

CHAPTER TWENTY-FIVE THE GREAT DEPRESSION

Objectives

A thorough study of Chapter 25 should enable the student to understand:

1. The relationship between the stock market crash and subsequent Great Depression.
2. The causes of the depression and how it became a global disaster.
3. The effects of the depression on business and industry.
4. The problems of unemployment and the inadequacy of relief.
5. The particular problems of farmers in the Dust Bowl.
6. The impact of the depression on minorities.
7. The impact of the depression on working women and the American family.
8. The reflection of the economic crisis in American culture.
9. President Herbert Hoover's policies for fighting the depression.

Main Themes

1. How weaknesses underlying the apparent prosperity of the 1920s led to the Great Depression and how the stock market crash touched it off in the United States and around the world.
2. That neither the efforts of local and private relief agencies nor the early volunteerism of Herbert Hoover were able to halt the spiral of rising unemployment and declining production.
3. How the economic pressures of the depression affected the American people, especially minorities.
4. How the misery of those affected by the depression swept Franklin Delano Roosevelt into the presidency.

Glossary

1. bull market: A situation in which stock market prices are rising and investors are optimistic about continued gains.
2. bear market: A situation in which stock market prices are falling and investors are pessimistic.

Pertinent Questions

THE COMING OF THE GREAT DEPRESSION (668-672)

1. What caused the stock market boom to get so out of hand that stock prices outran company values?
2. The decline of what previously prospering industries contributed especially to the economic decline?
3. How did the weakness of consumer demand contribute to the severity of the depression?
4. What impact did domestic debt factors have on the American economy?
5. What role did U.S. policies on trade and international debt play in worsening economic conditions?

6. What weaknesses in banking helped lead to the Great Depression and what happened to the banking system early in the Depression?
7. What happened to the banking system and GNP in the three years after the stock market crash of 1929? What economic statistic best represents the human costs of the depression?

THE AMERICAN PEOPLE IN HARD TIMES (672-678)

8. Describe the extent of unemployment, especially in industrial cities. What mental burdens often came with the loss of jobs?
9. How effective were local, state, and private relief agencies in meeting the ravages of widespread unemployment?
10. What special problems were faced by rural America?
11. Compare and contrast the impact of the Great Depression on blacks, Hispanics, and Asians with the impact on Americans of European heritage. What demographic shifts occurred?
12. What effect did the Depression have on the work-force role of women in general and African American women in particular? What happened to the women's movement?
13. How did families adjust to the pressures of life during the Depression?

THE DEPRESSION AND AMERICAN CULTURE (678-685)

14. How did American values, especially individualism and the success ethic, fare during the hard times?
15. In what ways did photographers and writers chronicle the impact of the depression?
16. What sort of fare dominated radio programming? How did it shape American culture?
17. What was the tone and focus of most movies of the 1930s? How were women and minorities portrayed?
18. How did popular literature of the 1930s compare and contrast with popular radio and movies?
19. What allure did such radical movements as communism and socialism have for Americans in the 1930s? What role did artistic work, film and books play in portraying social ills?

THE UNHAPPY PRESIDENCY OF HERBERT HOOVER (685-690)

20. What were Herbert Hoover's first approaches to combating the economic downturn? How effective were they?
21. In the spring of 1931 what was Hoover's new approach to the Depression? What caused his shift in emphasis?
22. What impact did Hoover's handling of the "Bonus Army" have on his popularity?
23. What made Franklin Roosevelt such an attractive presidential candidate for the Democrats? Why did he win the 1932 election?
24. What happened in the months between Roosevelt's election and his inauguration?

WHERE HISTORIANS DISAGREE: CAUSES OF THE GREAT DEPRESSION (670-671)

25. Briefly explain the "monetary," "spending" (fiscal), and "timing" explanations of the causes for the beginning and/or duration of the Great Depression. What are the implications of each for public policy?

AMERICAN IN THE WORLD: THE GLOBAL DEPRESSION (673)

26. Why could the depression be called “a major factor—maybe the single most important factor—in the coming of World War II”?
27. What caused the Dust Bowl? What solved, or at least partially solved, the problem? Who were the Okies? Where did they go?

PATTERNS OF POPULAR CULTURE: THE FILMS OF FRANK CAPRA (682-683)

28. What was Frank Capra’s vision of society and politics? Why did it resonate so clearly with American audiences in the 1930s and 40s?

Identification

Identify each of the following and explain why it is important within the context of the chapter.

1. Dow Jones Industrial Average
2. “Black Tuesday”
3. soup kitchen
4. “Okies”
5. Scottsboro case
6. Dale Carnegie
7. Erskine Caldwell
8. Richard Wright
9. John Steinbeck
10. Walt Disney
11. *Gone with the Wind*
12. *Life* Magazine
13. Abraham Lincoln brigade
14. “Popular Front”
15. Norman Thomas
16. Southern Tenant Farmers Union
17. Hawley-Smoot Tariff
18. “Hooverville”
19. Farmers Holiday Association
20. Reconstruction Finance Corporation

Document

The years 1932 and 1933 were the hardest of the Great Depression. Even normally conservative, business-oriented *Fortune* magazine was convinced that extraordinary measures were necessary in the face of the collapse of existing relief agencies and the inadequacy of the \$300 million Emergency Relief Act. The excerpt below is from *Fortune*’s September 1932 issue. Consider the following questions: Why were existing relief programs so inadequate? Why is it especially significant that a business-minded publication like *Fortune* would, in the autumn of 1932, stress the magnitude of the crisis and the failure of the response? What do you suppose the writer meant by the statement “One does not talk architecture while the house is on fire . . .”?

There can be no serious question of the failure of those methods. For the methods were never seriously capable of success. They were diffuse, unrelated, and unplanned. The theory was that

Review Questions

These questions are to be answered with essays. This will allow you to explore relationships between individuals, events, and attitudes of the period under review.

1. List and explain the five factors that the text identifies as having been principally responsible for making the Great Depression severe. How did these factors interrelate with each other?
2. On what causes of the Depression did Herbert Hoover place emphasis? How did that shape his response?
3. What did the Depression mean to typical Americans in terms of standard of living and lifestyle? Who suffered most? How did basic American social and political values stand up to the economic crisis?

Chapter Self Test

After you have read the chapter in the text and done the exercises in the Study Guide, take the following self test to see if you understand the material you have covered. Answers appear at the end of the Study Guide.

MULTIPLE-CHOICE QUESTIONS

Circle the letter of the response that best answers the question or completes the statement.

1. Three of the following statements correctly describe conditions in the stock market during the year and a half preceding the Great Crash of 1929. Which is the *exception*?
 - a. There was a widespread speculative fever.
 - b. The average price of most stock increased dramatically.
 - c. The daily volume of stock traded increased dramatically.
 - d. Most brokers required cash payment in full for stock purchases.
2. In the several months preceding the Great Crash of 1929, three of the following economic indicators decreased dramatically. Which one *increased*?
 - a. automobile sales
 - b. wholesale prices
 - c. freight-car loadings
 - d. business inventories
3. One of the most important causes of the Great Depression was the fact that during the 1920s:
 - a. government regulation and trust busting had stifled free enterprise.
 - b. there was a fundamental maldistribution of purchasing power.
 - c. not enough profits were plowed back into business as new capital investment.
 - d. low tariff policies had benefited foreign competitors and seriously damaged domestic industry.
4. In much of the 1920s, European nations were able to make their war-debt payments to the United States, and Germany and Austria were able to continue reparation payments by:
 - a. inflating their currencies.
 - b. draining their gold reserves.
 - c. expanding exports to the United States.
 - d. getting new loans from the United States.

5. At the worst of the Depression in 1932, the unemployment rate in the United States was estimated to have been:
 - a. 50 percent.
 - b. 75 percent.
 - c. 25 percent.
 - d. 10 percent.
6. In the early 1930s, the term "Okies" referred to:
 - a. moonshiners trying to make a living in Appalachia.
 - b. oil speculators losing money in the Southwest.
 - c. swamp dwellers out of the mainstream in the Deep South.
 - d. dispossessed farmers fleeing the Dust Bowl.
7. Three of the following statements accurately describe the condition of blacks during the Great Depression. Which is the *exception*?
 - a. The migration of blacks to the North ended abruptly.
 - b. Blacks suffered a higher unemployment rate than whites.
 - c. Discrimination against blacks increased, particularly in competition for jobs.
 - d. Local government and private relief benefits for blacks were smaller than for whites.
8. In the 1920s, the great majority of Hispanics in California and the American Southwest originally migrated from:
 - a. Cuba.
 - b. Mexico.
 - c. Puerto Rico.
 - d. none of these, for Hispanics were specifically excluded by the immigration laws of the early 1920s.
9. One effect of the Great Depression on women was to:
 - a. open up new opportunities for women in the professions.
 - b. strengthen the belief that a woman's place was in the home.
 - c. drive most women out of the labor force by the time the economic crisis was over.
 - d. gain increased public support for such feminist organizations as the National Woman's Party.
10. Three of the following were effects of the Great Depression on the American family. Which is the *exception*?
 - a. The birth rate declined.
 - b. The marriage rate declined.
 - c. The divorce rate increased.
 - d. Middle-class families as well as working-class families suffered great traumatic impact.
11. Popular culture during the Depression era, as manifested by radio, movies, and literature, was generally characterized by:
 - a. upbeat and romantic messages as a sort of escapism.
 - b. appeals to prurient interests in sex and crime.
 - c. a return to traditional religious values.
 - d. a deep social concern to portray the human consequences of the national economic disaster.

12. Three of the following novels manifest an implicit protest against social injustices in then-contemporary American society. Which is the *exception*?
- Erskine Caldwell's *Tobacco Road* (1932)
 - Margaret Mitchell's *Gone with the Wind* (1936)
 - John Steinbeck's *Grapes of Wrath* (1939)
 - Richard Wright's *Native Son* (1940)
13. The Abraham Lincoln brigade was most closely associated with:
- Coxey's Army.
 - the Bonus Army.
 - the Spanish Civil War.
 - veterans of the American Expeditionary Force in World War I.
14. The Popular Front tactics pursued by the American Communist Party between 1935 and 1939 were aimed at developing a broad alliance against:
- fascism.
 - Franklin Delano Roosevelt.
 - racial injustice.
 - nonpolitical unionism.
15. For the eight years immediately before becoming president, Herbert Hoover had been the:
- vice president.
 - secretary of state.
 - secretary of commerce.
 - Speaker of the House of Representatives.
16. The purpose of the Agricultural Marketing Act, proposed by Hoover even before the Great Crash of 1929, was to:
- keep farm prices up.
 - impose government regulation on the commodities exchange market.
 - establish quotas for the importation of foreign agricultural products.
 - promote reciprocal trade agreements with foreign countries for agricultural products.
17. After the effects of the Depression spread to Europe, in an attempt to restore international economic stability, Hoover proposed:
- a cancellation of war debts owed to the United States.
 - a moratorium on war debts, reparations, and private international debts.
 - that the United States follow Europe's lead in going off the gold standard.
 - that the United States, by means of massive loans, help the European countries to maintain the gold standard.
18. Hoover's measures to deal with the Depression included support for three of the following. Which is the *exception*?
- A large-scale federal program of direct relief to the unemployed.
 - A system of government home-loan banks to assist mortgage holders.
 - The Reconstruction Finance Corporation to make loans to businesses.
 - The Hawley-Smoot Tariff to protect agriculture from foreign competition.

19. The Reconstruction Finance Corporation was largely ineffective in promoting recovery from the Depression because:
 - a. the Supreme Court declared it unconstitutional.
 - b. its activities did not gain the support of President Hoover.
 - c. its programs benefited primarily the small banks and family corporations.
 - d. it was underfunded and overcautious in the use of the funds it did have.
20. When it was first organized, how did the Farmers' Holiday Association seek to gain higher prices for farm products?
 - a. by lobbying in Washington
 - b. by withholding crops from the market
 - c. by running its own candidates for state legislatures
 - d. by establishing its own cooperative marketing facilities

TRUE-FALSE QUESTIONS

Read each statement carefully. Mark true statements "T" and false statements "F."

1. When the stock market began to decline in October 1929, large financial institutions such as J. P. Morgan and Company tried to stem the drop.
2. The prosperity of the American economy in the mid-1920s was largely dependent on the construction and automobile industries.
3. During the 1920s, corporate profits went disproportionately to the producers rather than potential consumers.
4. The stock market reached its lowest point of the depression era in late 1929 and then gradually inched back up, finally reaching 1929 levels by mid-1932.
5. Most economic historians believe that one important cause of the Great Depression was the United States' decision early in the 1920s to forgive the debts that France and Great Britain owed to U.S. banks for loans taken out during World War I.
6. During the Great Depression, several hundred thousand African Americans left the industrial cities of the North to return to their agriculturally based families in the South.
7. Black women in the South suffered massive unemployment partly because many white families cut back on domestic help during the Depression.
8. In general, American social values apparently changed relatively little in response to the Depression.
9. The Scottsboro case illustrated the corrupt practices of many stock brokers and securities dealers.
10. In response to the economic crisis, membership in the American Communist Party grew into a significant political force and the party obtained virtual autonomy from Soviet control.
11. Norman Thomas's columns in the *New York Times* warned Americans to resist the rising strength of socialism and political radicalism.
12. The Southern Tenant Farmers Union tried to build an economic coalition between black and white sharecroppers and cash renters.
13. Herbert Hoover's public response to the Depression in 1929 and 1930 was to deny that the nation was even in a recession or depression.
14. The Hawley-Smoot Tariff tried to counter the economic downturn by slashing rates to encourage more trade.

