

Discuss two segments of the economy in a critical stage of collapse when roosevel...

[History](#)



Effect of the New Deal on Agriculture and Banking Sector: The Great Depression had taken a toll on the American economy. In his bid for presidency, Roosevelt promised Americans the New Deal (Brands, 2008). This comprised of a series of programs and steps that would revive the economy and prevent such a depression in future. The new deal was directed at various critically affected segments of the economy, for example, the banking sector and agriculture.

Roosevelt blamed the bankers for the depression; as a result, he closed all banks until he was able to push for the Emergency banking Act (Brands, 2008). The act got enacted on the same day it was passed. This act decreed that banks could only be opened under the supervision of the treasury. Federal loans would also be available if needed. In a month, following the enactment of the act, hoarded gold and currency flowed back into the country; hence, the banking sector stabilized (Heinemann, 1983). The government also eliminated the gold standard, thus, use of gold as a legal tender ended. Everyone was required to exchange all their gold pieces for the US dollars.

According to Roosevelt, prosperity of the country was heavily dependent on prosperity in the agriculture sector. Therefore, several acts were enacted to ensure that this sector was able to compete favorably. The Agriculture Adjustment Act was enacted to ensure that commodity prices would be raised through artificial scarcity (Heinemann, 1983). The team responsible for enforcing this act employed a technique whereby the total output for each commodity was set. Land owners were paid subsidies to leave some of their land idle; this was in an effort to ensure that farm prices went up. In

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essence, less was to be produced so that the wholesale price would increase. Many Americans opposed this act since the prices of commodities increased as the farmer's income increased significantly (Heinemann, 1983).

References:

Brands, H. (2008). *Traitor to His Class: The Privileged Life and Radical Presidency of Franklin Delano Roosevelt*. New York: Doubleday.

Heinemann, L (1983). *Depression and New Deal in Virginia: The Enduring Dominion*. Charlottesville: University of Virginia.