

The Depression and the New Deal

Lesson 1 The Great Depression

ESSENTIAL QUESTION

Why do people make economic choices?

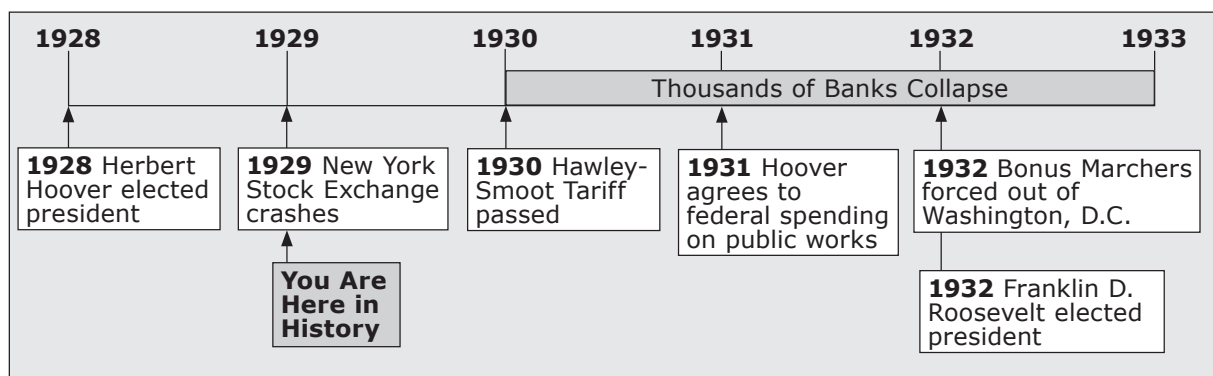
GUIDING QUESTIONS

1. *Why did the stock market crash?*
2. *How did the Great Depression bring hardship?*
3. *How did Hoover start to involve the government in the economic crisis?*

Terms to Know

invest spend money on something in the hopes of making more money in the future
stock exchange system in which shares, or part-ownership, of businesses are bought and sold
default fail to pay money that is owed
relief aid for the needy
public works projects such as highways, parks, and libraries built with public funds for public use

When did it happen?



What do you know?

In the first column, answer the questions based on what you know before you study. After this lesson, complete the last column.

Now...		Later...
	Why did people buy stock during the 1920s?	
	Why did some banks fail during the Great Depression?	
	What did President Hoover believe about how the economy should work?	

The Depression and the New Deal

Lesson 1 The Great Depression, *Continued*

The Stock Market Mania

In the 1920s the economy in the United States was strong. Many people had jobs. Leaders said everyone would prosper, or grow rich.

People thought one way to make a lot of money was to buy shares of stock. The **stock exchange** is a system of buying and selling shares of stock. Shares of stock are small parts of corporations. Buyers were **investing**. People bought stock at one price, for example, \$1. They expected the price to go up. Then they would sell the shares and get more back than they spent. Some people got rich this way.

Throughout the 1920s, prices for shares of stock went up and up. People also bought shares "on margin." That is, they borrowed money to buy stock.

In September 1929, some investors began to worry that stock prices would soon fall. They began to sell their stocks. The price of a share of stock began to drop.

Those who lent money to stock buyers began to worry that they might not get their money back. They asked people to pay back the money they had borrowed when they bought shares of stock "on margin."

The only way people could get that money quickly was to sell some of their stocks. People sold more and more. As they did so, the value of stocks went down. On October 24, 1929, 13 million shares were sold. The New York Stock Exchange closed for a few days. This stopped people from selling for those few days. The stock market had "crashed."

The Great Depression Begins

In the next two years, the nation went into a deep economic crisis. Companies made less. People bought less. They lost their jobs. The Great Depression had begun.

The stock market crash was not the only cause of the Great Depression. Some experts had noticed problems in the economy all through the 1920s. Wealth was not evenly divided among Americans.

Some Americans made a lot of money, but most did not. As a result, many people borrowed money from banks for things that they needed. They borrowed money to buy land, farm equipment, cars, or homes.

After the stock market crash, many people **defaulted** on their loans. They could not pay back money they had borrowed from the bank. When people defaulted, some



Explaining

1. Why did people invest their money in stocks?



Mark the Text

2. Draw a box around a date people will remember. Why is this date remembered?



Reading Check

3. What does buying stock "on margin" mean?



Understanding Cause and Effect

4. What happened when people defaulted on loans?

The Depression and the New Deal

Lesson 1 The Great Depression, *Continued*



Reading Check

5. Why did the Hawley-Smoot Tariff make the Depression worse?



Mark the Text

6. Underline the sentence that tells what some people did for food and where they lived.



Listing

7. Name two examples of public works.

banks went out of business. Thousands of banks closed between 1930 and 1933. Millions of people lost money.

In 1930, Congress placed a tariff, or tax, on imported goods. It was called the Hawley-Smoot Tariff. It made imported goods cost more. People bought fewer imported goods. Foreign countries raised their tariffs, or taxes, on American goods. They bought fewer American goods.

Farmers and manufacturers already had trouble selling their products. Some factories produced too much but sold very little. They did not need to make more products. The factories cut wages and laid off workers. Both foreign and American businesses were hurt.

By 1932, one-fourth of all American workers had no jobs. Those who had jobs worked fewer hours for less pay. People who had no jobs felt worthless. Some tried to shine shoes or sell apples to raise money.

People did not have enough food. Cities often had soup kitchens. People waited in line for bread, coffee, or a bowl of soup. People lost their homes. They sometimes built shacks. Villages of shacks were built. People called these villages "Hoovervilles." They were named for the president, Herbert Hoover. People all over the country wondered why the president was not doing enough to help.

Hoover Reacts to the Depression

President Hoover did not believe the government should be involved in the economy. He thought the economy would recover on its own. He asked business leaders not to cut production or wages. He also asked charities to help the needy. The number of people who needed help went up. The need for **relief** was far too great for the charities to handle.

Hoover's ideas included:

- Get business leaders and charities to help.
- Start a public works program.
- Set up the Reconstruction Finance Corporation

In 1931, Hoover finally knew things had gotten too bad. The government had to do something. He agreed to spend money on **public works** projects. These projects involved building public spaces such as highways, parks, and

The Depression and the New Deal**Lesson 1** The Great Depression, *Continued*

libraries. It seemed like a good idea, but state and local governments did not have money for these projects.

Hoover also asked Congress to create the Reconstruction Finance Corporation, or RFC. The RFC was unsuccessful. It would not loan money if there was too much risk involved.

The story of the Bonus Marchers turned many Americans against Hoover for good. Congress had promised veterans of World War I that they would get extra money in 1945. By 1932, thousands of veterans wanted to ask for the money sooner.

They called themselves the Bonus Army. They traveled to Washington, D.C., and camped near the city. They marched into Washington and demanded the bonus payment. Congress said no. Some veterans left, but about 2,000 stayed. President Hoover called in the Army to remove the veterans and their families. Many Americans were upset that the government had treated veterans so badly. They decided it was time to change the government.

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Check for Understanding

What was the difference between the 1920s and the 1930s?

What are two things Americans did to get money, food, and places to live in the 1930s?

**Reading Check**

8. How did Americans feel about the way Hoover treated the Bonus Army?



9. Place a two-tab Foldable along the dotted line to cover Check for Understanding. Write *Compare and Contrast Decades* on the anchor tab. Label the left tab *1920s America* and the right tab *1930s America*. On the front and back of the tabs, list words and phrases about each decade. Use your notes to complete the Check for Understanding.

The Depression and the New Deal

Lesson 2 The New Deal

ESSENTIAL QUESTION

How do governments change?

GUIDING QUESTIONS

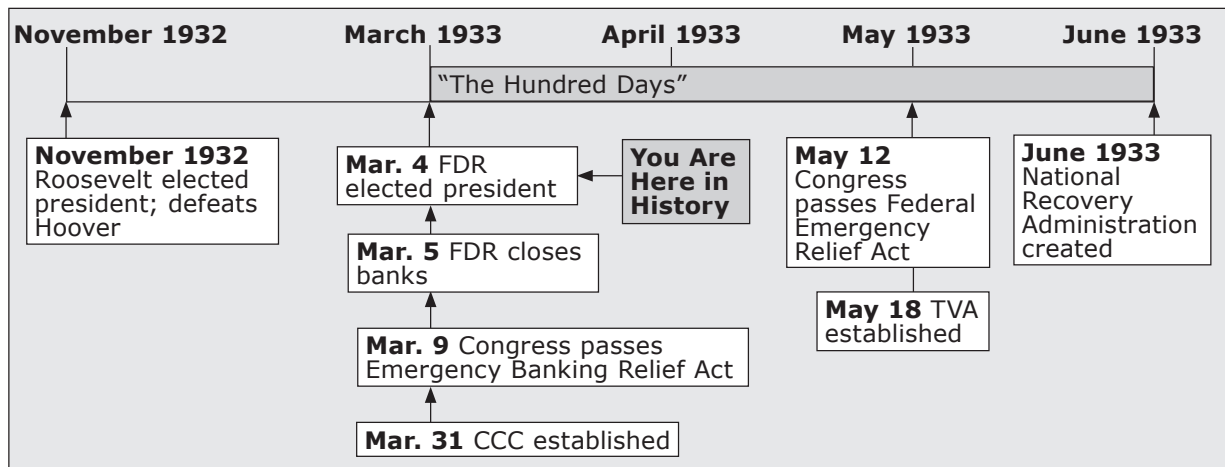
1. *What did Roosevelt do to improve the American economy?*
2. *How did the New Deal affect areas of American life?*

Terms to Know

subsidy government money paid to a person or company to do work that will benefit the public

work relief programs that give needy people jobs

When did it happen?



What do you know?

In the first column, answer the questions based on what you know before you study. After this lesson, complete the last column.

Now...		Later...
	What was Roosevelt's political position?	
	How did polio affect President Roosevelt?	
	How did Roosevelt use work relief?	

The Depression and the New Deal

Lesson 2 The New Deal, *Continued*

Roosevelt in the White House

In 1932 the economy of the United States was falling apart. President Hoover was running for reelection. He knew that not many people would vote for him, though.

The Democrats thought they would win the election. They asked Franklin Delano Roosevelt (FDR) to run for president. FDR was President Theodore Roosevelt's cousin.

Timeline of FDR's Early Life

- **1910**—Was elected to New York State Senate
- **1913**—Was appointed Assistant Secretary of the Navy
- **1920**—Ran for vice president (did not win)
- **1921**—Polio left him paralyzed in both legs.
- **1928**—Was elected Governor of New York State

Polio seemed to make FDR a stronger person. He said later, "Once I spent two years lying in bed trying to move my big toe. After that, anything else seems easy." FDR wore leg braces and used a wheelchair.

Roosevelt was known as a reformer. He relied on a group of people to advise him. They were known as the "Brain Trust." During FDR's presidential campaign they helped him come up with ideas about how to help the economy. Voters liked Roosevelt's confidence. He won the election by so many votes that it was called a "landslide."

There were four months from election day until Inauguration Day. The economy got worse and worse, but Roosevelt was not yet in office. The day he took office he made a speech to the American people. He said, "The only thing we have to fear is fear itself."

One big problem was the nation's banks. Many had gone out of business. Many people had lost their savings. When Roosevelt took office, he immediately closed all the banks for four days. This gave Congress time to pass the Emergency Banking Relief Act.

The president spoke on the radio to tell Americans about his plan to find out which banks had enough money to reopen. People began to trust him. As a result, the plan worked. Roosevelt continued to make these radio broadcasts. They were called his "fireside chats."

Roosevelt had many good ideas for helping the country. During his first hundred days in office, Congress passed many new laws based on his ideas. People felt hopeful again.

Critical Thinking

1. Why did people like FDR?

2. Why would it be important to the economy for people to have confidence in banks?

Reading Check

3. Why did Roosevelt broadcast his "fireside chats"?

The Depression and the New Deal

Lesson 2 The New Deal, *Continued*

FOLDABLES®



Identifying

4. Place a two-tab Foldable under the heading *The New Deal Takes Shape*. Write *New Deal* on the anchor tab. Label the left tab *Subsidies* and the right tab *Work Relief*. Use both sides of the tabs to explain how each program helped individuals and the economy.



Mark the Text

5. Underline the purpose of work relief. Circle two public works programs.



Reading Check

6. What did the TVA accomplish?

The New Deal Takes Shape

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In the first 100 days Roosevelt was in office, he worked with Congress to start new programs and pass new laws. These programs and laws were called the "New Deal." The laws affected many parts of life. They had to do with banking, the stock market, industry, farming, public works, helping poor people, and conservation.

FDR knew that people wanted to work. He created programs to provide **work relief**. These programs put jobless people to work.

One such program was the Civilian Conservation Corps, or CCC. CCC laborers worked on projects that helped the public. They planted trees, improved national parks, and did other things to help the environment.

Roosevelt also asked Congress to pass the Federal Emergency Relief Act, or FERA. FERA gave federal money to the states. The states used the money to help the poor and needy.

One program, called the Agricultural Adjustment Act (AAA) helped farmers. This act gave payments called **subsidies** to farmers. Farmers needed money because they could not sell their products at a fair price. Subsidies gave them enough money to continue farming.

The AAA paid farmers not to use some of their land. It paid farmers to destroy some of their crops. People were shocked, but supporters of the New Deal claimed this was the only way to keep prices high enough for farmers to earn money.

One large public works program was the TVA—the Tennessee Valley Authority. This project helped many people. It gave people jobs. Workers built dams that controlled flooding. They also produced electricity. Thousands of people got electricity for the first time.

Effects of the Tennessee Valley Authority

1. Improved the region's economy
2. Produced electricity
3. Controlled flooding

The Depression and the New Deal**Lesson 2** The New Deal, *Continued*

Some people argued against the TVA. They did not understand why one region should get so much help. In the end, most people agreed that the TVA was a good idea.

Another important New Deal law was the National Industrial Recovery Act (NIRA). The NIRA created the National Recovery Administration (NRA). The NRA worked with businesses to set up codes regulating prices, wages, and other business practices. It pushed businesses to pay workers a minimum wage.

The New Deal included several other programs to help the economy.

One was the Public Works Administration (PWA). PWA workers built roads, hospitals, and schools. The Federal Deposit Insurance Corporation (FDIC) and the Securities and Exchange Commission (SEC) helped the nation's financial system. The FDIC insured people's bank accounts in case their bank went out of business. This helped people have more trust in banks. The SEC had the power to regulate the stock market. It could also punish dishonest sellers of stocks and bonds.

Roosevelt was able to do a lot in a short time. The Depression continued, however, and recovery was slow. Still, many people were confident that better times were on the way.

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Check for Understanding

How did the New Deal and the Hundred Days help the country?

Which New Deal agency helped put people back to work? How?

**Classifying**

7. Match the word from the list that best fits each of the New Deal programs below.
- a. *stock market*
 - b. *banks*
 - c. *wages and prices*
 - d. *public works*

NRA _____

PWA _____

FDIC _____

SEC _____



8. Use a two-tab Foldable and cut the tabs in half to make four tabs. Place it along the dotted line to cover Check for Understanding. Write the title *Explain* on the anchor tab. Label the four tabs *TVA*, *NRA*, *PWA*, and *FDIC and SEC*. Use both sides of the tabs to record what you remember about each. Use your Foldable to help answer Check for Understanding.

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Lesson 3 Living Through the Depression

ESSENTIAL QUESTION

Why do people make economic choices?

GUIDING QUESTIONS

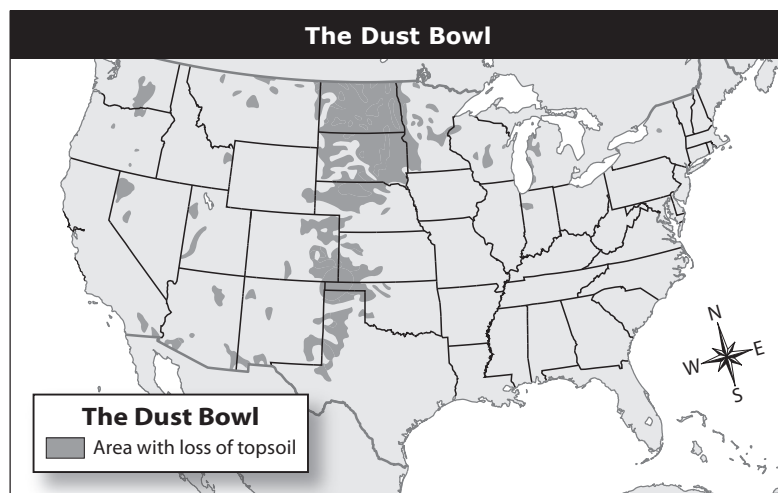
1. *Why was the Depression difficult for Americans?*
2. *How did minority groups adapt to hard times?*
3. *How did the 1930s become a golden age in entertainment and the arts?*

Terms to Know

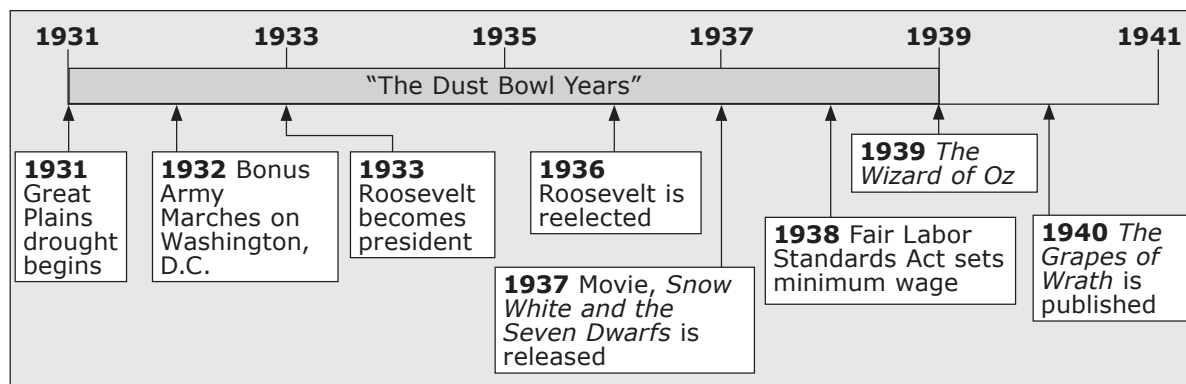
migrant worker a person who moves from place to place to find work

fascism a political philosophy that stresses the glory of the state over individual needs and that favors dictatorship

Where in the world?



When did it happen?



The Depression and the New Deal

Lesson 3 Living Through the Depression, *Continued*

Hard Times in America

The Depression was a very bad time for millions of Americans. People were without jobs. They could not afford medical care. Many lost their homes. Families broke apart.

Women took jobs outside the home. They usually were paid less than men. Women worked harder at home, too. To save money, they made their own clothes and baked their own bread. They canned vegetables. Some women started businesses at home.

Women began to work in government. FDR appointed more than 100 women to federal jobs. He named Frances Perkins as secretary of labor. Perkins was the first woman ever to work as part of a president's cabinet. FDR appointed Ellen Sullivan Woodward to a federal position. She started a program to provide jobs for women.

It was hard for the president to travel, because he could not walk. His wife, Eleanor, could travel more easily. She went all around the country. People told her about their problems and fears in the Depression. She reported back to her husband. She spoke out for women and families who were in need.

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In the 1930s, an environmental disaster struck the United States. The disaster was caused both by people and nature. Farmers on the Great Plains had plowed more and more land to plant more and more crops.

So much plowing removed the sod, or grass, that covered the Great Plains. People didn't realize that the sod held the soil in place.

In 1931 there was a drought. Crops died and the ground dried out. Windstorms blew the dried soil into huge dust clouds. The clouds were so big and full of dust that they blocked out the sun. Dust piled up in drifts and buried roads and cars. This area became known as the Dust Bowl.

The soil that was left was not very good. It could not grow good crops. People called the ruined area the Dust Bowl. Many farmers could not keep up payments on their farms. Many left the Dust Bowl to find work in new places.

About 400,000 people went to California. They went to pick fruits and vegetables. They became **migrant workers**. That means they migrated, or moved, from place to place to find work. Because many of them came from Oklahoma, they were known as "Okies."



Identifying

1. List two ways that Eleanor Roosevelt helped the nation during the Depression.



Reading Check

2. What was the "Dust Bowl"?



Defining

3. What are migrant workers?



Paraphrasing

4. Place a one-tab Foldable along the dotted line above the words, "In the 1930s..." Write *Summarize the effects of the Dust Bowl* on the anchor tab. In your own words, write about the consequences of the Dust Bowl. Use both sides of the Foldable.

The Depression and the New Deal

Lesson 3 Living Through the Depression, *Continued*



Summarizing

5. How did FDR and Eleanor Roosevelt show support for African Americans?



Listing

6. List four changes that helped Native Americans during the Depression.

Minorities in the Depression

Minority groups had a very hard time during the Depression. Many members of minority groups had no jobs at all. Those who had jobs were not paid well. Many were not treated fairly in other ways.

About half of the African Americans who lived in the South had no jobs. Many who had jobs were fired so white workers could take their jobs. About 400,000 went north. The National Association for the Advancement of Colored People (NAACP) fought discrimination. Thanks to the NAACP, more than 500,000 African Americans joined labor unions. President Roosevelt appointed several African Americans to federal jobs. He had a group of African American advisers. They were called the "Black Cabinet."

FDR's Advisers in the "Black Cabinet"

Robert Weaver	college professor
Ralph Bunche	became civil rights leader
Mary McLeod Bethune	founded Bethune-Cookman College in Florida

Eleanor Roosevelt also helped African Americans. In 1939, singer Marian Anderson was told she could not sing at a private hall. The First Lady arranged for Anderson to sing at the Lincoln Memorial instead.

Native Americans received some help during the Depression. John Collier was the head of the Bureau of Indian Affairs. He made some changes called the "Indian New Deal." These changes included:

- Reservation land could not be sold
- CCC hired about 77,000 Native Americans
- The Public Works Administration (PWA) gave money to build new schools on reservations
- Congress passed the Indian Reorganization Act of 1934. This paid for more land to make some reservations larger. It restored tribal governments.

About 2 million Latinos lived in the United States in the 1930s. Many had come from Mexico and lived in California. Some were farmers. Some were factory workers. Some were migrant workers.

The Depression and the New Deal

Lesson 3 Living Through the Depression, *Continued*

During the Depression, many Mexican American workers lost their jobs. Many Mexican Americans were sent to Mexico, even if they did not want to go. Those who stayed in the United States often faced discrimination.

The hard times caused some people to think in new ways. Some Americans joined political groups that wanted to make big changes. These radical ideas included communism and socialism.

Fascism was another radical idea. It put the glory of the nation above the needs of its people. Fascists also favored dictatorship. Fascists blamed Jews, Communists, and liberals for the troubles of the Depression. Few Americans were attracted to this type of thinking.

Depression-Era Entertainment

The 1930s was a golden age for entertainment and the arts. There were two main types of entertainment. There was the kind that helped people laugh and forget their troubles. Then there was the kind that showed the injustice and suffering of the Depression years.

Radio shows were very popular. There was drama, adventure, and comedy. Millions of people went to the movies. Movies were a way to escape from worry.

Painters, photographers, and writers used art to show how hard life was. The subject of their art was everyday people in everyday situations.

Check for Understanding

Name two reasons the Depression was hard on minority groups.

How did the Depression change the lives of women in America?



Listing

7. Name three radical political ideas.



Reading Check

8. Why were movies and radio so popular during the Depression?



9. Use a two-tab Foldable and cut the tabs in half to make four tabs. Place it along the dotted line to cover Check for Understanding. Write *Hard Times in America* on the anchor tab. Label the tabs *Women*, *African Americans*, *Native Americans*, and *Latino Americans*. On the tabs, write about each group's challenges. Use your Foldable to help answer Check for Understanding.

The Depression and the New Deal

Lesson 4 Effects of the New Deal

ESSENTIAL QUESTION

How do new ideas change the way people live?

GUIDING QUESTIONS

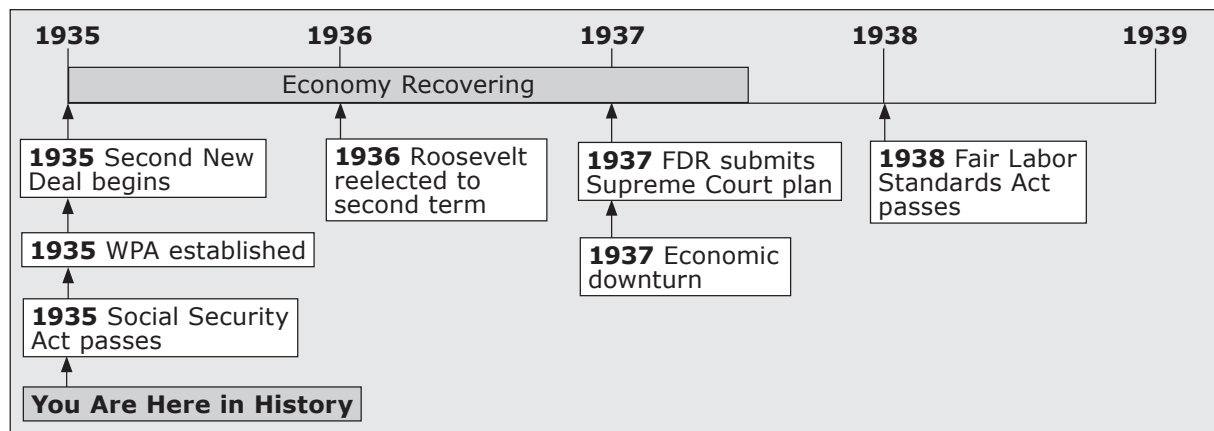
1. *Why did Roosevelt's New Deal programs face growing opposition?*
2. *What did the Second New Deal introduce to America?*
3. *Why was the Second New Deal challenged by the Supreme Court?*

Terms to Know

pension a sum paid regularly to a person, usually after retirement

unemployment insurance payments by the government for a limited period of time to people who have lost their jobs

When did it happen?



What do you know?

In the first column, answer the questions based on what you know before you study. After this lesson, complete the last column.

Now...		Later...
	Why did some people object to Roosevelt's New Deal?	
	What was the purpose of the Second New Deal?	
	Why did Roosevelt try to "pack" the Supreme Court?	

The Depression and the New Deal

Lesson 4 Effects of the New Deal, *Continued*

The New Deal Draws Fire

The New Deal had many critics. Business leaders felt FDR was spending too much money. Some people felt that government had too much power, which they thought was a threat to people's freedoms. However, other critics felt that Roosevelt's New Deal did not go far enough.

Important New Deal Critics

- **Father Charles Coughlin** was a priest from Detroit, Michigan. He wanted rich people to pay higher taxes. He wanted government to take over all banks. Coughlin had a radio program, during which he stated his ideas. His extreme views about minorities and other groups caused him to lose support.
- **Francis Townsend** wanted retired people to get a **pension**. A pension is a monthly payment. Congress did not support the idea, but Townsend made Americans think of older, poor people.
- Senator **Huey Long** of Louisiana was the biggest threat to FDR. He had been governor of Louisiana. His plan was called, "Share the Wealth." He wanted rich people to pay high taxes.

As a senator, Long had a lot of influence. Many people liked his ideas and he planned to run for president. Of course, people who would have to pay for this plan did not like it. Long was popular with many voters, but was killed by an assassin in 1935.

Roosevelt's Second New Deal

The economy was improving by 1935, but recovery was slow. To help speed it up, Roosevelt proposed several reforms that are known as the Second New Deal. It changed American life even more than the laws that were passed in his first Hundred Days.

One of every five workers still did not have a job in 1935. From 1935-1941, the Works Progress Administration (WPA) put 2 million people to work. Under the WPA, people built airports, public buildings, bridges, and roads. The WPA hired artists, writers, and musicians. Some WPA workers created paintings on the walls of buildings. Authors wrote books. Some books were about American folktales and songs. They preserved African American stories and Native American traditions.



Explaining

1. Why did many people oppose the New Deal?



Critical Thinking

2. Why was Father Coughlin able to influence so many people?



Reading Check

3. What group was Townsend's pension plan designed to help?

The Depression and the New Deal

Lesson 4 Effects of the New Deal, *Continued*

Identifying

4. Who might have objected to the Revenue Act?

Assessing

5. Why was the Social Security Act such an important piece of legislation?

Evaluating

6. Do you think President Hoover would have supported the Social Security Act? Why or why not?

Contrasting

7. How does a sit-down strike differ from other strikes?

Important Programs of the Second New Deal

- **The Revenue Act** (1935) raised taxes on wealthy people and corporations.
- The **Works Progress Administration** (1935) provided government jobs to the unemployed.
- The **Social Security Act** (1935) provided government pensions for retired workers and payments to persons who were unemployed.
- The **National Labor Relations Act** (1935) gave workers the right to join labor unions.
- The **Fair Labor Standards Act** (1938) banned child labor and established a minimum hourly wage.

The Social Security Act created pensions. Tax money paid for the pensions. Both workers and employers paid the tax. The act also had employers pay tax that would go to **unemployment insurance**. Unemployment insurance made payments to people who had lost their jobs.

Social Security also helped people with disabilities. It helped the elderly poor and children whose parents could not support them, too. With this law the federal government took responsibility for the welfare of all citizens.

The National Labor Relations Act (NLRA) is also known as the Wagner Act. Its passage allowed labor unions to grow stronger. In 1936, autoworkers used a new technique, called a "sit-down strike," against General Motors in Flint, Michigan. Instead of going out on strike, they remained inside the plant and refused to leave. This kept the company from hiring workers to replace them. After 44 days, the company gave in to their main demand—the right to have the United Auto Workers union represent them.

The United Auto Workers was an industrial union. This means that all workers in the industry belonged to the same union, whatever their job. It was part of a new labor organization formed around that time called the Congress of Industrial Organizations (CIO).

Unlike the American Federation of Labor (AFL), which organized workers by their craft or skill, the CIO organized workers by industry. CIO members were both skilled and unskilled. Many women and African Americans joined the CIO. By 1938, the CIO represented 4 million workers.

The Depression and the New Deal**Lesson 4** Effects of the New Deal, *Continued***Roosevelt and the Supreme Court**

Starting in 1935, the Supreme Court began to declare parts of the New Deal unconstitutional. Roosevelt felt that the 1936 election for president would show if Americans were behind his New Deal. Roosevelt won. He had 61 percent of the vote.

After his reelection, Roosevelt tried to stop the Supreme Court's attack on the New Deal. He asked Congress to increase the number of justices on the Court from nine to fifteen. He hoped to add justices who supported his New Deal programs.

Many people accused the president of trying to "pack" the Court. Roosevelt's idea might have upset the system of checks and balances. Checks and balances between branches of government make sure no one branch is more powerful than the others.

The Court ruled in favor of the Wagner Act and the Social Security Act. Then the Court "packing" issue died. The Supreme Court stayed at nine members, but Roosevelt lost some of his support.

The economy improved for a few years. Then in 1937 it started to get worse again. Critics called this the Roosevelt recession. President Roosevelt tried to fix the problem by spending more on public works.

Even with all the New Deal programs, the economy did not fully recover from the Great Depression. The 1930s came to an end. However, something new began to catch the attention of concerned Americans. Dangerous things were going on in Asia and Europe.

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Check for Understanding

Tell how the first New Deal and the Second New Deal were similar.

Tell how the first New Deal and the Second New Deal were different.

**Reading Check**

8. Why was FDR's Supreme Court Plan criticized?



9. Use a two-tab Foldable and cut the tabs in half to make four tabs. Place it along the dotted line to cover Check for Understanding. Write *Second New Deal* on the anchor tab. Label the tabs *Revenue Act*, *WPA*, *Security Act of 1935*, and *Labor Laws*. On the front and back of the tabs, record what you remember about each. Use your Foldable to help complete Check for Understanding.