On this day in 1933

June 13 and June 16, 1933

As FDR’s first “100 days” was winding down to a close, his new Deal Programs continued to make it through Congress. In just two days, Congress passed five bills, the Home Owners Refinancing Act, the National Industrial Recovery Act, the Glass-Steagall Act, the Farm Credit Act, and the Emergency Railroad Transportation Act.

June 13, 1933- The Home Owners Refinancing Act was to refinance homes to prevent foreclosure. It was used to extend loans from shorter loans to fully liquidate, longer term loans (typically 20-25 years). Through its work the Home Owners Loan Corporation (HOLC) granted long term mortgages to over a million people facing the loss of their homes. The HOLC stopped lending in 1935, once all the available capital had been spent. HOLC was only applicable to nonfarm homes, worth less than $20,000. HOLC also assisted mortgage lenders by refinancing problematic loans and increasing the institutions liquidity. When the HOLC ended its operations and liquidated assets, HOLC turned a small profit.

June 16, 1933- the National Industrial Recovery Act was one of the most important and daring measures of FDR’s New Deal programs. The National Industrial Recovery Act (NIRA) established regulatory codes for control of numerous industries. Employers were exempted from antitrust actions; employees were guaranteed collective bargaining and minimum wages, and hours. The second section of the act established the Public Works Administration (PWA), which provided employment by public works construction. The NRA affected five hundred industrial fields and twenty two million employees. The PWA spent more than $4,000,000,000 on thirty four thousand public works. The NIRA succeeded only partially in accomplishing its goals, on May 27, 1935, less than three weeks before the act would have expired, the U.S. Supreme Court ruled it unconstitutional.

June 16, 1933- The Glass-Steagall Act separated investment and commercial banking activities. At the time, "improper banking activity", or what was considered overzealous commercial bank involvement in stock market investment, was deemed the main culprit of the financial crash.

Commercial banks were accused of being too speculative in the pre-Depression era, not only because they were investing their assets but also because they were buying new issues for resale to the public. Thus, banks became greedy, taking on huge risks in the hope of even bigger rewards. Banking itself became sloppy and objectives became blurred. Unsound loans were issued to companies in which the bank had invested, and clients would be encouraged to invest in those same stocks.
As a collective reaction to one of the worst financial crises at the time, the GSA set up a regulatory firewall between commercial and investment bank activities, both of which were curbed and controlled. Banks were given a year to decide on whether they would specialize in commercial or in investment banking. Only 10% of commercial banks' total income could stem from securities; however, an exception allowed commercial banks to underwrite government-issued bonds. Financial giants at the time such as JP Morgan and Company, which were seen as part of the problem, were directly targeted and forced to cut their services and, hence, a main source of their income. By creating this barrier, the GSA was aiming to prevent the banks' use of deposits in the case of a failed underwriting job.

The GSA, however, was considered harsh by most in the financial community, and it was reported that even Glass himself moved to repeal the GSA shortly after it was passed, claiming it was an overreaction to the crisis.

**June 16, 1933** - The Farm Credit Act made it possible for many farmers to keep their farms and survive the Great Depression. It did so by offering short-term loans for agricultural production as well as extended low interest rates for farmers threatened by foreclosure. Small farmers were able to refinance their mortgages with the aid of twelve district banks, called Banks for Cooperatives. A thirteenth bank served larger farming operations. Local Production Credit Associations provided short and intermediate term loans for seasonal production, insuring that farmers would not lose out on essential crop yields.

**June 16, 1933** - The Emergency Railroad Transportation Act created the office of federal coordinator of transportation, repealed the “recapture” clause of the transportation act of 1920, and gave the Interstate Commerce Commission supervision of railroad holding companies.

June 16th would mark the end of FDR’s “First One Hundred Days” in office. In all, fifteen legislative proposals were passed into law. Never before had Executive and Legislative branches, co-operated to make such a profound impact on the country in such a short period of time. Private interests were subordinated to public policy, and the federal government took on the mission of doing what no other interest could do on its own. The role of government was transformed.

FDR’s “First One Hundred Days” would now set the standards to which modern presidents are compared.

The success of the First 100 Days was important, because it got the New Deal off to a strong and early start. Later, the conservative Supreme Court would declare much of the New Deal unconstitutional, and Roosevelt's political prestige would decline as his policies failed to resolve the Depression. If Roosevelt had
not passed his agenda early, we would probably be without many New Deal programs we take for granted today.

References sources:
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