gave them enough money to continue farming.

The AAA paid farmers not to use some of their land. It paid farmers to destroy some of their crops. People were shocked, but supporters of the New Deal claimed this was the only way to keep prices high enough for farmers to earn money.

One large public works program was the TVA—the Tennessee Valley Authority. This project helped many people. It gave people jobs. Workers built dams that controlled flooding. They also produced electricity. Thousands of people got electricity for the first time.

Effects of the Tennessee Valley Authority

1. Improved the region’s economy
2. Produced electricity
3. Controlled flooding

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Some people argued against the TVA. They did not understand why one region should get so much help. In the end, most people agreed that the TVA was a good idea.

Another important New Deal law was the National Industrial Recovery Act (NIRA). The NIRA created the National Recovery Administration (NRA). The NRA worked with businesses to set up codes regulating prices, wages, and other business practices. It pushed businesses to pay workers a minimum wage.

The New Deal included several other programs to help the economy.

One was the Public Works Administration (PWA). PWA workers built roads, hospitals, and schools. The Federal Deposit Insurance Corporation (FDIC) and the Securities and Exchange Commission (SEC) helped the nation’s financial system. The FDIC insured people’s bank accounts in case their bank went out of business. This helped people have more trust in banks. The SEC had the power to regulate the stock market. It could also punish dishonest sellers of stocks and bonds.

Roosevelt was able to do a lot in a short time. The Depression continued, however, and recovery was slow. Still, many people were confident that better times were on the way.

//////////////////// Glue Foldable here //////////////////////

Check for Understanding

How did the New Deal and the Hundred Days help the country?

Which New Deal agency helped put people back to work? How?



Classifying

7. Match the word from the list that best fits each of the New Deal programs below.
- a. *stock market*
 - b. *banks*
 - c. *wages and prices*
 - d. *public works*

NRA _____

PWA _____

FDIC _____

SEC _____



8. Use a two-tab Foldable and cut the tabs in half to make four tabs. Place it along the dotted line to cover Check for Understanding. Write the title *Explain* on the anchor tab. Label the four tabs *TVA*, *NRA*, *PWA*, and *FDIC and SEC*. Use both sides of the tabs to record what you remember about each. Use your Foldable to help answer Check for Understanding.