

THE GREAT DEPRESSION

“Any lack of confidence in the economic future . . . is foolish.”

Herbert Hoover

- ◆ **Causes of America’s economic depression of the 1930s**
 - ✓ Old and decaying industrial base (outmoded equipment)
 - ✓ Crisis in the farm sector (overproduction after World War I)
 - ✓ Availability of easy credit (many people went into debt)
 - ✓ Unequal distribution of income (consumers had too little money)

- ◆ **“Black Tuesday” = October 29, 1929**

- ◆ **Herbert Hoover unfairly blamed for onset of Great Depression**
 - ✓ Ramshackle communities referred to as “Hoovervilles”
 - ✓ Bonus Army incident (1932)
 - veterans of World War I earlier promised \$1,000 payable in 1945
 - 300 from Portland to 15,000 assembled in Washington
 - no support from Hoover or Congress
 - ordered to disperse; 10,000 stayed; forcefully removed w/ 300 injured
 - ✓ Noteworthy fault lay in lack of aggressive action
 - sought cooperation of businessmen to maintain prices & wages
 - aid to ailing homeowners & farmers, failing banks & industries
 - Sec. of Treas. Andrew Mellon advocated patience (relative inaction)
 - ✓ Unemployment peaked at 25% during 1932-33
 - ✓ Banking operations had ceased in nearly 80% of states

◆ **Franklin Delano Roosevelt one of America's very best Presidents**

- ✓ Only President elected to more than two terms
- ✓ Success largely the result of willingness to change/experiment
- ✓ Used "fireside chats" to communicate & build morale
- ✓ Guided America thru two extreme crises (home & abroad)

◆ **20th Amendment = advanced President's inauguration (1933)**

- ✓ From March 4 to January 20
- ✓ Implemented to address times of nat'l crisis
 - Lincoln ... secession of several states
 - FDR ... monstrous economic depression
- ✓ Was not ratified in time for FDR's first inauguration
- ✓ Sometimes referred to as the "Lame Duck Amendment"

◆ **Immediate actions to address ailing economy**

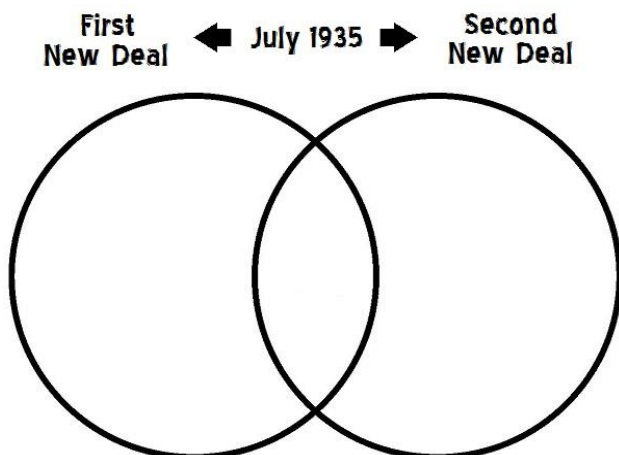
- ✓ Formed "brain trust" → college professors, inc. Raymond Moley
- ✓ Began "pump priming" → pouring \$ into the system
- ✓ Granted extended executive powers by Congress

THE NEW DEAL

"I pledge you, I pledge myself, to a new deal for the American public."



- ① Immediate for the downtrodden & unemployed
- ② Speedy of business elements
- ③ Widespread the economic system



The percentage of Americans receiving unemployment relief varied throughout the country. The midwestern farm belt was particularly targeted by the joint effects of unprecedented economic depression and blinding dust storms. South Dakota was granted the most federal benefits (over 40% of South Dakotans obtained aid; the next highest allocation was 31% to New Mexico residents).

◆ John Maynard Keynes (British economist)

- ✓ Underconsumption = major flaw in America's stagnated economy
- ✓ Aggregate demand = total demand for goods & services
- ✓ Monetary expansion = getting \$ to those who will readily spend it
- ✓ Deficit financing = gov't spending regardless of balanced budget

◆ Countless “alphabet” agencies created

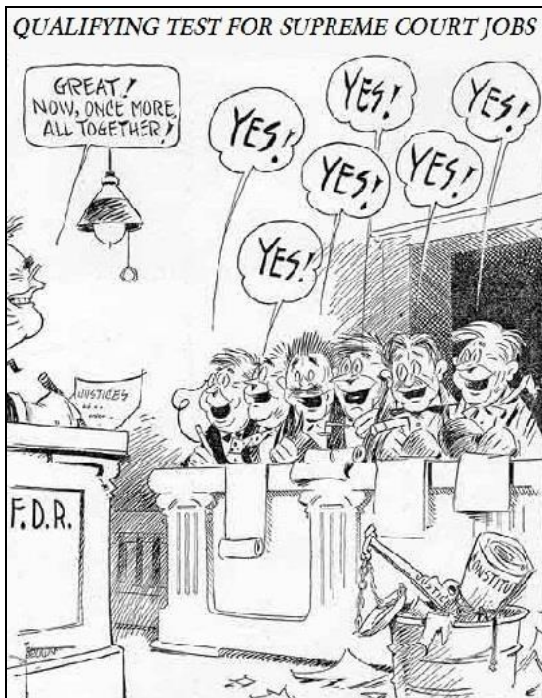
- ✓ Social Security → retirement pensions & unemployment insurance
- ✓ Tennessee Valley Authority Act → affected parts of seven states
- ✓ Glass-Steagall Act → est'd Federal Deposit Insurance Corporation
- ✓ Works Progress Administration → provided jobs in lieu of handouts
- ✓ Civilian Conservation Corps → work relief focused on natural resources
- ✓ Nat'l Labor Relations Act (aka Wagner Act) → “Magna Charta of Labor”

◆ Opponents of the New Deal

- ✓ Gov. & Sen. Huey Long (Louisiana) → “Share Our Wealth” movement
 - gov't would confiscate all family fortunes > \$5 million
 - 100% tax on annual income > \$1 million
 - \$ used to provide “homesteads” & other fiscal assurances
 - ““Every man a king”—that’s my slogan”
- ✓ Father Charles Coughlin → radical Catholic “Radio Priest”
 - began career w/ weekly broadcast on Detroit radio
 - moved focus to secular/political topics (w/ increased audience)
 - became increasingly radical (pro-Nazi & Christian Front)
- ✓ Dr. Francis Townsend → proposed paying elderly (60+) \$200 monthly
 - participants could not be employed
 - recipients must spend entire \$200 each month
 - was not actual base for Social Security program

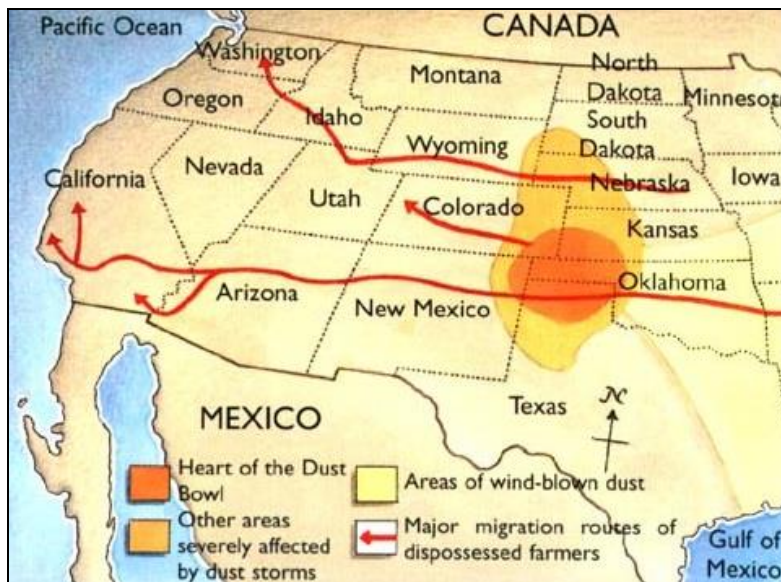
◆ **New Deal difficulties**

- ✓ Supreme Court → “Court-packing” bill (1937)
 - bold step by FDR in wake of 1936 election landslide (FDR’s zenith)
 - if no retirement at age 70, appoint additional justice (15 max)
 - ostensibly to ease work burden, but ...
 - actually attempt to manipulate Court’s balance of political power
 - Court itself shifted, plus defeat by Congress
 - damaged FDR’s free-rein clout & prestige, but ...
 - softened Court’s opposition to New Deal
- ✓ Farm “holiday” movements
 - esp. midwestern farmers
 - frustrated by falling agricultural prices & farm foreclosures
 - burned corn, dumped milk, tipped cows, blocked roads & railways
 - famous protest chant: “Hi-ho, the derry-o, the farmer in the dell”



◆ Society & culture during the 1930s

- ✓ Art → Grant Wood, *American Gothic* (1930)
- ✓ Radio → H. G. Wells, "The War of the Worlds" (1938)
- ✓ Movies → *Gone With the Wind* & *The Wizard of Oz* (both 1939)
- ✓ Music → Woody Guthrie, "This Land is Your Land" (1940)
- ✓ Photography → Dorothea Lange, "Migrant Mother" (1936)
- ✓ Literature → John Steinbeck, *The Grapes of Wrath* (1939)



During the 1930s, severe dust storms ravaged the Texas and Oklahoma panhandles. Kansas, as well, was especially hard hit. The disaster affected adjacent states and stretched northward to the Dakotas. Savage drought, high winds, and poor dryland farming practices combined to create the "Dust Bowl" tragedy. Some 3.5 million people exited the Plains states during the Great Depression, including Lange's Florence Owens Thompson and Steinbeck's fictional Joad family.

◆ Minorities during the 1930s = limited progress

- ✓ Women → Secretary of Labor Frances Perkins & First Lady Eleanor
- ✓ Blacks → Mary McLeod Bethune & FDR's "Black Cabinet"
- ✓ Indians → Commissioner of Indian Affairs John Collier

◆ **Impact of the New Deal ≈ “interventionist welfare state”**

- ✓ Primary benefits were to middle class ☺
- ✓ Provided gov't regulation to many previously uncontrolled areas ☺
- ✓ Helped labor gain a larger share of industry's profits ☺
- ✓ Checked decline of agriculture ☺
- ✓ Eased impact of old age & unemployment ☺
- ✓ Fostered more equitable distribution of nation's wealth ☺
- ✓ Conserved many of country's resources ☺
- ✓ Brought hydro-electrical power to farms ☺
- ✓ Rehabilitated slums thru urban housing projects ☺
- ✓ Brought art & theater to American public thru WPA programs ☺
- ✓ Exhibited positive gov't action in time of crisis ☺
- ✓ Effected changes which prevented later economic disasters ☺
- ✓ Vastly increased fed'l debt ☹
- ✓ Bred bureaucracy & political inefficiency ☹
- ✓ Did not significantly end unemployment ☹

◆ **Abandoned in 1939 amidst threat of massive war in Europe**

