



# THE GREAT DEPRESSION & NEW DEAL

## Unit 13 Review Guide

### 1: THE START OF THE DEPRESSION

Poor economic decisions in the 1920s led to a financial crisis in 1929, and poor decisions by government officials made the problem worse and turned the crisis into the Great Depression.

### 2: LIFE IN THE DEPRESSION

The Great Depression was the worst economic disaster in the nation's history and life was hard for all Americans, especially minorities. In the end, people turned to Franklin Roosevelt who promised new ideas.

### 3: THE FIRST NEW DEAL

FDR tried to deal with the immediate problems facing the country by creating many new government programs. These stabilized the banking system, gave people jobs and addressed food shortages.

### 4: THE SECOND NEW DEAL

Later in the 1930s, FDR tried to fix long-term problems such as chronic poverty, security for seniors and racial inequality. Although the New Deal was generally popular, it didn't solve all of the problems of the Depression and there were critics of FDR and his ideas.



Watch Mr. Loomis's Review Video:  
<https://youtu.be/IUOZjo5E9cY>



Study the Vocabulary on Quizlet:  
[https://quizlet.com/\\_6boa88](https://quizlet.com/_6boa88)



Read the Online Textbook:  
[www.inquiryhistory.com/unit13](http://www.inquiryhistory.com/unit13)



# 13-1: THE START OF THE DEPRESSION

**BIG IDEA:** Poor economic decisions in the 1920s led to a financial crisis in 1929, and poor decisions by government officials made the problem worse and turned the crisis into the Great Depression.

President Hoover had been a popular public servant during the 1920s. He was the third Republican president during the 1920s and it seemed like he would be popular as president as well.

When the stock market was doing well in the 1920s, people thought that prices would only go up. To cash in on the opportunity to make money, some investors borrowed money to buy stocks, thinking that they could pay back the money later when the stock price went up. Eventually stock prices fell and these investors lost all their money. Although participation in the stock market increased during the 1920s, only 10% of all Americans had purchased stock. The failure of the stock market in 1929 made the Great Depression worse, but did not cause the Great Depression.

The 1920s was not a good decade for farmers. They had taken out loans to buy new equipment and open up new land for farming during World War I, and when demand fell after the war, they could not pay back their loans.

Some banks began to fail. They made loans that borrowers could not pay. Sensing that a bank was in trouble, people who had deposits ran to a bank to withdraw all their savings. This sort of bank run ruined both well-run and poorly-run banks. When bank failures spread to New York City, the economy failed.

The real cause of the disaster was a failure of the Federal Reserve to respond to the crisis. Instead of supplying banks with funds to continue operation, the Fed held back and the nation fell into the Great Depression.



## VOCABULARY



### IDEAS

Foreclosure  
Bank Run



### PEOPLE & GROUPS

Milton Friedman  
Anna J. Schwartz  
John Maynard Keynes



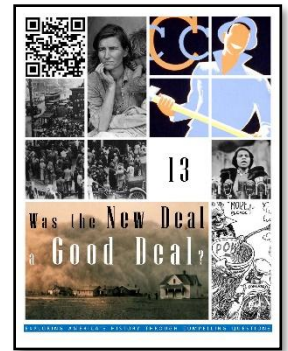
### EVENTS

Black Thursday



### GOVERNMENT AGENCIES

Federal Reserve Board (Fed)



## 13-2: LIFE IN THE DEPRESSION

**BIG IDEA:** The Great Depression was the worst economic disaster in the nation's history and life was hard for all Americans, especially minorities. In the end, people turned to Franklin Roosevelt who promised new ideas.

The Great Depression affected everyone. Even people who did not lose their jobs usually had their pay lowered. Hungry, jobless, homeless people became a common sight on the streets of American cities. Even the government struggled. With fewer people working, fewer people were paying taxes, and politicians struggled with hard decisions about how to solve the crisis.

Farmers who had bad loans from the 1920s lost their farms as banks foreclosed. In the middle of the country, a drought and poor farming techniques combined to form the Dust Bowl. People whose farms had been ruined by the dust fled to California and elsewhere looking for a chance to start over.

The Depression was especially hard for African Americans. The few jobs that were available were given to Whites first. In some places, anger and frustration boiled over and African Americans were targeted. Lynching increased. In one famous case, the Scottsboro Boys were tried for a crime that never happened. The experience of surviving the Great Depression inspired African Americans to begin the community organizing necessary for the later Civil Rights Movement.

Organized labor suffered during the Depression. In Detroit, hungry workers marched to a Ford factory and clashed violently with police.

Millions of Americans were left homeless. Many rode the rails looking for work. Among these, tens of thousands were teenagers. It was a dangerous life.

Families were hit especially hard. Divorce and separation increased. Birth rates fell. More women began looking for work in order to support their families. Many children dropped out of school.

During the Depression, Americans loved going to the movies. It was a chance to escape the hardships of daily life.

President Hoover tried to address the crisis by encouraging businesses not to raise prices or lower wages. In order to help the millions who were suffering, he encouraged churches and other civil groups to operate shelters and soup kitchens. This failed to solve the problem, simply because the problem was so large.

In Washington, DC, an army of World War I veterans gathered to demand early payment of a bonus. President Hoover ordered their camp cleared. It was a decision that cemented his unpopularity.

In 1932, Democrat Franklin D. Roosevelt won the presidential election. He promised voters a new deal.

### VOCABULARY



#### IDEAS

Crop Rotation  
Lie Fallow  
Riding the Rails  
Volunteerism



#### PEOPLE & GROUPS

Okies  
John Steinbeck  
Scottsboro Boys  
Bonus Army  
Douglas MacArthur  
Hobo  
Marx Brothers  
Shirley Temple  
Fred Astaire  
Ginger Rogers  
Judy Garland  
Mickey Rooney  
Franklin Delano Roosevelt



#### EVENTS

Ford Hunger March



#### LITERATURE

The Grapes of Wrath



#### LAWS & GOVERNMENT PROGRAMS

Reconstruction Finance Corporation (RFC)  
Hawley-Smoot Tariff



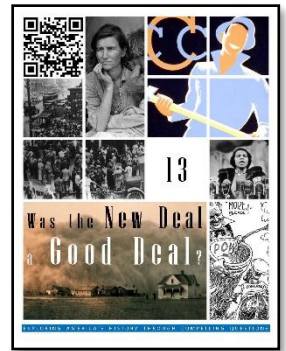
#### LOCATIONS

Dust Bowl  
Hooverville



#### COURT CASES

Powell v. Alabama  
Patterson v. Alabama



## 13-3: THE FIRST NEW DEAL

**BIG IDEA:** FDR tried to deal with the immediate problems facing the country by creating many new government programs. These stabilized the banking system, gave people jobs and addressed food shortages.

President Franklin Roosevelt told Americans the only thing they had to fear was fear itself. He implemented many new programs to try to solve the problem. Most involved spending large amounts of government money to jumpstart the economy.

His programs became known as the New Deal. In the first 100 days of his presidency, FDR implemented programs to help solve the banking crisis, to give people jobs, and to support farmers. Many of the New Deal programs are known by their acronyms. (FDIC, FHA, CCC, WPA, AAA, etc.)

FDR was an excellent communicator. He was known for his speeches on the radio in which he explained his ideas in simple terms that regular Americans could understand.

Part of the New Deal were laws to fix the banking system. One program gives insurance to people who deposit money in banks so they will not lose it if their bank fails. This program prevents bank runs. Other financial programs provided regulation for the stock market.

New government programs helped people get loans to buy houses.

To help people find jobs, FDR created programs building roads, bridges, dams, parks, trails, painting murals, writing, acting, and much more.

For farmers, FDR signed laws paying farmers to grow less. This stabilized food prices. The New Deal also included programs to provide electricity to rural areas.



### VOCABULARY



#### IDEAS

Pump Priming  
Fireside Chat



#### PEOPLE & GROUPS

Harry Hopkins  
Harold Ickes  
Brain Trust



#### EVENTS

FDR's First Inaugural Address  
First Hundred Days



#### LITERATURE

The Great Gatsby  
The Waste Land  
Main Street



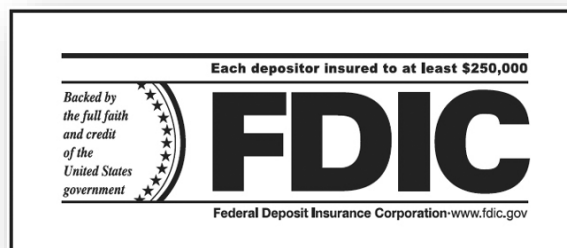
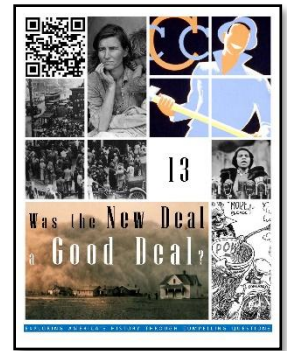
#### LAWS

Emergency Banking Act  
Glass-Steagall Act  
Federal Emergency Relief Act (FERA)



#### GOVERNMENT PROGRAMS & AGENCIES

Federal Deposit Insurance Corporation (FDIC)  
Federal Housing Authority (FHA)  
Civilian Conservation Corps (CCC)  
Works Progress Administration (WPA)  
Public Works Administration (PWA)  
Rural Electrification Authority  
Agricultural Adjustment Administration (AAA)





## 13-4: THE SECOND NEW DEAL

**BIG IDEA:** Later in the 1930s, FDR tried to fix long-term problems such as chronic poverty, security for seniors and racial inequality. Although the New Deal was generally popular, it didn't solve all of the problems of the Depression and there were critics of FDR and his ideas.

FDR supported unions. The Wagner Act guaranteed the right of unions to organize. It was the first time that government firmly sided with workers in their struggle with company owners. The 1930s was a time of growth for labor union membership and power.

Social Security is the most important program to come out of the New Deal. It provides benefits for retired Americans. The money is taken from working younger people and redistributed to the elderly.

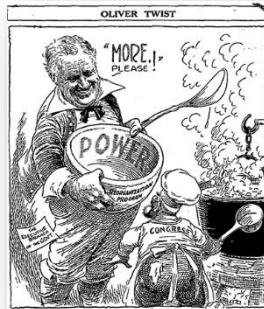
Not everyone liked the New Deal. Some liberals thought that it did not do enough to redistribute wealth down to the lower classes. Republicans thought that too much government intervention in the economy and in people's lives would stifle entrepreneurship, innovation, and self-reliance.

The Supreme Court ruled that many of the New Deal programs were unconstitutional because the Constitution did not give the government the authority to intervene in the economy by dictating prices, wages, etc. FDR tried to add justices to the Court, but was blocked by Congress, which correctly saw it as an attempt by one branch of government to inappropriately influence another.

Native Americans and African Americans were helped by the New Deal. FDR had a group of African American advisors, and the Indian New Deal ended a policy of assimilation that was destroying Native American culture and communities.

Women also benefited from the New Deal. First Lady Eleanor Roosevelt especially championed civil rights and women's rights while her husband was in office.

Ultimately, the New Deal did not end the Great Depression, but it helped. It also gave the federal government more power and gave Americans the idea that it is the job of their government to look out for the people and protect them from economic hardship.

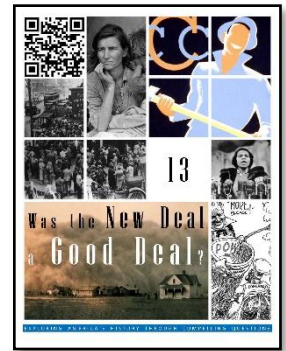


### VOCABULARY



#### IDEAS

Pension  
Townsend Plan  
Share Our Wealth  
Court Packing



#### PEOPLE & GROUPS

John L. Lewis  
Congress of Industrial Organizations (CIO)  
Frances Perkins  
Robert Taft  
Charles Coughlin  
Huey "Kingfish" Long  
Black Cabinet  
Mary McLeod Bethune  
Eleanor Roosevelt  
Marian Anderson



#### LAWS & COURT CASES

Wagner Act / National Labor Relations Act  
Social Security Act  
United States v. Butler  
Carter v. Carter Coal Company  
Morehead v. New York  
Schechter Poultry Corp. v. United States



#### GOVERNMENT PROGRAMS & AGENCIES

Tennessee Valley Authority (TVA)  
National Recovery Administration (NRA)  
National Labor Relations Board (NLRB)  
Social Security  
Indian New Deal



# ESSENTIAL VOCABULARY



## 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.