

The Economics of Recovery and Reform ^[1]

1933

- The Emergency Banking Act legalizes President Roosevelt's decision to declare a national banking holiday and gives the federal government additional powers over national banks.
- The Securities Act of 1933 requires publicly held corporations to make strong disclosure statements that tell investors the details of their financial situations. Bankers lose their monopoly on information.
- The Banking Act of 1933 establishes the Federal Deposit Insurance Corporation (FDIC), which regulates banks and insures deposits. Deposit insurance reduces bank runs and bank failures, and the Banking Act raises public faith in the banking system.

1934–35

- The Securities Exchange Act of 1934 creates the Securities and Exchange Commission (SEC), which regulates trading in securities (such as shares of stock) and all companies whose securities are publicly traded.
- There are 9,027 state banks and 4,692 national banks. This number remains fairly consistent until the 1980s.
- The Banking Act of 1935 establishes the FDIC as a permanent agency of the government and maintains deposit insurance at \$5,000 per account.

1936–40

- Cash and U.S. government securities make up 52 percent of banks' assets—more than double the proportion held in 1929.
- Believing the worst was over, President Roosevelt begins cutting the spending and relief programs that had been set up as part of the New Deal to counter the Depression. As a result, the country slips into another recession that lasted from 1937 until 1938.
- By 1940, the economy is on the upswing. Banks become more profitable. Most economists think that the Depression has ended.

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[18]

Civilian Conservation Corp workers plant trees in western North Carolina in this photograph dated c. 1936.

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