**The Great Depression and the New Deal**



I want to tell you about an experience we had in Philadelphia when our private funds were exhausted and before public funds become available....

One woman said she borrowed 50 cents from a friend and bought stale bread for 3 and a half cents per loaf, and that is all they had for eleven days except for one or two meals....One woman went along the docks and picked up vegetables that fell from the wagons. Sometimes the fish vendors gave her fish at the end of the day. On two different occasions this family was without food for a day and a half....Another family did not have food for two days. Then the husband went out and gathered dandelions and the family lived on them.
**Herbert Hoover, 1932**

We have two problems: first, to meet the immediate distress; second, to build up on a basis of permanent employment. As to "immediate relief," the first principle is that this nation...owes a positive duty that no citizen shall be permitted to starve....In addition to providing emergency relief, the Federal Government should and must provide temporary work wherever that is possible. You and I know that in the national forests, on flood prevention, and on the development of waterway projects....tens of thousands, and even hundreds of thousands of our unemployed citizens can be given at least temporary employment....Finally...we call for a coordinated system of employment exchanges, the advance planning of public works, and unemployment reserves.
**Franklin D. Roosevelt, 1932**

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| **Wage Levels and the Price of a Ford Model T**  |
|  | Average Earnings  | Price of a Model T  |
| 1912 | $ 592 | $600 |
| 1914 | $627 | $490 |
| 1916 | $708 | $360 |
| 1924 | $1,303 | $290 |

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| **Stock Prices**  |
|  | Sep. 3, 1929  | Nov. 13, 1929  | 1932 Low  |
| American Telephone  | 304 | 197 1/4 | 70 1/4 |
| General Electric  | 396 1/4 | 168 1/2 | 34 |
| General Motors  | 72 3/4 | 36 | 7 5/8 |
| New York Central  | 256 3/8 | 160 | 8 3/4 |
| Radio  | 101 | 26 | 2 1/2 |
| U.S. Steel  | 261 | 150 | 21 1/4 |

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| **Shifts in Investment**  |
|  | Savings Deposits  | Stocks |
| 1921  | -$1 billion  | -$1 billion  |
| 1922  | +$4 billion  | $0  |
| 1923  | -$1 billion  | $0  |
| 1924  | +$1 billion  | $0  |
| 1925  | $0  | +$1 billion  |
| 1926  | -$2 billion  | $0  |
| 1927  | +$3 billion  | $0  |
| 1928  | -$4 billion  | +$1 billion  |
| 1929  | $0  | +$2 billion  |

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| **Borrowing to Purchase Stocks as a Percentage of Total Consumer Debt**  | **Loans by Stock Brokers**  |
| 1900 | 1 percent | 1927 | $3.5 billion |
| 1910 | 2 percent  | 1929 | $7 billion |
| 1920 | 3 percent |  |  |
| 1929 | 5 percent |  |  |
| 1933 | 2 percent |  |  |

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| **Business Investment**  |
| 1920  | $18 billion  |
| 1921  | $ 9 billion  |
| 1922  | $10 billion  |
| 1923  | $15 billion  |
| 1924  | $14 billion  |
| 1925  | $15 billion  |
| 1926  | $16 billion  |
| 1927  | $15 billion  |
| 1928  | $15 billion  |
| 1929  | $16 billion  |

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| **Family Income, 1929**  |
| over $10,000  | 2.3 percent  |
| $5,000-10,000  | 8 percent  |
| 2,500-$5,000  | 19 percent  |
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| $2,000-2,500  | 11 percent  |
| $1,500-2,000  | 18 percent  |
| $1,000-1,500  | 21 percent  |
| under $1,000  | 21 percent  |
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| **New Deal Legislation**  |
| 1932  | Reconstruction Finance Corporation  | Granted emergency loans to banks, life insurance companies, and railroads  |
| 1933  | Civilian Conservation Corps (CCC) | Employed young in reforestation, road construction, and flood control projects  |
| Agricultural Adjustment Act  | Direct payments to farmers to reduce production  |
| Tennessee Valley Authority (TVA) | Creates independent public corporation to construct dams and power projects  |
| National Industrial Recovery Act  | Establishes fair-competition codes; section 7a guarantees labor's right to organizePublic Works Administration Public works  |
| 1934  | Federal Housing Administration (FHA)  | Insured home loans  |
| 1935  | Works Progress Administration (WPA) | Employed 8 million on public works projects  |
| Social Security Act  | Established unemployment compensation and old age insurance  |
| National Labor Relations Act  | Creates National Labor Relations Board to prevent unfair labor practices  |
| 1937  | National Housing Act  | Authorizes low rent public housing projects  |
| 1938  | Fair Labor Standards Act  | Established minimum wage of 40 cents an hour and a 40 hour workweek  |
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**The Great Depression Worksheet** Name;\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1. Drawing upon these various statistics, your reading, and America the Story of US, construct an explanation of the causes of the Depression.**

**2. Describe the human toll of the Great Depression.**

**3. What solutions did Franklin Roosevelt offer to the Depression?**

**4. How effective were New Deal economic policies in solving the problems of the Depression?**

**5. Do you see any connection between the Great Depression and the global economic crisis we have been in since 2008? Is it a good idea to look at the Great Depression as a model for how to save ourselves from this crisis? Why or why not?**