

**The Great Depression, 1929-1939.**

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Depression following the Stock Market Crash of October, 1929

Principal Personages

Herbert Clark Hoover (1874-1964), thirty-first President of the United States 1929-1933

Franklin Roosevelt (1882-1945), thirty-second President of the United States 1933-1945

Arthur Wood, chairman of the Emergency Committee for Employment

Walter Sherman Gifford (1885-1966), chairman of the President's Organization on Unemployment Relief

Milo Reno (1866-1936), former president of the Iowa Farmers Union, organizer of the Farmers' Holiday Association

Walter W. Waters, World War I army sergeant, organizer of the Bonus March on Washington

Charles Edward Coughlin (1891-1979), radio priest of Royal Oak, Michigan, advocate of nationalizing banks, utilities, and natural resources

Huey Pierce Long (1893-1935), Governor of Louisiana, Senator, Presidential aspirant, and advocate of redistributing the wealth

Francis E. Townsend, Dr. (1867-1960), retired California physician and leader of a movement to give a monthly pension to people over sixty-five years of age

Summary of Event

The Stock Market Crash of October 29, 1929, sent the nation careening into the longest and darkest economic depression of its history. Between 1929 and 1933, all major economic indexes told the same story. The gross national product (GNP), the total of all goods and services produced each year, fell from \$104,400,000,000 in 1929 to \$74,200,000,000 in 1933, setting back the GNP per capita rate twenty years. Industrial production declined fifty-one percent before reviving slightly in 1932. Unemployment statistics poignantly revealed the impact of the Depression on Americans. In 1929, the Labor Department reported 1,499,000 jobless persons, or 3.1 percent of all employables.

After the crash, the figure soared. At its peak in 1933, unemployment stood at 12,634,000, more than one out of every four people in the labor force. Some estimates placed unemployment as high as sixteen million. By 1933, the annual national income had shrunk from \$87,800,000,000 to \$40,200,000,000. Farmers, perhaps the hardest hit economic group, saw their income decline from \$11,900,000,000 to \$5,300,000,000.

For the first two years of the Depression, which had now become worldwide, President Herbert Hoover relied on the voluntary coöperation of business and labor to maintain payrolls and production. But when the crisis deepened, he took positive steps to stop the spread of economic collapse. Hoover's most important achievement was the creation of the Reconstruction Finance Corporation (RFC), a loan agency designed to aid large business concerns such as banks, railroads, and insurance companies. The RFC later became a key agency of the New Deal. In addition, Hoover obtained new funds from Congress to slow down farm foreclosures. The Home Loan Bank Act helped to prevent the foreclosure of home mortgages. On the relief issue, the President and Congress fought a running battle for months. The Democrats wanted the federal government to assume responsibility for direct relief and to spend heavily on public works. However, Hoover insisted that unemployment relief was a problem for local resources, not federal. At first, he did little more than appoint two committees to mobilize public and private agencies against distress. Yet after a partisan fight, Hoover signed a relief bill without parallel in American history. The Emergency Relief and Construction Act provided three hundred million dollars for local relief loans and one and one-half billion dollars for selfliquidating public works. Tragically, the Depression only worsened. By the time Hoover's term in office expired, the nation's banking system had virtually collapsed and the economic machinery of the nation was grinding to a halt. Tired and haggard, Hoover left office with the reputation of a do-nothing President. The judgment was unfair. He had done much, even establishing many precedents for the New Deal; but he had not done enough.

What happened to the economy after 1929 left most people baffled and bewildered. The physical structure of business was still intact, undamaged by war or natural disaster. Men wanted to go to work, but plants stood dark and idle. Prolonged unemployment created a new class of superfluous people. The jobless sold apples on street corners. They queued up in breadlines and outside soup kitchens. Many lived in "Hooverilles," the shanty towns on the outskirts of large cities. Thousands of unemployed men and boys took to the road in search of work, and the gas station became a meeting place for men "on the bum." In 1932, a crowd of fifty men fought over a barrel of garbage outside the back door of a Chicago restaurant. In northern Alabama, poor families exchanged a dozen eggs, which they sorely needed, for a box of matches. Despite such mass suffering, there was little violence. The angriest Americans were those in the rural areas, where cotton was bringing five cents a pound and wheat thirty-five cents a bushel. In August, 1932, Iowa farmers began dumping milk bound for Sioux City. To dramatize their plight, Milo Reno, former president of the Iowa Farmers Union, organized a farm strike on the northern plains and cut off all agricultural products from urban markets until prices rose. During the same summer, twenty-five thousand World War I veterans, led by former sergeant Walter W. Waters, staged the Bonus March on Washington to demand immediate payment of a bonus due them in 1945. They stood passively on the Capitol steps while Congress voted it down. But after a riot with police, Hoover ordered the U.S. Army to clean them out of their shanty town for fear they were breeding a revolution.

The Great Depression was a crisis of the American mind. Many people believed that the country had reached all its frontiers and faced a future of limited opportunity. The slowdown of marriage and birth rates expressed this pessimism. The Depression

smashed the old verities of rugged individualism, the sanctity of business, and limited government. Utopian movements found an eager following. The Townsend Plan, initiated by retired California physician Francis E. Townsend, demanded a monthly pension to people over sixty-five. Charles E. Coughlin, radio priest of Royal Oak, Michigan, advocated the nationalization of banks, utilities, and natural resources. Senator Huey P. Long, Governor of Louisiana, led a movement which advocated a redistribution of the wealth. All the programs tapped a broad vein of discontent among those who felt that they had been left out of the New Deal. But Americans gradually regained their sense of optimism. The New Deal revived the old faith that the nation could meet any challenge and control its own destiny. Even many intellectuals who had "debunked" American life in the 1920's began to revise their opinions for the better.

By early 1937, there were signs of recovery. Business indexes were up—some near 1929 levels. The New Deal had eased much of the acute distress, although unemployment still remained around seven and one half million. Suddenly, the economy went into a sharp recession that was almost as bad as 1929. Although conditions improved by mid-1938, the depression did not finally end until the government launched the massive defense spending of World War II.

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