

American History: Chapter 23
The Great Depression

Relevant Key Concepts

Key Concept 7.1

III. During the 1930's, policymakers responded to the mass unemployment and social upheavals of the Great Depression by transforming the US into a limited welfare state, redefining the goals and ideas of modern American liberalism.

- A) FDR's New Deal attempted to end the Great Depression by using government power to provide relief to the poor, stimulate recovery, and reform the American economy.
- B) Radical, union, and populist movements pushed Roosevelt toward more extensive efforts to change the American economic system, while conservatives in Congress and the Supreme Court sought to limit the New Deal's scope.
- C) Although the New Deal did not end the depression, it left a legacy of reforms and regulatory agencies and fostered a long-term political realignment in which many ethnic groups, African Americans, and working-class communities identified with the Democratic Party

The Coming of the Great Depression

- Bull Market:
 - Increase in stock prices: 1928 – September 1929: stocks increased by 40%
- October 29, 1929 (Black Tuesday):
 - Stock market crash
 - Buying on “margin”
- Causes of the Depression:
 - Prosperity based on a few industries
 - Unequal distribution of wealth
 - Almost half of families living at or below minimum subsistence level
 - Credit:
 - Farmers deeply in debt
 - Production outweighed demand
 - High protective tariffs
- Dawes Plan:
 - Not to be confused with Dawes Severalty Act
 - Rescheduled German reparation loans
 - US banks loaned \$ to Germany -> pays Britain and France -> pays loans back to US Treasury
 - Simply a circle of \$ - ends with stock market crash of 1929
- Bank Crisis:
 - 9,000 banks closed between 1930 and 1933
 - Money supply decreased by 1/3

The American People in Hard Times

- Industrial North was hard hit
 - Ohio unemployment was 50%
- Many Americans associated unemployment with failure
- Charities and other relief organizations couldn't keep pace
- Dust Bowl:
 - Area of land from eastern Colorado to western Missouri, Texas – North Dakota
 - Causes:
 - Drought, wind, human cultivation
 - *The Grapes of Wrath*: story about Dust Bowl
 - “Black Blizzards” – dust storms
 - “Okies” – families that moved from the Dust Bowl to other areas, especially California

The American People in Hard Times....

- African Americans:
 - Especially hard hit – 50% in South were unemployed
 - Segregation and discrimination was still rampant
 - Scottsboro Case:
 - Nine African Americans were accused of rape
 - All-white jury found them guilty, 8 sentenced to death
 - Eventually, all were released from jail, though many years later
- Other Minorities:
 - Mexican Americans:
 - 2 million people of Mexican descent, mostly farmers
 - Some Mexicans forced out of the country
- Asians:
 - Fought to have laws protecting Japanese from discrimination
- Women:
 - Pressure for women to not work, especially if husband does
- Many minorities did not benefit from relief programs
- Marriage and birthrates declined during Depression

The Depression and American Culture

- Art in the Depression:
 - Dorothea Lange:
 - Photographed Depression families
 - John Steinbeck:
 - *Grapes of Wrath* - story about Dust Bowl
- Radio:
 - Source of entertainment
 - “Fireside chats” – FDR
 - Soap Operas, plays, news
- Spanish Civil War (1936 – 1939):
 - Some Americans supported the republican government
 - Fascist government of Francisco Franco had support of Hitler and Mussolini

The Unhappy Presidency of Herbert Hoover

- Hoover:
 - Urged volunteerism:
 - Similar to WWI
 - Feared deficit spending
- Hawley-Smoot Tariff:
 - High protective tariff – led to high European tariffs in return
- “Hooverilles”
 - Name for shanty towns that developed
- Reconstruction Finance Corporation:
 - Meant to provide loans to banks, RRs, and businesses
 - Largely a failure – never provided enough \$

The Unhappy Presidency of Herbert Hoover

- WWI Veterans were hit hard during Depression
 - “Bonus Expeditionary Force” (BEF)
 - Descends upon D.C. in hopes of receiving their bonuses
 - Set up “Hoovervilles”
 - Hoover ordered army (led by MacArthur) to break up “Bonus Army”
 - Bonus Army eventually leaves, taints Hoover even more
- Election of 1932:
 - Hoover (R) v. FDR (D)
 - FDR won in a landslide, pledged a “New Deal” for Americans
- FDR was inaugurated on March 4, 1933, in the midst of a banking crisis