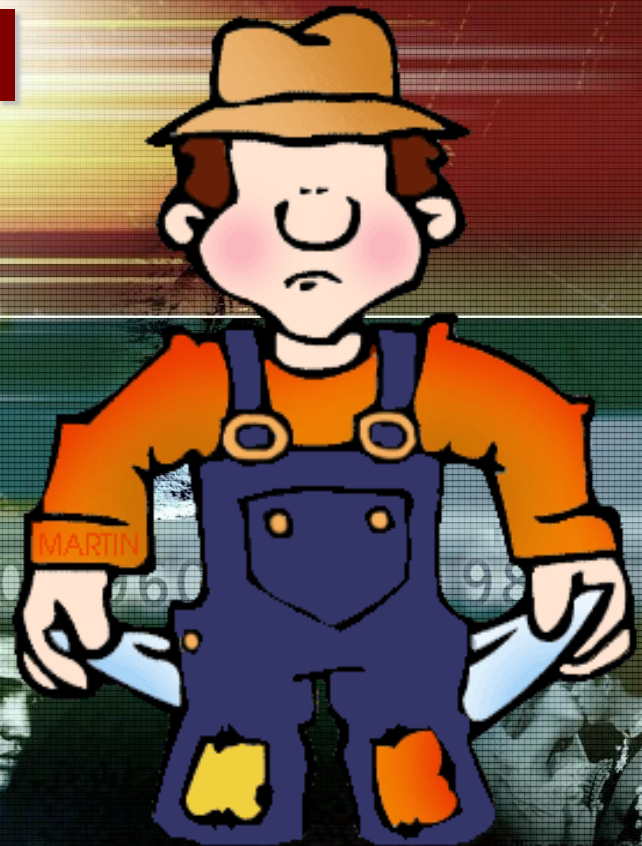


# The Great Depression and The New Deal 1929 - 1940



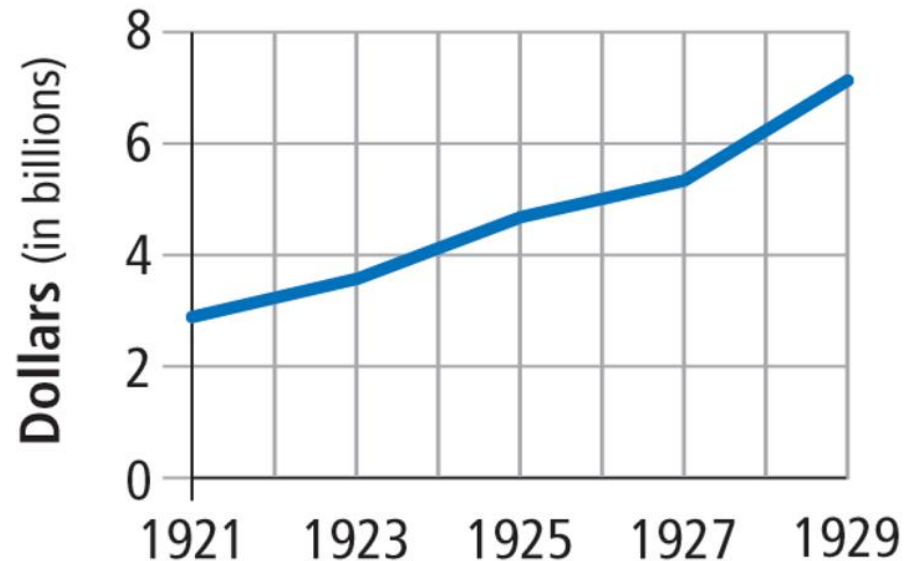
## Warning Signs

The increased spending of the 1920s had both positive and negative effects.

On the one hand, the economy improved.

On the other hand, **Americans began spending recklessly and were in debt.**

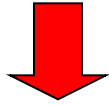
### Consumer Debt, 1921–1929



SOURCE: *Historical Statistics of the United States*

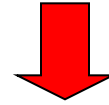
## Warning Signs

The 1920s were years of mixed results for American workers.



### Positive Changes

Wages were rising, and companies began to offer benefits such as paid vacations.



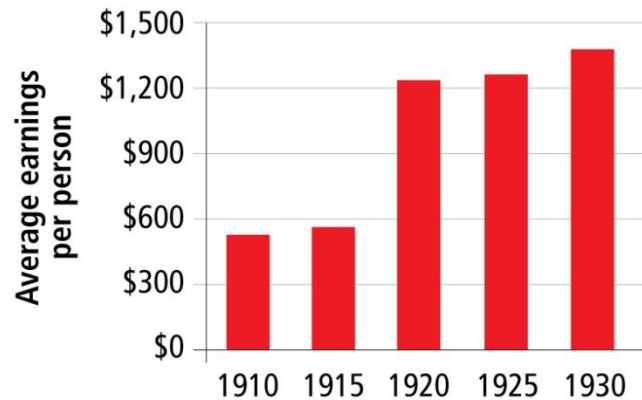
### Negative Changes

**Unemployment was high.** The assembly line system put many skilled laborers out of work.

# Warning Signs

Not all Americans shared in the prosperity of the 1920s. **Most farmers at this time lived in poverty.**

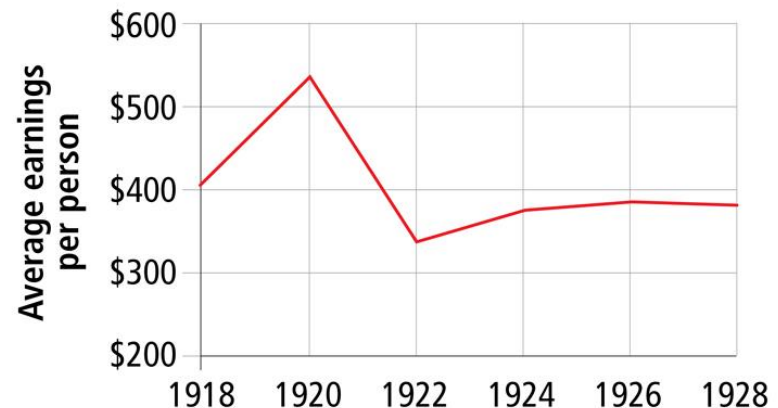
Earnings of Nonagricultural Employees, 1910–1930



SOURCE: *Historical Statistics of the United States*



Earnings of Agricultural Employees, 1918–1928



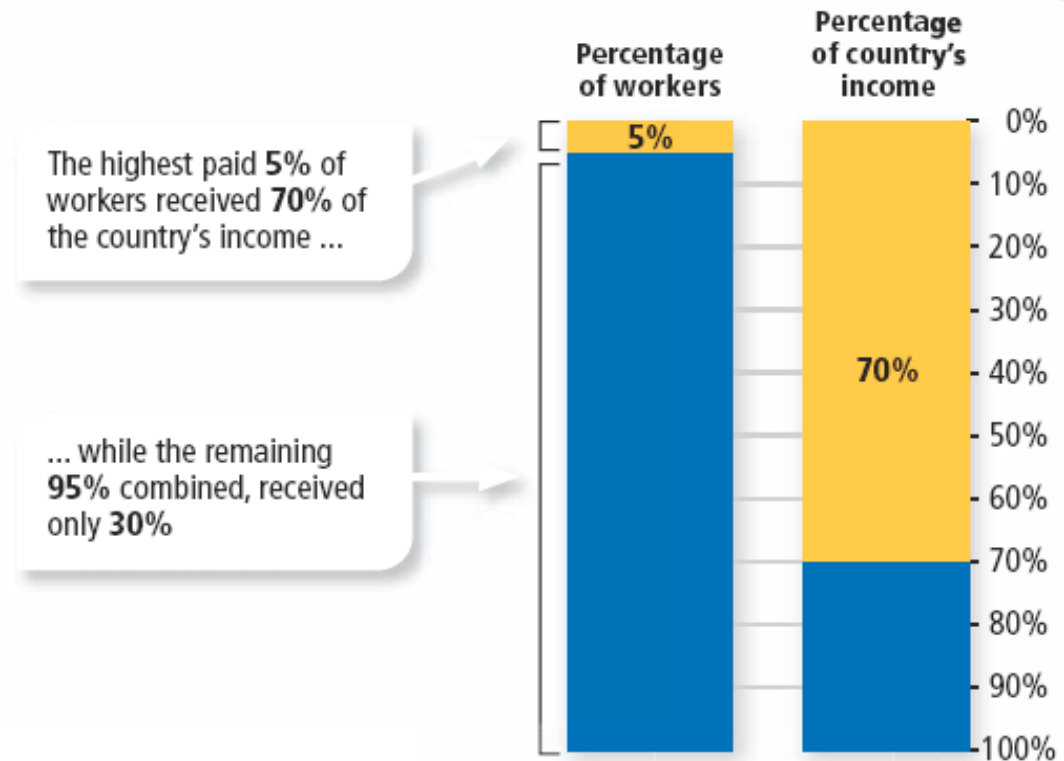
SOURCE: *Historical Statistics of the United States*

# Warning Signs



**QUICK  
FACTS**

## DISTRIBUTION OF WEALTH, 1929



The highest paid 5% of workers received 70% of the country's income ...

... while the remaining 95% combined, received only 30%

Source: *Historical Statistics of the United States*

**Skills  
FOCUS**

### INTERPRETING GRAPHS

The 1920s prosperity was more illusion than reality. The uneven distribution of the nation's wealth is shown in this bar graph. *What share of the nation's wealth did the top 5 percent of workers own? What did the remaining 95 percent own?*

See **Skills Handbook**, p. H16



Weaknesses in the general economy, combined with unsound financial practices, set the stage for the stock market crash. Worried investors (at left) crowded Wall Street on Black Tuesday to await news.

# STOCK MARKET

## CAUSES OF THE 1929 STOCK MARKET CRASH

QUICK FACTS

### Economic Factors

- Poor distribution of wealth
- Many consumers relied on credit
- Credit dried up
- Consumer spending dropped
- Industry struggled

### Financial Factors

- Stock markets rise in mid-1920s
- Speculation in stock increases
- Margin buying encouraged by Federal Reserve policies
- Stock prices rise to unrealistic levels



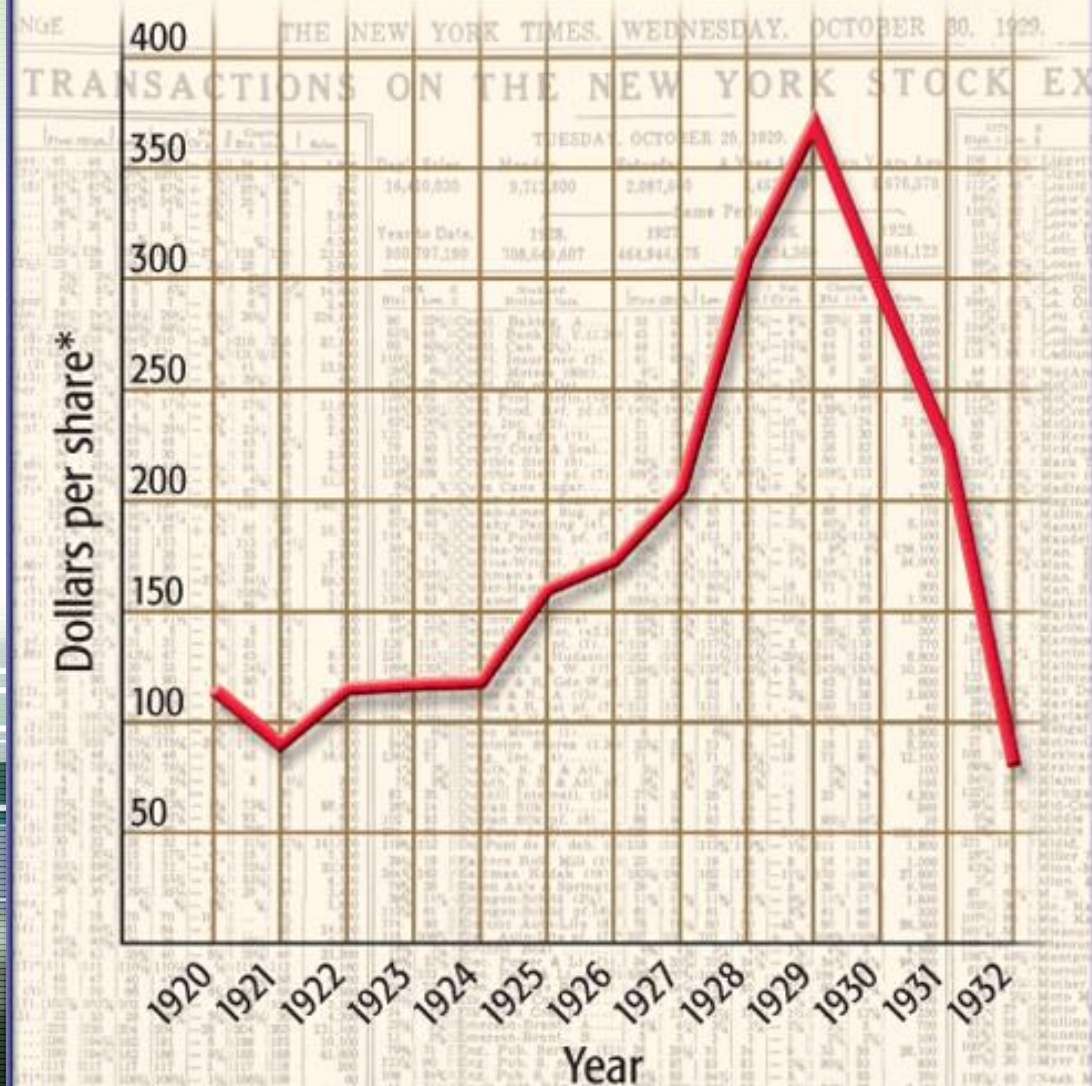
**Stock Market  
Crash**

# The Crash of 1929

Spurred by **speculation**, buying and selling of a stock in the hope of making a quick profit, and investors who began **buying on margin**, the value of stocks on the New York Stock Exchange reached a high point on September 3, 1929. When prices began to drift downward many investors were forced to sell stocks to pay off their loans.



## Stock Prices, 1920–1932



Source: Standard & Poor's Security Price Index Record.  
\* Prices based on combined average of 50 stocks.

## The Crash of 1929

On October 24, 1929, a record 12.9 million shares of stock were traded. Forced to pay off debts for stocks that were suddenly worthless, Walter Thornton had to sell his car at a bargain price.

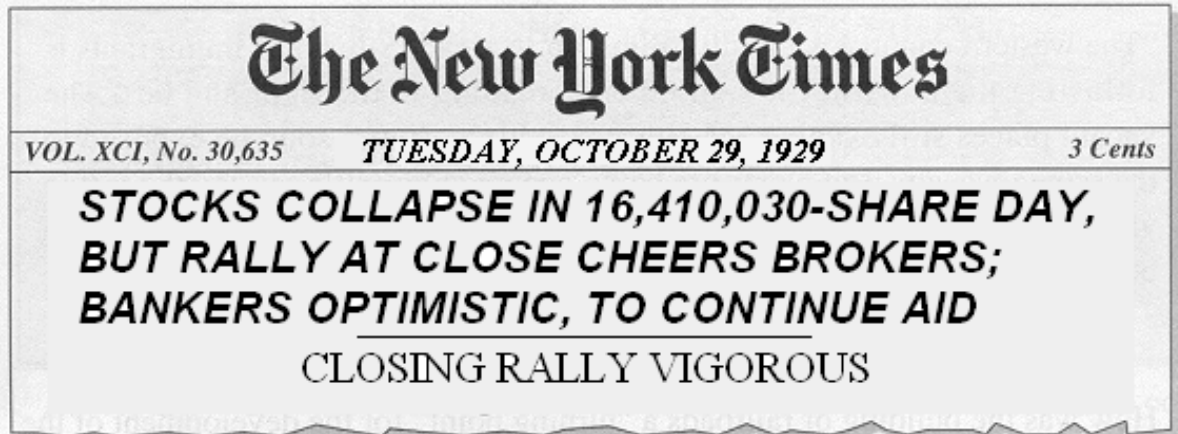


10/24/1929 New York. Thousands mill around the New York Stock Exchange after the worst break in the history of the exchange occurring on Oct. 24th.



# The Crash of 1929

On October 29, 1929, **Black Tuesday**, investors sold another 16.4 million shares of stocks at prices much lower than they had been selling for a month earlier. **The plunge in stock market prices was the first event of a terrible economic depression.**



~~STOCK~~  
~~MARKET~~

## Bank Failures

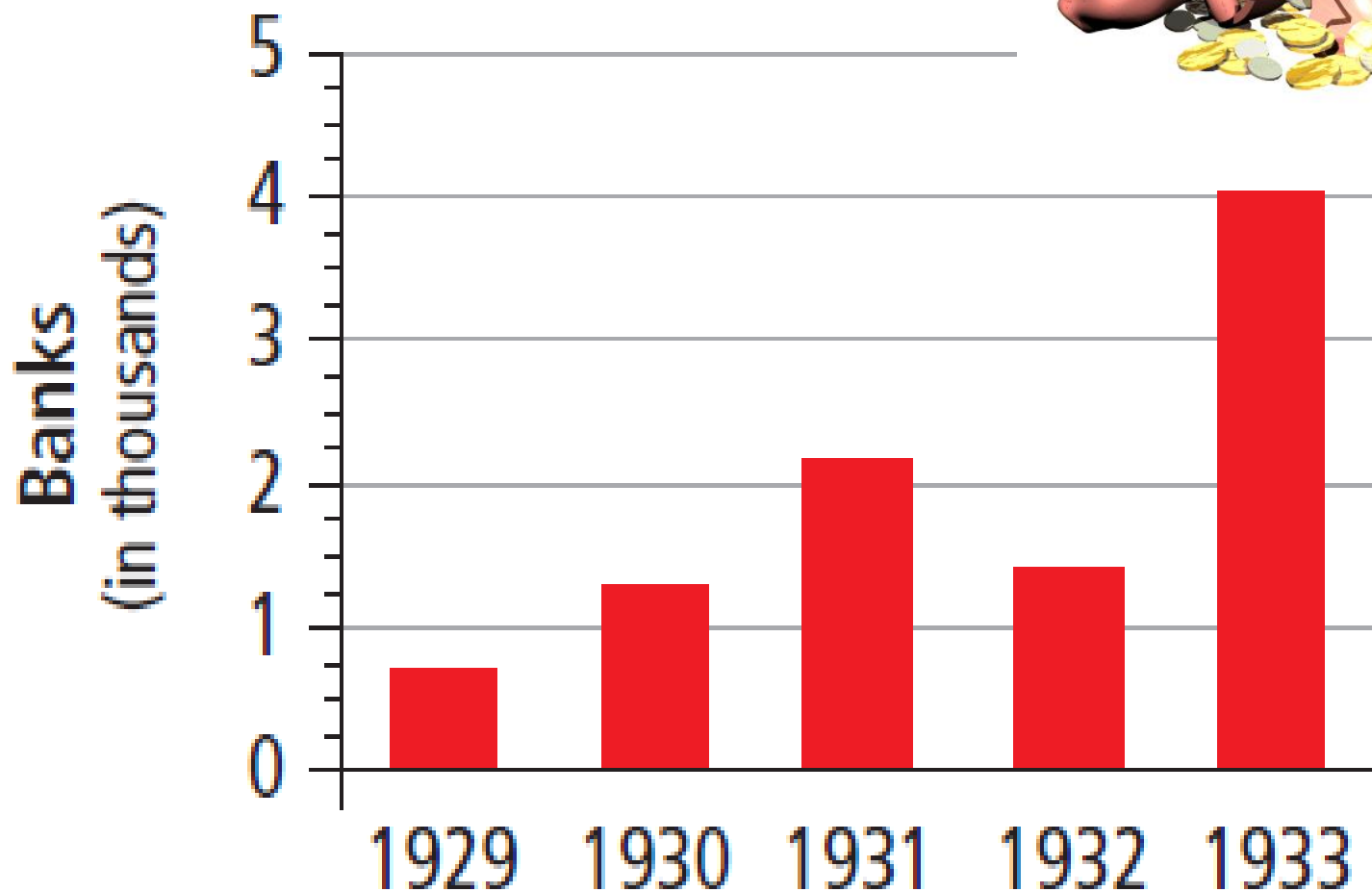
After the crash, banks began to demand that people pay back the money they had borrowed to buy stocks. When people could not repay their loans, banks ran short of money. People rushed to banks to withdraw their savings. By March 1933, about 9,000 banks went out of business.



Hundreds of people tried to withdraw their money from this bank in New York City.

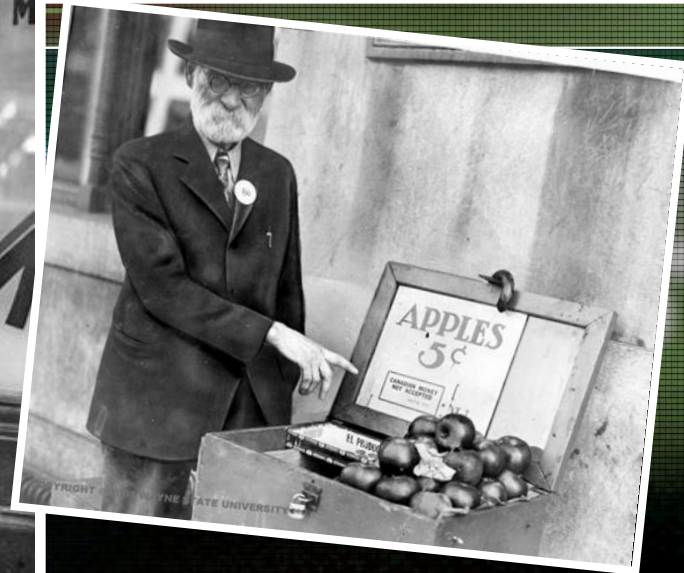
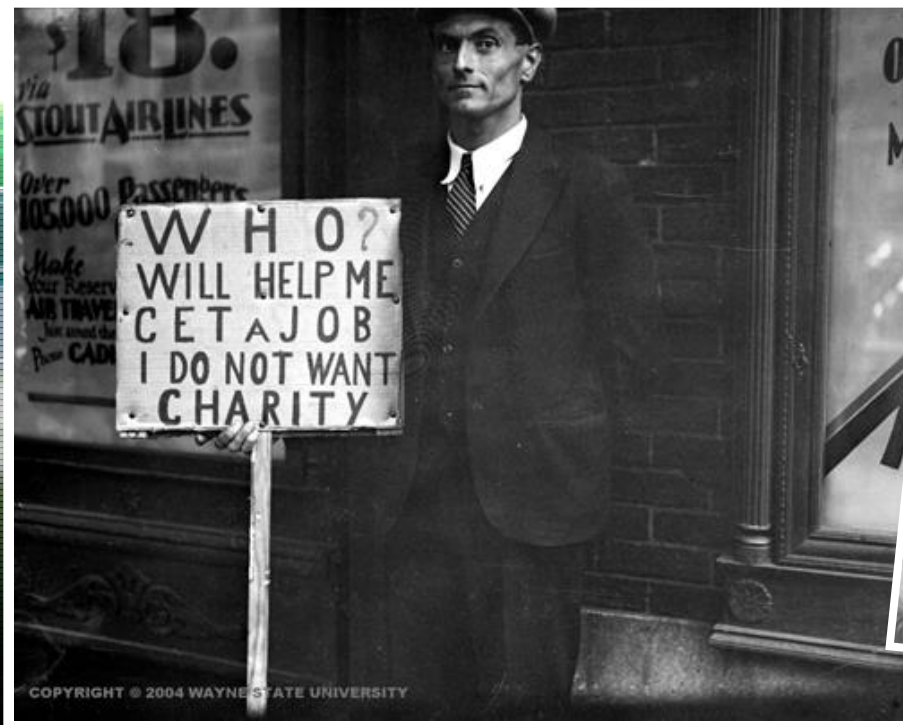
## Bank Failures, 1929-1933

# Bank Failures



# Unemployment

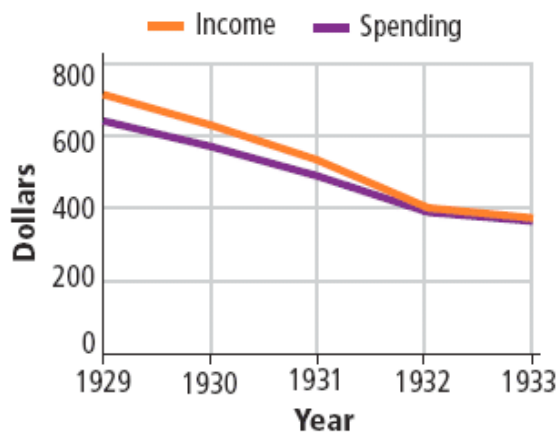
In 1933, 25% of American workers were unemployed. Many more were underemployed, taking less pay and/or working less hours in order to keep their jobs. Without work, families couldn't afford to buy food. Bread lines offering food to the hungry appeared across the country. In January 1931, New York's 82 bread lines served an average of 85,000 small meals a day; bread and soup or bread and stew. Some people fainted from hunger as they waited in these lines for food.



# Economic Impact of the Great Depression

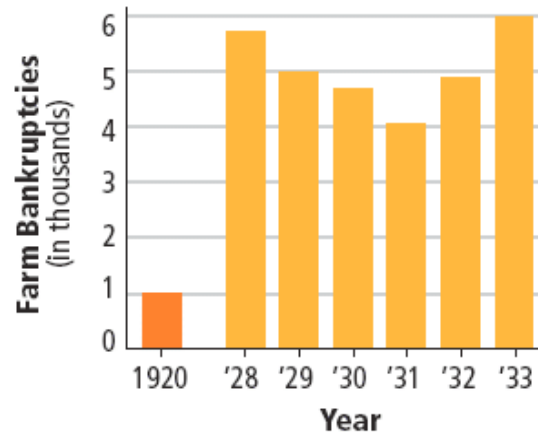
QUICK  
FACTS

## AVERAGE INCOME AND SPENDING, 1929–1933



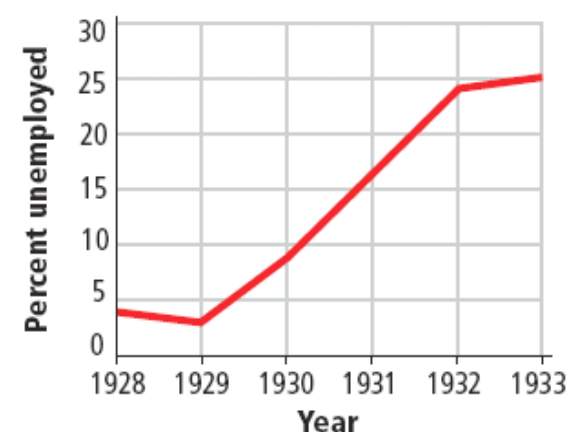
Source: *Historical Statistics of the United States*

## FARM BANKRUPTCIES, 1928–1933



Source: *Farmer Bankruptcies and Farm Exits in the U.S., 1899-2002*

## UNEMPLOYMENT RATES, 1928–1933



Source: *Historical Statistics of the United States*

Skills  
FOCUS

### INTERPRETING GRAPHS

1. How did declining income affect Americans' spending habits?
2. Compare unemployment rates in 1928 and 1933.

See **Skills Handbook**, p. H16, H17

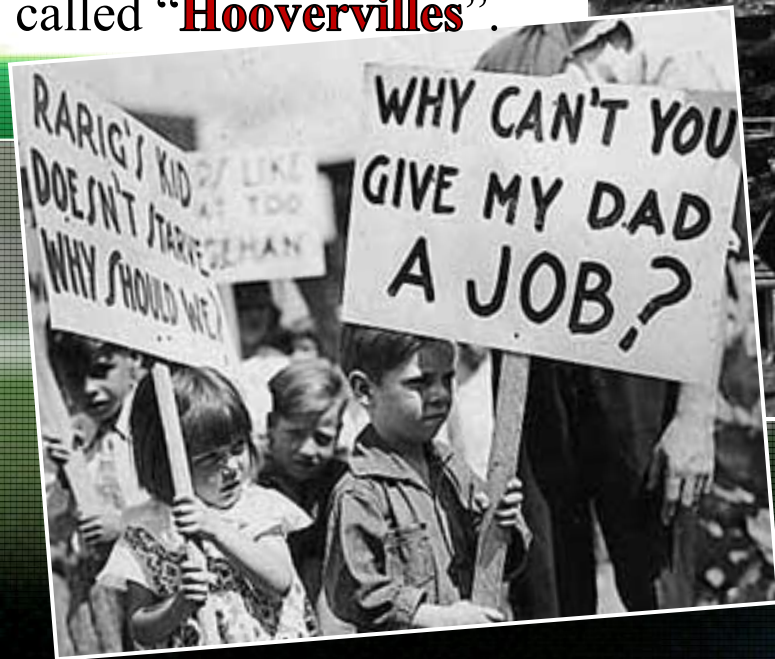
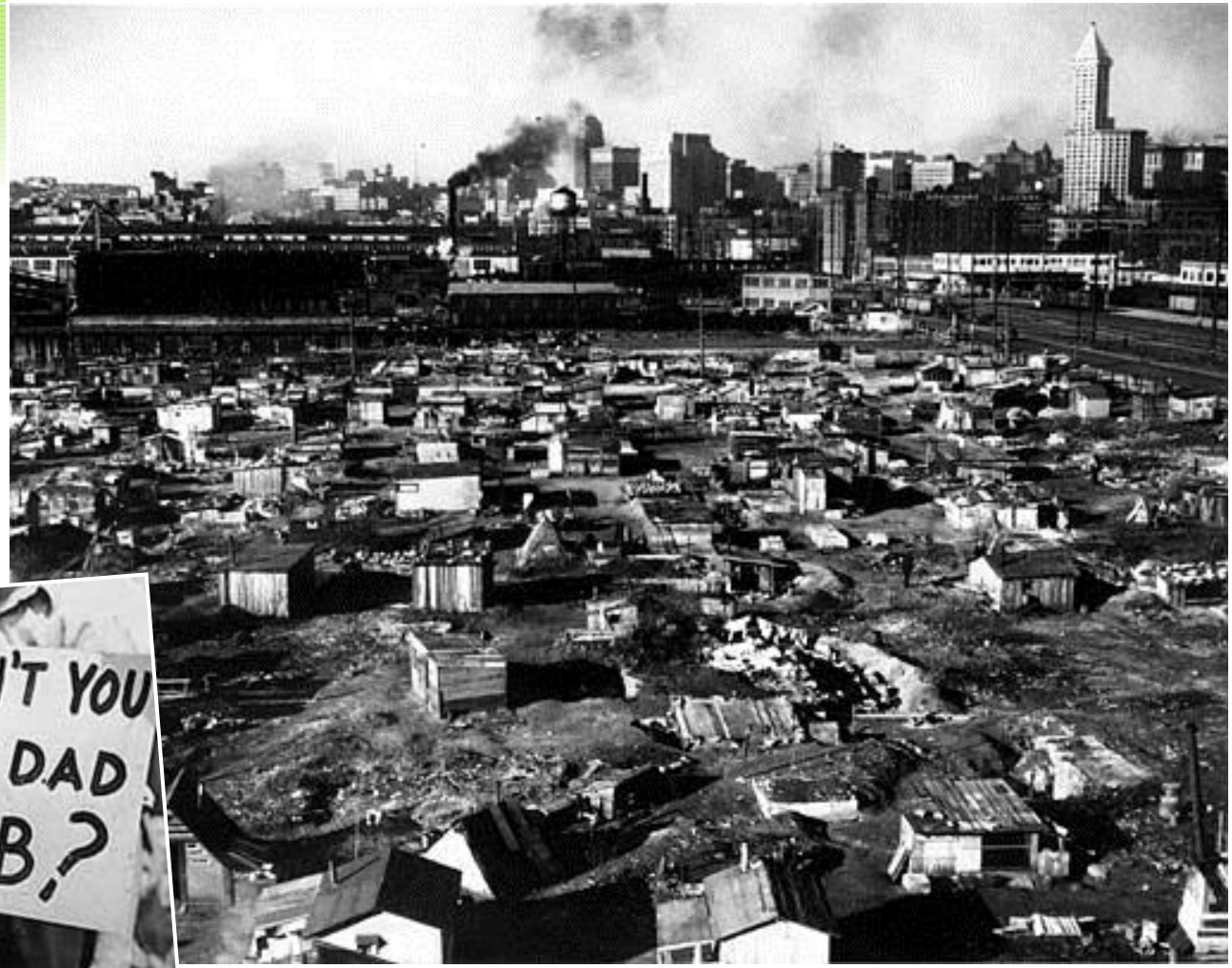
President Hoover felt that aid to poor people would make them dependent on the government. Hoover said, "We cannot legislate ourselves out of a world economic depression. We can and will work ourselves out." He encouraged "**rugged individualism**", and the efforts of private charities and churches to help the poor and needy Americans.



Political cartoon of President Herbert Hoover playing a passive role in addressing the depression.

## Hoover Acts Conservatively

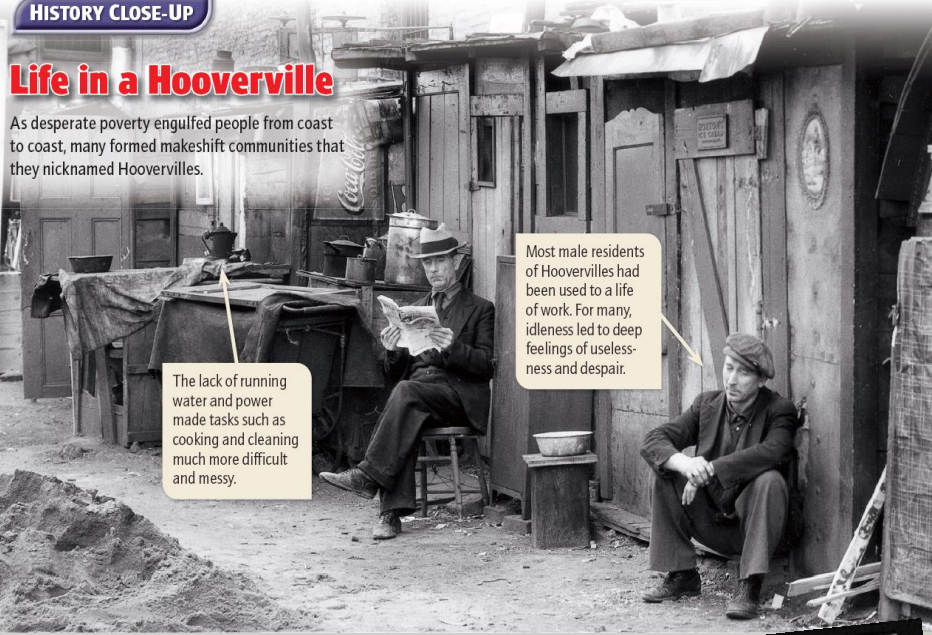
As unemployment, hunger, and homelessness grew, people became bitter toward president Hoover. The shanty towns of huts that housed homeless people were called “**Hoovervilles**”.



HISTORY CLOSE-UP

# Life in a Hooverville

As desperate poverty engulfed people from coast to coast, many formed makeshift communities that they nicknamed Hoovervilles.



Most male residents of Hoovervilles had been used to a life of work. For many, idleness led to deep feelings of uselessness and despair.

The lack of running water and power made tasks such as cooking and cleaning much more difficult and messy.



For people living in a Hooverville, reminders of their former homes and the lives they used to lead often were important. Here, pictures provide a touch of beauty to an otherwise grim environment.

Hooverville shacks were generally thrown together with whatever building materials could be found. They were often leaky and drafty.

**Skills Focus** INTERPRETING INFOGRAPHICS

Hoovervilles, like this one in New York, were cobbled together with whatever people could salvage.

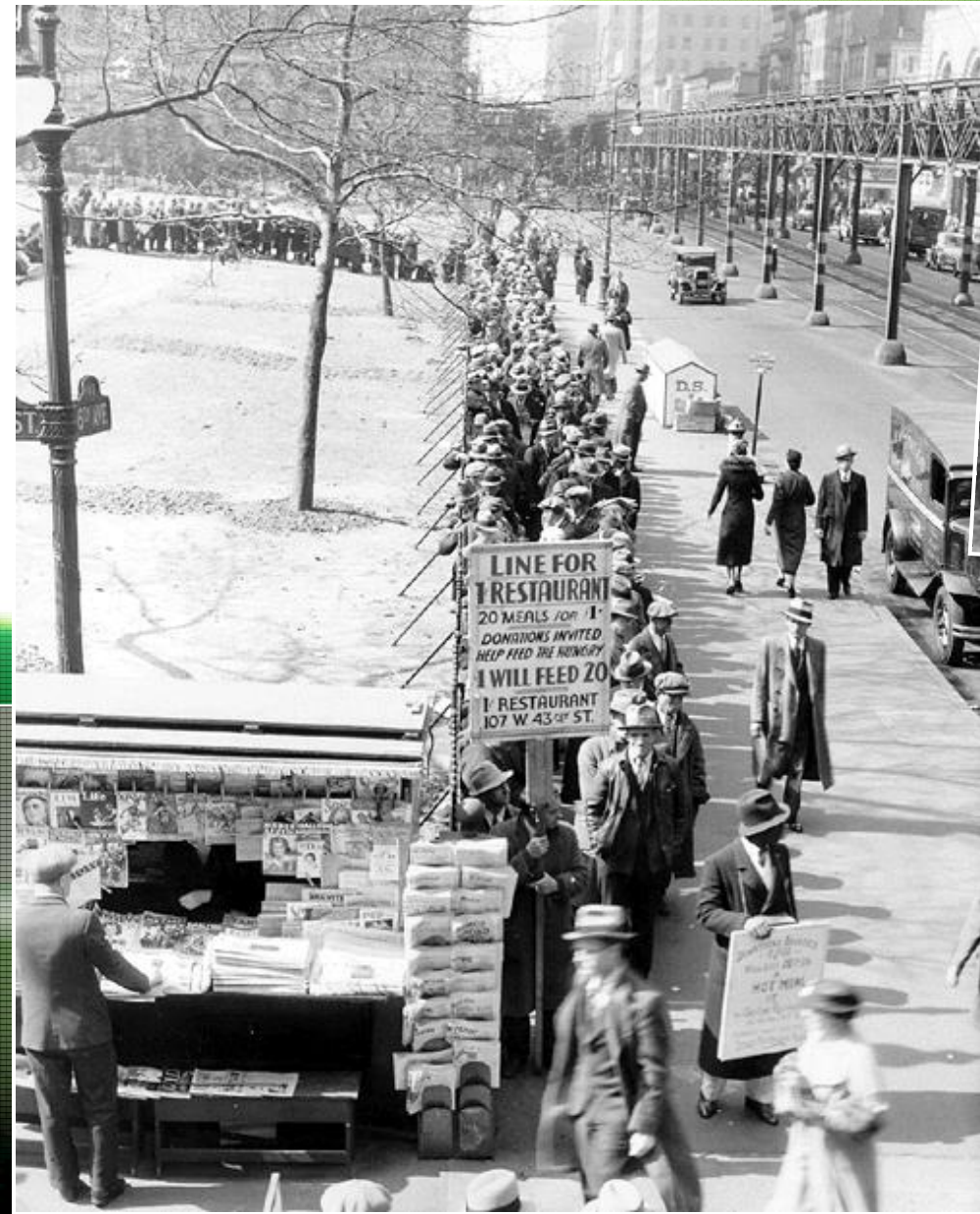
**Drawing Conclusions** What hardships might the men in this photograph endure?

See **Skills Handbook**, p. H18





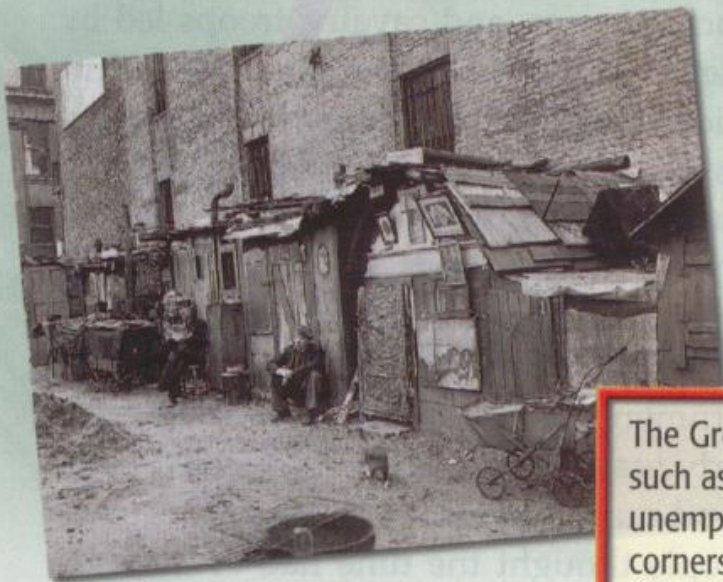
# Bread Lines & Soup Kitchens



# MORE ABOUT...

## Brother Can You Spare a Dime?

"Brother Can You Spare a Dime?" was a popular song in the 1930s during the Great Depression. In those days, prices were so low that if you were lucky enough to have a dime, you could actually buy something with it.



The Great Depression saw "Hoovervilles," such as this one in New York City, and unemployed workers standing on street corners pleading for jobs.

WORK-IS-WHAT-I  
WANT-AND-NOT-CHARITY  
WHO-WILL-HELP-ME-  
GET-A-JOB-7YEARS-  
IN-DETROIT.NO MONEY  
SENT-AWAY-FURNISH-  
BEST-OF-REFERENCES  
PHONE RANDOLPH.8391 Room  
#59.

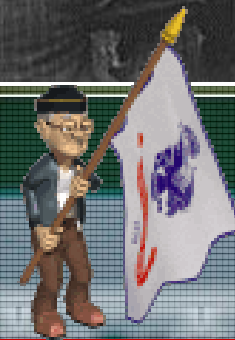


### Prices During 1932-1934

|                                  |        |
|----------------------------------|--------|
| <b>Sirloin steak</b> (per pound) | \$0.29 |
| <b>Chicken</b> (per pound)       | .22    |
| <b>Bread</b> (20-ounce loaf)     | .05    |
| <b>Potatoes</b> (per pound)      | .02    |
| <b>Bananas</b> (per pound)       | .07    |
| <b>Milk</b> (per quart)          | .10    |
| <b>Cheese</b> (per pound)        | .29    |
| <b>Tomatoes</b> (16-ounce can)   | .09    |
| <b>Oranges</b> (per dozen)       | .27    |
| <b>Cornflakes</b> (8 ounces)     | .08    |

Listed here are Depression-era prices for selected foods. Read the list to see how far that "dime" from your "brother" would go.

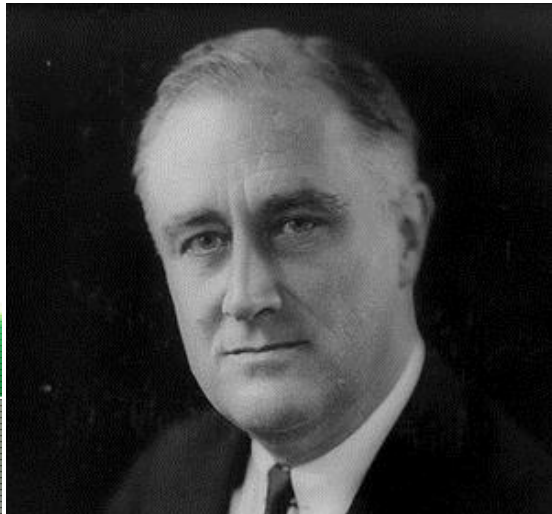
In the summer of 1932, thousands of **World War I veterans demanded their bonuses for wartime service and set up camps around Washington, D.C.** U.S. troops burned the camps and used tear gas and bayonets to drive the Bonus Army from the city. One veteran was killed.



**The Bonus Army**

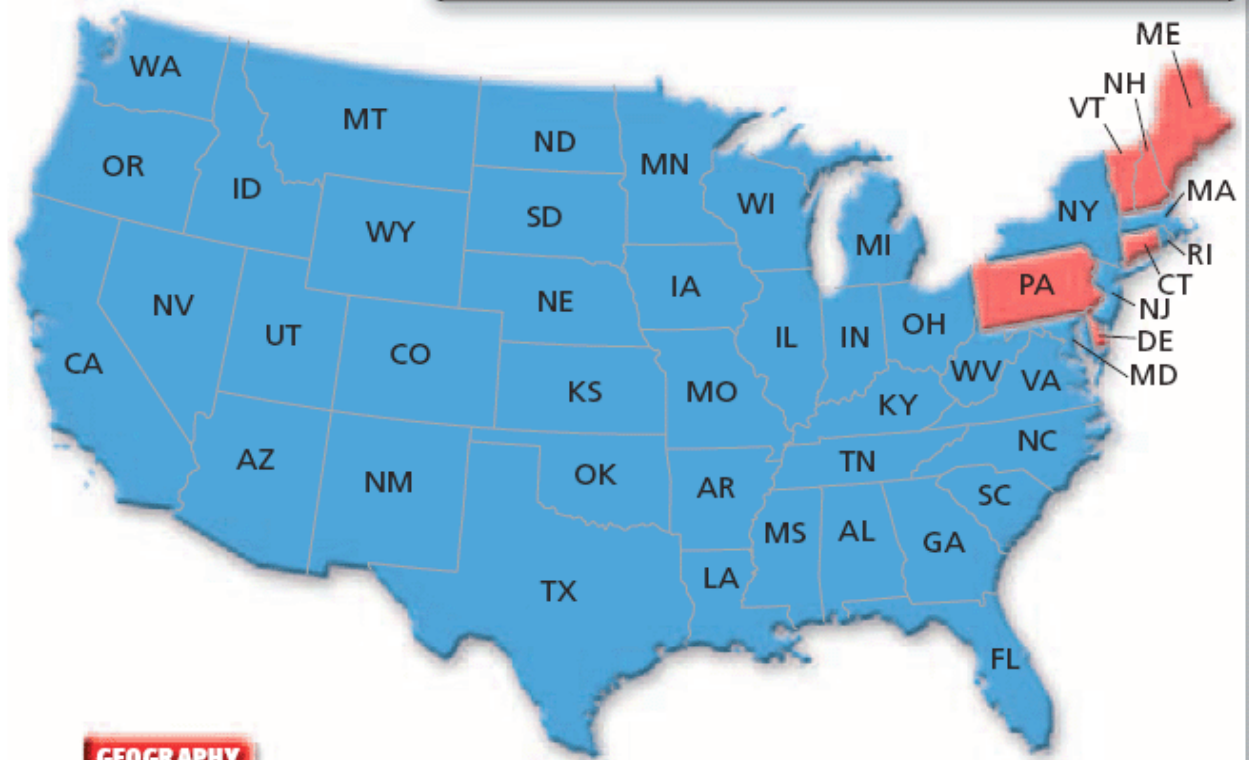
# A New Deal

In the 1932 presidential election, Franklin Delano Roosevelt carried all but six states and won a landslide victory.



## THE ELECTION OF 1932

| Candidate   | Political Affiliation | Electoral Votes | Popular Votes |
|---|-----------------------|-----------------|---------------|
|  F. D. Roosevelt | Democratic            | 472             | 22,821,857    |
|  Herbert Hoover  | Republican            | 59              | 15,761,841    |



### GEOGRAPHY SKILLS INTERPRETING MAPS

Roosevelt won by a landslide in 1932.

**Region** What region was the Republican stronghold? How many electoral votes went to the Republican candidate, and how many to the Democratic candidate?

See **Skills Handbook**, p. H21



FDR tried to restore America's confidence by giving **a series of radio talks** called **fireside chats**. In his inaugural address he told America that *“the only thing we have to fear is fear itself.”*



FDR giving a fireside chat that explained that banks were safe places for Americans to keep their money.

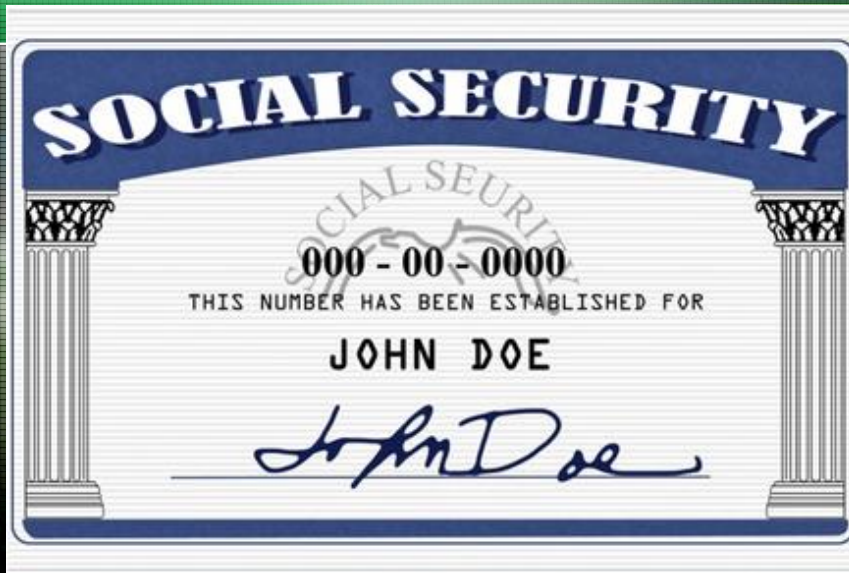
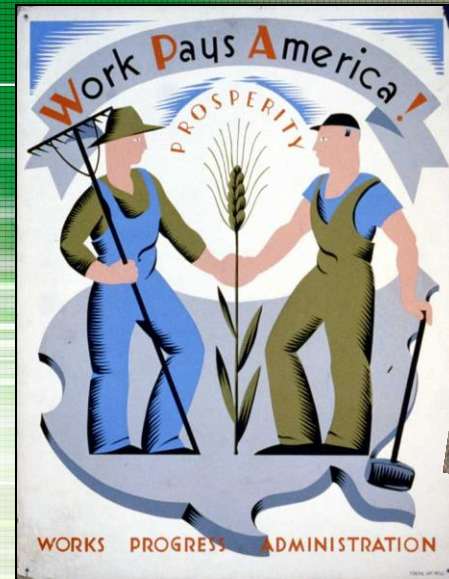


# The New Deal

FDR pledged a “**new deal**” for the American people. From March 9 to mid-June 1933, Roosevelt sent Congress dozens of new bills. The laws passed during the first **Hundred Days** of Roosevelt’s administration had three major goals:

1. **Relief** for the hungry and jobless
2. **Recovery** for agriculture and industry
3. **Reforms** to change the way the economy works

These programs related to jobs, banking, wages, and agriculture.

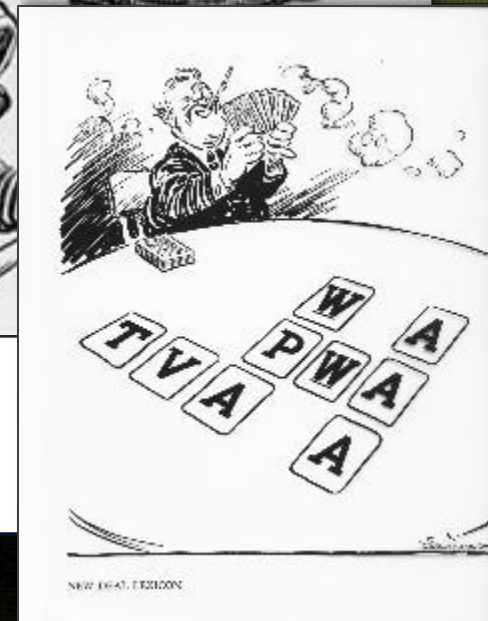


# Alphabet Soup

At least 100 agencies were created as part of the New Deal. Most were established through Roosevelt's executive orders. The agencies were sometimes referred to as alphabet soup. Some of the agencies still exist today, while others have merged with other departments and agencies or were abolished, or found unconstitutional.



**These political cartoons feature the acronyms of some of the many New Deal programs.**



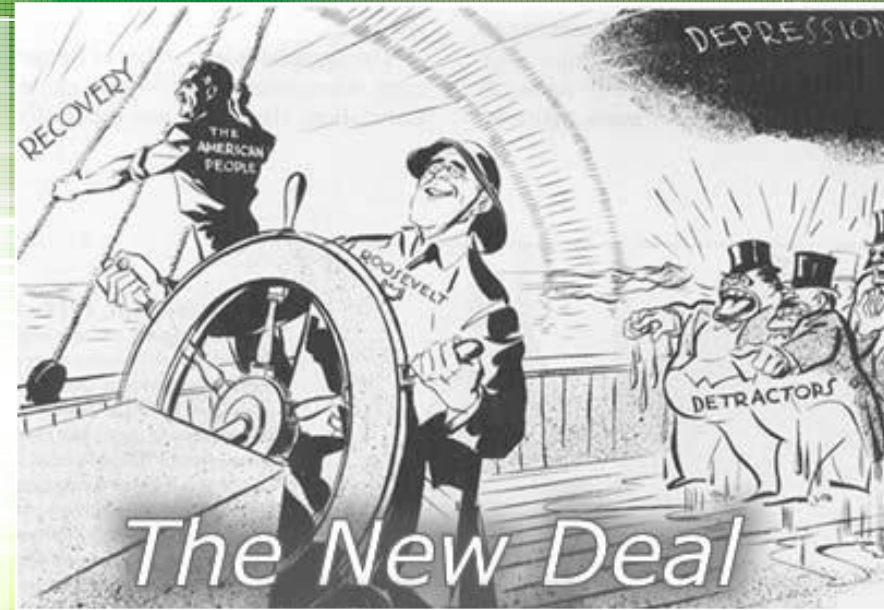
# The New Deal

Historians distinguish a "**First New Deal**" (1933) and a "**Second New Deal**" (1934–36). Some programs were declared unconstitutional, and others were repealed during World War II.

The "**First New Deal**" (1933) dealt with groups; from **banking** and **railroads** to **industry** and **farming**, all of which demanded help for economic recovery.

The "**Second New Deal**" (1934-36) included the **Wagner Act** to promote labor unions, the **Works Progress Administration (WPA)** relief program, the **Social Security Act**, and new programs to aid tenant farmers and migrant workers.

The economy shot upward, with FDR's first term marking one of the fastest periods of GDP growth in history. However, a downturn in 1937-38 raised questions about just how successful the policies were. A majority of economists and historians agree the New Deal had an overall benefit.





# Journal

If you were a member of the press during FDR's presidency and you were asked never to photograph President Roosevelt below the waist because of his paralysis, would you comply with the request? Explain.



# MAJOR NEW DEAL PROGRAMS

QUICK  
FACTS

## Relief



**Civilian Conservation Corps (CCC)**, 1933 Provided jobs on conservation projects to young men whose families needed relief

**Federal Emergency Relief Administration (FERA)**, 1933 Provided grants to states for direct relief to the needy

**Public Works Administration (PWA)**, 1933 Provided public-works jobs for many of those needing relief

**Civil Works Administration (CWA)**, 1933 Provided public-works jobs for many of those needing relief

**Works Progress Administration (WPA)**, 1935 Provided public-works jobs on a wide range of projects for many of those needing relief

**Social Security Act**, 1935 Established pensions for retirees, unemployment insurance, and aid for certain groups of low-income or disabled people

**Farm Security Administration (FSA)**, 1937 Provided assistance to tenant farmers to help them purchase land or establish cooperatives

## Reform



**Emergency Banking Act**, 1933 Gave federal government power to reorganize and strengthen banks

**Federal Deposit Insurance Corporation (FDIC)**, 1933 Established an insurance program for deposits in many banks

**Securities and Exchange Commission (SEC)**, 1934 Provided increased government regulation of the trading on stock exchanges

**National Labor Relations Act (NLRB)**, 1935 Established the National Labor Relations Board to enforce labor laws

**Fair Labor Standards Act (Wages and Hours Law)**, 1938 Established minimum wages and maximum hours for many workers

## Recovery



**Agricultural Adjustment Administration (AAA)**, 1933 Encouraged farmers to cut production in return for a subsidy

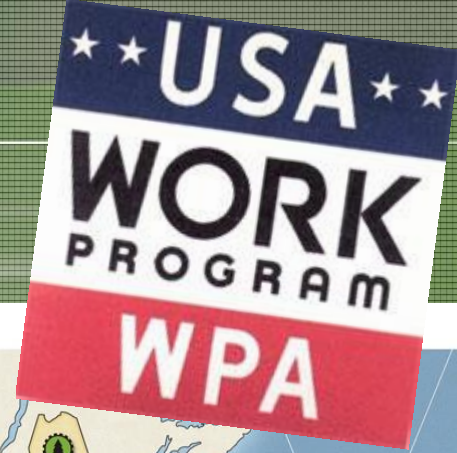
**Tennessee Valley Authority (TVA)**, 1933 Promoted development projects for the Tennessee River Valley—for example, to improve navigation, produce electricity, and control floods

**National Industrial Recovery Act (NIRA)**, 1933 Encouraged cooperation among businesses in establishing production and labor practices

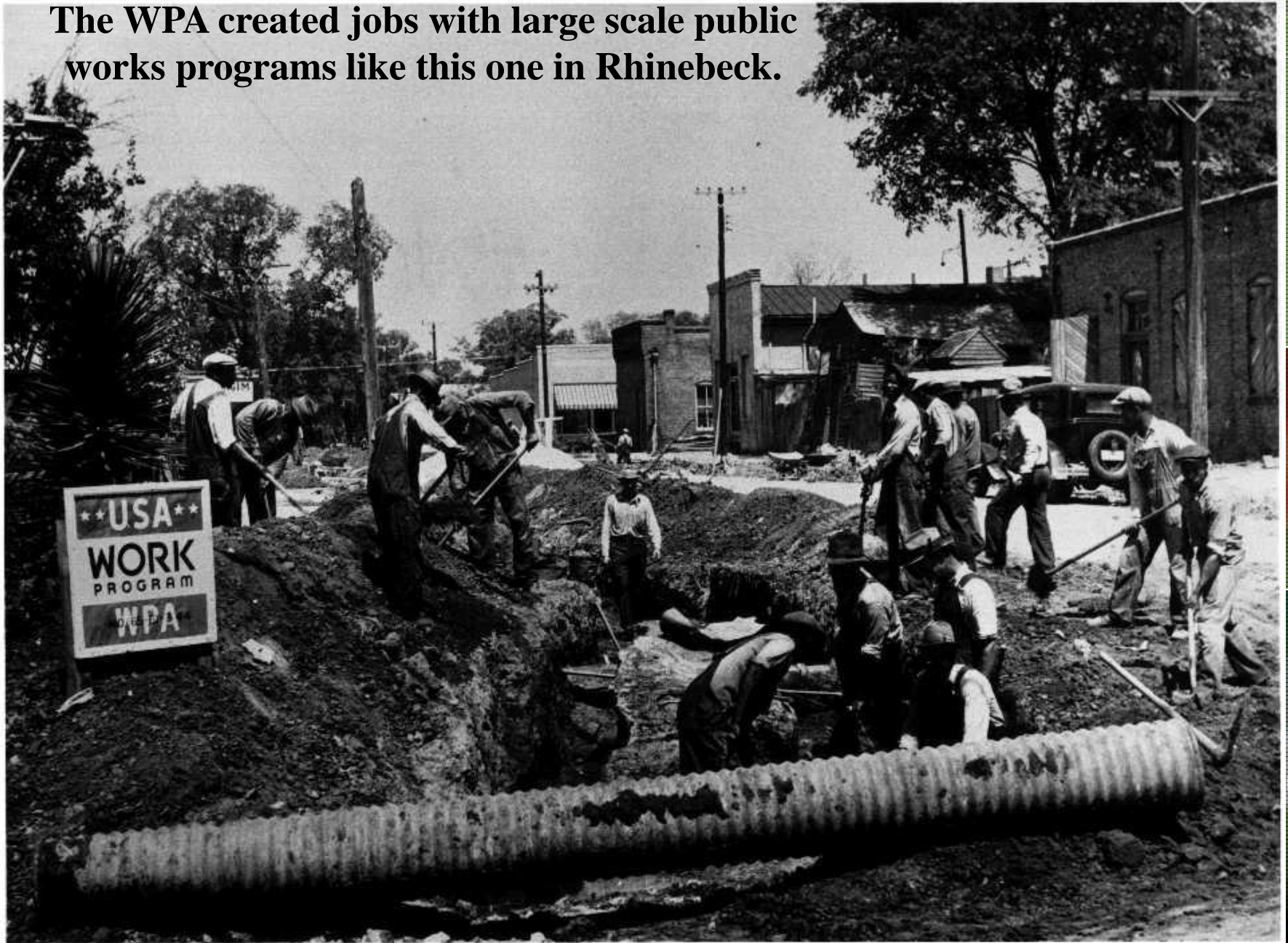
**Federal Housing Administration (FHA)**, 1934 Encouraged loans for renovating or building homes

**Rural Electrification Administration (REA)**, 1935 Encouraged the delivery of electricity to rural areas

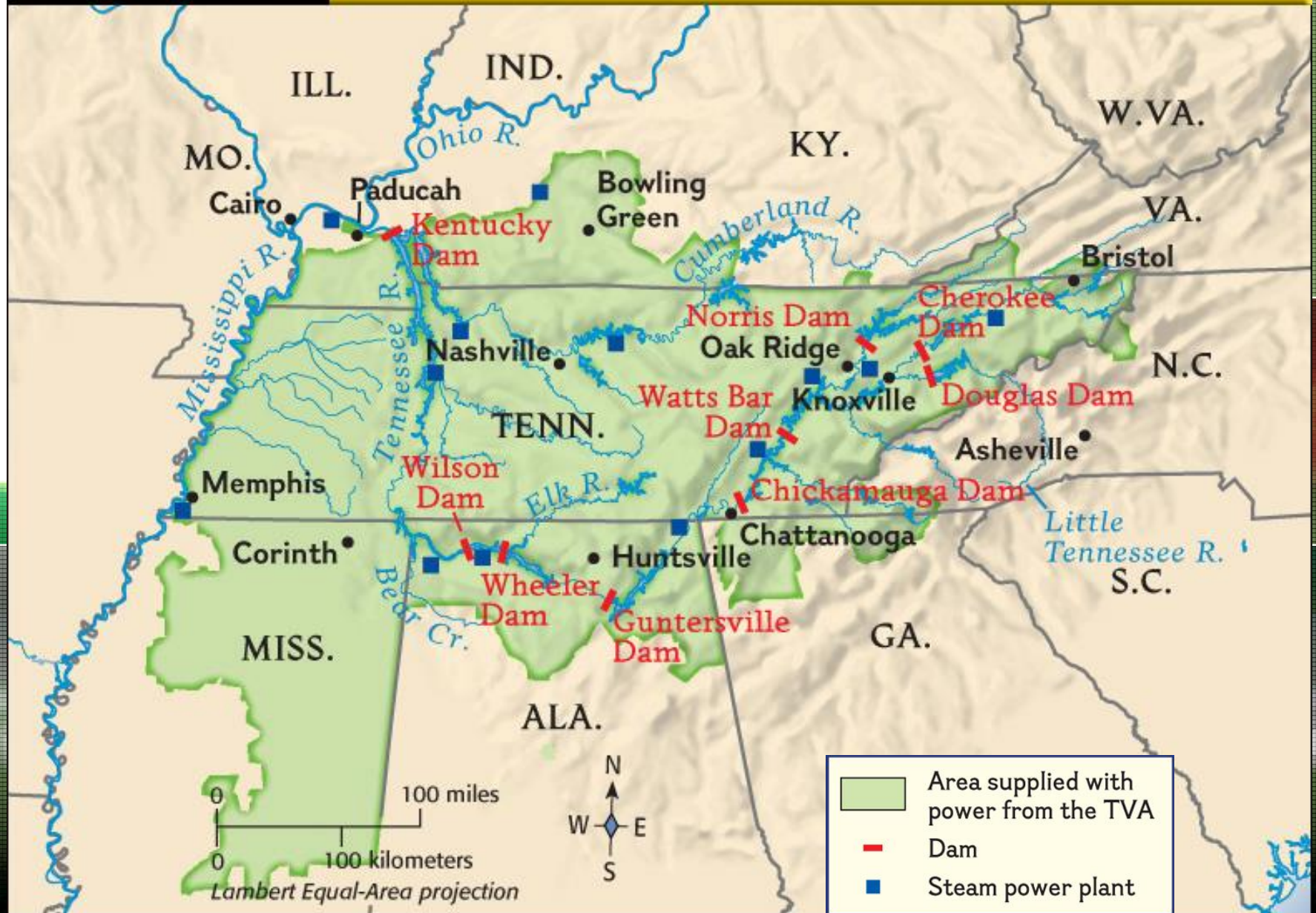
Workers at the WPA and PWA completed projects that benefited communities across the country.



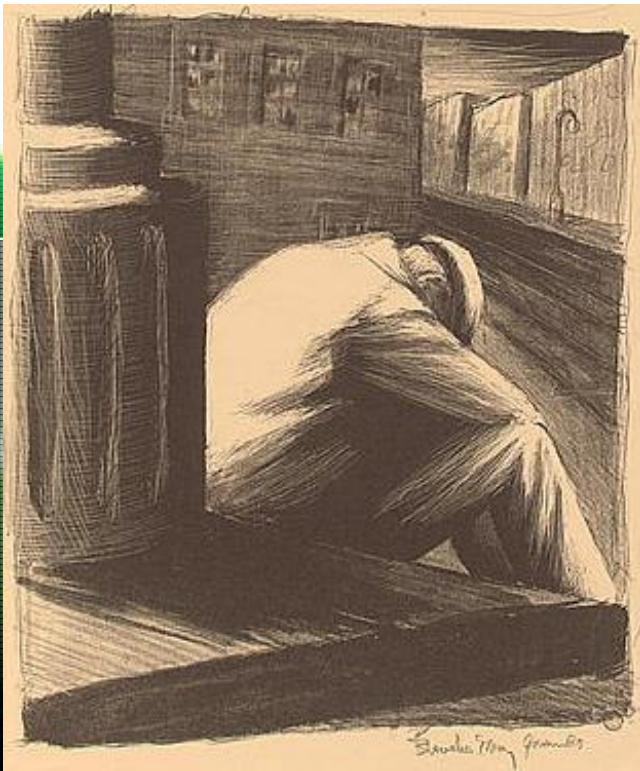
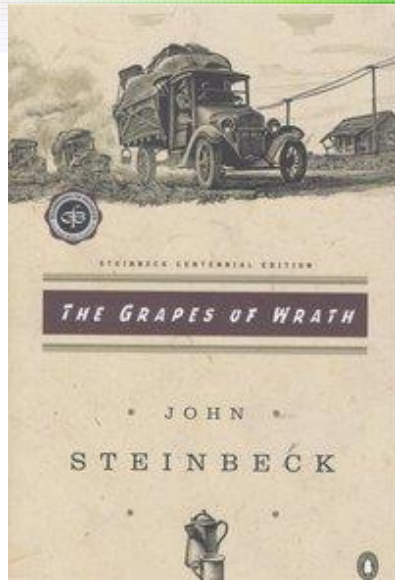
The WPA created jobs with large scale public works programs like this one in Rhinebeck.



# The Tennessee Valley Authority



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Artists and writers captured the hard times and suffering of the depression era.

# Murals of the New Deal

The WPA paid artists to create public art. *Construction of the Dam*, a mural by William Gropper, shows workers on a WPA construction project.

Men operating air drills and rope work the dangerously steep slopes of the canyon.

Workers operating a heavy crane hoist a huge conduit above a canyon.

A group of muscular men put together a large section of steel framework.



1900 1910 1920 1930 1940 1950 1960 1970 1980 1990

## Responses to the New Deal

During his first **Hundred Days** in office Roosevelt and congress passed a collection of laws. The goals of these new laws were **relief, recovery, and reform.**

Conservatives thought the New Deal **restrictions on businesses and individuals went too far. They opposed the growth of the federal government and questioned how it would pay for all the new programs.**

Other critics charged that the New Deal didn't go far enough. Louisiana senator Huey Long wanted to tax the rich and give their wealth to the poor.

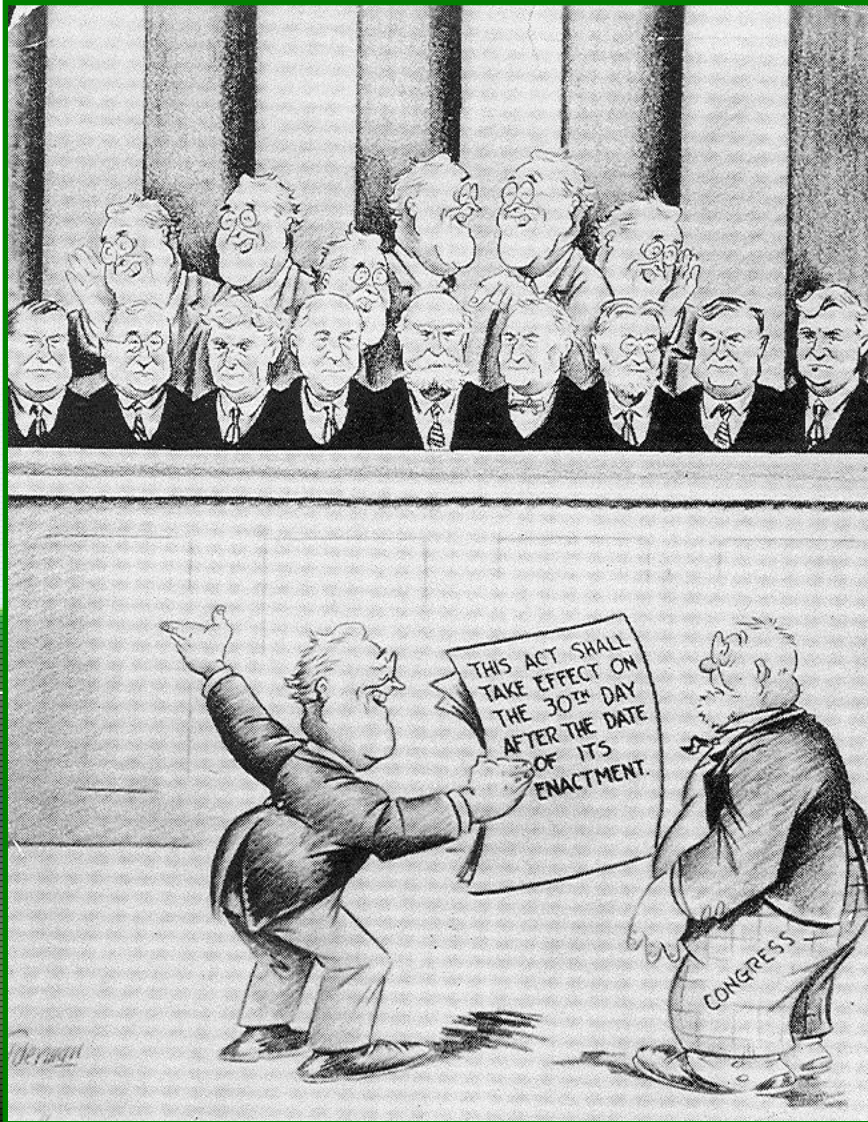
Father Charles Coughlin argued for taking over the banks and changing the economy to help the poor. Francis Townsend proposed giving \$200 a month to every American over the age of 60.



**Huey Long**



# Court-Packing



In 1935, the Supreme Court began to strike down New Deal laws. Most of the nine justices didn't support FDR's programs and felt they gave the federal government too much power.

In 1937, FDR asked Congress to pass a bill that would allow him to add six justices to the Supreme Court. He planned to appoint justices who shared his ideas about government and would give him a majority on the Court.

**Both Republicans and Democrats harshly criticized this “Court-packing” bill. They said it interfered with the system of checks and balances voted the bill down.**

Within the next two and a half years, retirements and deaths allowed Roosevelt to name five liberal justices to the Court.

## Eleanor Roosevelt



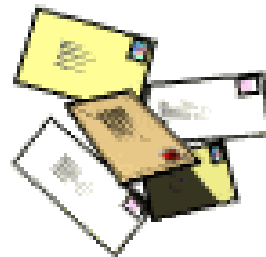
When her husband became President in 1933, Eleanor Roosevelt was determined “*to do things on my own, to use my own mind and abilities for my own aims.*” She had visions that she wanted to see put into motion and struggled to balance that and her role as First Lady.

One of her goals was to see women play a larger role in Washington politics. She held weekly meetings with female reporters and **pushed for women to hold political office** in the White House. Her efforts led to women joining the NRA Labor Advisory Board as well as NRA Consumer Advisory Board. After noticing that two of her husband’s plans ignored unemployed women, she lobbied to have women’s divisions created in these plans with women to lead them.

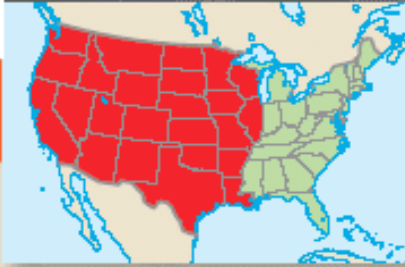
In addition, Eleanor Roosevelt fought against racial discrimination and also worked to improve the lives and living conditions of the poor.

## Letters to Eleanor Roosevelt

1. Identify the people that wrote to Mrs. Roosevelt by gender, age, race, religion, geographic region, education, or socio-economic status.
2. Do you believe that writing to a powerful or influential person about a problem is an effective means of resolving that problem?
3. If you were writing a letter to first lady Michelle Obama, what issues would you focus on?



# The Dust Bowl



In the early 1930s, a **drought** hit the Great Plains and lasted for several years. Combined with **overgrazing** of livestock and **over plowing** of fields the drought severely damaged farms in a region that came to be known as the **Dust Bowl**.



Dust Bowl

Other areas severely affected by wind erosion

Migration routes

0 250 500 Miles

0 250 500 Kilometers

Albers equal-area projection

## GEOGRAPHY SKILLS

### INTERPRETING MAPS

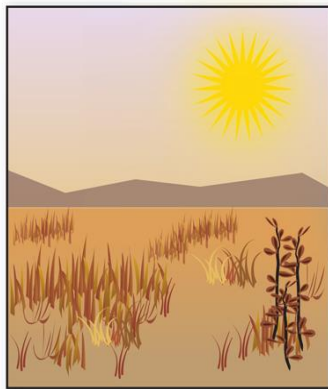
- 1. Movement** To what areas of the country did Dust Bowl migrants go?
- 2. Region** In which states was it located?

See **Skills Handbook**, p. H18

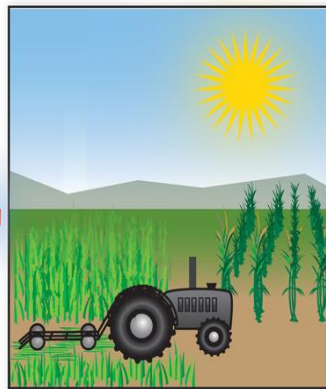
# The Dust Bowl

Winds blew away soil on land cleared by farmers and parched from drought. The result was “black blizzards.” Black blizzards blocked the sun, seeped into houses, and killed people and animals. Crops failed, and farmers were ruined. In some counties, one in three families left to make a living elsewhere.

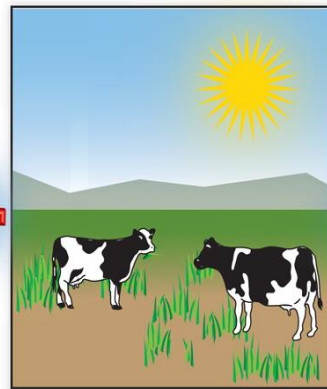
Many farm families headed west, looking for work. Dust Bowl refugees competed with local workers for low-paying jobs. Eventually, police tried to close roads into California, but migrants kept coming. People in California called the migrants “Okies” because so many were from Oklahoma.



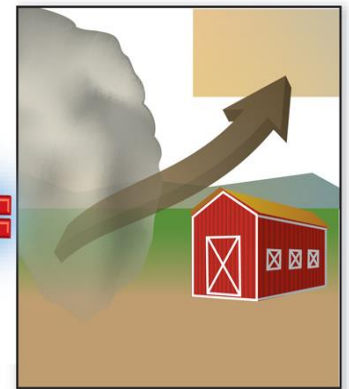
Severe drought scorches the land.



Farmers plow deep-rooted grasses to plant crops.



Livestock overgraze the land.



Windstorms blow topsoil away.

## Black Blizzards

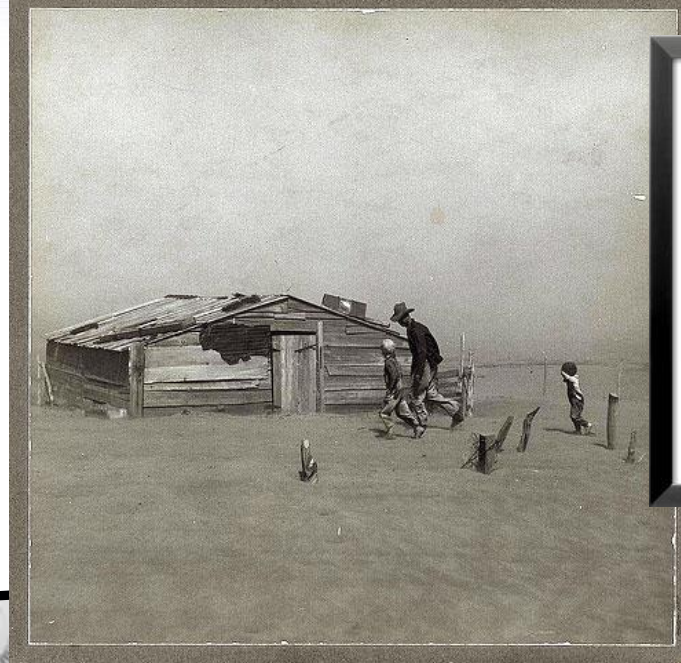


A dust cloud approaches the town of Stafford, Texas in 1935, above. The picture to the right shows a family in a car trying to escape a dust storm.



Woody Guthrie – *Do Re Mi* 📣





3-11-1911

1990

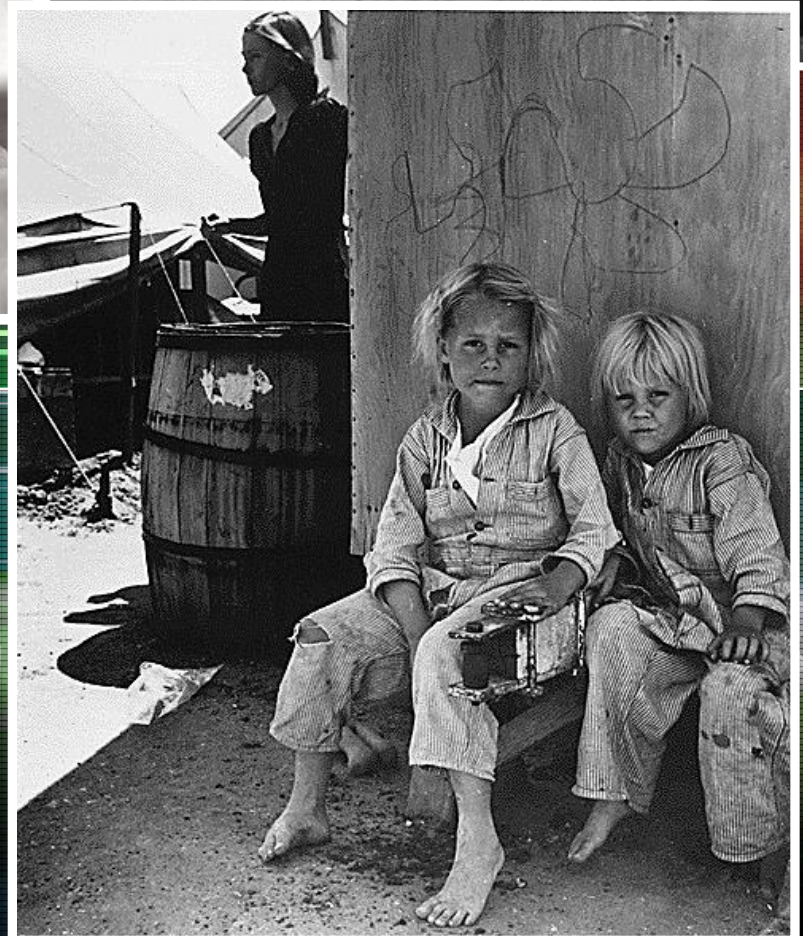




More Oklahomans reach Calif via the cotton fields of Ariz.

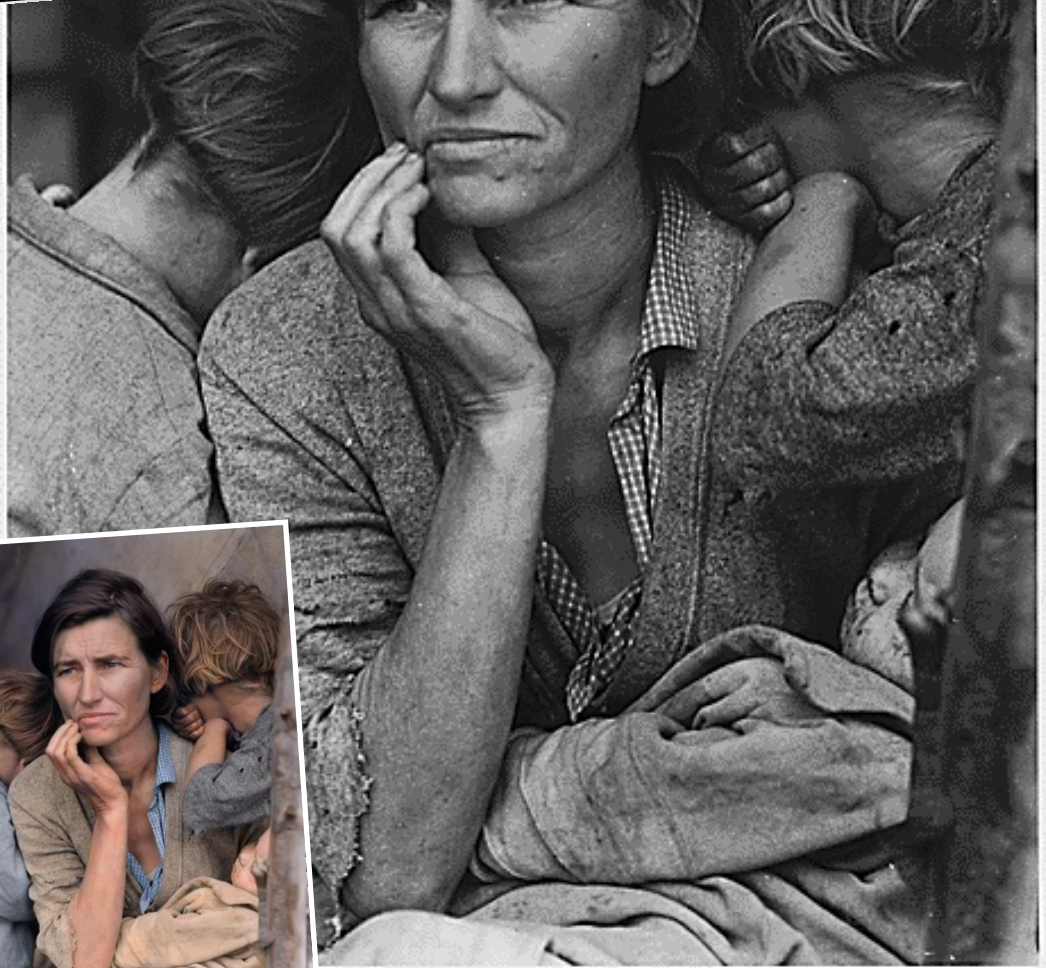






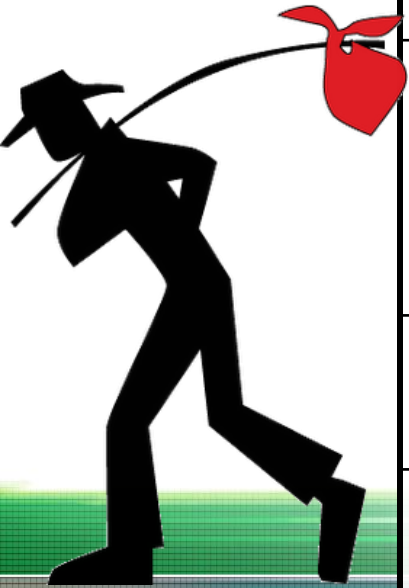
# The Dust Bowl

2.5 Million people migrated west in search of jobs. Farm towns in California quickly became overcrowded. Dorothea Lange captured the hopelessness of the migrants in a series of famous photographs.



Photographs of Florence Owens Thompson, *Migrant Mother* by Dorothea Lange.

## Life During the Depression



**Farmers in the Dust Bowl** – saw their farms ruined by drought and dust storms. Farmers and their families became migrants in search of work; few found jobs.

**Families** – many lost their homes and were forced to live in shacks or cars. Unemployment meant that many could not buy food, thousands stood in bread lines. Children dropped out of school and tried to find jobs.

**Writers & Photographers** – wrote books and took photos that portrayed the hard times.

**Women** – were pressured to give up their jobs, but many still worked. More women held jobs in FDR's administration than even before.

**Minorities** – FDR included more minorities in government than ever before. Still African-Americans and Mexican Americans were hurt hard by the depression.

**Unions** – the Wagner Act gave Unions the ability to negotiate. Unions used an effective new tactic, the sit down strike; Union membership grew.

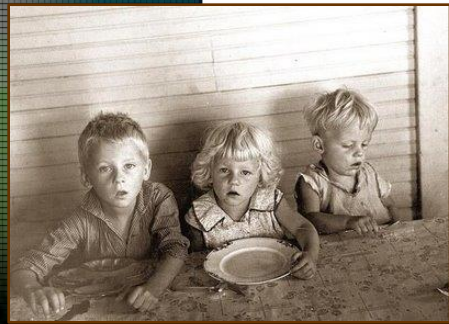
# Life During the Depression



What was it like growing up during the Great Depression? For many young people, life was a daily struggle. **Approximately 250,000 children were homeless** in the early years of the Depression. Many became nomads, traveling the highways and railways.



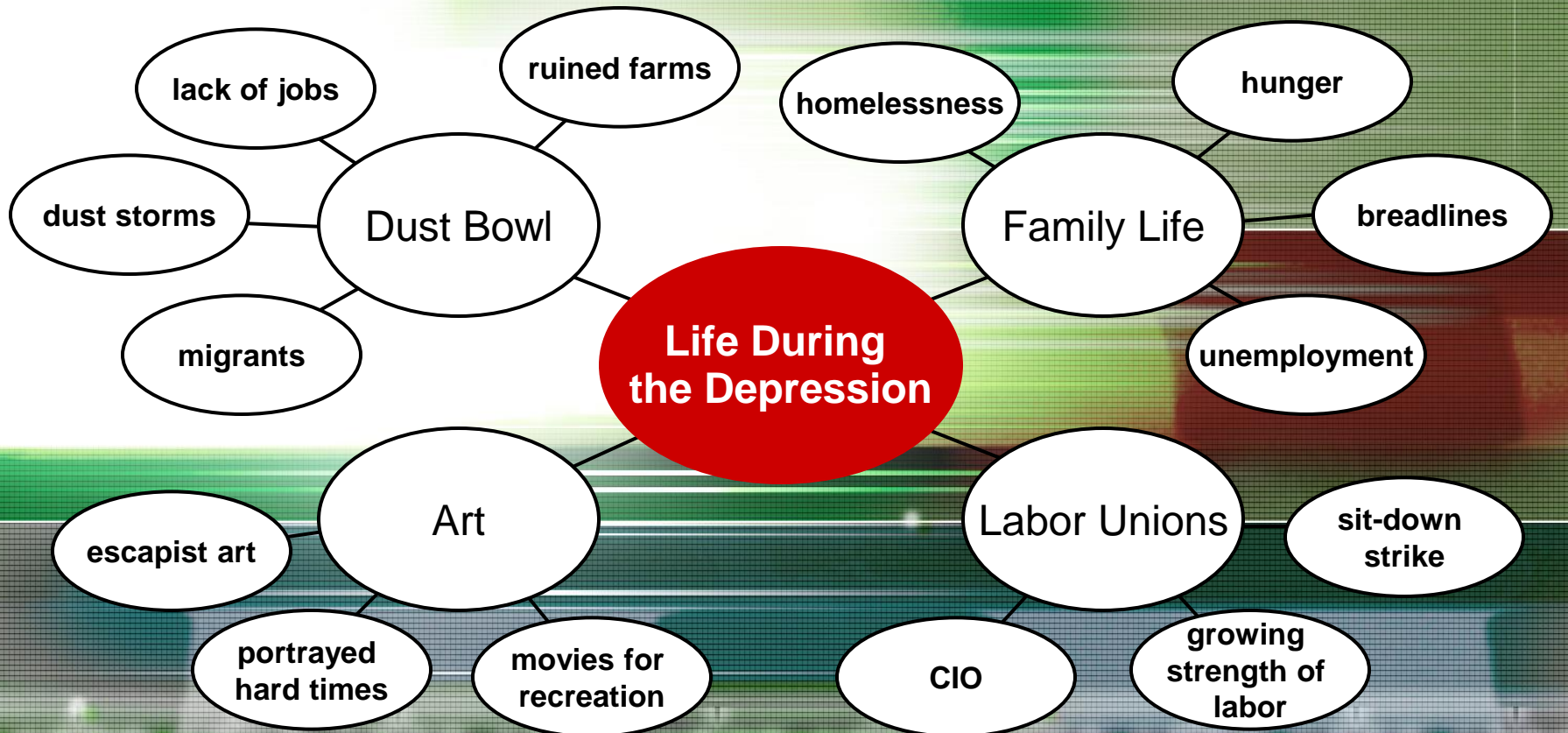
**20% of America's children were hungry and without proper clothing.** In some coal mining regions, the percentage of **malnourished children reached as high as 90%**. Children went without shoes and warm clothes for the winter.



Thousands of schools had to close down because they lacked the money to stay open. **About 3 million children between 7 and 17 had to leave school.** **40% of young people from age 16 to 24 were neither in school nor working.**

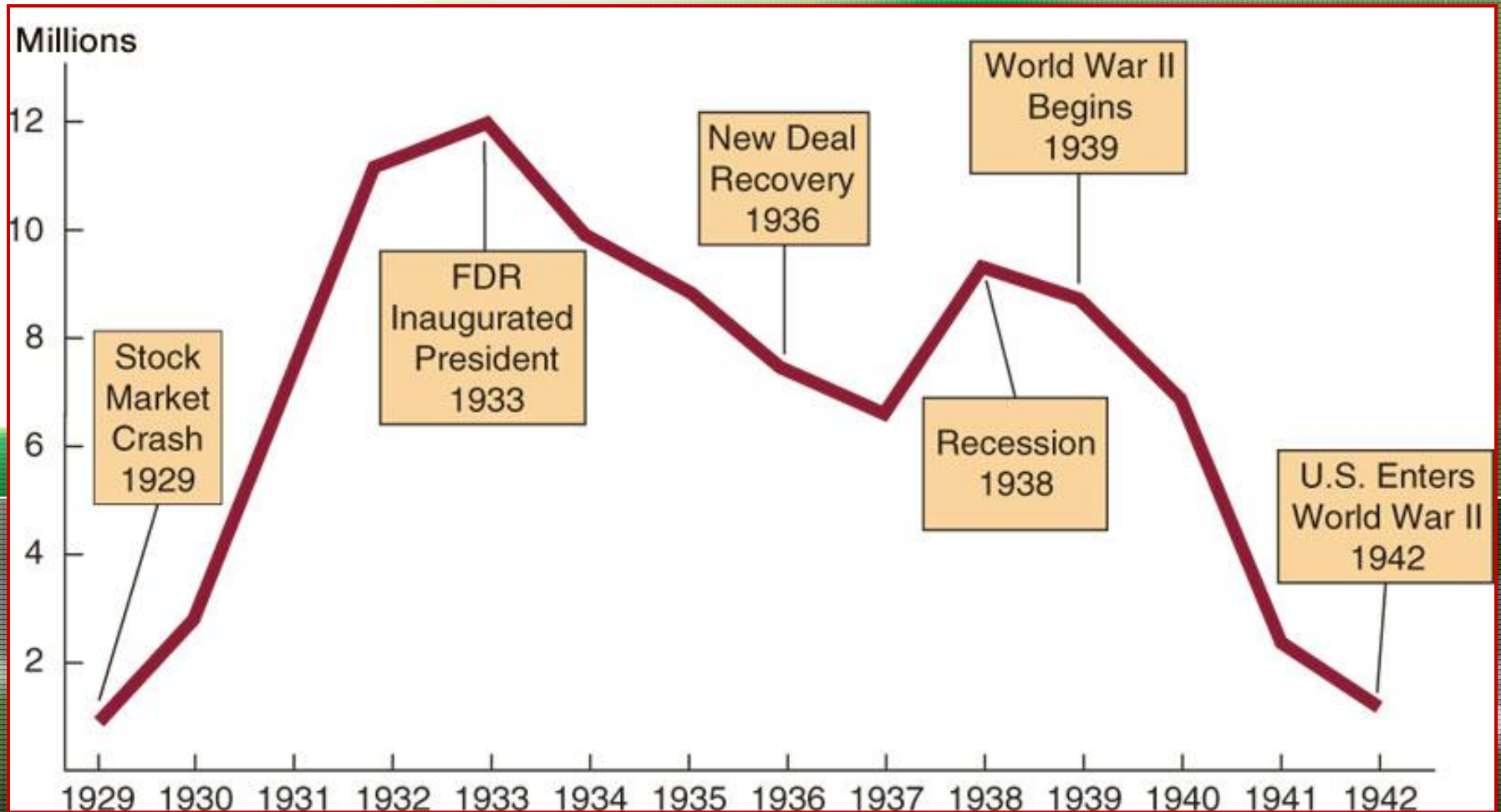


# Life During the Depression



1900 1910 1920 1930 1940 1950 1960 1970 1980 1990

## Unemployment, 1929-1942





# Legacy of the Depression and New Deal



## Legacy of the Depression and New Deal

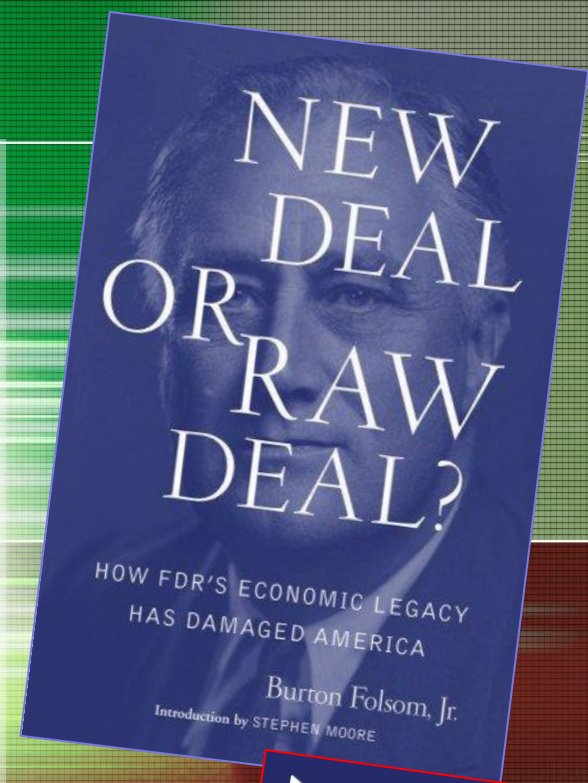
- a national pension system
- agricultural price supports
- protection for savings
- regulation of the stock market
- oversight of labor practices



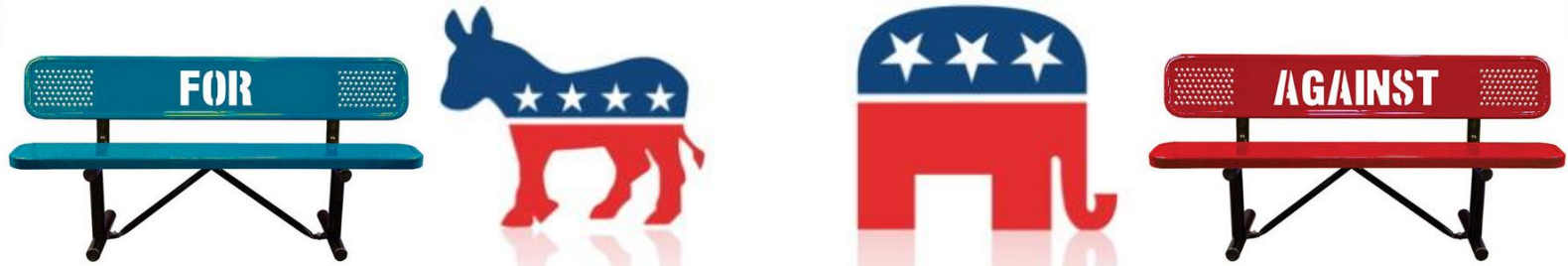
# Roosevelt's Legacy

President Roosevelt increased the power of the presidency. Roosevelt also expanded the power of the federal government. Because of the New Deal, the federal government became directly responsible for people's well-being in a way it had not been before. **People began to see the federal government, not their state or local governments, as the protector of their welfare.**

This debate about the role of government continues to shape American politics today. **Liberals** favor government action to bring about social and economic reform. **Conservatives** generally favor fewer government control over individuals and business.



# Roosevelt's Legacy



## Arguments For the New Deal

- employed millions of jobless people
- ended the banking crisis
- reformed the stock market
- saved poor families from losing their homes
- improved working conditions
- built infrastructure
- created lasting works of art
- restored many Americans' faith in government

## Arguments Against the New Deal

- gave too much power to the federal government
- threatened individual freedom and free enterprise
- led to a massive increase in the nation's debt
- did not end the Great Depression