Defined Major Points for Unit 6: Great Depression & New Deal

Unit 6 Calendar (A Days & B Days)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Monday | Tuesday | Wednesday | Thursday | Friday |
| Jan 8  Vocab Grids  Stock Market Basics Demo | Jan 9  Vocab Grids  Stock Market Basics Demo | Jan 10  Vocab Presentations  Stock Market Crash & Causes of Great Depression | Jan 11  Vocab Presentations  Stock Market Crash & Causes of Great Depression | Jan 12  Quiz over Vocab & Causes of GD  Life During GD  Hoover |
| Jan 15  NO SCHOOL | Jan 16  Quiz over Vocab & Causes of GD  Life During GD  Hoover | Jan 17  FDR Web  First New Deal | Jan 18  FDR Web  First New Deal | Jan 19  Present & Review New Deal Programs  Quiz over FDR & First New Deal |
| Jan 22  Second New Deal Notes  Political Cartoon Analysis | Jan 23  Present & Review New Deal Programs  Quiz over FDR & First New Deal | Jan 24  Review  Test over Great Depression & New Deal | Jan 25  Second New Deal Notes  Political Cartoon Analysis | Jan 26  Review  Test over Great Depression & New Deal |

Defined Major Points for Unit 6: Great Depression & New Deal

Vocab Words

* Stock market
* Margin
* Margin call
* Bull market
* Speculation
* Stock market crash
* Depression
* Shantytown
* Foreclosure
* Fireside chat
* Mortgage
* Deficit spending
* Social Security
* Court packing

Stock Market Basics & Crash

* A stock market is a place where people buy and sell shares of ownership (or stock) in a company.
* People will typically purchase shares of stock at a low price, and then sell the shares of stock once the price of the stock increases in order to make money.
* For example, if I purchase one share of stock when the price is $5, and then sell that share once the price goes up to $15, then I will have made $10 profit.
* In the 1920s, the economy appeared to be strong, and a bull market occurred, because the stock market prices kept increasing.
* People borrowed money to purchase stock and engaged in overspeculation, which means they bought lots of shares at one price and then sold quickly when the price went up.
* By 1929, people’s debts were increasing, they couldn’t afford to keep buying stock. The prices of stock fell when this happened.
* On October 29, 1929, the stock market crashed, which meant that stock market prices fell dramatically. People had just lost a lot of money.
* People run to the bank to get their money, but the banks have run out of money, because banks also invested in the stock market. They can’t give people the money that was in their accounts, and eventually many banks close.
* This triggers a recession (the time before a depression), crisis of confidence in the banking system, and eventually a depression, which is a time characterized by high unemployment, low production, and economic troubles.

Causes of the Great Depression

* Stock market crash is a contributing factor
* Uneven distribution of wealth-people don’t make enough money to keep buying stuff because they have bought too much on credit, businesses lose money and lay off workers.
* Other countries are not buying American products, because of their economic instability after WWI AND because American uses protection tariffs, like the Hawley Smoot Tariff. Therefore, American businesses are not making money from export sales
* The Federal Reserve make mistakes. They never raised interest rates to stop overspeculation, and then after the crash, they raised interest rates, which was bad, because then companies couldn’t afford to borrow money to jumpstart their businesses.

Life During the Great Depression

* After losing their jobs and their life savings, many people (and farmers) foreclose on their mortgages and lose their homes. Shantytowns develop.
* Families cannot afford to buy food for their family. Bread lines and soup kitchens open to give food to the homeless.
* Hobos move west to find job opportunities.
* The Dust Bowl occurs in the Great Plains due to drought (short-term cause) and overuse of the land (long-term cause), so farmers suffer from hard times. Many move west for new opportunities.

Hoover in the Great Depression

* Hoover believes in laissez-faire, which means that the government shouldn’t mess with the economy. This angers people who have lost everything in the stock market crash.
* Doesn’t believe the federal government should give money to people directly
* Does establish the Resconstruction Finance Corporation to give loans to companies, but it is too little too late
* Presidency tarnished by the Bonus Army fiasco (veterans demand a bonus for their service in WWI, Hoover denies them the money, they march on Washington, and the military attacks the veteran who are protesting, and a baby is killed from tear gas)

Franklin D. Roosevelt & the First New Deal

* Democrat Franklin Roosevelt becomes president in 1932; has polio
* Uses position to help people in economic distress
* Delivers weekly fireside chat messages on the radio to restore the public’s confidence
* Uses first Hundred Days as president to establish First New Deal programs to help businesses recover, prevent causes of stock market crash and depression, and give people relief
  + Emergency Banking Relief Act: Declares bank holidays and lets good banks stay open, so people will feel comfortable putting their money in a bank
  + Securities Act: law to regulate and prevent fraud in the stock market (still have this today)
  + Glass Steagall Act: law to insure bank deposits (Federal Depositor’s Insurance Corporation) , so that if a bank crashes, people don’t lose their money (still have this today)
  + Agricultural Adjustment Administration: law to pay farmers not to grow crops, which will help with the overproduction issue (declared unconstitutional by Supreme Court in case *United States v. Butler*)
  + Civilian Conservation Corps: praised law to pay young men to build reservoirs, fight forest fires, and plant trees
  + National Industrial Recovery Act: law to set anti-trust laws, set prices, and establish minimum wage (declared unconstitutional by Supreme Court in case *Schechter v. United States*)
  + Tennessee Valley Authority: program set up to provide hydroelectric power to the South (still have this today)
  + Federal Emergency Relief Act: program to give direct relief to state and local governments to help unemployed
  + Public Works Administration & Civil Works Administration: provide jobs to companies and men to build parks, schools, airports, roads, etc.
* First New Deal does not fix the economy, but it does provide people with a sense of confidence about their future

Second New Deal

* FDR faces opposition from conservatives who believe FDR has spent too much money and from liberals (such as Huey Long, Father Coughlin, and Dr. Townsend) who believe he has not done enough to help people
* Launches Second New Deal to ensure re-election
  + Works Progress Administration: program to give people jobs by creating artwork, documenting history, writing stories, etc.
  + National Industrial Recovery Act/Wagner Act: laws to ensure worker protection, allows labor unions, binding arbitration practices to protect workers from their bosses
  + Social Security Act: provide pension to the elderly and the disabled (still have today)
* Supreme Court declared 2 programs to be unconstitutional and is considering declaring NIRA to be unconstitutional
  + FDR angry
  + Comes up with court packing plan to appoint Pro-New Deal people to the Supreme Court
  + Violation of separation of powers, executive branch is trying to exert too much influence on the judicial branch
  + Falls through when Supreme Court allows NIRA to remain

Legacy of the New Deal

* FDR’s wife Eleanor did many things to improve the lives of women, children, the poor, minorities
* The Democrat party is slowly becoming less of a white Southerner political party and more of a party in support of women, minorities, and government involvement in the economy
* Limited success in ending the Depression—World War II does that
* Unemployment still high and economy does not recover until after WWII
* Americans have a stronger sense of security and stability
* People begin to look to government to protect our interests
* Increased power of the federal government
* Government has a duty to create a safety net for Americans even though it is expensive
* Debate over how much government involvement in the economy should happen