

Chapter 26

The Great Depression

(1929-1941)



Textbook Pages 744-765

1. The Great Crash

When [Herbert Hoover](#) took office as President in 1929 he saw a growing economy. Many workers in America did not benefit from the booming economy. Farmers hit hard times. Their expenses rose higher than the prices farmers received for their products. The farmers did not reduce production. This caused prices to drop and the farmers' income to fall dramatically. Many farmers could not pay back their loans so they lost their farms.

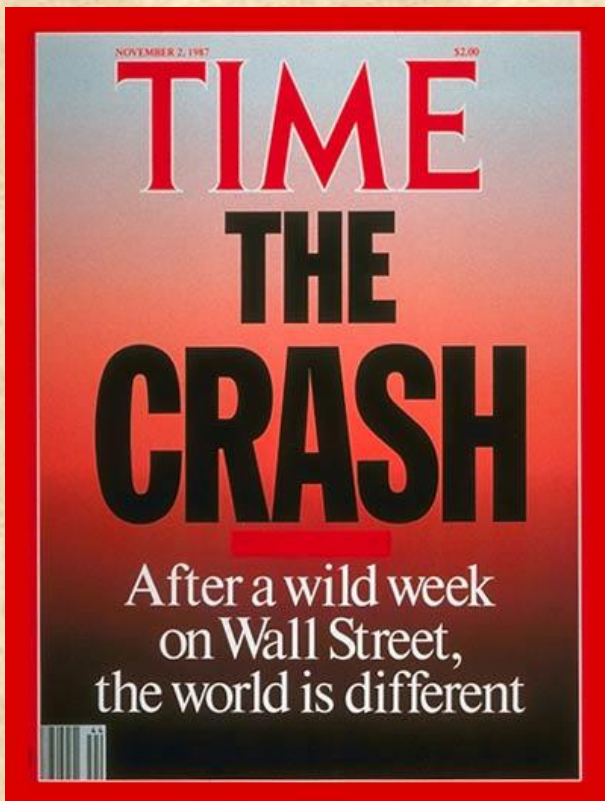


Farm foreclosure sale, ca. 1933. National Archives.

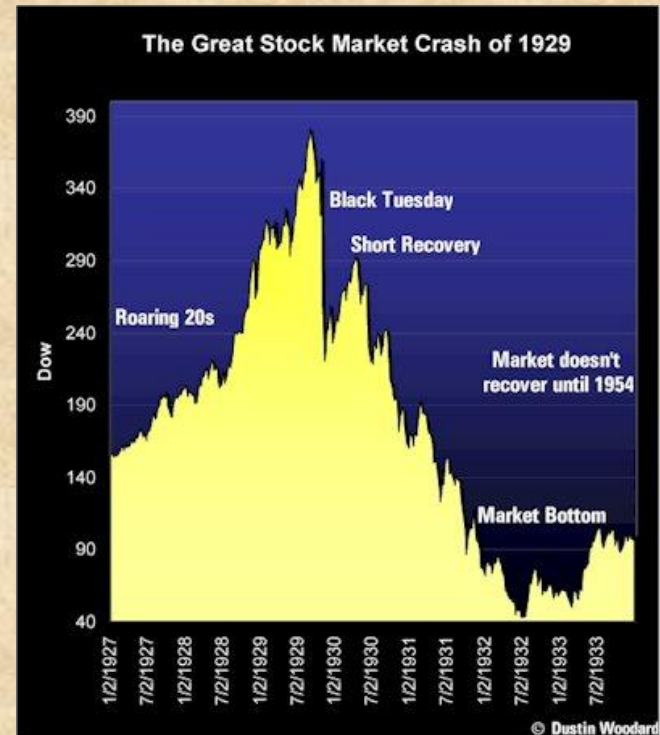


[Herbert Hoover](#)

In August 1929, many investors were worried that the economic boom might end so they began selling off their stocks. The rash of selling caused the stock prices to fall. Despite the President's words the stock prices tumbled. Many investors purchased their stocks on margin, or credit. When stock prices fell they were asked to repay their loans for the stocks. When they could not repay the loan they were forced to sell their stocks.



The Stock Market Crash



This created a panic in the stock market between October 24th, and October 29th. Desperate people tried to unload their stocks. As a result stock prices tumbled further down. On Tuesday October 29th, also known as Black Tuesday, there was a stampede of selling in the stock market. This stampede of selling stocks caused stocks to be worthless. Many people lost everything they owned when the stock market certificates became worthless.

Viewing History

Panic on Wall Street!



Screaming headlines announced the stock market crash of October 1929. Here, people gather on the street to read the alarming news.

Applying Information What impact might headlines such as the one above have had on public confidence in the economy?



stock market

The period of hard times that followed after the stock market crash became known as the Great Depression. It lasted from 1929-1941.

- One of the chief causes of the Great Depression was an over production of goods. Wages could not keep up with the prices. Workers could not afford to buy the goods that were produced.
- Another cause of the Great Depression was the weakness in the banking system. Banks made unwise loans.

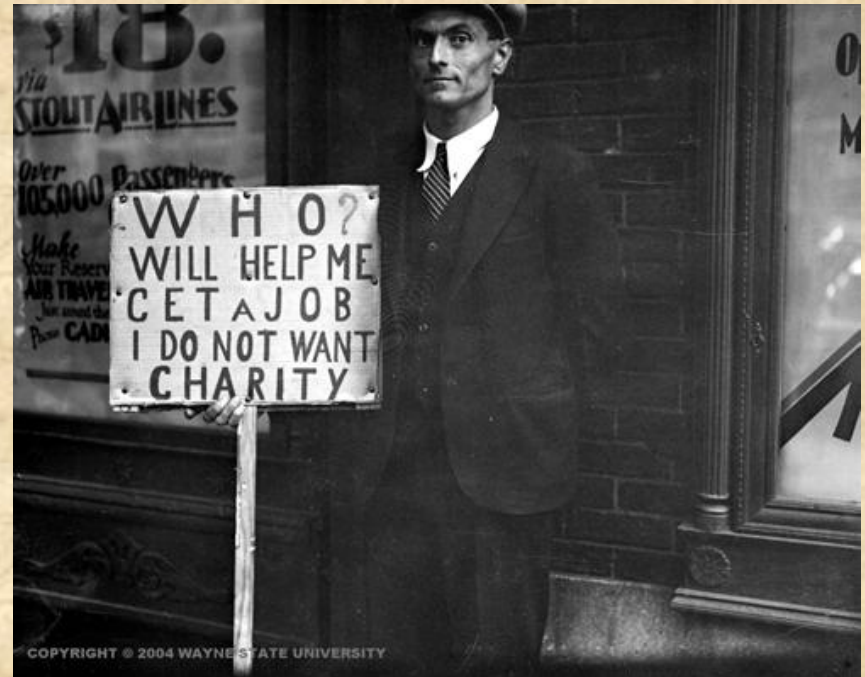




What does it mean to
be bankrupt ?

Many people became bankrupt as a result of the Great Depression. Bankrupt means that the people could not pay back their debts. This led to hard times for the American people. No one was buying products from factories so people lost their employment in the factories. The chance of finding a new job was very small.

During the Great Depression, families suffered. Marriage and birth rates dropped. Hungry parents searched for food to feed their families. Families doubled up, taking in aunts, uncles, and cousins. People felt they were a failure because they could not find work.



Click on the pictures to learn more about The Great Depression. 7

President Herbert Hoover responded to the Great Depression by providing government relief programs to help the needy. Churches set up [soup kitchens](#) or places where the hungry could get a good meal.



Click on the pictures to learn more.

Father Divine, an African American religious leader, fed 3,000 hungry people a day in his soup kitchen. As things got worse the President set up public work projects. Public work projects are projects built buy the government for public use.



Father Divine



Public work projects

The government hired workers to build schools, construct dams, and pave highways. Many blamed the President for doing so little. The gave the name Hooverilles to the shacks where the homeless lived.



School Construction



Hooverilles



Shacks, put up by the Bonus Army in Washington, D.C., burning after the battle with the military, 1932.

[Click on the picture to learn more.](#)

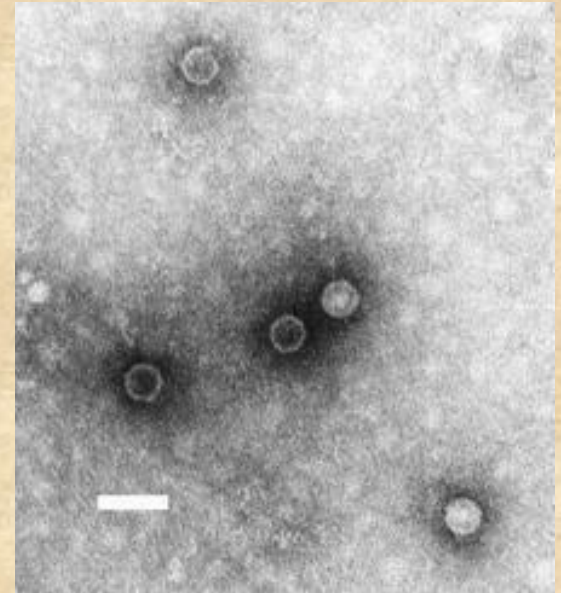
Congress tried to help by giving veterans a bonus, or an additional sum of money to help strengthen the economy. This was known as the Bonus Army. Americans were disappointed with the President's handling of the depression. Americans turned to a new leader to end the depression.

2. FDR and the New Deal

Franklin Delano Roosevelt, known as FDR, was stricken with a disease that caused a virus polio. FDR's legs were left paralyzed from the virus. Roosevelt was campaigned for the presidency under the his promise of a New Deal. He promised to help the jobless workers and farmers with his New Deal.



The New Deal provided work programs



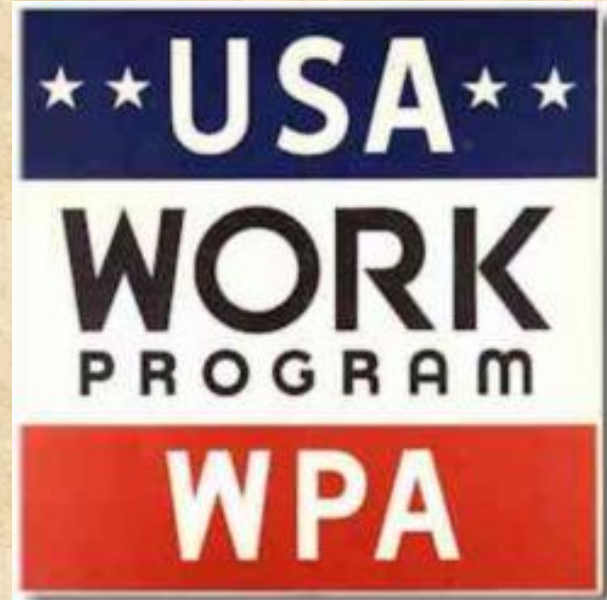
polio

FDR's New Deal



FDR declared a bank holiday. He closed all banks for four days. FDR only allowed banks that could meet the depositors needs to stay open. FDR ordered all other banks to remain closed. FDR passed some new laws in the first Hundred Days. The bills covered job relief planning to economic recovery. FDR's economic recover program was known as his New Deal.

As part of his New Deal FDR started the [Civilian Conservation Corps](#). The CCC hired men for a dollar a day to plant trees, build bridges, and work on flood control projects. The [Works Progress Administration](#) was created to enable the jobless to work making clothes and building hospitals and schools.



[Works Progress Administration](#)

Civilian Conservation Corps workers restoring the [Chesapeake and Ohio Canal](#).



NRA Blue Eagle poster. This would be displayed in store windows, on packages, and in ads. When printed in color the eagle was blue, hence the name.

The National Recovery Administration was created to enforce industry codes, standards, and working conditions. The NRA tried to end price cutting and work lay offs.

To help farmers the [Agricultural Adjustment Act](#) was passed. Farmers were paid by the government not to grow certain crops. Roosevelt hoped with smaller harvests it would control the supply and demand for farmers.



Scene in county agent's office, San Augustine, Texas. Farmer is receiving his AAA check. Photo by Russell Lee, April 1939, LOC.

The Tennessee Valley Authority was established to help rebuild Tennessee after the devastation of floods. Dams were built and trees were planted. The area was transformed from a place destined to poverty to an prosperous area.



Tennessee Valley Authority

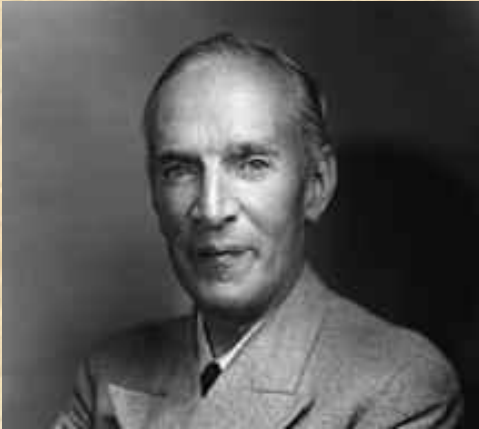
To prevent another depression Congress pass laws regulating the stock market and the banking system. Congress set up the [Federal Deposit Insurance Corporation](#). The government insured bank accounts approved by the government. Laws were also passed to regulate electric and gas companies. [The Pure Food and Drug Act of 1938](#) was passed. This law protected consumers by requiring manufactures to list their ingredients on food products.



Nutrition Facts			
Serving Size 1 cup (228g)			
Servings Per Container 2			
Amount Per Serving			
Calories 260	Calories from Fat 120		
% Daily Value*			
Total Fat 13g			20%
Saturated Fat 5g			25%
Trans Fat 2g			
Cholesterol 30mg			10%
Sodium 660mg			28%
Total Carbohydrate 31g			10%
Dietary Fiber 0g			0%
Sugars 5g			
Protein 5g			
Vitamin A 4%	•	Vitamin C 2%	
Calcium 15%	•	Iron 4%	
* Percent Daily Values are based on a 2,000 calorie diet. Your Daily Values may be higher or lower depending on your calorie needs:			
		Calories:	2,000 2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g
Calories per gram:			
Fat 9	•	Carbohydrate 4	• Protein 4

3. Response to the New Deal

By 1934 the New Deal brought hope but it did not solve the problem of prosperity in the United States. Upton Sinclair, a muckraker who wrote the novel The Jungle, ran for governor of California to protest the governments handling of the New Deal. Senator Huey Long spoke out publicly about Roosevelt's New Deal. Sinclair and Long felt that the New Deal did not go far enough to help Americans.



Upton Sinclair



The Jungle



Huey Long

Many politicians felt that a pension should be given to people over sixty years of age. A pension is sum of money paid to people on a regular basis when they retire.



New Deal Programs

PROGRAM	INITIALS	BEGUN	PURPOSE
Civilian Conservation Corps	CCC	1933	Provided jobs for young men to plant trees, build bridges and parks, and set up flood-control projects
Tennessee Valley Authority	TVA	1933	Built dams to provide cheap electric power to seven southern states; set up schools and health centers
Federal Emergency Relief Act	FERA	1933	Gave relief to unemployed and needy
Agricultural Adjustment Act	AAA	1933	Paid farmers not to grow certain crops
National Recovery Administration	NRA	1933	Enforced codes that regulated wages, prices, and working conditions
Public Works Administration	PWA	1933	Built ports, schools, and aircraft carriers
Federal Deposit Insurance Corporation	FDIC	1933	Insured savings accounts in banks approved by the government
Rural Electrification Administration	REA	1935	Loaned money to extend electricity to rural areas
Works Progress Administration	WPA	1935	Employed men and women to build hospitals, schools, parks, and airports; employed artists, writers, and musicians
Social Security Act	SSA	1935	Set up a system of pensions for the elderly, the unemployed, dependent children, and people with disabilities

In 1935 members of the Supreme Court attacked the New Deal. The Supreme Court ruled that the Industrial Recovery Act was unconstitutional. The Supreme Court felt that it gave too much power to the President and the federal government.



A woman hangs a National Recovery Administration (NRA) eagle emblem in a restaurant window, 1934



President [Franklin Delano Roosevelt](#) signs the act.

When Roosevelt was elected for a second term as President in 1937. After his election he enlarged the size of the federal court system. He raised the number of Justices in the Supreme Court from 9 to 15. In 1935 Congress passed the [National Labor Relations Act](#) to help support workers. The Act protected employees from unfair management practices, such as firing a worker. The Act also guaranteed workers the right to collective bargaining, or the process in which a union represents workers in negotiations with management.

POLITICAL CARTOON

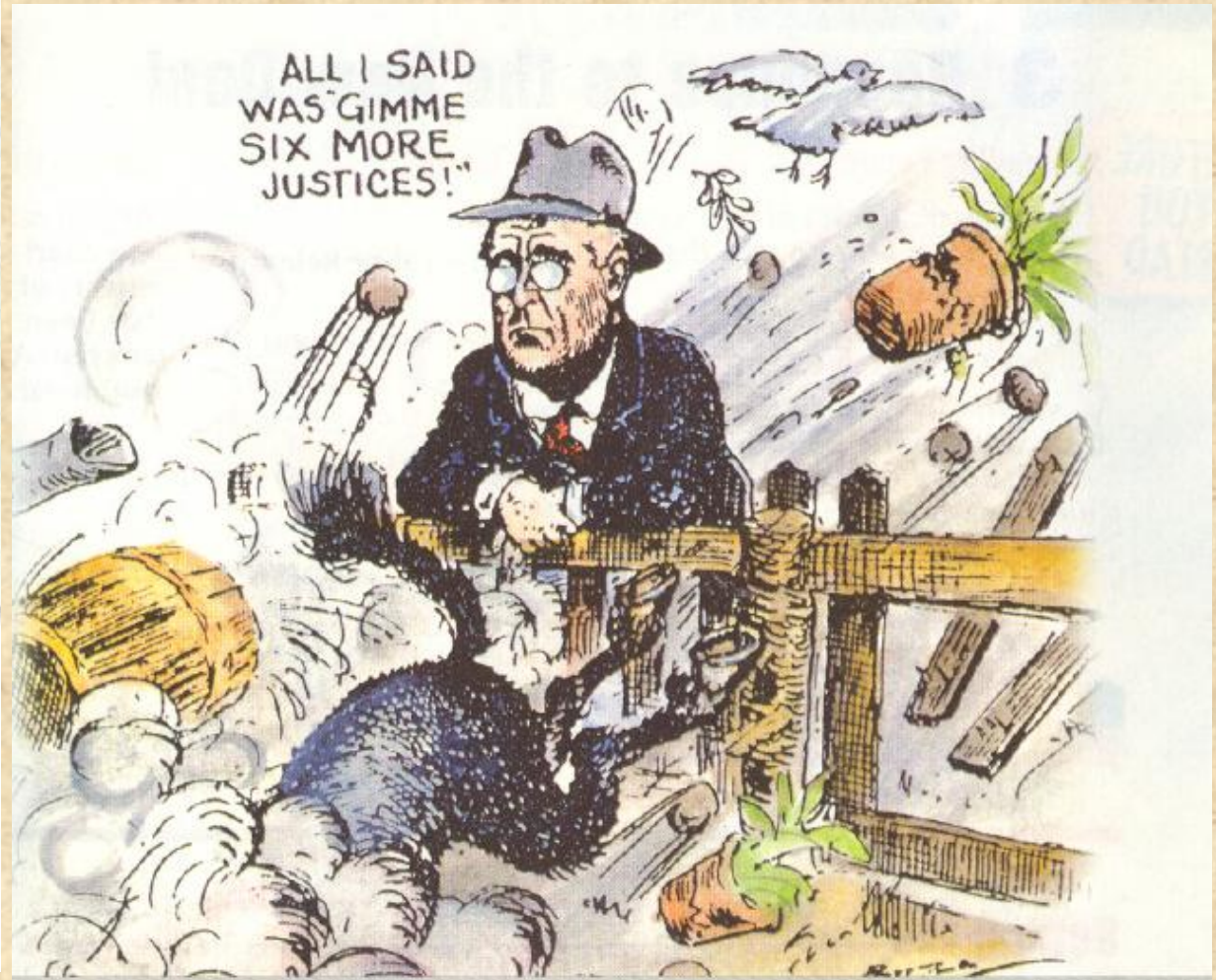
Skills

"Packing" the Supreme Court

This 1937 cartoon comments on the reaction of the Congress to the plan to expand the Supreme Court.

- 1. Comprehension** (a) Who is the man leaning on the fence? (b) What does the donkey represent?
- 2. Finding the Main Idea** How does the cartoonist show that the court-packing plan caused a huge uproar?
- 3. Critical Thinking**
Interpreting a Political Cartoon According to the cartoonist, what was the impact of Roosevelt's Supreme Court plan on party loyalty?

A Political Cartoon





John L. Lewis set up the [American Federation of Labor & Congress of Industrial Organizations](#). The CIO represented workers in whole industries, such as steel, automobiles, and textiles. Many workers staged sit-down strikes. This meant all workers would stop working and refuse to leave the factory until their union was recognized.

In September 1935, The [Social Security Act](#) was passed. This Act set up a system of [pensions](#) for older people. Payments from the employees and employer supported the system. This act also set up the first system of [unemployment insurance](#). Lastly, the act gave states money to support dependant children and people with disabilities.



FDR signing the Social Securities Act



Click on the picture to learn more!

People expressed their arguments against the New Deal. They were worried about the increased power of government. Critics expressed alarm because the country was spending more money than it was taking in. This practice of deficit spending was known as deficit spending. It led to the development of a [national debt](#).



Short-Term *and* Long-Term Effects

THE NEW DEAL

Short-Term Effects

- Social Security payments enable people to retire with pensions
- Union membership and power grow
- Farmers benefit from agricultural price supports
- The FDIC insures bank deposits
- The Securities and Exchange Commission oversees the stock market

Long-Term Effects

- Social Security protects millions of Americans but may not be able to pay full benefits in the future
- High-wage and low-wage earners continue to have different kinds of protection and benefits
- Americans have economic safeguards provided by the government
- A split between liberals and conservatives still affects public life

The Sort and Long Term Effects of the New Deal

4. The Nation in Hard Times

During the 1930's, states from Texas to the Dakotas suffered a severe drought. High winds carried away the soil away. As a result, this area became known as the dust bowl. Dust storms buried houses and farms. Years of over grazing cattle on the land caused the disaster.



dust bowl

Poor farmers lost their farms to the dust storms. They became migrant workers, people who moved from one region to another in search of work.



migrant workers
in the 1930's



Poor
farm
families



Migrant workers today

Viewing History

Scarce Jobs

When the depression hit, opportunities for women faded. Programs like WPA provided some work, but not enough for all who needed employment. Here, women sew clothes in a WPA factory.

Identifying Causes and Effects *How did the depression affect the role of women in the family?*



Working women faced many problems during the depression. Many women took on jobs to help pay the rent when their unemployed husbands were out of work. Women faced many obstacles in trying to find work. When they did find employment they were paid less than men. Married women in the work force increased by 52%.



American Profiles



Franklin Roosevelt 1882–1945
Eleanor Roosevelt 1884–1962

Both Franklin and Eleanor Roosevelt came from wealthy and well-known families. Both believed that the wealthy had a responsibility to help those less fortunate. As President, FDR put this belief into action with his New Deal. As First Lady, Eleanor spoke out on issues ranging from conditions in coal mines to justice for African Americans. She also acted as the President's "eyes and ears," traveling about the country and reporting back to him.

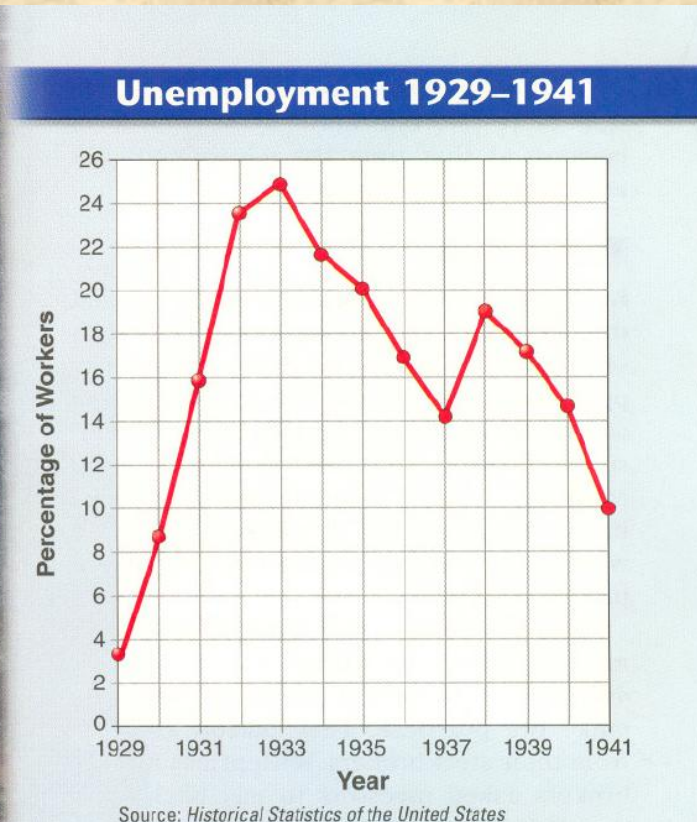
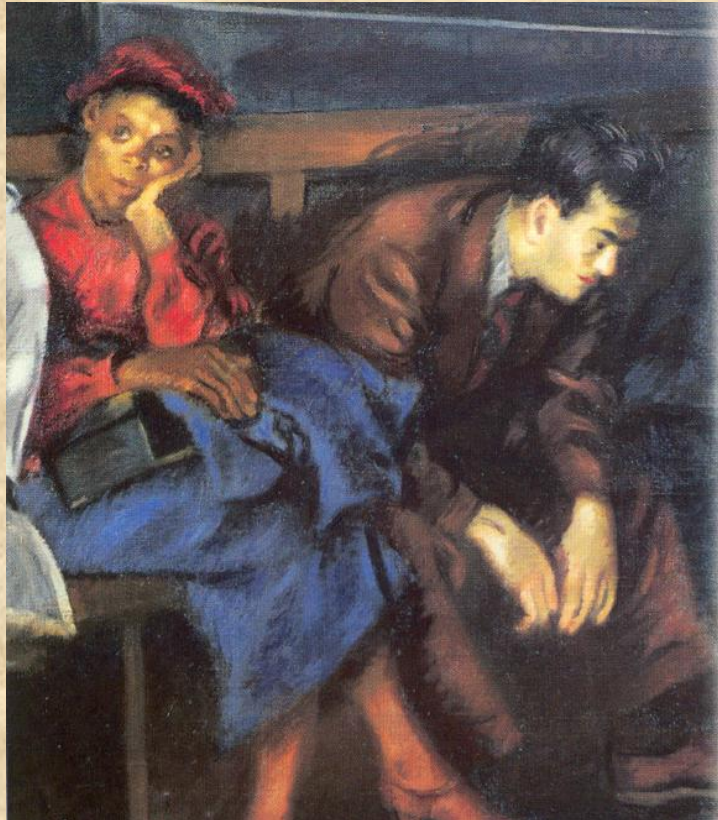
After FDR's death in 1945, Eleanor won fame in her own right. From 1945 to 1953, she represented the United States at the United Nations.

Do wealthy people have a duty to aid those who are less fortunate? Explain.

Eleanor Roosevelt, the President's wife, toured the nation speaking for women's rights. She called for equal justice for all.



When the Great Depression hit, African Americans were the first to lose their jobs. In 1934, black workers were suffering a 50% unemployment rate. They were denied public works jobs. Eleanor Roosevelt urged America to improve conditions for African Americans. President Roosevelt invited black leaders to meet in the White House. This became known as the unofficial “[black cabinet.](#)”




Many black leaders called on African Americans to unite to obtain their civil rights or the rights due to all citizens. One such leader was Mary McCloud Bethune

Click on the picture to learn more about Mary McCloud Bethune



An American Profile



Mary McLeod Bethune
1875–1955

Mary McLeod Bethune was the 15th of 17 children born to a poor farm couple in South Carolina. As a child, Mary decided that she needed an education to fight her way out of poverty.

She was such a good student that she won numerous scholarships. After graduation, she taught and then founded a school in Florida. At first, she had only six students but after years of struggle, was able to raise the number to more than 300. For 40 years, Bethune served as president of what is today called Bethune-Cookman College. During this time, she founded and became the first president of the National Council of Negro Women.

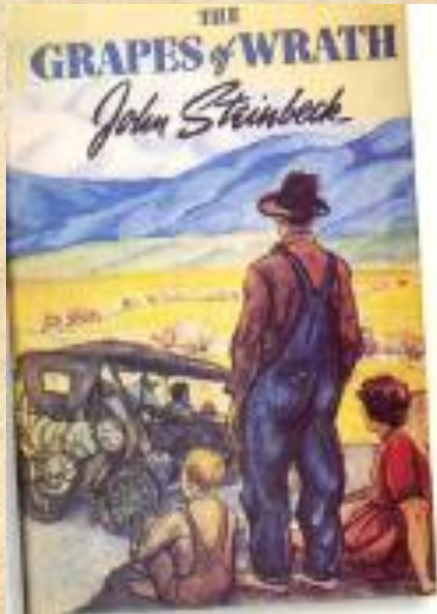
Why do you think Bethune emphasized education so much?

Some Americans resented the Chinese, Japanese and Filipino workers that competed with them for jobs. In 1924, Congress granted all Native Americans citizenship. Native Americans lived in poverty. President Roosevelt encouraged new policies towards Native Americans. In the 1930's, Congress passed a series of laws that have been called the Indian New Deal. The laws gave Native American nations greater control over their own affairs.

Many Native Americans still live in poverty today.



Many Artists portrayed the hardships of the depression life. In his 1939 novel The Grapes of Wrath, John Steinbeck told of the heartbreaking story of the Okies streaming over the mountains trying to find new homes in California. Grant Wood painted an Iowa farmer and his daughter who look determined enough to survive any hardship.



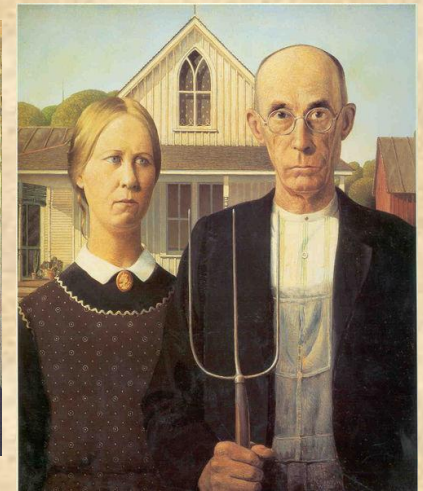
The Grapes of Wrath



John Steinbeck



Grant Wood

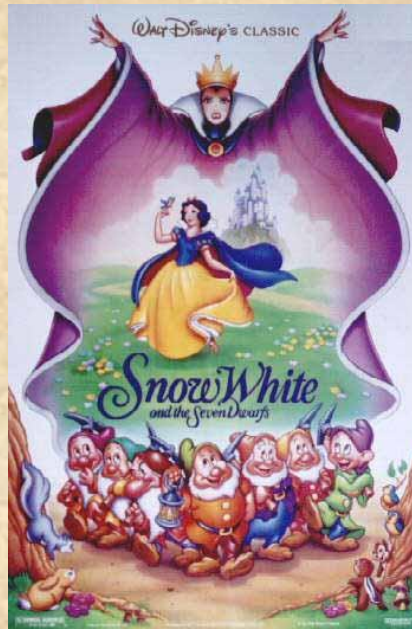


American Gothic
(1930)

Americans found radio in the 1930's. It was a great way to escape the hardships of the Great Depression. George Burns and Gracie Allen made people forget their troubles with their radio shows. Orson Wells presented a newscast in 1938 called The War of the Worlds. In his report Wells reported the landing of invaders from another planet. Walt Disney release his first animated film called Snow White and the Seven Dwarfs. Judy Garland won American hearts in the movie the Wizard of Oz. The most expensive film created in the 1930's was called Gone With the Wind.



The War of the Worlds



Snow White and the Seven Dwarfs



Wizard of Oz

SKILLS ASSESSMENT

Analyzing Primary Sources

During the depression, photographers captured the sufferings of the rural poor in powerful pictures. Study this photo, and then answer the questions that follow:



20. What evidence is there in the picture that the men are making a long trip?
21. What is the sign at the right of the photograph advertising?
22. What message is the photographer trying to convey?
23. Why do you think photographs such as this one are such a powerful record of the depression?

The END