

SUBJECT: History

UNIT: America: Depression & Recovery 1930-45



Impact of the Great Depression

BANKS: From 1929 to 1932, 5,000 banks went out of business. They lost the money of investors and no one put their money into the banks

UNEMPLOYMENT: Businesses couldn't borrow money from banks so they cut production and laid off workers. By 1933 **24.9% of people were unemployed (14 million)**. These people couldn't pay their rent/mortgage so it led to homelessness and poverty

HOMELESSNESS: Homeless people set up **Hoovervilles**, shanty towns named after the president to mock the lack of help he was providing

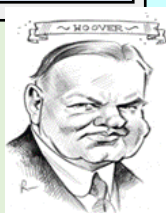
FARMING: The **Dust Bowl** was happening at the same time as the Depression and made life even harder for farmers (high winds and little rainfall meant crops couldn't grow). They had to abandon their farms and many became **migrant workers moving to California**.

Hoover v Roosevelt 1932 election

Democrats: FDR's campaign: Upbeat and positive, he travelled all over the USA meeting people and making them feel like he was listening and cared about them. He promised a "New Deal" - he didn't say what this involved apart from *relief, recovery and reform*

Republicans: Hoover's campaign: Hid in the White House after the Bonus Army. Hoped America would just "turn the corner" people were fed up with his lack of action.

Result: Roosevelt won 42/48 states



Opposition to the New Deal

- Too much interference in **businesses**. - **The Supreme Court** announced that the AAA and NRA were unconstitutional.
- **Republicans** said it cost too much and went against "rugged individualism"
- **Francis Townsend and Huey Long** felt that the New Deal did not help enough. Criticised for being short term solutions and wasting money.
- FDR tried to put more Democrats into the Supreme Court to support him but this failed and he was accused of being a dictator



Impact of the New Deal

- Provided relief for those in need
- Gave the US people confidence in the government again
- Built projects of lasting value like dams, schools and airports
- Got the economy going again- confidence in the banks
- Got many people back to work reduced unemployment to 9 million in 1937

BUT

- Didn't help African Americans or women
- When funding was reduced in 1937, unemployment rose again = it was a temporary fix. Rose back to 11 million

How did President Hoover try to help?

The Republican government was slow to act and believed in **laissez faire** and "**rugged individualism**"

- people working their own way out of poverty

Hoover's attempts to help were limited:

- In 1932 Hoover gave \$4 million to the states to open soup kitchens.
- He created jobs in construction by building the **Hoover Dam**.
- He gave \$300 million to the states to provide support for the unemployed, but only \$30 million was used by the Republican states because they believed more strongly than Hoover in rugged individualism.
- Many people believed that Hoover's efforts were too weak and had come too late.
- The **Bonus Army** incident destroyed Hoover's reputation further - they asked for their pensions early and were refused and their Hooverville burned down. Many were injured and two were killed. Showed Hoover did not care.

"In Hoover we trusted now we are busted"

FDR's first 100 days: Action he took

- 1) Closed the **banks** and only opened responsible ones
- 2) **Fireside chats**- FDR spoke on the radio to build confidence
- 3) Established the **Alphabet Agencies** to tackle some of the problems:
 - **AAA:** paid farmers to produce less. Overproduction solved. farmers money doubled between 1932-39. But farm workers unemployed
 - **TVA:** Dams to create electricity and sort the Dust Bowl out. This improved the lives of 7 million people. Created construction jobs and long term jobs in factories attracted by cheap electricity and tourism
 - **CCC:** created work for 2.5 million people aged 18-25 giving them \$1 a day to plant trees or other jobs but only short term and not a 'real' job
 - **PWA and the WPA:** created work for 4 million people creating projects of lasting value e.g. building bridges and schools so helped create jobs in construction
 - **NRA:** blue eagle symbol products= better working conditions for workers and introduced trade unions but only helped those who already had jobs

Impact of WW2

USA made money supplying allies between 1939-41- supplied food and factories produced weapons (helped farming and manufacturing jobs)

1941 USA joined the war and the whole economy geared towards fighting the war. Factories and farms focussed on helping America in the war.

Lend Lease Act- produced goods for Britain in return for military bases. Money to be paid after the war- long term economic support for USA got the economy back on track

Conscription and work in the factories – **unemployment fell to 0%**, GNP doubled and it was a permanent fix to the Depression.

New Deal short term- WWII long term recovery