

Chapter 24 The Great Depression

The stock market crash on October 29, 1929, signaled the beginning of the Great Depression. As you study this chapter, consider what factors might cause a major economic downturn, how a president's actions affect the traditional balance of power among the three branches of government, and how economic difficulties in one country could affect other nations.

Chapter 24

Section 1: The End of Prosperity

In this section you will learn that after the stock market crashed on October 29, 1929, many Americans lost their jobs and life savings. As you study this material, pay attention to the following terms:

bull market
buying on margin
speculation
bear market
Great Depression
business cycle
Bonus Army
Brain Trust

You will also want to keep the following questions in mind as you review this material:

- What was the stock market like before the crash?
- What were the major causes of the Great Depression?
- How did economic hard times affect Americans?

Chapter 24.1 Section Summary

Many Americans believed that the stock market was a **bull market**, or one with rising stock prices. Many people began **buying on margin**—purchasing stocks on credit with a loan from their stockbroker. This type of activity is known as **speculation**—putting money into a high-risk investment in hopes of making a big profit. Few people considered the danger of a **bear market**, a time of declining stock prices. Then the stock market crashed on October 29, 1929. Many people lost everything they had.

Business and political leaders tried to convince people that the economy was fine. Desperate people, however, rushed to their banks

to withdraw their money. Banks also suffered heavy losses when the market crashed. Thus, some banks could not give customers their money. Millions of Americans lost their life savings.

What caused the **Great Depression**, an economic downturn that would last for more than 10 years? Many people point to two factors—overproduction and declining markets, and global trade problems. In the past, when workers produced more goods than people bought, businesses lowered production and laid off workers. This caused a temporary depression. However, this depression was corrected when customers bought the extra goods. Companies then increased production and re-hired workers. This economic pattern is known as the **business cycle**. Before 1929 most depressions were fairly short. The Great Depression, though, was much longer. The Great Depression hit Americans hard. Unemployment was high. People died of starvation. In May 1932 these conditions led a small group of unemployed World War I veterans to gather in Washington, D.C. They became known as the **Bonus Army**. The Bonus Army wanted immediate payment of their government war bonuses. Americans were outraged when President Hoover had the military use guns and tear gas against the veterans.

Many Americans believed that Hoover could not help them through the depression. As a result, they elected Franklin D. Roosevelt (ROSE-a-velt) president in 1932. Roosevelt made plans to end the depression with the **Brain Trust**, a group of expert policy advisers.

Chapter 24

Section 2: Roosevelt's New Deal

In this section you will learn that the Roosevelt administration worked to bring the United States out of the Great Depression. As you study this material, pay attention to the following terms:

Brain Trust
New Deal
Emergency Banking Act
fireside chats
Federal Emergency Relief Administration
Tennessee Valley Authority
National Industrial Recovery Act
National Recovery Administration
Public Works Administration
Second New Deal
Works Progress Administration
National Youth Administration
Social Security Act
National Labor Relations Act
Congress of Industrial Organizations
sit-down strike

You will also want to keep the following questions in mind as you review this material:

- What immediate actions did President Roosevelt take to fight the Great Depression?
- What were the major programs of the New Deal?
- Why did some people criticize the New Deal?

Chapter 24.2 Section Summary

President Roosevelt's election made many Americans hopeful that the depression would end soon. During his campaign for the presidency Roosevelt had assembled a group of experts to help him create policies and programs in his so-called **Brain Trust**. Congress approved many of Roosevelt's numerous programs to battle the depression immediately. Together these programs became known as the **New Deal**. One program was the **Emergency Banking Act**. Under this act the government would inspect each bank. Only healthy ones could reopen. Roosevelt announced this plan and others during his **fireside chats**, radio addresses to the American public.

Roosevelt developed other programs to help Americans. The **Federal Emergency Relief Administration** gave money to states to help the poor and unemployed. The **Tennessee Valley Authority** built dams and created programs for flood control. The **National Industrial Recovery Act** eliminated unfair competition between businesses. The **National Recovery Administration** helped businesses create codes of fair competition to prevent further business failures. The **Public Works Administration** spent billions of dollars to build government buildings, military bases, and highways.

Critics soon began attacking the New Deal. Some thought the New Deal expanded government help too far. Others thought the government needed to take an even greater role in helping the needy. In 1934 Roosevelt introduced a **Second New Deal**. These programs addressed issues that critics had raised about the first New Deal.

The **Works Progress Administration** employed millions of men and women who worked in hospitals, schools, and other services. The **National Youth Administration** gave part-time jobs to young people. The **Social Security Act** was created to help the elderly, the unemployed, and the disabled.

In 1935 Congress passed the **National Labor Relations Act**. This act made unions legal. The **Congress of Industrial Organizations** tried to organize all workers in the same industry into one union. There were also several strikes during the depression. To keep their bosses from replacing them, workers created the **sit-down strike**. This meant that workers would stay in the factories but refuse to work.

Most Americans continued to support Roosevelt and his New Deal programs. Thus, they re-elected him president in 1936.

Chapter 24

Section 3: Americans Face Hard Times

In this section you will learn that the Great Depression was very hard on families. Many families did not even have enough money to feed and clothe their children. As you study this material, pay attention to the following terms:

Dust Bowl

Federal Project One

You will also want to keep the following questions in mind as you review this material:

- What effect did the Great Depression have on families?
- What hardships did farmers face during the depression?
- How did government programs help support the arts during the depression?

Chapter 24.3 Section Summary

Many families did not have enough money to buy food and clothing during the depression. Some families even became homeless. Men left their homes to find work. Women who did find work often had unpleasant and low-paying jobs. Some children dropped out of school to get jobs to help their families; others ran away.

Some farmers could not pay their loans to the bank. As a result, many of them had their farms sold. Farmers in the Great Plains area from north Texas to North Dakota battled dust storms. Dust storms had turned this region into the so-called **Dust Bowl**. Many farmers and their families left their farms. Most of them headed west, often to California, to look for work.

The depression hit African Americans and other minorities very hard. African Americans faced job discrimination. Some Mexicanborn workers were sent back to Mexico. Still, many minorities received help and jobs from New Deal programs.

The Roosevelt administration created several programs to help writers and artists. One such program was **Federal Project One**. This program gave jobs to almost 40,000 writers and artists. Some writers created state travel guides. Author John Steinbeck (STYNE-beck) wrote his most famous book, *The Grapes of Wrath*, during this time. *The*

Grapes of Wrath is about a family who moves from the Dust Bowl to California during the depression in search of work.

To lift their spirits, some Americans listened to music or watched movies. Jazz was still popular during the depression. Gospel also became popular during the 1930s. Black gospel developed from spirituals and jazz. People also listened to radio shows. Millions of Americans gathered around their radios to listen to shows such as *Little Orphan Annie* and *The Lone Ranger*. Many people watched movies so that they would not have to think about the depression. Movies such as *Gone With the Wind* were very popular.

Chapter 24

Section 4: The Rise of Totalitarianism

In this section you will learn that the United States was not the only country affected by the Great Depression and that Latin America and Europe responded with changes in their governments. As you study this material, pay attention to the following terms:

Good Neighbor policy

totalitarianism

Blackshirts

fascism

Nazis

Kristallnacht

Axis Powers

You will also want to keep the following questions in mind as you review this material:

- How did President Roosevelt attempt to deal with Latin America?
- What types of governments took power in Latin America and Europe during the Great Depression?
- What territories did Italy, and Japan take over during the 1930s?

Chapter 24.4 Section Summary

The United States's relationship with Latin America improved in the 1930s. One reason for this was that President Roosevelt developed the **Good Neighbor policy**. This meant that the United States would respect the rights of Latin American countries.

The Great Depression hurt Latin American countries. Few people were making enough money to buy goods. This led to business failures and unemployment. These conditions also led to civil wars. Soon dictators—leaders who rule with total power—took over Cuba, El Salvador, and Guatemala.

Europeans were having problems, too. They were having trouble rebuilding their nations and paying their war debts from World War I. The Great Depression made their situations worse. In response, some countries moved toward **totalitarianism**. This is a political system in which the government controls every part of its citizens'

lives.

In Italy Benito Mussolini (ba-NI-to MOOSE-a-li-ni) and his followers, called the **Blackshirts**, took over the city of Rome. This happened in 1922. Mussolini's government was based upon **fascism**. Fascism is a political system in which the government is run by one person. Fascist leaders also believe in eliminating all of their opponents.

Germany especially struggled to pay its war debts from World War I. That country's economy suffered from the depression. Adolf Hitler used this situation to gain political power. His National Socialist Party, or **Nazis**, took over the country in 1933. Hitler blamed Jews for Germany's economic problems. On November 9, 1938, Nazis went on a rampage known as *Kristallnacht* [Kreesh-tal-NACHT]. They destroyed many Jewish synagogues and businesses.

Japan also used military force to take over countries. In 1931 Japan invaded northern China and occupied much of the area by 1937. Japan also put together a large navy. The United States did not like what Japan was doing. However, they did not want to use military force to stop Japan.

In 1936 Germany and Italy joined their militaries. They called themselves the **Axis Powers**. President Roosevelt was deeply concerned by Japanese, German, and Italian aggression. However, he did not want to get the United States into another war.