

## Unit 7: The Great Depression - The New Deal

### I. The Stock Market Crash

- A Although only a small percentage of Americans owned stocks, after the stock market crashed in 1929, millions of Americans were out of work and on the verge of financial ruin (2d)
- B Warning signs were all around, the largest of which was over production, and factories were producing more goods than consumers could buy (16b)
- C Throughout most of the 1920's, Americans were generally confident that business would bring continued prosperity
  - 1. Americans were borrowing money, and buying products on credit (16b)
  - 2. They were trying to get rich by earning high returns in the stock market (16b).
  - 3. They were spending money faster than they were earning it. (16b)

### II. The Social Effects of the Depression

- A. The number of homeless people in the US rose dramatically, due mainly to people (low paid laborers) losing their jobs and then losing their homes. (16c)
- B. Hoovervilles were communities of people who lost their jobs and homes due to wage cuts and unemployment. (16c)
- C. A major environmental catastrophe of the 1930's was the Dust Bowl. (12a)
- D. The Dust Bowl created large amounts of land that could not be farmed and the top soil just blew away. (12a)
- E. Farmers who could not make their payments would have their property auctioned. (16c)

### III. The New Deal

- A. FDR orders all banks to close for four days. This is done so that the government can inspect the financial health of the banks. (16d)
- B. The New Deal was creating opportunities for people to work, not just giving govt, handouts. (16e)
  - 1. A priority of the New Deal was to create jobs, not government handouts, so that people could earn their money and get back their self-esteem. (16e)
  - 2. Harry Hopkins is named head of the Federal Emergency Relief Administration, which put money into public works programs. (16e)
  - 3. The programs put many unemployed people back to work, and created an income for their families to survive. (16e)
  - 4. Many New Deal programs, like the Social Security Administration, still affect us today. (16e)
- C. The goal of the Second New Deal was to bring more help to ordinary Americans.
- D. The Second New Deal brought a wave of new legislation including more social welfare benefits.

#### IV The New Deal's Critics

- A. Republicans thought that social programs could deliver the US from the Depression (16d)
- B. There was little done for the protection of domestic workers. (19a)
- C. Republicans criticized the New Deal for going too far to reform the economy. (20b)
- D. The Critics feared that the New Deal was leading the nation toward Socialism and possibly Communism. (16c)
  - 1. Critics thought the government was taking too much control over the nation's economy. (16c)
  - 2. They objected to limitations on individual freedoms, and equated government compulsory unemployment payments to Communism. (19a)
  - 3. Some feared the assignment of Social Security numbers was the first step towards transforming the country into a militaristic, regimented society. (19a)
- D. Progressives wanted the New Deal to go farther in redistributing the nation's wealth. (19a)
- E. Demagogues like Huey Long and Father Charles E. Coughlin manipulated people by using half-truths and scare tactics. (16d)
- F. FDR received the greatest amount of criticism when he tried to "Pack" the Supreme Court. He wanted to enlarge the court so they would allow his legislation to pass. (20b)