

Module 26

The Great Depression



Essential Question

Was the Great Depression inevitable?

About the Photo: The Great Depression forced many people to sell everything they owned just to survive.

In this module you will learn about how Americans coped with the economic problems of the 1930s. You will also learn about the Dust Bowl and its effects.

What You Will Learn ...

Lesson 1: The End of Prosperity 802
The Big Idea The collapse of the stock market in 1929 helped lead to the start of the Great Depression.

Lesson 2: Roosevelt's New Deal 809
The Big Idea Franklin Roosevelt's New Deal included government programs designed to relieve unemployment and help the economy recover.

Lesson 3: Americans Face Hard Times 816
The Big Idea All over the country, Americans struggled to survive the Great Depression.

Explore ONLINE!



VIDEOS, including...

- The Great Depression
- Run on Banks
- FDR's Fireside Chat
- Tennessee Valley Authority
- FDR's New Deal

- ✓ Document-Based Investigations
- ✓ Graphic Organizers
- ✓ Interactive Games
- ✓ Image with Hotspots: Blame It on Hoover
- ✓ Image with Hotspots: Packing the Supreme Court
- ✓ Interactive Map: The Dust Bowl, 1933–1936

United States 1925 World



▲ 1929 The U.S. stock market crashes on Black Tuesday.



▲ 1932 Franklin D. Roosevelt wins his first presidential election, beating Herbert Hoover.

1930 Mahatma Gandhi and a group of followers begin the Salt March.

1932 At least 30 million people worldwide are unemployed.

1933 Adolf Hitler becomes chancellor of Germany. >



1935 The CIO is organized.

1936 Jesse Owens wins four gold medals at the Berlin Olympics.

1937 The Social Security Act is ruled constitutional by the U.S. Supreme Court.

1937 War officially begins between Japan and China.

1938 Violence against German Jews erupts into *Kristallnacht* ("night of broken glass").



< 1939 The film *The Wizard of Oz* is released.

1940

Reading Social Studies

THEME FOCUS:

Economics, Politics

In this module you will learn about the Great Depression, one of the most serious economic crises in America's history. You will also learn about the politics that arose to try to deal with this crisis. Finally, you will read about how the Depression affected the global economy and how world leaders responded to it.

READING FOCUS:

Recognize Implied Main Ideas

When you read, you will notice that not every paragraph has a main idea sentence. Sometimes the main idea is implied.

Implied Main Ideas While main ideas give a basic structure to a paragraph, supporting details help convince the reader of the author's point. Main ideas can be presented in a sentence, or simply implied. Usually, a paragraph without a main idea sentence will still have an implied main idea that ties the sentences together.

Notice how one reader found the main idea of the following paragraph.

During the boom years of the 1920s, one General Motors executive boldly declared: "Anyone not only can be rich, but ought to be rich." For almost all of the Roaring Twenties, the stock market was a bull market, or one with rising stock values. It seemed easy to make money by investing in stocks. For example, you could have bought shares in the Radio Corporation of America for \$85 each at the beginning of 1928. You could have sold them a year later for \$549 each.

This quote is about making money and being rich. Maybe the main idea is about money or economics.

This sentence is about making money through the stock market. I guess the main idea has to do with investing.

Here is a great example of how easy it was to make money in the 1920s. I think the main idea is something like "The stock market provided an easy way for many to become rich in the 1920s."

You Try It!

Read the following paragraph and then answer the questions below.

The action began when Roosevelt called Congress into a special session. Known as the Hundred Days, the session started just after the inauguration and lasted until the middle of June. During the Hundred Days, Roosevelt and Congress worked together to create new programs to battle the Depression and aid economic recovery. These programs became known as the New Deal.

1. List two ideas that this paragraph discusses.
2. How are these two ideas related to each other?
3. Write an example of the main idea of this paragraph.
4. Which details support your main idea?

As you read Module 26, think of a main idea for any paragraph that does not have a main idea sentence.

Key Terms and People

Lesson 1

buying on margin
Black Tuesday
business cycle
Great Depression
Bonus Army
Franklin D. Roosevelt

Lesson 2

New Deal
fireside chats
Tennessee Valley Authority
Frances Perkins
Eleanor Roosevelt
Social Security Act
Congress of Industrial
Organizations
sit-down strike

Lesson 3

Dust Bowl
Mary McLeod Bethune
John Steinbeck
Woody Guthrie

The End of Prosperity

The Big Idea

The collapse of the stock market in 1929 helped lead to the start of the Great Depression.

Main Ideas

- The U.S. stock market crashed in 1929.
- The economy collapsed after the stock market crash.
- Many Americans were dissatisfied with Hoover's reaction to economic conditions.
- Roosevelt defeated Hoover in the election of 1932.

Key Terms and People

buying on margin
Black Tuesday
business cycle
Great Depression
Bonus Army
Franklin D. Roosevelt

If YOU were there . . .

For almost a year you've been working part-time at a neighborhood store. You earn money for your family and still have time to go to school. But when you arrive at work today, your boss says business has been so bad that he can't afford to pay you anymore. With your father out of work, your family had been counting on your income from this job.

How can you continue earning money to help your family?

The Stock Market Crashes

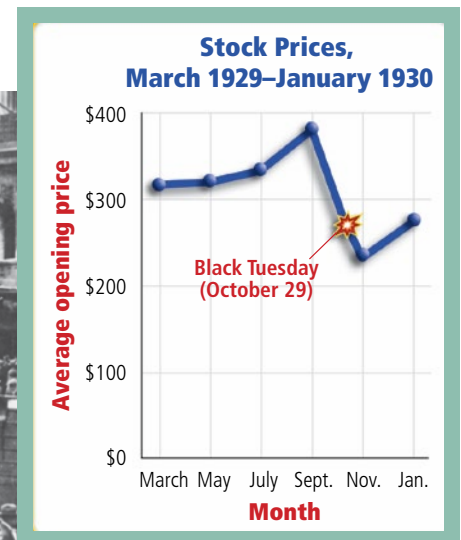
During the boom years of the 1920s, one General Motors executive boldly declared: "Anyone not only can be rich, but ought to be rich." Many people relied on the stock market to increase their wealth. The stock market is a market that people can use to buy or sell shares of ownership in a company. For almost all of the Roaring Twenties, the stock market was a bull market, or one with rising stock values. It seemed easy to make money by investing in stocks. For example, you could have bought shares in the Radio Corporation of America for \$85 each at the beginning of 1928. You could have sold them a year later for \$549 each.

The chance to make huge profits from small investments encouraged many people to buy stocks. Some people could not afford the stocks' full price. They began **buying on margin**—purchasing stocks on credit, or with borrowed money. These stockholders planned to sell the stocks at a higher price. Then they would pay back the loan and keep what remained as profit. But this plan was risky because it only worked if stock values went up. Few considered what would happen if the bull market turned into a bear market, or one with declining stock prices.

The Federal Reserve Board became concerned about the growing popularity of buying on margin. In the late 1920s the Board tried to make it more difficult and more costly for

Black Tuesday

More than 16 million shares were traded on Wall Street on Black Tuesday, a record that stood for 39 years. Just weeks later, roughly one-third of the value of the stock market had disappeared.



Analyze Graphs

How are the events of Black Tuesday shown on the graph?

brokers to offer margin loans to investors. These actions helped decrease the amount that brokers borrowed from banks. However, soon, brokers began borrowing from large corporations and the risky investing practice continued.

Stock prices peaked in the late summer of 1929. Then prices started to drop. Frightened investors who had bought stocks on margin rushed to sell their stocks in order to pay off their loans. On Thursday, October 24, panic hit the stock market. Within three hours the market had lost \$11 billion in value. The following Monday, prices dropped again. On Tuesday, October 29—a day that became known as **Black Tuesday**—the stock market crashed. So many people wanted to sell their stocks, and so few wanted to buy, that stock prices collapsed. One journalist described the nightmare:

“The wires to other cities were jammed with frantic orders to sell [stock]. So were the cables, radio, and telephones to Europe and the rest of the world. Buyers were few, sometimes wholly absent . . . This was real panic . . . When the closing bell rang, the great bull market was dead and buried.”

—Jonathan Norton Leonard, from *Three Years Down*

In September 1929 the total value of all stocks was \$87 billion. Less than two months later, more than \$30 billion in stock value had disappeared. Investors who had bought stocks on margin became stuck with large debts.

Reading Check
Analyze Information
Why was buying on margin risky?

The Economy Collapses

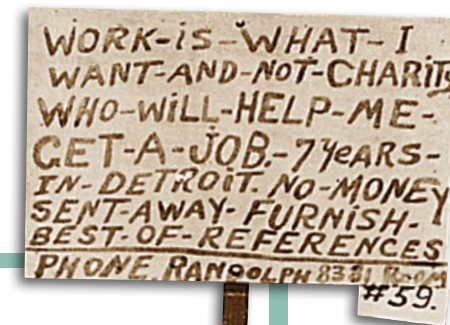
President Herbert Hoover tried to calm public fears by assuring Americans that the economy was still strong. “The fundamental business of the country . . . is on a sound and prosperous basis,” he said. But this was just the beginning of more than ten years of economic hard times.

The Banking Crisis One immediate effect of the stock market crash was a banking crisis. Banks had invested heavily in the stock market, so they lost heavily when the market crashed. Banks had also lent their customers money to buy stocks on margin. Now those customers were unable to pay back their loans. Some banks went out of business. People who had deposited their life savings in those banks lost everything.

This created a panic all over the country, as customers rushed to their banks to withdraw their money. But since banks usually do not keep enough cash on hand to cover all deposits, the banks soon ran out of money. Many had to close their doors. In 1931 alone, more than 2,200 banks closed. The banking crisis contributed to a business crisis. Some businesses lost their savings in failed banks and had to close. Others were forced to cut back production, which meant they needed fewer workers. Nearly 3 million people lost their jobs. In the last three months of 1929, U.S. unemployment soared from under half a million workers to more than 4 million.

Unemployment during the Depression

Connect to Economics People are considered unemployed if they are trying to find work but do not have a job. High rates of unemployment hurt the economy because unemployed people cannot buy many goods and services. This causes businesses to lose money.



Analyze Graphs

During what year was unemployment the highest?

The Causes Throughout the history of the United States, the economy has followed a pattern of ups and downs. When businesses produce more than they can sell, unsold goods pile up. Businesses then cut back on their production and lay off workers. People who have lost their jobs, and others who are afraid they might soon lose their jobs, buy fewer goods. This causes more businesses to fail. This economic event is called a recession. Deep and long-lasting recessions are known as depressions.

As time passes, an economy will tend to bounce back. Consumers buy surplus goods, and companies increase production to meet the demand. Soon, more workers are hired and unemployment drops. This up-and-down pattern, known as the **business cycle**, continues in today's economy.

The United States had experienced recessions and depressions before 1929. Each time, the economy followed the business cycle and recovered. But the economy did not recover quickly from the downturn that began in 1929. Because of its severity and length, it was called the **Great Depression**.

Historians and economists still debate the exact causes of the Great Depression. Some believe that the government's monetary policy was a cause. Others believe that limited market competition and protectionism, or restriction of trade, played a part. However, most agree that a major factor was the overproduction of goods at a time when the market for those goods was shrinking. Companies built millions of cars and appliances during the 1920s. By the late 1920s, however, most people who could afford these products already had bought them. That meant that American businesses were producing far more goods than people were consuming.

Uneven distribution of wealth made this problem worse. In 1929 the wealthiest 5 percent of Americans earned one-third of all income, while the bottom 40 percent earned only one-eighth of all income. Millions of Americans simply did not earn enough money to buy expensive new products. Many of them lost their jobs, their wealth, and their homes.

Declining world trade also hurt American manufacturers. Europeans were still recovering from World War I and could not afford many American goods. At the same time, high tariffs made it difficult for European nations to sell products to the United States. As a result, Europeans had even less money to buy American goods.

Hoover's Reaction

As unemployment skyrocketed, more and more Americans struggled just to feed themselves and their families. Hungry people searched city dumps for scraps of food. One woman remembered taking off her glasses when she cooked so she could not see the maggots in the meat her family was about to eat. Private charities, as well as state and local governments, set up soup kitchens and breadlines in New York and across the country. But the need far exceeded the available resources. Many people turned to President Herbert Hoover and the federal government to lead the relief effort.

Reading Check

Make Predictions

Do you think the Great Depression could have been avoided? How?

Historical Sources

“Blame It on Hoover”

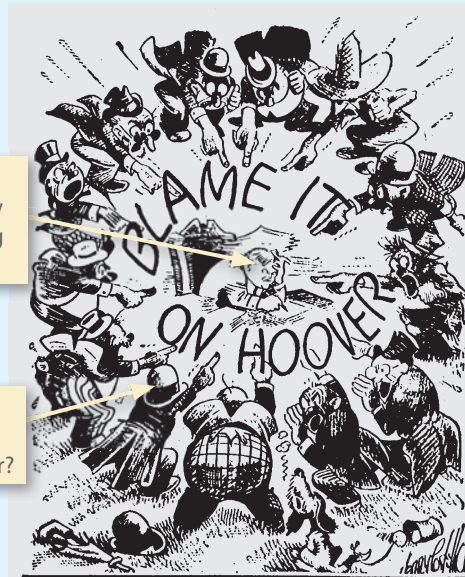
Presidents can affect the economy to some degree through their policies. During the Great Depression, President Hoover was blamed for the financial crisis. Political cartoons like this one gave voice to those Americans who thought Hoover could have prevented the crisis or could have brought it to an end quickly through government programs.

Analyze Historical Sources

Why is this cartoon useful for showing the feelings of the American public during the Great Depression?

How does the cartoonist show Hoover reacting to the crisis?

What kind of people are blaming Hoover?



A Most Vicious Circle
—Costello in the Albany “News.”

Academic Vocabulary

implement put in place

Hoover knew that many Americans needed help. He did not believe, however, that it was the federal government’s role to provide direct relief to Americans. Hoover felt it was up to private individuals and institutions, not the government, to offer relief. Despite this belief, Hoover did **implement** some new government programs. In 1932 he created the Reconstruction Finance Corporation (RFC). That year, the RFC loaned \$1.2 billion to 5,000 different financial institutions, including banks and farm mortgage companies. Hoover continued to resist giving direct assistance to individuals.

This angered Americans who believed the president should do more to fix the economy. People bitterly referred to empty pockets turned inside out as Hoover flags. Groups of tin and cardboard shacks built by homeless families were nicknamed Hoovervilles. These camps were built in cities and towns across the United States from New York to Los Angeles.

In 1932 a new Hooverville was built in Washington, DC. Its more than 17,000 residents were World War I veterans, some with their families. Called the **Bonus Army**, they had come to the capital to demand early payment of a military bonus. After the government denied the payment, most of the veterans returned home. About 2,000, however, stayed in their shantytown.

President Hoover authorized General Douglas MacArthur to use U.S. troops to evict the Bonus Army. MacArthur used force, including tear gas and tanks, to scatter the veterans. Several veterans were killed. The public reacted with outrage to the government’s treatment of war veterans. Americans would have a chance to express this frustration in the upcoming election.

Reading Check

Make Generalizations
How would you describe President Hoover’s response to the Depression?

Election of 1932

The Republican Party nominated Herbert Hoover again for president in 1932, but few people believed he could win. Regarding his chances of re-election, even Hoover realized that “the prospects are dark.” Still, he began campaigning hard for a second term.

He called the election “a contest between two philosophies of government.” He warned that the government aid programs Democrats were promising would weaken Americans’ spirit of self-reliance.

By 1932, however, much of the public had lost confidence in Hoover. His insistence on limited government action earned him the reputation as a “do-nothing” president. Many even blamed him for the Depression. In contrast, as governor of New York during the first years of the Depression, Democratic presidential candidate **Franklin D. Roosevelt** had taken active steps to provide aid. He directed the state government to provide relief for the state’s citizens, especially farmers. He also helped establish the Temporary Emergency Relief Administration, which gave unemployment assistance to many out-of-work New Yorkers. Roosevelt’s programs provided help for one in every ten New York families.

BIOGRAPHY

Franklin Delano Roosevelt

1882–1945

Roosevelt lived much of his life in New York State, where he served in the state senate and as governor. He also lived in Washington, DC, while he was serving as assistant secretary of the navy and later as president.

As president, he began the New Deal, a set of government programs designed to help the country survive and recover from the Great Depression. He gave many Americans hope for the future when he spoke to them in his fireside chats.

Roosevelt led the United States during two of the most serious crises that our country has ever faced: the Great Depression and World War II. He served as president for 12 years, longer than any other president.

“The only thing we have to fear is fear itself, nameless, unreasoning, unjustified terror.”

—Franklin Roosevelt,
1933 inaugural address

Make Predictions

How do you think Franklin Roosevelt’s experience as president during the Depression might have helped him lead the country during World War II?



Reading Check
Analyze Information
How did Franklin D. Roosevelt win the 1932 presidential election?

Roosevelt's confident and optimistic personality appealed to many voters. At the Democratic Party convention, Roosevelt declared to Americans: "I pledge you, I pledge myself, to a new deal for the American people." Voters responded overwhelmingly to this message of hope. Roosevelt won the 1932 election in a landslide. He received 57 percent of the popular vote and swept the electoral vote in all but six states. In addition, the Democrats won strong majorities in both houses of Congress.

Summary and Preview Overproduction of goods, buying stocks on margin, and other economic practices in the 1920s contributed to the start of the Great Depression. After the stock market crash and the start of the Great Depression, Franklin Roosevelt offered hope for the future. In the next lesson you will learn about his programs for relief.

Lesson 1 Assessment

Review Ideas, Terms, and People

- a. Recall** Why did the stock market crash in 1929?

b. Compare How is buying on margin similar to buying on an installment plan?
- a. Recall** What happened to the economy as a result of the stock market crash?

b. Explain Why did many banks close in the late 1920s and early 1930s?

c. Compare What similarities does the economy in the 1920s and 1930s share with the economy today?

d. Draw Conclusions What do you think was the goal of U.S. tariffs?
- a. Make Inferences** Why did many Americans blame President Hoover for the Depression?

b. Describe What did the Bonus Army want?

c. Elaborate Do you think Americans were justified in blaming Hoover for the hard times?

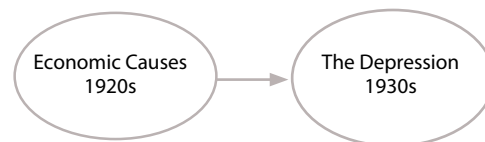
- a. Identify** Which party was more successful in the 1932 elections?

b. Make Inferences Why do you think voters did not listen to Hoover's ideas about government?

c. Elaborate How do you think Franklin D. Roosevelt's experiences as governor of New York helped him appeal to voters?

Critical Thinking

- Identify Cause and Effect** In this lesson you learned about the American economy in the 1920s and 1930s. Create a chart similar to the one below and use it to identify the economic causes of the Depression and their effects.



Roosevelt's New Deal

The Big Idea

Franklin Roosevelt's New Deal included government programs designed to relieve unemployment and help the economy recover.

Main Ideas

- Congress approved many new programs during the Hundred Days.
- Critics expressed concerns about the New Deal.
- New Deal programs continued through Roosevelt's first term in what became known as the Second New Deal.
- Roosevelt clashed with the Supreme Court over the New Deal.

Key Terms and People

New Deal
fireside chats
Tennessee Valley Authority
Frances Perkins
Eleanor Roosevelt
Social Security Act
Congress of Industrial
Organizations
sit-down strike

If YOU were there . . .

It has been five months since you lost your job. One of your friends has found work in a new government program that is hiring young people to work in national parks and forests. The pay is low, and you would have to leave home, but you would have enough food, a place to live, and a little money to send back to your family every month.

Would you take a job with the Civilian Conservation Corps? Why or why not?

The Hundred Days

Immediately after taking the oath of office in March 1933, President Franklin Roosevelt spoke to the nation. In his first inaugural address, Roosevelt told nervous Americans that economic recovery was possible. "The only thing we have to fear is fear itself," he said, "nameless, unreasoning, unjustified terror." It was only fear of the future, he argued, that could keep America from moving forward. Roosevelt spoke openly of the severe problems facing the American people—unemployment, failing banks, and products with no markets. He promised that the government would help. "This nation asks for action," he said, "and action now."

The action began when Roosevelt called Congress into a special session. Known as the Hundred Days, the session started just after the inauguration and lasted until the middle of June. During the Hundred Days, Roosevelt and Congress worked together to create new programs to battle the Depression and aid economic recovery. These programs became known as the **New Deal**.

Restoring Confidence One of Roosevelt's first goals was to restore confidence in American banks. The day after his inauguration, Roosevelt announced a "bank holiday." He ordered all banks to close temporarily. Three days later,

Congress's special session began. Congress quickly passed the Emergency Banking Relief Act. President Roosevelt signed it into law.

That Sunday, President Roosevelt gave the first of his **fireside chats**—radio addresses in which he spoke directly to the American people. In this first fireside chat, he explained the new bank relief law. The government would inspect the finances of every bank and allow only healthy banks to reopen. The Federal Deposit Insurance Corporation (FDIC) was established to help maintain stability in the United States financial system. It provided government insurance for deposits made into eligible banks. People no longer needed to fear losing their savings in the event of another bank failure. The new bank law and Roosevelt's fireside chat helped Americans trust banks with their money again. As banks reopened, there were no rushes to withdraw money. Over the next month Americans deposited almost \$1 billion in banks.

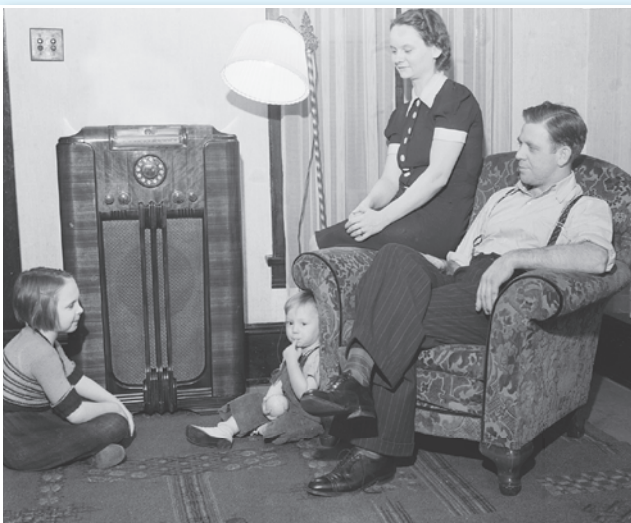
Under Roosevelt's leadership, Congress also established the Securities and Exchange Commission (SEC). The SEC was an organization that would regulate operations within the stock market. Created to restore the confidence of investors in the market, the Securities and Exchange Commission established rules to prevent misleading sales practices.

Relief and Recovery Roosevelt next turned his attention to other serious problems. In 1933 some 13 million Americans were unemployed.

Historical Sources

Fireside Chats

An American family sits around the radio listening to President Roosevelt answer his critics in his first fireside chat.

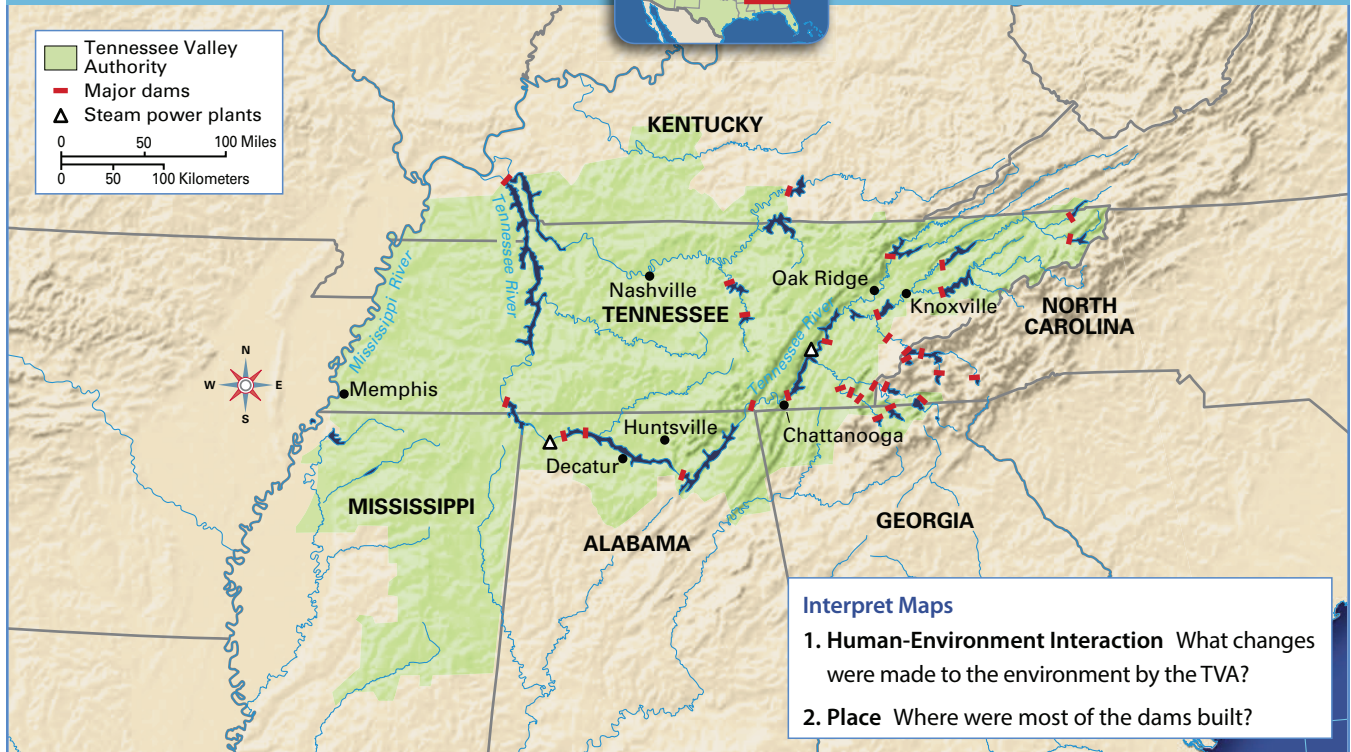


“There is an element in . . . our financial system more important than currency [money], more important than gold, and that is the confidence of the people. Confidence and courage are the essentials of success in carrying out our plan. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite in banishing [driving away] fear. We have provided the machinery to restore our financial system; it is up to you to support and make it work. It is your problem no less than it is mine. Together we cannot fail.”

Analyze Historical Sources

According to Roosevelt, how should the American people help the government deal with the banking crisis?

Tennessee Valley Authority, 1933–1945



Reading Check
Categorize Which New Deal programs employed people to build public projects?

This represented about 25 percent of the nation’s workforce. New Deal programs helped to get Americans back to work. The Civil Works Administration (CWA) employed more than 4 million Americans, building roads and airports. One grateful CWA worker expressed the feelings of many when he said, “I was working, and I could again hold my head up when I met people.” The Civilian Conservation Corps (CCC) provided jobs for hundreds of thousands of people. They worked on projects such as planting trees and improving national parks.

Another federal project, the **Tennessee Valley Authority** (TVA), hired people to build dams and generators. This brought electricity and jobs to communities in the Tennessee River valley. The New Deal also included programs to help farmers. The Farm Credit Administration (FCA) helped farmers refinance their mortgages so they could keep their farms. The Agricultural Adjustment Act (AAA) helped stabilize agricultural prices.

The National Industrial Recovery Act (NIRA) addressed business concerns. It eliminated unfair competition among companies. This law was passed with support from Secretary of Labor **Frances Perkins**, the nation’s first woman cabinet member.

New Deal Critics

While many Americans approved of the New Deal, others criticized President Roosevelt’s programs. New Deal critics fell into two main groups—those who believed the New Deal went too far, and those who believed it did not go far enough.

Academic Vocabulary

authority power, right to rule

Those who felt the New Deal went too far criticized the enormous expansion of the federal government. For example, the American Liberty League, which drew members from both parties, charged that New Deal laws gave the president too much **authority**. Many business leaders were concerned that the high cost of new government programs would lead to new taxes, particularly on businesses.

One critic who thought the New Deal did not go far enough was Huey Long, a U.S. senator from Louisiana. Long proposed a program called Share Our Wealth, which would tax rich Americans and use the money to help the poor. Every family would receive \$5,000 to buy a home, plus a guaranteed annual income of \$2,500. Long's ideas, represented in the slogan "Every Man a King," proved very popular. As Long prepared to challenge Roosevelt in the 1936 presidential election, he announced his goal "to break up the swollen fortunes of America and to spread the wealth among all our people." Long's White House dreams ended when an assassin shot him in 1935.

Another fierce critic of Roosevelt's New Deal was Father Charles Edward Coughlin. Coughlin was a Roman Catholic priest in Detroit who developed a large following by broadcasting sermons over the radio. At the peak of Coughlin's popularity, one-third of the nation tuned into the weekly broadcasts of the "radio priest." Although he initially supported Roosevelt and his programs, Coughlin eventually decided that the New Deal helped only business interests. Coughlin wanted the government to nationalize, or take over, all of the country's wealth and natural resources.

Dr. Francis Townsend criticized the New Deal for not doing enough for older Americans. He proposed a plan providing for a monthly pension for people over the age of 60. Like Long and Coughlin, Townsend attracted many followers. Some of his ideas later would shape Roosevelt's thinking and policies.

Reading Check

Support a Point of View Do you agree with any of the New Deal critics? Why or why not?

The New Deal Continues

Despite criticism of the New Deal, Democrats increased their majorities in both houses of Congress in the 1934 election. With this show of support from the American people, Roosevelt continued to introduce additional New Deal legislation. These later laws were known as the Second New Deal.

The Second New Deal After the Civil Works Administration ended in 1934, Congress formed a new agency to provide jobs for unemployed Americans. Between 1935 and 1943, the Works Progress Administration (WPA) employed some 8.5 million people on tens of thousands of projects all over the country. WPA employees built more than 650,000 miles of roads; 75,000 bridges; 8,000 parks; and 800 airports. WPA workers built the Grand Coulee Dam in Washington and New York City's Lincoln Tunnel. They also built prisons, swimming pools, hospitals, and courthouses.

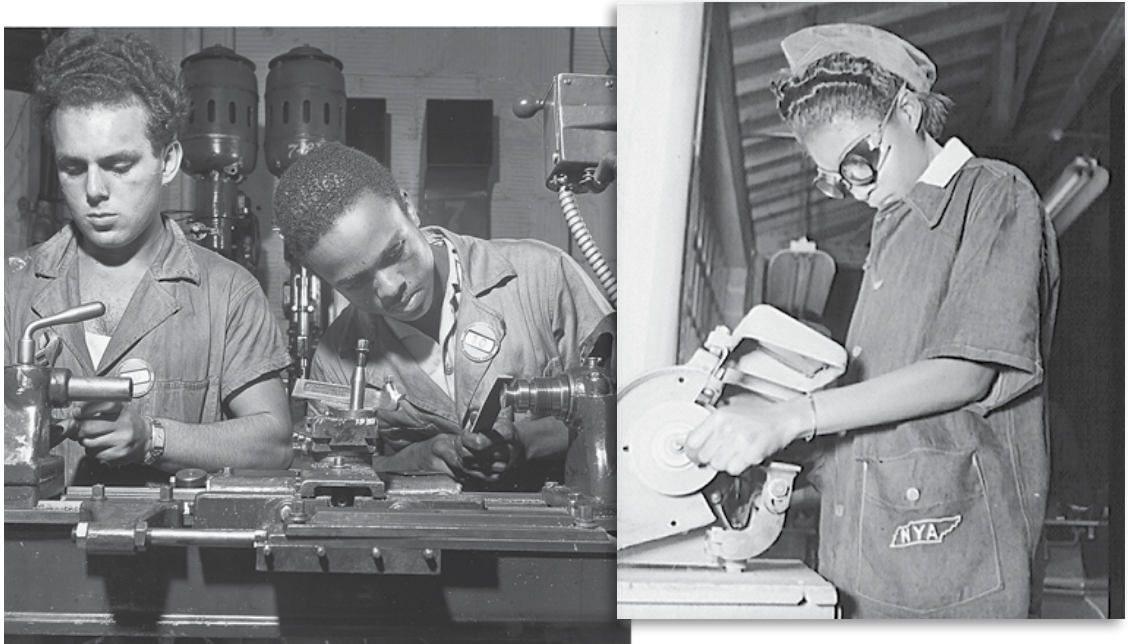
First Lady **Eleanor Roosevelt** was an active supporter of New Deal programs. She was concerned, however, that the WPA was not solving the problem of unemployment among young Americans in their teens and



Eleanor Roosevelt visits a WPA project to convert a city dump into a waterfront park.

National Youth Administration

A New Deal program called the National Youth Administration (NYA) helped thousands of young people continue their education while working to support their families. Eleanor Roosevelt was a strong supporter of the program, which aimed to teach young people the skills they would need to remain part of the workforce.



early twenties. “I live in real terror when I think we may be losing this generation,” she said. “We have got to bring these young people into the active life of the community and make them feel that they are necessary.” The First Lady helped convince the president to create the National Youth Administration (NYA). The NYA gave part-time jobs to many students. These jobs allowed young workers to stay in school and help their families. One NYA worker said, “I tell you, the first time I walked through the front door with my paycheck, I was somebody!”

President Roosevelt also wanted to help those who were “unable . . . to maintain themselves independently . . . through no fault of their own.” The **Social Security Act**, passed in 1935, provided some financial security for the elderly, the disabled, children, and the unemployed. To help pay for these programs, the law placed a new tax on workers and employers. The passage of the Social Security Act marked the first time the federal government took direct responsibility for many citizens’ economic well-being. In a national radio address, Secretary of Labor Perkins told Americans she believed Social Security was “a most significant step in our national development, a milestone in our progress toward the better-ordered society.” Social Security is still an important financial safety net for many Americans. Nine out of ten individuals over the age of 65 receive benefits from the program.

New Deal Labor Programs The National Industrial Recovery Act of 1933 helped regulate business by requiring minimum wage and allowing collective bargaining. In 1935, however, the Supreme Court declared the NIRA unconstitutional.

Selected New Deal Programs

Program	Purpose
Emergency Banking Relief Act	Gave the executive branch the right to regulate banks
Farm Credit Act (FCA)	Refinanced loans to keep farmers from losing their land
Civilian Conservation Corps (CCC)	Created jobs for single, unemployed young men
Agricultural Adjustment Act (AAA)	Paid farmers to grow less (declared unconstitutional)
Tennessee Valley Authority (TVA)	Built dams and power plants in the Tennessee Valley
Federal Deposit Insurance Corporation (FDIC)	Guaranteed deposits in individual bank accounts
National Industrial Recovery Act (NIRA)	Established fair competition laws (declared unconstitutional)
Civil Works Administration (CWA)	Provided jobs for the unemployed
Works Progress Administration (WPA)	Created jobs in construction, research, and the arts
National Youth Administration (NYA)	Provided part-time jobs to students
National Labor Relations Act (Wagner Act)	Recognized unions' right to bargain collectively
Social Security Act	Provided government aid to the retired and unemployed

In response to this setback, Congress passed the National Labor Relations Act (NLRA). This law is sometimes called the Wagner Act, after its sponsor, Senator Robert F. Wagner of New York. This law allowed workers to join labor unions and work together for better working conditions or salaries with collective bargaining. It also established the National Labor Relations Board to oversee union activities. Union membership grew after the passage of the Wagner Act. Organized labor became a powerful political force.

At the start of the Depression, many skilled workers belonged to craft unions. Such unions were often associated with the American Federation of Labor, which had existed since the 1880s. Unskilled workers, however, such as those who worked on assembly lines, did not qualify to belong to AFL unions. In 1935 a new union called the **Congress of Industrial Organizations** (CIO) organized workers into unions based on industry, not skill level. For example, all workers in the automobile industry would belong to the same union. The CIO also welcomed African American and Hispanic members, as well as women and immigrants.

Unions led a number of major strikes during the Depression. On New Year's Eve 1936, the CIO went on strike against General Motors for 44 days. Instead of leaving the buildings as strikers usually did, workers stayed in the factories so they could not be replaced by new workers. This strategy became known as the **sit-down strike**. The success of the General Motors strike attracted more workers to CIO unions.

Reading Check
Compare and Contrast How were the WPA and the Social Security Act similar, and how were they different?

Clashes with the Court

Roosevelt won re-election by a huge margin in 1936, carrying every state but Maine and Vermont. Democrats expanded their dominant control of Congress. But Roosevelt and the Democrats in Congress could not control the Supreme Court.

In 1935 the Supreme Court issued a series of rulings declaring several New Deal programs, including the AAA, unconstitutional. Roosevelt and his advisers felt that the entire New Deal was in danger. “Mr. President, they mean to destroy us,” said Attorney General Homer Cummings.

Roosevelt decided to propose a plan for reorganizing the federal judiciary that was soon to be labeled the “court-packing” bill. This bill would allow the president to appoint a new Supreme Court justice for every justice who was 70 years old or older. If the bill passed, Roosevelt would be able to appoint six new justices immediately.

Roosevelt’s judiciary plan drew harsh criticism from Congress and the public. Critics charged that Roosevelt was trying to change the balance of power so carefully defined in the U.S. Constitution. After a heated debate, Congress rejected the bill. The Supreme Court, however, did not overturn any more New Deal legislation. Roosevelt eventually had the opportunity to nominate nine new Supreme Court justices to replace those who had retired or died.

Reading Check
Analyze Information
Why did Roosevelt try to alter the Supreme Court?

Summary and Preview Roosevelt’s New Deal programs brought economic relief to many Americans; however, the reforms did not resolve all of the hardships that people faced. In the next lesson you will read about how the country continued to suffer the effects of the Depression.

Lesson 2 Assessment

Review Ideas, Terms, and People

- a. Recall** What were the Hundred Days?

b. Make Inferences What was the purpose of the bank holiday Roosevelt declared?

c. Evaluate Which of the New Deal programs that passed during the Hundred Days was most effective? Why?
- a. Describe** Who were some of the critics of the New Deal?

b. Contrast How were the ideas of Huey Long and the American Liberty League different?

c. Elaborate Why do you think people supported New Deal critics such as Huey Long and Father Coughlin?
- a. Identify** What programs were part of the Second New Deal?

b. Make Inferences Why did the Wagner Act encourage people to join unions?

- a. Recall** What happened to some of the New Deal programs when they were challenged in court?

b. Make Inferences What was the purpose of Roosevelt’s judiciary reorganization bill?

Critical Thinking

- Problem Solving** In this lesson you learned about the challenges faced by the nation and the president during the Depression. Create a chart similar to the one below and use it to identify Depression problems and New Deal solutions.

Depression Problems	New Deal Solutions

Americans Face Hard Times

The Big Idea

All over the country, Americans struggled to survive the Great Depression.

Main Ideas

- Parts of the Great Plains came to be known as the Dust Bowl as severe drought destroyed farms there.
- Families all over the United States faced hard times.
- Depression-era culture helped lift people's spirits.
- The New Deal had lasting effects on American society.

Key Terms and People

Dust Bowl

Mary McLeod Bethune

John Steinbeck

Woody Guthrie

If YOU were there . . .

You own a wheat farm on the Great Plains, where you and your family live and work. Wheat prices have been low for years, and you have managed to get by only by borrowing thousands of dollars. Now the region is suffering through a terrible drought. Without water, you have been unable to grow any wheat at all. But if you do not start paying your debts, you will lose your farm.

Would you stay on your farm or leave and start a new life somewhere else?

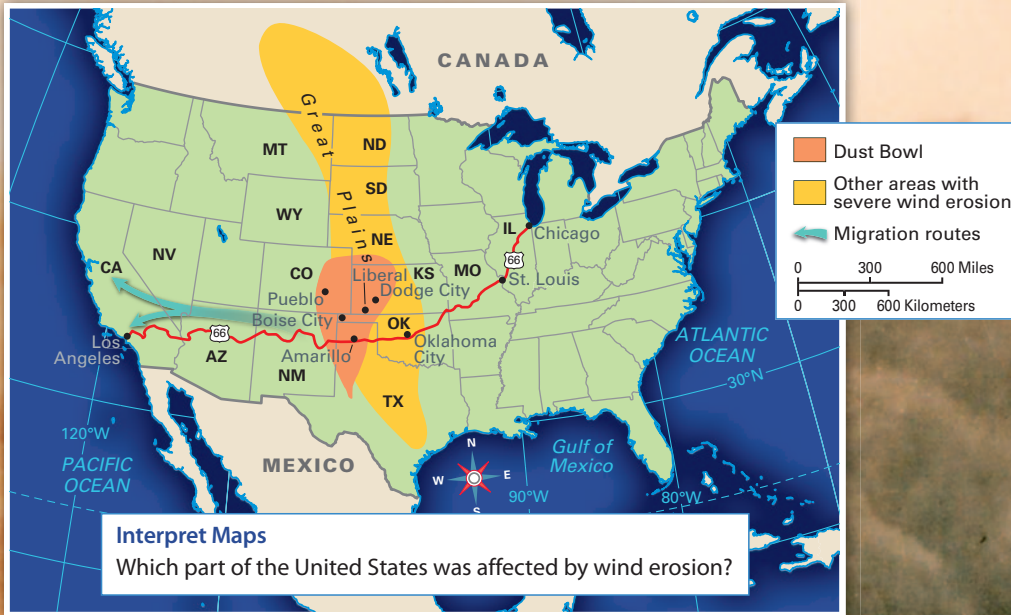
The Dust Bowl

For American farmers, hard times began well before the start of the Great Depression. Despite the widespread prosperity of the 1920s, prices for farm products remained low. Many farmers went into debt or lost their farms. The Depression worsened this already bad situation. Conditions worsened again when a severe drought hit the Great Plains in the early 1930s and lasted most of the decade. From North Dakota to Texas, crops withered away. With no roots to hold it in place, topsoil began to blow away.

Massive dust storms swept the region, turning parts of the Great Plains into the **Dust Bowl**. “These storms were like rolling black smoke,” recalled one Texas schoolboy. “We had to keep the lights on all day. We went to school with the headlights on, and with dust masks on.” A woman from Kansas remembered dust storms “covering everything—including ourselves—in a thick, brownish gray blanket . . . Our faces were as dirty as if we had rolled in the dirt; our hair was gray and stiff and we ground dirt between our teeth.”

Unable to raise crops, farmers in the Dust Bowl region could not pay their mortgages. Many lost their farms. Several New Deal programs tried to assist farmers by offering loans and by working to stabilize prices for farm products. Scientists also began thinking of ways to prevent dust storms during future droughts. Soil

The Dust Bowl



Severe drought during the 1930s destroyed the livelihood of many Great Plains farmers. Here, a black cloud of dust rages toward the outbuildings of a farm.

conservation experts encouraged farmers to adopt new farming methods to protect the soil. Grass was planted to hold soil in place, and rows of trees were planted to help break the wind. These changes have helped prevent another Dust Bowl in the years since the Great Depression.

For many farmers in the 1930s, however, the new programs came too late. After losing their crops and livestock to dust storms, about 2.5 million people left the area. Many packed up whatever they could fit in the family car or truck and drove to

Historical Sources

The Dust Bowl

Lawrence Svobida was a Kansas wheat farmer who saw his life's work destroyed in the 1930s.

“When I knew that my crop was irrevocably [forever] gone I experienced a deathly feeling which, I hope, can affect a man only once in a lifetime. My dreams and ambitions . . . and my shattered ideals seemed gone forever. The very desire to make a success of my life was gone, the spirit and urge to strive were dead within me. Fate had dealt me a cruel blow above which I felt utterly unable to rise.”

Analyze Historical Sources

How did Svobida feel after his crop was destroyed?

Reading Check
Identify Cause and Effect How did the Dust Bowl affect farmers?

California to look for any kind of work they could find. Once there, they often found that there were already more workers than available jobs.

Hard Times

The Great Depression took a heavy toll on families all over the United States. Since many people lost their jobs, families were often forced to split up, as individual members roamed the country in search of work. To help their families buy food, children often had to drop out of school and take very low-paying jobs. Others left home to fend for themselves. One boy wrote this diary entry in 1932:

“Slept in paper box. Bummed swell breakfast three eggs and four pieces meat . . . Rode freight [train] to Roessville. Small burg [town], but got dinner. Walked Bronson . . . Couple a houses. Rode to Sidell . . . Hit homes for meals and turned down. Had to buy supper 20 cents. Raining.”

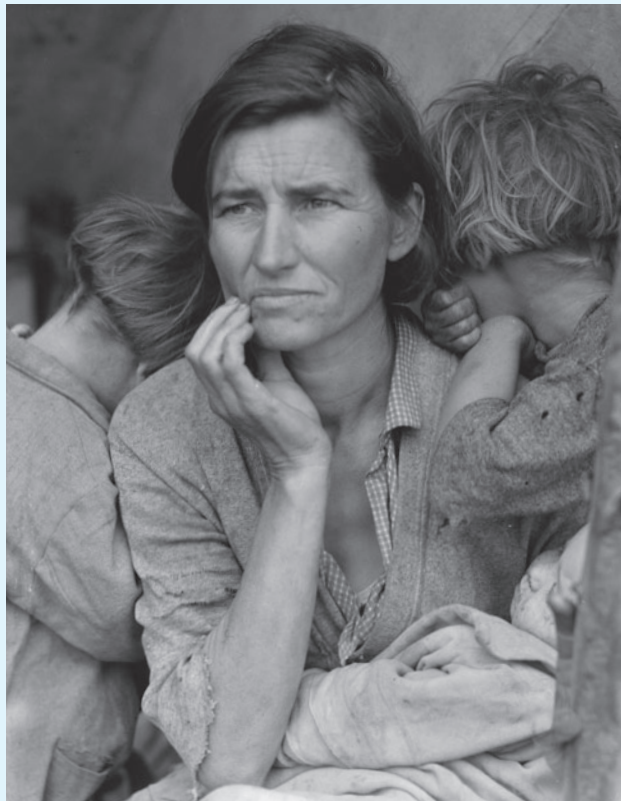
—Anonymous, quoted in *The Great Depression*, by Thomas Minehan

The Great Depression was especially hard on minority groups. As white families moved West in search of jobs, Mexican Americans found it harder to get work. In California local leaders and unions convinced the government to deport many Mexican-born workers. Some of the workers’ children were American-born, which made them U.S. citizens, but they were deported anyway.

DOCUMENT-BASED INVESTIGATION Historical Sources

Migrant Mother

Photographer Dorothea Lange gained fame in the 1930s for documenting the conditions of the poor during the Depression. Lange took this famous photograph of a widowed migrant worker and two of her seven children. The woman worked in the pea fields of Nipomo, California. Her family survived by eating frozen peas and birds the children caught. The woman had just sold her car’s tires for money to buy food.



Analyze Historical Sources

How would you describe the expression on the face of the woman in the photograph?

African Americans also faced discrimination. Many lost jobs to unemployed white workers. By 1932 unemployment had reached 50 percent in the African American neighborhood of Harlem in New York City. One man recalled traveling around Michigan in search of work. He went into a factory that was hiring workers:

“They didn’t hire me because I didn’t belong to the right kind of race. Another time I went into Saginaw, it was two white fellas and myself made three. The fella there hired the two men and didn’t hire me. I was back out on the streets. That hurt me pretty bad, the race part.”

—Louis Banks, quoted in *Hard Times: An Oral History of the Great Depression*, by Studs Terkel



Marian Anderson singing at the Lincoln Memorial in Washington, DC, in 1939

In spite of this type of discrimination, hundreds of thousands of African Americans were able to find work through relief programs such as the CCC and WPA. President Roosevelt also consulted with African American leaders, including educator **Mary McLeod Bethune**. Bethune was one of several African Americans who Roosevelt appointed to his administration. Other members included Walter White, Robert C. Weaver, and William Henry Hastie. These advisers became known as the Black Cabinet. Their role was to advance the concerns of African Americans in the Roosevelt White House. They stood out as a powerful symbol of rising African American influence in government.

First Lady Eleanor Roosevelt was a strong supporter of equal rights. She encouraged the president to include African Americans in his recovery programs. In 1939 the Daughters of the American Revolution (DAR) refused to rent their auditorium to the African American opera singer Marian Anderson. In protest, Eleanor Roosevelt resigned her membership in the DAR. She then helped Anderson arrange a concert at the base of the Lincoln Memorial. Some 75,000 people attended. Millions more heard the national radio broadcast of the concert. Anderson later gave a private performance at the White House.

Reading Check

Draw Inferences

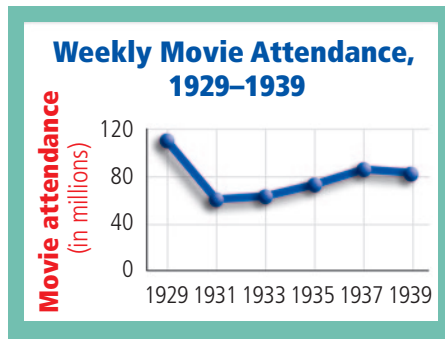
What weakened families during the Depression?

Depression-Era Culture

Starting in 1935, new Works Progress Administration projects began to put the country’s painters, sculptors, writers, and actors to work. When he was criticized for hiring artists, WPA director Henry Hopkins said, “They’ve got to eat just like other people.”

Some of the work done by WPA artists has become an important part of American culture. For example, WPA musicians went into the nation’s rural areas to record cowboy ballads, folk songs, and African American spirituals. This music might have been lost without these recordings. Artists employed by the WPA made more than 2,500 murals and 17,000 pieces of sculpture for public spaces. WPA writers created a permanent record of American life by interviewing Americans of many different backgrounds about their lives and memories. Today many of the thousands of interviews conducted by WPA writers are available on the Internet. You can read the stories of former slaves, pioneers, Native American leaders, and others in their own words.

Escape to the Movies



Analyze Information

How many Americans attended movies in 1931?

The movies of child-star Shirley Temple, “America’s Little Darling,” were among Hollywood’s top moneymakers in the late 1930s.



Like many people at the time, author **John Steinbeck** was deeply affected by the Great Depression. Depression life became a main theme of Steinbeck’s most famous novel, *The Grapes of Wrath*. The novel tells the story of the Joads, a family of farmers who are forced to move to California for work.

Some of the music of the day expressed themes similar to Steinbeck’s. Oklahoma-born folk singer **Woody Guthrie** crisscrossed the country singing his songs of loss and struggle. One contained the line, “All along your green valley I’ll work till I die”—a grim reality for some Americans.

Swing music, meanwhile, became popular for a different reason. Instead of focusing on the sadness of the Depression, swing helped people forget their troubles. Big-band leaders such as Duke Ellington, Benny Goodman, and Count Basie helped make swing wildly popular in the 1930s. People tuned into swing-music shows on inexpensive radios and danced to the fast-paced rhythms. Radios provided people with other forms of entertainment as well. Every week millions of Americans put aside their worries to listen to radio shows such as *Little Orphan Annie* and *The Lone Ranger*.

Movies offered Americans another welcome escape from reality. One boy remembered how he and his friends would save their pennies for movie tickets. “[It] was two for a nickel,” he said. “You’d come to the movie in the summer like 8:30 in the mornin’ and you’d see about 200 kids.” For 25 cents or less, adults, too, could forget their troubles as they watched historical dramas, gangster films, comedies, and musicals.

Reading Check

Evaluate How was the work of writers and musicians affected by the Great Depression?

Quick Facts

Causes and Effects of the New Deal

Causes

- Stock market crash
- Banking crisis
- Soaring unemployment
- Farmers' troubles
- Widespread poverty

Effects

- Expanded role of federal government
- Created major programs such as Social Security and the FDIC
- Provided hope and relief to many Americans but did not end the Great Depression

Reading Check
Find the Main Idea
What are some current government programs that began during the New Deal?

Effects of the New Deal

People are still debating the effects of the New Deal today. New Deal critics point out that Roosevelt's programs did not end the Great Depression. Full recovery occurred in the early 1940s, after the United States entered World War II. Roosevelt's supporters, however, believe that the New Deal gave Americans help and hope in a time of severe economic crisis.

People today do agree that the New Deal greatly expanded the role of the federal government. Some of the programs and agencies created as part of the New Deal, such as Social Security and the Federal Deposit Insurance Corporation (FDIC), remain part of our lives. Social Security still provides economic relief to the elderly, children, and those with disabilities. The FDIC protects the savings of bank customers.

Summary and Preview The New Deal helped Americans but did not end the Great Depression. The Depression finally ended after the United States entered World War II, which you will learn about in the next module.

Lesson 3 Assessment

Review Ideas, Terms, and People

- a. Identify** What was the Dust Bowl?

b. Explain What factors contributed to farmers' difficulties in the 1920s and 1930s?
- a. Recall** What were some of the problems people faced during the Depression?

b. Compare How was the experience of African Americans and Mexican Americans in the Depression similar?

c. Evaluate Do you think President Roosevelt did enough to help African Americans? Explain your answer.
- a. Draw Conclusions** Why do you think swing music, radio shows, and movies were popular during the Great Depression?

b. Identify How did the WPA help the arts?
- a. Recall** What are the different viewpoints on the success of the New Deal?

b. Identify How did the New Deal change the involvement of the federal government in the economy?

c. Elaborate How are Social Security and the FDIC still important today?

Critical Thinking

- 5. Categorize** In this lesson you learned about life during the Great Depression. Create a chart similar to the one below and use it to identify challenges people faced during the Depression and the ways they coped.

Challenges
people faced

Ways people coped
with challenges

Literature in History

Depression-Era Literature

Word Help

migrant a person who moves regularly

Divide The Continental Divide separates rivers that flow east from those that flow west.

tributary a stream that feeds into a larger river or lake (Steinbeck applies the word to the road system.)

❶ *From what are people on Highway 66 fleeing?*

❷ *How does Steinbeck describe what people are running from?*

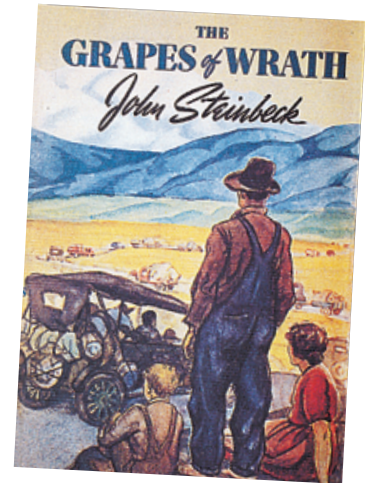
About the Reading Published in 1939, *The Grapes of Wrath* described the impact of the Great Depression on the nation. In this passage, John Steinbeck describes a journey of Dust Bowl families to California.

As You Read Look for details that appeal to the five senses.

From *The Grapes of Wrath* by John Steinbeck (1902–1968)

Highway 66 is the main migrant road. 66—the long, concrete path across the country, waving gently up and down the map, from the Mississippi [River] to Bakersfield [California]—over the red lands and the gray lands, twisting up into the mountains, crossing the Divide and down into the bright and terrible desert to the mountains again, and into the rich California valleys.

66 is the path of people in flight, ❶ refugees from dust and shrinking land, from the thunder of tractors and shrinking ownership, from the desert's slow northward invasion, from the twisting winds that howl up out of Texas, from the floods that bring no richness to the land and steal what little richness is there. ❷ From all of these the people are in flight, and they come into 66 from the tributary side roads, from the wagon tracks and the rutted country roads. 66 is the mother road, the road of flight.



Connect Literature to History

- Analyze** According to this passage, why might driving between towns be a terror? What does this tell you about the migrants?
- Draw Conclusions** Based on Steinbeck's description and on what you already know, how might people traveling on Route 66 have felt? Why?

Social Studies Skills

Conduct a Debate

Define the Skill

The First Amendment to the U.S. Constitution guarantees freedom of speech, assembly, and the press. These freedoms have become a key part of American democracy. They guarantee that both government officials and citizens can express their opinions. People also have the right to express disagreement with leaders or the government.

The ability to discuss opposing points of view is key to a democratic society. In the United States, citizens vote for their leaders. Having access to different points of view helps people decide which candidates to support in elections.

One way to express opposing points of view is to have a debate. Debates are organized to present two sides of an issue. Debate rules make sure that both sides are treated fairly. By learning about the strengths and weaknesses of two positions on an issue, people can decide which position is more convincing.

Learn the Skill

Think about the opposition President Franklin D. Roosevelt faced when he tried to begin new programs during the Great Depression. He had to convince people to support his ideas. Roosevelt and members of his administration used radio programs and newspaper articles to promote their point of view and answer questions from their critics.

In a debate, it is important to make your point of view clear. Explain why you support a certain position or give specific reasons why you oppose it. The more detailed the argument, the more persuasive it will be. When you are in a debate, make sure to prepare plenty of evidence and examples to support your case.

Debaters have the chance not only to present a case but also to argue against the opposite point of view. One way to get ready for this is to think of possible arguments against your position. Prepare responses to each of these arguments in advance. Having good answers to criticism makes your position stronger.

In a debate, it is important to follow any rules that have been set up. Not all debates have the same rules. They do share some basic guidelines, however. Only one person is allowed to speak at once, and speaking time is limited. The two sides take turns presenting their arguments. Debates may have additional rules as well.

Practice the Skill

Suppose that your class is the Senate in 1933. President Roosevelt has already begun several new government programs. Now he is asking you to pass more new laws, which he believes will help the economy. Follow the guidelines above to have a debate about the New Deal. One group should support expanding the New Deal, and one group should oppose it. When the debate is over, answer the following questions.

1. Did your group make its point of view clear? Did it explain the reasons for taking that position? What do you think was your group's most persuasive supporting detail or example?
2. Did your group prepare arguments against the other side in advance? Were any of these arguments particularly effective?

Module 26 Assessment

Review Vocabulary, Terms, and People

Read each question and write the letter of the best response.

- Which of the following refers to a severe economic downturn that lasted for more than ten years?
 - the Bonus Army
 - the Great Depression
 - the bull market
 - the business cycle
 - Who was Franklin Roosevelt's secretary of labor and the first woman cabinet member?
 - Frances Perkins
 - Mary McLeod Bethune
 - Eleanor Roosevelt
 - Dorothea Lange
 - Parts of the Great Plains where a severe drought struck were known as the
 - Tennessee Valley.
 - New Deal.
 - Dust Bowl.
 - Hoovervilles.
 - Which of the following means purchasing stocks on credit with a loan?
 - the installment plan
 - buying on margin
 - the banking crisis
 - bear market
-

Comprehension and Critical Thinking

Lesson 1

- Describe** What happened on Black Tuesday—October 29, 1929?
 - Summarize** How did President Hoover respond to the Depression?
 - Elaborate** Why do you think Americans were so unprepared for difficult times?

Lesson 2

- Recall** What New Deal programs did lawmakers create during the Hundred Days?
 - Explain** How did the Works Progress Administration help Americans?
 - Evaluate** Do you think the New Deal was successful? Explain your answer.

Lesson 3

- Recall** How did the Great Depression affect Mexican Americans?
 - Contrast** How did Depression-era culture show both hope and the difficulties of everyday life?
 - Draw Conclusions** Why do you think many African Americans supported President Roosevelt, even though they continued to face discrimination and segregation?

Module 26 Assessment, continued

Review Themes

- Economics** How did the economy of the country change during the Great Depression?
- Politics** What role did politics play in easing the Great Depression?

Reading Skills

Recognize Implied Main Ideas Use the Reading Skills taught in this module to complete the activity about the reading selection below.

Banks had invested heavily in the stock market, so they lost heavily when the market crashed. Banks had also lent their customers money to buy stocks on margin. Now those customers were unable to pay back their loans. Some banks went out of business. People who had deposited their life savings in those banks lost everything.

- Write a main idea for the paragraph above.

Social Studies Skills

Conduct a Debate Use the Social Studies Skills taught in this module to complete the activity below.

- Suppose you have been invited to participate in a debate on Franklin Roosevelt's plan to "pack" the Supreme Court by adding extra justices. First decide on your position. Then prepare several supporting arguments. Summarize the main points of your arguments in a paragraph.

Focus on Writing

- Write a Journal Entry** Think about what it was like to live during the Great Depression and how it affected the everyday lives, feelings, and thoughts of people. Then create a fictional character who lived during the Depression. Decide on the age of your character and a set of circumstances for your character. Choose one event from the Great Depression for your character to write about in a one-page journal entry. Include in your entry what your character's feelings and thoughts are about that event and about living during the Great Depression. Also include what your character's hopes and fears are for the future. Begin by placing a date from the 1930s at the top of the page.

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