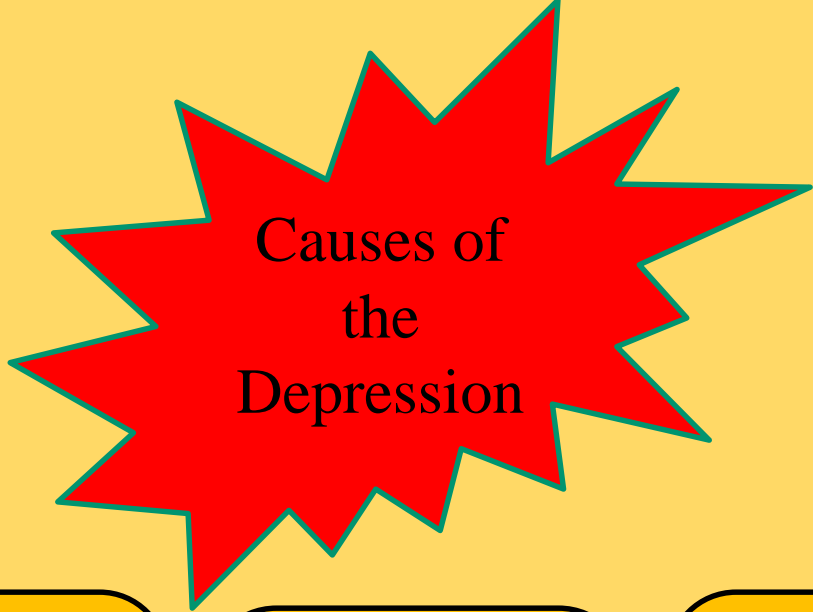


Aim: How should the federal government have responded to the Great Depression?





Causes of  
the  
Depression

Over-  
production  
in Industry  
and  
Agriculture  
& Under-  
consumption

Over-  
speculation  
in the stock  
Market  
- Margin  
buying

Easy Credit

Unequal  
Distribution  
of Wealth

Protectionist  
Trade  
Policies

Businesses produced too much

People didn't have the money  
to buy goods.

# CHARACTERISTICS OF THE DEPRESSION



High Unemployment



Bank runs and Bank Failures



Stock Market Crash and Declining stock prices



Soup Lines



Hoovervilles



Mass Internal Migration - "Okies"



# Impact of The Great Depression

- **Unemployment hit 25%**
- **Business Failures**
- **Thousands of Bank Failures**
- **Stock Market Collapse**
- **Deflation** – overall drop in prices
- **Poverty and Hunger**
  - **Hooverilles** – communities of unheated shacks built of cardboard, tin or crates
    - **Hoover Blankets** – newspapers for people who slept on benches
- **Farm Failures/Foreclosures**
  - **Dust Bowl** – droughts in Texas, Oklahoma, Kansas, Colorado, & New Mexico

# Hoover's Response

Initially – rely on “rugged individualism”

- No Direct aid or relief to individuals
  - Responsibility of charities, local or state gov'ts

Later – support to industry and agriculture

- Reconstruction Finance Corporation (Trickle Down)
- Some public works projects
- Protectionism (Hawley Smoot)

# Election of 1932

## Rugged Individualism

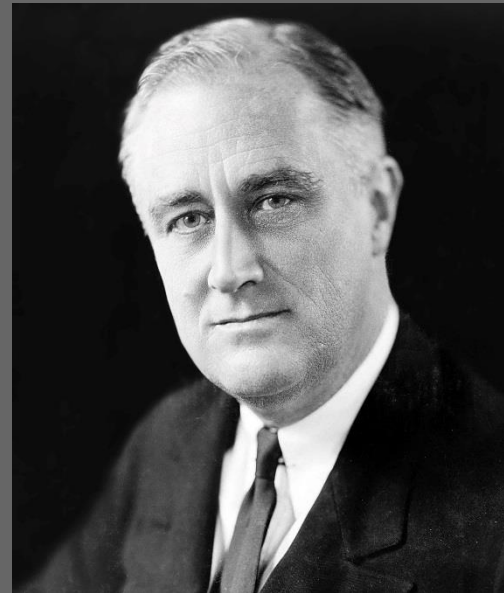
- People and society are better off when people have to do things with out help from the government



1929-1933

## State Safety Net

- State takes care of the people.



1933-1945

# The New Deal





# The New Deal

- **RELIEF** - (painkiller)
  - End suffering –
    - give people jobs
    - direct money
    - mortgage loans
- **RECOVERY** – (cure – antibiotic/surgery)
  - End the depression
    - stimulate economic growth
    - create demand for goods and services
    - increase production
- **REFORM**
  - (change habits – exercise/eat right) – prevent it from happening again

# Reasons for Opposition

- New Deal greatly expanded the power of government over economy.
  - Critics compared it to “socialism or communism”
  - Violated the Constitution
- Expanded the power of the president
  - F.D.R. accused of acting like a “dictator”
- Increased the National Debt
  - Government borrowed \$ to pay for programs (Deficit Spending)