

Chapter 22

LIVING IN HARD TIMES, 1929-1939

THE GREAT DEPRESSION

- Stock prices rose with the economic prosperity of the twenties and many investors bought stocks on margin. Therefore, stocks were backed by the assumption that prices would rise rather than by hard currency.
- Stock prices reached their peak by the summer of 1929, but then crashed in October. The downward trend continued into the 1930s. After the crash, the economy quickly worsened to the point where unemployment and homelessness soared.
- Hoover espoused the idea of “rugged individualism,” asserting that pulling yourself up by the bootstraps was the American spirit. He recommended voluntary solutions to keep wages up, and local and state, rather than federal, assistance to alleviate suffering. Near the end of his term he created the Reconstruction Finance Corporation that provided loans to assist banks and railroads. None of these measures improved the economy. Moreover, the Smoot-Hawley Tariff exacerbated the financial crisis.
- Americans blamed Hoover for the Great Depression and their suffering. They called the shantytowns in which they lived Hoovervilles and the newspapers under which they slept Hoover blankets. It came as no surprise that he was not reelected in 1932.

THE NEW DEAL

- New York governor Franklin D. Roosevelt won the election of 1932 in a landslide, promising a New Deal for the American people.
- Thousands of banks closed as people rushed to retrieve savings that the banks could not return. States across the nation declared bank holidays to stabilize the banks, reopening those that were able to conduct business.
- Through his “fireside chats” and with the help of his wife, Eleanor, FDR helped to instill a sense of hope to the nation.
- The Emergency Banking Act and the Glass-Steagall Act fostered confidence in the banking system among Americans who returned to keeping their money in banks again.
- The “First Hundred Days” brought a stream of legislation that aimed to cut government costs, raise revenue, and create jobs for thousands of unemployed workers.
- The measures Congress and FDR created to fight the Great Depression included: the CCC hired young men to work on outdoor projects; the AAA called for crops and piglets to be destroyed and slaughtered to counter agricultural overproduction; the PWA hired the unemployed to work on large scale infrastructure projects; the TVA created a series of dams across the Southeast that brought electricity to those living without it; and the NRA attempted to convince businesses to voluntarily maintain wages and keep prices uniform.
- Under the Indian New Deal the federal government recognized the legal rights of Indian tribes and their right to hold reservation lands.
- The Great Depression hit African Americans especially hard and the New Deal attempted to bring them relief. Discrimination, however, prevented African Americans from fully attaining the New Deal’s benefits. At the same time, FDR created the Black Cabinet, and Mary McLeod Bethune held a number of prominent New Deal positions.

- Farmers in the Midwest dealt first with low wheat prices, and then with intense dust storms that destroyed their land and crops, known as the Dust Bowl. This natural disaster forced more than a quarter of a million people to migrate to California.
- Newly arrived farmers took jobs as migrant workers in California's Central Valley, where they came to be known as "Okies," even if they were not from Oklahoma. Carey McWilliams and John Steinbeck wrote novels depicting their plight. Half of the migrant farm workers in California were Okies, and the other half were Mexican and Filipino.
- The WPA hired the unemployed to work on various construction projects but also hired artists, writers, and musicians.
- Workers seeking to organize and engage in collective bargaining benefitted from the Wagner Act. This act bolstered union membership and spurred the birth of the CIO.
- "Sit-down" strikes, in which workers remained at their jobs but refused to work, were successfully executed by workers at Firestone and General Motors.
- Conservatives viewed the New Deal as too socialistic, and others saw it as not socialistic enough.
- Dr. Francis Townsend proposed a pension of \$200/month to any person over sixty years old. Charles Coughlin attacked the New Deal on his popular radio program with an anti-Semitic tone. Governor Huey Long proposed his "Share Our Wealth" program, which would have provided each family with a guaranteed income.
- Under FDR's Second New Deal, with the influence of Francis Townsend, Congress enacted the Social Security Act. This act created a retirement system, unemployment insurance, aid to dependent children, and support for public health.
- FDR accomplished far less in his second term than in his first. After the AAA and NRA were ruled unconstitutional, FDR threatened to push a "Court packing bill" through Congress that would add justices to the Court for each sitting justice over the age of 70. After this incident the Court became more supportive of the New Deal.
- The Fair Labor Standards Act was the last of the New Deal acts. Though the New Deal did not resolve the Great Depression, it set a precedent for the lengths to which the government could become involved in the economy. The New Deal set the stage for safety net measures that would come later.

THE DEEP ROOTS OF WAR--THE UNITED STATES, EUROPE, AND ASIA

- Germany's resentment towards the Treaty of Versailles and the nations that created it persisted through the 1920s and into the 1930s. This, combined with the severe effects of the world-wide depression, paved the way for dictators to rise in Europe and Asia. In Italy, for example, Benito Mussolini established the Fascist Party with dreams of creating another Roman Empire.
- In Germany, a country devastated by war debt and the depression, Adolf Hitler and the Nazi Party sought to establish Lebensraum ("living room") and eliminate the Jews and others to accommodate the Aryan master race. The Nazi government passed anti-Semitic laws and harassed the Jews during events like Kristallnacht.
- Meanwhile, without a powerful League of Nations to curb the rise of Adolf Hitler, Germany began to rearm; it seized the Rhineland, the Sudetenland, and, later, all of Czechoslovakia.
- Italy and Germany created an alliance to consolidate power in Europe. They later joined forces with Japan to become the Axis Powers.
- Japan sought to dominate Asia by seizing Manchuria from China and capturing Shanghai. After years of antagonism and threats Japan and the U.S. went to war, as well.
- As Italy and, especially, Germany became more aggressive, England and France appeased them. The United States ignored Europe's problems, keeping with its policy of isolationism. This isolationist policy

derived from myriad reasons including disillusionment after World War I and the troubles of the Great Depression.

- Between 1935 and 1937 Congress passed Neutrality Acts to prevent the U.S. from entangling itself in other nations' conflicts. The acts began by prohibiting all shipments to belligerent nations, representing ideas learned in World War I. Even as the Japanese provoked conflict in Asia, the United States stayed out of it. In fact, the U.S. continued to supply oil to the Japanese through the late 1930s.
- Desperate Jewish refugees attempted to escape Nazi persecution in Europe, but the United States did not offer any assistance.
- After Germany seized Czechoslovakia, the Nazis made a deal with the Soviet Union allowing them to seize Poland without Soviet retaliation in 1939. With the German invasion of Poland in September of 1939, France and England declared war on Germany. The U.S. remained neutral, but with grave doubts and reservations.