

The Great Depression

1928–1932



WITNESS HISTORY AUDIO

The Depression Descends on America

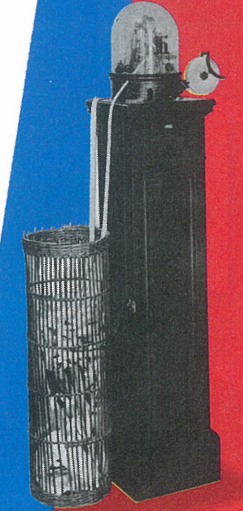
No one who lived through the Great Depression ever forgot it. Panicked investors watched their fortunes dwindle to nothing overnight. Jobless men trudged anywhere and everywhere looking for work. The hungry lined up for handouts from churches and charitable organizations. Misery stalked Americans at virtually every turn. One survivor of the Depression remembered:

“There were many beggars, who would come to your back door, and they would say they were hungry. I wouldn’t give them money because I didn’t have it. But I did take them in and put them in my kitchen and give them something to eat.”

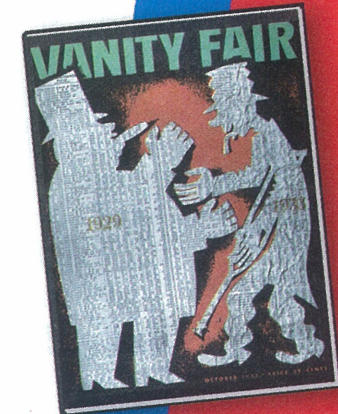
—Kitty McCulloch

Listen to the Witness History audio to hear more about the Great Depression.

◀ A poor family from rural Maryland poses for a photograph.



Stock ticker machine



Magazine cover from the early 1930s

Chapter Preview

Chapter Focus Question: How did the Great Depression happen, and how did Americans respond to it?

Section 1

Causes of the Depression

Section 2

Americans Face Hard Times

Section 3

Hoover’s Response Fails

Use the  **Quick Study Timeline** at the end of this chapter to preview chapter events.



World War I victory medal worn by Bonus Army veteran

Note Taking Study Guide Online

For: Note Taking and American Issues Connector
Web Code: nee-0801



◀ An affluent middle-class family, 1925

WITNESS HISTORY AUDIO

Stock Market Prosperity

As the 1920s roared along, millions of Americans poured their savings into the soaring “bull” market. Excited investors bought and sold stocks based on “tips” from friends or brokers. Many investors amassed huge fortunes on the strength of rising stock prices. Families who had to scrimp and save at the beginning of the decade found themselves fabulously wealthy by its end. In 1929, a prominent magazine printed a poem that captured the essence of America’s market fever:

“Oh, hush thee, my babe, granny’s bought some more shares,
Daddy’s gone out to play with the bulls and the bears,
Mother’s buying on tips and she simply can’t lose,
And baby shall have some expensive new shoes!”

—*The Saturday Evening Post*, 1929



▲ Stock ticker tape

Causes of the Depression

Objectives

- Discuss the weaknesses in the economy of the 1920s.
- Explain how the stock market crash contributed to the coming of the Great Depression.
- Describe how the Depression spread overseas.

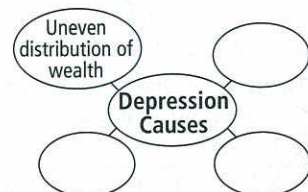
Terms and People

Herbert Hoover	business cycle
speculation	Great Depression
Black Tuesday	Hawley-Smoot Tariff

NoteTaking

Reading Skill: Recognize Multiple Causes

Identify the causes of the Great Depression.



Why It Matters During the Roaring Twenties, many Americans enjoyed what seemed like an endless era of prosperity. Then, in October 1929, the mighty bull market crashed. As production fell and unemployment rose, the U.S. economy lurched into a period of dramatic decline. Years after the Great Depression began, many Americans came to see this contraction as a regular feature of the nation’s business cycle. **Section Focus Question:** How did the prosperity of the 1920s give way to the Great Depression?

Prosperity Hides Troubles

In 1928, Republican leaders exuded confidence about both their party and their country. The Roaring Twenties had been a Republican decade. In 1920, Americans sent Warren G. Harding to the White House, and four years after that they sent Calvin Coolidge. Neither election had been close.

Once in office, both Presidents watched the country grow increasingly prosperous. As the decade passed, consumption went up, the gross national product went up, and the stock market went up. No matter what index an economist chose to consult, the conclusion was always the same: Times were good in America—and they were getting better. Republicans took credit for the bullish economy, and Americans heartily agreed.

Optimism Sweeps Hoover to Victory When the Republicans met at their 1928 nominating convention, they chose **Herbert Hoover**—an accomplished public servant—to run for the White House. Born in Iowa, Hoover was orphaned as a child. But he overcame this personal tragedy and eventually graduated from Stanford University with a degree in geology. He became a mining engineer and worked all over the world. By 1914, after amassing a vast fortune, he retired from engineering and devoted himself to public service.

Herbert Hoover came to the attention of Americans during World War I, first as the brilliant coordinator of the Belgium relief program and then as head of the Food Administration. During the Harding and Coolidge administrations, Hoover served as Secretary of Commerce. His philosophy was simple but effective. He stressed the importance of competition, but he also believed in voluntary cooperation between labor and management. American greatness showed itself, Hoover maintained, when owners, workers, and government officials **converged** on common goals.

With a solid record of accomplishments behind him and seemingly endless prosperity in front of him, Hoover was a formidable presidential candidate in 1928. While his campaign ads noted how Republicans had “put the proverbial ‘chicken in every pot,’” Hoover spoke glowingly of ending poverty in America:

Primary Source “By adherence to the principles of decentralized self-government, ordered liberty, equal opportunity, and freedom to the individual, our American experiment in human welfare has yielded a degree of well-being unparalleled in all the world. It has come nearer to the abolition of poverty, to the abolition of fear of want, than humanity has ever reached before.”

—Herbert Hoover, campaign speech, 1928

Hoover’s contest with Democratic nominee Alfred E. Smith of New York was, in the end, no contest at all. Americans voted overwhelmingly for Hoover, prosperity, and the continuation of Republican government. When the new President took office in March 1929, America was awash in a sea of confidence. Few imagined that an economic disaster lay just seven months in the future.

But even as Hoover delivered his victory speeches, economic troubles were beginning to worry some Americans. The prosperity of the 1920s was not as deep or as sturdy as Hoover claimed. Throughout the U.S. economy, there were troubling signs.

Problems Plague the Agricultural Sector American farmers faced difficult times during the 1920s. Farmers made up one fourth of the American workforce during the decade. To meet the unprecedented crop demands created by World War I, they had increased harvest yields and bought more land to put under the plow. They also bought costly tractors and other mechanized farm equipment. Farmers contracted huge debts doing this, and the additional mortgage payments followed them into the 1920s.

After the war, the demand for American crops fell sharply. Despite this drop, postwar production remained high because of increasingly mechanized farm equipment and more intensive farming methods. Farms were getting bigger and yielding bumper crops at harvest. However, farmers were failing to sell off their huge crop surpluses and to pay the debts they owed banks and other institutions.

The result was a rural depression that affected millions of Americans. Hard-pressed to pay their debts, forced to sell in a glutted and competitive world market, and confronted by several natural disasters, farmers did not share in the boom times of the 1920s. They did not have the cash to buy the new consumer goods produced by

Vocabulary Builder

converge—(kuhn VERJ) *v.* to move or be directed toward the same purpose or result

Farmers Struggle to Get By

Farmers who could not meet their debts faced bank foreclosures on their land, equipment, and livestock. Here, a horse is paraded in front of prospective buyers at a Missouri farm sale.



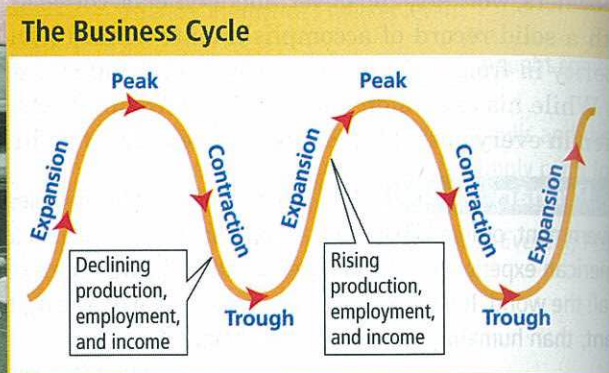
INFOGRAPHIC

Lured by luxury and easy credit, many Americans bought expensive new cars during the 1920s. ▼



Causes of the Great Depression

History remembers the 1920s as a decade of bull markets and new fortunes. However, by 1929, the surging American economy was on the brink of financial collapse. Soaring stock prices made rich people richer and concentrated more wealth into fewer hands. Excited by a stream of new products and buyer-friendly payment plans, consumers piled up huge debts as they purchased goods on credit. Everywhere, the economy expanded, soaring toward its peak in the summer of 1929 and then pausing on the verge of contraction—and economic chaos. (See the diagram below.)



▲ American consumers racked up more than \$6 billion of debt by 1929—more than double what they owed at the beginning of the decade.

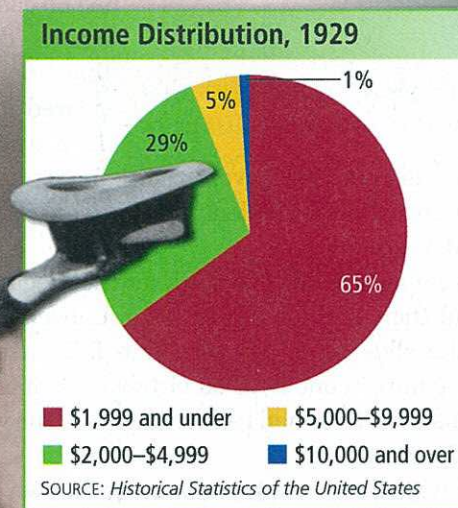
American industries. They lived largely on credit from month to month, often teetering on the brink of financial ruin. Any downward slide in the economy was likely to hit America's struggling farmers first and hardest.

Wealth Is Distributed Unevenly Unlike farmers, industrial workers participated in the great national success story. During the 1920s, their wages rose steadily, as did their disposable income. Many purchased Model T Fords along with a variety of other consumer products. Though they were certainly not wealthy, industrial laborers were in a better financial position than their fathers had been a generation before.

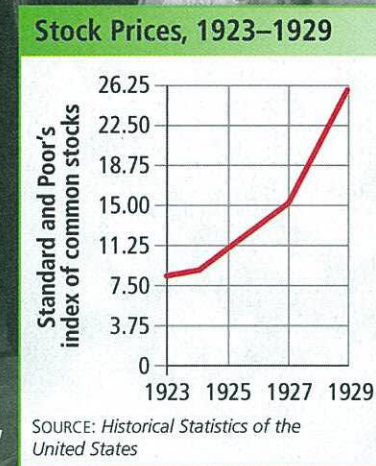
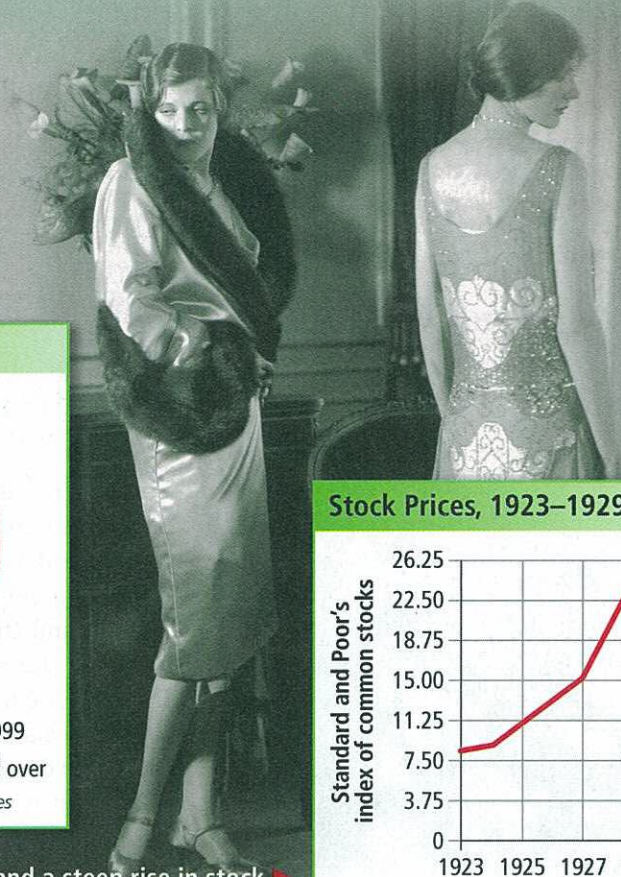
But the problem was that while wages rose gradually, worker productivity increased astronomically. Between 1923 and 1929, output per person-hour jumped 32 percent, but workers' wages inched up only 8 percent. During that same period, corporate profits from worker output skyrocketed 65 percent. All these figures pointed to the fact that during the 1920s, the rich became much, much richer, while industrial workers simply became less poor. In few periods of the country's history have so small a number of rich Americans dominated such a large percentage of the country's total wealth. In 1929, for example, the wealthiest 1 percent of the population earned about the same amount of money as the bottom 42 percent.

This uneven distribution of the nation's wealth created economic problems. More than 60 percent of all American families had yearly incomes of less than \$2,000 per year. Twenty-four thousand of the country's wealthiest families enjoyed annual incomes of more than \$100,000, which was 50 times more than what most families were earning. But these wealthy families did not eat 50 times more food than lower-income families. The wealthiest households did not

As the pie chart below shows, income was distributed unevenly among Americans in the 1920s. The wealthiest 1 percent of the population, like the women at right, could afford luxurious homes and expensive clothing. But most Americans earned considerably less. The poorest segment of the population was sometimes reduced to begging for money, like the man below.



Easy credit and a steep rise in stock prices encouraged investors to borrow money to buy stock on margin.



purchase 50 times more automobiles or radios or ovens. The rich undoubtedly spent a lot on consumer products. The problem was that the wealthiest few did not buy enough to keep the economy booming.

A healthy economy needs more people to buy more products, which in turn creates even more wealth. In this way, a healthy economy avoids underconsumption that can limit economic growth. The uneven distribution of wealth in the 1920s pointed to an uncertain future for the American economy.

From the overproduction of the struggling farmer to the underconsumption of the lower-income industrial worker, deep-seated problems created economic instability. Too many Americans did not have enough money to buy what they needed or wanted.

Easy Credit Hides Problems For a time, the expansion of credit partially hid this problem. Americans bought automobiles, appliances, radios, and other goods on credit. Using the installment plan, they paid a small percentage down and the rest over a period of months or years. By the end of the decade, 80 percent of radios and 60 percent of cars were purchased on installment credit. Americans even bought stock on credit, making such stock purchases on margin. Every year, Americans accumulated more debt. In the past, they had feared debt and put off buying goods until they had the cash to pay for those items. However, easy credit changed this behavior during the 1920s. The growing credit burden could mask the problem of Americans living beyond their means for only so long before the economy imploded.

✓ **Checkpoint** What economic problems lurked beneath the general prosperity of the 1920s?

Thinking Critically

- 1. Make Generalizations** Is it fair to suggest that the American economy stood "on thin ice" in 1929? Why or why not?
- 2. Analyze Costs and Benefits** How did easy credit and buying stock on margin provide both costs and benefits to the U.S. economy?



The Panic Spreads

The sudden collapse of stock prices sent brokers and investors into a panic throughout New York's financial district and across the country. A cartoonist for the *New York World* captured the feelings of many Americans in the aftermath of the Great Crash.

The Stock Market Crashes

By 1929, some economists observed that soaring stock prices were based on little more than confidence. Prices had no basis in reality. Although other experts disagreed, it became clear that too much money was being poured into stock speculation.

Investors were gambling, often with money they did not even have, on stock increases to turn quick profits. If the market's upward climb suddenly reversed course, many investors would face economic devastation.

On September 3, 1929, the stock market began to sputter and fall. Prices peaked and then slid downward in an uneven way. At the end of October, however, the slide gave way to a free fall. After the Dow Jones average dropped 21 points in one hour on October 23, many investors concluded that the boom was over. They had lost confidence—the very thing that had kept the market up for so long.

The next day, October 24, came to be known as Black Thursday. With confidence in the stock market failing, nervous investors started to sell. Stock in General Electric that once sold at \$400 a share plunged to \$283. Across the United States, investors raced to pull their money out of the stock market. On October 29, **Black Tuesday**, the bottom fell out. More than 16 million shares were sold as the stock market collapsed in the Great Crash. Billions of dollars were lost. Whole fortunes were wiped out in hours. Many speculators who had bought stock on margin lost everything they had. President Hoover tried to soothe Americans by insisting that the “business of the country is on a sound and prosperous basis.” But by November 13, the Dow Jones average had dropped like a brick from its September high of 381 to 198.7. The Great Crash represented another hallmark of the nation's **business cycle**, which explained the periodic growth and contraction of the economy.

Checkpoint What happened on October 29, 1929?

The Great Depression Begins

The stock market crash marked the beginning of the **Great Depression**, a period lasting from 1929 to 1941 in which the economy faltered and unemployment soared. Though it did not start the depression by itself, the crash sparked a chain of events that quickened the collapse of the U.S. economy.

The Banks Collapse One of the first institutions to feel the effects of the stock market crash was the country's banking system. The crisis in confidence continued as frightened depositors feared for their money and tried to withdraw it from their banks. Few banks could survive a sustained “run” of requests by depositors for their money. In 1929, 641 commercial banks failed. A year later, 1,350 failed. And a year after that, 1,700 went under. By 1932, many Americans believed that no banks would be left standing.

Another cause of many bank failures was misguided monetary policy. During the 1920s, the Federal Reserve, which regulates the amount of money in circulation, cut interest rates to stimulate economic growth. But in 1929, worried about investor overspeculation, the “Fed” limited the money supply to discourage lending. As

a result, there was too little money in circulation to help the economy after the stock market crash. When plummeting stock prices sent investors to the banks to secure whatever hard money they had left, the banks were cleaned out of currency and forced to close.

Businesses Close and Unemployment Rises Banks were not the only institutions to face the harsh financial realities of the depression. The collapse of stock prices, combined with reduced consumer spending, spelled trouble for American businesses. Business leaders believed that the survival of their companies depended on production cutbacks, to maintain price levels, and layoffs, to reduce payroll. While their stocks were still falling, companies began closing plants and forcing workers onto the growing lists of the unemployed. In August 1931, Henry Ford closed several of his Detroit automobile factories, putting nearly 75,000 people out of work.

Like a snowball rolling down a hill, the problem of production cuts kept getting bigger and bigger. As businesses closed plants and fired workers to save money, more Americans lost their jobs. As unemployment grew and incomes shrank, consumers spent less money. So businesses cut production even more, closing more plants and firing more workers. By 1933, nearly 25 percent of all American workers had lost their jobs.

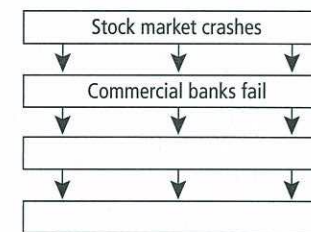
Tariffs Add to the Woes Hoping to reverse the downward slide, the government moved to protect American products from foreign competition. In June 1930, Congress passed the **Hawley-Smoot Tariff**, which raised prices on foreign imports to such a level that they could not compete in the American market. The tariff inspired European countries to retaliate and enact protective tariffs of their own.

Far from solving the problems of the depression, the Hawley-Smoot Tariff added to them. At a time when American manufacturers and farms had a glut of unsold products, the international move toward high protective tariffs closed markets. This closure was not just harmful to American producers. It was equally disastrous to the global economy. The ripple effect caused by the Hawley-Smoot Tariff helped to destroy international trade.

The Depression Goes Global The Hawley-Smoot Tariff was only one of the causes of a depression spreading across the globe. As we saw earlier, the European problems of reparation payments, war debt payments, and international imbalance of trade had already created a shaky economic structure. In the early 1930s, the structure collapsed. Germany ceased their reparation payments, and the United States agreed to suspend France and Britain's war debt payments. The international economy had largely been funded by American loans to Europe, but the crisis in the United States drastically curtailed those loans. As a result, European nations

NoteTaking

Reading Skill: Recognize Sequence Use a flowchart to note what happened in the wake of the stock market crash.



Banks Fail

In 1931, more than 1,500 banks ran out of money and closed their doors. Depositors lost untold savings. Here, a crowd gathers outside the closed doors of a bank in New York City. *How might Americans react today if hundreds of banks failed?*



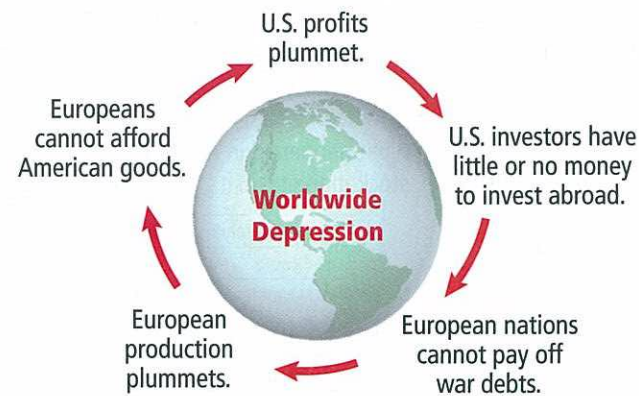


Diagram Skills The diagram above shows how the stock market collapse contributed to a global economic crisis. *How did European war debts affect the U.S. economy?*

experienced the same cycle of business failures, bank collapses, and high unemployment as the United States. The depression had become a global nightmare.

✓ **Checkpoint** How did the stock market crash contribute to the onset of the depression?

What Caused the Great Depression?

Historians and economists disagree on the exact causes of the Great Depression. Some have stressed a single root cause in their explanations of the financial crisis. Milton Friedman, one economist, believed that the depression resulted from a contraction in the money supply. The twin events of the stock market crash in 1929 and the run of bank failures in 1930 left too little money in circulation for the nation's economic needs.

John Maynard Keynes was one of the most influential economists of the depression. He argued that the lack of government interference in the economy led to the depression. Critical problems in money supply, distribution of wealth, stock speculation, consumer spending, productivity, and employment could have been controlled, he said, by proactive government policies. Keynes's work points to a fundamental difference between many economists regarding the depression. While Keynes recommended that governments spend more money to keep people employed when the economy slows, other noted economists like Ludwig von Mises and Friedrich von Hayek criticized centralized economic planning and management.

There will never be a fully accepted answer to the question of what caused the Great Depression. But clearly, problems in consumption contributed heavily to it. Economic hardships before 1929 in Europe and rural America, coupled with an uneven distribution of wealth and overspeculation in the stock market, created dangerous economic conditions. When this was combined with poor or misinformed economic decisions by Congress and President Hoover, the Great Depression resulted.

✓ **Checkpoint** What were the primary causes of the Great Depression?

SECTION 1 Assessment

Progress Monitoring Online

For: Self-test with vocabulary practice
Web Code: nea-0802

Comprehension

- Terms** For each term below, write a sentence explaining its significance.
 - speculation
 - business cycle
 - Great Depression
 - Hawley-Smoot Tariff
- NoteTaking Reading Skill: Recognize Causes** Use your concept web to answer the Section Focus Question: How did the prosperity of the 1920s give way to the Great Depression?

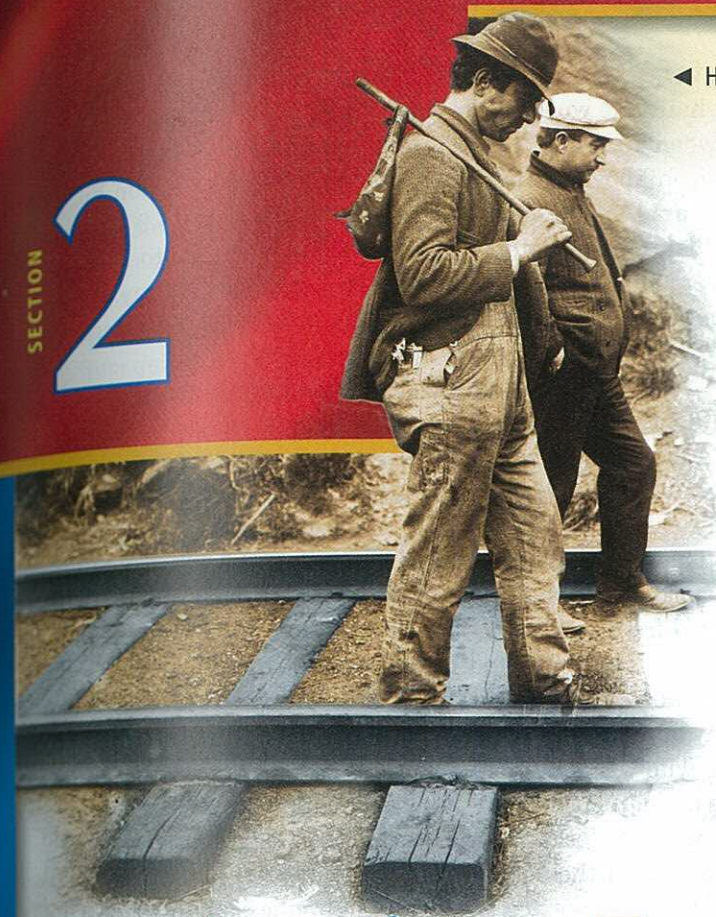
Writing About History

- Quick Write: Define a Problem** Choose one topic from this section that you could use to write a problem-solution essay. For example, you could write about the weaknesses in the agricultural sector of the economy. Make a list of details, facts, and examples that define the problems that this weakness poses to a stable economy.

Critical Thinking

- Explain Causes** How did the uneven distribution of the nation's wealth weaken the American economy?
- Analyze Information** Why was recovery so difficult after the stock market crash?
- Draw Conclusions** Do you think the nation would have experienced an economic depression even if the stock market had not crashed? Why or why not?

SECTION 2



◀ Hobos walk along a railroad line.

WITNESS HISTORY AUDIO

Riding the Rails

As the country plunged deeper into the Great Depression, many young people left home, either out of necessity or to follow their dreams of a better life. Nearly a quarter million teenagers hit the road during the early 1930s, jumping freight trains to ride from town to town. Some looked for work, others thirsted for adventure, but all faced the dangers of the hobo life. Charley Bull, who left his California home at 18, recalled:

“You could ride on top of a freight car and then you just had to be careful. If a train is going sixty or seventy miles an hour and hits a curve and you're walking and your back's to the turn and you don't see it coming—a little tiny turn can throw you right off the train. A lot of people have been killed like that.”

—Charley Bull, from a PBS presentation “The American Experience—Riding the Rails”

Americans Face Hard Times

Objectives

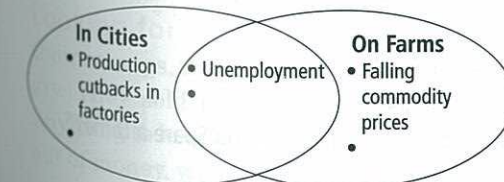
- Examine the spread of unemployment in America's cities.
- Discuss the impact of the Great Depression on rural America.
- Explain the human and geographical factors that created the Dust Bowl.

Terms and People

bread line	Dust Bowl
Hooverville	Okies
tenant farmer	repatriation

NoteTaking

Reading Skill: Categorize As you read, use a Venn diagram to note how the Great Depression affected both urban and rural America.



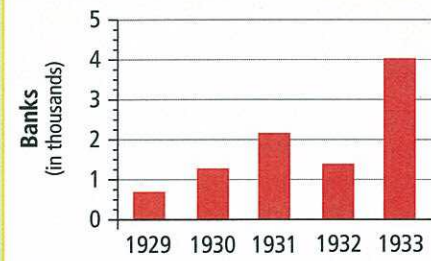
Why It Matters The stock market crash signaled the end of boom times and the beginning of hard times. As investors mourned their losses, Americans watched the economy stagger into the Great Depression. In the cities and on the farms, desperate poverty gripped the nation. Even after prosperity returned, those who lived through the crisis would remember the pain and worries of the depression. Tested by extreme hardship, this generation of Americans forged a character and will strong enough to overcome economic ruin and restore prosperity. **Section Focus Question:** How did the Great Depression affect the lives of urban and rural Americans?

Misery and Despair Grip America's Cities

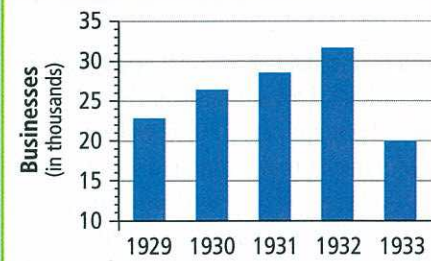
The Great Depression had a deep and lasting impact on the lives of the people who lived through it. Few Americans grasped the underlying problems of the 1920s economy or the subtle reasons for the stock market crash. Fewer still comprehended how the crash led to the Great Depression. But they did understand the *impact* of the economic crisis. Workers understood having a job one day and being unemployed the next. Whole families knew the shame and fear of losing their homes.

The Great Depression touched every American because every American either experienced or knew someone who experienced the hardships and loss caused by the economic catastrophe. For many, their lives were never the same again.

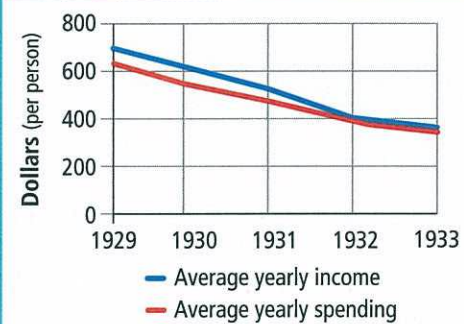
Bank Failures



Business Failures



Per Capita Income and Spending



SOURCE: Historical Statistics of the United States

Graph Skills The year 1929 marked the start of a pronounced downturn in the American economy. *In what year did the largest number of banks fail? By roughly how much did Americans' average yearly income decrease between 1929 and 1933?*

Searching for a Job and a Meal The threat of unemployment and destitution haunted workers in cities and towns across the United States. Between 1921 and 1929, annual average unemployment rates had never risen above 3.7 percent. But then, the depression hit, and the rate shot up. By 1933, it had climbed to a shocking 24.9 percent.

Despite this high rate, millions of workers were able to keep their jobs. However, most had their wages or hours cut. Many workers brought home paychecks that were 10, 20, sometimes 30 percent less than their pre-depression checks.

Yet statistics tell only part of the story. The human drama of unemployment unfolded over and over again, in city after city across the nation. For a man employed as a factory worker, the 1920s had promised a chance at upward economic mobility. He had been able to provide for his family, enjoy a decent standard of living, and save something for retirement. Then, the depression hit. The man saw his hours cut and his workweek shortened. Eventually, he was laid off. Looking for another job, he trudged from one factory to the next. "No help wanted here" or "We don't need nobody" greeted him at every turn. The man's clothes began to look worn. His collars and cuffs became frayed, and his pants became shiny at the knees. He said less, stared more, moved slower.

Maybe his wife was able to find work washing and ironing clothes or laboring as a maid. But those jobs were hard to find, too. At home, children ate smaller meals. Water replaced milk. Meat disappeared from the table. Hunger lurked about the home like an unwanted guest. Sometimes, the parents and children received free meals in public soup kitchens. Often, the only place for the family to get a free scrap of food was in a **bread line**, where people lined up for handouts from charities or public agencies.

Descending Into Poverty Men like the factory worker just described moved from unemployed to unemployable. Whole families descended into hunger and homelessness. Their dreams of success and prosperity turned into nightmares of failure and poverty.

This feeling of loss—this sense of the "American Dream" betrayed—wove through the cultural fabric of the Great Depression. The widespread despair found expression in an early-1930s song by E. Y. Harburg. It tells the story of an American "Everyman," a worker who labored to build the country and a citizen soldier who fought to defend it. However, the depression has left him out of work, out of money, and out of dreams:

Primary Source

"They used to tell me I was building a dream
And so I followed the mob.
When there was earth to plow or guns to bear,
I was always there, right on the job.
They used to tell me I was building a dream
With peace and glory ahead—
Why should I be standing in line,
Just waiting for bread?
Once I built a railroad, I made it run,
Made it run against time.
Once I built a railroad, now it's done—
Brother can you spare a dime?"
—song lyrics, "Brother Can You Spare a Dime?"

INFOGRAPHIC Effects of the Great Depression

After the stock market crash, the American economy slowed to a crawl in the face of a devastating global depression. Bank failures more than quadrupled from 1929 to 1933. Companies fired thousands of workers to keep from going out of business. As a result, unemployment soared, condemning a quarter of the American workforce to poverty. (See the line graph below.) Jobless people crowded outside employment offices, clamoring for work to put food on their tables. Life became a daily struggle for many Americans during these lean times.

Unemployed men wait for a chance to register for municipal jobs in New York City in 1933. ▼

Top: Women and children wait in a bread line set up by a religious mission. **Center:** This 1932 cartoon summarized the feelings of many depositors when their banks failed. **Bottom right:** Unable to support their families, some men gave in to despair.

Unemployment, 1928–1933



SOURCE: Historical Statistics of the United States

Harburg said the song asked a simple question about the nature of the depression. "This is a man who says: I built the railroads. . . . I fought your wars. . . . [Why] should I be standing in line now? What happened to all this wealth I created?"

Looking for a Place to Live As Americans lost their jobs and ran through their savings, they had to scrounge wherever they could to keep from going hungry. They sold furniture, pawned jewelry, and moved to cheaper lodgings—anything to keep their pantries stocked and rents paid. In many cities, they ran out of money, were evicted from their homes, and ended up on the streets.



Thinking Critically

- Analyze Information** How did the shrinking economy lead to increased layoffs of workers?
- Draw Conclusions** What effect might a high unemployment rate have on the wages of Americans who still had jobs?

A field-worker's home in California



A family in Alabama

Americans Face Hard Times

Photographs of the 1930s conveyed the gritty realism of daily life under the boot heels of hunger, homelessness, and destitution. Cartoonists of the time criticized political leaders, President Hoover foremost among them, for the parts they played in bringing about, or failing to prevent, the depression. *Judging from these images, what would it have been like to live in a Hooverville?*

Homeless people slept on park benches, in empty railway cars, or in cardboard boxes. Many grouped together in **Hoovervilles**, makeshift shantytowns of tents and shacks built on public land or vacant lots. Homeless people, some of whom had worked as skilled carpenters before the crisis, cobbled houses together out of lumber scraps, tar paper, tin, and glass. One of the largest Hoovervilles in the country sprang up in the middle of Central Park in New York City. There, the homeless covered themselves with newspapers, called Hoover blankets, to stay warm at night. They walked around looking for jobs with their empty pants pockets turned inside out, a sign of poverty known as Hoover flags.

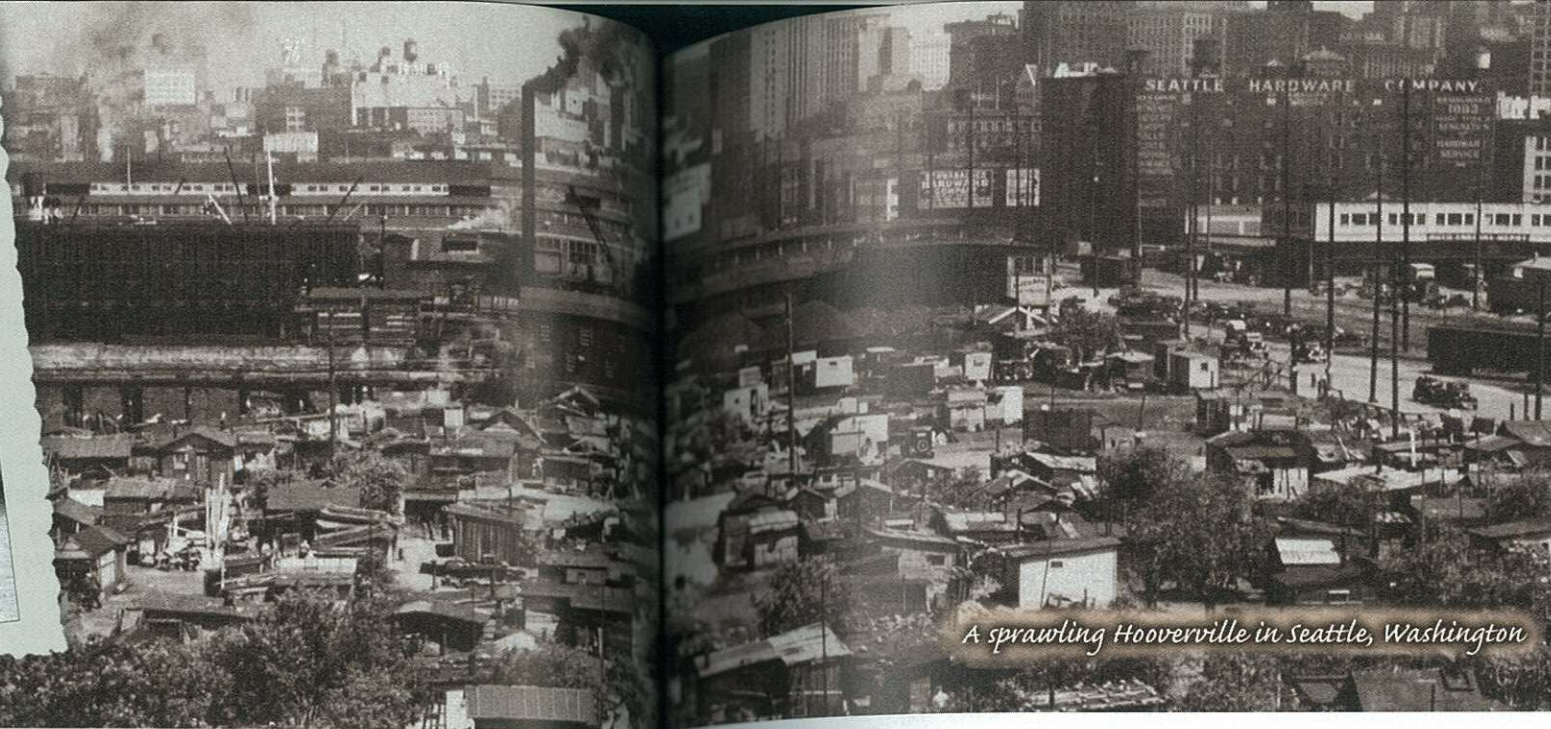
Despite the difficulties of life during the depression, many Americans did what they could to boost morale and help their neighbors. During a New York City newspaper strike, Mayor Fiorello LaGuardia read comic strips to children over the radio. In Reading, Pennsylvania, members of the Taxpayers Protection League staged nonviolent protests to thwart evictions. Nevertheless, thousands of other Americans found no such escapes from their misery.

✓ **Checkpoint** How did the Great Depression affect American cities in the early 1930s?

Poverty Devastates Rural America

In cities and towns across the nation, Americans faced a terrible plight. The numbers of the unemployed, homeless, and hopeless increased like a casualty list in some great war. In rural America, people fared no better. In fact, sometimes their condition was even worse. Farmers had been suffering even before the Great Depression. Falling commodity prices and accumulating debt had made it a struggle for farmers to keep their heads above water. Many failed to stay afloat and sank so deep that they lost their farms.

Commodity Prices Plunge But then the bottom fell out of the economy and the depression added more woes. Crop prices fell even further, and new debts were added to old debts. To make matters even worse, the Great Plains was suffering through a choking drought, an ecological disaster that lasted for years. As a result, many more farmers lost their farms and moved. They traveled about the country, looking for work and fighting for survival.



A sprawling Hooverville in Seattle, Washington



▲ A 1935 political cartoon criticizing Hoover

The basic reality of farm life was the low prices paid to farmers for crops they grew for market. In 1919, a bushel of wheat sold for \$2.16; in 1932, it sold for 38 cents. A pound of cotton fetched 35.34 cents in 1919; the same pound fetched 6.52 cents in 1932. The sharp fall in prices was evident with other farm products—corn and beans, cattle and hogs. The income farmers generated was not enough to allow them to continue farming. They could not pay their debts, purchase more seed, repair equipment, and buy what their families needed to survive. Overburdened by the diminishing returns for their labor, some farmers buckled under the stress.

In Sioux City, Iowa, in 1932, the Sioux City Milk Producers Association threatened to strike if its members did not see higher profits for their milk. When the association's threats were ignored by local storeowners, farmers dumped 1,000 gallons of milk on a road outside the city. Despite such a **drastic**—and for many Americans unthinkable—action like this, farmers everywhere feared losing everything.

Farmers Lose Their Farms Between 1930 and 1934, nearly one million farmers failed to pay their mortgages and lost their farms. Banks foreclosed on their lands and houses and repossessed their farming equipment. The bankers sold what they could at public auctions. Some farmers remained on the land as **tenant farmers**, working for bigger landowners rather than for themselves. Others drifted away from their communities, looking for some other kind of work.

Cesar Chavez, who later became a well-known labor organizer, recalled the troubles his proud father had during the depression. A California bank repossessed his father's small ranch, and the family was evicted from their house. Chavez remembered how it felt to lose his home:

Primary Source “We had been poor, but we knew every night there was a bed *there*, and *this* was our room. . . . But that all of a sudden changed. When you're small, you can't figure these things out. You know something's not right and you don't like it, but you don't . . . let that get you down. You sort of just continue to move.”

—Cesar Chavez

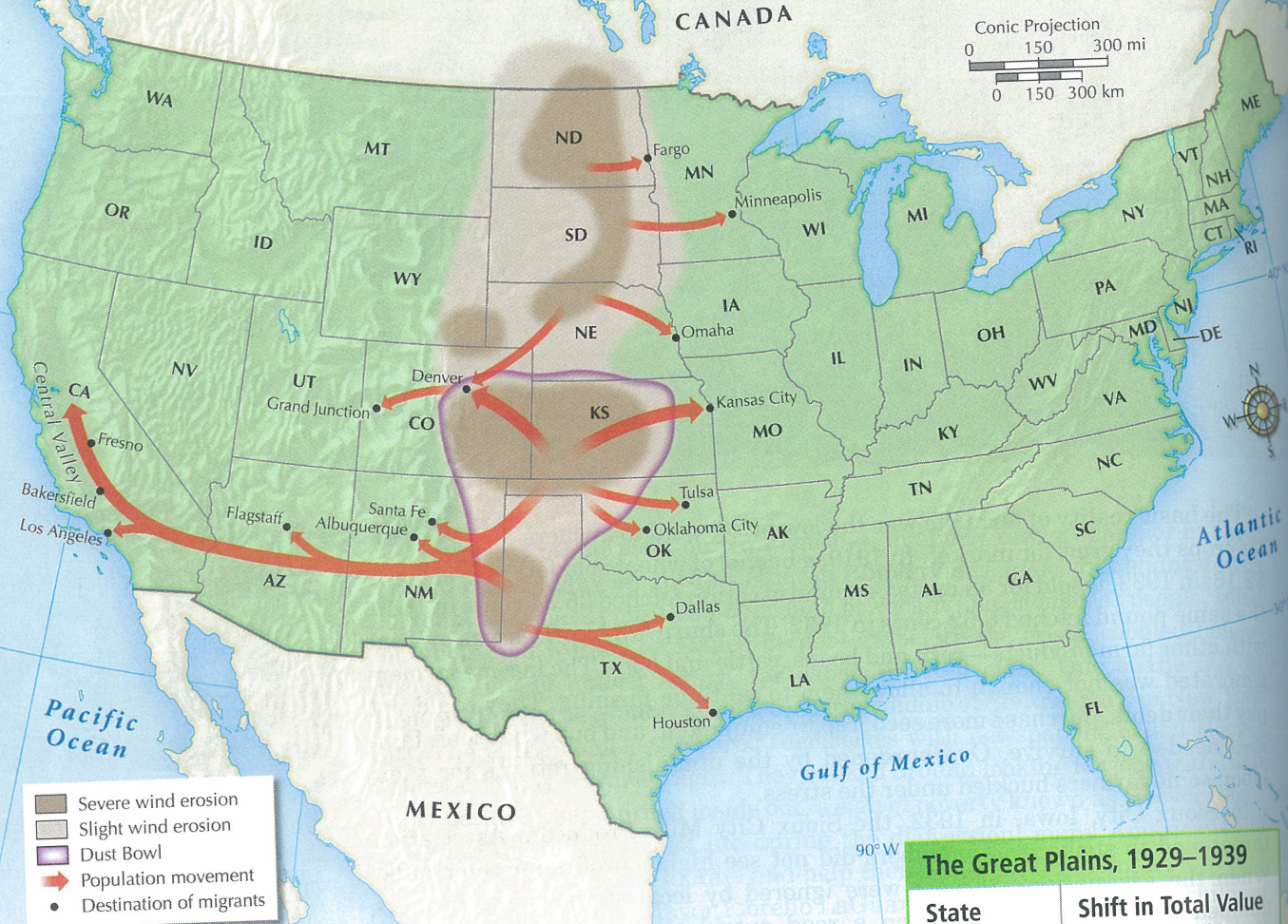
Like the Chavez family, other farmers moved on after their losses. But for those who remained, Mother Nature dealt a cruel blow to already cruel times.

Vocabulary Builder
drastic—(DRAS tihk) *adj.* harsh or severe

Focus On Geography

History Interactive

For: To learn more about the Dust Bowl
Web Code: nep-0809



The Dust Bowl

By the middle of the 1930s, drought and wind had cut a huge swath of destruction down the middle of the continental United States. The "black blizzards" of the Dust Bowl soared to heights of 8,000 feet and swept like waves across towns and farms. Outside, rabbits, birds, and field mice suffocated and died in the swirling dust. Inside, dirt seeped through every crack and covered everything and everyone in layers of grit. "We live with the dust, eat it, sleep with it," observed one witness. A single storm could carry more than 300 million tons of dust, and constant storms in the "dirty thirties" destroyed as many as 5 million acres of wheat. Much of the Great Plains "breadbasket" simply blew away.

Whole harvests could be destroyed wherever dust storms struck. Many farmers went out of business as a result of their crop failures. ▶

A massive dust storm threatens the town of Stratford, Texas, in this photograph from 1935. ▼

The Great Plains, 1929–1939	
State	Shift in Total Value of Harvested Crops
Colorado	-51%
Kansas	-53%
Nebraska	-61%
New Mexico	-32%
North Dakota	-47%
Oklahoma	-49%
South Dakota	-57%
Texas	-45%
Wyoming	-40%

Geography and History
How did environmental change affect farmers living on the Great Plains during the 1930s?

The Great Plains Becomes a Dust Bowl Farmers who survived the tumble in prices were still not safe. Through the mid-1930s, a drought in the Great Plains added to their problems. Water was a constant problem in the region. Normal rainfall seldom exceeded the 20 inches a year that traditional American agricultural practices demanded. As a result, droughts on the Great Plains were often more devastating than those in the East and Midwest. In the years before America's western rivers were dammed and irrigation practices became widespread, there were few answers to the drought threat.

New farming methods made drought conditions worse. Intensive farming came to prominence throughout the region in the late nineteenth and early twentieth centuries. Farmers then had moved onto the plains and plowed under much of the natural grasses in order to plant oceans of winter wheat. The landscape shift tipped the ecological balance of the region. In the past, plains grasses prevented the topsoil from blowing away during periods of drought. By the early 1930s, that dwindling grassy safety net could no longer do the job.

By 1932, the combination of drought, loose topsoil, and high winds resulted in disaster on the Great Plains. The winds kicked up towering dust storms that began to blow east. These gigantic clouds of dust and dirt could rise from ground level to a height of 8,000 feet. The dust storms moved as fast as 100 miles per hour and blotted out the sun, plunging daylight into darkness.

Most of the dust storms started in the southern Great Plains, especially the high plains regions of Texas, Oklahoma, Kansas, New Mexico, and Colorado. This swath of parched earth became known as the **Dust Bowl**. For people living in these hardest hit regions, depression and dust storms defined the misery of the "dirty thirties."

Those unfortunate enough to be caught in a dust storm were temporarily choked and blinded by the swirling dirt. The storms killed cattle and birds, blanketed rivers, and suffocated fish. Dirt seeped into houses, covering everything with a thick coat of grime. Some dust clouds blew east as far as the Atlantic coast, dumping acres of dirt on Boston, New York, and Washington. Altogether, dust storms displaced twice as much dirt as Americans had scooped out to build the Panama Canal.

Desperation Causes Migration Many farm families trapped in the Dust Bowl had no choice but to migrate out of the region. They had lost their farms to the banks. Dust storms had destroyed most remaining opportunities. They were low on everything except despair. Although only some came from Oklahoma, Dust Bowl refugees were generally referred to as **Okies**, regardless of their states of origin.

Okie families packed onto rickety trucks and headed toward California or Oregon or Washington, any place where a job might be found. Before the pace slowed, 800,000 people migrated out of Missouri, Arkansas, Oklahoma, and Texas alone.

Agricultural collapse and the Great Plains Dust Bowl forced millions of Americans to leave the midwestern and southern regions where they had been born. Many moved to California, lured by the promise of jobs, but were crushed when that promise too often proved empty. Others headed to the cities of the Northeast and Midwest, again looking for jobs, shelter, and relief. As a result of the migration, rural states lost population while states with large cities gained population.

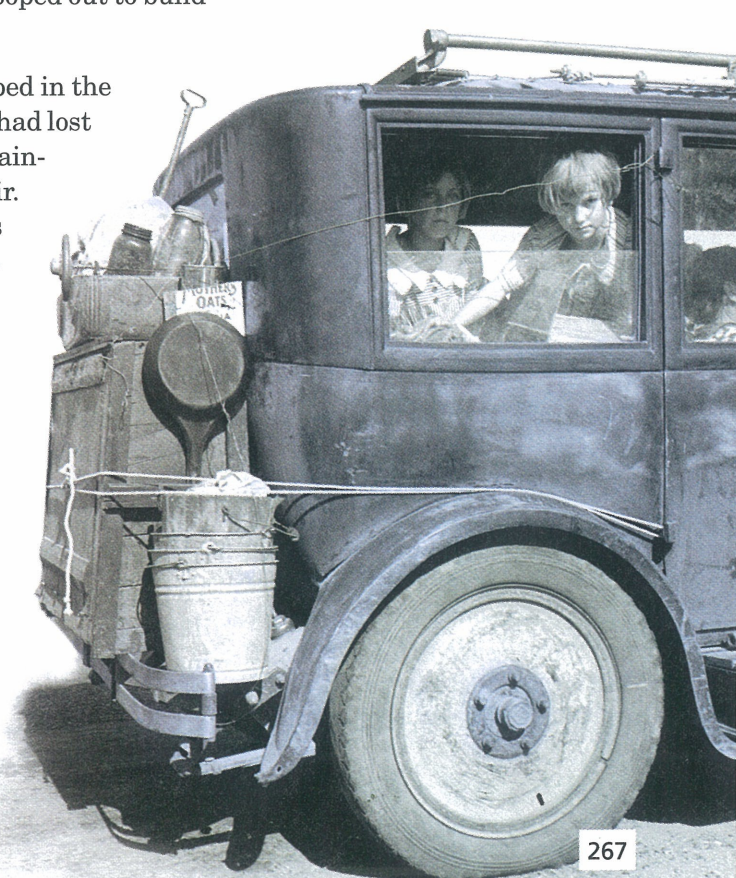
WITNESS HISTORY DVD

Watch *The Dust Bowl* on the United States Witness History DVD to learn more about the causes and effects of the Dust Bowl.



Okies Flee the Dust Bowl

The Okie exodus from the Great Plains carried thousands of Americans west to the rich farmlands of California. Okies also packed up and headed east to great industrial centers like Chicago, Pittsburgh, and New York. Here, a migrant family arrives in California.





Fierce Job Competition in California

As Okies flowed into California, Mexican and Mexican American migrants already there faced stiff new competition for scarce jobs. Here, a family of migrant farmworkers gathers outside their home in California's Imperial Valley. *What does the photograph suggest about the economic status of migrant workers in California?*

Few Americans Escape Hard Times

One of the ironies of the depression was the word itself. In the nineteenth and early twentieth centuries, an economic slump was called a "panic" or a "crisis." President Hoover used the word *depression* to describe the state of affairs because he thought it sounded less severe than the other terms. But before long, Hoover's "depression" gave way to the "Depression" and then the "Great Depression." The term described not only a state of mind, but also an economic reality. It showed a despondent America, filled with people overwhelmed by seemingly inescapable poverty. Not only did the depression make victims of the men and women who lost jobs, it also was an economic and emotional crisis that profoundly affected Americans in all walks of life.

The Depression Attacks Family Life For millions of Americans, the depression was an intensely personal affair. Men who lost their jobs and could not find other work often felt that they had betrayed their families. They had been the "breadwinners," the providers, the ones whose paychecks fed and clothed the family and kept a roof over everyone's head. The loss of a job meant a reduction in status. Different men reacted differently to unemployment. Many labored tirelessly to find a new job, while others sank into shame and despair. Some even deserted their families.

The unemployed were not the only ones who suffered. Men lucky enough to have jobs lived in constant fear that the next paycheck would be their last. They often felt guilty for being employed while so many of their relatives and friends were suffering. Few Americans were spared from the crisis.

Wives and children experienced the pain of their husbands and fathers. Birthrates plummeted to the lowest marks in American history—a sure sign of family distress. Mothers worked constantly to stretch meager family incomes. They sewed clothes, searched for odd jobs, and valiantly tried to meet their families' needs. With both parents preoccupied with making something out of nothing, family discipline often declined. Some children quit school. Others ran away from home. Families coped with the depression as best they could. Some huddled together, working to survive the hard times. Others broke apart, making those times even harder and lonelier.

There were other effects of the Dust Bowl. The farmers best able to survive the Great Depression were the ones with the biggest operations. They often bought repossessed land at rock-bottom prices and expanded their holdings into large commercial farms. The Dust Bowl also motivated the government to help Great Plains farmers. After the initial crisis, immense federal projects dammed western rivers. Dams eventually provided irrigation that made farm profits possible on the Great Plains.

✓ **Checkpoint** How did the Dust Bowl make life even more difficult for farmers on the Great Plains?

Minorities Suffer Hardships The depression affected everyone, but it did not affect them equally. Americans on the bottom rung of the economic ladder—the poorest of the poor, often minorities with no financial resources—felt the sting of the depression the keenest. A Howard University sociologist noted early in the crisis that African Americans were "the last to be hired and the first to be fired." In the South, landowners threw African American sharecroppers off the plots they had been farming. Many of these workers migrated to northern cities, but there were no jobs waiting there. Only more poverty greeted them. In 1932, unemployment among African Americans hovered around 50 percent, nearly double the national rate.

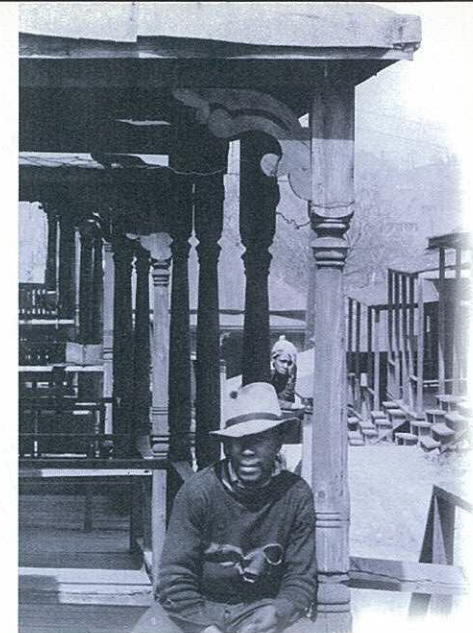
However, African Americans had long stood firm against the challenges of poverty. They relied on the emotional resources of family and religion to cope with grim times. During his interview with a depression historian, an African American man explained what the depression meant to African Americans:

Primary Source "The Negro was born in depression. It didn't mean too much to him, The Great American Depression, as you call it. There was no such thing. The best he could be was a janitor or a porter or shoeshine boy. It only became official when it hit the white man."

—Clifford Burke, quoted in *Hard Times*, 1970

Hard times came upon Mexican Americans as well. As more Okies headed west out of the Dust Bowl, the competition for jobs between those migrants and Mexican American farmworkers in states like California heated up. A flood tide of workers struggled to find and keep farm jobs. Often, Mexican Americans faced the additional burden of discrimination when competing with white farmhands for those jobs. In the Southwest, many white Americans clamored for Mexican American **repatriation**. Repatriation involved efforts by local, state, and federal governments to encourage or coerce Mexican immigrants and their naturalized children to return to Mexico. Hundreds of thousands of people of Mexican ancestry—many of them U.S. citizens—were pushed out of the United States. Even so, many more remained. By the end of the 1930s, Mexican Americans were working in most industries of the Southwest, including farming, ranching, and industry.

✓ **Checkpoint** How did the depression take a toll on women, children, and minorities in America?



Poverty in the South

African Americans who had long faced discrimination and segregation were especially hard-hit by the depression. Many moved from the South to seek jobs in the North. Here, a man sits forlornly outside his home in Atlanta, Georgia.

SECTION 2 Assessment

Progress Monitoring Online

For: Self-test with vocabulary practice
Web Code: nea-0803

Comprehension

- Terms and People** What do each of the following terms have in common? Explain.
 - bread line
 - Hooverville
 - tenant farmer
 - Okies
- NoteTaking Reading Skill: Categorize** Use your Venn diagram to answer the Section Focus Question: How did the Great Depression affect the lives of urban and rural Americans?

Writing About History

- Quick Write: Brainstorm for Possible Solutions** Choose one topic from this section, such as skyrocketing unemployment in American cities, about which you could write a problem-solution essay. Use the text and your own knowledge to list possible solutions to the problem. Next, organize your list by ranking the solutions from most effective to least effective.

Critical Thinking

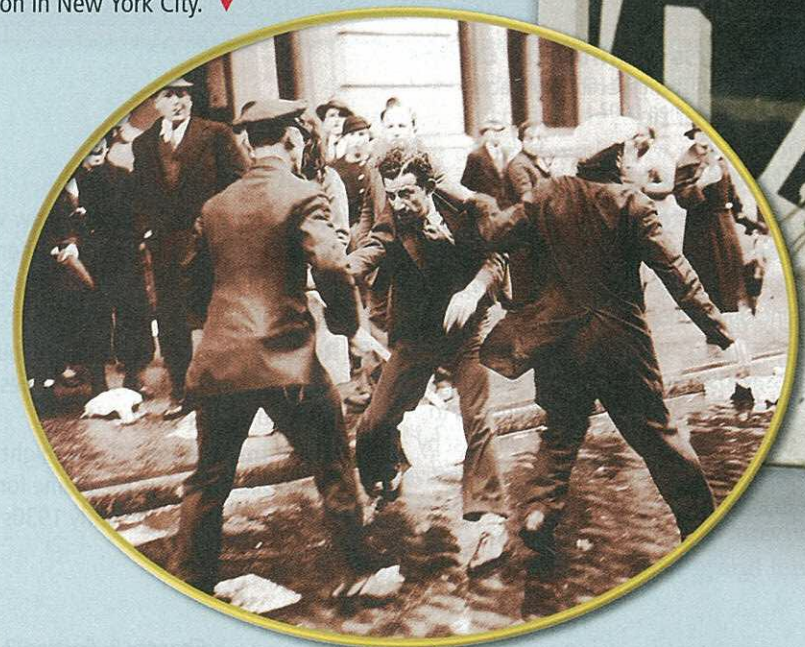
- Compare and Contrast** How were the experiences of the urban unemployed and the rural poor similar? How were they different?
- Recognize Effects** How do you think the arrival of so many Okies affected native Californians?
- Draw Inferences** Where might Americans have laid the blame for their difficulties during the early 1930s?

EXPERIENCE THE GREAT DEPRESSION

Moviegoers cheered as Shirley Temple sang "Prosperity Is Just Around the Corner." Salvation Army volunteers handed out clothing and food to the needy. While some of the unemployed sold apples on sidewalks, others rioted in the streets.

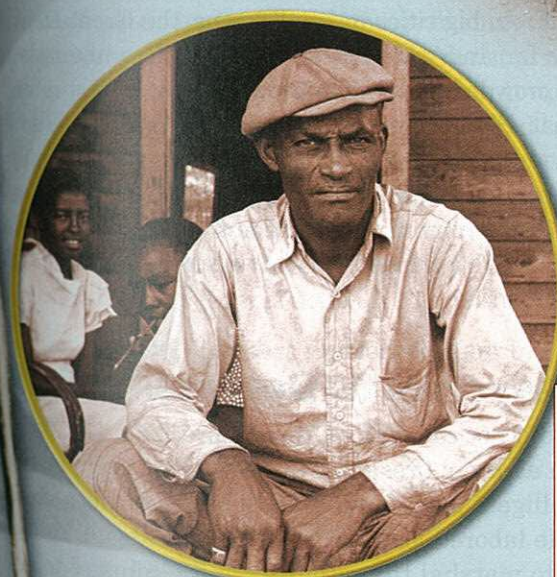
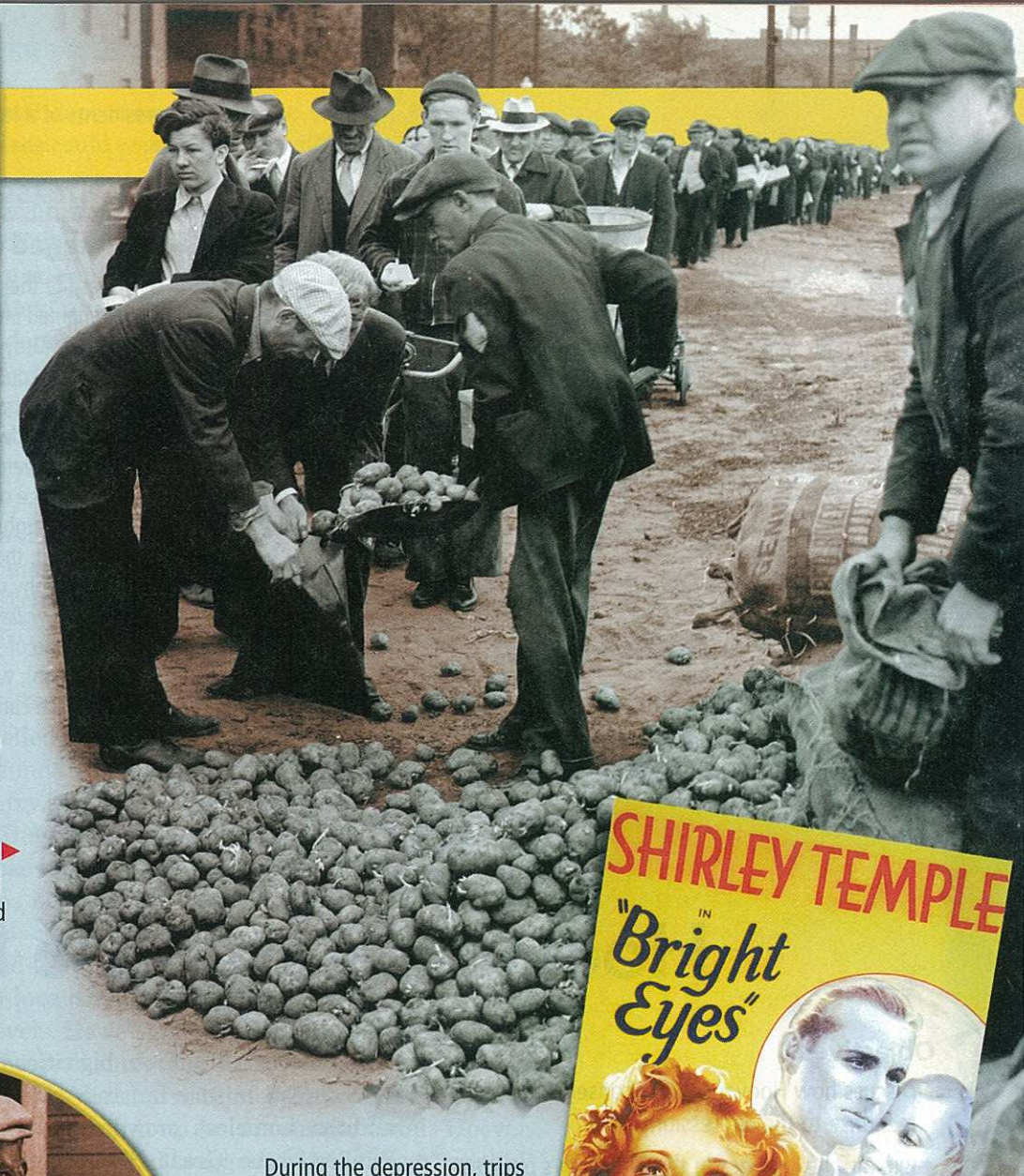
There were many reactions to the Great Depression, some hopeful and some desperate, but everywhere Americans struggled to ease the daily burden of their poverty. The mayor of Youngstown, Ohio, captured the universality of the depression when he described its victims laid low in his city: "These were old men gnarled by heavy labor, young mechanics tasting the first bitterness of defeat, clerks and white-collar workers learning the equality of misery, derelicts who fared no worse in bad times than in good, Negroes who only a short time before had come from Southern cotton fields, immigrants who had been lured to [the] 'land of youth and freedom'—each one a personal tragedy, and all together an overwhelming catastrophe for the nation. . . ."

As unemployment soared, the jobless often demonstrated against their former employers. A protest at a Ford Motor Company plant in March 1931 erupted in violence that left four workers dead. Here, a man is carried off during a demonstration in New York City.

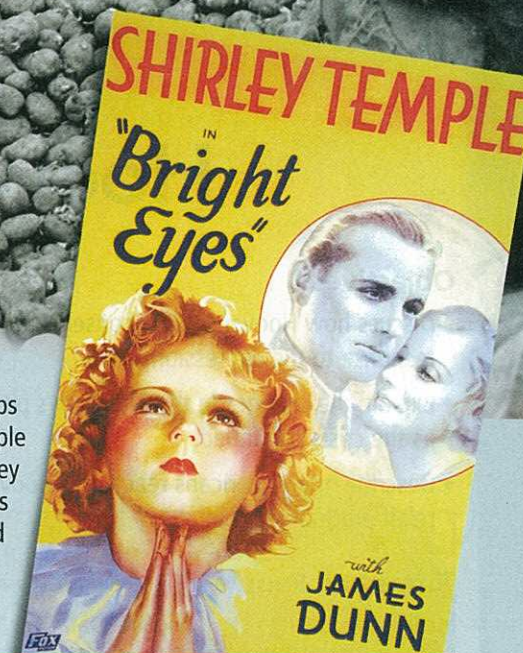


◀ Fred Bell, like his cartoon counterpart above, lost millions of dollars in the stock market crash and then sold apples on the street.

Despite their own hardships, ▶ many Americans volunteered in soup kitchens and at bread lines. Here, relief-agency workers help hand out potatoes to the hungry.



▲ As the depression worsened, many sharecroppers like the Arkansas family shown here were evicted by landowners across the South.



During the depression, trips to the movies helped people forget their troubles. Shirley Temple cheered crowds, as did the Marx Brothers and the Three Stooges. ▶

Thinking Critically

- Analyze Visuals** What were some of the positive ways in which people responded to the depression? What were some of the negative responses?
- Draw Conclusions** How did apple selling and riding the rails help men cope with losing their jobs?

Connect to Today Do research to learn about the nation's business cycle. How are the peaks and valleys of the modern American economy different from those of the late 1920s and early 1930s?

History Interactive

For: To discover more about the Great Depression
Web Code: nep-0804



Little Orphan Annie comic book ►

◀ Two young residents of a Hooverville, 1932

WITNESS HISTORY AUDIO

Rugged Individualism

Despite their suffering during the 1930s, children remained important symbols of hope and resilience. Harold Gray's *Little Orphan Annie*, one of the most popular comic strips of the time, entertained millions of children with stories of a strong-willed orphan and her sidekick dog Sandy. Gray depicted Annie's many adventures and described her determination in the face of various challenges.

Although much of his young audience did not realize it, the conservative Gray was preaching a philosophy of "rugged individualism" through *Little Orphan Annie*. He summed up his heroine's message of self-reliance when he noted that "Annie is [tough], with a heart of gold and a fast left, [and] can take care of herself because she has to."

Hoover's Response Fails

Objectives

- Discuss how Hoover's initial conservative response to the depression failed.
- Explain the changes in the President's policies as the crisis continued.
- Describe how Americans reacted to Hoover's relief programs.

Terms and People

localism	Hoover Dam
Reconstruction Finance Corporation	Bonus Army
trickle-down economics	Douglas MacArthur

NoteTaking

Reading Skill: Identify Supporting Details

As you read, fill in the outline with details about President Hoover's response to the depression.

- | |
|--|
| I. Cautious Response to Depression Fails |
| A. Hoover Turns to Volunteerism |
| 1. Calls on business leaders to maintain employment, wages, prices |
| 2. |
| B. Volunteerism Fails to Bring Relief |
| 1. |
| II. Hoover Adopts More Activist Policies |

Why It Matters From big cities to small towns, the Great Depression spread misery far and wide across America. The unemployed and the homeless crowded into shantytowns. Giant dust storms swallowed the Great Plains. Yet as the crisis deepened, Herbert Hoover struggled to respond to the nation's problems. As a result of Hoover's failed response, in 1932 Americans would turn to a new leader and increased government intervention to stop the depression. **Section Focus Question:** Why did Herbert Hoover's policies fail to solve the country's economic crisis?

Cautious Response to Depression Fails

Herbert Hoover did not cause the Great Depression. But Americans looked to him as their President to solve the crisis. He tried. Hoover was an intelligent man, familiar with business methods and economic theory. He labored long hours, consulted a wide range of experts, and tried to marshal the resources of the country to solve the problems of the depression. As the economic situation worsened, he tried several different approaches. In the end, he failed to discover the right formula, but it was not because of a lack of effort.

Hoover Turns to Volunteerism At the start of the economic downturn, Hoover followed a hands-off policy. Like most economists of the day, Hoover viewed the upswings and downswings of business cycles as natural occurrences. He felt that government should not

interfere with such events. Periodic depressions were like storms. They could not be avoided, but strong businesses could weather them without the support of the government.

A policy of doing nothing, however, was no policy at all. Hoover soon recognized this fact and turned to a policy he had used in the past. As Secretary of Commerce during the 1920s, Hoover had motivated businessmen and laborers to voluntarily work toward common goals. To address the current crisis, he asked business and industrial leaders to keep employment, wages, and prices at current levels. He simultaneously called for the government to reduce taxes, lower interest rates, and create public-works programs. The plan was to put more money into the hands of businesses and individuals to encourage more production and consumption. This, Hoover said, would reverse the cycle that led to the depression.

Lastly, Hoover requested that wealthier individuals give more money to charity. Millions of Americans gave money, clothing, and food to private and religious charities, which in turn distributed the goods to those in need. The idea was for all Americans to voluntarily join forces to combat the depression.

Volunteerism Fails to Bring Relief Although the ideas behind the plan were sound, Hoover's program relied too much on voluntary cooperation. The President believed he could persuade Americans to act not in their own best interests but in those of the country as a whole. He was cautious to encourage, not legislate, America's recovery. But volunteerism did not work. Businesses cut wages and laid off workers because it was in their own best interests. Farmers boosted production because it was in the best interests of their families. Most Americans followed individual, not cooperative, courses.

Hoover had also asked state and local governments to provide more jobs and relief measures. He had faith in **localism**, the policy whereby problems could best be solved at local and state levels. However, towns and states simply did not have the financial or human resources to successfully combat the crisis. Making matters worse, the President strongly resisted using federal resources to provide direct relief to individuals. Believing it to be unconstitutional, Hoover opposed public assistance and instead favored "rugged individualism" so that people could better themselves through their own efforts. Yet as the months wore on, unemployment increased, charities ran low on money, and local and state governments could no longer plug the leaks in the economy. The crisis demanded decisive federal action.

- ✓ **Checkpoint** Why was Hoover reluctant to have the federal government interfere with the economy?

Hoover Adopts More Activist Policies

With Hoovervilles and homelessness on the rise, the President's failed policies were laid bare. Poor Americans called trucks pulled by horse or mule "Hoover wagons," campfires "Hoover heaters," and cardboard boxes "Hoover houses." The association of the President's name with suffering and want indicated Americans' negative feelings about their leader.

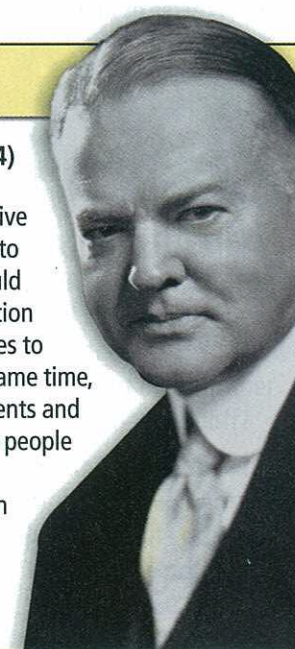
Vocabulary Builder

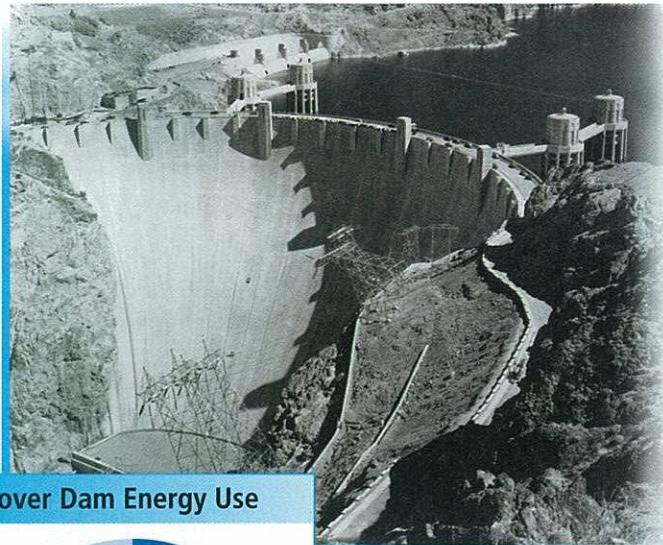
simultaneously—(sī muhl TAY nee uhs lee) *adv.* done at the same time

HISTORY MAKERS

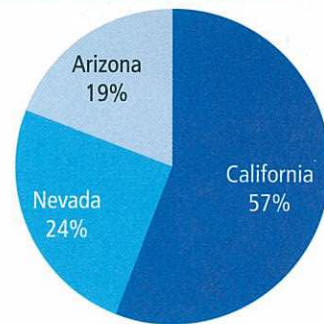
Herbert Hoover (1874–1964)

After the depression hit, President Hoover eventually embraced an active economic plan. He urged Congress to fund construction projects that would provide jobs and pushed for legislation that would loan money to businesses to kick-start the economy. Yet at the same time, Hoover insisted that local governments and charities should provide direct aid to people out of work. "Economic depression cannot be cured by legislative action or executive pronouncement," he said. As a result, many Americans blamed him for their troubles.





Hoover Dam Energy Use



SOURCE: U.S. Bureau of Reclamation

Hoover Dam Powers the West

Hoover Dam contains 325 million cubic yards of concrete—enough to pave a highway 16 feet wide from New York City to San Francisco—and provides power to more than a million people each year. It also irrigates millions of acres of farmland in western states.

Hoover decided to reverse course and use federal resources to battle the depression. Believing the economy suffered from a lack of credit, Hoover urged Congress to create the **Reconstruction Finance Corporation (RFC)**. Passed in 1932, the RFC gave more than a billion dollars of government loans to railroads and large businesses. The act also lent money to banks so that they could extend more loans to struggling businesses. Hoover believed that if the government lent money to bankers, they would lend it in turn to businessmen. Businessmen would then hire workers, production and consumption would increase, and the depression would end. This theory, known as **trickle-down economics**, held that money poured into the top of the economic pyramid will trickle down to the base.

Although the RFC put the federal government at the center of economic life, it did not work well under Hoover's guidance. The RFC lent out billions, but all too often bankers did not increase their loans to businesses. Additionally, businesses often did not use the loans they received to hire more workers. In the end, the money did not trickle down to the people who needed it the most.

Despite the failings of the RFC, Hoover succeeded with one project that made a difference. During the 1920s, Secretary of Commerce Hoover had called for the construction of a dam on the Colorado River. By the time Hoover became President in 1929, Congress had approved the project as part of a massive public-works program. Workers broke ground on Boulder Dam (later renamed **Hoover Dam**) in 1930. Construction brought much-needed employment to the Southwest during the early 1930s.

✓ Checkpoint What actions did Herbert Hoover take to fight the effects of the depression?

Americans Protest Hoover's Failures

From the Oval Office, Hoover worked hard to end the depression. But to many out-of-work Americans, the President became a symbol of failure. Some people blamed capitalism, while others questioned the responsiveness of democracy. Many believed the American system was due for an overhaul.

Some Urge Radical Change Some Americans thought the answer to the country's problems was the rejection of capitalism and the acceptance of socialism or communism. They argued that capitalism created great inequities of wealth and an unhealthy atmosphere of competition in society. In fact, they saw the depression as a sign that capitalism was about to collapse. Looking at the Soviet Union, they maintained that a state-run economy was the only avenue out of the depression. Even during the worst of the crisis, though, communist calls for revolution proved no match for American dreams of progress, opportunity, and individual freedom.

Fascist appeals from the political right also failed to hold any attraction. Economic troubles in Europe contributed to the rise to power of fascist leaders like Benito Mussolini in Italy and Adolf Hitler in Germany. Despite this political shift abroad, no fascist gained power in the United States. Although some questioned the ability of America's capitalistic and democratic institutions to overcome the crisis, most Americans never lost faith in their country.

The Bonus Army Marches on Washington Most Americans did not want a revolution, but many did desire substantial changes. In 1932, one such group arrived in Washington, D.C., demanding a solution to their particular problem. From across the country came World War I veterans seeking the bonus Congress had promised them. They became known as the **Bonus Army**. In 1924, Congress had passed the Adjusted Compensation Act, which provided for a lump-sum payment to the veterans in 1945. But in 1931, many veteran groups began to call for an early payment of the bonus, arguing that out-of-work vets needed the money to support themselves. Congress agreed and passed a bill to provide for early payment of the bonuses. However, President Hoover vetoed the bill, saying that many of the vets did not need the early payment.

● INFOGRAPHIC AUDIO

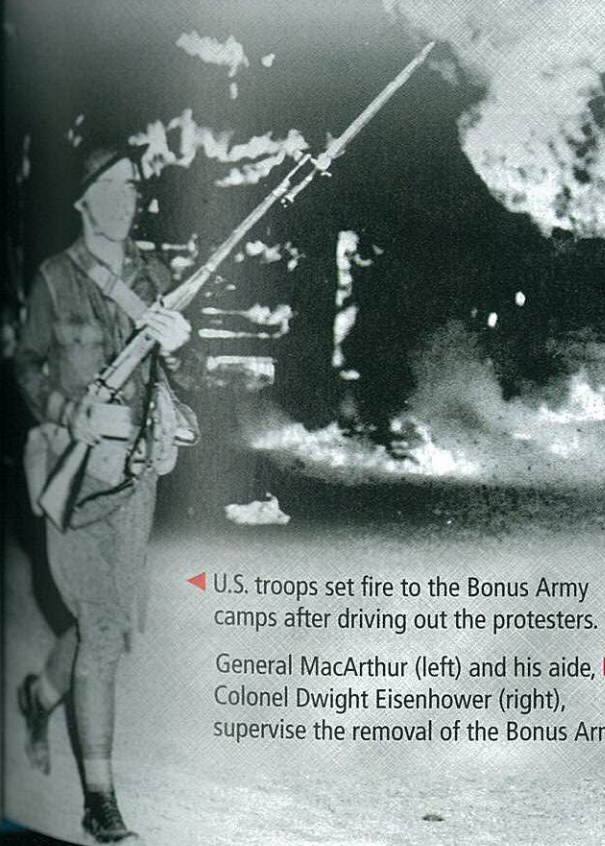
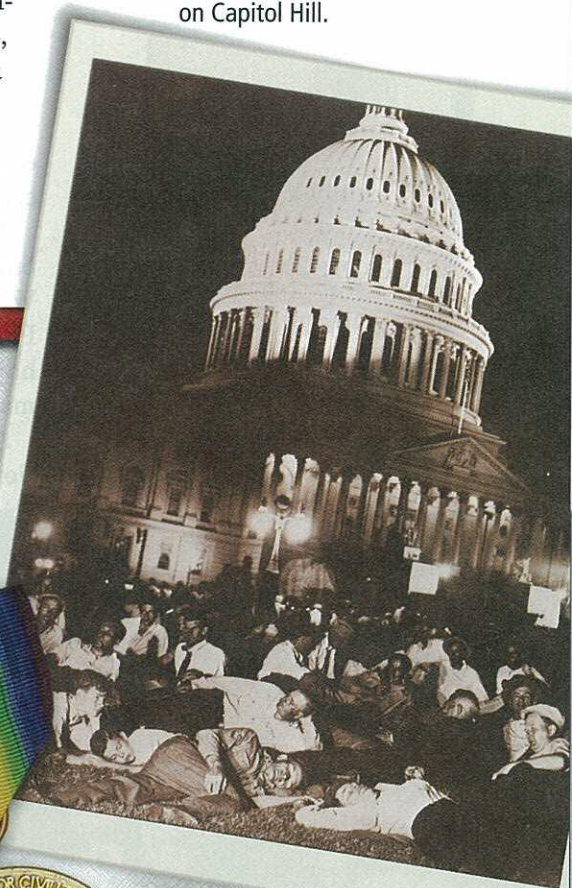
THE BONUS ARMY

During the economic boom of the 1920s, Congress promised a bonus to World War I veterans to be paid out in 1945. In the summer of 1932, as the nation struggled in the grasp of the depression, the "Bonus Expeditionary Force" of veterans converged on Washington, D.C., seeking immediate payment. When the Senate rejected their demands, President Hoover called upon the army to keep order. General Douglas MacArthur brought in troops to drive the protesters out of the city. Evalyn McLean, a Washington, D.C., resident, remembered the federal action: "I saw in a news reel the tanks, the cavalry, and the gas-bomb throwers running those wretched Americans out of our capital. I was so raging mad . . ." Memories of the event influenced the next presidential election.

Honorary medal given to veterans of World War I ▼



▼ The Bonus Army gathers on Capitol Hill.



◀ U.S. troops set fire to the Bonus Army camps after driving out the protesters.

General MacArthur (left) and his aide, ▶ Colonel Dwight Eisenhower (right), supervise the removal of the Bonus Army.



Thinking Critically

- 1. Identify Points of View**
How might the veterans and regular soldiers have felt about one another during the standoff?
- 2. Make Generalizations**
Was the Bonus Army justified in its protest? Why or why not?

In protest, veteran groups marched on Washington. In the summer of 1932, almost twenty thousand veterans arrived in the capital, setting up camps and occupying empty government buildings. A riot broke out in July when police tried to evict the marchers from their makeshift settlements.

Hoover Orders the Bonus Army Out Although President Hoover sympathized with the marchers, he called for General **Douglas MacArthur** and federal troops to “[s]urround the affected area and clear it without delay.” MacArthur exceeded his order, deciding to move the marchers out of the city altogether. He ordered his troops to ready tear gas and fix bayonets.

The Army force that pushed the marchers out included not only MacArthur but also the future World War II generals Dwight Eisenhower and George Patton. While Eisenhower regretted the use of the Army to solve a political problem, Patton ordered his troops to brandish their sabers in a show of force. Force, perhaps excessive, was exactly what MacArthur used. More than one thousand marchers were tear-gassed, and many were injured, some very badly.

After the removal, MacArthur said that the marchers were a gang of revolutionaries bent on taking over the government:

Primary Source “They had come to the conclusion, beyond a shadow of a doubt, that they were about to take over . . . direct control of the government. . . . It is my opinion that had the president let it go on another week the institutions of our government would have been very severely threatened.”

—Douglas MacArthur, 1932

The Aftermath Dooms Hoover Hoover had not ordered the use of such force against the veterans. Nevertheless, photographs of American troops marching with fixed bayonets against ragged veterans shocked the nation. Any chance that Hoover had for winning reelection in November ended after the summer of 1932. With unemployment nearing 25 percent, stomachs grumbling from hunger, and the number of homeless people increasing every day, Hoover’s policies had failed completely. Americans were ready for a change.

✓ **Checkpoint** Why did Hoover order the removal of the Bonus Army from its camps?

The Grapes of Wrath by John Steinbeck

Published during the depths of the depression, *The Grapes of Wrath* won its author the Pulitzer Prize in 1940. Steinbeck’s sympathetic portrayal of dispossessed Okies, along with his searing criticism of the rich and powerful who profited from their plight, caused an immediate sensation. The novel tells the story of the Joad family, hardy Dust Bowl farmers who are forced off their land by the bank. The Joads join the mass migration west, to the “promised land” of California. There, instead of opportunity, they find low wages, harsh conditions, discrimination—and finally, after years of drought, the cruel irony of a killing flood.

In the barns, the people sat huddled together; and the terror came over them, and their faces were gray with terror. The children cried with hunger, and there was no food.

Then the sickness came, pneumonia, and measles that went to the eyes and to the mastoids.¹

And the rain fell steadily, and the water flowed over the highways, for the culverts² could not carry the water.

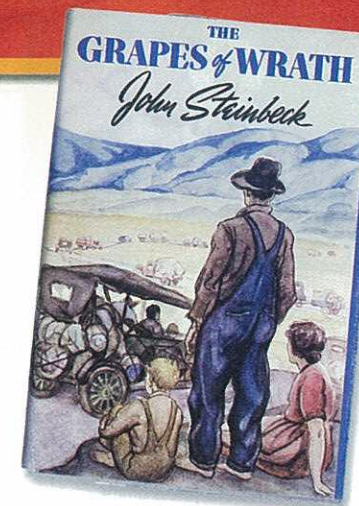
Then from the tents, from the crowded barns, groups of sodden men went out, their clothes slopping rags, their shoes muddy pulp. They splashed out through the water, to the towns, to the country stores, to the relief offices, to beg for food, to cringe and beg for food, to beg for relief, to try to steal, to lie. And under the begging, and under the cringing, a hopeless anger began to smolder. And in the little towns pity for the sodden men changed to anger, and anger at the hungry people changed to fear of them. Then sheriffs swore in deputies in droves, and orders were rushed for rifles, for tear gas, for ammunition. Then the hungry men crowded the alleys behind the stores to beg for bread, to beg for rotting vegetables, to steal when they could.

Frantic men pounded on the doors of the doctors; and the doctors were busy. And sad men left word at country stores for the coroner to send a car. The coroners were not too busy. The coroners’ wagons backed up through the mud and took out the dead.

And the rain pattered relentlessly down, and the streams broke their banks and spread out over the country.

1. mastoids (MAS toidz) *n.* infection-prone areas of the skull behind the ears.

2. culverts (KUHL vertz) *n.* drainage ditches crossing under roads.



▲ First edition cover of the novel



▲ The Joads, from the 1940 film *The Grapes of Wrath*, starring Henry Fonda

Thinking Critically

1. Draw Inferences Why did the townspeople’s pity for the hungry migrant workers change to anger and then to fear?

2. Analyze Literature Notice the words Steinbeck uses to describe the rain and flooding. What might the flood symbolize in the story?

SECTION 3 Assessment

Progress Monitoring Online

For: Self-test with vocabulary practice
Web Code: nea-0805

Comprehension

1. Terms and People For each of the following terms, write a sentence explaining its significance.

- localism
- RFC
- Hoover Dam
- Bonus Army

2. NoteTaking Reading Skill: Identify Supporting Details Use your outline to answer the Section Focus Question: Why did Herbert Hoover’s policies fail to solve the country’s economic crisis?

Writing About History

3. Quick Write: Analyze Solutions Based on what you have read, list supporting information—such as details, data, and facts—for the following thesis statement of a problem-solution essay: Although President Hoover responded to the developing economic crisis, he ultimately failed to stop it.

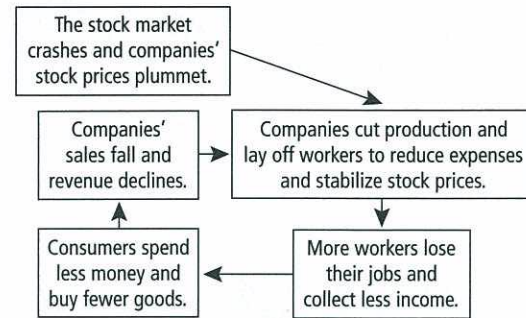
Critical Thinking

- 4. Recognize Ideologies** How did Hoover’s views on government influence his response to the depression? Give two examples.
- 5. Analyze Evidence** What facts show that Hoover’s policies to reverse the depression failed?
- 6. Recognize Effects** How did MacArthur’s tactics in removing the Bonus Army affect Hoover’s political future?

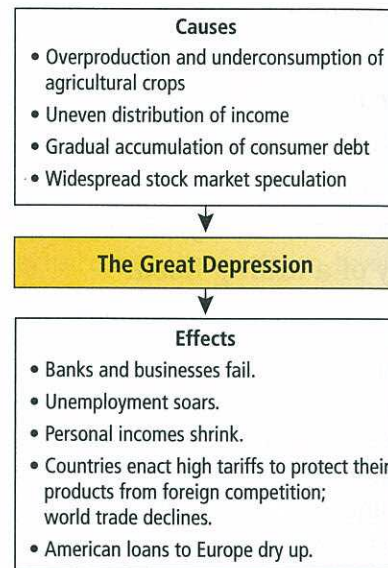
Quick Study Guide

Progress Monitoring Online
For: Self-test with vocabulary practice
Web Code: nea-0806

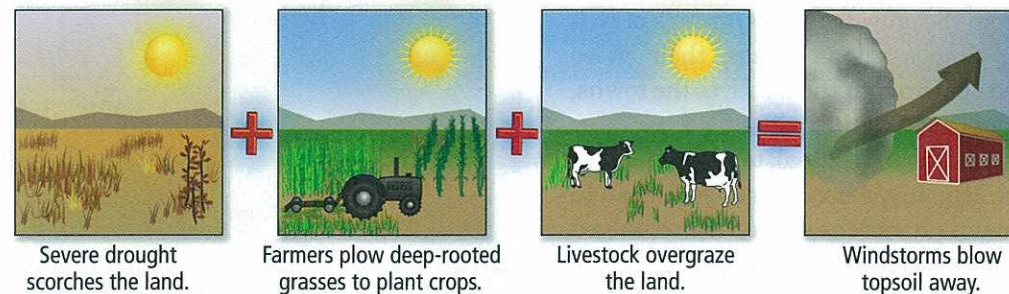
The Cycle of Production Cutbacks





Cause and Effect: The Great Depression



Causes of the Dust Bowl



Quick Study Timeline

			
1928 Hoover elected President		October 1929 Stock market crashes	
June 1930 Howley-Smoot Tariff		1931 Bank failures cause panic	
January 1932 Congress sets up the RFC		July 1932 Bonus Army driven from Washington, D.C.	
1928 Stalin launches first Five-Year Plan in the Soviet Union		1930 Haile Selassie becomes emperor of Ethiopia	
1931 Japanese troops occupy Manchuria		1932 Britain and France agree to suspend German reparations	
1933 Hitler becomes chancellor of Germany		1933 Hitler becomes chancellor of Germany	

American Issues Connector

By connecting prior knowledge with what you have learned in this chapter, you can gradually build your understanding of enduring questions that still affect America today. Answer the questions below. Then, use your American Issues Connector study guide (or go online: www.PHSchool.com Web Code: neh-0807).

Issues You Learned About

- Government's Role in the Economy** Like other Presidents, Hoover sought the right balance between free enterprise and government intervention in the economy.
 - Think about the problems that emerged in society during the Great Depression and Hoover's response to them. Write a paragraph suggesting what Hoover might have done to improve the nation's economic situation and morale. Consider the following:
 - the depression's impact on families, businesses, industries, agriculture, and the banking system
 - the rising unemployment rate
 - the falling prices for farm products
 - Hoover's belief in volunteerism
 - responses to Hoover's policies
- Migration and Urbanization** Economic changes often lead to migration around the country.
 - Why did thousands of people who lived in the Great Plains leave the region in the 1930s?
 - How did the drought on the Great Plains change population distribution in the country?
 - What other migrations took place as a result of the Great Depression?

- Global Interdependence** The economies of nations around the world are impacted by distant events.
 - What economic practice of the 1920s contributed to the weakening of European economies?
 - What happened to European economies as a result of the Great Depression in the United States?

Connect to Your World

Activity

Poverty and Prosperity The 1920s was a period in which wealth was concentrated among the richest Americans. Conduct research to find out how wealth is distributed in the United States today. When you have completed your research, create a pie graph similar to the income-distribution graph in the Section 1 Infographic "Causes of the the Great Depression". How does income distribution today compare with income distribution in 1929?

History Interactive

For: Interactive timeline
Web Code: nep-0808

Chapter Assessment

Terms and People

1. Who was **Herbert Hoover**? What did he represent to the American people in 1928?
2. What is the **business cycle**? If you were to chart the business cycle of 1929, how would you represent the period from mid-October through mid-November?
3. Define **bread line**. Who ran bread lines during the depression?
4. What was Mexican American **repatriation**? How did Mexican Americans respond to this effort?
5. Define **trickle-down economics**. Explain how the depression proved whether or not this theory worked.

Focus Questions

The focus question for this chapter is **How did the Great Depression happen, and how did Americans respond to it?** Build an answer to this big question by answering the focus questions for Sections 1 through 3 and the Critical Thinking questions that follow.

Section 1

6. How did the prosperity of the 1920s give way to the Great Depression?

Section 2

7. How did the Great Depression affect the lives of urban and rural Americans?

Section 3

8. Why did Herbert Hoover's policies fail to solve the country's economic crisis?

Writing About History

Writing a Problem-Solution Essay Throughout its history, the United States has experienced periods of economic decline. However, not all these downturns ended in a general depression. In 1929, underlying problems surfaced to sink the American economy in the wake of the stock market crash. Write a problem-solution essay about one of these causes of the depression or choose your own topic relating to the content in this chapter.

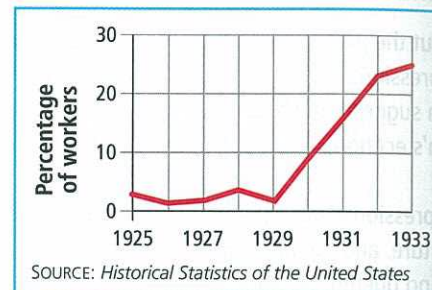
Prewriting

- Choose the topic that interests you the most. If you have a personal interest in a problem and its solution, your essay will be easier to develop.
- Narrow your topic.
- Make a list of details, facts, and examples that prove there is a problem. Then, identify the specific parts of your solution.

Critical Thinking

9. **Identify Central Issues** What weaknesses existed in the U.S. economy before the stock market crash?
10. **Recognize Causes** How did the Dust Bowl cause Okies to prefer life in California over life on the Great Plains?
11. **Analyze Line Graphs** Based on the graph below, between which two years did unemployment rise the most? Based on your reading, explain why the increase was especially great during this period.

U.S. Unemployment Rate, 1925–1933



12. **Synthesize Information** Why did some men find their role in the family diminished during the depression? What were some of the different ways these men reacted?
13. **Identify Central Issues** Do you think the depression changed people's goals and expectations? Why or why not?
14. **Draw Conclusions** Why did Hoover turn from volunteerism and localism to more activist policies to fight the depression?
15. **Identify Fact Versus Opinion** What demands did the Bonus Army make? What did General MacArthur think about the Bonus Army?

Drafting

- Develop a working thesis and choose information to support it.
- Organize the paragraphs in a logical order so that readers can understand the solution you propose.

Revising

- Use the guidelines on page SH16 of the Writing Handbook to revise your essay.



Document-Based Assessment

Worldwide Depression

In 1929, the stock market crash echoed across the Atlantic Ocean to a European continent still suffering the aftereffects of war. Use your knowledge of the Great Depression and the following documents to answer questions 1 through 4.

Document A

"Values decreased, prices fell, production lessened. The American faith began its decline as extremely as had its illusions been created. Simultaneously, with the misfortunes of business in America came the catastrophes of Europe. . . . The [American] government made unheard-of efforts in the last three years to contain the avalanche. . . . But they made the big mistake of believing they could save the nation in isolation."
—El Sol, Madrid newspaper, March 7, 1933

Document B

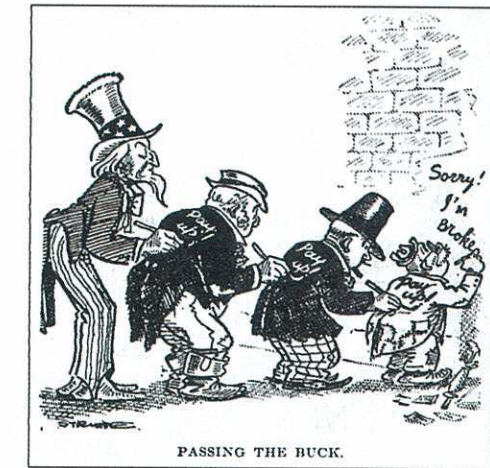


Document C

"The Hawley-Smoot Tariff went into effect in June 1930, in the full blast of the depression. Under the circumstances there was great indignation and resentment on the part of the majority of the countries of the world, but that of the debtor countries of Europe was extreme. This intense indignation, coupled with the absolute necessity of securing a favorable trade balance, could result in but one course of action: retaliatory tariff increases against the United States."

—Joseph M. Jones, Jr., Tariff Retaliation: Repercussions of the Hawley-Smoot Bill

Document D



1. Which of the documents is a primary source that explains how the stock market crash snowballed into an international economic crisis?
A Document A
B Document B
C Document C
D Document D
2. In Document D, how did the cartoonist choose to portray the problem of reparations after World War I?
A The United States does not need its loans repaid.
B Germany has plenty of money available to repay Britain and France.
C Britain and France cannot repay U.S. loans because Germany is bankrupt.
D The United States is loaning more money to Germany.
3. According to Joseph Jones, which of the following statements is an accurate assessment of the Hawley-Smoot Tariff?
A It caused European countries to pass their own protective tariffs.
B It opened international markets and stimulated world trade.
C It put limits on Allied war debts.
D It established the funds for the Reconstruction Finance Corporation.
4. **Writing Task** How did the structure of loans to rebuild Europe after World War I collapse under the weight of economic depression? Use your knowledge of the war, the Great Depression, and specific evidence from the primary sources above to support your opinion.