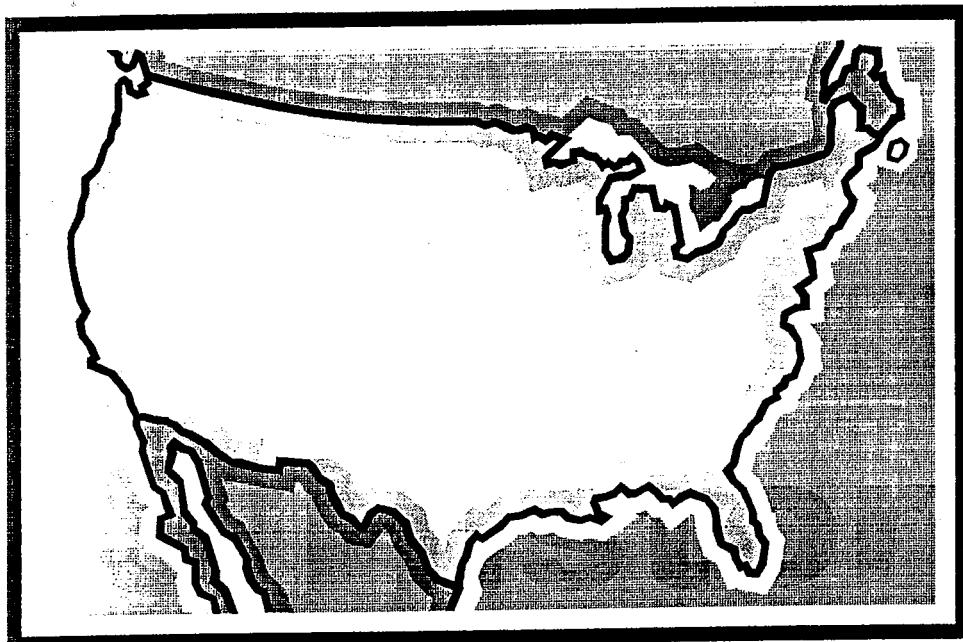


US History



Chapter 22: The Great Depression Begins 1929-1933

Section 1: The Nation's Sick Economy

Section 2: Hardship and Suffering During the Depression

Section 3: Hoover Struggles with the Depression

CHAPTER Twenty-Two

SEC. 1

Financial Collapse

- Out Depression 1929-40
- MKT CRASH Sped up Depression

Bank + Biz Failures

- Bank Panic as people Rush to withdraw their Money
 - Banks Invested most of their money in Stock MKT.
 - 1933 11,000 Banks failed
 - GNP Cut in 1/2 = total goods + Service
 - 90,000 Biz Fail. 25% Unemployed
- Worldwide Shock Waves:
- Germany especially suffered w/ add Reparations to pay off.
 - US Imports less foreign goods
 - 1930 Hawley-Smoot Tariff = highest protective Tariff INDS History

Black Tuesday

- OCT 29 Bottom Fell out of MKT
- Shareholders Tried to Sell before prices hit bottom
- 16.4 million Shares dumped that day
- Buyers of Stock on Credit were Stuck w/ huge debt
- Most lost their Savings

Speculation +

- Buyers who bought Stock on chance of quick profit.

Buying on Margin: pay small %

- Stock's Price as down payment and borrow the rest
- Both Boomed the Stock MKT
- No Govt Regulation
- Rising Prices did not reflect Stock's worth
- Value of Stock Falls / No Way To payoff loans

- ⑤ Govt Kept Interest Rates Low + allowed Easy Borrowing
- ④ Unequal Distribution of Income
- ③ Availability of Easy Credit
- ② Farm Crisis
- ① Tariffs + War Debts

Causes

THE NATION'S SICK ECONOMY

Stock Market Dreams

• Stock MKT = Symbol of healthy Economy
Dow Jones Industrial Avg: measure OR barometer of Stock MKT's Health

• Dow Based on Stock Prices of 30 representative large Firms trading on NY Stock Exchange

• Bull Market or period of RISING Stock Prices

• 3% of Nation owned STOCK

Economic Troubles

- poverty gap widens
- Consumers + Farmers go deeper into debt
- Superficial Prosperity

Industries: Only Key Industries (Railroads, Steel), Textiles Made profits

- Mining + lumbering lost profits
- Coal lost out to new forms of energy
- Housing Starts Drop = Ripple Effect

Farmers: Suffered the most.
Demand for Wheat + Corn + prices fell 40%
Farmers in Debt had trouble paying off loan
Banks Foreclosed + seized Farms

McNARY - HAWLEY BILL - Price Supports for Wheat, Corn, Cotton, Tobacco = Cash Crops
Govt bought Surplus Crops & guaranteed prices + Sell on the World MKT. Coolidge Vetoed 2x

Consumers

As Farmers' Income Fell they bought fewer goods
Buying less because of rising prices, over buying on credit, Stagnant wages, uneven incomes

CREDIT: Many living beyond their means
• Many Buy Now, Pay Later = larger consumer debt
Cut Back on Spending

UNEVEN INCOME: Rich got Richer

• Wealthiest 1% Income Rose 75%
• 70% Families earn less than \$2,500

• Many Could not afford household goods

Hoover Becomes President

- 1928 Election: Hoover vs Alfred E. Smith (Dem)
- Hoover = Former Sec of Commerce
- Smith = Former NY Governor + career politician
- Smith was personable but a Catholic
- Hoover Wins because of previous Successful GOP Presidents Coolidge + Harding

Patman Bill Denied

Davis Army: WWI
Veterans denied early bonus payment from Patman Bill

Walter Waters, leader of Bonus Expeditionary Force or Bonus Army

Reason Denied: Hoover argues most of Bonus Army protesters are Communists or Criminals

Hoover's View: Respects their Right to protest + Sends Food + Supplies to protesters but after Patman Bill is defeated he called on protesters to leave - only 2,000 stay

Direct Intervention

Reform Banks Hoover appeals to Congress For Acts To Help

Fed Home Loan Bank Act - lowered mortgage rates + Help Farmers to Refinance their Farms

Reconstruction Finance Corp

2 Billion for Emergency financing of Banks that would Trickle down to the people

Hoover Backs Cooperatives

Boulder Dam Model was Hoover's Example of how govt encourage Cooperation

Help negotiate agreements among private b12.

Federal Farm Board = organized Farm Cooperatives that bought crops to keep off mkt + help raise prices

National Credit Cooperative = loaned money to smaller Banks

Hoover's Image: Inability to deal effectively with the Depression + loses 1932 election to FDR

Results: 1,000 people gased, 11 month old baby died, 8 yr old boy partially blinded 2 people shot + Many Injured

Gen MacArthur + Maj Eisenhower Govt's Responsibility: Voluntary Both lead Force of 1,000 Troops Cooperation: Help if Needed

DISBAND Bonus ArmyHooverStruggles with the Depression1930 Congressional Elections

Democrats Win: Because of Poor Economy
GOP Majority in Senate only 1 vote lost the House

Farmers React: Tried to create food shortages

Declared "Farm Holiday"

Hoover Blanks + Flags

Blanks = Newspapers Flags = Empty Pockets turned Inside OUT

Hoovervilles ~ SHANTY TOWNS

Hoover Tries

Optimistic?

Tried to reassure

Normal part of business cycle was a depression

Do Nothing, Economy Fixes itself

Hoover's Philosophy: He was Engineer + humanitarian + had faith in power of reason

Govt's Responsibility: Voluntary Cooperation: Help if Needed

Rugged Individualism: People should succeed through their own efforts

Federal Welfare: Opposed it, Handouts weaken self-respect

Moral Fiber: Individuals + local charities should help, Avoid Govt Bureaucracy

Hoover Takes Caution

Political Philosophy: Caused him to take cautious steps + avoid direct govt participation

Calls Key Leaders Business, Banks + labor ASK For Cooperation on all sides

Private Charities: Created a

Special organization to help private charities generate money

Shanty Towns: developed in every city w/ Hoboes

Boulder Dam (Hoover Dam)

Colorado River - Built Dam on it.

Used profits from sales of electric power

The dam would generate + arranged water rights among 7 states using the water

World's Tallest Dam + 2nd largest

Especially helped w/ California's Agri Culture

Children Suffer Hardships

Malnutrition + diet related disease such as Rickets

Falling Tax Revenues caused govt programs for children to fail + close schools
Teens: Hop Trains "Wild boys"

"Bulls" Armed Freight yard patrolman

Kindness? Families help other families

Develop habits of saving + being thrifty,
Stigma of Poverty: Hunting more people

Compromises + Sacrifices: Stop going to doctors, dentist, college, marriage

Suicide Rate 30% Increase

Social + Psychological

HARDSHIPS AND SUFFERING

Depression in Cities

Shantytowns - make-shift shacks that formed little towns or settlements in cities

Soup Kitchens + Breadlines
Free or low cost food
Provided by charities

African Americans: lowest paid unemployment rate higher + dealt with increasing racism - 24 lynched

Latinos: Many deported back to Mexico

Depression in Rural Areas

Falling Prices + Rising Debt
Caused many to lose their land

Foreclosure - 400,000 Farms

Failed to pay their mortgages

Many turn to tenant farming

Effect on American Family

Moral Values: Families would

still stand as source of strength

Traditional Values: Emphasized importance of family unity

Work: Critics claimed

Women had right to work when there is an unemployed men.

Men in the Streets

Coping? With unemployment
Frustrated looking for jobs

Hoboes = Transients = 300,000 Estimate

Dust Bowl

Causes: Over Farming

Plowing removed thick sod that protected prairie grasses - exhausted the soil

Drought + Wind = DUST STORMS

California

The promise land of NEW opportunity
"OKIES" referred to Oklahomans but became negative name for all migrants