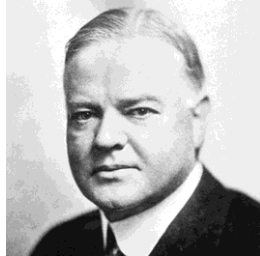
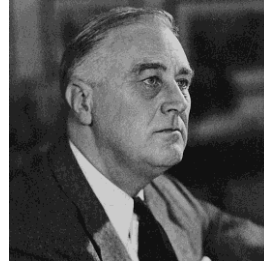


The Great Depression

Between 1929 and 1933, the United States had four years of the worst economic depression ever seen in its history. At his inaugural address, Franklin D. Roosevelt states ***“the only thing we have to fear is fear itself.”*** There were two Presidents during the Great Depression, Herbert Hoover and Franklin D. Roosevelt and its recovery took 12 years.



Herbert Hoover



Franklin D. Roosevelt

Timeline of events for the Stock Market Crash of 1929

- **Black Thursday – October 24th:** the market saw an unexpected sell, stock prices plunged.
- **Friday – October 25th:** a group of bankers bought millions of dollars’ worth of stock hoping to stabilize prices. It worked, only for one day!
- **Monday – October 28th:** the selling frenzy continued
- **Black Tuesday – October 29th:** the bottom fell out of the Stock Market. Millions of people ordered “sell” but no buyers were found.

The Causes Leading to the Stock Market Crash

A Rising Stock Market March 1928 to September 1929	The average investor doubled his money in less than 1 year. Millions of Americans invested in the Market
Uneven Distribution of Income	The top 5% of the country had 33% of the nation’s wealth.
Stock Market Speculation	People were not investing in a company. They were only short-term speculating for a quick financial gain
Buying on Margin	Investors were first allowed to borrow most of the cost of a stock. They could make down-payments as low as 10% of the total. In order to make money the stock must increase in value in order for them to repay the loan.
Excessive Lines of Credit	Installment buying, promoted by advertising campaigns were common.
Overproduction of Consumer Goods	Too many items were for sale and stagnant wages meant that average people were no longer able to buy new goods.
Weak farm Economy	Overproduction of crops, high debt, low prices, severe weather and a drought all affected farmers and buyers.
Poor Government Policies	There was no government control over business. In addition there was a high tariff and bad international practices.
Global Economic Problems	The effects of World War I, Germany not paying its war debts, the Dawes Plan had worked but stopped when the “Crash” came.

The Effects of the Stock Market Crash

- GNP (Gross National Product) the total of all of the goods and services produced in the country during one year went from \$104 billion to \$56 billion in four years
- The National Income **declined** over 50%
- 25% of the banks closed and wiped out over \$10 million in savings accounts
- By 1933, 13 million were unemployed (25% of the workforce) and this did **not** include farmers
- Poverty and homelessness swept through the nation
- Family stress increased as many were searching for work
- Mortgage foreclosures and evictions took place every day



A typical "bread line" during the Great Depression

President Herbert Hoover's Policies

Initially, Hoover did not believe that the Great Depression would last. He thought that the nation should only take voluntary actions and use minimal restraints.

1. Businesses should cut wages to compensate
2. Unions should not be able to strike
3. Private charities must increase their efforts to help the needy and jobless

By the 1930's, Hoover's approach was not enough and the government had to take more action. However, Hoover's belief was that of a **traditional view**, relief must come from the states and local governments, and not from the federal government.

Hawley-Smoot Tariff of 1930 – saw the highest ever import rates of duty. Amounts varies from 31% to 49% based on the item. Europe counteracted creating a lack of trade, only worsening the depression.

In 1931 there was a **Debt Moratorium** where a suspension of payments for international debts was put into place. The results were disastrous.

1. The international economy suffered major loan defaults
2. Many large depositors withdrew their money from banks, making it even worse.

Hoover's Domestic Programs were Too Little, Too Late!

The **Federal Farm Board** was created in 1929 to hold wheat and cotton in storage locations. However, the farmers kept growing crops and overproduction increased.

The **Reconstruction Finance Corporation (RFC)** was a federally-funded, government-owned corporation created in 1932 with the goal to stabilize railroads, banks, life-insurance companies. This would create a **"trickle-down"** effect on the economy. However, the Democrats were against this policy as they believed that it only catered to the rich.

The **Farm Holiday Association** was created to stop the entire 1932 crops from getting to markets. It did not want the farmers to grow anything for an entire year. It failed as crops were still grown and harvested.

The **Bonus March of 1932** saw thousands of unemployed veterans camp out in Washington, D.C.

- Congress failed to pass their bonus bill
- Two veterans died when a clash with police and Hoover ordered federal troops to break-up the event
- General Douglas MacArthur used tanks and tear gas to destroy their "shantytown"
- President Hoover was now seen as heartless and uncaring



Bonus March Veterans



Federal Troops to break up the protest

The Election of 1932 saw Hoover defeated as the Democrats feared another term would only make life worse. Elected was **Franklin Delano Roosevelt**, the ex-Governor of New York. His Vice-President was **John Nance Garner** of Texas. With a new President and Democratic majority in both Houses, Roosevelt's "New Deal" could quickly get underway. To speed up the process, the **20th Amendment** – known as the **Lame Duck Amendment**, was passed changing the new President's inauguration to **January 20th**.

Life during the Great Depression

Millions of Americans had “**Depression Mentality**” which was an attitude of insecurity and economic concerns.

Women worked in order to feed and cloth their children. They were often accused of taking away jobs from men. They always received lower pay than men, despite the campaign efforts from the President’s wife, Eleanor Roosevelt.

Dust Bowl Farmers emerged in the 1930’s across the Great Plains due to a severe drought, high winds causing topsoil erosion, and poor farming practices. Thousands from Oklahoma (Okies) moved to California in search of farm work, however none was found. John Steinbeck’s *The Grapes of Wrath* tells of such a situation.



African Americans were always the last to be hired and the first to be fired!

- They were excluded from state relief programs
- They still faced racial tensions and lynching in the Southern states
- Their Civil Rights leaders had no direct support from FDR as he feared by doing so would make him lose the Southern White Democratic vote.
- Some did work for the WPA and CCC but they were still segregated.



The famous African American singer Marian Anderson was denied a singing appearance at Constitution Hall by the Daughters of the Revolution due to her color. Eleanor Roosevelt and Harold Ickes (Secretary of the Interior) bypassed the banishment by having her sing at the Lincoln Memorial. Of note was that during FDR’s New Deal, over 100 African Americans were appointed to middle-level positions in various federal departments.

The **Fair Employment Practices Committee** would be formed later in 1941 through an executive order to assist minorities find jobs in the defense industry but it only came after the Railroad Porters Union threatened to march on Washington, D.C.

Native Americans were assisted during the New Deal when FDR appointed John Collier as Commissioner of the Bureau of Indian Affairs. FDR mandated that federal conservation projects be put on their reservations and Native American workers were to be part of various agencies including the WPA.

The Indian Reorganization (Wheeler-Howard) Act of 1934 repealed the Dawes Act of 1887. This encouraged Native Americans to become farmers and many lands were returned to tribal control. Their was now support to preserve their culture however several tribal leaders accused the New Deal program of being paternal and they refused to go along with the government's plans.

Mexican Americans were discriminated against, especially by white migrants moving from the Dust Bowl region looking for work in the farmlands of California.

