**Chapter 24: The Great Depression and the New Deal**

**Black Thursday and the Onset of the Depression:**

* The Depression was caused by:
	+ Margin buying—buying stocks with cash borrowed from a broker, using other stocks as collateral
	+ Depressed agriculture
	+ Reduced purchasing power—overproduction
	+ Monetarists say the Fed. Reserve increased rates and tightened loan policies, reducing available money for investment
	+ European depression hurt American exports

**Hoover’s Response:**

* At first, he urged continued employments and pay, and kept the issues at local/state level
* Finally set up Reconstruction Finance Corporation to make loans to banks and loaners… but became unpopular

**Mounting Discontent and Protest:**

* Farms were doing badly (foreclosures)—Farmers’ Holiday Asso. withheld crops from market to increase prices
* Congress gave veterans bonuses over 20-year period. “Bonus marchers” lobbied for immediate payment- Army sent to end
* Books like *The 42nd Parallel* & Young *Lonigan* talked about how empty and poor America had become

**The Election of 1932:**

* FDR vs. Hoover… FDR promised a “new deal for the American people”, and won all but five states

**Roosevelt and His Circle:**

* Used employment insurance, public works—promote recovery while preserving capitalism
* “Brain trust” was his advisors; incl. Frances Perkins, 1st female cabinet member (Labor) & Harold Ickes (Interior)

**The Hundred Days:**

* Between March-June 1933, many recovery laws and measures were initiated, including:

|  |  |
| --- | --- |
| Emergency Banking  | Managed failed banks, tightened policies, more government oversight |
| **Unemployment Relief** | Created Civilian Conservation Corps to create public works jobs |
| **Agricultural Adjustment** | Created Agricultural Adjustment Admin. to raise income by cutting production |
| **Federal Emergency Relief** | Set aside $500 mil. for state/local relief agencies by F.E.R.A (led by Harry Hopkins) |
| **Tennessee Valley Authority** | Created TVA to make dams on Tennessee River for power, flood control, recreation |
| **Federal Securities** | Investors must get information related to their stocks, register trading with FTC |
| **Home owners’ Refinancing** | Gave $200 mil. to Homeowners’ Loan Corp. to refinance mortgages for nonfarmers |
| **Farm Credit** | Allowed farmers to refinance mortgages and get loans |
| **Banking Act/1933** | Fed. Deposit Insurance—ensured bank deposits up to $5000 |
| **National Industrial Recovery** | Created NRA to promote recovery (fair competition); gave money for public works (led by Ickes) |

**Problems and Controversies Plague the Early New Deal:**

* Two years later, National Recovery Admin. declared unconstitutional: gave president regulatory powers of Congress and it regulated interstate commerce
* The AAA helped some, but not very poor farmers: Southern Tenant Farmers’ Union, kinda Socialist, was created

**1934-1935, Challenges From Right and Left:**

* Roosevelt was all chill about criticism and started radio “fireside chats” to inform and talk to citizens
* Conservatives called the new deal Socialist; some Dems said it didn’t go far enough and should not aid business
* Huey Long of Louisiana wrote *My 1st Days in the White House*—raise taxes for wealthy a ton to benefit everyone

**Expanding Federal Relief:**

* Works Progress Admin. with Harry Hopkins, provided jobs for the jobless in construction/public works & service
* Fed. Writers’ Project gave writers/artists jobs: writing city guides/ethnic histories, free concerts, etc
* Fed. Theatre Project employed actors; National Youth Admin. provided job training for young people

**Aiding Migrants, Supporting Unions, Regulating Businesses, Taxing the Wealthy:**

* 2nd Deal helped farmers: Resettlement Admin. gave loans to help rebuy farms, funded films that explained farm problems
* Rural Electrification Admin. gave loans to extend electricity; Agricultural Adjust. Ruled unlawful b/c the tax was illegal
* National Labor Relations Act aka. Wagner Act, limit employers’ negative reactions to unions/bargaining, strikes
* Banking Act strengthened ICC; Public Utilities Holding Co. act restricted gas/electric companies; Wealth Tax Act raised taxes on rich

**The Social Security Act of 1935, End of the 2nd New Deal:**

* Mixed fed/state system of workers’ pensions, aid for industrial accidents, unemployed, disabled, single mothers
* Paid for by employers and workers (money from paychecks); didn’t end up really helping farmers, self-employed

**The 1936 Roosevelt Landslide and the New Democratic Coalition:**

* FDR vs. Alfred Landon… LANDON GOT OWNED! FDR won everything except Maine and Vermont
* Roosevelt turned Democrats from Southern/Western into urban/immigrants/farmers/northern Blacks
* New Deal helped blacks, but policies were racially discriminated: FDR tried to end it, appointed blacks to office
* Molly Dewson, Dem, led Democratic women’s division: was not exclusively feminist—programs served everybody

**The Environment and the West:**

* Taylor Grazing Act restricted grazing on public lands that damaged soil quality
* Created national parks (Shenandoah, Kings Canyon) and wilderness areas for hunting
* Build highways, tourist attractions, municipal buildings, and dams in the west (supplied electricity, flood control)

**FDR and the Supreme Court:**

* 4/9 were uber-conservatives and shot down the new deal ideas—FDR wanted a bill that would let him pick another member for every justice older than 70
* America didn’t like that, thought Roosevelt was becoming power-hungry… Still, he picked four new justices

**The Roosevelt Recession:**

* Happened in 1927 because of wage taxes and an increased interest rate/cut-back relief programs

**Final Measures, Growing Opposition:**

* Farm Security Administration gave loans to poor farmers and offered shelters, healthcare… and photographers
* Fair Labor Standards Act banned child labor, set national minimum wage and a 40-hour max. work week
* Helped all farmers short-term, but small farmers received no long-term help
* House Un-American Activities Committee, made of Repubs, investigated the New Deal agencies for Communism

**The Depression’s Psychological and Social Impact:**

* Caused “unemployment shock”—jobs below level of training, walking the streets, worry/anxiety
* Women had higher unemployment; those working/married were “stealing jobs” from men, unequal wages
* Birth rate and marriage fell, birth control and divorce increased. Kids stayed in school, savings disappeared

**Industrial Workers Unionize:**

* Lewis (Mine workers) and Hillman (Clothing) started the Committee for Industrial Organization, welcomed all
* US Steel strike resulted in improved wages/conditions; General Motors strikers used “sit down” technique to gain union recognition, creating the United Automobiles Workers.
* CIO broke with AFL to become Congress of Industrial Organizations: “Little Steel” strikes resulted in 4 police killings
* National Guard was used in Southern textile strikes… most still remained outside of unions

**Black and Hispanic Americans Resist Racism and Exploitation:**

* 5/8 of the Black alleged rapists called “Scottsboro boys” were convicted after being denied lawyers & a diverse/unbiased jury
* NAACP boycotts of discriminatory shops in Harlem led to riots; Communists lobbied for black support
* Mexican-borns poured into neighborhoods (Barrios) after dust bowl- encouraged to move/go to Mexico by gov
* Mexican-Americans joined farmer/growers’ unions—during cotton pickers’ union, 2 were killed, but they won higher wages

**A New Deal for Native Americans:**

* John Collier, American Indian Defense Asso. wanted to renew traditional tribal life, end land sales
* Indian Reorganization Act halted tribal land sales and enabled tribes to regain unbought land

**Avenues of Escape- Radio and the Movies:**

* Entertainment was becoming more standardized—soap operas, radio programs, movies…
* Movies were about the depression, going against social order, gangsters, benefits of the New Deal (Warner Bros)
* Blacks played mostly dull/unintelligent characters; women began denying common female stereotypes in movies

**The Later 1930’s- Opposing Fascism, Reaffirming Traditional Values:**

* Stalin called for a worldwide alliance, called the Popular Front, against Hitler/Mussolini and Fascism
* During Spanish Civil War, a fascist named Francisco Franco began to take over with help from Hitler/Mussolini
* Arts/books got more positive, like *The Grapes of Wrath;* Agee/Evans wrote *Let Us Now Praise Famous Men*

**Streamlining and A World’s Fair- Corporate America’s Utopian Vision:**

* Streamlining—household appliances/products got smooth, flowing curves, and popularity jumped
* NY Fair was future-themed: showed future highways, dishwashers, televisions, etc
* HG Wells gave broadcast called *War of the Worlds*, where aliens invaded America: people thought it was real, freaked out