

# The First New Deal: Banking and Finance

When Franklin D. Roosevelt took the presidential oath, the banking and credit system of the nation was in a state of paralysis. With astonishing rapidity the nation's banks were first closed – and then reopened only if they were solvent. The administration adopted a policy of moderate currency inflation to start an upward movement in commodity prices and to afford some relief to debtors. New governmental agencies brought generous credit facilities to industry and agriculture. The Federal Deposit Insurance Corporation (FDIC) insured savings - bank deposits up to \$5,000. Federal regulations were imposed upon the sale of securities on the stock exchange.

1. When Franklin D. Roosevelt first became president, the American banking and credit system was the strongest it had ever been.
  - a. True
  - b. False

2. solvent :
  - a. arrears
  - b. broken
  - c. firm
  - d. unstable
3. What new government agency insured bank deposits?  
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4. Under Franklin D. Roosevelt, the stock exchange remained unregulated.
  - a. True
  - b. False
5. Under the FDIC, bank deposits were insured for up to what amount?  
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