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History

* Crash of 1929 and the Great Depression
  + 1920’s Durable consumer good (cars, appliances) drive economic growth
  + Investmet income goes through the roof, where wage income doesn't
  + Coolidge-era economic policies fuel wast income inequality
  + Consumer purchasing depends on credit (installment buying)
  + Stock market buble driven by credit (10% margins)
* Black Tuesday
  + Investors notice that people aren't spending as much, so they pull their money out in a giant amount
  + Stocks are down 50% in two months time
  + Worth 1/5th a year later
  + Didnt return to normal price till 1954
* Great Depression
  + Credit freeze and buisness failure
  + Federal Reserve worsens credit crunch
  + Republican congress raises tariffs
  + Hoover tries to balance federal budget
  + Consumption dries up
  + Catastrophic banking crisis (3600 banks fail in 1930-31)
  + Unemployment 25% by 1932
  + Worldwide ripple effect (except soviet russia)
  + Herbert Hoover more willing to feed animals than the population
* Election of 1932
  + FDR wins by a land slide
  + Innagural address
    - Creating employmnet
    - Federeal works projects
    - Regulating banking system
    - Calls congress into special sessions
      * If they cannot do anything, he will get the power to do it himself
* FDR’s New Deal
  + People would go to the bank, try to get money, but they wouldnt have enough in resereve
  + Gold standard suspended
  + Bank Holiday, federal bank bailouts
    - Liquidity to the banks
  + FDR’s fireside chats encourage public confidence
    - “Banks will only reopen when the banks are safe”
  + Federal Deposit Insurance Corporation
  + Glass Stegall Act (1933) seperates commercial and investment banking
    - Taken down during the clinton administration
  + Programs
    - Civilian Conservatioin Corps (ccc)
      * Work on national parks
      * Unemployed young men that worked under army supervision
      * Planted trees
    - Public works administration (pwa)
      * Built bridges and roads
      * internal improvements and infrastructure