

# The Great Depression and New Deal



## The Great Depression and New Deal

# Fundamental Causes of the Depression

- Drop in farm prices
- Massively uneven distribution of income
- “Get rich quick” schemes in real estate and especially in stocks
- Overextension of credit
- Increased inventories of goods
- Immediate cause: October 1929 stock market crash



Many consumers in the 1920s bought items such as this ironer on credit



## The Day the Bubble Burst



- October 29, 1929
- More than 16 million shares traded in one day
- Stock market lost \$30 billion
- Beginning of the “Great Depression”

The trading floor of the New York Stock Exchange in 1929

# Banking System Collapse

- Banks invested heavily in the market
- Collapse of market led to bank failures
- Many depositors panicked, leading to even more bank failures



Worried depositors wait outside a bank hoping to withdraw their savings



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## Hoover's Response



President Herbert Hoover

- President Hoover overwhelmed
- Believed that private charity was best suited to solve problems
- Most efforts failed
- Reconstruction Finance Corporation achieved some success

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## Hoovervilles

- Settlements of shacks inhabited by transients and unemployed
- Derisively named after President Hoover
- Many cities and towns had at least one



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## The Bonus Army



With the U.S. capitol visible in the distance, shacks erected by the Bonus Expeditionary Force burn

- Patman Bill was to move up bonus payments from 1945 to 1933
- Veterans camped near the Capitol to support the bill
- Bill failed in Congress
- Hoover's removal of vets made Hoover appear heartless



# Discussion Questions

1. Which of the fundamental causes of the Depression would have been the easiest to fix, in your view? Explain.
2. Why do you think there hasn't been a major stock market crash similar to the Crash of 1929?
3. Why was the Reconstruction Finance Corporation successful?
4. What "grade" would you give Hoover and his handling of the Depression? Why?
5. Do you believe that Congress should have passed the Patman Bill? Why or why not?

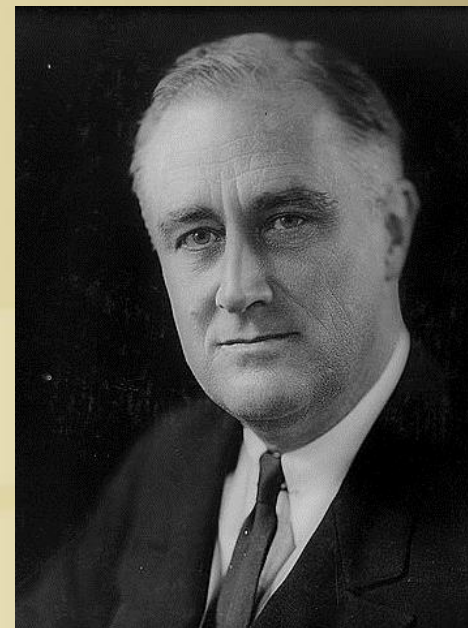


## The Election of 1932



Hoover

- Republicans renominated Hoover
- Democrats nominated Franklin D. Roosevelt
- Hoover's inability to solve the Depression became the chief issue
- FDR won in a landslide



Roosevelt

# Franklin Delano Roosevelt

- Born in 1882
- Distant relative of Theodore Roosevelt
- Married to Eleanor Roosevelt, TR's niece
- Political career mirrored TR's
- Lost 1920 election for vice president
- Paralyzed in 1921



One of only three photos of FDR in a wheelchair, taken in 1941



# FDR's First Inaugural Address

- Attempted to restore confidence in the American people
- “The only thing we have to fear is fear itself.”
- Asked for broad executive powers to combat the Depression



FDR and Herbert Hoover on the way to the inauguration

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## The “New Deal”



FDR campaigning in 1932

- Named after a phrase in FDR’s 1932 nomination speech
- Became the nickname for FDR’s economic program
- Consisted of three separate aspects:
  - Relief
  - Recovery
  - Reform