

## The End of Prosperity

### ASK THE STUDENTS...

to look up and learn the following vocabulary terms:

*bull market, bear market, buying on margin, speculation, business cycle, Great Depression, Bonus Army, Herbert Hoover*

#### I. The Stock Market Crash (Objectives 1 & 2, pp. 732–733)

##### A. The Rise in Stock Prices

1. In the late 1920s the United States experienced a **bull market**—a continuing rise in stock market prices.
2. Few believed there would be a **bear market**—a continuing drop in stock prices.
3. Many investors were **buying on margin**—purchasing stocks on credit with a loan from a broker.
4. **Speculation**—putting money in a high-risk investment with the hope of making a profit

##### B. Rapid Decline

1. In October 1929 the stock market dropped sharply.
2. Many speculators lost everything as stock prices fell.
3. The nation fell into a downward economic spiral called the **Great Depression**.

#### II. The Economy Collapses (Objective 2, pp. 733–734)

##### A. Failing Banks

1. Banks lost investments when the stock market collapsed.
2. Customers who had borrowed money could not repay bank loans.
3. Many banks failed or went out of business.

##### B. The Effect of the Bank Failures

1. Millions of investors lost their life savings as banks failed.
2. Unable to borrow money, thousands of businesses also failed.

### ASK THE STUDENTS...

How did the stock market collapse lead to thousands of business failures?

*The crash led many banks to fail because they lost money, customers could not repay loans, and businesses could not borrow from banks.*

**III. The Causes (Objective 2, pp. 734–735)**

**A. The Business Cycle**

1. When supply exceeds demand, businesses stop producing and lay off workers.
2. When consumers buy up surpluses, businesses increase production and hire workers.
3. This pattern is called the **business cycle**.

**B. The Great Depression was much longer and more severe than normal downturns in the business cycle.**

**C. Overproduction as a Cause**

1. Overproduction in the 1920s led to large surpluses.
2. Unequal distribution of wealth meant that people who might have bought goods were unable to make purchases.
3. By the late 1920s, businesses had unusually large surpluses and few consumers.

**D. International Trade**

1. High tariffs made it difficult for Europeans to sell goods in the United States.
2. Lacking money, Europeans could not buy American goods, and international trade declined.

**IV. The Depression Hits Home (Objective 3, p. 735)**

**A. As unemployment skyrocketed, state governments and charities could not keep up with the demand for services.**

**B. The Bonus Army**

1. Group of World War I veterans who traveled to Washington, D.C., to demand early payment of their war bonuses
2. Herbert Hoover ordered federal troops to remove the Bonus Army, which led many Americans to criticize Hoover.

**V. President Hoover Fights Back (Objective 3, p. 736)**

**A. Hoover believed that voluntary efforts rather than federal assistance would end the economic crisis.**

**B. He approved some federal programs such as the Reconstruction Finance Corporation (RFC), which loaned money to businesses.**

**C. Americans began to blame Hoover for their difficulties.**

**ASK THE STUDENTS...**

Why did many Americans begin to blame Hoover for their problems?

*The use of federal troops to remove the Bonus Army, combined with Hoover's unwillingness to make extensive use of the federal government to assist Americans, led to increasing public criticism of the president.*

## Roosevelt's New Deal

### ASK THE STUDENTS...

to look up and learn the following vocabulary terms:

*fireside chats, sit-down strikes, Brain Trust, New Deal, Harry L. Hopkins, Tennessee Valley Authority, National Industrial Recovery Act, Huey Long, Works Progress Administration, Social Security Act, Frances Perkins, National Labor Relations Act, Congress of Industrial Organizations*

- I. **The Election of 1932 (Objective 1, pp. 737–738)**
  - A. Democratic candidate Franklin D. Roosevelt won a landslide victory over Republican Herbert Hoover.
  - B. **Brain Trust**—experts such as college professors, labor leaders, lawyers, and social workers that Roosevelt brought together to give him advice
  - C. **New Deal**—government programs intended to battle the depression
- II. **New Deal Programs (Objectives 1 & 2, pp. 738–739)**
  - A. The “Bank Holiday”
    1. Roosevelt called for all banks to close temporarily so that government regulators could make certain that each bank was in good financial condition.
    2. **Fireside chats**—Roosevelt’s weekly radio broadcasts to reassure Americans
    3. As banks reopened, Americans began depositing their savings in banks.
  - B. Federal Emergency Relief Administration—gave states money for the needy
  - C. Creating Jobs
    1. **Harry L. Hopkins**—headed the Civil Works Administration, which hired people to build airports, roads, and sewers
    2. **Tennessee Valley Authority**—built dams to provide flood control and hydroelectricity along the Tennessee River
    3. **National Industrial Recovery Act**—suspended antitrust laws so that businesses could agree on wages and hours for their employees

### ASK THE STUDENTS...

What was the purpose of agencies such as the Civil Works Administration?

*These agencies created jobs for unemployed Americans.*

### III. New Deal Critics (Objective 3, p. 739)

- A. Some argued that it expanded the size of government and cost too much.
- B. Other critics argued the New Deal did not go far enough in helping Americans.
  - 1. Father Charles E. Coughlin, a Catholic priest in Detroit, wanted wealth and resources nationalized.
  - 2. **Huey Long**—Louisiana senator who wanted a more equal distribution of wealth

**IV. The Second New Deal (Objective 2, p. 740)**

- A. In 1934 Democrats gained more seats in Congress, prompting Roosevelt to launch new programs.
- B. **Works Progress Administration**—paid millions of workers to build hospitals, parks, roads, and schools
- C. **Social Security Act**—provided government assistance to older people, children, Americans with disabilities, and job seekers

**V. New Deal Labor Programs (Objective 2, p. 741)**

- A. **Frances Perkins**—secretary of labor and first woman to hold a cabinet position
- B. **National Labor Relations Act (NLRA)**—protected unions and their right to collective bargaining
- C. **Congress of Industrial Organizations (CIO)**—founded in 1938 to organize skilled and unskilled workers, including women and African Americans, into unions
- D. Some major strikes of the 1930s were **sit-down strikes**—strikes in which laborers stay in factories but refuse to work.

**VI. The Election of 1936 (pp. 741–742)**

- A. Republican candidate: Alfred M. Landon, the governor of Kansas
- B. Democrat Franklin D. Roosevelt won in an enormous landslide.

**VII. Evaluating the New Deal (Objective 3, p. 743)**

- A. Some critics argue that the New Deal did not end the Great Depression and started a tradition of deficit spending, in which the government spends more than it takes in as income.
- B. Supporters
  - 1. Claim that New Deal prevented an economic and political collapse
  - 2. Point out that New Deal reforms such as Social Security remain in place today

**ASK THE STUDENTS...**

What are some of the different ways that the New Deal has been evaluated?  
*New Deal critics argue that it did not end the depression and promoted deficit spending, while supporters maintain that it prevented an economic collapse and created programs that Americans rely on today.*

## Americans Face Hard Times

### ASK THE STUDENTS...

to look up and learn the following vocabulary terms:

*Dust Bowl, Eleanor Roosevelt, Marian Anderson, John Steinbeck, Dorothea Lange, Margaret Mitchell, Woody Guthrie, Will Rogers*

#### I. Family Life (Objective 1, pp. 744–745)

##### A. A Heavy Toll

1. Many families lacked money for food, clothing, and shelter.
2. Divorce rates rose, while marriage and birthrates fell.
3. Some children had to drop out of school to help support their families.

##### B. Families acted as a safety net, providing for members who faced difficulties.

#### II. Farmers in the Depression (Objective 2, pp. 745–746)

##### A. Hard Times

1. Prices fell so low that farmers could not afford to ship their products to market.
2. Many farmers lost their farms in a process called foreclosure, in which banks take over ownership of property when the owner cannot repay loans.

##### B. The Dust Bowl

1. Caused by a severe drought that struck the Great Plains
2. Farmers in the region had overworked the land and ignored the problem of soil erosion.
3. Included storms in which high winds swept up dried-out topsoil

### ASK THE STUDENTS...

What caused the Dust Bowl?

*Farmers overworked the land without concern for soil erosion, and when a drought struck, high winds lifted the dried-out topsoil, creating the Dust Bowl.*

#### III. Working Hard to Survive (pp. 746–747)

**A.** The U.S. government deported many Mexican immigrants and their children, some of whom were American-born and therefore U.S. citizens.

##### B. African Americans

1. Usually received lower wages than white Americans

*The Great Depression, Section 3, continued*

2. Faced segregation in some New Deal programs
  3. Received assistance from the government and gave their support to President Roosevelt
  4. Roosevelt appointed African Americans to positions in his administration.
- C. The First Lady**
1. **Eleanor Roosevelt**—First Lady who championed minority rights
  2. **Marian Anderson**—African American opera singer denied the right to perform at the concert hall owned by the Daughters of the American Republic (DAR)
  3. Eleanor Roosevelt quit the DAR and arranged for Anderson to perform at the Lincoln Memorial.

**ASK THE STUDENTS...**

What was life like for African Americans during the 1930s?

*Although African Americans faced continued discrimination, they received enough assistance from New Deal programs to lend their support to President Roosevelt.*

**IV. Arts and Literature (Objective 3, p. 747)**

- A.** Federal Writers Project—hired writers to create travel guides, oral histories, and folklore collections
- B.** Leading Artists
1. **John Steinbeck**—published the novel *The Grapes of Wrath*
  2. **Dorothea Lange**—photographed rural life for the Farm Security Administration
  3. **Margaret Mitchell**—published the best-selling novel *Gone With the Wind*

**V. Popular Entertainment (p. 748)**

- A.** Music
1. Americans danced to swing music and listened to gospel singers such as Mahalia Jackson.
  2. **Woody Guthrie**—popular folk musician who sang about loss and struggle
- B.** Radio programs such as that of humorist **Will Rogers** entertained many people.
- C.** Movies, ranging from escapist entertainment to documentaries, were popular during the depression.

**ASK THE STUDENTS...**

What sources of entertainment eased the worries of Americans during the Great Depression?

*Americans turned to music, radio programs, and the movies to escape the difficulties of the depression.*

## The Rise of Totalitarianism

### ASK THE STUDENTS...

to look up and learn the following vocabulary terms:

*totalitarianism, fascism, Good Neighbor policy, Benito Mussolini, Blackshirts, Adolf Hitler, Nazis, Axis Powers, Kristallnacht*

### I. Latin America (Objective 1, pp. 750–751)

#### A. Good Neighbor Policy

1. President Roosevelt used economic influence rather than military force in Latin America and promoted trade and cultural exchanges.
2. Canceled Platt Amendment, which the U.S. used to intervene in Cuba
3. Removed troops from Haiti

#### B. Problems in Latin America

1. Dictators took control in Cuba, El Salvador, Guatemala, and Nicaragua.
2. Mexico nationalized the oil industry but later agreed to pay oil companies for their property.

### ASK THE STUDENTS...

What was the goal of the Good Neighbor policy?

*The policy was to improve relations between the U.S. and Latin America.*

### II. Empires in Europe and Asia (Objectives 2 & 3, pp. 751–752)

**A. Totalitarianism**—political system in which the government controls every aspect of citizens' lives

#### B. Italy

1. **Benito Mussolini**—former journalist and soldier who took over the Italian government
2. **Blackshirts**—Mussolini's followers
3. **Fascism**—government established in Italy, in which a single person leads the “state,” or government, which is seen as more important than individuals
4. In October 1935 Italy conquered the African nation of Ethiopia.

#### C. Germany

1. World War I reparations and depression had ruined the German economy.

## The Great Depression, Section 4, continued

- 2. Adolf Hitler**—World War I veteran and politician who gained a following
- 3.** Hitler blamed Germany's problems on Communists, Jews, and intellectuals.
- 4. Nazis**—Hitler's National Socialist Party, which was elected to power in 1932
- 5.** Hitler became the German chancellor in 1933 and then became a dictator.

### D. Nazi Rule

- 1.** Germany violated the Treaty of Versailles by rebuilding its army and seizing territory.
- 2. Axis Powers**—military alliance between Germany and Italy
- 3.** Nazis deprived Jews of their citizenship and seized their property.
- 4. Kristallnacht**—rampage on November 9, 1938, in which Nazis demolished Jewish businesses and destroyed synagogues in Germany and Austria

### E. Japan

- 1.** Invaded Manchuria in northern China in 1931
- 2.** Built up its navy in violation of the Washington Conference pledge
- 3.** Controlled most of China by 1937
- 4.** Although the United States condemned Japan's actions, most Americans opposed using force against Japan.

### ASK THE STUDENTS...

What aggressive actions did Japan take during the 1930s?

*Japan invaded most of China and began building a large navy.*

### III. Roosevelt's Response (p. 753)

- A.** Roosevelt wanted to stop aggression without going to war.
- B. Public Opinion**
  - 1.** Remembering World War I, most Americans favored a policy of isolationism.
  - 2.** Congress passed four Neutrality Acts to keep the United States out of international conflicts.
  - 3.** As the totalitarian states grew more aggressive, some Americans wanted the United States to act.

### ASK THE STUDENTS...

Why did many Americans favor isolationism in the 1930s?

*They remembered American involvement in Europe's affairs in World War I and did not want to repeat that experience.*