

The Great Depression



Stock Market Crash



How did this happen?

“bull market”

-speculation

-buying on margin

BLACK TUESDAY (10/29/29)

*The crash signaled the beginning of the Depression & hastened the collapse of the economy. It made the depression more severe.

Gordon Parks



“I couldn’t imagine such financial disaster touching my small world; it surely concerned only the rich. But by the first week of November...I was without a job. All that next week I searched for any kind of work that would prevent my leaving school. Again it was, ‘We’re firing, not hiring’...I went to school and cleaned out my locker, knowing it was impossible to stay on. A piercing chill was in the air as I walked back to the rooming house.”

Bank Failures

Crash-→bank & business failures

- 600 banks closed in 1929

- by 1933, 11,000 of the nation's 25,000 banks had failed

 - banks were not protected or insured by the gov't

 - millions lose their savings

A Wise Economist Asks a Question



Business Failures

-b/t 1929 & 1932, the GNP: \$104 billion to \$59 billion

-approx. 90,000 businesses went bankrupt (automobile & r.r. companies)

-unemployment 1933: 25%

Tariffs & War Debt Policies

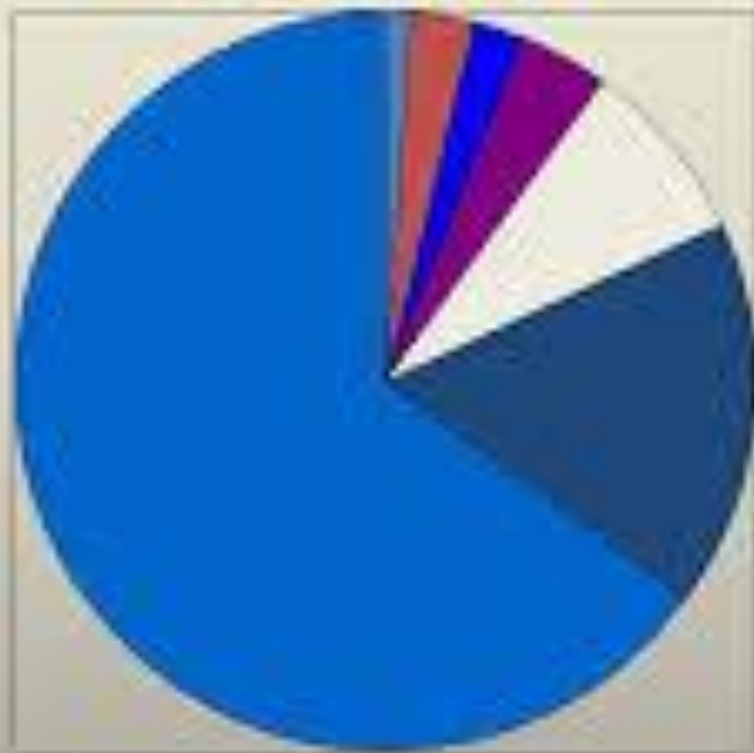
- Europe post-WWI
 - Germany: war reparations
- G.D. makes these problems worse
 - limits America's ability to import European goods
 - makes it difficult to sell American farm products & manufactured goods overseas
- Hawley-Smoot Tariff (1930) → more than 40% drop in world trade

Critical problems threatened the economy during the late 1920s...

*Superficial prosperity of the late 1920s covered up the weaknesses that would signal the onset of the Depression.

1. Trouble in industry
2. Farmers struggling
3. Consumers spend less
4. Living on credit
5. Uneven distribution of income

Income Distribution, 1929



- \$10,000+
- \$6,000-\$9,999
- \$5,000-\$5,999
- \$4,000-\$4,999
- \$3,000-\$3,999
- \$2,000-\$2,999
- Under \$1,999

The Human Impact of the Depression

Unemployment

*minorities

*women vs. men



The Human Impact of the Depression

Lack of Public Relief Programs

*poorly funded

* “rugged individualism”



The Human Impact of the Depression

Homelessness

*Hoovervilles



The Human Impact of the Depression

The Farming Industry Decline

*1920s-deep debt

*drought

*grasshoppers

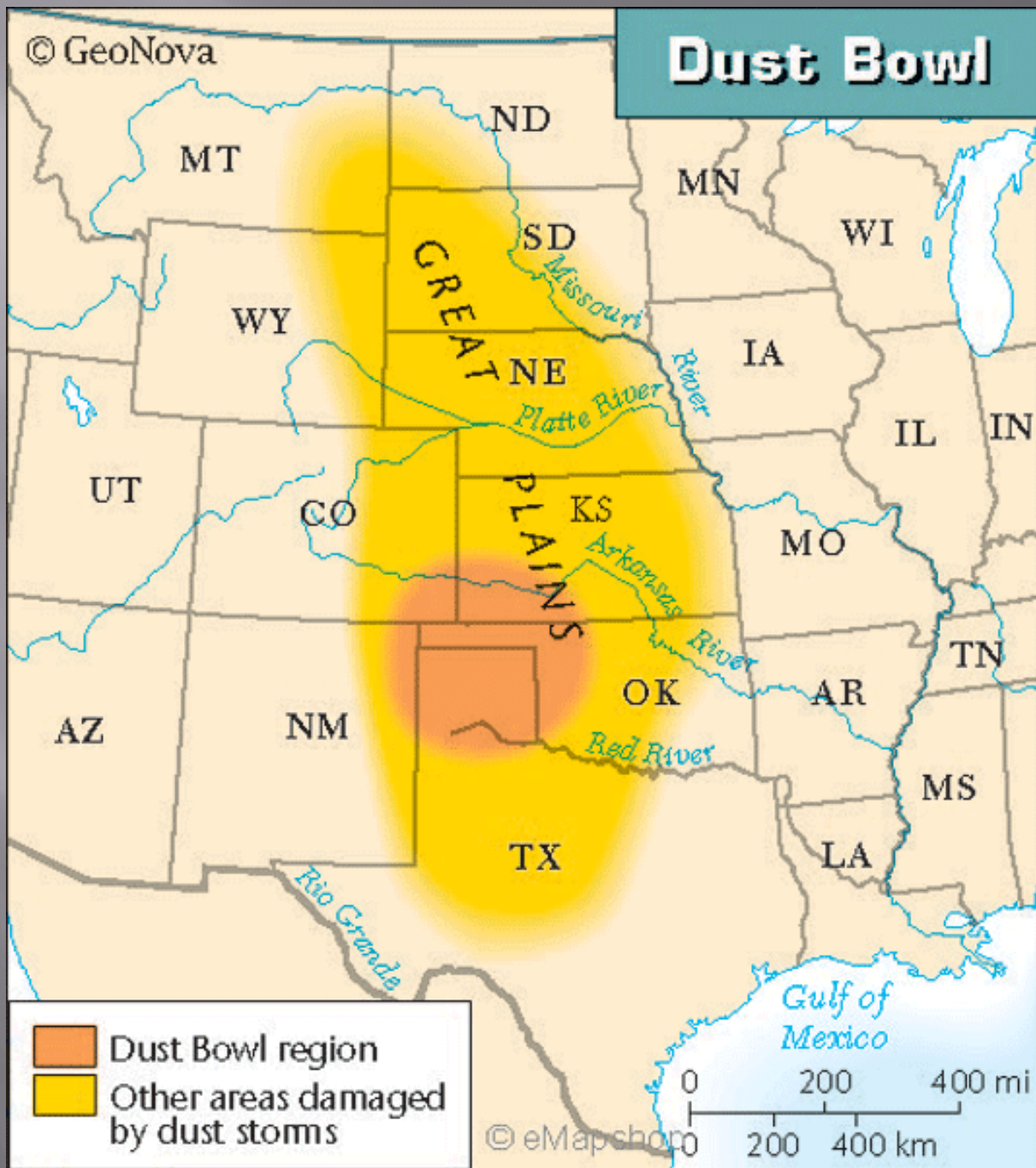
*bank failures

*dust storms

*migrant farmers



Dust Bowl



The Toll on the Farming Industry

- the decline

- farmers during the Depression

 - b/t 1929-1933: farmers income dropped by 50% & property values decreased by billions \$

- The Dust Bowl

 - factors involved

 - *1930-1934: over 1 million lost farms

“Okies”



President Herbert Hoover (1929-1933)

As you watch the short clip on Hoover, answer the following questions & be prepared to discuss them.

1. Why did Hoover's philosophy of voluntarism not work during the early 1930s?
2. Why were so many Americans angry at Hoover while he was president?

The New Deal



FDR and the New Deal

1932 election

-FDR (472 electoral/23 million popular)

-Hoover (59 electoral/16 million popular)

*Senate-Democrats claimed a nearly 2/3 majority & in the House they won almost $\frac{3}{4}$ of the seats

First action taken as president in the First Hundred Days: BANK HOLIDAY

-temporarily shut down every bank nationwide to prevent the public from fearfully withdrawing all of its savings & gold

FDR and the New Deal

The Hundred Days

- period of intense activity lasting from March 9 to June 16, 1933

- Congress passed more than 15 major pieces of New Deal legislation-these laws & others significantly expanded federal government's role in nation's economy

“Brain Trust”

3 General Goals of the New Deal

a.) relief for the needy

b.) economic recovery

c.) financial reform

****“fireside chats”****

New Deal's Impact on Social & Ethnic Groups

- ▣ Women
- ▣ African Americans
- ▣ Mexican Americans
- ▣ Native Americans
- ▣ Labor Unions

New Deal Coalition

- ▣ An alignment of diverse groups dedicated to supporting the Democratic Party.
 - Southern whites
 - Various urban groups
 - African Americans
 - Unionized industrial workers

*As a result, Democrats dominated national politics throughout the 1930s and 1940s.

New Deal's Supporters & Critics

- ❑ Conservative critics say Roosevelt's policies have made the government too large & too powerful.
- ❑ Liberal critics argue that Roosevelt didn't do enough to socialize the economy & to eliminate social & economic inequalities.
- ❑ Supporters contend that FDR struck a reasonable balance between two extremes – unregulated capitalism & overregulated socialism – and helped the country recover from its economic problems.