

MI OPEN BOOK PROJECT

United

Reconstruction to Today

States

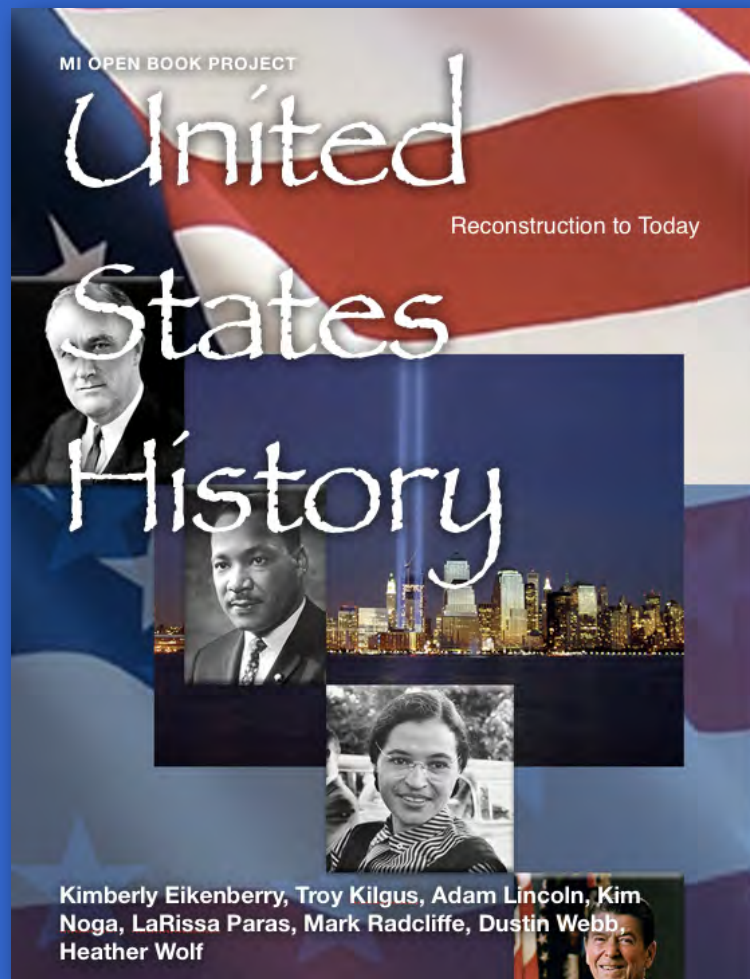
History



Kimberly Eikenberry, Troy Kilgus, Adam Lincoln,
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Webb, Heather Wolf



MICHIGAN **OPEN BOOK PROJECT**



This is version 1.4 of this resource, released August 2018

Information on the latest version and updates are available on the project homepage: <http://textbooks.wmisd.org/dashboard.html>



MICHIGAN OPEN BOOK PROJECT

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MICHIGAN
OPEN BOOK PROJECT



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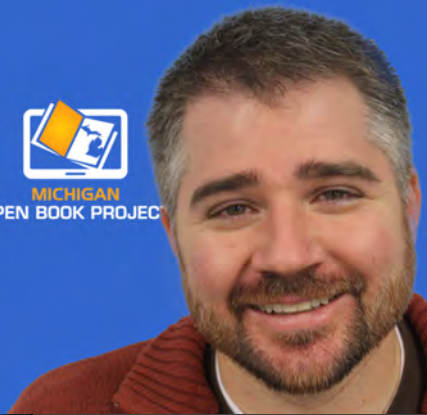
Kim has a B.A. in History and Social Studies and a M.A. in Educational Leadership, both from Western Michigan University. She has served in many roles during her thirteen years as an educator, including department chair, curriculum director, and administrator. Kim currently teaches World History and Economics at Grand Haven High School.

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Standish-Sterling Community Schools

Troy Kilgus serves as the high school social studies chair at Standish-Sterling Central High School. In his eight years of teaching, he has taught various social studies courses including AP US History and multiple levels of French. Mr. Kilgus earned his undergraduate degree in French Education and his Masters in Teaching from Saginaw Valley State University.

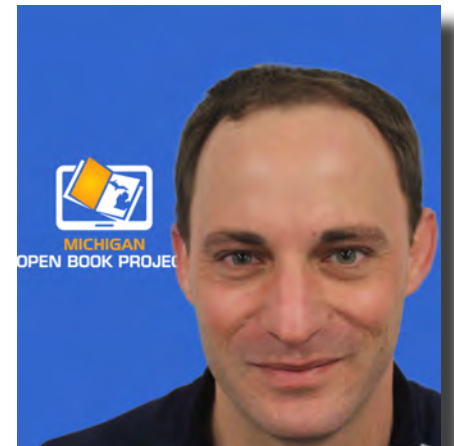


Adam Lincoln

Ithaca Jr/Sr High School

Ithaca Schools

Adam began his teaching career at Cadillac High School in Cadillac, Michigan where he taught US History, Global Studies, and AP World History. After 7 years, he moved back home to central Michigan to teach at Ithaca Public Schools. While his main charge has been teaching World History and starting the AP World History program, Adam also teaches 8th Grade History, US History, History in Popular Culture and all sorts of computer science classes. Adam coaches Model United Nations, and runs the Jumbotron at Ithaca Community Stadium during events. Adam has served as a member of the Michigan Council for the Social Studies for over a decade and has worked to unite his twin passions of Social Studies and effectively integrating technology into the classroom. Outside of school, Adam has served on the Content Advisory Committee, as a Social Studies item writer for the Department of Education, and worked for the PASST project. Adam teaches History and Social Studies methods classes at Alma College as adjunct faculty. Apart from the world of education, Adam enjoys spending time with his family especially traveling on new adventures.





Kim Noga

Ionia Public Schools

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Kim has a B.A. in History/ Social Studies and an M.A. in Curriculum and Teaching, both from Michigan State University. For the past 14 years she has been employed at Ionia High School where she teaches Economics, U.S. History, and Humanitarian Studies. Her hobbies include reading and traveling the world.

LaRissa Paras

Greenville High School

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LaRissa is an alumni of Central Michigan University and the State University of New York. She is a tenured teacher in New York and now in Michigan where she works and resides with her husband and two rambunctious boys. Currently she is teaching World History and Current Issues at Greenville High School. She and her husband founded LP Inspire, LLC to encourage young people to grow into their best selves. She is also the proud creator of The Lotus Project, a successful mentoring program to help young women become empowered and rise above adversity in a positive way. In her spare time she enjoys reading, yoga, and being outdoors.



Mike Radcliffe

Greenville High School

Greenville Public Schools

Mike Radcliffe is a native of South Lyon, Michigan. He received his Bachelor of Arts degree in history from Colorado State University, followed by a Masters of Arts degree in American Studies from the University of Colorado. Over his 23 years of teaching students in Colorado and Michigan, he has taught Advanced Placement United States History, American Popular Culture, World History, World Geography, Sociology, and Economics. He currently serves as the department chair for the social studies department at Greenville High School, where he has taught the past 15 years. His previous textbook projects include serving as a teacher consultant for textbooks in US History and World Geography for Teachers Curriculum Institute. His interests include his wife of twenty-five years, three amazing children, mountain biking, and really bad puns.

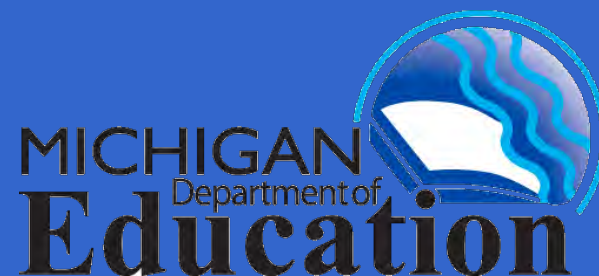


The Michigan Open Book Project Team would like to thank the following individuals for their help in reviewing some content in the book and guiding the development process.

Eric Hemenway - Director of Repatriation, Archives and Records, Little Traverse Bay Bands of Odawa Indians

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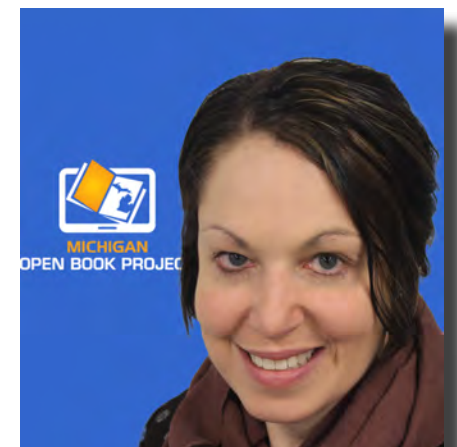
Biography Coming Soon!

Heather Wolf

Shepherd Public Schools

Shepherd High School

Heather has taught Social Studies at Shepherd High School for 16 years. She currently teaches American History and Law, but has also taught Modern American History, Civics, Current Events, and History of American Wars in the past. Heather is a graduate of Central Michigan University, where she earned both her undergraduate degree, as well as a Master of Arts in History. She also teaches Social Studies Methods and Pre-Student Teaching courses at CMU. Heather also is the chair of the Social Studies Department at Shepherd High School and is involved in many other facets of the school and community. Heather was named 2009 High School Educator of the Year by the Michigan Council for the Social Studies. She enjoys reading, traveling and spending time with her family.



Rebecca Bush

Instructional Consultant

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Rebecca Bush is currently the Social Studies Consultant at the Ottawa Area Intermediate School District (OAISD), where she assists K-12 social studies teachers in developing curriculum, modeling instructional strategies in social studies literacy, and designing district-level formative and summative assessments. Additionally, as Project Director, she has written and received multiple Teaching American History grants, working with teachers throughout an eight-county radius. She has presented at various national conferences on multiple topics surrounding social studies instruction as well as innovative techniques and topics in formative and summative assessment design. Currently she is Co-Project Director of The Performance Assessments of Social Studies Thinking (PASST) Project and assists with the professional development of teacher writers for the MI Open Book Project where she serves as an editor of several of the project's texts. Rebecca currently leads the Michigan Social





Chapter 6

What Role Should the Government Play in the Economy and Society?

1. How did economic, political, social/ cultural choices made a decade earlier contribute to the start of the Great Depression?
2. How did environmental factors affect the Great Depression?
3. How did the government under Hoover react to the Great Depression and what were pros and cons associated with his response?
4. Did the New Deal benefit the US in the short term, long term, both, or neither?
5. How did the Great Depression affect American citizens?

Economic Troubles Loom

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TERMS, PLACES, PEOPLE

Price supports
Great Depression
Shantytowns

Even though the 1920s were “roaring” in many respects, from an economic standpoint it became clear that serious problems threatened the nation’s economy. Important industries were in trouble and overproduction plagued the agricultural sector. As the decade came to a close, the slipping economy would soon crash, thus ending a decade of innovation, cultural advances, and individual prosperity.

Industries Experience Trouble

The prosperity of the late 1920s was superficial and hid the weaknesses that would ultimately lead to the Great Depression. Key basic industries barely made a profit because of improvements to each industry. The chart below shows some of the most significant impacts.

Railroads faced competition from...	Other forms of transportation such as trucks, buses, and private automobiles
Textile manufacturers faced competition from...	Foreign producers in Japan, India, China, and Latin America
Mining and lumbering faced....	Diminished demand
Coal mining faced competition from...	New forms of energy including hydroelectric power, fuel oil, and natural gas

Farmers Also Experience Hard Times

More than any other aspect of the economy, agriculture suffered the most in the 1920s. After the war had ended, overproduction was thought to be the solution to helping farmers boost profits.

However, the plan failed and prices fell even further. Attempts by Congress for federal **price supports**--the support of certain price levels at or above market values by the government for key products were consistently vetoed by President Coolidge, so farmers continued to struggle. Many defaulted on their loans and the residual effect was that many rural banks began to fail.

Consumers Suffer as well

The American consumer was not immune from the cyclical economic events of overproduction, over-speculation, and shifts in supply and demand; the end results was the same--economic hardship to the consumer.

Late in the decade, it was evident that American consumers were buying less because of rising prices, stagnant wages, unbalanced income, and overbuying on credit. As production expanded at a rapid rate while wages failed to increase, the gap between the rich and the poor widened. As the gap widened, the resulting unequal distribution of income meant that fewer and fewer Americans could participate fully in taking advantage of the economic advances of the 1920s. The foundation of the nation's economy was more fragile than it had even been.

The Stock Market Tumbles

As early as March of 1929, some financial experts had warned that banks were granting too many loans for stock speculation.

The Federal Reserve responded as the U.S. central bank tried to rein in the country's banks but was not successful. In September, Roger Babson, an economist for the New York Herald Tribune, publicly predicted the market was headed for a crash. After his speech, stocks wavered and declined a bit. Again, the Federal Reserve tried to slow the out-of-control pace at which banks were making loans to buy stocks but again, to no avail. On October 23, a block of General Motors stock was sold at a loss, and the market headed in a downward direction. Orders to sell came in too fast for brokers to keep up. Bankers tried to stabilize the market at the end of the day, but on Thursday, October 24, the market took another sharp downward turn. Financial losses were in the billions of dollars, and small investors were wiped out. On Friday, October 25, and Monday, October 28, bankers tried to revive the market by finding new big investors but their efforts came too late forcing bankers to announce that they could no longer support the market. On Tuesday, October 29, 1929—which became known as "Black Tuesday"—stock prices crashed.

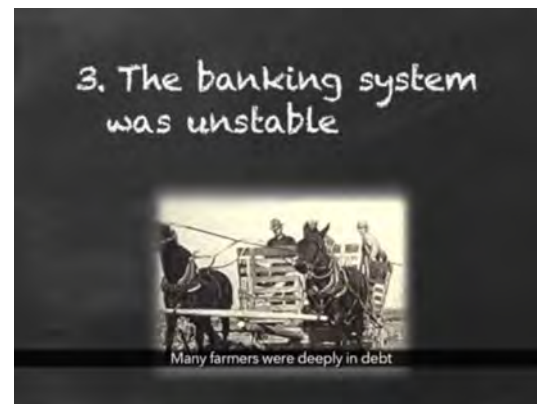
Individuals as well as corporations tried desperately to sell their stocks before prices fell even further. By the middle of November, approximately \$30 billion was lost in the American economy--ironically, the same amount of money that had been spent by Americans in WWI. As the stock market crash of 1929 ushered in

what became known as the **Great Depression**, few could imagine the far reaching impact it would have on the country.

Causes of the Great Depression

A depression is a prolonged downturn in the economy, marked by high unemployment and restricted growth of the economy. The Great Depression earned its namesake for its duration, depth, and ghastly effects. While the stock market crash signaled the start of the Great Depression--the time period between 1929-1941 in which the economy was in severe decline and millions of people were out of work, it was not the sole cause of the Great Depression. Although there are some differences of opinion by economists and historians, most identify a common list of factors. View the following Teachable Moments video, "What Caused the Great Depression?"

Interactive 6.1 What Caused the Great Depression?



[Learn more here](#)

Financial Collapse in the U.S. and Around the World

What happened after the Stock Market Crash of 1929 is a classic example of cause and effect. Many Americans panicked and rushed to their banks to withdraw what little money they still had.

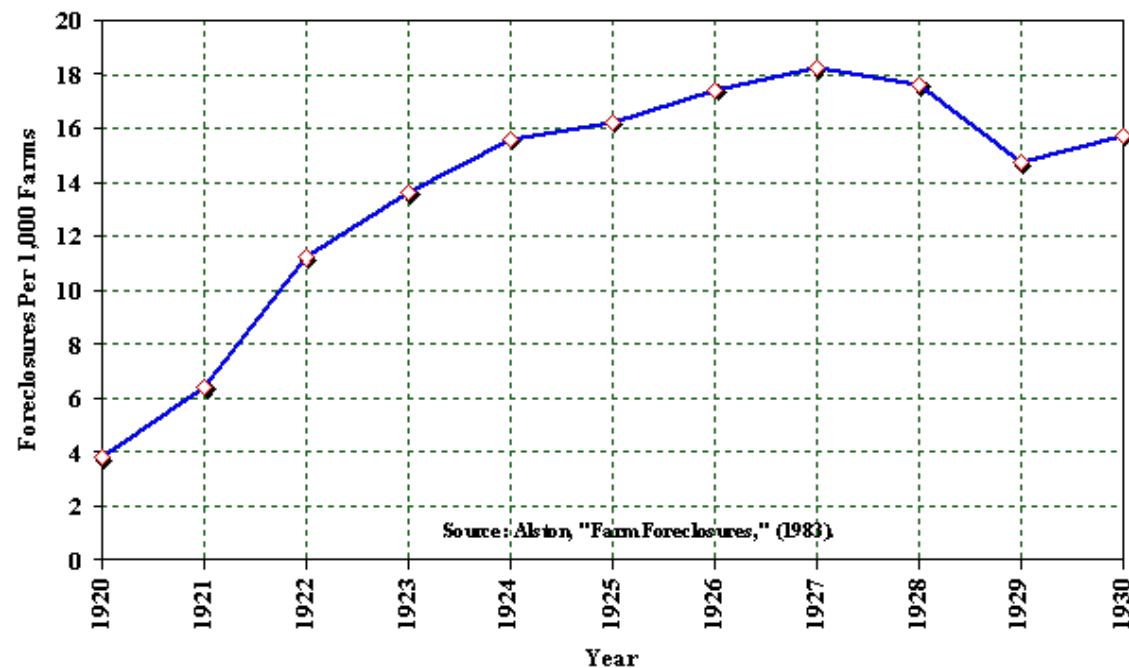
Because banks in many rural areas did not have a sound financial reserve of money, once those living in rural areas rushed to their bank, there were no funds available for withdrawal. This is known as a "run-on-the-bank." With no financial insurance by



<https://rgessford.files.wordpress.com/2013/03/bank-run.jpg>

the federal government, for most smaller banks, the end result was closure. When farmers couldn't make the mortgage payments on their farms, many were forced into foreclosure.

Figure 8: Farm Mortgage Foreclosure Rate, 1920 to 1930



<http://eh.net/wp-content/uploads/2013/10/image017.gif>



How does the trend illustrated in the graph demonstrate the plight of farmers in the 1920s? Predict how this will impact farmers in the 1930s

Additionally, many American workers couldn't earn any income as the unemployment rate jumped from three percent in 1929 to 25 percent by 1933 as businesses were hit equally hard--many forced into bankruptcy. The U.S. was not the only country to suffer huge economic loss during this period of time. Much of Europe had also experienced a depression which began a few years before the depression in the U.S. economy. Countries that had been severely damaged by WWI faced huge debt payments. And Germany, with its requirement to make war reparations--payments to compensate Allied countries for the damage it had caused, experienced great suffering during this time. Because most of the countries in Europe found themselves in a similar situation, foreign trade of American farm products and manufactured goods was stagnant.

Congress tries to Help

In 1930, Congress (while trying to help pull the U.S. out of the Depression) made the bad situation worse by passing the Hawley-Smoot Tariff Act. While this act was designed to help American farmers and manufacturers by protecting their products from foreign competition through the highest protective tariff in U.S. history, it ended up having the opposite effect.

Unemployment was worsened in industries that could no longer afford to export their goods to European markets. And with the retaliation of raised tariffs in European countries, world trade fell more than forty percent which caused an extreme reduction in

economic activity throughout the world.

Social Issues

As the Great Depression gripped the nation, the effects were widespread--in both cities and rural areas, no person or family unit could escape the hardship and suffering that millions of Americans faced. Unemployment was a problem that affected much of the population. The Bureau of Labor Statistics estimated that 1 out of every 4, or one-quarter of the American workforce was jobless by 1933. In March of 1933, it is estimated that fifteen and one half million American workers were unemployed.

The Impact of the Depression in Cities

In cities across the country, many Americans were unable to provide for themselves and their families. Destitute and unable to pay their mortgages, some Americans suddenly found themselves without work and homeless. Before long, “Hoovervilles” or **shantytowns**--small towns consisting largely of shacks emerged on the outskirts of cities. While some consisted of only a few families, others grew to the point where they functioned like communities. For some quick but interesting facts

Interactive 6.2 Crash Course - the Great Depression



Learn more in this video from John Green

about shantytowns during the Depression visit this site:

Daily, the urban poor could be found scrounging throughout the city, searching for food by digging through garbage cans or, in some cases, begging on street corners. In the absence of government relief programs, people could also be seen waiting in long lines, commonly known as “bread lines,” in order to receive nourishment. With so many Americans living in poverty, community organizations began to open soup kitchens to feed the hungry.

Interactive 6.3 Shanty Town Facts



Learn more at this website from American Historama.

Interactive 6.4 Brother Can You Spare A Dime?



Click this link to hear “Brother Can you Spare a Dime,” a popular song from 1931:



How does this song illustrate the context of the time period?

The Impact of the Depression in Rural Areas

The impact of the Depression in rural areas was just as devastating but there was one advantage over living in the city: most farmers could manage to grow just enough food to feed their families. As crop prices continued to fall, plots of land that farmers once owned no longer belonged to them when they couldn't pay their debts. For many, tenant farming was the only way to scrape by.



<http://docs.fdrlibrary.marist.edu/images/photodb/27-0657a.gif>

The Dust Bowl

QUESTIONS TO GUIDE INQUIRY

1. How did economic, political, social/ cultural choices made a decade earlier contribute to the start of the Great Depression?
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TERMS, PLACES, PEOPLE

Dust Bowl

The Devastation is furthered by the Dust Bowl

In addition to overproduction and falling crop prices, the Great Plains suffered a phenomenon that became known as the Dust Bowl. A combination of factors led to a devastating situation for people living throughout the region from Texas to the Dakotas. Traditionally the Great Plains were covered with prairie grasses, but a high demand for wheat during World War I, caused parts of the Great Plains to be stripped of its normal foliage. Over-farming and dry farming techniques depleted the topsoil and overgrazing cattle on the land left parts of the Great Plains barren.



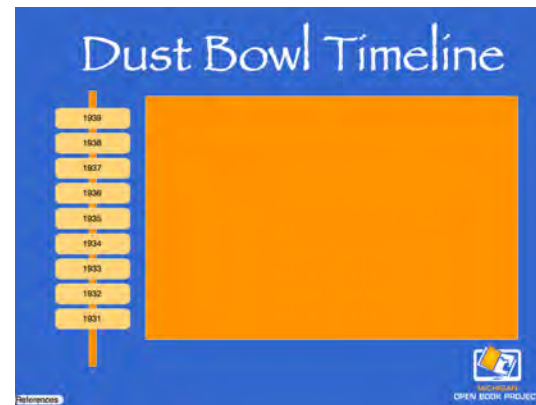
<http://www-tc.pbs.org/kenburns/dustbowl/media/images/slideshow/hm-slide-0.jpg>

In the early 1930s drought and a large wind storms plagued the region, causing the soil to blow away. In 1932, the weather bureau reported fourteen dust storms.

In the following year, there were 38 dust storms. The storms were so monstrous that the clouds of dust reached 10,000 feet high, blocking out the sun. The dirt rose so high in the atmosphere that in 1934 Midwest towns like Chicago had twelve million tons of dust fall over the city. Likewise, ships located 300 miles off the Atlantic coast had a blanket of dust covering their decks.

The effects of these “black blizzards” were astounding. Dust buried crops and farms. Heat caused uncovered crops to bake in the sun. The wind storms were so powerful that dust seeped into homes, covering everything in a film of soot. Humans and livestock that breathed in the dust suffered a variety of ailments and some died as a result. The children and the elderly were more susceptible to a condition known as “dust pneumonia,” which resulted from prolonged exposure to the dust, eventually leading to death by suffocation.

Interactive 6.5 Dust Bowl Timeline



Learn more about the Dust Bowl in this interactive timeline.



http://cdn.history.com/sites/2/2015/06/Great-Depression_Dust-Bowl_wagon-wheels-against-barbwire-fence_Corbis-A.jpeg

Farmers tried desperately to hold on to their land and keep their farms, but unable to grow their crops and raise livestock, led many to become penniless. Banks began to foreclose on property and farmers began to migrate west to California in an effort to find work as migrant farmers. Over 400,000 people left the Great Plains region during the “dirty thirties.”

Interactive 6.6 The Dust Bowl Episode



Click this link to see a video about the Dust Bowl:

The Depression's Effect on Society

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- 6.

TERMS, PLACES, PEOPLE

Rugged Individualism
Bonus Army
Run on the bank

The Depression Strains Many Families

While some Americans feared that the suffering caused by the Depression would undermine moral family values, their fears were mostly unfounded. Family unity became extremely important as families rode out the economic setbacks and social effects of the Depression together. However, there was intense pressure on family life on a daily basis as the struggle to make ends meet was continuous. In some cases, families broke apart for one reason or another because of the emotional strain.

Psychologically, many men had a difficult time coping with unemployment. Accustomed to being able to support their families, many would daily walk the streets searching for jobs.

Some, believing that no work would be available within walking distance, abandoned their families. Wandering the country, hitching rides on railroad boxcars, and sleeping under bridges to survive and hopefully find work to send money home to their families, approximately 2 million men and 8,000 women were labeled as hoboes during the Depression.



<https://i.ytimg.com/vi/vkpKRxR9rA8/hqdefault.jpg>

The Struggle for Women and Children

Women also worked hard to help their families survive the hard times of the Depression. Within the home, many did what they could to save money such as canning foods and sewing clothes. Outside the home, those who could find jobs, did so, though they usually received less money than men did. Pay was not the only area where women faced job discrimination. As the 1930s wore on, many working women faced resentment because there were so many men who were unemployed. Some cities even refused to hire married women as teachers.

Children also suffered many hardships during the Depression. Some suffered serious health problems due to poor diets and lack of healthcare. As milk consumption declined, reports of malnutrition and diet-related diseases such as rickets and pellagra increased. With no child-welfare funded programs, prevention of these maladies became extremely difficult. From an education standpoint, due to lack of funds, school years were shortened and some schools even closed leaving more than 300,000 students out of school. Many children went to work instead of attending school, working in sweatshops under deplorable conditions.



© John Vachon / NY Public Library

http://i.dailymail.co.uk/i/pix/2012/06/09/article-0-1384F792000005DC-815_964x667.jpg

Long-lasting Social and Psychological Effects

The short-term economic effects of the Depression led to significant sacrifices that resulted in long-term psychological and social issues for many. Many adults stopped going to the doctor or dentist because they couldn't afford it. High school graduates gave up their dream of going to college. Others set aside plans for marriage and the raising of a family. While seen as a drastic measure, many lost their will to survive; There was a thirty percent increase in the suicide rate between 1928 and 1932.

For many who survived the Depression, their lives were changed forever by memories of extreme poverty and suffering. For some, the feeling of being financially stable was the driving force in their lives. Others continued to take advantage of opportunities to save money and food whenever they could. Perhaps just as strong was the sense of unity that developed among multiple generations of people during this decade of hardship and suffering. To strangers down on their luck, many showed kindness often sharing food, giving clothing, and in some instances a place to stay. Families worked together to share resources and strengthened bonds in communities while developing positive habits that would see themselves through dark economic times. An entire generation of Americans was shaped by these habits--habits that would not only see them through the Great Depression but through further decades of conflict and challenge.

Hoover's Attempts to Deal with the Depression

In his 1928 presidential bid, Herbert Hoover promised prosperity. A famous Hoover campaign slogan exclaimed there would be "a chicken for every pot." However, eight months after his inauguration, the president soon found himself presiding over the worst economic depression in the nation's history.



Herbert Hoover's policies to combat the Great Depression, are often criticized and misunderstood, because they did little to alleviate the immediate social consequences of the Great Depression. President Hoover was an opponent of socialism and a supporter of rugged individualism, the belief that people should better themselves, with minimal government intervention.

However in the midst of the Great Depression, President Hoover took action to try to fix the nation's economic woes. Hoover expanded public works programs and asked Congress to pass a \$160 million tax cut. In addition, President Hoover persuaded Congress to enact legislation that led to the creation of the Reconstruction Finance Corporation (RFC), which allowed the government to issue loans to businesses, in an effort to stimulate

the economy. Hoover, however did not advocate direct relief, in the form of federal welfare payments to impoverished individuals, believing that would lead to corruption and dependence on the government. Hoover's political adversaries, in turn portrayed him as callous and disconnected from the citizenry.

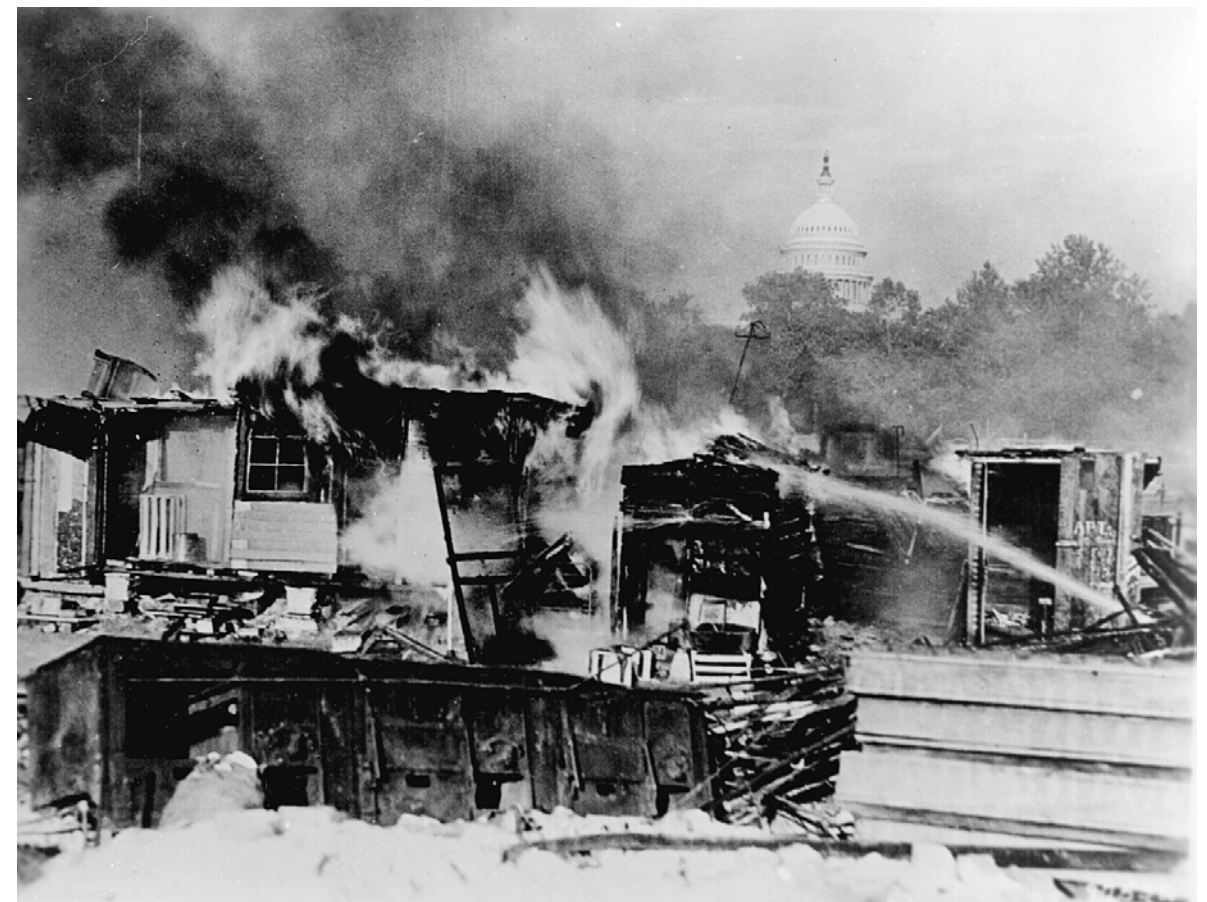
Hoover and the Bonus Army

During the summer of 1932, over 15,000 World War I veterans and their families converged on Washington, D.C., demanding an early payment of bonuses due to them in 1945. With the nation's economy in shambles, many veterans were also suffering from jobless and homeless. Dubbed, "The Bonus Army," the veterans camped in **Hoovervilles** on the Washington mall and petitioned Congress to issue the payment of their bonuses. According to eyewitness, Joseph C. Harsch, "...These were simply veterans from World War I who were out of luck, out of money, and wanted to get their bonus." On July 28, upon orders from President Hoover, the military confronted the veterans with tear gas and bayonets in an effort to get them to disperse. Panic and riots ensued, and by nightfall hundreds had been injured and a baby had died. With Hoover's response to the economic crisis brought on by the Great Depression already in question, the media and public opinion criticized his handling of the Bonus Army incident, further harming his credibility and sealing his fate as President.

Interactive 6.7 Bonus Army Video



Learn more about the Bonus Army here.



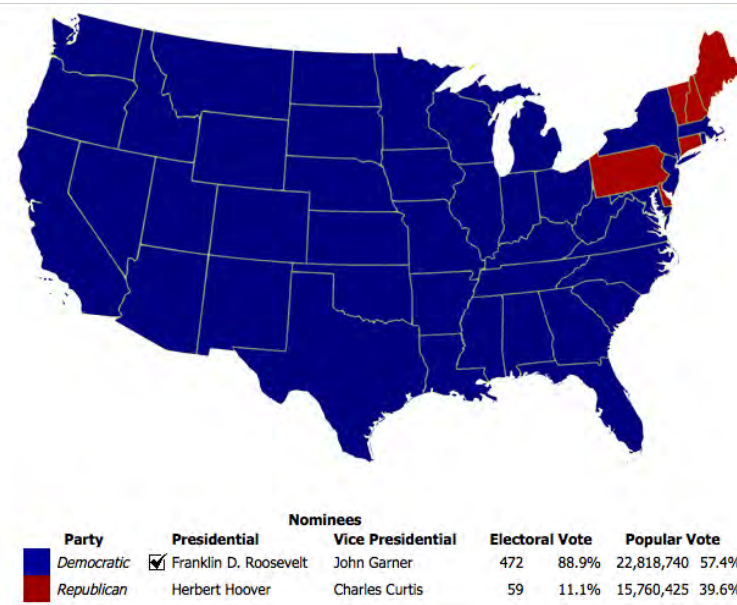
Picture of Bonus Army Hooverville shacks on Fire after the confrontation with the US Military. <https://upload.wikimedia.org/wikipedia/commons/0/00/Evictbonusarmy.jpg>

The New Deal

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Many see the election of 1932 as a referendum on the policies of “**rugged individualism**” of the Hoover administration. In the election, Hoover primarily only won the northeast states, Pennsylvania, Delaware and Connecticut whereas Franklin Delano Roosevelt (FDR) carried all of the other states in the Electoral College. With the election of FDR, the United States embarked on a new path



<http://www.presidency.ucsb.edu/showelection.php?year=1932>

where the Federal Government would take a more active role in the economy with greater intervention including direct relief to citizens in the areas of agriculture, banking, and other social programs. Where Hoover did not advocate for direct relief to Americans, he had--especially since the stock market crash of 1929--worked to alleviate the economic situation through the creation of governmental programs and providing incentives to banks and business to stimulate the economy. He had increased the federal budget significantly from his Republican predecessors in the prior decade from

TERMS, PLACES, PEOPLE

Direct relief

Fireside chat

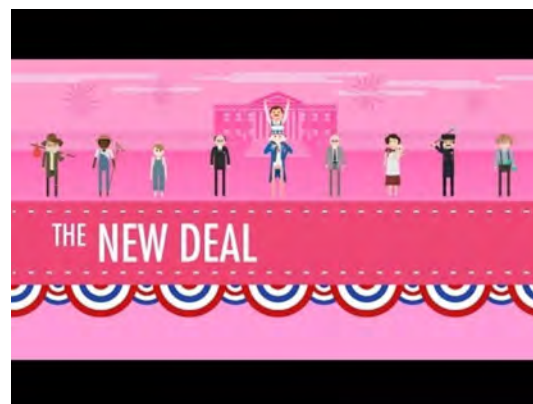
Deficit spending

\$3.3 billion in 1930 to \$4.6 billion in 1933 resulting in deficit spending to the tune of \$2.7 billion in 1932. Although Hoover did attempt to deal with effects of the beginning of the depression, however FDR stated he was willing to go further. He believed that the presidency and the federal government could create programs to directly aid American citizens. This message resonated with American voters who overwhelmingly elected Franklin Delano Roosevelt as president in 1932.

The New Deal

In a fireside chat on May 7, 1933, newly inaugurated President Franklin Roosevelt outlined his “New Deal” for the American people. He laid out his plan to cope with the banking crisis in an earlier chat, but he continued to spell out what action was being taken for relief for the nation in terms of unemployment, mortgage relief for farmers, an increase in public works programs among other ideas. He stated, “We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day...I do

Interactive 6.8 Crash Course - The New Deal



Learn more about the New Deal here!



<http://www.loc.gov/loc/lcib/0804/images/expand-newdeal02.jpg>

not deny that we may make mistakes of procedure as we carry out the policy. I have no expectation of making a hit every time I come to bat. What I seek is the highest possible batting average, not only for myself but for the team.”

Roosevelt’s New Deal demonstrated a new role for government in the economy. Economic theories like those of John Maynard Keynes argued for increased government spending, including

deficit spending if necessary, to help moderate the boom and bust cycle of the business cycle and to alleviate unemployment. Since the the United States was in a period of economic calamity, Roosevelt believed it necessary to create new government programs and regulation to mitigate the impacts of the depression and eventually lead the US to economic recovery. During a radio address on July 24, 1933, FDR referenced the first 100 days that the 73rd Congress was in session. These 100 days contained legislation for the underpinnings of the New Deal including programs for relief for banks, farmers, and the unemployed. Roosevelt's goal for his New Deal included programs for relief, recovery, and reform. Some programs focused on relieving the suffering of the of the Depression, while others were aimed at helping the economy recover. The last set of programs aimed to reform the economy to avoid future depressions.

To address the needs of the banking system, a bill passed by Congress on March 9, 1933 and signed by Roosevelt, created a "bank holiday", that temporarily closed banks. The act was created to give time for the US Treasury to look at the health of the banks in the United States and rate banks based on their solvency. People's faith in the banking system had waned since the stock market crash of 1929 and culminated in many runs on banks, where a massive amount of people went to withdraw their savings at the same bank at the same time. If banks didn't have enough cash available and couldn't liquidate assets quickly

enough, they were forced to close and people sometimes lost all of their life's savings. In 1930 alone, 1,300 banks failed and by 1933 over 9000 bank closed their doors Further compounding the issue, some banks quickly sold assets at low prices and limited the availability of credit to generate money to pay depositors, so banks had limited funds available to payout, while the need for the money grew even greater. The Hoover administration had tried to provide relief for banks by loaning money with the Reconstruction Finance Corporation, but borrowers including banks were publically disclosed thus appearing weak since they had borrowed money.

In order to restore faith in the banking system, Roosevelt and Congress enacted various laws and executive orders to bolster people's faith in the American banking system. Banks reopened after the "holiday" increasing faith in the US banking system.

The TVA and the CCC

QUESTIONS TO GUIDE INQUIRY

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2. How did environmental factors affect the Great Depression?
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TERMS, PLACES, PEOPLE

Direct relief

Fireside chat

Deficit spending

Sit-down strike

Welfare strike

Relief to Farmers

Farmers had faced lower commodity prices throughout much of the 1920s and into the beginning of the 1930s. Many farmers faced foreclosure as they struggled to repay mortgage loans. The Hoover administration had set up the Federal Farm Board to help stabilize crop prices by holding certain surpluses of commodities like cotton and grain in storage. By reducing the supply, the price of these crops was thought to rise. When Roosevelt became President, he asked Congress to take more action.

In a message to Congress on March 16, 1933 he stated in regards to the Agricultural Adjustment Act, "It relates to agriculture and seeks to increase the purchasing power of our farmers and the consumption of articles manufactured in our industrial communities, and at the same time greatly to relieve the pressure of farm mortgages and to increase the asset value of farm loans made by our banking institutions."

Part of the act was to provide governmental subsidies to farmers for not planting certain acres and to slaughter various livestock. The intent of both of these programs was to reduce the excess supply of farm commodities which prices had remained very low since World War I in order to increase the price. Many of these programs benefited farmers throughout the United States, but especially on the

great plains where farmers had been confronted with not only falling farm prices, but the huge ecological problem of drought called the Dust Bowl.

Even though the the AAA was eventually ruled unconstitutional by the US Supreme Court, it was rewritten and passed again in another form. The legacy of these programs is evidenced today in various farming practices including subsidies for not cultivating land and farm price supports.

The Tennessee Valley Authority

In order to address the widespread poverty and needs contained in the Tennessee Valley, President Franklin Roosevelt authorized the Tennessee Valley Authority Act of 1933. The Tennessee Valley, including portions of Tennessee, Kentucky, Virginia, North Carolina, Georgia, Alabama and Mississippi, encompassed some of the most poverty stricken areas of the country during the Depression. The region suffered from destructive flooding and many residents had a difficult time dealing with the disastrous effects. Parts of the region also lack modern efficiencies such as electricity. Section 23 of the Tennessee Valley Authority Act directed the government to improve “the economic and social well-being of the people living in said river basin.”

While providing jobs through this government agency, The Tennessee Valley Authority (TVA), constructed dams to control flooding and also harnessed the power of the Tennessee River to

produce hydroelectric power. As a result electricity was brought to the homes of thousands of residents in the Tennessee Valley region for the first time. The TVA also helped to foster economic development within the states contained in the Tennessee Valley.

Interactive 6.9 The TVA



Click on this link to watch a video about the TVA

Interactive 6.10

Roosevelt's Message to Congress



Read Roosevelt's Message to Congress where he suggests the TVA here.



November 21, 1934, Jersey City Journal.

<http://newdeal.feri.org/texts/182.htm>

The Civilian Conservation Corps

One of the New Deal's most regarded programs was the Civilian Conservation Corps (CCC). Roosevelt proposed the program to Congress soon after he assumed office, and in March of 1933 the CCC was passed by Congress and signed into law. The CCC had a dual purpose of putting young American men to work, as well as, environmental conservation. Throughout the decade of the 1930s, the CCC employed over three million workers.

The Labor Department and state agencies, selected single men between ages 18-25, many of which were listed on relief rolls, to work in the forestry service planting trees, putting out fires, fighting soil erosion, clearing trails and beautifying beaches. The men were paid \$30 a month, a major portion of which, was sent directly to their families. CCC camps were set up in every state in the Nation. The program included African-Americans, however the camps were segregated, with separate camps for minority groups by 1935. Indigenous People were also part of the CCC workforce in many states. In fact over the course of the program over 80,000 Indigenous People were employed by the CCC.

The efforts and legacy of the CCC are still visible in many states, including Michigan. By the time the program ended in 1942, the CCC had employed millions men who had worked in forestry or environmental projects in 94 national parks. The CCC also established 711 state parks, and expanded many others.



The CCC in Michigan

<http://docsteach.org/documents/2129004/detail?menu=closed&mode=search&sortBy=relevance&q=new+deal&commit=Go&page=2>

The New Deal and its Critics

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The Supreme Court and the New Deal

The New Deal was not enacted without controversy. Roosevelt's programs faced attacks from both the political right and the political left. Conservative opponents felt the New Deal involved too much government interference in business. They also believed that policy of deficit spending--spending more money than the government collects from tax revenues to finance the New Deal, was putting the U.S. too far into debt. Some liberal opponents believed the New Deal did not go far enough to aid poor Americans.

Some of the conservative criticisms of the New Deal became apparent when the Supreme Court declared the National Recovery Act (NRA) and the Agricultural Adjustment Act (AAA) unconstitutional. The NRA was declared unconstitutional because, according to the Court, the program went too far to regulate business. In January of 1936, the Court also voided the Agricultural Adjustment Act. In a 6-3 decision, the Court ruled that the federal government did not have the power to regulate agriculture; only the states could do that. The Supreme Court was also poised to rule on many other programs such as the Wagner Act and The Tennessee Valley Authority and the Social Security Act. Sensing that his New Deal could be dismantled, Roosevelt announced his plan to pack the Supreme Court with as many as six new justices that would support his policies. The "court-packing plan," as it became known threatened to undermine the system of checks

and balances. In the eyes of some, Roosevelt lost credibility. In the end, Roosevelt did not carry through with his court-packing plan. By 1941, four justices retired and two died. Roosevelt ended up appointing seven out of the nine justices, who would serve on the Court.

Additional Critics

In addition to the challenges placed before him by the Supreme Court, FDR also faced challenges by critics outside the governmental realm. Some of the most notable are listed in the chart on this page..

As New Deal programs took hold, President Roosevelt started to look ahead as he knew that a lot more plans for relief, recovery, and reform were needed. The second hundred days of the Roosevelt administration would bring a second burst of New Deal reforms.

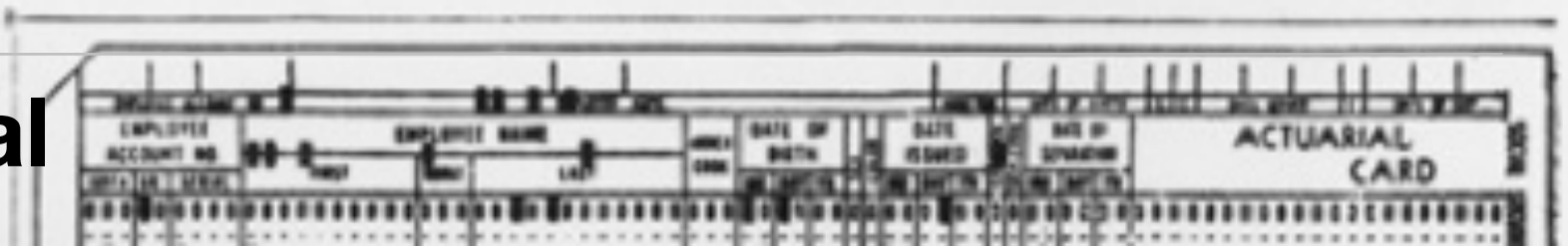
Person or Group	Background	Rationale for Opposition to the New Deal
American Liberty League 	Largely comprised of wealthy business leaders	The ND violated respect for the rights of property as well as individuals; believed
Father Charles Coughlin 	Roman Catholic priest from Detroit	The ND didn't allow for the nationalization of the banking system or provide for the free coinage of silver
Francis Townsend 	Physician from Long Beach, California	The ND didn't provide for an Old Age Revolving Pension like Townsend had proposed
Huey Long 	Senator from Louisiana; later became the state's governor	The ND didn't provide for a program similar to Long's "Share Our Wealth" social program

BIGGEST BOOKKEEPING JOB BEGINS

Section 7

The Second New Deal

Social Security Board
Has Gigantic Task
By GUY RICHARDS



QUESTIONS TO GUIDE INQUIRY

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The Second New Deal is a Hit

By the second hundred days of FDR's Presidency in 1935, economic gains were not as great as the President had hoped they would be. But even though unemployment remained high and industrial production was lower than expected, the New Deal experienced widespread popularity. This led to increased majorities in both houses of Congress gained from the 1934 midterm election. A pleased President Roosevelt took advantage of this and called on Congress to help provide more extensive financial relief for two groups of people: farmers and workers.

Farmers Get a Hand

Early in 1936, when the Supreme Court had struck down the AAA, Congress responded by replacing the law with another. The Soil Conservation and Domestic Allotment Act paid farmers for cutting the production of their soil-depleting crops such as cotton and wheat and rewarded farmers for practicing good methods of soil conservation. Two years later, Congress approved a second AAA, bringing back many features of the first AAA. Through additional assistance many sharecroppers and tenant farmers were able to resettle on more productive farm land. Followed by the establishment of the Farm Security Administration (FSA) in 1937, more than \$1 billion in assistance was provided to sharecroppers, tenant

farmers, and migrant workers. Additionally the FSA sent photographers such as Dorothea Lange, Ben Shahn, Walker Evans, Arthur Rothstein, and Carl Mydans throughout rural towns and farms to capture the tough lives those in rural America faced during the Depression.

Labor Conditions Get a Boost

Even though the labor movement had lost momentum in the 1920s, the economic crisis of the Great Depression changed many people's perspectives on the role of unions and labor. The largest union in the United States up until the Great Depression was the American Federation of Labor (AFL) which organized skilled craft workers. Competing models from organizations like the Congress of Industrial Organizations worked to bring many more types of workers including:

The passage of the Wagner Act in 1935 reaffirmed the provisions of the National Industrial Recovery Act that had provided workers the rights to organize and to collectively bargain contracts with their employers. The act also restricted ways employers could interfere and react to labor practices in the private sector, including the activities of labor unions and striking. Additionally, Congress later passed the Fair Labor Standards Act in 1938 to establish maximum hours and minimum wages.

These rights were not greeted by most business leaders as something that was beneficial. In fact, most of them were unwilling to negotiate with the new unions. Starting in December 1936 and continuing into 1937, the United Auto Workers in Flint, Michigan staged a strike. The workers, instead of picketing outside the General Motors (GM) factory, took to the factory floor and engaged in a sit-down strike. There were violent clashes between the strikers and local police. GM took to the courts to end the strike, but the Governor of Michigan, Frank Murphy, refused to use the Michigan National Guard to expel the workers from the plant. Murphy stated, "If I send those soldiers right in on the men, there'd be no telling how many would be killed." He declared, "The state authorities will not take sides. They are here only to protect the public peace." Talks between management and labor ensued and in the end, the UAW was recognized by GM. This was seen as a victory for union recognition and collective bargaining rights. This was further evidence by the Fair Labor Standards Act of 1938, which set minimum wages, ensured better working conditions, and limits on minors in the workplace.

The New Deal Affects Multiple Groups

One of the goals of New Deal programs was to provide new opportunities for women. FDR attempted to model this by appointing women to important official positions. Frances Perkins, for example, was the first woman ever appointed to a

President's Cabinet as the Secretary of Labor.

FDR also appointed the first female ambassador and a considerable number of women to federal judgeship positions. Unfortunately, women still faced ongoing discrimination in the workplace with regard to lower wages and unfair hiring practices. Widespread criticism against women working during the Depression didn't help with women's desires for equal employment rights; yet the long-term trend of women working outside the home became a reality.

Increased rights for African Americans during the decade of the Depression was a contradiction because although President Roosevelt tried to promote racial equality, he stopped short of a commitment for full civil rights.

Through the President's appointment of Mary McLeod Bethune to head a special department of the National Youth Administration,



<http://www.gayrva.com/wp/wp-content/uploads/2015/10/Perkins2-496x627.jpg>

her efforts toward increased opportunities for African Americans didn't stop there. Bethune helped organize a "Black Cabinet" of influential African Americans to advise the President's administration on racial issues. Never before were there so many African American voices in White House affairs and decisions. However, some New Deal programs discriminated against African Americans. The WPA, the CCC, and the TVA discriminated against African Americans in providing **direct relief** and wages to workers. Nonetheless most African Americans supported FDR and abandoned the Republican Party.

Mexican-Americans also supported FDR's administration even though, as a group, they received fewer benefits than did African Americans. Because many Mexican-Americans worked on farms and the farming industry wasn't protected by state or federal laws. With no support at the state or federal level for guaranteed wages or protection for unions, farm workers ended up working for pennies per hour with no union to fight for them.

Perhaps the group that experienced the most support from the New Deal were the Indigenous Peoples. Strong government



<https://www.quia.com/files/quia/users/patsys/bethquia.jpg>

support through the strengthening of land claims helped place reservation lands back into the hands of tribal leadership. Many Indigenous Peoples who valued tribal traditions saw the transfer of land as a giant step forward.

Although results were mixed for minority groups, most backed the President because the general consensus was that the Democratic Party would continue to move rights for each group forward. Many saw one of FDR's greatest achievements as his creation of a New Deal Coalition. This alignment of diverse groups of people including Southern whites, various urban groups, African Americans, unionized industrial workers, and many others shared one common goal: to support the Democratic Party--not only with regard to the U.S. presidency, but in the U.S. Congress as well.

Other Groups Receive Assistance

Another large group to receive assistance through the establishment of various programs was comprised of youth, professionals, and workers. One of the largest programs was the Works Progress Administration. The WPA created as many jobs as possible employing more than 8 million persons between 1935 and 1943. Workers built airports, constructed and repaired roads, built libraries, schools, and hospitals and female WPA workers sewed over 300 million garments for those in need. Professional workers were also employed by the WPA to create music and art,

construct city guides, paint murals, and perform in theater troops providing entertainment across the country.

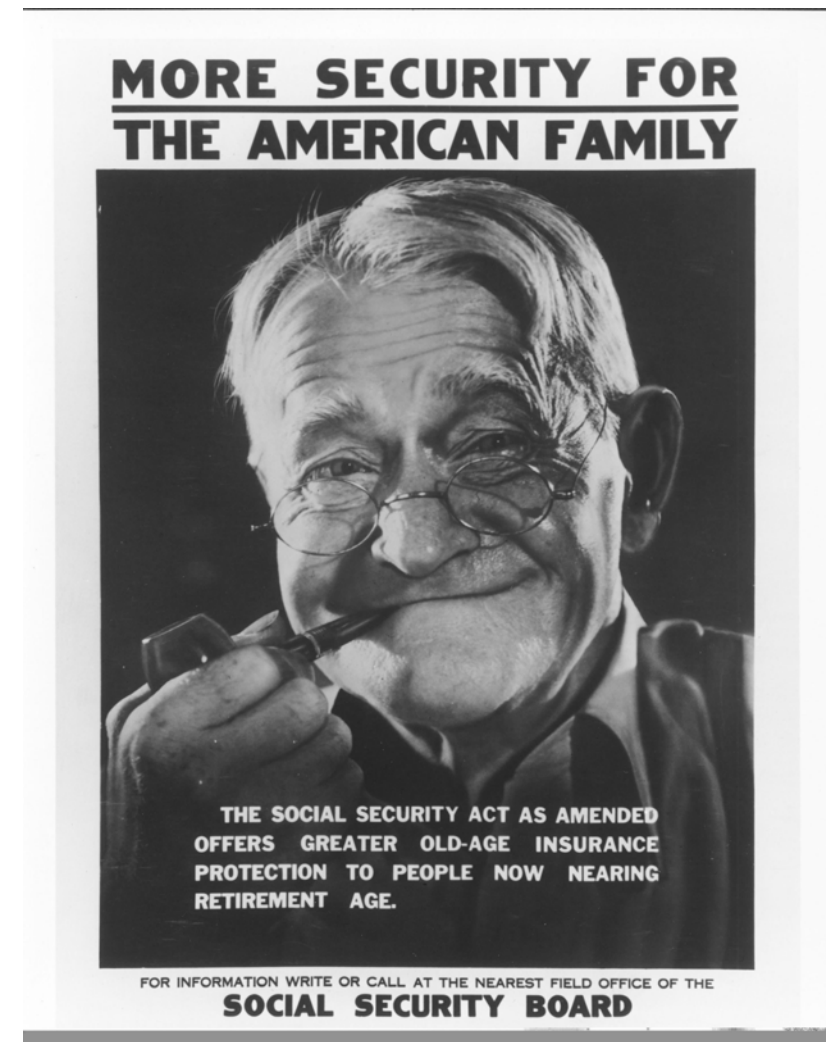
Meanwhile, Eleanor Roosevelt was pushing her husband to create relief programs for younger Americans who had also suffered during the Depression. Mrs. Roosevelt worried that long-term unemployment and poverty would undermine young Americans' faith in democracy. She told The New York Times that "I live in real terror when I think we may be losing this generation. We have got to bring these young people into the active life of the community and make them feel that they are necessary." The National Youth Administration (NYA) was created shortly thereafter, to help young people by providing aid and employment by providing grants to high school and college students in exchange for work. Secondly, for young people who were both unemployed and not in school, the NYA combined economic relief with on-the-job training in federally funded work projects designed to provide youth with marketable skills for the future.

Social Security

One of the most influential programs that was enacted as a part of the New Deal was the Social Security Act of 1935. The Great Depression had far reaching effects on all sectors of the economy and on all portions of the population. Often the first to be laid-off, elderly Americans were hit especially hard by during the Depression. In addition, less than ten percent of Americans had access to private pension plans through their employers. Hence

the Depression, led to a situation in which many older Americans, could not sufficiently provide for their needs. The Social Security Act (SSA) aimed to provide some financial security to older Americans, as well as unemployed workers, those with disabilities and impoverished children.

The old age pension portion of the Social Security Act was designed to provide a retirement benefit, that was to be collected monthly when people reached the age of 65 and ceased working. Social Security was funded through payroll taxes of working Americans, which garnered controversy among critics of the New Deal. However, Roosevelt wanted the program to be self-sustaining, not dependant on government revenues. The payroll tax was a necessity in Roosevelt's view. Although Social Security gave aid to many who were suffering from poverty, it also excluded agricultural and domestic workers, meaning that at least 60 percent of the nation's black population was excluded.



<http://docsteach.org/documents/195880/detail?>

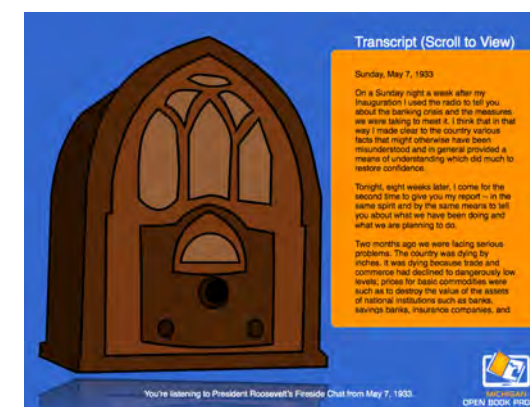
menu=closed&mode=search&sortBy=relevance&q=new+deal+social+security&commit=Go

Social Security Act of 1935

Title	Program	Description
I	Old-Age Assistance	Federal financial support and oversight of state-based welfare programs for the elderly
II	Federal Old-Age Benefits	The Social Security program
III	Unemployment Insurance	National unemployment insurance, with federal funding and state administration
IV	Aid to Dependent Children	State-based welfare for needy children (what would come to be called AFDC)
V	Grants to States for Maternal and Child Welfare	Federal funding of state programs for expectant mothers and newborns
VI	Public Health Work	Federal funding of state public health programs
X	Aid to the Blind	Federal funding of state programs to aid the blind

SOURCE: <http://www.socialsecurity.gov/history/35actinx.html>⁵¹

Interactive 6.11 Fireside Chat



Click on this link to listen to and read Franklin Roosevelt's Fireside Chat.

Interactive 6.12 Roosevelt Hoover Quote Sort



Who said it? Now that you've studied their policies, can you determine which quote was from which president?

Lasting Legacies of the New Deal

QUESTIONS TO GUIDE INQUIRY

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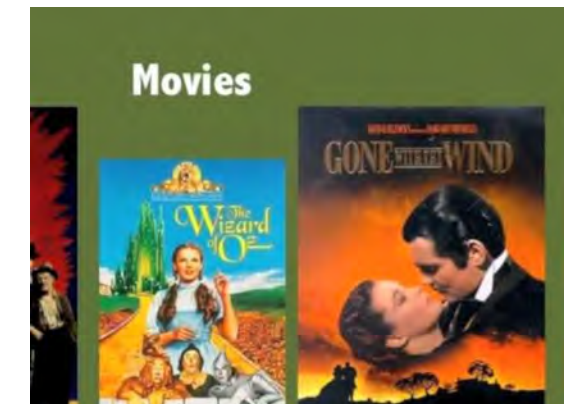
Society and Culture

The popular culture of the 1930s was full of contradictions. While the previous decade might have signaled the beginning of the clash between traditional values and modern ways of thinking, it continued during the 1930s. The sentimentality associated with the longing for the good and simple times of the “Roaring 20s” would have to blend with the toughness needed to survive the decade of financial suffering of the 1930s and dream of a brighter future. As with other decades, artistic expression through art, music, theater, movies, and literature reflected the societal challenges of the time.

New Deal Reforms that Last

Both New Deal programs attracted criticism from all sides of the political scene. While some labeled the Roosevelt administration as fascist, others labeled it communist. From the political right, the New Deal placed too much of an emphasis on the government’s involvement in the economy and was too extreme

Interactive 6.12 Popular Works During the Great Depression



For a look at some of the popular works of the decade watch this video

in its pro-labor and anti-business stand; from the left, the New Deal gave business too much power--never attempting to change the system of capitalism in the country.

No matter which side of the political spectrum critics leaned, there were enduring effects of Roosevelt's New Deal programs.

The Roosevelt administration was responsible for expanding the power of the federal government (especially that of the President) in shaping the state of the nation's economy. Prior to the Great Depression, there was little government oversight in the banking and financial sector. Programs were put in place to help the economy recover, to restore confidence in the US banking system, and to help to avoid future depressions. The Federal government created the Federal Deposit Insurance Corporation (FDIC) to guarantee individual bank deposits up to \$2500 initially and increased to \$5000 by 1934. The FDIC continues to exist today. During the Great Recession of 2008, deposits became guaranteed up to \$250,000. Another program that is still in existence today, called the Security and Exchange Commission (SEC), was put in place in 1934, to protect investors, insure fairness in trading, and help maintain efficiency in the stock market.

Another program that continues to have a lasting impact on the United States is Social Security. With the goal of providing financial security to elderly Americans, unemployed workers, the disabled, and dependant children, Social Security has become a

controversial assistance program. The debate hinges on how the program continues to be funded. With a greater percentage of Americans reaching retirement age, compared to those who are currently working and paying into the system, many fear that Social Security may be unsustainable. However, many Americans continue to rely on Social Security as an important source of income in their retirement years.

One of the greatest legacies of the New Deal was not the programs, but instead, how people viewed the role of government in the economy and society. The New Deal dramatically expanded the size of the federal government and the influence of executive power. One of the most pronounced effects of the New Deal was the acceptance of deficit spending. In order to finance the multitude of governmental programs that made up the New Deal, the government needed to spend more money than it took in through taxes. This caused the U.S. debt to increase from \$22 billion in 1933 to \$33 billion by 1936. In addition to the expansion of the government spending, the public view of governmental assistance changed. The idea that the government was responsible for the economic security of its citizens was a shift in perspective, that became more accepted as a by product of the New Deal. The effects of the Welfare State remains point of political discussion and debate today.

Although the New Deal did not end the Depression, it did help to relieve some suffering and provide a stronger sense of security for

many Americans. The New Deal expanded the role of government in the United States. The legacy of these programs is mixed as far as their effectiveness and how people view the role of government in the economy and society. Regardless of perspective, there are New Deal programs that still impact the nation today.