

- ***Section 1: The Nation's Sick Economy***
 - Key industries like railroads, textiles, steel barely make profit
 - Mining, lumbering expanded during war; no longer in high demand
 - Boom industries—automobiles, construction, consumer goods— now weak
 - Housing starts decline
 - Farmers need a lift
 - International demand for U.S. grain declines after war – prices drop by 40% or more
 - Farmers boost production to sell more; prices drop further
 - Price-supports—government buys surplus crops, guarantees prices
 - - Coolidge vetoes price-support bill
 - Farmers Dept INCREASES even more
- **Consumers Have Less Money to Spend**
 - People buy less due to rising prices, stagnant wages, credit debts
- ***Economic Troubles on the Horizon***
- **Living on Credit**
 - Many people buy goods on credit (buy now, pay later)
 - Consumers have trouble paying off debt, cut back on spending
- **Uneven Distribution of Income**
 - In 1920s, rich get richer, poor get poorer
 - 70% of families earn less than minimum for decent standard of living
- ***Hoover Takes the Nation-The Election of 1928***
 - Republican Herbert Hoover gets overwhelming victory over Democrat Alfred E. Smith
- **Dreams of Riches in the Stock Market**

- 1920s, stock prices rise steadily; people rush to buy stocks, bonds
- Many engage in speculation, buy on chance of a quick profit
- Buying on margin—pay small percent of price, borrow rest
- *The Stock Market Crashes*
- Black Tuesday
 - September 1929 stock prices peak, then fall; investors begin selling
 - October 29 or Black Tuesday, market and the nation's confidence plummet
 - Shareholders sell frantically; millions of shares have no buyers
 - People who bought on credit left with huge debts
 - Others lose most of their savings
- *Financial Collapse*
- Bank and Business Failures
 - Great Depression—economy plummets, unemployment skyrockets
 - - lasts from 1929–1940
 - After crash, people panic, withdraw money from banks
 - 1929–1932, gross national product cut nearly in half
 - - 90,000 businesses go bankrupt
 - Hoover tries to stem the panic by asking businesses to keep people employed
 - 1933, 25% of workers jobless; those with jobs get cuts in hours, pay
- *Causes of the Great Depression*
- Factors leading to Great Depression:
 - tariffs, war debts, farm problems, easy credit, income disparity, overproduction, stock market crash

Worldwide Shock Waves

- Great Depression limits U.S. ability to import European goods
- International trade drops; unemployment soars around world
- Federal government keeps interest rates low, encourages borrowing
- *The Depression in the Cities*
- People lose jobs, are evicted from homes
- Shantytowns, settlements consisting of shacks, arise in cities
- People dig through garbage & beg
- Soup kitchens offer free or low-cost food
- Bread lines—people line up for food from charities, public agencies
- *The Depression in Rural Areas*
 - Most farmers can grow food for their families and about 400,000 farms lost through foreclosure

The Dust Bowl

- Farmers in Great Plains exhaust land through overproduction
- 1930s, drought, windstorms hit; soil scattered for hundreds of miles
- Dust Bowl— area from North Dakota to Texas that is hardest hit
- Many farm families migrate to Pacific Coast states
- Okies compete with Migrant workers in California. Migrant Workers from Canada and Mexico that come in and pick fruits and vegetables under work visas legally.
 - Today do we still allow this? YES/NO! Could they be taking jobs from the unemployed Americans? YES/NO! BUT, will Americans do this work that they consider BENEATH them? You answer the questions
- *Hardship and the Family*
 - Family is source of strength, but some families break apart under strain of making ends meet, most unemployed
- Men in the Streets
 - Many men used to working, supporting families have difficulty coping

- About 300,000 hoboes wander country on railroad box cars these are men and Teenagers that have left home for adventure or to escape their current lives or families
- No federal system of direct relief—cash or food from government
- Children Suffer Hardships-Poor diets, health care lead to serious health problems in children
- Lack of tax revenue leads to shortened school year, school closings
- Teenagers leave home, ride trains in search of work, adventure

- *Social and Psychological Effects*

- 1928–1932, suicide rate rises over 30%
- People give up health care, college, put off marriage, children
- Stigma of poverty doesn't disappear; financial security becomes goal
- Many show great kindness to strangers
- Develop habit of saving and thriftiness

- *Section 3: Hoover Struggles with the Depression*

- Hoover Tries to Reassure the Nation
 - President Herbert Hoover tells Americans economy is sound
 - Many experts believe depressions a normal part of business cycle
 - People should take care of own families, not depend on government

- *Hoover Takes Cautious Steps*

- Calls meeting of business, banking, labor leaders to solve problems
- Creates organization to help private charities raise money for poor
- Hoover's Boulder Dam on Colorado River is massive project, *later renamed Hoover Dam*
 - *Provides electricity, flood control, water to states on river basin*

- *Hoover Backs Cooperatives*
- Direct Intervention
 - Federal Home Loan Bank Act lowers mortgage rates
 - Reconstruction Finance Corporation(RFC)—emergency funds for businesses
 - Hoover's measures don't improve economy before presidential election
- *Gassing the Bonus Army*
- *Bonus Army—veterans and their families go to D.C. in 1932 to support Patman Bill: want payment of bonus*
 - Hoover opposes bill; Senate votes down bill
 - Most veterans leave Washington; about 2,000 stay to speak to Hoover
- Hoover Disbands the Bonus Army
 - Hoover fears violence, calls on U.S. Army to disband Bonus Army
 - Infantry tear gas over 1,000 people, including children; many injured, burn down encampments, General MacArthur in command
 - Public is stunned, outraged by government's actions
- *Electing Franklin Delano Roosevelt by defeating Hoover*
- Roosevelt takes over
 - 1st thing Roosevelt does is to close all banks and the Emergency Banking Relief Act permits Treasury Dept. to inspect banks
 - New Deal—relief for needy, economic recovery, financial reform
 - FDR launches Hundred Days; passes over 15 major New Deal laws
 - FDR gives fireside chats—radio talks explaining New Deal measures
 - Also shows he wants the nation to realize that the nation needs everyone so he hires the 1st women cabinet member Frances Perkins
- *NEW DEAL is to Regulating Banking and Finance and most importantly regulate the Stock Market*

- Federal Securities Act—companies must give all information on stocks
- FDR gets law allowing production of some alcoholic beverages
- 21st Amendment repeals prohibition by end of 1933

Remember : “At age 18 you wish you could drink alcohol and at 21 you can!”

The 18th amendment outlaws alcohol in the U.S. but the 21st amendment allows alcohol to again be sold and consumed in the United States.

● **Other New Deal Programs**

ACRONYM	WHAT IT STANDS FOR
---------	--------------------

- | | |
|---|---|
| • | <u>AAA-----Agricultural Adjustment Adm.- raises food prices, lowers supply</u> |
| • | <u>CCC-----Civilian Conservation Corps-public works jobs for young men</u> |
| • | <u>CWA-----Civil Works Administration- builds rural schools, pays teachers</u> |
| • | <u>FERA-----Federal Emergency Relief Admin.</u> |
| • | <u>FHA -----Federal Housing Administration</u> |
| • | <u>FSA -----Farm Security Administration</u> |
| • | <u>HOLC-----Home Owners Loan Corporation</u> |
| • | <u>NRA-----National Recovery Admin.</u> |
| • | <u>NYA-----National Youth Admin.</u> |
| • | <u>PWA-----Public Works Administration- money to states to create jobs</u> |
| • | <u>REA-----Rural Electrification Admin.</u> |
| • | <u>SSA-----Social Security Administration</u> |
| • | <u>TVA-----Tennessee Valley Authority-creates jobs renovating, building dams and Providing Work Projects</u> |
| • | <u>WPA-----Work Projects (Progress) Admin.-create new jobs and put people to work</u> |

● **Promoting Fair Practices**

- Home Owners Loan Corporation gives loans to prevent foreclosures
 - Federal Housing Administration gives loans for mortgages, repairs
 - Federal Emergency Relief Administration—direct relief to needy
- Opposition to the New Deal
 - Deficit spending— spending more money than government takes in

- Liberals: New Deal does not do enough to help poor, fix economy
- Conservatives: New Deal used to control business, socialize economy
- The national debt for the U.S. rose to a new high in FDR 1st Term of office
- The Supreme Court Reacts
 - **Supreme Court strikes down NIRA, AAA and the National Industrial Recovery Act as unconstitutional**
 - COULD YOU IMAGINE IF ANY OF OUR CURRENT PRESIDENTS DID THIS!
- ***The Second Hundred Days-Furthering the New Deal***
 - By 1935, economic recovery not as great as FDR had expected
 - First Lady Eleanor Roosevelt, a social reformer, prods president ON DOMESTIC POLICIES
- Reelecting FDR
 - 1936, Democrats win presidency, large majorities in both houses
 - First time most African Americans vote Democratic
 - First time labor unions support presidential candidate
 - ANYONE SEE THE SIMILARITIES IN THE 2008 ELECTION?
- ***The Social Security Act***
- 1935, Social Security Act creates Social Security system; provides:
 - insurance for retirees 65 or older
 - unemployment compensation
 - aid to disabled, families with children
 - Remember that Social Security is still in play today however the way the system that set up right now you will never see any of the money that you will put into the SS system when you retire because the SS System will be bankrupt!

FDR Wins in 1936

 - Political organizations in large Northern cities support FDR
 - Urban, religious, ethnic groups also support FDR
 - FDR appoints officials of urban-immigrant background
- ***The Lure of Motion Pictures and Radio***

- About 65% of population goes to movies once a week allows for ESCAPISM—escape the realities of life for a little while
- *Gone With the Wind*—perhaps most famous film of era
- 90% of households have a radio; families listen together every day
- Orson Welles—actor, director, producer, writer
- Soap operas for homemakers broadcast in middle of day
- Children’s shows after school hours
- Immediate news coverage becomes customary
- John Steinbeck writes *The Grapes of Wrath* about Dust Bowl migrants
- Some writers examine difficulty of life in 1930s
- Others show dignity of ordinary people, values of small-town life

- ***New Deal Reforms and Failures***

- **Supporters and Critics of the New Deal**

- Conservatives think FDR made federal government too large
 - stifled free enterprise, individual initiative
- Liberals: New Deals didn’t do enough to socialize economy, end inequalities
- Supporters: did help country recover from economic difficulties
- Federal Deposit Insurance Corporation (FDIC) regulates banking and insures peoples money (today \$100,000)
- Roosevelt’s one failure was with that he was not able to reorganize the Supreme Court

- ***The Good that came from the Great Depression***

- CCC plants trees, builds hiking trails, fire lookout towers
- Soil Conservation Service teaches methods to preserve soil
- Taylor Grazing Act reduces grazing on public lands
- Tennessee Valley Authority (TVA) creates electricity, prevents floods
- Government adds national parks, wildlife refuges, wilderness areas

- Some bad of GD was that the Government-sponsored strip-mining, coal burning cause pollution
- Deficit spending— spending more money than government takes in
- The national debt for the U.S. rose to a new high in FDR 1st Term of office
- **Supreme Court strikes down *NIRA, AAA and the National Industrial Recovery Act as unconstitutional***
- **1935, Social Security Act creates Social Security system; provides:**
 - insurance for retirees 65 or older
 - unemployment compensation
 - aid to disabled, families with children
- **Supporters and Critics of the New Deal**
 - Conservatives think FDR made federal government too large
 - stifled free enterprise, individual initiative
 - Liberals: New Deals didn't do enough to socialize economy, end inequalities
 - Supporters: did help country recover from economic difficulties
 - Federal Deposit Insurance Corporation (FDIC) regulates banking and insures peoples money (today \$100,000)
 - **Roosevelt's one failure was with that he was not able to reorganize the Supreme Court**