

## Chapter 10 Notes

### Causes of the Depression

#### Technological Unemployment

New technologies increases productivity, surplus of crops, prices drop

Farmers don't have enough money, produces even more crops to make ends meet

Forces prices down even lower, too much supply, not enough demand

#### Demand for cotton/crops drop

Women wearing less cloths

Synthetics industry finds alternative products

World War I Ends, demand for uniforms drops

#### Recession in Europe from WWI

Banks no longer lend money to Europe because they're lending money to Americans to buy stock

Europeans powers no longer have the money to buy US goods/crops

#### Americans ate lighter foods

#### Decline in production of factories

Industry suffered from a decrease in orders. Wages dropped, laid off workers

Can't afford the manufactured goods, under consumption

#### Wealth Distribution

During the 20's, business profits rose, wages too, but not everyone had the money to buy goods

Especially with money in the stock market, and then losing it, not enough consumer buy power

#### Monetary Policy

Federal Reserve system limits the amount of money in circulation, dried up credit

Money not enough for economy to bounce back from decline

#### Advertising

People like **John Raskob, National Committee Chairman**, encouraged people to invest in stocks

Speculation, dangerous, but people wanted quick profits. Bought on margin

When they couldn't pay back margins, stocks were sold; they lost all their money

Since banks lent money to margin buyers, many people with savings accounts lost money, no FDIC

### Hoover's Response to the Depression

Optimistic at first, thought it would be over very quickly, nicknamed **the Great Engineer**

Believed in voluntary associations and that businesses would voluntarily comply for the good of the public

Asked business leaders to pledge not to cut wages or production. Asked city/state gov to fund building projects

**Agricultural Marketing Act** – established Farm Board, lent money to farmers to let them sell their crops as a group. If prices were too low, they would hold it until prices rose. However, not authorized to lend money

Annual income went from 2300 in 29 to 1600 in 35. Unemployment from 5% in 29 to 25% in 32

New York City gave \$2.39 to each family/week, too many people.

Created **Reconstruction Finance Corp(RFC)**, 2 billion to banks, insurance companies, railroads

Hoped money would inspire confidence in business, and eventually, create more jobs

Not quick enough results, **Emergency Relief Act** – distribute 300 mil to state gov's for relief

Only the governments on the verge of bankruptcy qualified, distributed only half of money

**Bonus Army** – Veterans from Portland to Washington, started with 1000, ended with 17,000

Wanted their WWI bonus 13 years early. Defeated in congress, a few protesters stayed

Hoover saw it as threat, sent Macarthur and Eisenhower to drive them out of city, killed a baby.

**Studs Terkel – Hard Times** – a story about the Depression. Talked about life during the depression

**The Dust Bowl – Meade County, Kansas** – dust storm destroys crops, kills livestock, destroys farms

**Foreclosure** – take back ownership of farms when they couldn't pay.

**Penny Auctions** – neighbors bid on farmer's land, then gave it back. Borrowed from relatives

7 years of crops failed in succession, **Okies** moved to California, **The Grapes of Wrath**

People thought there were jobs in California, only a few were available, good for CA farmers, lowered wages

Tenant farmers also dead, especially blacks, when gov paid farmers to not plow some land, tenants laid off

Tractors replaced year round help, Georgia farmer wrote letter to Harry Hopkins saying he has no mule/feed

Los Angeles officials sent 12,000 Mexicans, some American Citizens, back to Mexico. Denied legal rights

**Repatriation** – regaining citizenship (Mexico) **Unemployment** – Chicago – 50%, Toledo, OH – 80%

**Fred Bell – Champagne Fred** – fortune in 20's, sold apples in 31, San Francisco.

Factories had no smoke, loading docks no deliveries, construction sites silent

African Americans/minorities laid off first, full time – part time, part time. Working/relief had same money

People crowded in with relatives. **Hooverilles** – makeshift cities on the outskirts of metropolitan areas

Newspapers were **Hoover Blankets**, **Hoover Flags** – pockets turned inside out

Rental Landlord let people stay free if they shared food, wealthy lived comfortably, if less luxuriously

Men like **J Paul Getty** bought oil companies at low prices during the depression Lost pride more than money

Women weren't hit as hard, revived to canning veggies, drying food, sewing cloths

Started home industries, took in laundry, sold baked goods, even held job outside of home

Much discrim against women, but clerical and retail didn't decline much. # of working women grew

Many men deserted family and hitchhiked cross country for work, lived in hobo camps

People didn't socialize because they're ashamed, marriages put off, married didn't have kids, milk dropped

**The Wizard of Oz – There's no place like home** **King Kong** –people felt that any problem is solved by tech

**Margaret Mitchell** – Gone with the Wind, Pulitzer Price in 37, movie in 39. car a **Status Symbol** of wealth

Tourism grew during Depression, some went for work, others adventure, others vacation, 35 million in 1935

Refrigerator – new way to store food, washing machines, electric irons reduced housechore times

**Astair and Rogers** in **Flying down the Rio**, color film tech in 30's, radios were big furniture

Set today's pattern. Daytime – soap operas, appeal to women, afternoon, kids stuff, night, news, variety shows

**Benton, Hopper, Wood** made art as they saw it, of the suffering. Movies sometimes even portrayed depression

Man at the Crossroads looking with Hope and High Vision to the Choosing of a New and Better Future