

The Great Depression Module Notes:

- An Overview
 - Stock market began free fall in October 1929, and Herbert Hoover was president.
 - Economic depression is when the economy is not doing well at a higher level and for a longer time than a recession.
 - Cycle that began Great Depression. Stock market crashed in October 1929. Banks began to fail in large number (Some had invested money in stock market, some had failed because they tried to collect loans from investors who had all their money in stock market, and some failed when people went to their local banks and withdrew all their funds). As banks failed, businesses couldn't get money from banks and people didn't have money to purchase things. As businesses fail, people are laid off. By the end of 1932 and beginning of 1933, banks were failing at a rate of 30/week. 25% unemployment. Several hundred known cases of people starving to death, and thousands suffering from malnutrition.
- Wrong Person, Wrong Time
 - Hoover's approach to the economic crisis was to rely on volunteerism. While he did try and relieve the suffering more than another other president before him, his programs did so little.
 - "Work contracts", agreements where workers agreed not to go on strike and owners agreed to maintain prices and wages.
 - Agricultural Marketing Act in 1929, and Federal Farm Board tried to address issues of farmers. No production control or acreage allotments for farm products, which just continued overproduction problems. Encouraged Federal Reserve leaders to lower interest rates and provide loans to failing banks and industries. Too little too late. Taxes were raised on most products. No federal funds provided for the relief of individuals.
 - Homeless villages began to appear. Known as hoovervilles. Ramshackled communities grew up on vacant lots and in garbage dumps. Constructed homes out of packing boxes, plywood, and rusty sheet metal. Response was to say "tighten your belt, dig deep, and pull yourself up by your bootstraps".

- In Hoover's first terms, more than 5k banks closed, 9m savings accounts wiped out. Unemployment went from 1m in 1929 to 12-14m in 1933. Farm incomes dropped 60%, average annual income for farmer was \$80.
 - As Hoover approached reelection, he created Reconstruction Finance Cooperation in 1931. Made loans to banks, railroads, and insurance companies. Loans, not gifts. Would be paid back with interest. By end of 1932, Hoover is loathed by most Americans.
- Election of 1932
 - FDR ran and won in 1931, 1936, 1940, and 1944. More successful than Hoover at connecting with American public. He and his wife Eleanor were able to make Americans feel like they cared. Anyone could write letters to White House and expect a reply. Eleanor ran White House on a strict budget out of a sign of respect.
 - Roosevelt began holding fireside chats to connect with American public. Radio addresses, idea was that he would speak to people as if they were sitting in front of the fireplace having a chat about the relevant and pressing topics of the day.
 - Elected to White House with many new Democratic members of Congress.
- The New Deal
 - In his first "Hundred Days" in office, instituted a bunch of programs aimed at getting people back to work, turning the economy around, and preventing another Great Depression. New Deal used to refer collectively to domestic agenda enacted in response to Great Depression and period of history from 1933 to start of WWII.
 - New Deal programs are divided into three main groups (The 3R's). Relief programs, recovery programs, and reform programs.
 - Relief programs were designed to relieve economic suffering immediately by feeding those on the verge of starvation and putting people back to work, working for the government if necessary. Included Federal Emergency Relief Administration (FERA, provided direct government aid to those in need. Roosevelt administration felt a man would have more self-respect if they worked for a living, established programs where a person was employed by government and paid for work. Considered

temporary expedient). Public Works Administration (PWA. Large sums of money were appropriated for giant public work project. Unemployed were hired for project and paid by government). Works Progress Administration (WPA, founded along same lines. Employed people in all sorts of public service. More varied, employing artists to paint pictures, historians to write history books, etc.). Lastly, National Youth Administration (NYA) and Civilian Conservation Corp (CCC) used to employ young people in public service capacities.

- Recovery programs designed to get economy back to normal, healthy state so that relief programs weren't needed. Efforts made to get major sections of economy – business, labor, and agriculture – back to moneymaking. National Recovery Administration (NRA) was an effort to aid business and labor. Business or industrial firms dealing in the same industry (Like steel industry as a whole) were encouraged to get together and set certain prices they might charge for their goods, which they thought would allow them to make a profit. Although price fixing was against free markets and anti-trust laws, it was allowed at the beginning and done away with later. NRA businesses had to agree to pay a minimum wage to workers and recognize the right of union labor to engage in collective bargaining. These gains were permanent. One other major recovery program was Agriculture Adjustment Administration (AAA). Objective was to help agriculture get back to paying basis. Farmers were paid subsidy to reduce production, hoping to stop overproduction. The system of crop allotments and government subsidies still exists today.
- Reform programs were an attempt to prevent another Great Depression and to cushion effect if it did. Securities and Exchange Commission (SEC), still exists today, was set to regulate sale of securities (stocks/bonds) to insure responsible dealing and prevent irresponsible practices that caused stock market crash. Federal Deposit Insurance Corporation (FDIC) was create to support banks, still exists, set up to insure bank deposits up to a certain amount were insured. If banks failed,