



The Great Depression

1929-1941

**The economy was in severe decline & millions
of Americans were out of work and/or
homeless**

Causes of the Depression

The stock market crash signaled the beginning of the Great Depression

- **Old & decaying industrial base (textiles, railroad, steel)** – outmoded equipment made some industries less competitive & as a result, they were not making as much of a profit.
- **Crisis in the farm sector** – farmers produced more than they were able to sell, especially after the end of WWI & the disappearance of markets that the war had opened to them.
- **Availability of easy credit** – many people went into debt by buying goods on credit, but they were living beyond their means. Businesses encouraged Americans to pileup large consumer debts.
- **Unequal distribution of income** – there was too little \$ in the hands of working people, who were the vast majority of consumers. In other words, consumers had less \$ to spend.



Hoover spoke for most middle-class people. They thought the American dream of unlimited plenty was close to fulfillment. The huge industrial machine that had begun building up during the Civil War had reached fantastic heights of mass production. Assembly lines poured out products by the millions, while advertising stimulated the consumer to buy them.

From privy, ice-box, & buggy the country moved almost overnight into the New Era of bathrooms, electric refrigerators, and automobiles. Washing machines, vacuum cleaners, and telephones promised to make life easier and more convenient. Homemade amusements gave way to radio and the movies. American business and American salesmanship had put the nation aboard an express train rushing toward permanent prosperity.



Industries in Trouble

In the 20's a number of key basic industries barely made a profit:

Railroads: Lost business to new forms of transportation (Trucks, buses, cars)

Textile Mills: faced competition from foreign producers in Japan, India, China & Latin America

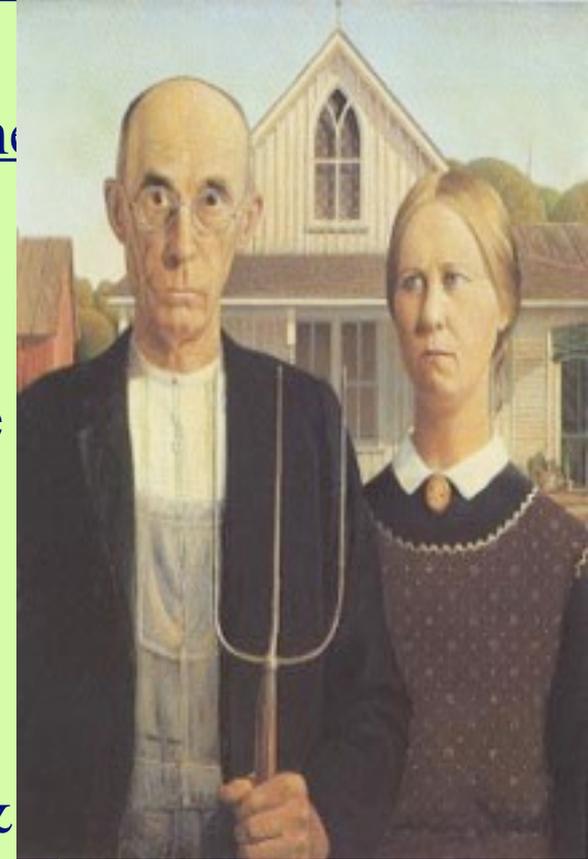
Mining & Lumbering: Expanded during WWI to supply needs & then faced a diminished demand for their goods during peacetime. Coal miners faced competition from new forms of energy – hydroelectric, fuel oil, & natural gas.

Construction of new houses: After 1925, new house construction declined, which had a spinoff on other industries. New houses require building materials, new furnishings, new equipment, new appliances & it creates jobs.

The crash of 1929 & the depression that followed, dealt a crushing blow to the hopes & dreams of millions of Americans. The high-flying prosperity of the 1920's was over. Hard times had begun.

Farmers need a lift: Perhaps more than any other part of the economy, agriculture suffered in the 1920's. During WWI, international demand for crops such as wheat & corn had soared, causing prices to rise. Farmers had planted more crops & taken out loans to buy land & equipment. After the war, demand for farm products fell & crop prices declined by 50% or more.

To compensate for falling prices, farmers boosted production in the hope of selling more crops, but this only depressed prices further. Between 1919 & 1921, annual farm income declined from \$10 billion to just over \$4 billion. Farmers who had gone indebt had difficulty in paying off their loans. Many lost their farms when banks foreclosed & seized the property as payment for the debt. As farmers began to default on their loans, many rural banks began to fail.



Farming in the 1930's (a closer look)

Foreclosure

Foreclosure is the legal process that banks use to get back some of the money they loaned when a borrower can't repay the loan. During the 30s, there were thousands of foreclosures. The word "foreclosure" itself became a rallying cry for political movements.



Farm foreclosure sale, ca. 1933. National Archives.

Here's what often happened. During the 20s, many farmers borrowed money from banks to buy more land or new machinery. Farmers pledged their assets as security on the loan. So if a farmer couldn't make the payments on a loan for land, the bank could take back the asset – the land – and sell it to get back their money. In the 1920s, many loans were written when land values and crop prices were high. After the stock market crash, few people had the money to buy land, and so land values plummeted. When a bank had to foreclose and sell the land, they couldn't make up the difference. So, banks would take all of the assets pledged to the loan. Families were often thrown off of their farms & lost everything.

Farmers depend on towns to supply them with everything from machinery to groceries they can't raise themselves. Small towns in rural America depend on farmers for their very existence. The connection between agriculture & the small town was never more critical than during the Depression.

Some farmers in Madison County, Nebraska, took matters into their own hands. In 1931, about 150 farmers showed up at a foreclosure auction at the Von Bonn family farm. The bank was selling the land and equipment because the family couldn't repay a loan. The bank expected to make hundreds, if not thousands of dollars.



Farmers crowd around the auctioneer at the Von Bonn family auction intimidating real bidders.
This was the first Penny Auction.

Some of the farmers wouldn't bid on anything at all – because they were trying to help the man that was being sold out. At auctions across the Midwest, farmers showed up as a group and physically prevented any real bidders from placing bids. But the banks figured out ways to get around these illegal Penny Auctions.

Farm groups and activists turned their attention to the political arena demanding a stop to foreclosure sales. Eventually, several Midwestern states, including Nebraska, enacted moratoriums on farm foreclosures. Generally the moratoriums lasted a year. The theory was that the Depression couldn't last that much longer, and then farmers would have the income to make their payments. But the Depression continued, the moratoriums ran out and farmers continued to lose their farms.

Although many Americans appeared prosperous during the 1920's, they were living beyond their means. They often bought goods on credit. Many people then had trouble paying off their debts. Faced with debt, consumers cut back on spending.

They also spent less because their incomes were not rising fast enough. During the 20's, nearly half the nation's families earned less than \$1,500 per year (considered the minimum amount needed for a decent standard of living).

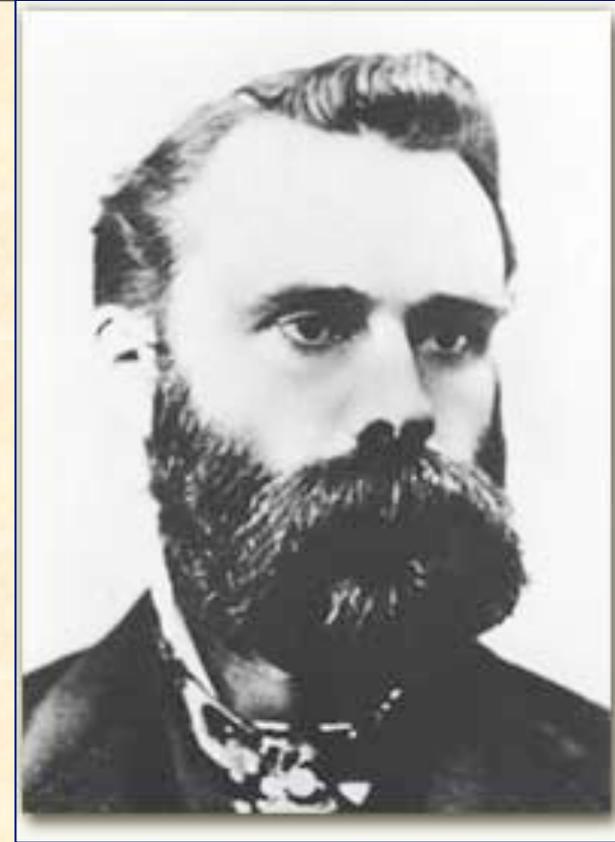


Furthermore, rich Americans did very well. Between 1920 & 1929, the income of the wealthiest 1% of the population rose by 75%, compared with 9% increase for Americans as a whole. This unequal distribution of income meant that most Americans could not participate fully in the economic advances of the 1920's. Many people did not have the \$ to consume the flood of goods that factories produced.

The Dow Jones Averages

T.V. & radio news programs report the Dow Jones Industrial Average many times during the workweek.

What is the Dow Jones Average?



Charles H. Dow

In 1882, Charles H. Dow, Edward Jones & Charles M. Bergstresser start a company that distributes copies of stock market reports to business customers in New York City. The first reports are handwritten & distributed by messenger boys. In 1889, the reports, plus additional editorials, become known as the *Wall Street Journal*.



1896 – Charles Dow creates the Dow Jones Industrial Average by choosing 12 major American companies & averaging the prices of their stocks. The 12 original companies are: **American Cotton Oil, American Sugar, American Tobacco, Chicago Gas, Distilling & Cattle Feeding, General Electric, Laclede Gas, National Lead, North American, Tennessee Coal & Iron, U.S. Leather, U.S. Rubber**

October 28-29, 1929:

The Dow loses nearly $\frac{1}{4}$ of its value over a two-day period as the stock market crashes.

1982 -1987: During the Regan Presidency, the Dow Jones Industrial Average moves steadily upward, from 776.92 in August 1982 to a peak of 2722.42 in August 1987.

October 19, 1987: The Dow falls 508 points to 1738.74, on has been called Black Monday.

Through the years, the stocks that make up the Dow Jones Industrial Average have changed to reflect the times. The Group of 30 stocks now includes McDonald's, Walt Disney, & American Express as well as industrial companies, such as Caterpillar Inc. There are averages of 20 transportation companies, of 15 utility companies & of the 65 stocks together. In 1997, the Dow Jones Industrial Average exceeds the 8000 mark for the first time.

By 1929, about 4 million Americans – 3% of the nation's population – owned stocks. As they continued to buy, stock prices rose & wealth was generated on paper, but it bore little relation to the real worth of companies or the goods that they produced.

During this time, many investors began buying on margin- paying a small % of the stock's price as a down payment & borrowing the rest. Stockbrokers were willing to lend buyers up to 75% of a stock's purchase price. This system worked as long as prices continued to rise, because investors could sell their inflated stocks to make a profit & then pay off their debt to the stockbroker. But if stocks declined, there was no way to pay off the loan.

In early September 1929, stock prices peaked & began to decline. Confidence in the market started to waver & some investors sold their stocks & pulled out. On October 24, the market took a plunge, as panicked investors unloaded their shares.

Stock Market Crash

In late October 1929 – just a few days before Halloween – investors in New York City began to panic. Stocks that they had bought at high prices began to drop. More & more investors sold their stocks at whatever price they could get. Over two days, the value of companies being traded on the stock exchange fell almost 13 % on Monday & another 12 % the next day. That day became known as "**Black Tuesday.**" Fortunes were wiped out. **The stock market had crashed.**

All across the country & all around the world, people paid attention to the news closely. Some investors killed themselves. Millions of people from all over the world who owned stocks waited helplessly as stock values crashed.



10/24/1929 New York. Thousands mill around the New York Stock Exchange after the worst break in the history of the exchange occurring on Oct. 24th.

Bob Aden's father in Nebraska was one of thousands of owners of General Motors stock. He had borrowed money against the family car to buy a few shares. The stock went up for a while and then dropped well below what he paid for it. Bob says, "There were slim pickings around the dinner table."

The stock market downturn continued for at least three years. By the time it was over, the average value of companies in the Dow Jones Industrials Average had dropped almost 90 percent – from a high of 381 to a low of 41. In other words, companies were worth barely more than 10 percent of their former value. Jobs were hard to find.

Farmers and rural residents felt the stock market crash as well – people and companies that used to buy food and other agricultural products no longer had the money to buy much of anything. The crash, along with other factors, produced an economic slowdown that lasted over 10 years. Investors had lost \$30 billion, an amount equal to American spending in WWI

Bank Failure

In the 1920s, Nebraska & the nation as a whole had a lot of banks. At the beginning of the 20s, Nebraska had 1.3 million people & there was one bank for every 1,000 people. Every small town had a bank or two struggling to take in deposits & loan out money to farmers & businesses.

As the economic depression deepened in the early 30s, & as farmers had less & less money to spend in town, banks began to fail at alarming rates.

During the 20s, there was an average of 70 banks failing each year nationally.



People milling about outside of a bank that closed, ca. 1933.
National Archives photo.

After the crash during the first 10 months of 1930, 744 banks failed. In all, 9,000 banks failed during the decade of the 30s. By 1933, depositors saw \$140 billion disappear through bank failures.

After the crash, many Americans panicked & withdrew their money from banks forcing some banks to close. Many banks could not cover their customers' withdrawals, because the banks had invested and lost money in the stock market, just as individuals had.

As a result, 659 banks shut their doors in 1929. By 1933, around 6,000 banks or 1/4th of the nations total had failed! And because there was no federal insurance to protect the bank accounts, around 9 million individual savings accounts were completely wiped out.

Also some 85,000 businesses went bankrupt, causing millions of workers to lose their jobs.

But not everyone fared so badly. In the months before the crash, some investors had begun to unload/sell their stocks and take the profits. Joseph P. Kennedy, the father of future president John F. Kennedy was one who did so.

"When the stock market went down to nothing there was people jumping out of two-story, three-story buildings in New York. That's what we heard anyway. Just jumping out!"



In cities like New York after the crash long lines of people waited to be fed. There were no government relief programs during 1932, so free food was distributed by private groups. National Archives.

It's hard for people used to today's wages to realize that a dollar-a-day was a good wage during the Depression. Jobs were so few and hard to find that if you had a job – no matter how bad it was – you kept it. One of the catch phrases of the era was, “You couldn’t even buy a job.”



In South Dakota in 1936, Vernon Evans said later, “It got so bad you couldn’t even buy a job.” He took his family to Oregon. FSA photo by Arthur Rothstein. [Click to hear Vernon talk about his experience.](#)



The Info. Not Found in Your Books

The Federal Reserve Board held a secret meeting on May 18, 1920, to plan a depression. Large banks began calling in loans, causing stocks to drop from a high of 138.12 in 1919, to a low of 66.24 in 1921. When the value of government bonds plummeted, they were forced to call in even more loans. When thousands of the banks' customers could not pay their notes, the banks seized their assets.

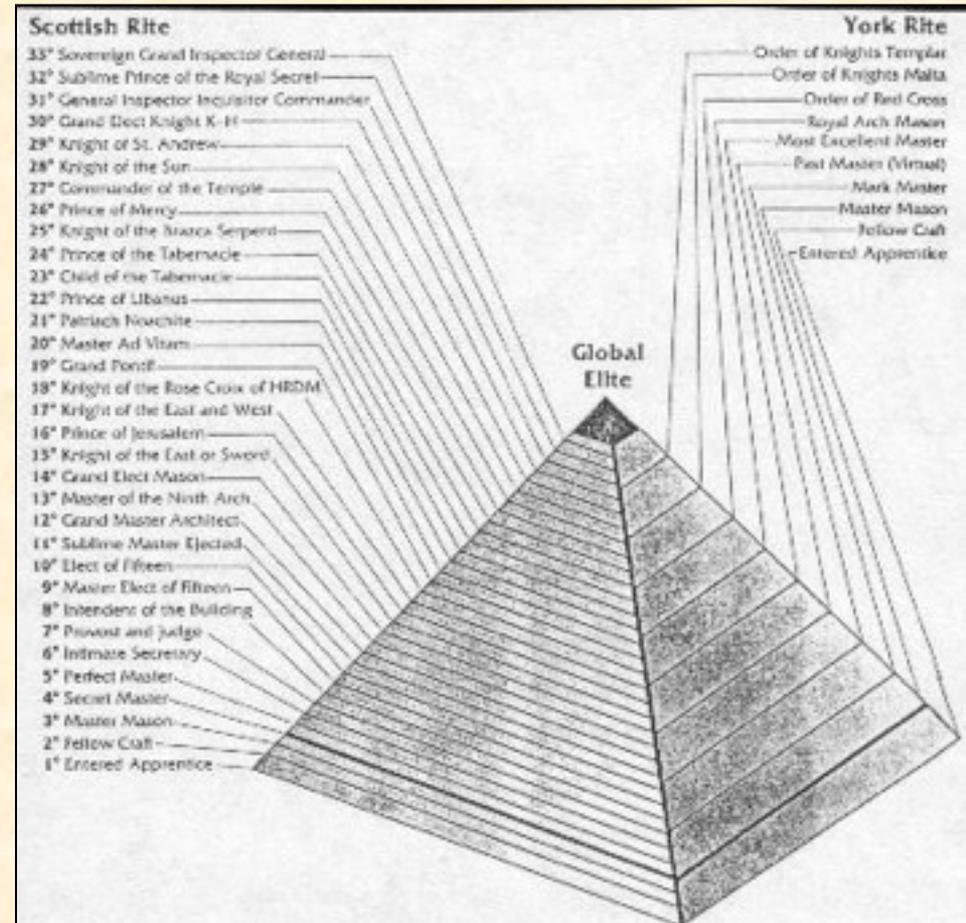
After 1922, profits rose, and with the Federal Reserve's ability to lend ten times more than their reserves, credit was easily obtained. From 1923 to 1929, \$8 billion was sliced off of the deficit. The Reserve expanded the money supply by 62%, and this excess money was used to bid the stock market up to fantastic heights. The media began publicizing that there was an enormous profit to be made from the stock market. This push was planned at a meeting of the International Bankers in 1926, who made the boom possible, and who were going to bring about financial disaster later.

In 1928, the House hearings on the Stabilization of the Purchasing Power of the Dollar, revealed that the Federal Reserve Board had met with the heads of various European central banks at a secret luncheon in 1927 to plan what they believed may be a major crash. On February 6, 1929, after Montagu Norman, Chairman of the Bank of England, came to the U.S. to meet with Andrew Mellon, the Secretary of Treasury, the Reserve reversed its monetary policy by raising the discount rate, & during the next few months, after Paul Warburg had issued a tip in March, 1929, Illuminati members, who knew what the future held, got their money out of the stock market, reinvesting it in gold and silver. In the year before the crash, 500 banks failed.

On October 24, 1929 (Black Tuesday), the New York banking establishment began calling in their loans, forcing their customers to sell stock at ridiculously low prices in order to pay off the loans. Stock prices fell by 90%, and U.S. Securities lost \$26 billion. Thousands of smaller banks and insurance companies went bankrupt, and people who had been millionaires, were now broke. To prolong the depression after the crash, from 1929 to 1933, the Reserve began to reduce the money flow by one-third.

The Great Depression, as it became known, was engineered by the Illuminati to take money from the people, and to make them dependent on the Government through the subsequent New Deal programs of Roosevelt. Congressman Louis T. McFadden, Chairman of the House Banking and Currency Committee said: “It was no accident. It was a carefully contrived occurrence ... The International Bankers sought to bring about a condition of despair here so they might emerge as the rulers of us all.”

The **Illuminati** is the name of many groups, modern and historical, real and fictitious, verified and alleged. Most use refers to an alleged shadowy conspiratorial organization which controls world affairs behind the scenes, usually a modern incarnation or continuation of the Bavarian Illuminati. *Illuminati* is sometimes used synonymously with New World Order.



To make matters worse, in 1930, Congress passed the **Hawley-Smoot Tariff Act**, which established the highest protective tariff in U.S. history. which was designed to help American farmers and manufacturers by protecting their products from foreign competition. But what it did in reality was it reduced the flow of goods into the U.S. and it prevented other countries from earning American currency to buy American exports. In this way, the tariff made unemployment worse in industries that could no longer export goods to Europe.

Many countries retaliated by raising their own tariffs. Within a few years, world trade had fallen more than 40% - a severe reduction in overall economic activity.

Worldwide Depression

The depression that began in the United States in 1929 went around the world in the years that followed.

By 1932, more than 30 million people could not find a job. That same year, industrial production worldwide was 38% less than it had been in 1929.

Just as in the U.S., unemployment rates in Germany & Great Britain reached 25% in 1932. In Germany that meant that over 5.5 million people were out of work. Some historians point to that fact as one of the reasons that democracy broke down and Adolph Hitler gained dictatorial power.

What caused the Great Depression to become a worldwide event? Some economists say that the fact that there was an international monetary system tied to the price of gold made the different economies closely related. Problems in one large economy were passed on to others and eventually back to the country where the problems began.



The Depression in Germany helped bring Adolph Hitler to power.

"Community Camp", a depression era shantytown in Oklahoma City, Oklahoma



In cities across the country, from NYC to LA, people who lost their jobs found that they could no longer pay their rent or mortgage. Many were evicted from their homes & ended up living on the streets. Some slept in parks or sewer pipes, wrapped in newspapers to fend off the cold.

Others built makeshift shacks out of scrap materials. Before long, large shantytowns sprang up on the outskirts of cities.

Every day the urban poor could be seen scrounging for food, digging in garbage cans or begging on street corners.

Soup kitchens & bread lines became a common sight in many cities.



The Impact of the Depression on Blacks & Hispanics



Migrant
Farm
Workers

The unemployment rate for both groups in the cities was higher than for most other Americans & the jobs that they held already brought the lowest pay.

The Depression years brought an increase in racial violence against blacks by unemployed whites competing for the same jobs – many died from lynchings (24) in 1933.

Hispanics were also targets of hostility by unemployed whites. Many were deported by the federal government to Mexico & they were born in the U.S.

The Dust Bowl: In addition to the stock market crash a year earlier, the U.S. faced severe dust storms. The land in this region was overproduced with crops & the grasslands became unsuitable for farming. When the drought & winds began, few trees & grass were left on the plains to hold the soil down.



The southern
plains region
including
Kansas,
Oklahoma &
Texas was the
hardest hit



The dust traveled hundreds of miles. One windstorm in 1934 picked up millions of tons of dust from the plains & carried it to East Coast cities. Even ships far out in the Atlantic Ocean reported dust settling on their decks.



Dust storm approaching Stratford, Texas

A wall of dust approaching a Kansas town.



Wednesday, October 26, 2011

Thousands of farmers known as Okies left their land behind & moved to California to find work.

The Population of California had grown by more than a million by the end of the 1930's.



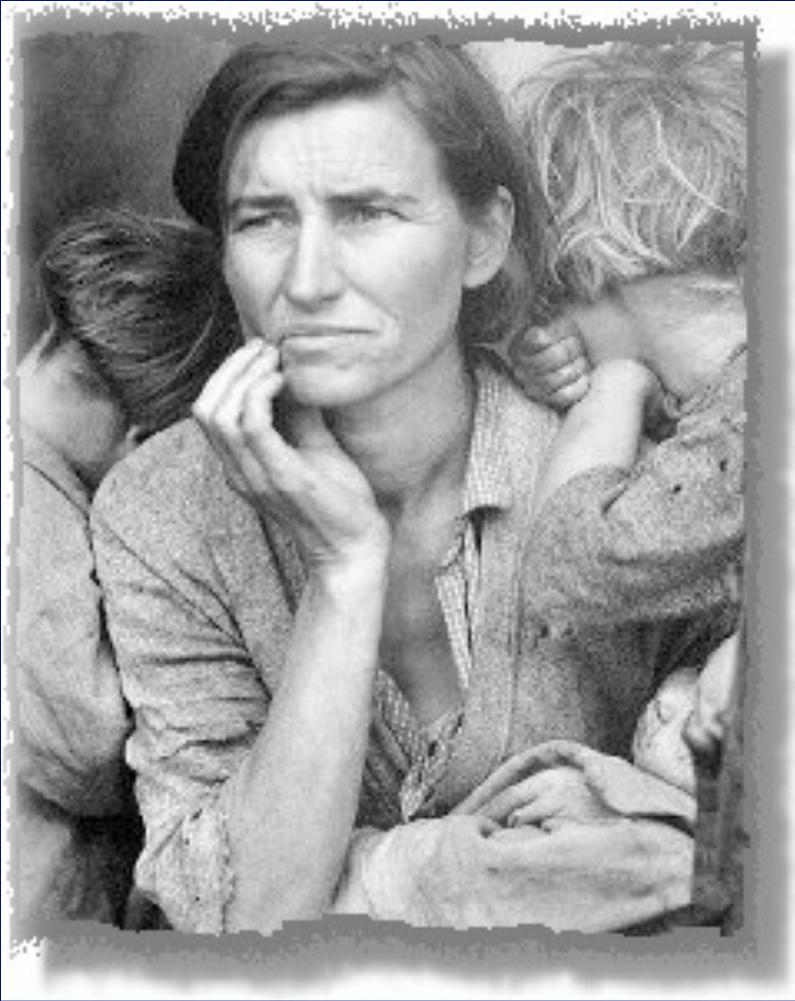
Effects on the American Family

The Great Depression put severe pressure on family life. Making ends meet was a daily struggle and in some cases, families broke apart under the strain.



Many men had difficulty coping with unemployment because they were accustomed to working & supporting their families.

During the depression, 2 million men wandered the country, hitching rides on railroads boxcars & sleeping under bridges. In many cases, they would turn up at homeless shelters in big cities.



During the Depression, many women worked hard to help their families survive adversity. They managed household budgets, they canned food, sewed clothes, worked outside the home, though they were usually paid less than men.

Working women became targets of resentment during the depression... Why?



Social & Psychological Impact

The hardships of the Depression had a tremendous social & psychological impact. Some people were so demoralized by hard times that they lost their will to survive. Between 1928 & 1932, the suicide rate rose by nearly 30%. Three times as many people were admitted to state mental hospitals as in normal times.

Adults stopped going to the doctor or dentist because they couldn't afford it. Young people gave up their dreams of going to college. Others put off getting married, raising large families, or having children at all.

Bread Line



Order: 31st President

President from: March 4, 1929 – March 3, 1933

Preceded by: Calvin Coolidge

Succeeded by: Franklin D. Roosevelt

Political party: Republican

Born to a Quaker family in Iowa, Hoover was the first president born west of the Mississippi River. He was orphaned at an early age, & his life was a real “rags to riches” story. He worked his way through Stanford University & later made a fortune as a mining engineer & consultant in China, Australia, Europe & Africa. During & After WWI, he coordinated U.S. relief efforts in Europe, earning a reputation for efficiency & humanitarian ideals.



President Herbert Hoover

As president, Hoover took steps reflecting his belief that social problems were best solved locally, through private initiatives. He asserted, “Every time we find solutions outside of government, we have not only strengthened character, but we have preserved our sense of real government.”

Hoovers Political Philosophy

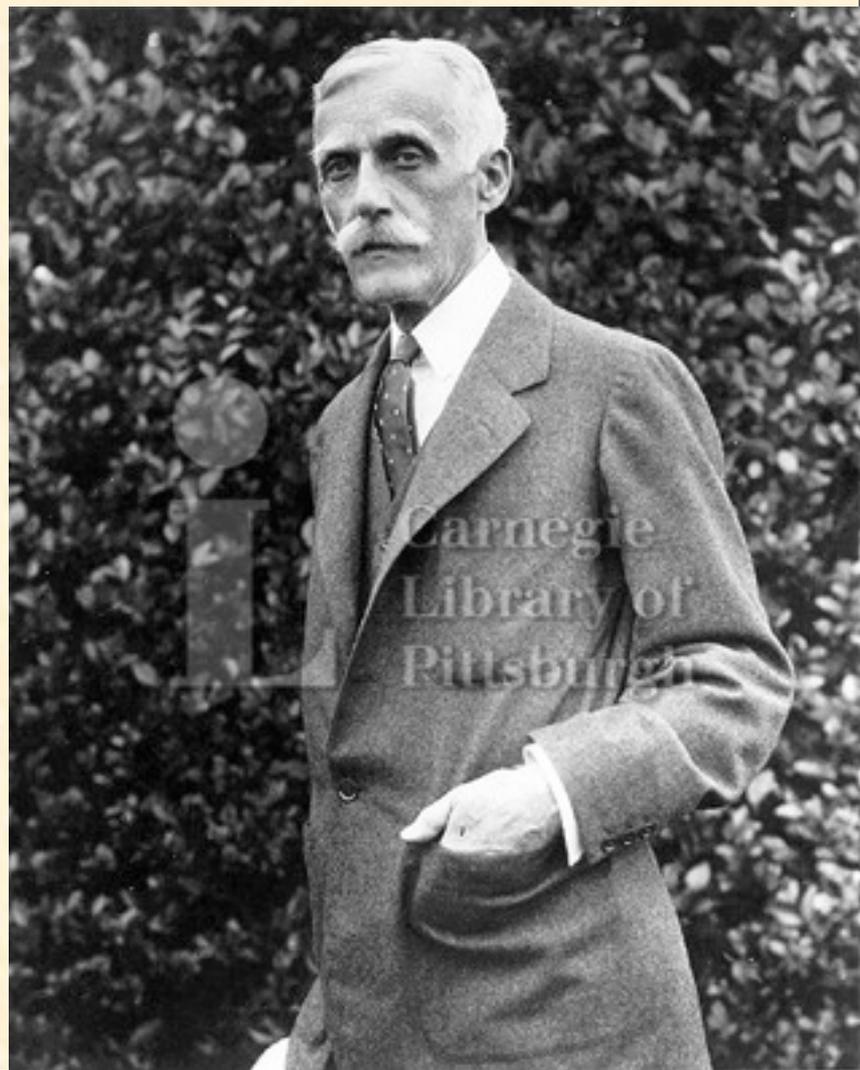
First, Hoover believed that one of government's chief functions was to foster cooperation between competing groups & interests in society. If business & labor were in conflict for example, government should step in & help them find a solution that served their mutual interest. But it should be voluntary rather than forced. Government's proper role, he believed, was to encourage & facilitate cooperation, not to control it.

Second, he believed in “**Rugged Individualism**” – The idea that people should succeed through their own efforts. They should take care of themselves and their families, rather than depend on the government to bail them out. Hoover opposed any form of federal welfare, or direct relief to the needy. He believed that direct federal handouts would weaken people's self-respect & undermine the nation's moral fiber.

Third, he felt that individuals, charities, and local organizations should pitch in to help care for the less fortunate. The government should direct relief measures, but not through a vast federal bureaucracy.

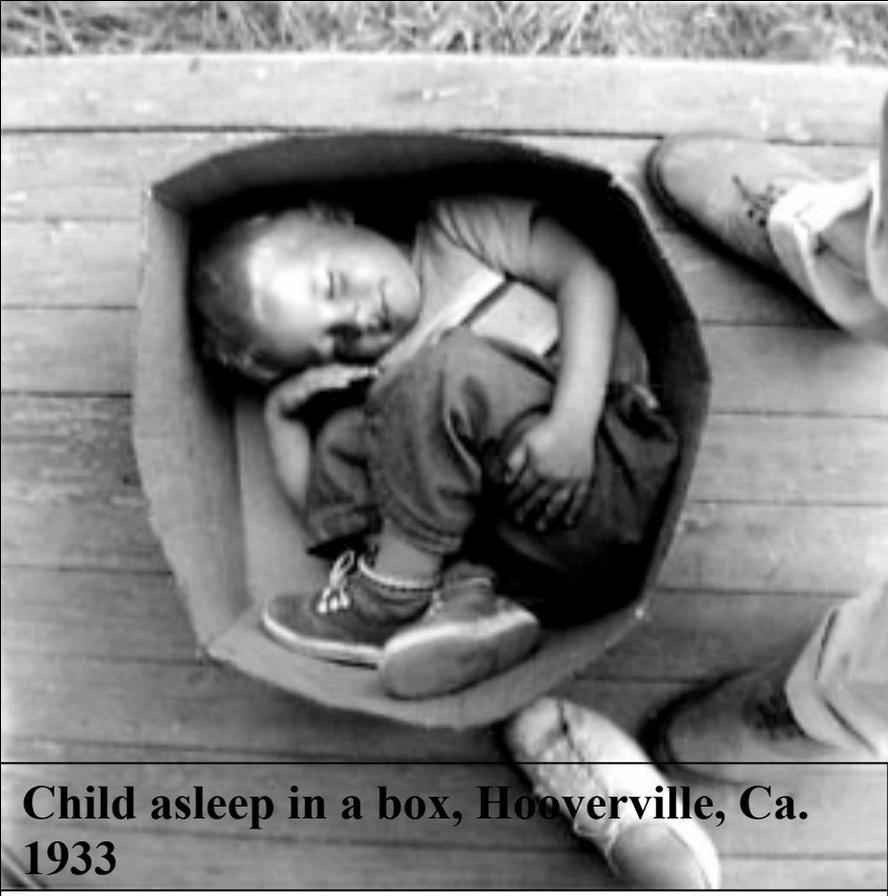
Hoovers political philosophy differed from that of Andrew Mellon. Mellon who was the Secretary of the Treasury believed in the “do-nothing” approach when it came to fixing the economic woes which caused the Depression.

He believed that depressions were a normal part of the business cycle and periods of rapid economic growth were naturally followed by periods of economic contraction or depression. According to Mellon, the best course of action in such a slump, was to do nothing and let the economy fix itself.





By 1930, people were calling the shantytowns in American cities “Hooverilles” – a direct slap at the president’s policies. To keep warm, homeless people wrapped themselves in newspapers, which they called “*Hoover blankets.*” Empty pockets turned inside out were “*Hoover flags.*” Many Americans who hailed Hoover as a great humanitarian a few years earlier, now saw him as a cold & heartless leader.



**Child asleep in a box, Hooverville, Ca.
1933**



**Homeless man sitting in front of Hooverville shack,
October 27, 1931**

During March 1934, a census of Seattle's Hooverville, a shantytown formed at the beginning of the Great Depression, finds 632 men and seven women living in 479 shanties located south of Seattle's Pioneer Square. The residents living in the 12-to-15-square-block area range in age from 15 to 73.



A "Hooverville" in Oakland — 1937

Hoover responds to the depression & the concerns of the people by directing federal funds into projects such as the construction of Boulder Dam – designed to jump start the economy & add jobs.



One of Hoover's first major initiatives was a public-works program to build roads, dams, & other large projects, in an effort to stimulate business & provide jobs for unemployed workers. Congress approved \$800 million for these projects, which included the giant Boulder Dam (now called Hoover Dam). On the Colorado River between Arizona & Nevada.

Other Hoover initiatives:

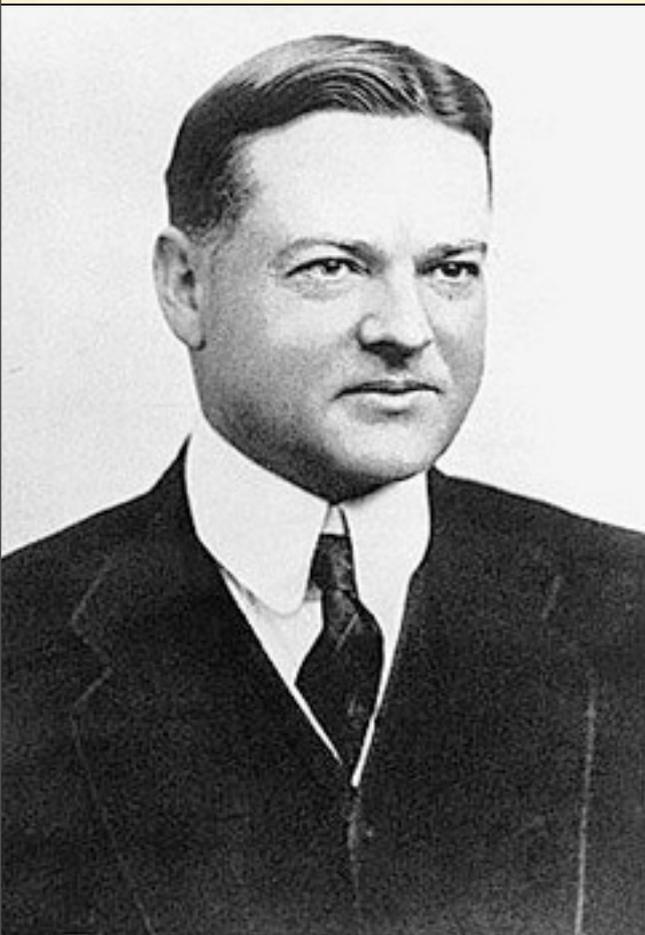
- The Federal Farm Board – designed to raise crop prices by helping farm cooperatives buy crops & keep them off the market temporarily.
- The National Credit Corporation – Hoover tried to persuade the nation's largest banks to loan \$ to smaller banks to help them stave off bankruptcy.
- Glass-Steagall Banking Act – passed in 1933 to increase bank reserves & make bank loans easier to get.
- Federal Home Loan Bank Act – lowered mortgage rates for homeowners & allowed farmers to refinance their farm loans & avoid foreclosure.
- Reconstruction Finance Corporation (RFC) – Passed in 1932 – authorized to provide emergency financing to banks, life insurance companies, railroads & other large businesses. Hoover believed that the \$ would trickle down to the average citizen

through job growth & higher wages. Many Critics questioned Hoover's approach to the Great Depression. They argued that the programs only benefited corporations & not the poor people themselves. They needed direct relief.

Hungry people could not wait for the benefits of the corporations to trickle down to their tables.

Although Hoover made attempts to jump-start the economy, his initiatives failed to turn the economy around.

By the time the 1932 election rolled around too many Americans were suffering from lack of work, lack of food & lack of hope. They blamed Hoover for the depression & they were ready for a change.



The New Deal

In 1932, too many Americans blamed Hoover for doing too little about the Depression & they wanted a new president in the White House.



Assuming the Presidency at the depth of the Great Depression, Franklin D. Roosevelt helped the American people regain faith in themselves. He brought hope as he promised prompt, vigorous action, and asserted in his Inaugural Address, "the only thing we have to fear is fear itself."

Born in 1882 at Hyde Park, New York--now a national historic site--he attended Harvard University and Columbia Law School. On St. Patrick's Day, 1905, he married Eleanor Roosevelt.

In the summer of 1921, when he was 39, disaster hit. He was stricken with poliomyelitis. Demonstrating indomitable courage, he fought to regain the use of his legs, particularly through swimming.

Franklin D. Roosevelt

He was elected President in November 1932, to the first of four terms. By March there were 13,000,000 unemployed, and almost every bank was closed. In his first "hundred days," he proposed, and Congress enacted, a sweeping program to bring recovery to business and agriculture, relief to the unemployed and to those in danger of losing farms and homes, and reform, especially through the establishment of the Tennessee Valley Authority.

During the time period in which Roosevelt was waiting to be inaugurated as the President of the U.S. he worked with his team of carefully picked advisers - a select group of professors, lawyers, & journalists known as the brain trust. Roosevelt began to formulate a set of policies for his new administration. This program, designed to alleviate the problems of the Great Depression, became known as the **New Deal**.

New Deal policies focused on 3 goals:

Relief for the needy

Economic Recovery

Financial Reform

On taking office, the Roosevelt administration launched into a period of intense activity, known as **the Hundred Days**, lasting from March 9 to June 16, 1933. During this period, Congress passed more than 15 major pieces of New Deal legislation. These laws and others that followed, significantly expanded the federal government's role in the nation's economy.

Roosevelt was known for his fireside chats. These were radio talks that Roosevelt gave occasionally about issues of public concern, explaining in clear, simple language his New Deal measures. Informal and relaxed, these talks made Americans feel as if the president were talking directly to them, and they boosted confidence in the president.

In his first fireside chat, Roosevelt explained why the nation's welfare depended on public support of the government & the banking system.

"When you deposit your \$ in a bank, the bank does not put the \$ into a safe deposit vault. It invests your \$...A comparatively small part of the \$ you put into the bank is kept in currency - an amount which in normal times is wholly sufficient to cover the cash needs of the ordinary citizen."

Roosevelt then explained that when too many people demanded their savings in cash, banks would fail. This did not mean that the banks were weak, because even strong banks could not meet such heavy demands.

At the end of the hundred days, public confidence in the nation's future had rebounded, but there was some opposition to the New Deal in some parts of the population:

Liberal critics argued that the New Deal did not go far enough to help the poor & it did not go far enough to reform the nations economic system.

Conservative critics argued that Roosevelt spent too much on direct relief & used New Deal policies to control business & socialize the economy.

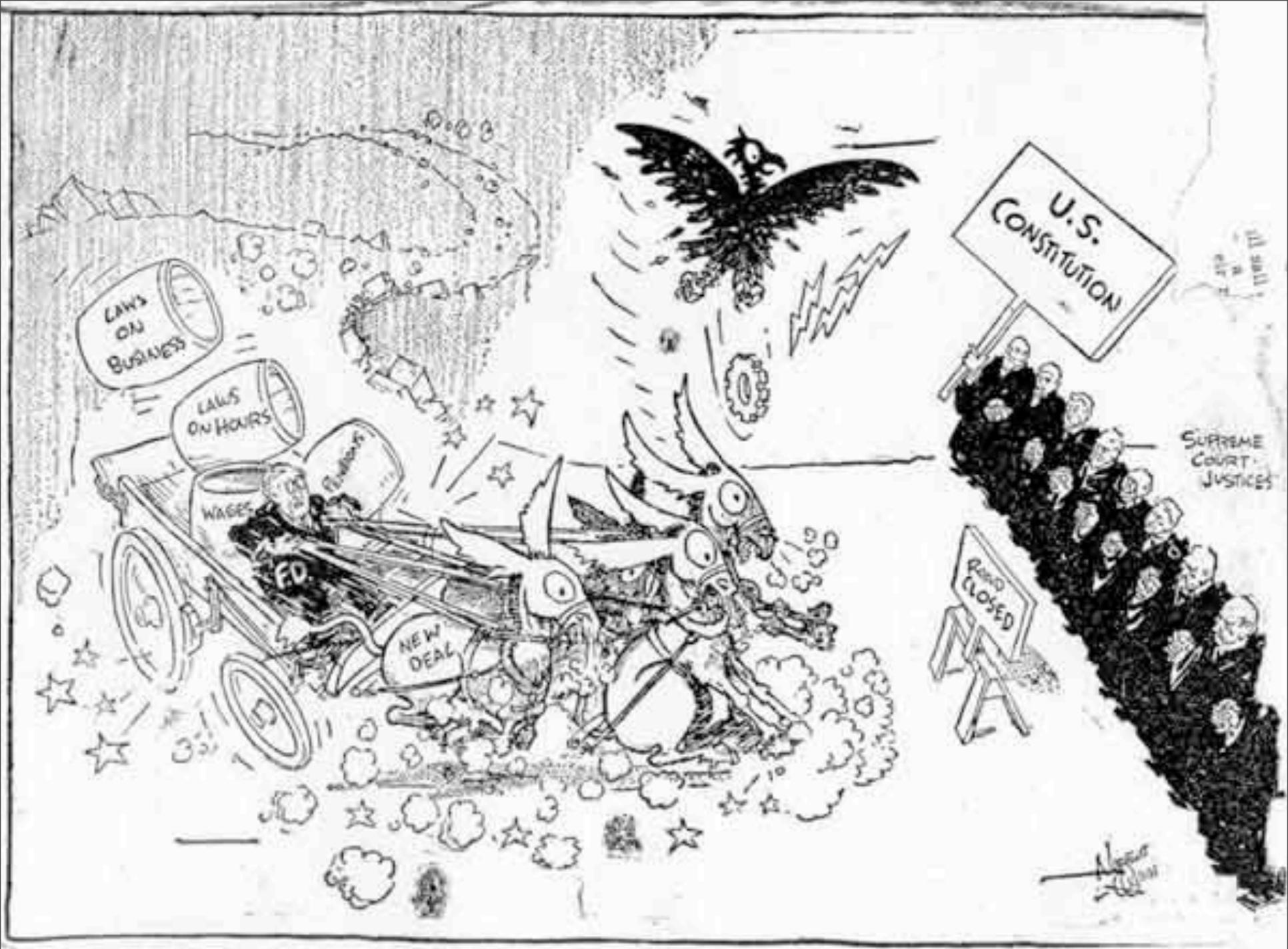
Many New Deal critics thought the Roosevelt Administration was going too far in its attempt to regulate the production & supply of goods and to control prices. They believed the New Deal interfered with the workings of a free market economy.

But wasn't the free market economy already interfered with to create the problem (The Great Depression)? Who might have been responsible for interfering with it?



In 1935, the Supreme Court strikes down the NIRA (National Industrial Recovery Act) as unconstitutional, declaring that the law gave legislative powers to the executive branch. It also argued that the enforcement of industry codes with states went beyond the federal government's constitutional powers, which are limited to the regulation of

In 1936, the Supreme Court strikes down the AAA (Agricultural Adjustment Act) on the grounds that agriculture is a local matter & should be regulated by the states rather than the federal government.



APR 11 1937

SUPREME COURT JUSTICES

U.S. CONSTITUTION

ROAD CLOSED

Alvin Tarpoff

Fearing that the further Court decisions might dismantle the New Deal, in Feb. 1937, Roosevelt proposed that Congress enact a court-reform bill that would reorganize the federal judiciary & allow him to appoint 6 new Supreme Court justices.

The bill was designed to create a Supreme Court more sympathetic to New Deal programs. The bill was labeled the “court packing bill”, which caused a storm of protest in Congress and the press.

Many people believed that the president was violating principles of judicial independence & the separation of powers, which hurt the president's public image.

Then events that the president could not have foreseen led to changes in the Court. Rulings of the Court began to shift in favor of the New Deal, and without reorganizing the judiciary, the president was able to appoint seven new justices in four years who supported the New Deal, because of resignations.

The Second Hundred Days

By 1935, The Roosevelt administration was seeking ways to build on the programs established during the Hundred Days. Although the economy had improved during FDR's first two years in office, the gains were not as great as he had expected. Nevertheless, the New Deal enjoyed widespread popularity.

President Roosevelt launches a second burst of activity, often called the second New Deal or the Second Hundred Days.

During this phase, the president called on Congress to provide more extensive relief for both farmers & workers. He encouraged Congress to help the “forgotten man,” as he called the poor & dispossessed at the bottom of society.



The President was prodded in this direction by his wife Eleanor Roosevelt.

Eleanor Roosevelt



Anna Eleanor Roosevelt was born in New York City on October 11, 1884. Her father was Elliott Roosevelt, President Theodore Roosevelt's younger brother.

On March 17, 1905, she married her 5th cousin, Franklin Delano Roosevelt, and between 1906 and 1916, they became the parents of 6 children.

During Franklin D. Roosevelt's presidency, Eleanor Roosevelt was an active First Lady who traveled extensively around the nation, visiting relief projects, surveying working & living conditions, & then reporting her observations to the President. She also exercised her own political & social influence; she became an advocate of the rights & needs of the poor, of minorities & of the disadvantaged. In WWII, she visited England & the

South Pacific to foster good will among the Allies & boost the morale of US servicemen overseas.

Eleanor shattered the ceremonial mold in which the role of the First Lady had traditionally been fashioned, & reshaped it around her own skills & her deep commitment to social reform. She gave a voice to people who did not have access to power. She was the first woman to speak in front of a national convention, to write a syndicated column, to earn money as a lecturer, to be a radio commentator & to hold regular press conferences.



She candidly and almost continuously reminded the president about the suffering of the nation's people. She also reminded him to appoint women to government positions. As a great advocate of rights for poor people, women & minorities, she gave a caring, human face to the Roosevelt administration.

One of the most important achievements of the New Deal was creating the Social Security system. **The Social Security Act**, passed in 1935, was created by a committee chaired by Secretary of Labor Frances Perkins. The Act had 3 major parts:

•**Old-age insurance for retirees 65 or older & their spouses.** The insurance was not a complete retirement plan but a supplement to a person's private retirement plan, with payments ranging from \$10 to \$85 a month, depending on the amount a worker paid into the system. This amount came half from the worker & half from the employer. Some groups were excluded from the system: domestic servants, farm workers, many hospital workers & many restaurant workers.

•**Unemployment compensation system.** The unemployment system was funded by a federal tax on employers. It was administered at the state level. The initial payments ranged from \$15 to \$18 per week.

Aid to families with dependent children & the disabled. The aid was paid for by federal funds made available to the states. It assisted the blind, the crippled, the needy elderly & mothers with dependent children.

The New Deal and Black Americans



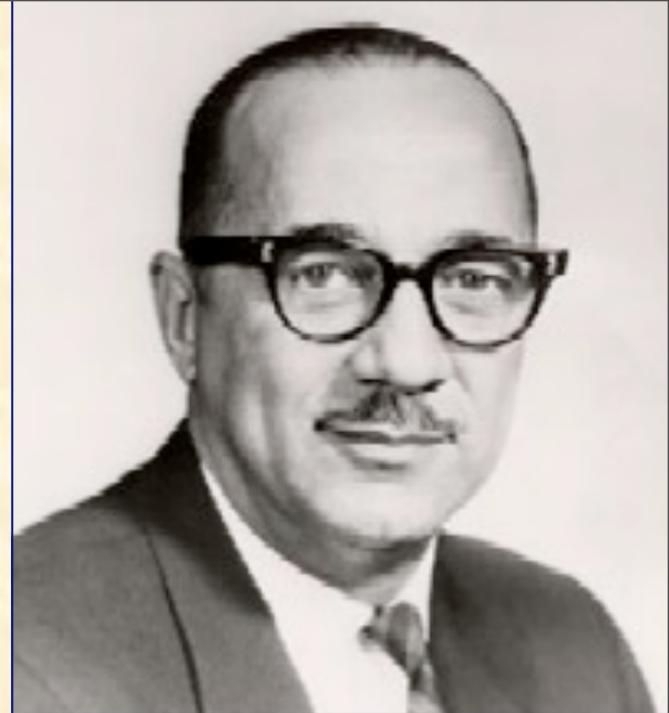
An important Black American in the Roosevelt administration was Mary McLeod Bethune. She was an educator who dedicated herself to promoting opportunities for young American Blacks. The president named her to head a special department of the *National Youth Administration*, the Office of Minority Affairs. In this post, Bethune worked to ensure that the NYA hired Black administrators & provided job training & other benefits to minority students. She also helped to organize a “Black Cabinet” of influential Blacks to advise the Roosevelt administration on racial issues.

Included in this group were Black lawyers, journalists, & specialists on housing, labor & other issues. Among these figures were William H. Hastie & Robert C. Weaver, both appointees to Roosevelt’s interior Department.

Never before had so many Black Americans had a voice in the White House.



Mary McLeod Bethune



William H. Hastie



Robert C. Weaver

Eleanor Roosevelt played a key role in opening doors for American Blacks in government. She also was instrumental in bringing about one of the most dramatic cultural events of the period:

A performance of the singer *Marian Anderson* in 1939.

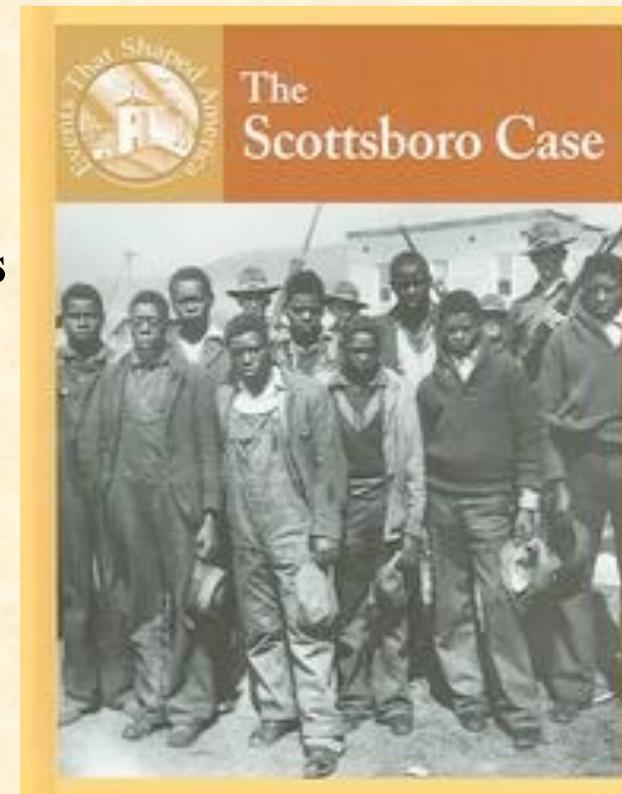
When the Daughters of the American Revolution chose not to allow Anderson to perform in their concert hall in Washington D.C., because of her race, Eleanor Roosevelt arranged for Anderson to perform at the Lincoln Memorial on Easter Sunday. Mrs. Roosevelt also resigned from the Daughters of the American Revolution. At the concert, Walter White, an official of the NAACP, noticed one girl in the crowd.

"Her hands were particularly noticeable as she thrust them forward & upward, trying desperately... to touch the singer. They were hands which despite their youth had known only the dreary work of manual labor. Tears streamed down the girl's dark face. Her hat was askew, but in her eyes flamed hope bordering on ecstasy...If Marian Anderson could do it, the girl's eyes seemed to say, then I can too."



During the 1930s, much of the world's attention was riveted on the "Scottsboro Boys," nine black youths falsely charged with raping two white women in Alabama. This case, more than any other event in the South during the 1930s, revealed the barbarous treatment of blacks. The case began on March 25, 1931, when a number of white and black youths were riding on a freight train, traveling to see if they could find work. A fight broke out between a group of black and white hobos, and the whites were thrown off the train. They reported the incident to a stationmaster, who wired ahead for officials to stop the train at a town called Paint Rock. Dozens of armed men rounded up nine black youths and took them to jail. They were about to be charged with assault when two white women, dressed in boys clothing, were discovered hiding on the train.

Although there was no evidence connecting the youth to the women, the nine youths were charged with raping the women. The women -- who had had sexual relations with some of the white men thrown off the train and fearing prosecution for their sexual activity with the white men -- agreed to testify against the black youths. The trial was held in the town of Scottsboro, Alabama. The all-white jury convicted the nine, and all but the youngest, who was 12 years old, were sentenced to death.



The announcement of the verdict and sentences brought a roar of protest in the North. The Communist Party USA took charge of the case and carried out a two-fold battle -- in the courts and on the streets. In 1932 the U.S. Supreme Court overturned the convictions (Powell v. Alabama) on the grounds that the defendants had not received adequate legal counsel in a capital case. The state of Alabama then retried one of the accused, Haywood Patterson, and once again convicted him. But the trial judge, James Horton, set aside the verdict on the grounds that he did not believe the defendant committed the crime. That decision caused him to be defeated in the next election. The state then retried Clarence Norris to see if the Supreme Court would again intervene. Norris was sentenced to death, but in 1935 decision the U.S. Supreme Court (Norris v. Alabama) overturned this conviction, ruling that the state had excluded blacks from juries

Alabama again tried and convicted Haywood Patterson, this time sentencing him to 75 years in prison. Further trials of the rest of the defendants resulted in more reconvictions and appeals until, after persistent pressure both Northern and Southern groups, Alabama freed the four youngest defendants (who had already served six years in jail) and later paroled all but Patterson. Patterson escaped in 1948 and fled to Michigan, where, three years later, he was convicted of manslaughter and died in prison. The last known surviving member of the group, Clarence Norris, fled to the North after his parole in 1946 and was granted a full pardon by the Governor of Alabama in 1976.



The **Scottsboro case** is one of the best-known legal battles in the history of the United States.

It is important for the two U.S. Supreme Court decisions it produced as well as for the widespread domestic and international tumult it provoked as part of our nation's long struggle for civil rights.

The conviction and death sentences of the nine young men were widely viewed as "legal" lynching, meaning that although due process had been followed, justice had not been served.

Despite efforts to promote racial equality, the president was never committed to full civil rights for Blacks. He was afraid of upsetting Southern whites, an important segment of Democratic voters. For this same reason, he refused to support a federal antilynching law & an end to the poll tax, two key goals of the civil rights movement.

Furthermore, a number of New Deal programs, clearly discriminated against Blacks. They favored white Americans when providing direct relief & New Deal jobs.

In 1934, Blacks took steps to improve conditions in areas that the New Deal ignored. They organized the Southern Tenant Farmers' Union, which sought to protect the rights of tenant farmers & sharecroppers, both white & black.

In the North, the union created tenants' groups & launched campaigns to increase job opportunities. When discriminatory hiring practices continued to deprive Blacks of their fair share of jobs, they organized the March on Washington Movement in 1941.

WHY SHOULD WE MARCH?

What Are Our Immediate Goals?

1. To mobilize five million Negroes into one militant mass for pressure.
2. To assemble in Chicago the last week in May, 1943, for the celebration of

"WE ARE AMERICANS - TOO" WEEK

And to ponder the question of Non-Violent Civil Disobedience and Non-Cooperation, and a Mass March On Washington.



15,000 Negroes Assembled at St. Louis, Missouri
20,000 Negroes Assembled at Chicago, Illinois
23,500 Negroes Assembled at New York City
Millions of Negro Americans all Over This Great
Land Claim the Right to be Free!

FREE FROM WANT!
FREE FROM FEAR!
FREE FROM JIM CROW!

*"Winning Democracy for the Negro is Winning the War
for Democracy!" — A. Philip Randolph*



Mexican Americans tended to support the New Deal, even though they received even fewer benefits than Blacks did. Large numbers of Mexican Americans had come to the U.S. during the 20's, settling mainly in the Southwest. Most found work laboring on farms, an occupation that was essentially unprotected by state & federal laws. During the Depression, farm wages fell to as little as 9 cents an hour. Farm workers who tried to unionize often were met with violence from employers & government authorities. The same New Deal agencies that discriminated against Blacks also discriminated against Mexican Americans by disqualifying from their programs migrant workers who had no permanent address.



**Mexican
immigrants in
Texas in 1938**

Native Americans received strong government support from the New Deal. In 1924, Native Americans had received full citizenship by law. In 1933, President Roosevelt appointed John Collier as commissioner of Indian Affairs. A strong advocate of Native American rights, Collier helped create the **Indian Reorganization Act of 1934**. This act strengthened Native American land claims by prohibiting the government from taking over unclaimed reservation lands & selling them to people other than Native Americans. Thus, the 1934 act was able to restore some reservation lands to tribal ownership.



Under the act, Native American groups could adopt a constitution & establish a tribal council. The Montana Flathead were one of the tribal groups that adopted a constitution. This photograph shows the Flathead delegation at the ceremony signing the constitution. Also shown are Secretary of the Interior Harold Ickes, seated at the center, & John Collier, head of the Bureau of Indian Affairs, who developed the legislation.

A New Deal Coalition – Although New Deal Policies had mixed results for minorities, these groups generally backed Roosevelt's against his Republican rivals. In fact, one of FDR's great achievements was to create a New Deal Coalition – an alignment of diverse groups dedicated to supporting the Democratic Party. The coalition included Southern whites, various urban groups, Blacks, and unionized industrial workers. This new voting bloc enabled the Democrats to dominate national politics throughout the 30's & 40's.



Although not all Americans agreed with Roosevelt's policies, he was extremely popular among working-class Americans. Far more important than his personal popularity, however, was the impact of the policies he initiated. Even today, reforms begun under the New Deal continue to influence American politics and society.

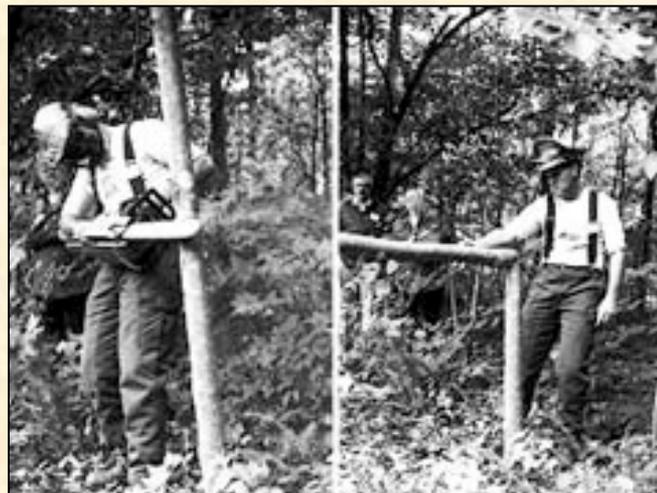
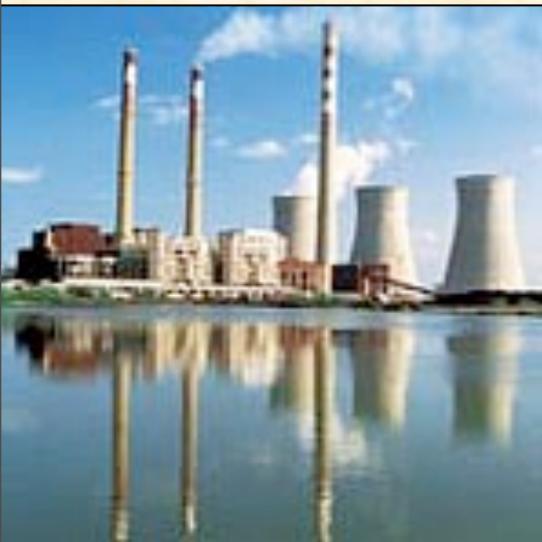
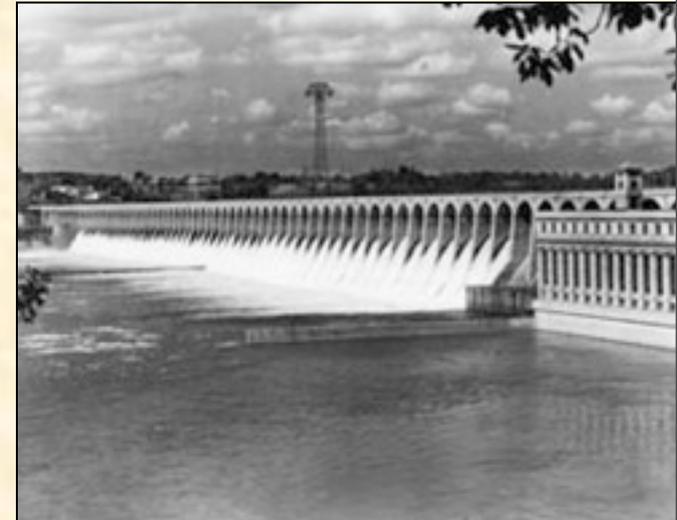


By 1937, the economy had improved enough to convince many Americans that the Depression was finally ending. Industrial production had returned to 1929 levels, & unemployment had fallen to 14% (still high), but much lower than in the early 1930's.

Although economic troubles still plagued the nation, Roosevelt faced rising pressure from Congress to scale back on New Deal Programs, and he did. As a result, industrial production dropped again, & the number of unemployed rose from about 7 million early in 1937 to 11 million early in 1938.

FDR did not like deficit spending – spending more money than the government receives in revenue. Therefore, he never launched a 3rd reform era. By 1939, the New Deal was effectively over & Roosevelt was increasingly concerned with events in Europe – particularly Hitler's rise to power in Germany.

The Tennessee Valley Authority



One of the most famous and successful projects begun by the federal government during the Great Depression was the Tennessee Valley Authority, or TVA.

During the Great Depression of the 1930s, President Franklin D. Roosevelt set up many new projects and agencies to help the hardest hit areas of the United States. One such agency was the Tennessee Valley Authority, which was created in 1933. The Tennessee River valley was continually dealing with floods, deforestation, and eroded land. The TVA aimed to help reduce these problems by teaching better farming methods, replanting trees, and building dams. This agency was also important because it generated and sold surplus electricity, created jobs, and conserved water power. The TVA was a great success almost from the beginning and helped ease some of the economic hardship not only in the state of Tennessee but also in parts of Kentucky, Alabama, Georgia, North Carolina, and Virginia.

Tennessee Valley Authority

Tennessee Valley
Authority

