

# AICP STUDY GUIDE

*Podcast*

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## Episode 34: 100 Days

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And Welcome! To the 34th Episode of the VERY UNofficial AICP Study Guide Podcast. I'm Jonathan Miller, and thank you so much for joining.

Hopefully you're all able to get your studying in and aren't falling too far behind like I am. Football Sundays are back – Go Browns - and same with Saturdays of course too ... go Bucks! Anyways, you have about a month-ish to finish working through the material. So, don't panic yet, but definitely get cracking.

Well, it's been a while guys. How you been? I have to be honest, I was questioning about whether to even keep this thing going or not, but with Instagram followers still showing up, and the Buzzsprout updates on downloads still way up there, I just – well - it's just been humbling is all. Enough of the mushy stuff though.

Last episode we talked about the end of the roaring 20's with the stock market crash of 1929, and the ensuing drought in the Midwest - west Midwest? Whatever. The dust bowl. And some of the ensuing events that tried to act as a stop-gap with the plummeting market: the National Conference on Land Utilization in Chicago in 1931, the Reconstruction Finance Act in 1932, and the Federal Home Loan Bank Act, also in 1932. That marked the lowest point for market during the depression, but the rest of the way out wasn't exactly smooth sailing.

But FDR flew in like Superman to the rescue in 1933 with his New Deal, and we started making some headway getting out of that shit show.

So, why don't we start there, with the inauguration of Franklin Delano Roosevelt, his New Deal pitch, and some of the first actions he took in 1933: like the establishment of the Civilian Conservation Corps, the Federal Emergency Relief Administration, the Agricultural Adjustment Act, and the Home Owner's Loan Corporation – not to be confused with the Federal Home Loan Bank System in 1932.

So sit back and relax. Grab a drink, and let's go.

### **(02:33)**

So, we left off with the lowest of the lows in the Great Depression in July of 1932. And if you remember from last episode - I know it was a while ago - the Fed contributed to this mess by playing it all hands-off. And why was that again?

Well, the federal government, including the President at the time, Herbert Hoover, believed in letting the public figure it out themselves, and believed that the private sector would right the ship. In short, a really bad move.

Things got so bad that homeless encampments were popping up all over place, and here's a hint on how the public felt about Hoover's hands-off approach. These encampments became known as, "Hoovervilles." Yeah, exactly.

Over in New York State though, the Governor at the time was making big splashes by doing things that had never before been done, and got involved creating State programs to try and set things right. This

Governor created state-based employment programs, making him a sort of symbol of better things to come. Who was this Governor? Good old Franklin D. Roosevelt, or as basically everyone knows him: F.D.R. So in 1932, F.D.R. won the democratic nomination to run for President.

So, where did this "New Deal" come from? Well, in his acceptance speech for the nomination, he made the following pitch:

"Throughout the nation men and women, forgotten in the political philosophy of the Government, look to us here for guidance and for more equitable opportunity to share in the distribution of national wealth... I pledge myself to a new deal for the American people... This is more than a political campaign. It is a call to arms" ...

And that is how the whole package of programs, and Acts, and agencies, and executive orders under F.D.R. collectively became known as, "The New Deal."

For our purposes here though, we're going to focus on his first 100 days since, you know, FDR coined the term, and the idea of getting stuff done in the first 100 days.

So, what exactly did the New Deal do? What was in it? Well, pretty much everything under FDR sort of falls under "The New Deal" umbrella. But let's start with the first item that kicked off the new deal by addressing the biggest issue at the time: joblessness.

### **(05:13)**

So, the first program, not Act, was created in March 1933 as the first program under the New Deal: The Civilian Conservation Corps. F.D.R.'s idea for the Civilian Conservation Corps, or CCC, actually started from a program he had run as Governor of New York, so it was probably an easy one to get going since he had already sort of gone through the motions at least.

Anyways, the issue here was the really high unemployment rates, and subsequently, really long lists of unemployed waiting for benefits or job opportunities. So, FDR proposed to Congress the creation of the Civilian Conservation Corps.

This was a voluntary program for unmarried males between 18 and 25 where the enrollees participated in work programs that improved public lands, and national forests and parks.

The idea here was that by taking the younger, more uneducated and skilled unemployed - it would:

- 1) Open up a greater chance for employment to go to working families, and
- 2) Provide housing, food, and work experience, all while
- 3) Improving national forests and the public realm.

The other sort of goal that wasn't really communicated was that the program would "build better men" by focusing heavily on manual labor, and an all-male cast of participants.

Cause you know, real men do manly things like building stuff, and moving heavy stuff. That's not for the faint of heart like those women out there, but that's the 30's for you.

By 1939 though, the CCC shifted away from manly manual labor to, well, manly trained citizen soldiers. That was probably a product of having the Department of War run the CCC camps, but, you know, whatever.

This wasn't the only program he created to address joblessness though. He also started the Federal Emergency Relief Administration.

### **(07:38)**

Now the Federal Emergency Relief Administration - created in May 1933 - served a very similar purpose to the Civilian Conservation Corps: it basically created jobs for the unemployed. But let's rewind a tad.

The Federal Emergency Relief Administration itself, was not a new idea from Roosevelt. Instead, it built on the Hoover Administration's Emergency Relief and Construction Act.

So, previous to 1933 and the Federal Emergency Relief Administration ... the federal government would dole out money to the states for relief programs. Remember, during that time F.D.R. was Governor of New York. So, he setup a program in 1931 called the Temporary Emergency Relief Administration in order to manage those relief programs, and he appointed a guy named Harry Hopkins to lead it.

It's not a far jump then, when as President, F.D.R. did the same thing, just at the Federal level. And this program took on the very apt name, "The Federal Emergency Relief Administration," who had the exact same job as the state-level program. So, not a new idea, but a new iteration at a new level of government. Who says these things don't translate. Hell, F.D.R. even got Harry Hopkins again to lead the program.

Anyways, the goal of this program was to provide relief from unemployment by providing employment; very complex idea here.

Ultimately, states and local governments could apply for grants to fund programs that provided jobs. And who did this end up helping? Try 20 million people - 16% of the total U.S. Population.

Here's the rub though and why this program was better than direct payments - which were considered by the way - because providing jobs was actually more expensive than just shelling out some cash. But, shelling out cash wouldn't really do anything for morale. I mean, this was the Great Depression - both economically and personally.

Those who were flat broke were crushed, and down and out, and just emotionally crippled and feeling like they can't succeed. They're just failures. Like basically how our employment system works today. But creating jobs made people feel like they were needed, like they were contributing. And that went a long way. In 1935 though, the program shut down and was replaced by two others: the Works Progress Administration and the Social Security Administration. But that's a story for another day.

Now, F.D.R. was a busy guy, especially during these 100 days, so we're bound to get some overlap. Like on the same day that the Federal Emergency Relief Administration was created, the Agricultural Adjustment Act was passed.

Seriously though, try getting our government to do anything this productive anymore.

## **(10:48)**

So, what did the Agricultural Adjustment Act do exactly? Well, it adjusted agriculture. Prices that is. And how did it do that? By adjusting supply of agriculture, of course. Because we all took microeconomics. Low supply. High prices. And why do we want high prices? Because farmers were flat broke.

Basically, in 1933, agricultural prices had reached lows that weren't seen since the 1890's because the shrinking market - coupled with over-production - led to ridiculously low prices just to try and move their products.

So F.D.R. went about trying to reduce the excess products in order to stabilize the prices. The first agricultural product targets were: wheat, cotton, corn, pigs, rice, tobacco, and milk. Eventually they added: rye, flax, sorghum, cattle, peanuts, beets, sugar cane, and potatoes.

Why these? Because they had a huge surplus, they were primary economic factors - meaning they had a correlated effect on other goods. And that's probably because they required processing before being used/eaten/whatever by people. The other big thing was acreage reduction contracts.

What the acreage reduction contracts did was require farmers to reduce the amount of land they farmed on, thereby reducing the output. And in turn they'd receive a subsidy that was paid for by taxing the processors of agricultural products.

This of course, ended up working out poorly for sharecroppers because the subsidies only went to the land owners, not the ones who contracted to do the farming. So, the sharecroppers lost acreage and didn't get any subsidy.

And that's all thanks to the southern land owners - mostly white by the way. And who were the sharecroppers? Oh yeah, mostly African American. That was all eventually ruled unconstitutional, but the AICP exam won't ask that.

And with that, we get the next problem: homelessness, foreclosures, unpaid mortgages. And those were addressed through the Home Owner's Loan Corporation. Bum bum bummm.

### **(13:21)**

So, what did the Home Owners' Loan Act do exactly, besides allegedly being responsible for redlining? And we WILL get to that briefly by the way ...

Well, remember that this was the depression and unemployment was really high, and with unemployment comes poverty, and with poverty comes unpaid bills, you know, like mortgages. So, by 1933, when F.D.R. took office, millions of people were looking at losing their homes, which then trickled into nonpayment of property taxes, banks having even less money to lend, etc., etc., etc.

Without getting too deep into financing nitty gritty, here's the rundown of how it worked.

The Home Owners' Loan Act created an entity, aptly named the "Home Owners' Loan Corporation," or HOLC. The HOLC was then charged with issuing bonds in order to purchase mortgage loans from the banks and Building and Loan companies. Once the HOLC obtained these loans, they then refinanced them to more friendly terms.

The original terms of a typical home loan mortgage at this time was three to six years. That's right. Three. To six. Years. Like holy hell is it an entirely different time today. Shameful really, but I can on for days on the atrocity that is the housing market in the U.S.

Anyways, they took these 3 to 6 year typical loans that had a typical rate of 6 to 8 percent, and adjusted them to 15-year loans at 5%. The real beauty here was that the HOLC loans were amortization loans, meaning equal payments over the life of the loan. Then compare that to the traditional loans that had the borrower pay only the interest and then a bulk payment at the end.

### **(15:33)**

I need to clarify though. This is not the Federal Home Loan Act that we talked about last episode. First, the Federal Home Loan Act was passed under Herbert Hoover while the Home Owner's Loan Act was passed under F.D.R.

Second, the Federal Home Loan Act created funds that were distributed to the banks to give out loans to new homeowners, while the Home Owners' Loan Act transferred existing loans that were in danger of default to the federal government so that they could refinance those loans.

A talk about the Home Owners' Loan Corporation wouldn't be complete though without bringing up the line of thought - true or not - that the Home Owners' Loan Corporation was also responsible for redlining. You heard that right, redlining.

Without going into too much detail, since there's differing opinions - both with merits - and my wild lack of knowledge on the topic, it goes a little something like this.

Those who say it was responsible for redlining say the maps the HOLC created were color-coded by their level of perceived risk - not untrue - with African American neighborhoods labelled as "hazardous." Proponents of this idea also say that they only issued loans to African Americans in the earliest phase of the program, and that racist language in appraisal sheets helped other real estate stakeholders continue the discrimination.

This was sort of the widely held view, but in 2021 - like this year - a paper said hold up a second. They say that the HOLC actually issued African Americans loans at the same proportionality that they did Caucasians, and that the loans didn't even related to the redlining maps because those weren't even created until after 90% of the HOLC loans were executed.

The paper also said the HOLC did share their maps with the Federal Housing Administration, and they were doing their own neighborhood ratings that were highly discriminating.

That's it in a nutshell. If you want to feel free to read up on it. I don't know that much about the Home Owners' Loan Corporation, the early days of the FHA, or the timing of redlining maps and neighborhood ratings to say for myself one way or another. Keep in mind though, redlining was an absolute atrocity regardless of where it originated.

## **(18:52)**

Well, it should go without saying, F.D.R.'s first 100 days was way more productive than pretty much any other president ever. And for good reason too. I mean, he was trying to fix the Great Depression.

So once he was inaugurated, what were the first things he did during the "first 100 days," at least as far as we need to know for the AICP. Remember, he did a lot of other things too.

Well, we talked about his first program, the Civilian Conservation Corps, which created an employment program for unmarried males that provided pay for working on improvements to our national forest and parks system.

Then he established the Federal Emergency Relief Administration which created a grant program for state and local governments to get money to create government work programs because - well - getting a job did much more for the beaten down morale than just direct payments.

We also talked a bit about the Agricultural Adjustment Act which cut the agricultural supply of goods in order to increase prices to help pick farmers back up.

And we rounded it out with the Home Owner's Loan Corporation which bought up defaulting loans and refinanced them to prevent foreclosures and evictions. It may have also been responsible for redlining - which we will get into when the time comes. But for now, the basic rundown is: we thought it was for a long time, but new research says maybe not. I don't know enough either way at this point, and I didn't verify any of the claims.

## **(20:35)**

Well, thanks again for joining me! If you have any questions feel free to reach out to me at [theveryunofficialaicpguide@gmail.com](mailto:theveryunofficialaicpguide@gmail.com) and I'll do my best to help out if I can.

This week was a lot in a short time span. F.D.R.'s first 100 days was definitely a historic event and frankly, it needed to be. Just think about where we'd be if we didn't do those things.

Anyways, for those who tuned in last episode - a very long time ago - our question was, "What was the main reason for the Reconstruction Finance Act and the Federal Home Loan Bank Act, and what year were they passed in?"

The answer there, well, could be worded a few different ways. But ultimately, it should be along the lines of: stimulating spending by injecting money into banks so they would loan it out. You see, no one was spending because everyone was holding on to what little they had. So, the idea was that, if we give money to banks to loan out at lower interest rates, people could take out loans and spend, thereby stimulating the economy. At least that was the thought. And they did this in 1932.

If you want to play along, our question for this episode is, "Which of the programs or Acts that we talked about related to employment?"

As always, don't forget to subscribe to this podcast on whatever platform you use for podcasts, and feel free to sign up on the show's website so you can follow along with future episodes, help prepare for the exam and supplement all of your other study regimens. And, share this out with any planners you know, and don't forget to leave a review either.

I really will be better about putting some of these out. I've been torn in a few directions that I'd love to fill you all in on when the time is right, but until then, it's definitely humbling to see all the downloads that are still going on even with my lack of new episodes as of late. Seriously, thanks guys.

Tune in again next episode as we get a little deeper into the New Deal with the one and only National Planning Board, or National Resources Planning Board, or Commission, or whatever other name it went by. You'll see their "Final Report," and the publication of "Regional Factors in National Planning," and last but not least, the Taylor Grazing Act.

Thanks again everyone....

Till next time...

## Links:

FDR Inauguration and the New Deal Pitch:

<http://www.roosevelthouse.hunter.cuny.edu/seehowtheyran/portfolios/1932-fdrs-first-presidential-campaign/>

[https://en.wikipedia.org/wiki/New\\_Deal#:~:text=The%20New%20Deal%20was%20a,enacted%20by%20President%20Franklin%20D.&text=The%20New%20Deal%20included%20new,after%20prices%20had%20fallen%20sharply](https://en.wikipedia.org/wiki/New_Deal#:~:text=The%20New%20Deal%20was%20a,enacted%20by%20President%20Franklin%20D.&text=The%20New%20Deal%20included%20new,after%20prices%20had%20fallen%20sharply).

Civilian Conservation Corps:

[https://en.wikipedia.org/wiki/Civilian\\_Conservation\\_Corps](https://en.wikipedia.org/wiki/Civilian_Conservation_Corps)

<https://www.nps.gov/articles/the-civilian-conservation-corps.htm#:~:text=Roosevelt%20established%20the%20Civilian%20Conservation,lands%2C%20forests%2C%20and%20parks>.

Federal Relief Administration Act:

[https://en.wikipedia.org/wiki/Federal\\_Emergency\\_Relief\\_Administration](https://en.wikipedia.org/wiki/Federal_Emergency_Relief_Administration)

<https://livingnewdeal.org/glossary/federal-emergency-relief-administration-fera-1933-1935/>

The Agricultural Adjustment Act:

[https://en.wikipedia.org/wiki/Agricultural\\_Adjustment\\_Act](https://en.wikipedia.org/wiki/Agricultural_Adjustment_Act)

<https://livingnewdeal.org/glossary/agricultural-adjustment-act-1933-re-authorized-1938-2/>

Home Owner's Loan Corporation:

<https://livingnewdeal.org/glossary/home-owners-loan-act-1933/>

[https://en.wikipedia.org/wiki/Home\\_Owners%27\\_Loan\\_Corporation](https://en.wikipedia.org/wiki/Home_Owners%27_Loan_Corporation)

