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## Great Depresso

### Some Causes of the Great Depression

- Internationally, European economy unstable after WW1
- Poor distribution of wealth
- Overproduction of foodstuffs making farming unprofitable
- Country had overused credit to purchase consumer goods
- Federal Reserve tightens credit instead of increases it, calls in loans
- Series of bank failures (and runs on banks), 1,300 in 1930 alone.
- Financial collapse hits Europe as the Versailles treaty reparations stop
- Downward spiral. Companies lay off workers. Unemployed cannot spend

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## **President Herbert Hoover**

- Third in line of Republican presidents of the 1920s
- A “progressive”, had left food relief programs during WW1
- Campaigned on a platform of “economic modernization” and self reliance
- The public put too much strain on him

## **Run on the Bank**

- People taking all of their money out at once
- People were stupid

## **Dealing with the Depression**

- Thought at first it was a matter of confidence. “Prosperity is just around the corner!”
- Created Reconstruction Finance Corporation
- A trickle down approach
  - 1% → poor people
- Cut government spending maintain a balanced budget
- Relied on private charities
  - Faith based

## **Breadlines**

- People waited in large lines to get bread
- Hunger is a common occurrence
- NY
- Not just in the cities

## **Hoovervilles**

- Because Hoover did nothing to help these people
- Shantytowns

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## **The Bonus Army**

- Walk down D.C. to have their pension paid
- Veteran lead march
- Was dispersed by the police and army (ironically)

## **Franklin Delano Roosevelt (FDR)**

- Democratic challenger for president in 1932
- Had been Asst. Secretary of the Navy Gov'r of New York, failed candidate for VP in 1920
- Runs a vague campaign, promising to do something for “the bottom of the economic pyramid”
- had been a governor of NY

## **Eleanor Roosevelt**

- Was very politically active
- Wrote articles, gave speeches

## **The New Deal**

- A collection of *ad hoc* measures designed to stabilize the financial system and address the problems of the great depression
  - Spur of the moment
- Programs not always consistent with each other
- Many were repealed
- Advisors were former Progressives, both Republican and Democratic

## **Keynsian Economics**

- Governments could strategically intervene in the economy to flatten out cycles of boom and bust cycles. Boom = tightens , busts = widen

## **Guiding Principles of FDR's “Brain Trust”**

- U.S. would pursue capitalist solutions to the economic problem
- The greatest flaw in the economy underconsumption

- 
- Corporation power needed to be balanced by government and organized workforce
    - Americans initially resistant to this idea

### **First 100 Days - Stabilizing the Banks**

- Emergency Banking Relief Act
  - Four day banking holiday to restock banks with cash
  - Prohibits the hoarding of gold
  - Allows loans to strengthen banks
- Banking Act of 1933 *finish this section*

### **FERA (Federal)**

- Was in times of need for people who really needed it, not dedicated to natural disasters

### **Workers for the Civil Works Administration**

- The CWA built roads, schools and airports
- FDR ended in 1934 for costs

### **Civilian Conservation Corps (1933 - 1942)**

- Put young, unemployed, mostly men to work with reforestation and park reconstruction. Paid \$30 a month where \$25 was sent home
- What advantages was there to keeping young men, in particular, employed
  - Less inclined to do bad stuff
  - Assist to the underconsumption problem
- Eleanor Roosevelt intervened to force agency to hire some women
  - Had gone to a party in NY and said something about “I never wanted to go to party with so many Jews”

### **Tennessee Valley Authority**

- Government owned corporation that sells electricity to farmers
- Created 20 dams with hydroelectric dams

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### **First Agricultural Adjustment Act**

- Overproduction had lowered the price of farm products
- Cheaper to leave crops to rot in the fields than to bring to market
- AAA addresses the issue by subsidizing farmers NOT to grow crops
- Did not help poor farmers

### **National Industrial Recovery Act (NIRA)**

- Designed to raise wages and prices
- Established a National Labor Board to assure “fair competition” respect for the rights of workers and bargain collectively

### **Resistance to Business Reforms**

- People in the private sector thought he was invading on their profits
- Was depicted of being a commies