

America 1920-1973: Opportunity and inequality

Part 2 – Bust: Americans' experiences of the Depression and the New Deal

American society during the Depression

Unemployment – The Wall Street Crash in 1929 triggered a wave of unemployment. The Crash occurred when speculators could not afford to repay loans they had borrowed to buy shares. Businesses went bankrupt which led to unemployment which peaked at 14m in 1933. This was worse in towns such as Cleveland where 50% were unemployed. Unemployment led to homelessness. In 1932, 250,000 lost their homes and lived in Hoovervilles. No social security meant people relied on charities and soup kitchens



Farmers – Due to new technology and overproduction, farmers had not been part of the 20's boom. The Depression was even worse for them as many could not afford to pay their mortgage so were evicted. Dust bowl conditions ruined land so 2.5m migrated to California in search of work

Businessmen – Between 1929 and 1933, 10,000 banks closed and 100,000 businesses went bankrupt. Production fell by 40% and exports fell from \$10bn to \$3bn

Hoover's responses – Hoover believed in a laissez faire approach to the economy, promising people prosperity was 'just around the corner'. He did try to cut taxes, raised tariffs and set up the Reconstruction Finance Company. However, he was seen as a 'do nothing' President which was made worse by his treatment of the Bonus Army in June 1932.

Election of Roosevelt – Roosevelt comfortably won the 1932 election, promising a 'New Deal'. He was seen as pro-active, offering hope and optimism, winning 60% of the vote as and 42/48 states. This was the biggest election victory ever at the time.



The effectiveness of the New Deal

New Deal – offered Relief, Recovery and Reform, In his first Hundred Days, FDR restored confidence in the banks by closing then gradually reopening the good ones, and communicated his changes through fireside chats. Alphabet Agencies were set up to tackle certain issues:

Unemployment – **NRA** controlled industry and boosted wages, **PWA** built schools, dams, bridges and airports, **CCC** helped 25m under 25's find low paid conservation work

Poverty – **FERA** provided soup kitchens, nursery care and blankets, **HOLC** rescued around 20% of mortgages

Farmers – **AAA** set up quotas to avoid overproduction and gave machinery to farmers, **TVA** built dams and irrigation channels on the Tennessee River to create jobs and stop erosion
Opposition – FDR faced opposition from the Republicans and Supreme Court who felt he was acting unconstitutionally by interfering too much in the economy and individual states' freedom. Others such as Huey Long felt he wasn't going far enough and that he had failed to tackle discrimination against African Americans

Popular culture – 28m homes owned a radio, films continued to be popular with 'talkies' leading to a 1930's Golden Age in Hollywood. These films helped take people's minds off the Depression

The impact of the Second World War

Economic recovery – Outbreak of War for America led to improved economic conditions. In 1942 FDR set up the War Production Board, offering contracts to 100 big companies, leading to 500,000 new businesses being set up. Many of the New Deal opponents now supported the President. 14m American worked in factories during this time, others were drafted into the army, effectively ending unemployment.

Lend Lease – was set up to send weapons to America's allies immediately and allowing them to pay later. \$10bn of goods was exported to Europe, stimulating growth and jobs. By 1944 the USA was making half of all of the world's weapons. Civilians were encouraged to invest in war bonds that gave the government money now and were promised a return later

Social developments – African Americans lives saw some change. 1m joined the army and 2m found work in northern factories. However discrimination continued in these areas too. 500,000 joined the NAACP which campaigned for civil rights.

African Americans and Women - % of women in employment rose from 35% in 1941 to 50% in 1945, many replacing the men who had gone to fight. Many worked in the electronics industry and making munitions. Women's wages increased and 60% of managers said their best workers were women. However, prejudice also continued when men returned home.

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