

Chapter 24 Notes

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Question #1

In the introduction paragraphs, it states: “...Americans were gripped by fear for their survival.. This depression of the 1930s felt different”
Why were Americans afraid? Summarize the reasons given.

Answer

Americans were afraid because they have never been through an economic depression like this one before. Because of this, Americans were not able to predict when the depression would end

Question #2

What happened to the stock market in October 1929?

Answer

In October 1929, the stock market crashed twice. First, on Black Thursday, and later on Black Tuesday. On Black Thursday, there was excessive selling in Wall Street causing stock prices to plummet.

Question #3

Summarize the economic collapse:

Answer

1. Uneven Distribution of Income

Wages didn't rise even though profits increase a lot. The top 5% had 33% of the income.

2. Stock Market Speculation

People tried to get rich by “Playing the Market”. They invested so that the price of stock would go up and they would be able to resell it for more.

3. Excessive Use of Credit

People believed that the economic boom was permanent and continued to borrow money. This led to defaults on loans and bank failures.

4. Overproduction of Consumer Goods

There was a continued production of goods that workers with stagnant wages could not afford.

5. Weak Farm Economics

Severe weather and drought along with high debt contributed to many farmers' problems.

Question #4

Did government policies help or hurt the economic stability? Why/how?

Answer

Government policies hurt economic stability significantly. First, the government did little to control and regulate business. Congress also created tariffs that promoted industry but also hurt farmers. Finally, the Federal Reserve failed to stabilize banks, the money supply, and prices. Because of this, people panicked and tried to get their money out of banks, which created more bank failures.

Question #5

Describe President Hoover's philosophy to responding to the economic crisis. What did he do and why?

Answer

President Hoover believed that prosperity would quickly return. Hoover believed that businesses should not cut wages and unions not to strike, and private charities should increase their efforts. Hoover was afraid that government intervention would destroy the free market's self reliance. Eventually, Hoover realized that there must be government action however, he believed that this action should come from the state.

Question #6

What was Hawley-Smoot Tariff? Did it help or hurt?

Answer

In June 1930, Hoover creased the tariff rates to the highest in history. This tariff set tax increased tariffs from 31% to 49%. Because of this foreign nations also enacted higher tariffs. This resulted in a large reduction in global trade and continued the depression.

Question #7

What were the major events of 1932 in response to the continued economic crisis?

Answer

1932 was the worst year of the depression.

- **Unrest on the Farms**

Farmers banded together to stop banks from foreclosing on farms and evicting people from their homes. Farmers from the Midwest formed the Farm Holiday Association, which tried to increase the prices of crop prices by stopping all harvested grain from reaching the market for a year.

- **Bonus March**

In summer of 1932, about one thousand unemployed WWI veterans marched to Washington D.C to demand bonuses promised to them in 1945. Eventually, thousands of more veterans brought their wives and children to camp in shanty towns outside the Capitol. After 2 veterans were killed, Hoover ordered his General to break up the encampment. General Douglas MacArthur used tanks and tear gas to destroy the shantytown.

Question #8

List 3-5 details from FDR's biography.

Answer

1. FDR came from a wealthy New York family and admired his cousin Theodore.
2. FDR was paralyzed by polio, however he continued to pursue politics even though he was wealthy enough to retire.
3. FDR's wife was the most active first lady in history and wrote newspapers gave speeches and travelled the country. Eleanor was the president's social conscience and influenced him to support minorities and the less fortunate.

Question #9

How was FDR's philosophy on responding to the depression different from Hoover's?

Answer

Hoover believed that the depression was temporary and prosperity would return soon. This caused Hoover to be hesitant to do anything about the economic condition. On the contrary, FDR believed that government action was necessary in order for the depression to heal.