

Black Thursday marks the end of the Roaring 20's and prosperity and the beginning of the Great Depression

SOMERS NAMED AS HEAD OF NEW

- Over production of consumer goods that most Americans couldn't afford**
- Over abundance of credit (Installment Buying)**
- Over speculation in stock and land**
- Stock Market Crash of 1929 (Buying on Margin)**



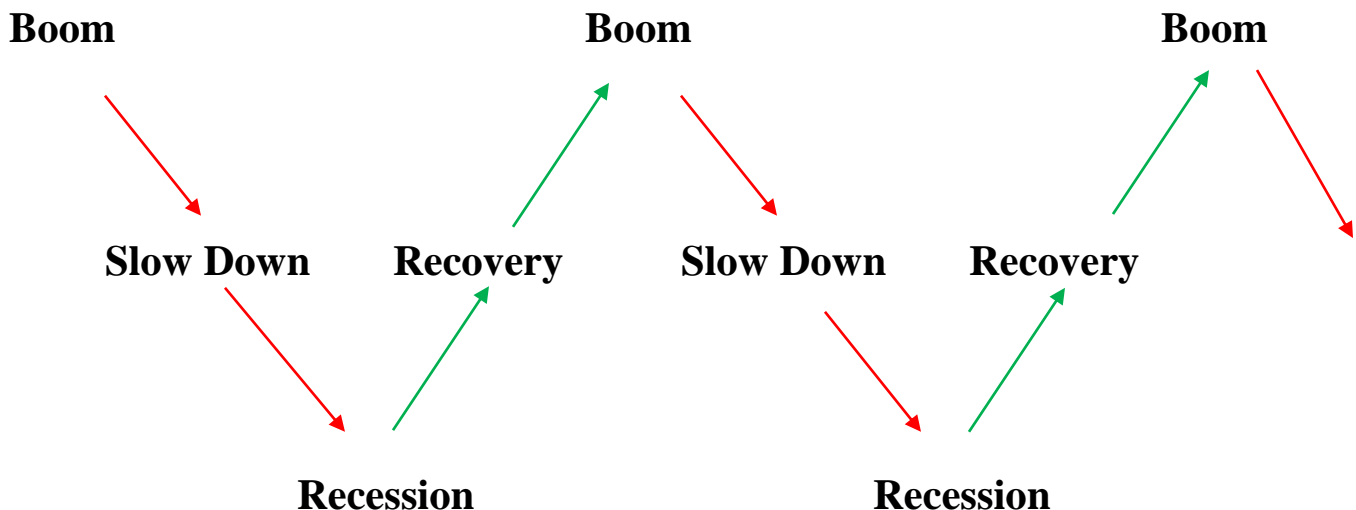
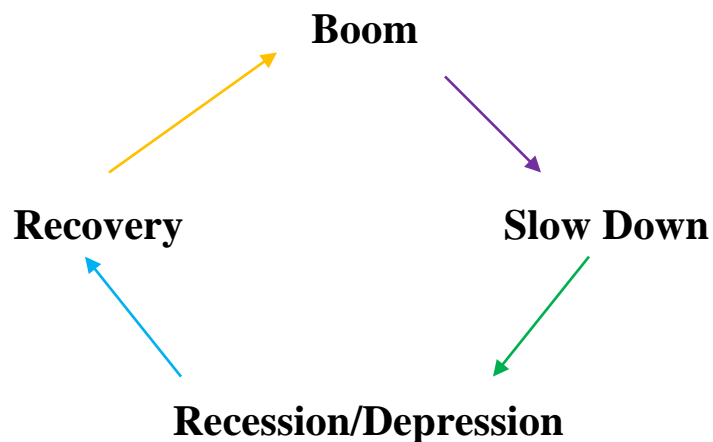
Business/Economic Cycle

Economic trends that move through periods of prosperity (boom) and recession/depression. Most business/economic cycles last from 2-6 years.

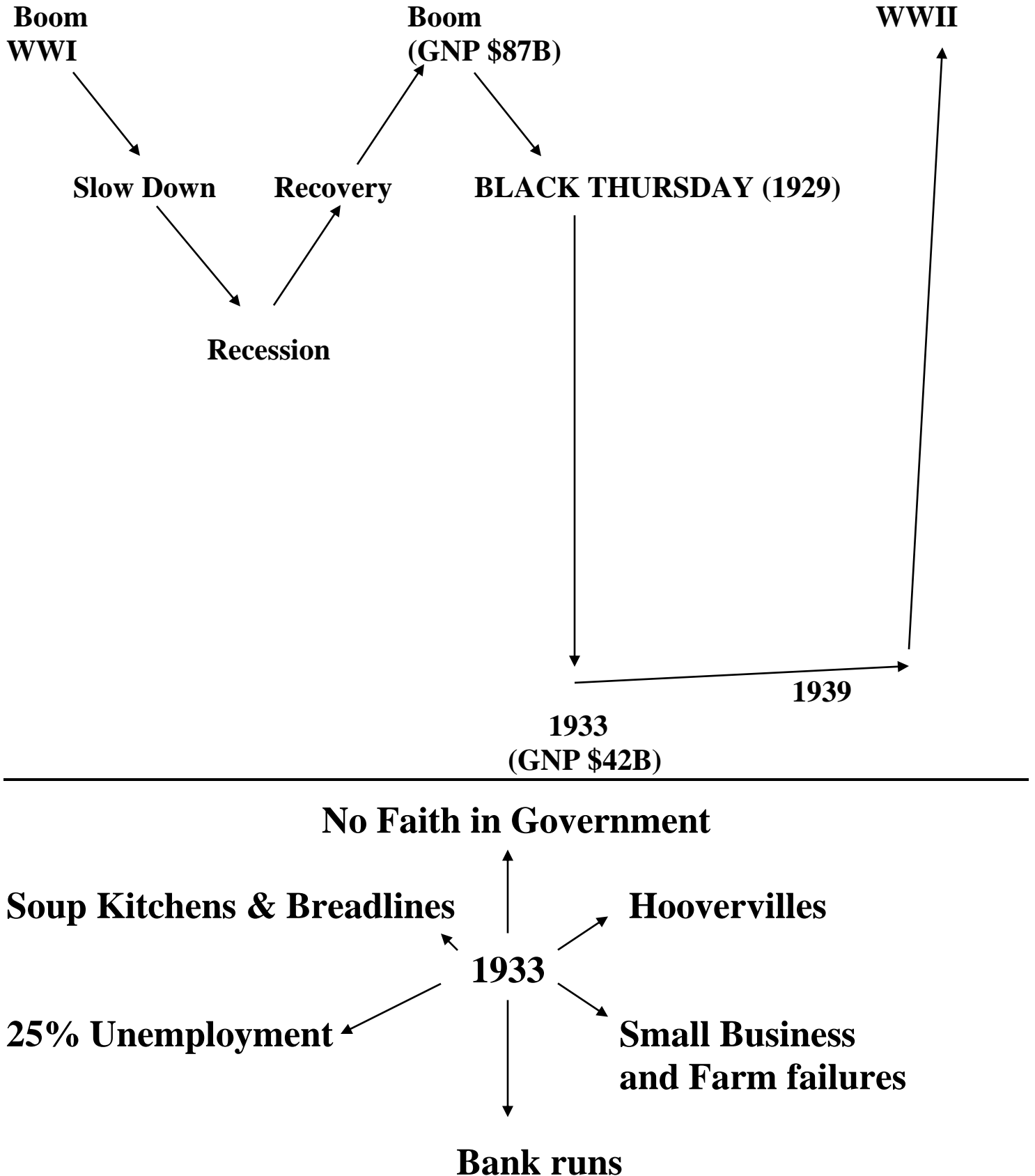
Economic Boom - A period in which business activity and wages increase and unemployment is low.

Economic Depression – A period in which businesses activity slows, prices and wages fall and unemployment increases. A recession is a smaller version of a depression.

NORMAL BUSINESS CYCLE



THE GREAT DEPRESSION



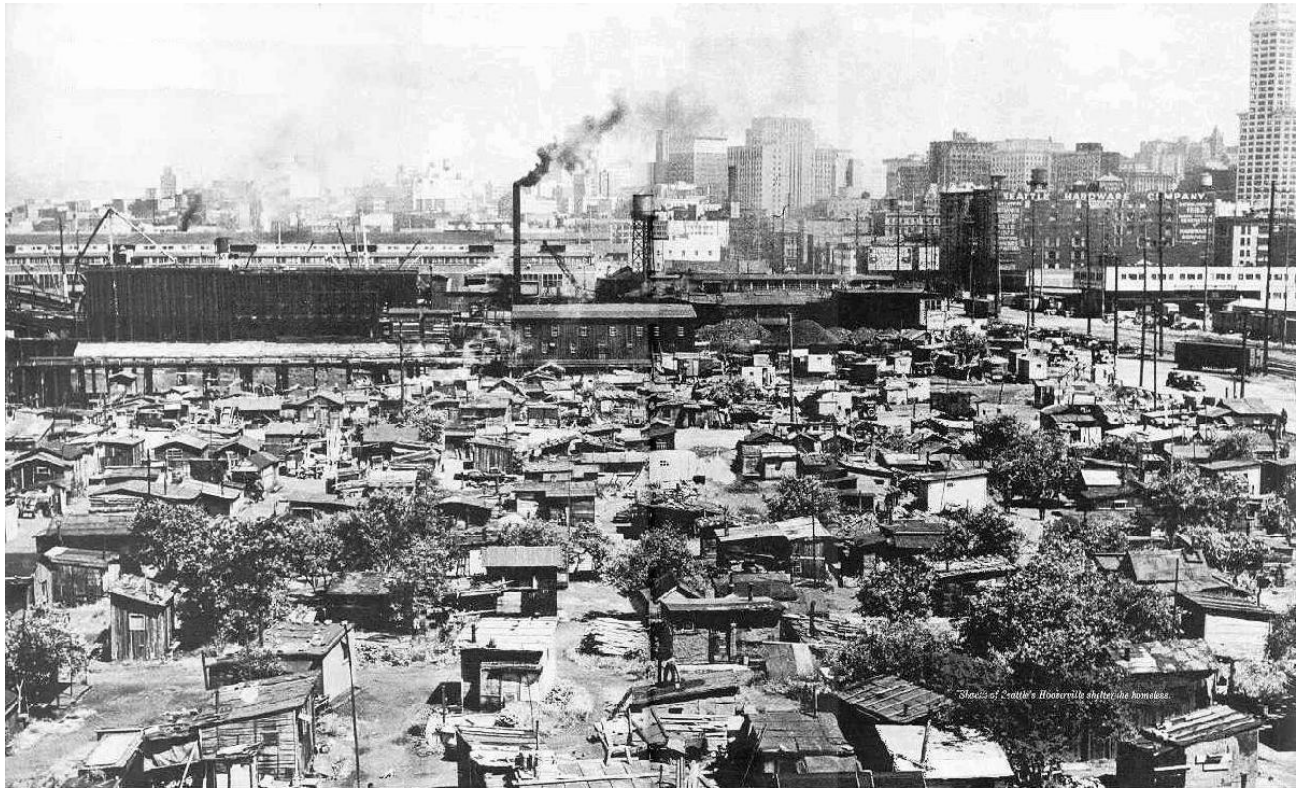
Soup Kitchens & Breadlines



Bank Runs – a panic when people try to take out all their money from the bank which forces it to close.



Hoovervilles - shanty towns built by homeless people during the Great Depression.



Middle class sells off everything!



Farm Failure – With the over production of the 1920's, farmers can't pay off their loans from World War I, so their equipment and property are seized and sold off.



**High Unemployment (people without jobs)
1933 – 25%**



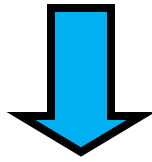
The Great Depression was a world wide depression that affected most Americans. Europe was hit harder, Germany had 75% unemployment.

PRESIDENT HOOVER'S PLAN

“TRICKLE DOWN THEORY”

**Lower Taxes and Tax breaks to large businesses
Public Works Programs – large construction projects funded by the government
Increased Tariffs (Hawley-Smoot)
More self-reliance**

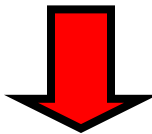
Hoover's plan was a complete failure!



NO CONFIDENCE IN GOVERNMENT, BANKS OR THE STOCK MARKET!

THE BONUS ARMY

- Due to the economic hardship brought on by the Great Depression, World War I veterans demanded their combat bonuses 10 years early.**
- Although ordered not to fire upon the protestors, the U.S. Army led by Douglas MacArthur, Dwight Eisenhower and George Patton burn down the protestors' camp.**



Hoover is blamed and now is unelectable.



1932-1933 is the all time low.

- 25% unemployment
- repossession of goods
- middle class sells off everything

ELECTION OF 1932

FDR wins the Election of 1932

- not Hoover
- optimist
- change
- new ideas

“The only thing we have to fear is fear itself”

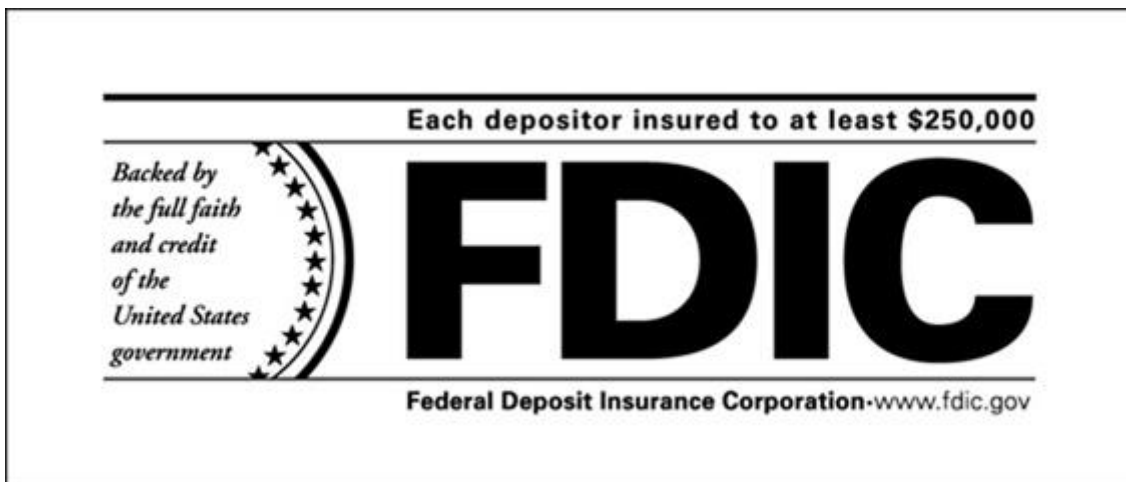
FDR's 1st Inaugural Speech

THE NEW DEAL

FDR's plan for getting the nation out of the Great Depression through **Relief, Recovery and Reform**. FDR's greatest concern was to reestablish hope and faith in the government and banking system and to help out farmers.

BANK HOLIDAY - all banks are closed for 1 week to stop bank runs.

F.D.I.C.- Federal Deposit Insurance Corporation - insured all bank accounts; if the bank closes, people will still get their money.



W.P.A.- Works Progress Administration – Built Hospitals, schools, parks, and airports; employed artists, writers, and musicians.



CCC – Civilian Conservation Corps – Created jobs for young men



TVA – Tennessee Valley Authority – Built dams to control flooding and provide cheap electricity.



FIRESIDE CHATS- FDR's numerous speeches over the radio



S.S.A.- Social Security Act – Pensions for the old, unemployed or disabled.



Social Security still exists today and is considered FDR's greatest accomplishment.

FDR's NEW DEAL DOES NOT END THE GREAT DEPRESSION, BUT IT DOES RESTORE HOPE AND FAITH IN THE GOVERNMENT AND BANKS!

RESULTS OF THE NEW DEAL

- **Welfare State** – When the government takes responsibility for the social well-being of its citizens
- **Federal Deficit**- A shortage in federal funds due to the government spending more money than it collects in taxes.

What caused the Federal Deficit?

New Deal programs were expensive

More people receiving aid than paying taxes

- **FDR appoints African-Americans to govt positions → African-American support for the Democratic Party**
- **FDR's pro labor legislation leads to labor union's support for the Democratic Party**

CRITICISM OF THE NEW DEAL

- ## 1) Gov't control of businesses destroyed free-enterprise



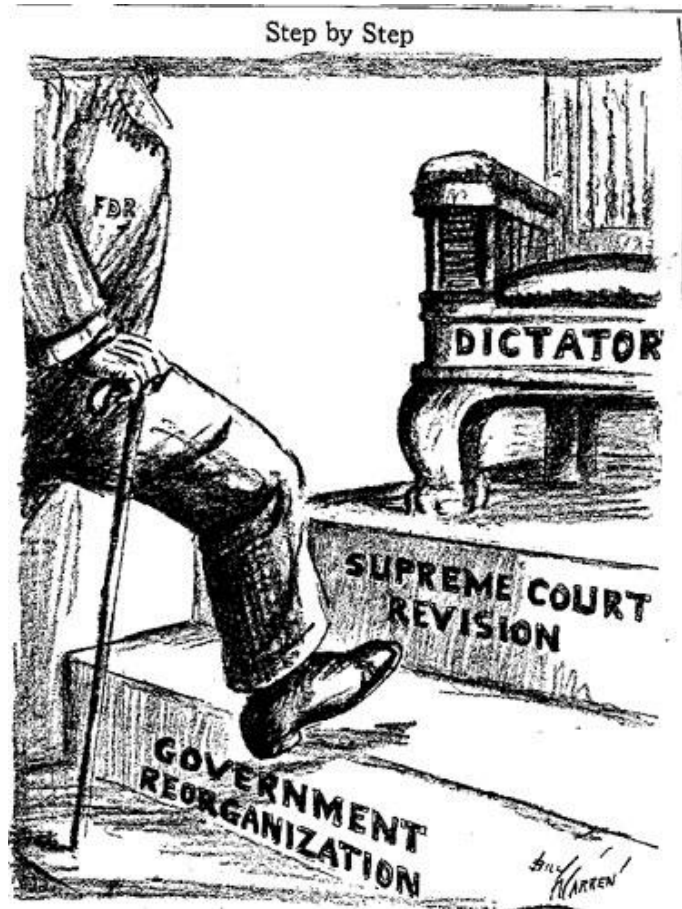
2) Too much spending → Federal Deficit



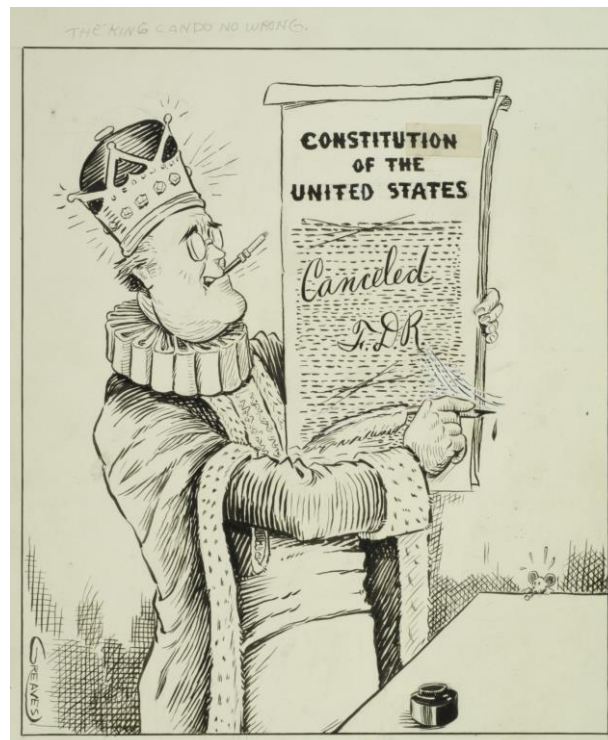
3) Many of the New Deal Programs didn't work



4) Federal government becomes too powerful



5) Many of the New Deal Programs were Unconstitutional



6) Supreme Court Packing – When FDR attempted to increase the size of the Supreme Court, in order to prevent his New Deal Programs from being found unconstitutional.



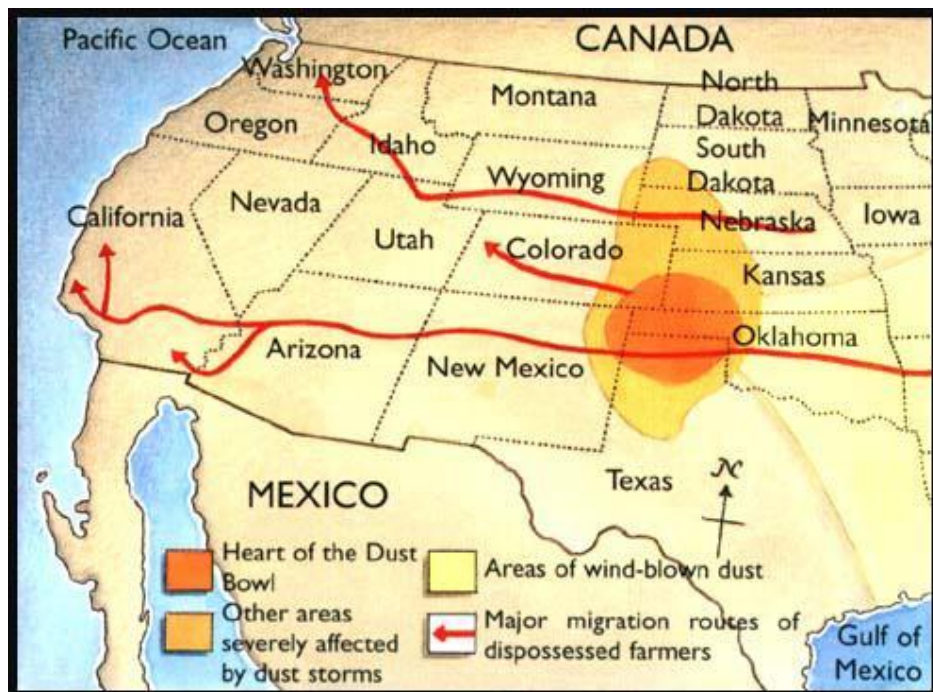
Why were so many Americans against FDR's Court Plan?

THE DUSTBOWL

An ecological disaster on the Great Plains (mid-West) due to a decade long drought and over farming.



RESULTS – Environmental disaster that lasts the entire decade → mass migration from the Midwest to California



To help prevent another Dust Bowl FDR uses the Agricultural Adjustment Act (AAA) which managed what farmers were growing and the CCC which planted millions of trees to keep the soil in place.

John Steinbeck's The Grapes of Wrath