

13: THE GREAT DEPRESSION AND NEW DEAL

ESSENTIAL TERMS



KEY CONCEPTS

Foreclosure: When a bank takes back property such as a house or farm if the owner is unable to repay a loan.

Bank Run: When depositors run to a bank to withdraw all their savings because of a rumor that the bank is failing. The result is that the bank fails since it does not have cash to cover all the withdrawals.

Crop Rotation: A farming practice in which fields are planted with different plants each season in order to prevent total loss of needed nutrients.

Pump Priming: Idea that the government should spend during an economic downturn, thus putting money into the economy which will in turn be spent by individuals and private businesses. Without the government's initial investment, recovery would not have been possible.

First Hundred Days: The nickname for the first few months of Franklin Roosevelt's presidency in which he was able to work with Congress to pass numerous laws that established the beginning of the New Deal.



LOCATIONS

Dust Bowl: Area around Oklahoma in the early-1930s that suffered a devastating drought. The effects were exacerbated by poor farming practices that resulted in a catastrophic loss of topsoil and the exodus of many farm families.

Hooverville: Nickname for the homeless camps that developed in many large cities during the Great Depression.



SPEECHES

FDR's First Inaugural Address: Famous speech given on March 4, 1933 in which incoming President Franklin D. Roosevelt said "The only thing we have to fear is fear itself."

Fireside Chat: Nickname for President Franklin Roosevelt's radio speeches in which he tried to use plain language to explain his ideas.



PEOPLE AND GROUPS

John Maynard Keynes: British economist who proposed the idea that in times of economic recession or depression the government must borrow and spend in order to jump start economic activity. His ideas formed the justification for the New Deal and later government programs such as President Obama's stimulus.

Federal Reserve Board (Fed): Independent government agency that is responsible for managing the overall economy by serving as the lender of last resort for the nation's banks.

Okies: Families of farmers who fled the Dust Bowl during the Great Depression. Many went to California.

Bonus Army: Group of World War I veterans who travelled to Washington, DC during the Great Depression where they set up a temporary camp. They were demanding early payment of a bonus promised to them by congress, but were eventually evicted forcibly by the army.

Hobos: Homeless people who rode freight trains during the Great Depression.

Franklin Delano Roosevelt: American president first elected during the Great Depression. He promised a New Deal and went on to be elected a total of four times. He led the nation through most of World War II.

Brain Trust: Nickname for the group of advisors Franklin Roosevelt assembled to help solve the Great Depression. Many had come from universities, thus giving rise to the nickname.

Frances Perkins: Secretary of Labor during the New Deal. She was the first woman to hold a cabinet position and was responsible for creating and implementing Social Security.

Robert Taft: Republican Senator during the 1930s who opposed the New Deal. He believed the New Deal was giving too much power to the government and programs designed to help the needy would eventually lead to a reduction in people's work ethic and entrepreneurial spirit.

Huey "Kingfish" Long: Senator from Louisiana during the 1930s who argued that the government should take money from the rich to redistribute to the poor. He called his idea Share Our Wealth. He may have run against Roosevelt for president except that he was assassinated in 1935.

Black Cabinet: Nickname for a group of African American advisors to President Franklin Roosevelt. They included Dr. Robert Weaver and Mary McLeod Bethune.

Eleanor Roosevelt: Wife of President Franklin Roosevelt. She was an important spokesperson for his ideas and was often able to make people feel that she personally cared about them. She championed the concerns of women, minorities and the poor. Later in life she worked to promote human rights with the United Nations.



POLICIES & LAWS

Volunteerism: President Hoover's plan to deal with the Great Depression. He wanted private companies and organizations to provide help to the needy and continue to employ workers on their own.

Hawley-Smoot Tariff: Tariff law passed during the Hoover Administration during the Great Depression. It raised taxes on imports in an effort to help American manufactures. In retaliation, other nations also raised tariffs and American exporters suffered leading to a worsening of the Depression.

Glass-Steagall Act: Replacement for the Emergency Banking Act of 1933. This law prohibited commercial banks from engaging in investment banking and created the FDIC.

Wagner Act / National Labor Relations Act: New Deal law that guaranteed labor unions the right to collective bargaining. It was a major victory for labor and strengthened labor unions for many decades.

Townsend Plan: Plan proposed by a retired dentist during the New Deal to pay \$200 to everyone over the age of 60 so long as they spent it within 30 days. It was rejected by Roosevelt.

Share Our Wealth: Program proposed by Huey Long during the Great Depression. He wanted to take money from the rich to redistribute to the poor.

Court Packing: Nickname for President Franklin Roosevelt's unsuccessful plan to appoint additional members to the Supreme Court in order to create a majority favorable to his views. The affair was widely seen as an attempt by the Executive Branch to dominate the Judicial Branch and was rejected. Politically, the affair harmed President Roosevelt.



GOVERNMENT AGENCIES

Reconstruction Finance Corporation (RFC):

Government agency set up under the Hoover Administration that provided funding to support troubled banks in an effort to prevent bank failures.

Federal Deposit Insurance Corporation (FDIC):

Government agency with provides insurance for individual depositors at commercial banks, thus preventing bank runs.

Federal Housing Authority (FHA): Government agency that provides backing for home loans and helped stabilized the housing market during the Great Depression, as well as spur the housing boom in the post-WWII era.

Civilian Conservation Corps (CCC): New Deal program that provided jobs to young men building parks, trails, reservoirs, bridges and fire lanes.

Works Progress Administration (WPA): Major New Deal program that provided jobs to 9 million Americans building major infrastructural projects such as bridges, and roads, but also writing and painting murals as well.

Public Works Administration (PWA): New Deal program that provided jobs building highways, federal buildings and military bases. Among the programs projects were the Golden Gate Bridge and Queens-Midtown Tunnel. Over 1/3 of all hospitals and 70% of all new schools built in the 1930s were completed by workers in this program.

Agricultural Adjustment Administration (AAA): New Deal agency that provided payments to farmers to lower agricultural production. The program broke a cycle in which farmers increased output in an effort to increase returns. In reality, excessive output drove up supply and drove down prices.

Tennessee Valley Authority (TVA): New Deal program that provided jobs to thousands of workers in the Tennessee area building dams along rivers that provided hydroelectric power and regulated flooding.

National Recovery Administration (NRA): New Deal agency that set minimum wages, working hours, abolished child labor, and set minimum prices. It was declared unconstitutional by the Supreme Court in 1935 because the Constitution does not give the federal government the power to regulate private industry in the way the law was written.

National Labor Relations Board (NLRB):

Government agency created by the Wagner Act during the New Deal that is responsible for protecting the right of unions to collective bargaining and protect workers against unfair labor practices.

Social Security: Government program created in 1935 to provide monthly payments to retired Americans. The money is taken from the paychecks of working Americans and redistributed to those eligible to receive benefits.