Great Depression
Causes of the Great Depression
Factors leading to the Depression
1- **Overproduction/Underconsumption**

- During the 1920’s investors overestimated the growth of their businesses and produced more than the consumers could purchase.

- **Surplus**
- **Prices ↓**
2-High Tariffs

- **tax on imported goods**

- Congress passed laws to raise the tariffs.
- This protected American made goods.
- Europe placed high tariffs on American goods.
- This made American goods too expensive to buy overseas.
- There was no market for our “over produced” market.
3- Unequal distribution of the wealth

• The wages of the workers did not increase at an adequate level

• Farmers & workers did not share in the economic boom of the 1920’s

• The American farmer had economic problems through out the 1920’s
4- Credit

- Americans were now buying many consumer goods on credit.
- Americans even bought “stock on the margin” or stock on credit.
5. Stock Market Crash

- Hoover was the newly elected president when the market crashed in 1929.

- The stock market crash marked the beginning of the depression.

- However, many factors led to the Great Depression before Hoover was elected.
Hoover’s Rugged Individualism
Hoover’s Strategy

- Hoover believed the government should not be involved in direct relief.
- Relief should come from the state governments or charity.
- Reconstruction Finance Corporation: loaned money to businesses.
Bonus Army

• Senate defeated a bill to grant veterans of WWI their bonus pension early

• The veterans marched on Washington

• Hoover sent in federal troops to remove them

• Drove them out and burnt their camps

• Many Americans were shocked at the treatment of the veterans
  • Anger grew against Hoover

- Douglas MacArthur
Hoovervilles

- Shanties or shacks where the homeless lived
- The public blamed Hoover for not doing enough to help
Election of 1932

Hebert Hoover: Republican

Franklin D. Roosevelt: Democrat
“We have nothing to fear but fear itself.”

- Famous line from FDR’s inauguration speech in 1933
- He was talking about the Great Depression
- He was encouraging the American public.
FDR & The New Deal

Relief, Reform, & Recovery

• Relief: Government actions to provide direct aid to the unemployed & homeless

• Recovery: Government actions to help businesses recover & rebuild

• Reform: Government actions to prevent another major depression
First 100 days

- National banking Holiday
- FDR closed all the banks and they were audited.
- Sound banks could reopen
- Failing banks were stabilized by the government

This restored confidence in the banks
Federal Deposit Insurance Corporation

- Congress passed the Glass-Steagall Act which established the F.D.I.C.

- The federal government insures money in member banks.
Civilian Conservation Corps

- This was a public works program run by the army

- Provided jobs, housing and food for single men from 18-25

- They built roads, schools, maintained parks, beaches etc.
Tennessee Valley Authority

- U. S. Government constructed a series of dams along the Tennessee River
- This provided jobs for workers
- Prevented flooding
- Brought electricity to rural areas
National Industrial Recovery Act

- Established the National Recovery Administration
- This adm. Established fair codes for businesses
  - wages
  - working conditions
  - prices & production
Wagner Act

• National Labor Relations Act:

• Introduced by Senator Wagner

• Legalized collective bargaining &

• Closed shops: workplaces where only union members can work
Social Security

- Provided financial security in the form of payments to people who could not support themselves.
- Old Age Pension Funds
- Unemployment Insurance
- Aid for dependent children & the disabled
Fair Labor Practice Act

- Established minimum wage
- Established 40 hour work week
- Child Labor Laws
Roosevelt’s Helpers

- FDR was the first President to appoint a woman to his cabinet – Frances Perkins who became Secretary of Labor

- FDR had about a dozen women in key New Deal positions

- He also appointed minorities in key jobs, including Mary McLeod Bethune

- FDR’s wife Eleanor helped him by traveling to drum up support for the New Deal – the President’s disability made it hard for him to do it himself

- She took on a new, active role for First Ladies
New Deal’s Impact on Women

• Was not a great help to women

• Women who worked were accused of taking jobs from men

• Many New Deal programs allowed women to receive lower pay than men
Dust Bowl Farmers

- The farmers had suffered throughout the 1920’s

- In the early 1930’s there was a severe drought that ruined the crops in the Great Plains.

- The winds turned the farms into “dust bowls”

- Many farmers from Okla. migrated to California (Okies)
New Deal’s Impact on African-Americans

- Because of racism, African-Americans were the last hire & first fired in the 1930’s.
- The New Deal provided some relief for African-Americans through the WPA & CCC.
- FDR appointed over 100 African Americans to mid-level jobs.
New Deal’s Impact on Native Americans

• Indian Reorganization Act (Wheeler Howard Act)

• Dawes Act of 1887 was repealed

• This act returned lands to the tribes and supported the preservation of Native American culture
Impact of New Deal on Mexican Americans

• During the 1920’s Mexican-Americans were the principle farm workers in California

• Because of the Depression & Dust Bowl they were now being forced to return to Mexico
Problems with the New Deal

• Many felt that the New Deal didn’t go far enough – for example, minimum wage was still low, women were often left out, many programs in the south reinforced racial segregation
Critics of the New Deal

- Many Republicans knew that something had to be done about the Depression, but they disapproved of the socialist elements of the programs— they thought it went too far.

- Other critics argued that the New Deal did not go far enough.

- Modern critics argue that the New Deal didn’t allow the market to work and disapproved of how the markets were controlled (for example, farmers were paid not to plant).

- Critics also disapproved of deficit spending— paying out more money from the Federal Budget than it was bringing in.
**Other Critics**

- Some other New Deal critics were demagogues, leaders who manipulate people with half-truths, deceptive promises, and scare tactics.

- One such demagogue was Father Charles E. Coughlin. At times Father Coughlin contradicted himself. One time he advocated the nationalization, or government takeover and ownership, of banks and the redistribution of wealth. Another time he defended the sanctity of private property. At first he supported the New Deal, later he described Roosevelt as a “great betrayer and liar.” By the end of the 1930s Coughlin was issuing anti-Jewish statements and showering praise on Adolf Hitler and Benito Mussolini, two menacing leaders in Europe.
Huey Long, one time governor of Louisiana, and then United States senator, was another type of demagogue. Long called for a redistribution of wealth in the United States. Long developed a program called Share-Our-Wealth. The goal was to limit individual personal wealth and increase the minimal income of all citizens. Long also called for increased benefits for veterans, shorter working hours, payments for education, and pensions for the elderly.
The Court-Packing Fiasco

- Roosevelt received criticism not only for his programs, but for his actions. None aroused more suspicion than his attempt to “pack” the Supreme court.

- Roosevelt, in an effort to gain more support in the Supreme Court, proposed a major court-reform bill. He recommended that Congress allow him to add six additional Supreme Court justices, one for every justice over 70 years old. His argument was that this would lighten the case load for aging justices. His real intention, however, was to “pack” the Court with judges supportive of the New Deal.

- Critics warned that FDR was trying to undermine the constitutional separation of powers. They were concerned that Roosevelt was trying to gain unchecked powers, which was a serious concern in a time when several dictators ruling in Europe tilted their countries toward tyranny.

- In the end, FDR still wound up with a Court that tended to side with him. Some of the older justices retired and Roosevelt was able to appoint justices who favored the New Deal. However, he also suffered political damage. Many Republicans and southern Democrats united against New Deal legislation. This alliance remained a force for years to come.
Recession of 1937

- Despite the efforts of the New Deal, the economy collapsed again in 1937 and the nation entered a period of recession (slow business activity)

- FDR was nervous because the national debt was rising
The Lasting Achievements of the New Deal

- Many bridges, dams, tunnels, public buildings, and hospitals that were built during the Depression are still in use today

- Bank deposits are insured, the stock market is monitored, and the Social Security Administration is still in effect
Hope for the Nation

- Franklin and Eleanor Roosevelt provided hope for the nation during a desperate time in US History.

- Recovery would not come until the 1940s when a war would speed recovery.