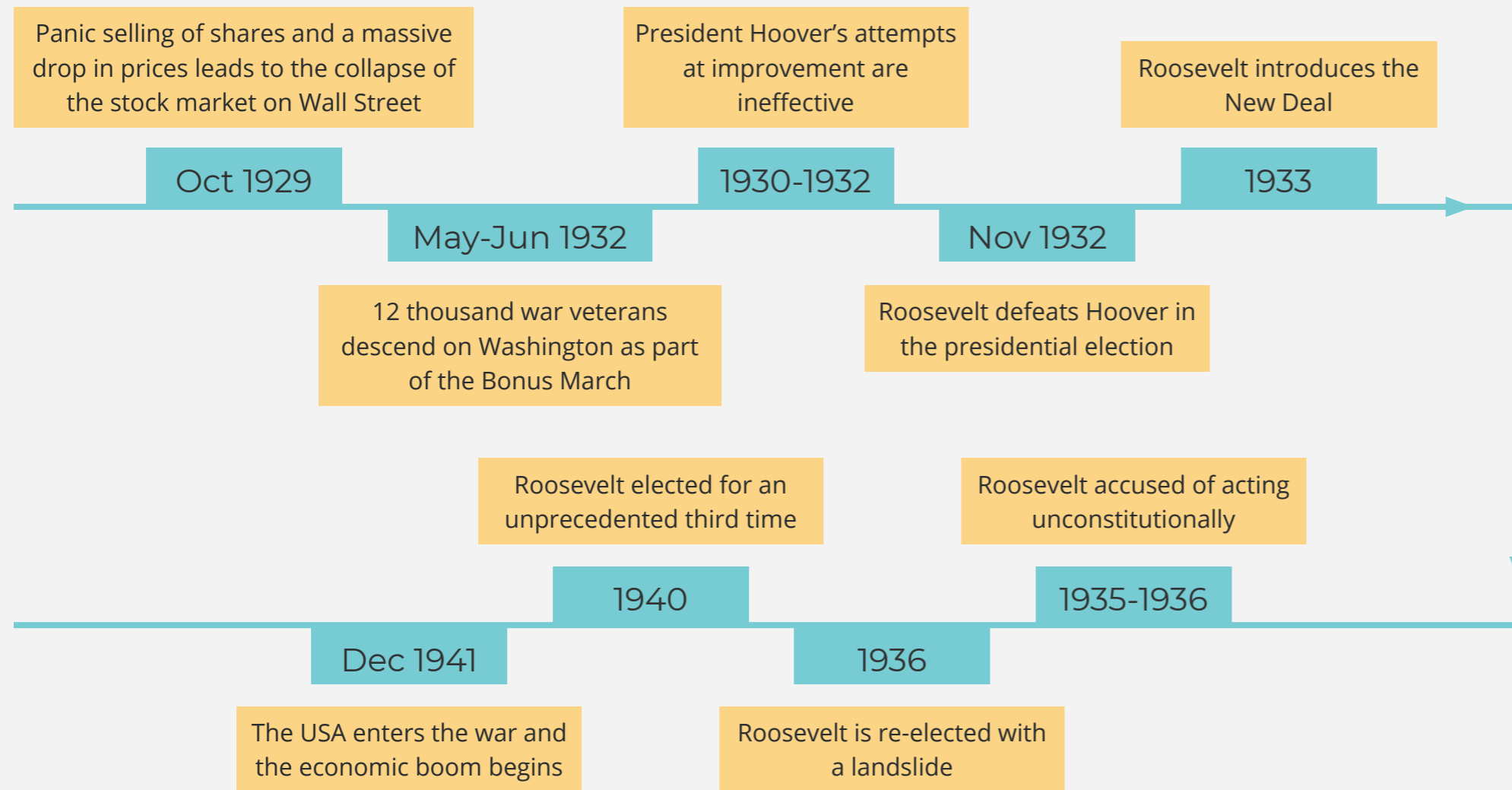


Key Question 1 : How was the USA affected by the Great Depression between 1929 and 1945?

Timeline of events



Key words	
Wall St Crash	the collapse of the US stock market in October 1929
Great Depression	the economic and social slump caused by the collapse of the stock market in 1929
Hooverville	shanty towns built for the unemployed
Hobo	an unemployed migrant seeking work
Bonus Army	war veterans demanding early payment of bonuses
New Deal	Roosevelt's policies to deal with the Great Depression
Alphabet Agencies	nickname given to the organisations within the New Deal
Rugged individualism	the view that Americans are responsible for their own lives and do not need external help
Balancing the budget	ensuring that government revenue matches spending

The impact of the Wall Street Crash

- In October 1929 panic selling of shares on the Wall Street Stock Exchange resulted in a loss of confidence in the financial sector.
- Share prices crashed causing the US stock market to collapse in what became known as the **Wall Street Crash**.
- Events were to lead to a huge economic and social **slump** which became known as the **Great Depression**.
- The collapse of the economy and a fall in demand for American goods led to huge increase in unemployment especially in the industrialised towns and cities as factories and businesses went bust.
- By 1933 upwards of 13 million were unemployed which represented one third of the working population.
- In 1932 war veterans marched to Washington demanding the early payment of war bonuses as part of the "**Bonus March**" which was brutally put down by the army on the orders of **President Hoover**.

Important concept

The USA entered an unprecedented time of economic and social hardship after the Wall St. Crash. Roosevelt's actions dealt partially with the issues but ultimately entry into the war lifted the USA out of depression.

The only thing we have to fear is fear itself - Roosevelt

Key Question 1 : How was the USA affected by the Great Depression between 1929 and 1945?

Republican attempts to deal with the crisis

- The Republican President **Hoover** faced criticism about how he dealt with the effects of the Depression.
- His approach was based on his belief of **balancing the budget** and he refused to borrow money in order to create jobs.
- The Republican belief in **“rugged individualism”** meant that individuals should not expect support from the government.
- In 1932, Hoover attempted to introduce measures in an attempt to address the crisis such as the **Emergency Relief Act** which gave \$300 million to state governments to help the unemployed. To many, his efforts were **“too little too late”**.
- His treatment of the **Bonus Marchers** created the impression that he did not care which gave rise to the slogan **“In Hoover we trusted, now we are busted”**.

Life during the Depression

- As people lost their jobs and homes many moved into makeshift homes called **“Hoovervilles”** while others became **“hobos”** and drifted across the country in search of work.
- Black Americans were often first to be fired and by 1933 unemployment levels had reached 50%.
- Many farmers became **bankrupt** and more than one million left home in search of work.
- A combination of poor farming methods and drought compounded the situation especially in Oklahoma, New Mexico, Kansas and Arkansas.
- The Depression had a huge effect on family life:
 - the number of marriages dropped with a subsequent
 - reduction in the birth rate
 - the suicide rate rose dramatically
 - with no national system of social security, some 25% of the population were not receiving any income and were dependant on charity.

Roosevelt and the New Deal

- Roosevelt defeated Hoover with a landslide victory in the 1932 election. He promised direct federal action as part of his **New Deal** for the American people based on the **“three Rs” of relief, Recovery and Reform**.
- His first move was to stabilise the banking system.
- His **“fireside chats”** helped to reassure the people that his measures were workable.
- He established numerous organisations as part of his New Deal which became known as the **“Alphabet Agencies”**.
- The New Deal was successful in creating millions of jobs, improving conditions for farmers and creating a semi-welfare state for disadvantaged Americans.
- Roosevelt's policies were criticised by some for not doing enough and for being a short term fix. For others he did too much and his actions were un-American and un-constitutional.
- Ultimately it was the Second World War which lifted the Depression.