

# APUSH

## 1920-1932

### POLITICS OF THE TWENTIES & START OF THE GREAT DEPRESSION

## REVIEWED!

- Watch the video **"American Pageant Chapter 32"** starting at **10:08** and **annotate the slides**
- Read pages **462-523** in **"The Americans"** and add **additional notes**

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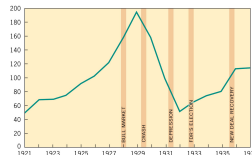
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## GREAT DEPRESSION BEGINS

- Tremendous speculation spiraled the price of stocks upward ("**buying of margin**")
- **October 29<sup>th</sup> 1929 "Black Tuesday"** over 16,410,030 shares of stock sold
  - Stock prices plunge
- Start of the **Great Depression**
  - Economic collapse in both the U.S. and abroad
  - Massive unemployment (peak at **25%**)
  - Thousands of **banks fail**
  - **Foreclosures** of homes and farms
  - Soup kitchens and breadlines
  - Many people lived in shantytowns nicknamed "**Hoovervilles**"




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## CAUSES OF THE GREAT DEPRESSION

- **Overproduction** in both agriculture and industry
  - Nation produced more goods than consumed
- Workers wages did not increase enough
  - **Uneven distribution of wealth**
- Too much reliance on **credit**
  - Installment plan over-stimulated consumer buying
  - Defaults on loans and bank failures
- **International economic problems**
  - War reparations, war debts, and high tariffs all contributed to the problem




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## HOOVER'S RESPONSE

- Initially Hoover was a "**rugged individualist**" and opposed government intervention
- Hawley-Smoot Tariff** (1930): highest peacetime protective tariff
  - European nations enacted tariffs against U.S. goods
  - Worsened the depression in both America and abroad
- Economic problems continue, Hoover decides to take **federal action**:
- Reconstruction Finance Corporation** (1932) gave federal money to struggling business in the hope that the benefits would then "**trickle down**."
  - Federal government would provide money to banks, railroads, and other financial institutions to prop them up.
- They would then stabilize wages, reduce layoffs, etc. ("trickle down")

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## BONUS ARMY

- Veterans of WWI**, like many Americans were suffering a great deal from the depression
- The "**Bonus Army**" marches to D.C. to demand immediate payment of their bonus
- Set up temporary housing known as "**Hoovervilles**"
- Hoover sent the army in to clear out the veterans
  - Led by **Douglas MacArthur** the veterans are forced out with tear gas and bayonets
- Further tarnishes Hoover's reputation
- Election of 1932** FDR is going to run against Hoover




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## APUSH 1932-1941 GREAT DEPRESSION & NEW DEAL REVIEWED!

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- Read** pages **462-523** in "**The Americans**" and add **additional notes**

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## ELECTION OF 1932

- **Herbert Hoover** runs for reelection as the Republican candidate
  - **Reconstruction Finance Corp.**
- **Franklin Roosevelt** is chosen as the Democratic party candidate
  - Promises a “**New Deal**”
  - No clear plan laid out
- 25% unemployment rate & growing frustration with limited response of federal government bring **FDR** the victory




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## Franklin Roosevelt (FDR)



- Roosevelt came from a wealthy, privileged family
- **Polio** had left him paralyzed from the waist down.
- **Eleanor Roosevelt** will recreate the position of First Lady
  - Advocated for various underserved groups
- **Brain Trust** were his diverse group of trusted advisors that help develop his **New Deal** programs
  - Sec. of Labor **Frances Perkins** 1<sup>st</sup> woman in presidential cabinet

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## NEW DEAL



- **New Deal** was not an organized, preplanned set of programs
- New laws, programs and agencies created by the federal government-willingness to experiment
- **The 3 R's**
  - **Relief**- for people struggling
  - **Recovery**- for the economy
  - **Reform** – so this situation never happens again
- **Alphabet Agencies**
- “**Fireside Chats**”: used the radio to communicate to the American people

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**Starting on March 4, 1933 Congress (at the request of President Roosevelt) pass a large number of laws designed to deal with the Great Depression**

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## Finance and Banking

- Well into 1933 many **banks** were **failing**
- FDR calls for a **"Bank Holiday"**  
March 1933
  - Wanted to restore confidence
  - Explained his actions in Fireside Chat on March 12<sup>th</sup> 1933
- **Emergency Banking Relief Act** (1933) : only banks that were financially stable could reopen
- **Glass-Steagall Act** regulated banks
  - Restricted how banks could invest a customers deposits
  - Established the **Federal Deposit Insurance Corporation (FDIC)** which insured bank deposits
- **Securities & Exchange Commission (SEC)**: regulate stock market

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## Unemployment Relief

- In 1933 millions of people remained unemployed
- New Deal created jobs to provide relief to the unemployed
  - Hope this job creation would provide relief and lead to recovery
- **Federal Emergency Relief Act**: gave fed \$ to states & local govt. for relief services
- **Civilian Conservation Corps (CCC)**: Employed jobless men in reforestation projects, park maintenance and other jobs
- **Public Works Administration (PWA)**: fed \$ to state/local govt. for public works projects



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## Industrial & Agricultural Recovery

- **National Recovery Act (NRA)** was headed by Hugh Johnson
- Goals 1) industrial recovery 2) fair wages & hours for workers
- Federal govt. and biz **drafted codes** for industries
  - Set production limits
  - Codes for wages and hours worked
- **Section 7(a)** allowed workers to form unions (no more yellow dog contracts)
- **Agricultural Adjustment Act (AAA)** paid farmers to **cut production**
  - this would increase prices
- Farmers received **subsidies** (payments) in return for cutting production




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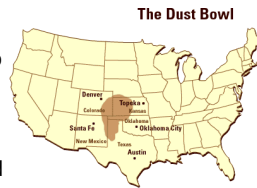
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## Dust Bowl

- Horrible **drought** in the 1930s added to farmers problems on the **Great Plains**
  - Overuse of the land and high winds caused dust storms
- Thousands of "**Okies**" fled to places such as CA looking for work
- "**The Grapes of Wrath**" by John Steinbeck documented this experience




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## Tennessee Valley Authority

- **Govt agency** built dams, electric power plants, controlled flooding and erosion in the Tennessee Valley area
- Big change since the TVA was the federal government helping develop a region and selling electricity at reduced rates.




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## Second New Deal



- First couple years of the New Deal focused on recovery
  - Some success
- Starting in 1935 the Second New Deal goes further with **reform** and **direct relief**
- **Works Progress Administration (WPA)** spent billions of dollars employing millions of unemployed.
- **Resettlement Administration** provided assistance (loans) to sharecroppers, tenant farmers, and small farmers
  - The AAA hurt non-land owning farmers by taking land out of production

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## Social Security

- **Social Security Act** of 1935 would have the greatest impact on future generations
- Social Security established the principal of **federal responsibility** for social welfare
- Money taken from payroll of employee and employers
- People aged 65 & above would receive money (pensions)
- Others eligible for aid:
  - Mothers with dependent children
  - Unemployment insurance
  - disabled




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## National Labor Relations Act: Wagner Act

- **Wagner Act (1935)** guaranteed the rights of **organized labor**
- Protected the right to join a union and to **bargain collectively**
- Created the **National Labor Relations Board** to enforce the labor laws



**HUGE BOOST TO THE LABOR MOVEMENT**

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## Challenges to the New Deal

- By 1936 the New Deal did improve the economy, but it still remained unstable
- **Conservatives** & business owners tended to dislike him
  - Did not like the government regulation and increase in size of the govt.
  - Critical of deficit spending
- FDR followed policies of British economist **John Maynard Keynes**
  - Deficit spending was needed to stimulate economic growth
- **Liberal** critics: New Deal was not doing enough for minority communities & poor
- Various **demagogues** challenge FDR & the New Deal
- **Dr. Francis Townsend**: every person over 60 would receive \$200 a month
- Senator from LA **Huey Long** advocated for the “**Share Our Wealth**” program




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## COURT PACKING PLAN

- Supreme Court ruled two key New Deal programs **unconstitutional**
  - NRA (**Schechter v. U.S.**) 1935
  - AAA
- FDR proposed a plan that would allow him to appoint **additional judges**
- Critics see this as a “**court packing plan**”
- Both Democrats and Republicans see this as a assault on checks and balances
- FDR suffers a rare political **defeat**




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## IMPACT

- New Deal **Democratic Coalition** of farmers, urban immigrants, union members, **African Americans**, & women
- Established federal responsibility for society (**safety net**)
- The New Deal **does not end the Great Depression** (WW2 does)
- Continued debate about deficit spending & the welfare state
- **Recession in 1937**
  - Reduce government spending on public works and relief programs
- **Keynesian Economics**: government spending helps promote economic growth
- Limited impact on racial & gender issues




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