CHAPTER TWENTY-FOUR: THE GREAT DEPRESSION AND THE NEW DEAL, 1929–1940

HARD TIMES
The Bull Market
The Crash
Underlying Weaknesses
Mass Unemployment
Hoover’s Failure
Protest and the Election of 1932

FDR AND THE FIRST NEW DEAL
FDR the Man
Restoring Confidence
The Hundred Days

LEFT TURN AND THE SECOND NEW DEAL
Roosevelt’s Critics
The Second Hundred Days
Labor’s Upsurge: Rise of the CIO
The New Deal Coalition at High Tide

THE NEW DEAL AND THE WEST
The Dust Bowl
Water Policy
A New Deal for Indians

DEPRESSION-ERA CULTURE
A New Deal for the Arts
The Documentary Impulse
Waiting for Lefty
Hollywood in the 1930s
The Golden Age of Radio
The Swing Era

THE LIMITS OF REFORM
Court Packing
The Women’s Network
A New Deal for Minorities?
The Roosevelt Recession

CONCLUSION

KEY TOPICS
*Causes and consequences of the Great Depression
*The politics of hard times
*Franklin D. Roosevelt and the two New Deals
*The expanding federal sphere in the West
*American cultural life during the 1930s
*Legacies and limits of New Deal reform

AMERICAN COMMUNITIES: SIT-DOWN STRIKE AT FLINT In 1937, the community
of Flint Michigan went on strike at the General Motors plant. The depression hit this auto-producing town very hard. The United Auto Workers (UAW) attempted to take advantage of the Wagner Act and organize a union, but GM resisted them. Strikers seized two GM plants and refused to leave. Strikers and the outside community were well organized. Supported by the governor, they resisted efforts to eject them. The community rallied to support the strikers. GM gave in and recognized the UAW, a move that the other auto makers soon followed. The vignette illustrates the way the depression forced ordinary people to come together for mutual support.

**HARD TIMES** During the 1920s stock prices rose rapidly. Investors were lured by easy-credit policies like buying on margin. The market peaked in early September 1929, drifted down until late October, and crashed on October 29. By mid-November, the market had lost half of its value. Buyers on margin faced paying hard cash to cover the loans they received for purchasing stock that sold well below what they had originally paid. Few people predicted that a depression would follow. The crash did not cause the depression but revealed the underlying economic weakness. Industrial growth during the 1920s had not been accompanied by comparable increases in wages or farm income. The gap between rich and poor widened, as did that between production and consumption. The stock market crash led manufacturers to decrease spending and lay off workers. Weak consumer demand and bank runs on deposits turned this slump into a depression. By 1933, nearly one-third of the labor force was out of work. Unemployment took a tremendous personal toll and undermined the traditional authority of the male breadwinner. The enormity of the depression overwhelmed traditional sources of relief. President Hoover seemed unable to accept the facts of the depression. He vetoed measures to aid the unemployed. His Reconstruction Finance Corporation failed to restore business confidence, while efforts to make government credit available saved banks but did not encourage business growth. In 1932 protests erupted throughout the country, including the Bonus Army of veterans in Washington. The Democrats, led by Franklin D. Roosevelt, won a massive electoral victory.

**FDR AND THE FIRST NEW DEAL** FDR came from a privileged New York background. His rapid rise in politics came to a halt when he was stricken with polio. The experience changed him, allowing him personally to understand struggle and hardship. He served two terms as governor of New York where he established a reputation as a reformer and put together a team of advisors called the “brain trust” to help him implement changes. To restore confidence, particularly in banking, on his first full day as president, FDR called for a four-day “bank holiday.” In his fireside chat a week later, he told Americans of the steps he had taken, strengthening public faith in his ability to help. Congress passed legislation that strengthened the banking system, helping to avert the immediate banking crisis. FDR called a special “hundred days” session of Congress to enact his program to revive industry and agriculture while providing emergency relief. FDR’s CCC program brought emergency relief for unemployed youth and the FERA did the same for hard-pressed states. The Agricultural Adjustment Act (AAA) brought farmers relief by setting parity prices and paying them to reduce acreage. The TVA built a complex of dams throughout the Tennessee Valley area, supplying thousands of people with cheap electricity, among other things. The National Industrial Recovery Act brought industrial producers together to regulate prices, output, and trade practices. The Public Works Administration authorized $3.3 billion in federal construction projects to “prime the pump.”

**LEFT TURN AND THE SECOND NEW DEAL** Critics from the right lambasted the New
Deal as being socialistic. But more troublesome for FDR were critics who claimed the New Deal had been too timid. Upton Sinclair lost a close race in the California gubernatorial election in which he called for a government-run production system. Francis Townsend called for providing $200 monthly payments to all persons over 60. Huey Long, who served as governor and then as senator from Louisiana, called for a “Share Our Wealth” program to redistribute wealth. Long’s assassination in 1936 ended his probable third party candidacy, a potent threat to Roosevelt’s re-election. Strikes and street demonstrations added to the pressure. FDR responded by shifting leftward. The Works Progress Administration pumped billions of dollars into the depressed economy through government work projects. The Social Security Act provided modest benefits for elderly people and other welfare payments. The Wagner Act protected workers’ rights to organize unions. The Resettlement Administration was an overly ambitious effort to relocate destitute farm families that reached relatively few of those in need.

A militant group within the AFL formed the Committee for Industrial Organization (CIO) (later the Congress of Industrial organizations) to organize mass production workers. Led by John Lewis of the United Mine Workers, the CIO drew upon Communists and other radicals to engage in the dangerous task of building industrial unions. The success at the Flint GM plant led to victories in other industries. The reinvigorated labor movement took a place as a key power broker in FDR’s New Deal coalition. FDR easily won re-election in 1936. His supporters included traditional white southern Democrats, big city political machines, trade unionists, depression-hit farmers, and ethnic voters.

THE NEW DEAL AND THE WEST Based on a philosophy of rationally planned resource use, the New Deal profoundly changed the West. The dust bowl, caused by farmers’ methods that stripped the landscape of its natural vegetation and left nothing behind to hold down the topsoil, swept parts of the region. A variety of government programs sought to provide relief and to instill better practices. Farmers were encouraged to plant soil-enriching crops. The Soil Conservation Service provided assistance to farmers engaged in conservation work. The AAA provided subsidies to farmers who reduced their acreage. As landowners reduced acreage by evicting their tenants and sharecroppers, these families became part of a stream of “Okies” who migrated to California in search of work. Responding to rising racial hostility, officials carried out an aggressive deportation campaign against Mexicans and Mexican Americans.

The New Deal built a series of water projects that allowed urban growth, agricultural expansion, and massive irrigation. In addition to irrigation, these projects promoted flood control and supplied low-cost electricity. The consequence of these projects was that a few farmers became fabulously wealthy and thousands of Mexican workers labored in the fields for very low wages. A general decline in the environment also occurred. Indians’ lives were also changed as John Collier, the new head of the Bureau of Indian Affairs, reformed many harmful practices. The Indian Reorganization Act (IRA) restored tribal ownership of land. Some tribes, such as the Navajos, rejected the IRA to protest the Bureau’s attempt to reduce their livestock. The Bureau of Indian Affairs grew more sensitive to Indian cultural freedom and supported efforts to restore tribal rights.

DEPRESSION-ERA CULTURE Due in part to government support, American culture was influenced by the depression. The New Deal’s Federal Project No. 1 provided assistance to
artists and intellectuals. The Federal Writers Project produced a wide variety of volumes and enabled many of the country’s greatest writers to survive and go on to prominence. The New Deal also funded theatrical performances, sent orchestras out on tour, financed new compositions, and supported new works of art. A “documentary impulse” led many artists to try to record the extent of human suffering. Photographers employed by the Farm Security Administration traveled throughout rural areas recording the faces of despair and resilience. Novelists like John Steinbeck portrayed the hardships of Okies but affirmed their willingness to persevere, a theme also found in the era’s best seller, Gone With the Wind. Marxist analysis, with its emphasis on class conflict and the failure of capitalism, had a wide influence on the era’s writers. Alarmed by the rise of fascism, Communists tried to appeal to anti-Fascists by forging a “popular front” that helped to spread their influence.

Millions of Americans found the movies an enjoyable escape. Several genres developed during the 1930s. By and large Hollywood avoided confronting controversial social issues and relied upon indirect comments in gangster films and screwball comedies. Walt Disney’s cartoons were moral tales that stressed following the rules. Frank Capra’s comedies idealized small-town America and suggested that solutions were to be found in the old-fashioned values of common people. Radio grew in popularity. By 1930, 40 percent of American homes had one. Ten years later, 90 percent did. Much of network radio relied on older forms, recreating vaudeville, and blackface minstrel comedy. Soap operas dominated daytime radio and featured strong women who gave advice to weak, indecisive friends. Some serious and political programs flourished. By the end of the decade network news had become the prime news source for most Americans. Radio stations helped to popularize jazz music. White performers like Benny Goodman popularized African-American musical forms for a mass audience, initiating the swing era.

THE LIMITS OF REFORM By 1937, the New Deal was in retreat. FDR had grown frustrated when the Supreme Court overturned several key New Deal programs. He asked Congress to allow him to appoint a number of new judges. Many sympathizers with the New Deal feared this would disrupt the constitutional balance and blocked the effort. In time FDR got a more sympathetic court, but the battle cost him heavily. The New Deal brought significant changes for women, particularly for those who were able to keep their jobs. Women who had been engaged in reform work increased their influence. This was especially true for Eleanor Roosevelt, who had worked behind the scenes for some time. She promoted a number of reforms particularly around issues pertinent to women. She saw herself as the guardian of “human values” to see that human needs were not lost in a sea of red tape. The New Deal saw the first female Cabinet member, Secretary of Labor Frances Perkins, a long-time reformer. New Deal agencies opened up spaces for many women, particularly in social welfare programs.

The New Deal did not directly combat racism. NRA codes allowed for lower wages for black workers. Blacks were among the people left unprotected by the gaps in New Deal reforms, such as Social Security. Yet FDR did ban discrimination in WPA projects that enabled African Americans to find jobs. A “Black Cabinet” led by Mary McLeod Bethune, advised FDR on black issues and got a number of second-level positions opened up. By 1936, a majority of black voters supported the Democrats. The New Deal did little to help Mexicans and Mexican Americans.

By 1937, FDR had become convinced that the federal deficit had grown too large and cut
spending. The result was a severe recession, increased unemployment, and a loss of popular support for the New Deal. The 1938 elections increased Republican strength and made further reforms nearly impossible.

**CONCLUSION** The New Deal did little to alter the distribution of wealth. But it did transform the lives of people through the increased role of the federal government. It made modest efforts to change racial and gender discrimination, but did feed public expectation that the federal government would shape Americans’ lives.

**Lecture Suggestions:**

1. Make the connection between the policies of the 1920s (see Chapter Twenty-Three) and the origins of the Great Depression. By failing to address the maldistribution of wealth, government policies reduced the ability of ordinary people to consume the goods that were being produced. Thus the economy was weak. Stress that the stock market crash was the catalyst, not the cause of the Great Depression.

2. The standard way of helping students understand the first phase of the New Deal is to look at the 3 R’s—Recovery (AAA, NRA), Relief (CCC, PWA), and Regulation (FDIC, SEC). The Second New Deal added a forth R—Reform, through Social Security and the Wagner Act.

3. Students need to be reminded what the text emphasizes. The New Deal was not socialist—it was an effort to save private enterprise through the use of government power. Make the connection between the policies of the New Deal era and those of the Progressive era. FDR did not envision spending massive amounts of money and only reluctantly went along with some of the more far-reaching reforms (like the Wagner Act). Students frequently do not recognize that his primary goal was business recovery.

**Discussion Questions**

1. What were the key factors that led to the depression? The text argues that it wasn’t caused by the stock market crash. What were the causes?

2. Critics called the New Deal “socialistic.” Was it? Look at FDR’s policy towards banks—what would a socialist do?

3. What were the key differences between the first and second New Deals? Why did FDR change course?

4. What kinds of themes did government supported artists explore? How did they differ from commercially produced popular culture?

5. The New Deal is often considered a watershed for African Americans. How so?
6. To what extent is it valid to say that the New Deal promoted only moderate changes? To what extent is it valid to say that the New Deal promoted radical changes?

**Out of Class Activity**

The era of the Great Depression brings us into a time period when most students can draw upon the memories of a living relative. Students can be assigned to interview relatives about their depression-era experiences. The key question to raise is: how did people like you survive the depression? To do this activity, students will need a couple of weeks' lead-time. They may need to familiarize themselves with other depression-era interviews. Studs Terkel’s *Hard Times* (Pantheon, 1970) and Anne Banks’s *First Person America* (Random House, 1980) contain good interviews from the period that should give students an idea of what to look for. Students may wish to meet as a group and collectively prepare a list of question. Once the interviews are completed, students can transcribe them and make them available for each other. The class could discuss the interviews or analyze them through essay writing exercises. The key issue to examine is the issue of survival. Students will probably find a strong emphasis on community cooperation (which should be linked to the broader community themes of the text) and family sacrifice.

**If You’re Going to Read One Book on the Subject**

Gerald D. Nash’s *The Crucial Era* (St. Martin’s, 2nd edition, 1992) deals with United States history from 1929–1945. It covers pretty much the same ground as the text does, though in nearly 200 pages it can obviously cover topics in great depth. It’s a short, up-to-date guide to the New Deal era.

**Audio-Visual Aids**

“Dust Bowl” Traces the significant aspects of the drought period of the 1920s and 1930s in Kansas, Texas, and Oklahoma. Uses interviews and flashbacks with eye witnesses. (B&W, 23 minutes, 1960)

“The Radio Priest” from PBS “American Experience.” Focuses on Father Charles Coughlin’s protest against the nation’s economic and social system. Shows how Coughlin used the airwaves to preach a fundamentally undemocratic message. (Color, 60 minutes, 1990)

“The Great Sit-Down Strike” Describes the UAW strike at the Flint, Michigan GM plant that was seen in the opening vignette. (Color, 50 minutes, 1982)

“The Great Depression” A 7-part series that covers a multitude of facets of Depression-era history. (Color, 7 Hours, 1993)