The Stock Market Crash

Timeline of the Great Depression

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<tr>
<th>Year</th>
<th>Month</th>
<th>Events</th>
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<td>1929</td>
<td>October</td>
<td>The stock market crashes, marking the end of six years of unparalleled prosperity for most sectors of the American economy. The &quot;crash&quot; began on October 24 (Black Thursday). By October 29, stock prices had plummeted and banks were calling in loans. An estimated $30 billion in stock values &quot;disappeared&quot; by mid-November.</td>
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<td>November</td>
<td>&quot;Any lack of confidence in the economic future or the basic strength of business in the United States is foolish.&quot;—President Herbert Hoover</td>
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<td>1930</td>
<td>March</td>
<td>More than 3.2 million people are unemployed, up from 1.5 million before the &quot;crash&quot; of October, 1929. President Hoover remained optimistic however stating that &quot;all the evidences indicate that the worst effects of the crash upon unemployment will have passed during the next sixty days.&quot;</td>
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<td>November</td>
<td>The street corners of New York City are crowded with apple-sellers. Nearly six thousand unemployed individuals worked at selling apples for five cents apiece. The bill fell to defeat in the Senate, however, 62 to 18. The vets maintained their determination to stay camped out until they got their pay.</td>
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<td>1931</td>
<td>January</td>
<td>Texas congressman Wright Patman introduces legislation authorizing immediate payment of &quot;bonus&quot; funds to veterans of World War I. The &quot;bonus bill&quot; had been passed in 1924. It allotted bonuses, in the form of &quot;adjusted service certificates,&quot; equaling $1 a day for each day of service in the U.S., and $1.25 for each day overseas. President Hoover was against payment of these funds, saying it would cost the Treasury $4 billion.</td>
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<td>February</td>
<td>&quot;Food riots&quot; begin to break out in parts of the U.S. In Minneapolis, several hundred men and women blew up a grocery market with some C4[citation needed] and made off with fruit, canned goods, bacon, and ham. One of the store's owners pulled out a gun to stop the looters, but was leapt upon and had his arm broken. The &quot;riot&quot; was brought under control by 100 policemen. Seven people were arrested. Resentment of &quot;foreign&quot; workers increases along with unemployment rolls. In Los Angeles, California, Mexican Americans found themselves being accused of stealing jobs from &quot;real&quot; Americans. During the month, 6,024 of them were deported.</td>
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<td>March</td>
<td>Three thousand unemployed workers march on the Ford Motor Company's plant in River Rouge, Michigan. Dearborn police and Ford's company guards attack, killing four workers and injuring many more.</td>
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<td>December</td>
<td>New York's Bank of the United States collapses. At the time of the collapse, the bank had over $200 million in deposits, making it the largest single bank failure in the nation's history.</td>
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<td>1932</td>
<td>January</td>
<td>Congress establishes the Reconstruction Finance Corporation. The R.F.C. was allowed to lend $2 billion to banks, insurance companies, building and loan associations, agricultural credit organizations and railroads. Critics of the R.F.C. called it &quot;the millionaires' dole.&quot;</td>
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<td>April</td>
<td>More than 750,000 New Yorkers are reported to be dependent upon city relief, with an additional 160,000 on a waiting list. Expenditures averaged about $8.20 per month for each person on relief.</td>
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<td>May</td>
<td>More than 300 World War I vets leave Portland, Oregon en route to Washington DC to urge Congress to pass the Bonus Bill. It took them eighteen days to reach Washington DC.</td>
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<td>June</td>
<td>Determined to collect their &quot;bonus&quot; pay for service, between 15,000 to 25,000 World War I veterans gather and begin setting up encampments near the White House and the Capitol in Washington, D.C. On June 15, the House passed Congressman Wright Patman's &quot;bonus bill&quot; by a vote of 209 to 176. The bill fell to defeat in the Senate, however, 62 to 18. The vets maintained their determination to stay camped out until they got their pay.</td>
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<td>July</td>
<td>Hoover signs a $100,000 transportation bill to assist &quot;bonus Army&quot; demonstrators in getting home. Hoover set a July 24 deadline for the men to abandon their encampments. On July 28, when some &quot;bonus Army&quot; members resisted being moved from their camps, Violence erupted, leading to the deaths of two veterans. Hoover ordered Federal troops, under the command of General Douglas MacArthur, to assist DC police in clearing the veterans. The Reconstruction Finance Corporation is authorized to lend needy states sums from the national Treasury. The money was to target relief and public works projects.</td>
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<td>November</td>
<td>Franklin Delano Roosevelt is elected President in a landslide over Herbert Hoover. Roosevelt received 22,800,000 popular votes to 15,750,000 for Hoover.</td>
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<td>1933</td>
<td>March</td>
<td>Before a crowd of 100,000 at the Capitol Plaza in Washington DC, Franklin Delano Roosevelt is inaugurated president. FDR tells the crowd, “The people of the United States have not failed. In their need they have registered a mandate that they want direct, vigorous action. They have asked for discipline and direction under leadership. They have made me the present instrument of their wishes. In the spirit of the gift I take it.” FDR announces a four-day bank holiday to begin on Monday, March 6. During that time, FDR promised, Congress would work on coming up with a plan to save the failing banking industry. By March 9, Congress passed the Emergency Banking Act of 1933. By month’s end, three-quarters of the nation’s closed banks were back in business. On March 12, FDR delivers the first of what came to be known as his “fireside chats.” In his initial “chat” he appealed to the nation to join him in “banishing fear.”</td>
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<td>April</td>
<td>President Roosevelt, under the Emergency Banking Act, orders the nation off of the gold standard. The Civilian Conservation Corps (CCC) is established. Designed as a relief and employment program for young men between the ages of 17 and 27, the CCC was envisioned by FDR as a kind of volunteer “army” that would work in national forests, parks, and federal land for nine-month stints. The first 250,000 young men were housed in 1,468 camps around the country. At its peak in 1935, the CCC would include 500,000 young men.</td>
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<td>May</td>
<td>The Federal Emergency Relief Administration is created by Congress. President Franklin Roosevelt appointed Harry L. Hopkins as its chief administrator. By the end of his first day on the job, Hopkins had issued grants totaling more than $5 million. The National Industrial Recovery Act is introduced into Congress. Under Title 1 of the act, the National Recovery Administration was designated to maintain some form of price and wage controls. Section 7(a) of the act guaranteed labor the right to organize and bargain collectively. As part of the act, The National Labor Board was set up to negotiate disputes between labor and management. The Tennessee Valley Authority is created. A federally run hydroelectric power program, the TVA act was considered a huge experiment in social planning. The TVA also built dams, produced and sold fertilizer, reforested the Tennessee Valley area and developed recreational lands. Opponents of the TVA called it &quot;communistic to its core.&quot;</td>
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<td>June</td>
<td>Congress passes the Glass-Steagall Act, separating commercial from investment banking and setting up the Federal Deposit Insurance Corporation to guarantee bank deposits.</td>
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<td>August</td>
<td>With an eye toward organizing farmers into soil conservation districts, the federal government establishes the Soil Erosion Service. The creation of this service was made necessary by the years of drought and dust that plagued the Southwestern Panhandle states.</td>
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<td>September</td>
<td>In an effort to stabilize prices, the federal agricultural program orders the slaughter of more than 6 million pigs. Many citizens protested this action since most of the meat went to waste.</td>
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<td>October</td>
<td>The Civil Works Administration is established. Devised as a wide scale program that could employ up to 4 million people, the C.W.A was involved in the building of bridges, schools, hospitals, airports, parks and playgrounds. Additionally, C.W.A. funds went toward the repair and construction of highways and roads. Early in 1934, Congress authorized $950 million for the continued operation of the C.W.A. A three-day dust storm blows an estimated 350 million tons of soil off of the terrain of the West and Southwest and deposits it as far east as New York and Boston. Some East Coast cities were forced to ignite street lamps during the day to see through the blowing dust.</td>
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<td>1934</td>
<td>May</td>
<td>Father Charles E. Coughlin establishes the Union for Social Justice. Using the radio airwaves as his pulpit, Father Coughlin railed against &quot;predatory capitalism.&quot; His criticism of the banking industry and disdain of communism soon dovetailed into a troubling gospel of anti-Semitism.</td>
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1935
April  FDR signs legislation creating the Works Progress Administration. (Its name would be changed in 1939 to the Work Projects Administration). The program employed more than 8.5 million individuals in three thousand counties across the nation. These individuals, drawing a salary of only $41.57 a month, improved or created highways, roads, bridges, and airports. In addition, the WPA put thousands of artists — writers, painters, theater directors, and sculptors — to work on various projects. The WPA would remain in existence until 1943.

Business Week magazine announces that "Depression is a forgotten word in the automobile industry, which is forging ahead in production, retail sales, and expansion of productive capacity in a manner reminiscent of the 'twenties."

June  The National Youth Administration is set up to address the needs of young men and women (who were not allowed in the CCC). The NYA worked on two levels: a student work program and an out-of-school program. The student work program provided students with odd jobs that paid them enough to stay in school. The out-of-school program set young people up with various jobs ranging from house painting to cleaning local parks, and eventually came to include vocational training.

July  FDR signs the Wagner National Labor Relations Act. The goal of the act was to validate union authority and supervise union elections.

August The Social Security Act of 1935 is signed into law by FDR. Among the most controversial stipulations of the act was that Social Security would be financed through a payroll tax. Historian Kenneth S. Davis called the signing of the act "one of the major turning points of American history. No longer could 'rugged individualism' convincingly insist that government, though obliged to provide a climate favorable for the growth of business profits, had no responsibility whatever for the welfare of the human beings who did the work from which the profit was reaped."

The 1920's were a time of unbelievable prosperity. The stock market was going through the roof and the United States seemed to have the formula for limitless prosperity. However, the same formula that generated all of that profit would also be the cause of Black Tuesday. Investment during the 1920's was based on the unstable basis of margin buying. Investors bought borrowed money from their brokers, who went to banks for that money. When stocks failed and investors needed to default, the money was permanently lost.

However, adding to the crash of '29 was the slowing economy. The desire for consumer durables (expensive items refrigerators, radios, and automobiles) went down as Americans became satisfied with what they had. This in turn affected the companies and workers that produced these items. A downward spiral was set in motion.

The US stock market crash occurred in October of 1929. The value of common stock and shares dropped by 40%, resulting in a global depression.

Payment plans for merchandise were usually only short term payment plans. This was put in place so that consumer debt services could absorb a greater part of the consumers income. This resulted in debt being diminished more quickly and effectively. The only negative effect of this was that it did not allow for excess purchasing capacity, which could have absorbed the surplus production more effectively.

Furthermore, the general credit structure served to weaken the economy. Farm prices were plummeting, but farmers were already in deep debt, and crop prices were too low to allow them to pay off what they already owed. Banks suffered failure as the farmers defaulted on loans. Some of the nation's largest banks were failing to maintain adequate reserves and making unwise business decisions. Essentially, the banking system was completely unprepared to combat an economic crash.

Credit also related to the stock market. Investors bought shares “on margin” while at the same time taking out a loan to pay for those shares. The investors hoped that by the time the shares were sold, they would make enough money to pay back the loan and interest, and also have some profit remaining for themselves. The practice of buying on margin led to an extremely unstable stock market. Investors’ uncontrolled purchases on margin eventually led to a collapse of the stock market on October 24, 1929, also known as Black Thursday.

International influences also caused the Great Depression. Nations adopted the practice of Protectionism, under which foreign goods were subject to tariffs, or import duties, so that foreign products would cost more and local products would cost less. The reduced cost of local goods would then boost the local economy at the expense of
foreign competitors. The United States enacted extremely high tariffs. However, other nations retaliated against the
United States by establishing their own tariffs. Thus, American businesses lost several foreign markets.

International credit structure was another cause of the Depression. At the end of World War I, European nations
owed enormous sums of money to American banks. However, these debts were rarely repaid. The smaller American
banks were crippled because farmers could not pay debts, while larger banks suffered because other nations could
not pay debts.

The problems of overproduction, under-consumption, inability to collect debt, and the stock market crash together
had a devastating affect on the economy. The Great Depression, the largest collapse of the economy in modern
history, had drastic impacts on Americans.

**Depression**

There were several events that inevitably caused the Great Depression; one of those being the overall decline in
demand. “At least in part, the Great Depression was caused by underlying weaknesses and imbalances within the
U.S. economy that had been obscured by the boom psychology and speculative euphoria of the 1920’s. Around 1928,
demand for new housing had faltered and this lead to declining sales of building materials and unemployment among
construction workers. The automobile industries and other factories had to reduce production rate, and farm prices
were getting worse. Another important factor was under consumption. The amount of people not buying products in
order to save money was creating serious repercussions. [1][2]

For many jobs were quite scarce but as for the rich and the top forty percent of the nation little has changed with
their jobs. Things such as the dust bowl and the stock market crash is what caused the major changes in employment
rates. Also a new beginning started for women because for once they were able to find more jobs than the men were
and especially African American women found jobs quicker.

All industries suffered a great deal through the depression including the movie industry. However, movie theaters
found ways to stay alive. To counter the effects of the depression, they would resort to gimmicks such as lowering
the price of a ticket to $0.27, giving away a cash prize for a lucky winner, and giving away prizes such as dinner
plates. These gimmicks worked but that was not the only reason why people during that time still attended the
movies. They wanted to get away from the troubles in their lives and escape into a world without all of those
hardships even for just a couple of hours. Movies were also popular because it was a place where people could go
simply to be part of a community of people.

The Great Depression was a severe economic downfall for the United States. By 1932, unemployment had surged to
twenty-five percent, while stock prices plummeted by over eighty percent. It is the longest and most severe
depression that Western civilization has ever seen. Not only did it affect the United States of America, but many
other European countries. The United States loaned a lot of money to European nations during World War 1.
However, a lot of these countries did not have money at the end of World War 1[3]. Banks made the mistake of
making many risky loans in the 1920’s which then turned bad around 1929 when real-estate and stock markets went
bad as well as prices dropping in the agricultural business.[4] Over eighty-five thousand businesses had declared
bankruptcy. Banks could not collect debt from bankrupt businesses and began to close, causing the loss of the
savings of millions of Americans. Because banking business was going bad many Americans started pulling their
savings from the banks for fear of losing it. Some stared investing it in gold while others just simply kept it under
their mattresses. Because many people were losing their money they formed crowds outside of banks to demand that
the banks pay them their money that was rightfully theirs. These crowds outside of the banks were known as “Bank
runs.” [5] This led President Franklin Delano Roosevelt to create the Federal Deposit Insurance Corporation (FDIC),
which provides a hedge against this sort of loss. What is more important is that the farmers living in the South-central
cities of the United States suffered almost all the kind of hardships since the first day the depression came into life.
They traveled to the West, especially to California, and hoped to find better opportunities in life. Once the great
depression deepens most families were unable to pay rent and were evicted from their homes to stay in Hoovervilles.
Over a million men went out desperately to search for any kind of work. Teenage boys and girls left their families to try and take care of themselves.

Hoovervilles also known as shanty towns, were started in 1930. They were formed from coast to coast in several cities in the U.S. People would build these houses out of anything they could find. For example, lumber, tin, cardboard, tar paper, glass, canvas, and more. It was very crowded and this increased the probability of illnesses. Since they did not have any running water or bathrooms the living conditions were very dirty and unhealthy. Because of these terrible living conditions, there was a lot of illnesses. These houses did not offer much protection, if any, to elements such as rain, storms, and the cold winters.

The steep decline in purchase of manufactured goods resulted in more than 70,000 factories being closed by 1933. As car sales dropped from 4.5 million in 1929 to 1 million in 1933, Ford laid off more than 2/3 of their Detroit factory workers. By 1933, almost 1/4 of industrial workers were unemployed, and average wages fell by 1/3.

During the great depression a man by the name of Benjamin Thompson is said to have invented the soup kitchen. A soup kitchen, also known as a bread line or a meal center, is a place where people would volunteer to hand out free food to hungry and homeless people. For a great number of unemployed Americans, the meals they received from a soup kitchen would be their only meals that day. One particular soup kitchen in Chicago was sponsored by American gangster Al Capone in an attempt to clean up his image to the public and to the police.

In 1930, a confluence of bad weather and poor agricultural practices known as the Dust Bowl compounded the Depression's effects on farmers. The dust bowl is a large southern area of the US where during the 30's, there was a great deal of winds, droughts, and clouds of dust. The number of dust storms known as “black blizzards” began at around 14 storms but rose to nearly 40 storms. This made normal everyday activities such as breathing, eating, and going for walks a very difficult task. Children had to wear dust masks when they walked to and from school. Women would hang sheets and rags over the windows in a futile attempt to keep the dirt and dust out of their houses. Sustained drought and continued planting and harvesting over poor seasons led to the destruction of ground cover that held soil in place, hence Dust Bowl. This, along with other economic factors, reduced farm revenue by 50 percent. Many farmers were forced to move to the cities in order to survive.

All of this turmoil and chaos caused rising unemployment rates and thousands of people began to look from employment elsewhere. It was at this time when the term migrant labor really came into effect. "Migrant labor is a term applied in the United States to laborers who travel from place to place harvesting crops that must be picked as soon as they ripen." Migrant labor has existed in other parts of the world, but not to the same extent as it did in the United States during this time. Migrant workers had the option of either being an independent worker or work for a contractor. A contractor is someone who supplies the farmer with workers. There were also two kinds of migrant workers; urban dwellers and permanent migrants. The difference between the two is the simple fact that urban dwellers are seasonal, whereas permanent migrants follow the crops from one place to another in order to make a living. Despite that fact that the individual had the option of being an independent worker or work for a contractor, work came with little reward to the person performing the labor. For instance, from a report on migrant labor it indicated that "their exclusion from federal and state legislation that protect other workers against exploitation and unfair labor practices is one of the reasons contributing to the low wages paid to farm workers. Many of the federal labor policies, enacted in the 1930's, were promulgated at a time when the family farm was the predominant production unit and family members provided the labor. While the family farm is no longer the predominant production structure, large corporate controlled farms that employ large numbers of migrant workers currently benefit from these policies at the expense of workers. The conditions in which these men worked and the jobs they performed weren't any better compared to the way these men were treated. Migrant labor is one of the most hazardous of all occupational categories; not including mining. In addition, their housing and health conditions were the poorest of all occupational groups. Most migrant workers lived in dirty conditions next to irrigation ditches and did miscellaneous jobs such as bailing, picking, and cultivating and harvesting crops."
Through these hard times not only did racism increase but also discrimination. Before the great depression women of all class and race were barred from many jobs and were paid a lot less than men. Although the depression was an extremely difficult time for white Americans, it was even worse for other races and especially for African-Americans. In the south in 1930, one organization called the Black Shirts recruited about 40,000 people but made it known that no African-American would be given a job. He started the slogan "No Jobs for Niggers Until Every White Man Has a Job!" Northern African-Americans suffered about as much as the southern ones.[9] Jobs that white workers had considered "beneath them" before the depression began to seem more desirable. African-American unemployment was at almost 50% by 1932. In the Southwest, the claim that Hispanic workers were “stealing jobs” from whites was also prevalent. The labor department deported 82,000 Mexicans between 1929-1935, and many more (almost half a million people) returned to Mexico, either voluntarily or after being tricked or threatened into believing they had no other choice. Many of these people had immigrated legally, but lacked the proper documentation to prove it, and officials also ignored the fact that children born in the U.S. were citizens. Discrimination against women was also prevalent – many believed that women were stealing jobs from men. The presumption was that men should support their families by working and women should be homemakers. In a survey conducted in 1930 and 1931, 77% of schools refused to hire married women as teachers, and 63% fired female teachers who married while employed there.

The New Deal

The most important thing that Roosevelt did was to take action. The stock market crash and subsequent economic collapse had, by 1932, left America in a state of deep fear. Jobs were gone, businesses had failed and many banks were proving unsound. The crucial point came in the 1920s when banks began to loan money to stock-buyers since stocks were the hottest commodity in the marketplace. Banks allowed Wall Street investors to use the stocks themselves as collateral. If the stocks dropped in value, and investors could not repay the banks, the banks would be left holding near-worthless collateral. Banks would then go broke, pulling productive businesses down with them as they called in loans and foreclosed mortgages in a desperate attempt to stay afloat. Families were not only losing their source of income but their life savings as well. Americans were feeling helpless in the face of this turmoil.

Herbert Hoover held to a platform of limited federal intervention. Democratic challenger Franklin Roosevelt insisted that the federal government had to play a much greater role. He supported direct relief payments for the unemployed, declaring that such governmental aid was a matter of social duty. He pledged a new deal for the American People. People were desperate for a leader that would demonstrate some idea of what to do to begin to turn things around.

With this as a backdrop, strong social changes were beginning to take place in this country. While mostly confined to rhetoric, these ranged from grassroots actions by farmers facing foreclosure to sophisticated agitation by Nazi, Socialist and Communist activists. As Roosevelt remarked to John Nance Garner, his Vice President, as they rode to the inauguration in January 1933 "I had better be a good president or I will be the last one".

After he took office, in a program called "the Hundred Days", Roosevelt immediately began to take steps against the Great Depression. He had campaigned with a platform offering a media: "New Deal" to Americans. The nation did not have to wait long to see what FDR had in mind. On March 6, two days after taking office as President, he issued an order closing all American banks for four days. Throughout his Presidency he would show himself a master of the use of language. Instead of calling it an "emergency bank closure," Roosevelt used the euphemism of "bank holiday." He then summoned Congress for a special session.

When Congress met, Roosevelt suggested the Emergency Banking Bill, which was designed to protect large banks from being dragged down by the failing small banks. This bill authorized the reopening of solvent banks strong enough to survive and reorganize the banks that were not. This banking plan would only work however, if people were confident enough to deposit their money into the banks that were reopened. On his next fireside chat, Roosevelt asked the American people to support this new plan and pledged that if they did it would "restore our financial system". The next day when the banks opened, people lined up to deposit their money into the banks. On the day
after the passage of the Emergency Banking Act, Roosevelt sent to Congress the Economy Bill. The act proposed to balance the federal budget by cutting the salaries of government employees and reducing pensions to veterans by as much as 15 percent.

Roosevelt warned that the nation would face a $1 billion deficit if the bill would fail. Like the Emergency Banking Act, it passed through Congress almost instantaneously.

To protect American farmers, Congress passed the Agricultural Adjustment Act (AAA) in May, 1933. Farm incomes, relative to the rest of the economy, had been falling for years. Most importantly, the AAA attempted to increase farm prices. Under the act, producers of seven agricultural products - corn, cotton, dairy products, hogs, rice, tobacco, and wheat - would set production limits on themselves. The AAA required the government to then tell individual farmers how much they should plant. The government rewarded farmers who complied by paying them for leaving some of their land unused. The Act was extremely controversial, however. People argued that it was inappropriate for the government to pay farmers to produce less while many people were forced to starve due to the Depression.

After Roosevelt was elected President, the Emergency Relief Administration — which Hoover had created in 1932 — was renamed the Federal Emergency Relief Administration (FERA). In November of 1933, the Civil Works Administration (CWA) was created under the auspices of FERA. By 1934, the CWA had hired 4 million construction workers on a temporary basis -- the program only lasted a few months, during the winter of 1933-34. These workers earned $15 a week, and predominately constructed or repaired buildings and bridges. Another work relief program, the Civilian Conservation Corps (CCC), began in 1933. The CCC only hired unemployed, unmarried men between the ages of 18 and 25. The jobs provided were hard work – building dams and roads, constructing parks and creating trails, planting trees, fighting fires, and other outdoor manual labor. Their pay was $30 a month (or $1 a day), and $25 of that went to their parents. Minorities were hired and received equal pay, but the program was segregated. 200,000 African-American workers were hired, and there was a separate Indian division which hired 80,000 Native American workers. During the 9 years the CCC existed, it employed around 2.5 million men.

Congress and the President created several new government agencies to combat the Great Depression. The Civilian Conservation Corps and the Public Works Administration provided employment for many Americans; they hired people to work on roads, buildings, and dams. The Civilian Conservation Corps offered to pay $1 a day to unmarried men who would work hard labor. The Civilian Conservation Corps was segregated by race and women were not eligible for the program. Even though the program did not help women it did help provide work for some 2.5 million men from different backgrounds with jobs. The Tennessee Valley Authority (TVA) accomplished similar goals; it sought to build an infrastructure in the Southeast to provide electricity to rural areas. TVA workers taught farmers ways to improve their crop yields (crop rotation and fertilizer use), replanted forests, controlled forest fires, improved wildlife habitats, and built hydroelectric dams to generate power. It was given authority to build power lines in new areas and set guidelines for electricity distribution. TVA hired local unemployed white males for conservation, economic development, and social programs (such as a library service). TVA recognized the legitimacy of labor unions — its blue collar employees were unionized, which was a breakthrough in an area known for corporations hostile to unions. Women were not hired for construction work, although the cheap electricity provided by TVA attracted textile mills which hired women. It still exists today, and covers most of Tennessee and parts of Alabama, Mississippi, Kentucky, Georgia, North Carolina, and Virginia. The Federal Deposit Insurance Corporation provided insurance for bank deposits. The Securities and Exchange Commission, meanwhile, provided for the regulation of the stock market in an attempt to prevent another crash like that in October, 1929.

In June, 1933, Congress addressed the problems of the industrial sector with the National Industrial Recovery Act (NIRA). The NIRA established the National Recovery Administration (NRA), which attempted to stabilize prices and wages though cooperative "code authorities" involving government, business, and labor unions. The NIRA also established a national public works program, the Public Works Administration (PWA). The PWA was focused on large-scale public works projects, which were built by private companies who hired workers (it didn’t directly hire the unemployed like the WPA). Between 1933 and 1939 when the PWA was closed down, road projects (streets and
highways) were the most common, but it funded and oversaw the construction of projects as large as airports, hydroelectric dams, Navy warships, bridges. PWA projects also were responsible for the construction of 70% of new schools and one-third of new hospitals during this time. Through the PWA, the NIRA lowered unemployment and created infrastructure still in use today.

Section 7(a) of the NIRA ensured collective bargaining rights of workers, effectively allowing them to unionize. These protections granted to workers led to large-scale union organizing, strikes, and violence on both sides. On August 5, 1933, the National Labor Board was established in order to handle labor disputes and enforce the protection of collective bargaining rights provided for by the NIRA. It was abolished on June 29, 1934 and replaced with the National Labor Relations Board (NLRB). The National Labor Relations Act (also known as the Wagner Act, named after the New York senator who proposed it) forced employers to deal with unions elected by their employees in elections overseen by the NLRB, in addition to prohibiting unfair labor practices. Over 3/4ths of these elections were won by either the American Federation of Labor (AFL) or the Congress of Industrial Organizations (CIO).

The NRA adopted a blanket code under which the businesses would agree to a minimum wage of twenty to forty cents per hour, a workweek of thirty-five to forty hours, and the abolition of child labor. Companies that voluntarily complied with the code were allowed to display the NRA “Blue Eagle”. Blue Eagle flags, posters, and stickers, with the slogan "We Do Our Part," became common across the country. In addition to blanket codes, codes specific to certain industries were also adopted.

In an attempt to stimulate economic recovery, NIRA inadvertantly promoted monopolies, allowing competing businesses to work together to create industry-wide regulations and establish standards like minimum prices for their goods, maximum work hours, and minimum wage. The goal was to eliminate competition between these businesses, in the hopes that it would no longer drive down prices or wages. However, these cartels were dominated by big businesses, which put their smaller rivals at a disadvantage. The NRA was tasked with supervising these groups, but NRA staff did not have the administrative skills or experience necessary to stand up to large corporations. Since the government helped set but did not enforce the NRA guidelines, it was already ineffective by the time it was found to be unconstitutional by the Supreme Court in 1935.

The Second New Deal

Immediately after Roosevelt passed the first New Deal he received a great deal of support from congress. However, not long after the "First Hundred Days" a growing division was revealed throughout the nation. Many people encouraged the government to take so much control over the fight against poverty and inequality, while many others argued that the government had too much power and wanted them to stop expanding even further than they already had. This created a great deal of pressure from all sides for president Roosevelt and so he came up with the "second new deal". Roosevelt's New Deal had enjoyed unprecedented popular and congressional support, but that would not last. The seeming unity of the First Hundred Days masked deep divides withing the nation, and once the immediate crisis was averted, the struggle over solutions began in earnest. As some tried to stop expansion of governments power, others pushed for increased governmental action to combat continuing poverty and inequality. [11]
The Works Progress Administration (later renamed the Works Projects Administration) was established after the Emergency Relief Appropriation Act (which Roosevelt called "the Big Bill") was passed on April 8, 1935. The bill provided $4 billion in new spending, most of it intended to create public works programs. In addition to stimulating economic growth, the WPA put about 1/3 of unemployed Americans to work, who earned an average of $50 a month. These workers built 650,000 miles of roads and highways and 125,000 public buildings. In addition to this, they built bridges, parks, swimming pools, reservoirs, and irrigation systems, as well as teaching 1.5 million adults to read and write. The WPA also had cultural programs that provided jobs for about 40,000 unemployed artists. The Federal Writers Project put over 6,000 writers to work writing pamphlets and articles, as well as guidebooks showcasing the history, landscape, and culture of all 50 states. The Federal Art Project resulted in the creation of thousands of murals, sculptures, and paintings in public buildings. The Federal Theater Project sent actors and crews to perform plays in communities across the nation. Similarly, the Federal Music Project sent unemployed musicians across the nation to perform, teach, and conduct groups of amateur musicians.

In 1935, the Congress passed the Social Security Act. The Act provided for the creation of the Social Security System, under which the unemployed and the unemployable (such as senior citizens) received welfare payments from the government. All eligible workers were required to pay social security taxes on their wages and their employers also contributed an equivalent amount. The workers that paid into social security then received retirement benefits. The Act also granted money to the states for use in their own welfare programs. A program that came about because of Social Security was called the Aid to Families with Dependent Children. This was a program that offered help to families that had children with certain needs and who also had no fathers. Although the social security act did help many people out tremendously, it did have some drawbacks. One big drawback was that the law did not cover agricultural labor, domestic service, and casual labor not in the course of the employer's trade or business. This meant that most people of color who worked as farm laborers or in hospitals and such didn't receive any benefits. This also meant that teachers and nurses, mostly women workers were also not covered. Unemployment had decreased but 9 million people were still without work. Also in 1935 enormous dust storms enveloped the Southern Plains, killing livestock and driving families like the Montgomery from their land. Millions of Americans still suffered. As their dissatisfaction mounted, so too did the appeal of various demagogues, who played to the prejudices and unreasoning passions of the people.

The National Youth Administration (NYA), established in 1935, funded part-time jobs for 1.5 million high school students and 600,000 college students who were at risk of not being able to afford to stay in school. It also provided full-time employment and education to around 2.7 million youths that were not students.

The efforts of the Democratic President and Congress were opposed by a conservative Supreme Court. In 1933, the Court had ruled in favor of some state New Deal programs. However, by 1935, the Court had begun to rule against the New Deal. For example, the Court ruled in a case nicknamed the Sick Chicken Case that the National Industrial Recovery Act Code relating to the sale of "unfit" poultry, as well as all other codes under the act, were unconstitutional. In 1936, the Court ruled that the Agricultural Adjustment Act was also unconstitutional.

**Roosevelt's Re-election**

In 1936, Roosevelt won re-election in a landslide, losing only the states of Maine and Vermont. The press did not pick a winner early. They wanted to make it look like an even race even though Roosevelt was far ahead of his opponent. Landon, Roosevelt's opponent, tried to make Roosevelt look like a dictator. Roosevelt however, did not attack his opponent. This made many people like Roosevelt even more. Roosevelt and Congress proceeded by passing more New Deal legislation. This time, the Supreme Court did not oppose Roosevelt. The Second Agricultural Adjustment Act, for example, replaced the first Act. The Fair Labor Standards Act set minimum wages for workers in interstate industries. The Wagner Housing Act provided for the construction of homes for the poor.

Despite such programs, the New Deal did not end the Great Depression by itself. That task was accomplished by the Second World War, which led to the growth of jobs in industries related to war, which then led to the growth of the
overall economy. However, the New Deal did provide much-needed relief to suffering Americans.

**Sit-Down Strike**

Sit-down strikes began among rubber workers in Akron, OH in the early 1930s, and became the method of choice by the mid-30s. This tactic had clear advantages over traditional (walk-out) strikes. Workers stayed in the factories and were able to prevent the use of strikebreakers by doing anything they could to keep the owners and/or police away which included throwing random objects out of windows. They also had shelter, and they weren’t isolated (as they would be in the picket line or working at their stations), often forming a community of sorts with other workers.

One of the most significant sit-down strikes of the era occurred in Flint, Michigan during the winter of 1936-1937. The United Automobile Workers (UAW), formed in 1935, learned that General Motors only had 2 factories that made the dies (industrial tools that use a press to bend, shape, or cut material) used to form their car body components, one in Flint and one in Cleveland. The UAW had planned to start the strike after the New Year, but when workers at the Cleveland plant went on strike on December 30, the UAW announced that they would not settle the Cleveland strike until an agreement covering all GM plants in the nation had been reached. When the UAW learned later that day that GM planned to move the dies out of the Flint plant, they called a meeting during lunchtime at the union hall across the street, explained the situation, and sent their members back across the street to begin the strike.

The local police attempted to enter the plant on January 11, but the workers on strike fended them off with fire houses and thrown car parts. GM got an injunction against the strike in February, but instead of going along with it, the UAW spread the strike to another plant. GM finally got fed up with these sit-down strikes and so they obtained a court order to evict the workers but this did not work because the workers held their ground, risking fines and imprisonment. When this did not work, the Michigan governor was advised to send in the National Guard to end the strike but he refused. GM reached an agreement with the union on February 11 which established the UAW as the official representative for its members who were GM employees. Chrysler followed GM very soon in giving into the UAW's terms. Ford, however, held out until 1941 before they agreed to recognized the unions. The UAW's membership skyrocketed in the next year. In 1936, there were 48 sit-down strikes. In 1937, there were 477.

**Racism in the 1930's**

The 1930's were a turbulent time for race relations in America. Despite the decline of such organizations as the Ku Klux Klan (which had enjoyed renewed support during the 1910's and 1920's) racism was as strong as ever in the Southern states. Furthermore, as this picture alludes to, the increased presence of Black Americans in Northern cities (where many had migrated during WWII and especially during the Depression) resulted in increased tension between the races there as well. This image of a drunken African-American passed out in the middle of the city reflects the apprehension which many rich white New Yorkers felt at the the presence of so many blacks in what they considered to be their city.

Many New Deal programs gave black Americans opportunities they had often lacked in the past, while also helping to bring their daily struggles to light for Northerners. Such federal programs as The Federal Music Project, Federal Theatre Project, and Federal Writers project enabled black artists to find word during the depression, often times creating art or stories which portrayed the historic and present situation of blacks in the South. Projects chronicling the lives of former slaves were also begun under the auspices of these programs. At the same time competition for WPA (Works Project Administration) jobs in the South during the thirties also brought to light the persistence of inequality even in the government. Since the WPA required that eligible employees not have refused any private sector jobs at the "prevailing wage" for such jobs, African-Americans (who were paid less on average then whites in the South) might be refused WPA jobs which whites were eligible for. Such discrimination often extended to Hispanic-Americans in the Southwest as well. Despite such difficulties, WPA head Harry Hopkins worked with NAACP leaders to prevent discrimination whenever possible resulting in general support for the programs (and the
government) by the black community.

Black Americans also received increased visibility during this decade for less auspicious reasons, resulting in bitter political conflict within the Democratic Party. While the South had been solidly Democratic since the Civil War, the Roosevelt administration actively appealed to African-Americans to join their party, thus alienating many Southerners. The growing divide between Northern and Southern Democrats over the issue of race came to a head in April 1937, when a bitter fight over an anti-lynching bill took place in the House of Representatives. In the wake of a gruesome double lynching in Mississippi (only one of more than a hundred which had taken place since 1930), the House passed the anti-lynching resolution, despite the opposition of all but one Southern member. Declaring that the South had been "deserted by the Democrats of the North," former Roosevelt supporters in the Senate carried out a six-week-long filibuster which resulted in the withdrawal of the bill in February 1938. This bitter political fight was indicative of the racism and regional conflict still firmly entrenched in America in the 1930s.

Memorial Day Massacre

On Memorial Day in 1937, in Chicago, a group of workers and their families marched towards the Republic Steel Plant to support some strikers. However, the police stopped them en route. One of the workers threw something at one of the policemen and this gave the police reason to attack the workers and as a result, 10 men were killed and 30 people (including women and children) were wounded. These people did not receive much sympathy from fellow Americans because they were tired of the violence. Instead, the people praised the police force for stepping in and containing the disruptive group of people. [16]

The amount of lives lost because of all of the strikes and picket lines, organized labor gained a lot of ground in the 1930s. The National Labor Relations Board became very effective in reducing the violence. They mediated the disputes instead of letting the people take the matters into their own hands, as they had been doing for so long. The unionized workers made up about 23% of non-agricultural workers. Because of these changes they were able to raise their standard of living. By 1941 union workers were able to buy not only a new pair of shoes for each of their children every 2 years, but also a new coat for them and their wife every 6 years [17]

The Roosevelt Recession

Between 1933 and 1937, the U.S. economy improved slowly but surely -- total personal income of Americans rose from $38 billion in 1933 to $70 billion in 1937. In the same period, employment also rose from 27.9 million to just over 36 million, and unemployment dropped from 12.8 million (25.2% of the American labor force) to 7.7 million (14.3%). However, people were also much more cautious in their spending than in pre-crash years. This and a growing labor force resulted in more goods being produced than consumed, relegating large amounts of unsold goods to warehouse shelves.

In the months between his second inauguration and September of 1937, Roosevelt ordered a reduction in federal spending on emergency employment projects. The number of workers employed on WPA and other projects were cut from 3.7 million to 1.9 million. Funding for PWA projects was also greatly reduced during this period. Unemployment rose from 14.3% in 1937 to 19% in early 1938. In April of 1938, Roosevelt sent a new spending program to Congress totaling $3.75 billion, which they approved. More than $1.4 billion went to the WPA and almost $1 billion went to the PWA, with the rest being split among other federal programs. Although the economy recovered shortly thereafter, unemployment didn't return to 1937 levels until World War II.
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