

An overview of key info about the Wall Street Crash, the Great Depression and the New Deal.

Use the info to support your content revision, having a go at the questions on the final page.

Make sure you then try some exam questions related to this topic – see your revision guide, previous assessments and the example exam question booklet you have been given.

The Wall Street Crash

- Occurred in October 1929.
- Caused by a crash in the Stock Markets.
- People had been investing in the Stock Market because the value of shares kept rising.
- This made them borrow money to buy even more shares. Before selling these shares for a profit (not keeping them for very long). This was called speculation.
- When people started to sell shares their value decreased.
- This meant that the people who had borrowed money were left in massive debt.
- Unemployment started to rise as companies



Key Facts:

- In 1920 there had been only 4 million share owners in America.
- By 1929 there were 20 million.
- There were 600,000 speculators

Impacts of the Wall Street Crash:

- 1) **The Wealthy:** Rockefeller lost 80% of wealth – left with \$40 million
- 2) **The Banks:** 1929 – 659 banks went bankrupt, 1930 – 1,352 went bankrupt, 1931 – 2,294 banks went bankrupt, and overall \$1 billion have been removed from these banks by investors.
- 3) **Industry and Farming:** Industrial and farm production fell by 40% and wages by 60% between 1928 and 1933. Farm income had dropped to \$5 billion per year.
- 4) **Unemployment:** By 1933 14 million workers had been made unemployed. Unemployment in the steel city of Cleveland hit 50% and Toledo 80%
- 5) **The Human Cost:** New slums were created and caused 'Hoovervilles' and in New York in 1932 238 people were admitted to hospital for malnutrition. 45 died?
- 6) **WWI Veterans:** WWI veterans marched on Washington to ask for their war bonus to be paid early. Hoover asks General MacArthur to deal with them, but to treat them with respect. MacArthur ignored these orders and burnt their camp down. Hoover refused to condemn MacArthur, instead he stood by him.

The Campaign:

- Unlike Hoover (Republican), Roosevelt (Democrat) wanted to do something.
- He carried out a campaign of some 20,800km giving 16 major speeches and a further 60 from the back of the train. He promised a 'New Deal'.
- Roosevelt won by 7 million votes (a huge margin)

The New Deal: The Hundred Days

- 1) **The Emergency Banking Act** – Roosevelt shut down the banks for two days and had them all checked out. 5000 trustworthy banks were reopened; they were to be backed by the government if necessary.
- 2) **The Federal Emergency Relief Administration** – this acted on the needs of the poor. A sum of \$500 million was spent on soup kitchens, blankets, employment schemes and nursery schools.
- 3) **The Civilian Conservation Corps** – aimed at young unemployed men in particular. They could sign up for periods of six months which could be renewed. Most of their work was done on environmental projects in national parks. 2.5 million young men were helped by this scheme.
- 4) **The Agricultural Adjustment Administration** – set quotas to reduce farm production in order to increase prices. Helped modernise farms, however this put farm labourers out of work.
- 5) **The National Industrial Recovery Act:**
 - **Public Works Administration** – used government money to build schools, roads, dams, bridges and airports. Great for the long term and created millions of jobs.
 - **The National Recovery Administration** – improved working conditions in industry and outlawed child labour. It also set fair wages and sensible levels of production. It was voluntary, but firms which joined used the blue eagle as a symbol of presidential approval. Over 2 million employers joined the scheme.
- 6) **The Tennessee Valley Authority** – this cut across an area of seven states which were particularly poor. The authority built dams which irrigated dried out land, created electricity to those who had none, and created thousands of jobs in the area.

EBA

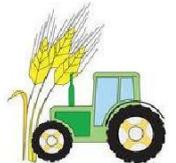


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CCC



AAA

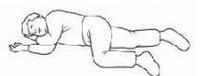


NIRA

PWA



NRA



TVA



The Second New Deal

Despite his achievements, by May 1935 Roosevelt was facing severe criticism from all sides. People like Senator Huey Long, for example, thought that he wasn't doing enough. Roosevelt met with his 'brains trust' and decided to take even further action.

- 1) **The Wagner Act** – forced all employers to allow trade unions to operate in their companies and to let them negotiate with employers for better pay and conditions. The act made it illegal to sack workers for being in a union.
- 2) **The Social Security Act** – provided state pensions for the elderly and for widows and allowed state and federal governments to work together to help the sick and disabled. It also set up unemployment insurance for workers.
- 3) **The Works Progress Administration** – later renamed the Works Project Administration united all of the projects put together to create jobs. Also extended to unemployed actors etc. For example 80,000 photos of farming were taken and displayed locally as part of the Federal Arts Project.
- 4) **The Resettlement Administration** – helped smallholders and tenant farmers who had not been helped by the AAA. It moved over 500,000 families to better quality housing. The Farm Security Administration replaced the RA in 1937. It gave special loans to small farmers to help them buy their land. It also built camps to help migrant workers.

Women

-The New Deal saw many women achieve prominent positions including Eleanor Roosevelt.

-The National Youth Administration was a woman, Mary Macleod Bethune. She was also African American.

-Frances Perkins was the Secretary of Labour and a key New Deal figure.

-Most of the New Deal programmes were aimed at men, only 8,000 women benefited from the CCC.

-Local governments sought to avoid paying women social security by introducing special qualifications and conditions.

Opposition to the ND

Problems in the Supreme Court:

- Although he won a huge victory in 1936, Roosevelt's problems were far from over.
- He now faced the most powerful enemy of the New Deal – The Supreme Court, which was controlled by the Republicans.
- In May 1935 the case highlighted to the right came to the Supreme Court (The Schechter Poultry Corporation).
- The company appealed to the Supreme Court, who overturned the prosecution, claiming that the federal government had no right to prosecute the company. In fact, the Supreme Court (Republican controlled) claimed that the NRA was unconstitutional (illegal) because it took too much power away from the local states.
- Roosevelt was furious. He asked Congress to give him power to appoint six more Supreme Court judges who were sympathetic to the New Deal and would overturn this ruling (by changing the balance of power in the Supreme Court).
- However, the American public were scared by this behaviour. They saw it as Roosevelt attacking the American style of government and behaving like a dictator. Roosevelt had to abandon his plans.
- However, the Supreme Court were also shaken by Roosevelt's threats and were much less obstructive in the future. Most of Roosevelt's Second New Deal was approved after 1937.

Schechter Poultry Corporation vs NRA

The Schechter Poultry Corporation had been found guilty of:

- 1) Selling diseased chickens for human consumption.
- 2) Filing false sales claims (to make the company worth more)
- 3) Exploiting its workers
- 4) Threatening government

Opposition to the New Deal:

- 1) **It's not doing enough** – Huey Long, Governor of Louisiana in 1928 (and senator 1932) believed in taxing big business and giving to the poor. He proposed 'Share Our Wealth' (personal fortunes no more than \$3 million and maximum earning \$1 million a year). Free washing machines and radios for the over 60s! Assassinated 1935. **Dr Francis Townsend** (founder of Townsend Clubs) campaigned for a pension of \$200 per month for the over 60s. **Father Coughlin** set up the National Union for Social Justice.
- 2) It's doing too much – Republicans and section of the business community claimed that: there were too many codes and regulations, the free market should deal with the issues, Roosevelt was behaving like a dictator. There was even a smear campaign against Roosevelt claiming that he was disabled due to an STD rather than Polio.

The outcome? Roosevelt won the 1936 election gaining 27 million votes!!

New Deal: Success or Failure

A New Society?

- The New Deal restored the faith of the American people in their government.
- It handled billions of dollars of public money with no corruption. For example, Harold Hopkins distributed \$10 billion but never drew more than his salary of \$15,000. The Secretary of the Interior, Harold Ickes, actually tapped the phones of his employees to ensure there was no corruption. There was none.
- However, others accused Ickes and Hopkins of being Communist and anti-business (because they supported trade unions).

Industrial Workers

- The NRA and second new Deal strengthened the position of the labour unions.
- Some labour unions joined forces in 1935 to form the Committee for Industrial Organisation (CIO).
- The Union of Automobile Workers (UAW) was recognised by two very anti-union organisations: General Motors in 1936 and Ford in 1941.
- However, many strikes continued to be broken up with violence and companies such as Ford and Chrysler employed their own thugs or controlled the local police.

Unemployment and the Economy:

- The New Deal created millions of jobs.
- It stabilised the banking system and reduced the number of business failures.
- Projects, eg. The TVA improved the standard of living for thousands of people.
- Valuable resources including schools, roads and power stations were built.
- The new Deal never solved the underlying economic problems.
- The US economy took longer to recover than most European countries.
- There were 6 million unemployed in 1941

African Americans:

- Around 200,000 African Americans gained benefits from the CCC and other New Deal agencies.
- They benefited from the slums clearances etc.
- However, many New Deal agencies still discriminated against African Americans.

Native Americans

- The Indian Reorganisation Act in 1934 provided money to help Native Americans to buy and improve land.
- The Indian Reservation Act (1934) helped the Native Americans to preserve and practise their traditions laws and cultures.
- Native Americans remained a poor and excluded group of society.

Ask Yourself:

- 1) When was the Wall Street Crash?
- 2) What was it?
- 3) Why did it happen?
- 4) What were speculators? How many of them were there?
- 5) How many people owned shares by 1929?
- 6) How many banks shut in 1929?
- 7) What was Hoover's solution to the crisis?
- 8) What were Hoovervilles?
- 9) What happened to the WWI veterans? Why was this bad for Hoover?
- 10) How many KM did Roosevelt travel during his election campaign?
- 11) Which party did Roosevelt represent?
- 12) What was the New Deal?
- 13) How many agencies can you remember?
- 14) Who did the CCC help?
- 15) What did the TVA do?
- 16) How much did farm profits increase by as a result of the AAA?
- 17) Which two agencies made up the NIRA?
- 18) Who didn't like the New Deal? Explain why.
- 19) Who did? (think votes!)
- 20) Who did Roosevelt consult before creating the Second New Deal?
- 21) Do you know all these agencies?
- 22) Who benefited from the SSA?
- 23) What was good about the RA?
- 24) Who benefited from the New Deal?
- 25) Who didn't?
- 26) What was unemployment in 1941?
- 27) Give two key New Deal supporters from Roosevelt's government; what did they do that made them important?
- 28) Give an example of an important woman?
- 29) Who were the CIO and UAW?
- 30) Make sure that you know all of the above, go through the questions again!



With Reference To:

Ben Walsh: Modern World History

OCR Modern World History

Google Images