# Great Depression and New Deal

The causes for the Great Depression are not only numerous, but confusing. Historians and economists stillargue about them today. The exam isn't going to ask you about that kind of detail. What you do need to know is that the stock market crashed in 1929. And, because so many individuals, companies, and banks had been involved in the speculation craze, they crashed too. And, of course, bankrupt companies can't pay workers, and bankrupt banks can't give you even a penny back of your savings.

To make matters worse, production had become so huge (for both factories and farmers) that there were more products than there were people willing to buy them. Prices plummeted, so producers weren't paid near enough what they deserved, but so many people had lost money and jobs anyway that they weren't even willing to buythe cheap things.

Tens of millions of people became bankrupt and homeless. Many packed their belongings and lived out of their cars or in tents, in places called **Hoovervilles**—a rather cruel statement about the fact that President Hoover's policies had seemed to make the Depression worse. Many people in these shantytowns were from the Midwest**Dust Bowl,**where a long, terrible draught had killed off almost every living thing and forced farmers off the land in droves. [Here](http://www.english.illinois.edu/maps/depression/photoessay.htm) are some fantastic pictures that bring you back to the period.

The Depression wasn't Hoover's fault—and it's not like he sat back and watched it all happen. The problem with Hoover was that his ideas about American government weren't compatible with the problem. Hoover believed in teeny, weak, laissez-faire government. He believed that it was the individual's responsibility to pick themselvesup.

It soon became clear that this wasn't something that individual Americans could solve themselves, no matter how hard they tugged at their bootstraps. Hoover began to make a few changes. Ever heard of or seen the giant**Hoover Dam?**That's an example of one of his federal works projects. Yet Hoover also made some giant gaffs that made angry, desperate Americans eager to shove the blame onto his shoulders.

His **Hawley-Smoot Tariff**was intended to stimulate American manufacturing again—but instead it sent the economy into another tailspin. Plus, when the **Bonus Expeditionary Force**of World War I veterans came to DC to ask for early payments of their bonuses, Hoover allowed the army to force them out with tear gas before torching their shanty homes.

Americans were outraged. They were jobless, desperate, hungry, and unhappy, and now the federal government was shooting at them to boot. The Republican version of small government had proved totally disastrous to the problems brought on by the Great Depression. Americans were ready for something totally new, for a powerful person to step in, take the reins, and try as many new things as possible until something worked. That person arrived in the form of a crippled yet exceptionally powerful, charismatic man: **Franklin Delano Roosevelt.**

### The New Deal

So, what wasthe New Deal?

It was a series of plans to set the American economy back on its feet by increasing federal spending and regulation. It was a plan that included what Roosevelt called the **three Rs:**relief, recovery, and reform. Moreover, he was dead set on enacting all of this right away.

So began his **First Hundred Days**in office: a total windfall of legislation. The **Emergency Banking Relief Bill**put flailing banks under federal control; the **Banking Act of 1933 (**also called**the Glass-Steagall Act)**created the **Federal Deposit Insurance Corporation**to protect people's savings if their banks failed.

The **Agricultural Adjustment Act (AAA)**helped curb excessive production by paying off farmers to actually destroy their crops. The **Farm Credit Act**lent money to farmers who were about to be kicked off their land. For industrial workers, the **National Industrial Recovery Act (NIRA)**lumped a whole group of industries together to make sure they all cut down on production and made prices fair and standard.

The **Public Works Administration (PWA)**and the **Civilian Conservation Corps (CCC)**were created to give people jobs on all sorts of federally-funded projects. These agencies built new highways and bridges, erected buildings, even planted tons of new trees to "re-forest" state parks. The **Tennessee Valley Authority (TVA)**actually provided energy to the entire Tennessee Valley region. For the first time in….well, actually, for the first time ever,that part of the South was modernized. This was a big relief for the South, which, having lagged behind the rest of the country for so long, was hit hardest by the Depression.

Ok, so we know your mind is probably spinning with all these acronyms. Even people at the time jokingly called all these programs Roosevelt's **alphabet soup.**Yeah, it's intimidating to remember all this stuff, but don't worry too much. Go over the basics of what these things did, and lump them together: banking reform, agricultural and industrial reform, and employment reform.

### The Second New Deal

The Hundred Days were good news for many Americans: unemployment fell, wages rose, and FDR's name was spoken with reverence.

However, not everyone was waving American flags and naming their first-born children "Franklin." Many in the government, especially conservatives, balked at this blatant increase in government power. Plus, in order to finance all this stuff, America had to borrow heavily, making the national debt skyrocket. The Supreme Court was especially unhappy. In a series of cases, it began to strike down one after another of these new programs.

Roosevelt was understandably mad. It's not the best idea to fight the court, however, so what he attempted to do next tarred his name quite a bit. He proposed increasing the number of Supreme Court justices from 9 to 15, and put forth the names of several people he thought should be new justices. Obviously, all of his nominees were big fans of his policies. This was called his **court-packing scheme.** Congress immediately rose in anger and blamed Roosevelt for trying to upset the balance of powers and put the judiciary in his pocket.

They rejected it, and Roosevelt had to keep his head down for a bit. Happily for him, though, the Supreme Court would eventually change on its own, and the new justices would prove significantly more tolerant of his plans. That's how the **Second New Deal**went forward a little more smoothly.

The effect of all these programs was to corral a lot of people behind FDR. The **New Deal Coalition**was the name given to Roosevelt's supporters: union members, the unemployed, the lower classes, the urban poor, and blacks. These people—many of whom had been ignored by previous presidents—turned out in unprecedented droves to sweep Roosevelt back into office in 1936.

There are three main things to remember about the Second New Deal. First, it created the **Works Progress Administration (WPA),**which gave a whopping 8 million Americans jobs. Besides projects like the stuff the PWA and CCC did, the WPA did some interesting cultural stuff, too. It employed artists, writers, and historians to make sure American culture wouldn't suffer in the Depression, and to encourage creativity and optimism. Fun fact: it also employed a group of historians to head down South and interview the last remaining survivors of slavery. Historians today still use the fascinating interviews they typed up.

Plus, it created the **Social Security Administration.**The **Townsend Plans**had been state-instituted programs for relief of elderly people who were especially hit in the Depression. Inspired by this, FDR wanted to create anationalprogram for retirement benefits. It took a long time, and a long battle with Congress, but FDR finally passed the **Social Securities Act,**enabling workers to essentially finance their own pensions out of their own pay-checks.

Finally, it gave a lot of boons to workers. The **National Industrial Recovery Administration (NIRA)**passed during the first 100 Days set maximum work hours, minimum wage, production quotas, price standards, and all sorts of other thing to prevent worker abuse. Plus, **Section 7a**granted workers the rightto unionize. This was a huge gain from decades of protest and organization. Then the **Wagner Act**strengthened that little "section's" language, and the **Fair Labor Standards Act**officially set federal minimum wage and hours and ended child labor.

The result was a few new labor unions. Remember the **AFL,**with its kind of snobby rules about who was cool enough to join? Many people thought this was nonsense, and broke away to join the **Congress of Industrial Organizations (CIO).**Anyworker, whether skilled or unskilled, could join.

One of the CIO's favorite strike tactics was a **"sit down strike."**Remember how a lot of production was done along assembly lines? In a sit-down strike, everyone suddenly stopped working along the line, sat down, and watched the goods roll merrily by.In the Ford auto plant this succeeded in forcing employers to officially recognize the **United Auto Workers (UAW)—**which is now one of the biggest in the country.

FDR's cabinet was sometimes called the **Black Cabinet**(and not in a nice way) because it tried to create programs to help African Americans, especially by cracking down on Jim Crow Laws. FDR needed the support of the **Southern Democrats,**however**,**so he had to limit most of the reform he wanted so as to make them happy.

It was his wife, **Eleanor,**who would actively support African-American and women's rights. She was such a force to be reckoned with that, after her husband's death, the Democrats tried to coax her to run for political office—even Vice President. Sadly for us (because how coolwould she have been?) she felt by that time that she had had enough of the public eye.

FDR had a lot of supporters. People especially seemed to like his **fireside chats,**when he would sit beside his cozy White House fire and make a radio broadcast. The idea was to make every American, sitting beside theirown fireside, feel included in his plans.

Yet there were others who thought Roosevelt still coddled big business too much, and didn't do enough for groups like African Americans and the poor. Others thoughts his policies smacked of socialism, the Big Bad Wolf of American politics. Guys like **Father Coughlin**went on tirades against his treatment of big business, **Dr. Francis Townsend**thought the Social Security Act was a cop-out, and **Senator Huey Long**wanted to place whopping taxes on the rich to give to the poor. They became increasingly popular especially after the **Roosevelt Recession**in 1937, when FDR's attempt to cut government spending whacked the economy in its knees.

Did the New Deal work? Historians still debate that. It sure didn't create any miraculous turn-around for the economy. Then again, no one had the chance to see what it might have done if given a little more time. By 1938, trouble was brewing abroad: big, dictator-shaped, swastika-stamped trouble.

That's right: World War II would yank Americans right out of the Depression…and throw them into battleships and foxholes all over the world.

## Sample Questions

1. During the Harlem Renaissance, black culture experienced a revival in all of the following ways EXCEPT

A) the sudden influx of whites especially interested in Harlem nightlife  
B) the popularity of certain writers who chronicled the black experience  
C) the popularization of "jazz" music  
D) more opportunities for educated blacks distinguish themselves in white society  
E) the growth of black-owned businesses

The correct answer is (D).

The Harlem Renaissance brought out tons of amazingly talented artists, musicians, and writers. It even attracted the attention of white society—especially because young whites loved to dance until dawn in Harlem jazz clubs. To whites, however, this was still "slumming"—they weren't ready to bring blacks into their own society. Harlem began to boom with black businesses, but they were supposed to stayin Harlem. Whites could come play in Harlem at night, but when the sun came up, neighborhoods segregated once again.

2. The region hit hardest by the Great Depression was

A) the banking and industrial centers of the North  
B) the "Dust Bowl" of the Midwest  
C) the "Hoovervilles" of the west  
D) the new industrial sector of the Northwest  
E) the rural regions of the South

The correct answer is (E).

No part of the US was immune to the Great Depression. There were terrible stories of stockbrokers jumping out of windows on Wall Street, of fields in the "Dust Bowl" as dry as the moon, and of giant industrial factories rusting. "Hoovervilles" weren't regions, they were collections of shanty-towns all over the country. It was the South that was hit the worst—already poorer and more backwards than the rest of the country, its economy came almost to a stand-still.