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The Great Depression and the New Deal

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Abstract: *This paper makes analyses of the Great Depression and the New Deal. On this case, research has been pinpointed on the development of the historian and theoritical analyses of the Great Depression and the New Deal.*

Keywords: *The Great Depression, New Deal, history, analyze, Georgia*

Introduction

During the late 1920s, the stock market in the United States boomed. Millions of Americans began to purchase stock, causing the market to dramatically increase in value. Unfortunately for the economy, so many Americans invested money in the stock market that stocks became inflated in price. In essence, stocks were selling for more money than they were worth. In 1924, the New York Times index of the leading twenty-five industrial stocks topped the one hundred point mark. By the beginning of 1928, these same stocks had topped 245 points, more than doubling the stocks' price. The market continued to soar during 1928 and much of 1929, with these twenty-five leading industrial stocks reaching the 452 point mark in early September 1929, almost doubling the stocks' selling price in less than two years.

Stock prices began to decline in September and early October 1929, and on October 18 the fall began. Panic set in, and on October 24, Black Thursday, a record shares were traded. Investment companies and leading bankers attempted to stabilize the market by buying up great blocks of stock, producing a moderate rally on Friday. On Monday, however, the storm broke anew, and the market went into free fall. Black Monday was followed by Black Tuesday, in which stock prices collapsed completely. Billions of dollars were lost, wiping out thousands of investors, and stock tickers ran hours behind because the machinery could not handle the tremendous volume of trading.

Main part

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about 20 percent of their value in the summer of 1929. The stock market crash of 1929 was not the sole cause of the Great Depression, but it did act to accelerate the global economic collapse of which it was also a symptom. By 1933, nearly half of America's banks had failed, and unemployment was approaching 15 million people, or 30 percent of the workforce. As the effects of the Depression cascaded across the US economy, millions of people lost their jobs. By 1930 there were 4.3 million unemployed; by 1931, 8 million; and in 1932 the number had risen to 12 million. By early 1933, almost 13 million were out of work and the unemployment rate stood at an astonishing 25 percent. Those who managed to retain their jobs often took pay cuts of a third or more.

Out of work Americans filled long breadlines, begged for food, or sold apples on street corners. A Chicago social worker wrote that "We saw Want and Despair walking the streets, and our friends, sensible, thrifty families, reduced to poverty."

More than a third of the nation's banks failed in the three years following 1929. start superscript, 4, end superscript Long lines of desperate and despairing people outside banks hoping to retrieve their savings were common. Many ordinary citizens lost their life savings when banks failed.

Farmers were hit particularly hard by the crisis. On top of falling prices for crops, a devastating drought in Oklahoma, Texas, and Kansas brought on a series of dust storms known as the Dust Bowl.

The term Dust Bowl was suggested by conditions that struck the region in the early 1930s. The area's grasslands had supported mostly stock raising until World War I, when millions of acres were put under the plow in order to grow wheat. Thousands of families were forced to leave the Dust Bowl at the height of the Great Depression in the early and mid-1930s

In 1929, the stock market crash catalyzed the onset of the Great Depression.

Though Hoover has gained a reputation for dithering in the face of economic peril, his administration actually pursued measures that helped lay the basis for Roosevelt's New Deal. Hoover launched a massive public works program, part of which included funding for construction of the Hoover Dam on the Colorado River. His administration implemented stronger protections for labor and substantially increased federal subsidies for agriculture.

Hoover also played a key role in passing the Glass-Steagall Act of 1932, which limited the activities of commercial banks in an attempt to stabilize the banking sector.

However, many of these policies were not immediately effective, and some of the administration's actions actually worsened the effects of the depression Although Hoover ran for reelection in 1932, his inability to mitigate the negative economic consequences of the Great Depression had made him widely unpopular.

As the Depression worsened and millions of urban and rural families lost their jobs and depleted their savings, they also lost their homes. Desperate for shelter, homeless citizens built shantytowns in and around cities across the nation. These camps came to be called Hoovervilles, after the president. For example, in New York City, encampments sprang up along the Hudson and East rivers. Some Hoovervilles were dotted with vegetable gardens, and some individual shacks contained furniture a family had managed to carry away upon eviction from their former home. However, Hoovervilles were typically grim and unsanitary. They posed health risks to their inhabitants as well as to those living nearby, but there was

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little that local governments or health agencies could do. Hooverville residents had nowhere else to go, and public sympathy, for the most part, was with them.

Most Hoovervilles operated in an informal, unorganized way, but the bigger ones would sometimes put forward spokespersons to serve as a liaison between the camp and the larger community. St. Louis' Hooverville, built in 1930, had its own unofficial mayor, churches and social institutions. This Hooverville thrived because it was funded by private donations. It maintained itself as a free-standing community until 1936, when it was razed.

The Soup Kitchens in the Great Depression served free meals to hungry men, women and children. The soup kitchens were run by volunteers from charitable organizations and local communities with food supplies provided by benefactors and people in the neighborhood from their 'Soup Gardens'. Before 1935, as unemployed soared to over 25%,Soup Kitchens sprang up in every major town and city in America as there were few welfare programs to help the unemployed, starving and destitute people.

Thousands of people lined up for food at soup kitchens that were run by charities. After waiting in line for hours, they received bread and a bowl of soup. This was usually the only meal that they would eat all day.

Turning our attention now to a next president of AmericaFranklin Delano Roosevelt, was elected President of the United States in 1932, 1936, 1940 and 1944. He served as the nation's 32nd president from March 4, 1933 to his death in 1945.

By Inauguration Day (March 4, 1933), every U.S. state had ordered all remaining banks to close at the end of the fourth wave of banking panics, and the U.S. Treasury didn't have enough cash to pay all government workers. Nonetheless, FDR (as he was known) projected a calm energy and optimism, famously declaring "the only thing we have to fear is fear itself.

Roosevelt took immediate action to address the country's economic woes, first announcing a four-day "bank holiday" during which all banks would close so that Congress could pass reform legislation and reopen those banks determined to be sound. He also began addressing the public directly over the radio in a series of talks, and these so-called "fireside chats" went a long way towards restoring public confidence. During Roosevelt's first 100 days in office, his administration passed legislation that aimed to stabilize industrial and agricultural production, create jobs and stimulate recovery.

Among the programs and institutions of the New Deal that aided in recovery from the Great Depression were the Tennessee Valley Authority (TVA), which built dams and hydroelectric projects to control flooding and provide electric power to the impoverished Tennessee Valley region, and the Works Progress Administration (WPA), a permanent jobs program that employed 8.5 million people from 1935 to 1943.

When the Great Depression began, the United States was the only industrialized country in the world without some form of unemployment insurance or social security. In 1935, Congress passed the Social Security Act, which for the first time provided Americans with unemployment, disability and pensions for old age.

After showing early signs of recovery beginning in the spring of 1933, the economy continued to improve throughout the next three years, during which real GDP (adjusted for inflation) grew at an average rate of 9 percent per year.

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A sharp recession hit in 1937, caused in part by the Federal Reserve's decision to increase its requirements for money in reserve. Though the economy began improving again in 1938, this second severe contraction reversed many of the gains in production and employment and prolonged the effects of the Great Depression through the end of the decade.

Conclusions

With Roosevelt's decision to support Britain and France in the struggle against Germany and the other Axis Powers, defense manufacturing geared up, producing more and more private sector jobs.The Japanese attack on Pearl Harbor in December 1941 led to America's entry into World War II, and the nation's factories went back in full production mode. This expanding industrial production, as well as widespread conscription beginning in 1942, reduced the unemployment rate to below its pre-Depression level. The Great Depression had ended at last, and the United States turned its attention to the global conflict of World War II.

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