THE GREAT DEPRESSION AND THE AMERICAN PEOPLE, 1928–1933

OVERVIEW

The temperature was below zero in Detroit, Michigan, on March 7, 1932. Despite the bitter cold, over 3,000 former Ford Motor Company workers gathered together to protest the lower wages and layoffs that had occurred in the years since the stock market crash in the fall of 1929. The Detroit Unemployed Council, an organization affiliated with the Communist Party of the United States, organized the protest. The group began its march and was soon met by city police. As marchers tried to run toward the Ford plant, they threw bricks and stones at police, who responded by firing tear gas. Ford's own security force met the marchers at the plant entrance; at some point in the melee, they fired at the marchers with machine guns. Four protesters were killed — including a 16-year-old boy — and at least 60 were injured. At the funerals five days later, the coffins were draped with banners carrying the slogan, "Ford Gave Bullets for Bread."

The Ford Hunger March, as it became known, was one of the most notorious episodes of violence that occurred during the early years of the Great Depression. The desperation of the Ford employees who had lost their jobs was commonplace by the early 1930s, as Americans suffered through the deepest economic decline in their history. To many people, it seemed as if no one could do anything to stop the decline, and there was little help from the business community to prevent the problems of hunger suffered by the unemployed. Although the government tried a number of remedies, the economic problems of the nation were intractable in the early 1930s.

STUDY QUESTIONS

1. What weaknesses existed in the American economy in the 1920s?
2. What economic sector fared the worst?
3. What were the causes of the stock market crash of 1929? What effects did the crash have?
4. What did Herbert Hoover do to try to stop the Great Depression? Were his efforts successful?
5. What happened to the nation's urban areas during the depression? What happened to the rural areas?

THOUGHT QUESTIONS

1. What role did the world economy play in the Great Depression? What effect did World War I have on the depression?
2. Should we blame Herbert Hoover for the depression? What, if anything, could he have done differently to change the course of the depression?
3. Was the depression inevitable because of the problems in the U.S. and European economies in the 1920s? Could something have been done to stop the depression before it occurred?
4. How did people protest the depression? Did these protests make a difference? Do you think there should have been more protests?

CHRONOLOGY

1914–1918	World War I
1919	Treaty of Versailles officially ends World War I
1921	Economic recession in United States
1922	Herbert Hoover publishes *American Individualism*
1929–1933	Presidential administration of Herbert Hoover
June 1929	Passage of the Agricultural Marketing Act, creating Federal Farm Board
October 24, 1929	"Black Thursday" stock market crash
October 29, 1929	"Black Tuesday" stock market crash
1930	Creation of National Credit Corporation; Hoover signs Hawley-Smoot Tariff
1930–1931	Dust storms and southern drought begin
Oct 1930–Ap 1931	Creation of the President's Emergency Committee on Employment
1931	President's Organization on Unemployment Relief (POUR) established; Unemployed Citizen's League formed in Seattle, Washington; Miles Reno creates the National Farmers' Holiday Association
1932	Creation of the Reconstruction Finance Corporation; Hunger March against Ford Motor Company, in Detroit, Michigan; Bonus Army attacked by United States Army in Washington, D.C.; Sioux City, Iowa Milk Strike
1933	Creation of Unemployed Cooperative Relief Association in California
March 4, 1933	President Franklin D. Roosevelt gives inaugural address

OUTLINE

I. Economic Boom and Bust
A. The American Economy in the 1920s
B. The Stock Market in the 1920s
C. The European Economy
D. The Statistics of Depression
II. Herbert Hoover and the Great Depression
A. Voluntary Cooperation
B. Unemployment Relief
C. Reconstruction Finance Corporation
III. The Depression Experience in America
A. Urban America
B. Rural America
IV. Politics and the Great Depression
A. Political Protests in the 1930s
B. Election of 1932

Introduction

The Great Depression was the most devastating period of economic decline in United States history. Between the late 1920s and the early 1930s, the nation's economy crumbled, creating enormous hardship across the country. But the depression didn't happen overnight. An economic boom in the 1920s disguised weaknesses in the American economy - weaknesses that became apparent when the stock market crashed in 1929. Coupled with the troubled economies of Europe and the legacies of World War I foreign debt, these weaknesses undermined the American economy years before the stock market crash exposed them.

President Herbert Hoover (in office 1929-1933) has generally been blamed for the Great Depression, but this impression is somewhat unfair and inaccurate. Although Hoover did have numerous problems in trying to combat the unemployment, homelessness, and hunger caused by the depression, he initiated a number of programs designed to improve the lives of Americans hurt by the economic downturn. But Hoover was generally reluctant to use direct federal power, and his policies didn't do enough to stem the tide of economic decline.

Because of the economy's downward spiral, the plight of many Americans worsened in the early 1930s. Hunger, homelessness, and unemployment were rampant in urban areas, especially in African-American neighborhoods. Rural Americans suffered as well, as the depression - along with a series of environmental disasters - crippled an already weak farming economy. By late 1932, with the depression seemingly endless, countless Americans were skeptical that the government could help them through the economic crisis. Many of them actively protested against the government, but to little avail. Finally, a turning point in the early depression years came with the election of 1932, ending Hoover's presidency and ushering in Franklin D. Roosevelt's New Deal.

ECONOMIC BOOM AND BUST

During the 1920s the American economy experienced a boom; the years after World War I (1914-1918) saw a tremendous rise in industrial production and an increase in consumer spending. Throughout the 1920s businessmen, politicians, and economists predicted that the U.S. economy would continually improve and never experience a serious economic depression or downturn. But there were signs that the economy might be faltering, and by the end of the decade, the crash of the stock market and the damaging effects of a depression in the rest of the world ushered the United States into the period known as the Great Depression, the worst economic downturn in the nation's history.

The American Economy in the 1920s

During the 1920s the American economy seemed to be doing very well. National unemployment rates were at approximately 4%, and Americans' incomes increased dramatically, allowing more people than ever to buy the goods and services they desired. As a result, the consumer economy expanded, allowing businesses to expand production to fill the consumers' growing demand for more products.

- The gross national product of the United States grew from $74.1 billion in 1922 to $103.1 billion in 1929.
- The average annual income of workers in the United States grew from $641 in 1922 to $847 in 1929.
- Factory workers increased production more than 50% because of better working conditions, improved machinery, and better organization of the shop floor. For example, in the 1920s a Ford automobile rolled off the assembly line every 10 seconds.
- Automobile production had increased so much that Americans purchased more than 26 million cars by the late 1920s - one for every five people in the country.

Despite indications of a strong economy, there were some major economic problems in the 1920s. A recession in 1921 highlighted several of these deficiencies. The years following World War I saw a dip in the demand for American products and an oversupply of goods, causing an unemployment rate of 12% (about 4.9 million people) and a deflation rate of 20%. This deflation, or a reduction in the price of consumer goods, hurt business profits because the cost of producing an item remained the same, while profits for selling it decreased.

The recession didn't last long or hurt overall economic growth, but some sectors of the economy never recovered. Farming, for example, was among the hardest hit. Increased crop production by European farmers returning to work after World War I created more competition with American farm products, resulting in a huge surplus of goods and a consequent drop in prices.

- Cotton prices dropped from 35 cents per pound during the war to 16 cents during the 1921 recession.
- Corn prices dropped from $1.50 per bushel to 52 cents per bushel.
- Hog prices decreased from 60 cents per pound to 20 cents per pound.

Prices for farm goods remained low throughout the 1920s, causing most farmers' incomes to drop and forcing thousands of them into bankruptcy. Many farmers lost 25% of their income during the 1920s, earning on average only $275 per year.

A number of other statistics revealed more weaknesses in the economy:

- Housing construction, regarded by many economists as one of the key signs of a healthy and productive economy, declined between 1925 and 1929 (from $5.16 billion to $3.38 billion).
- Between 1920 and 1929, banks failed at an average of 635 per year (the result of poor government regulations and bad bank investments). Bank failures prevented people from accessing the money they deposited in the bank.

Regardless of the ominous foreshadowing, most Americans believed that the nation had a generally strong economy, and they did not fear the future.

The Stock Market in the 1920s

Driving Americans' optimism - and perhaps clouding the economy's weaknesses - was the success of the nation's stock market. The stock market was centered in New York City, where the major center for trading company stocks was the New York Stock Exchange, located on Wall Street. During the 1920s the market experienced a meteoric rise, but its subsequent crash in October 1929 has stood as the symbol of the Great Depression ever since. The crash itself did not cause the depression, but it did have a serious psychological impact on the confidence of Americans in the business community. Furthermore, there were some serious economic costs to the crash, since business values plummeted in the weeks and months that followed.

The Rise

Throughout the 1920s the stock market seemed to indicate the strength of the U.S. economy, and investments in stock increased dramatically. As the amount of stock trading increased, so did prices because sellers were able to find buyers who would pay more for the stocks. And since stocks seemed to always increase in value, the situation appeared to benefit both sellers (who received more money than ever as they sold stock at higher and higher prices) and buyers (who could purchase stock and resell it later for a profit). Between 1924 and September 1929, the Dow Jones Industrial Average experienced remarkable growth.

Dow Jones Industrial Average						
Date	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	9/29
Stock Avg.	$120.51	$156.66	$157.20	$202.40	$300.00	$381.17

The stock prices of individual companies grew just as dramatically as these overall averages:

- Between March 1928 and December 31, 1928, Radio Corporation of America (RCA) stock increased from $77 per share to over $400.
- During the same period, Montgomery Ward stock increased from $133 per share to over $400.

The increases in stock prices were driven by a number of factors. In part, these numbers reflected the growth in business profits during the 1920s as industrial production increased and efficiency improved. In addition, the federal government reduced taxes during the 1920s, putting more money in the pockets of investors who, in turn, purchased more stock in hopes of seeing their investments grow.

But the most important factor affecting the rise of the stock market was credit. The availability of credit pushed the market to record highs and created major problems in the market when it crashed. The most common form of credit extended for stock purchases was the **call loan**. Call loans allowed a stock buyer to put down anywhere from 10% to 50% of a stock's price and borrow the rest of the money to make the full payment. In theory, the lender could "call back" their loan and demand repayment when a stock fell below a certain price. Call loans were made available in two ways:

- First, banks would loan money to stock buyers at a 10% interest charge (and sometimes even more). Banks, in turn, were provided funds by the Federal Reserve Board, which charged a lower interest rate of about 3.5%. This allowed banks to make money by loaning it out and gave stock buyers plenty of cash to put into the stock market.
- Second, when market activity grew even faster than the banks' ability to lend money, businesses stepped in to help. Big companies such as John Rockefeller's Standard Oil Company were responsible for more than half the money in call loans in 1929.

By the end of 1928, there was nearly $8 billion in outstanding call loans. In comparison, the federal government's total income in 1928 was only $3.9 billion.

The Crash

In October 1929 this fragile system of borrowing money came crashing down. In September the Federal Reserve Board raised interest rates - a move that, they hoped, would slow the increase in loans and prevent too much buying (over-speculation) in the stock market. This rate increase forced banks to cut back on their lending, since their costs increased. With less money available for loans, stock prices quickly began to fall. And after a slight recovery of prices in late September and early October, the market collapsed.

- On October 24, 1929, known as "Black Thursday," the stock market went into a panic of selling. Over 12 million shares of stock were traded that day, sending stock prices plummeting.

- The situation worsened over the next few days. On October 29, 1929 - "Black Tuesday" - more than 16 million shares were traded. As more and more loans were called back, a frenzy of selling ensued; prices continued to plummet. The ticker tape that recorded sales of stock was hours behind (and did not catch up until the following day).
- By early November stock values had decreased an unimaginable $26 billion, more than a third of the stock market's value in August. The Dow Jones average closed at $230.07 on October 29, a drop of 40% from its high in September. The average continued to drop, despite some short increases during the early 1930s. Today this would be the equivalent of a 4,000-point drop in just two months.

Historians disagree about the causes of the crash. Some argue that stocks were overpriced, not indicating the real value of a company's worth, and that the decline in stock prices was inevitable. Others suggest that the problem stemmed from call loans and the policies of the Federal Reserve Board. Regardless of the causes, however, the crash ruined thousands of businesses and many people owed far more money than they could ever pay back.

<u>The European Economy</u>

The stock market crash was not the sole cause of the Great Depression. Instead, the combination of the crash, the existing weaknesses in the American economy, and the problems of the European economy spawned the catastrophe. The economies of Britain, France, and Germany experienced similar problems to the U.S. economy in the late 1920s: declining production, low prices in agriculture, and over-speculation in the stock market. But the biggest problems of all stemmed from the end of World War I.

- To fight the war, Britain and France had borrowed money from the U.S. government. By the 1920s this money had to be paid back.
- The Treaty of Versailles forced Germany to pay back the costs of the war to Britain, France, and the United States. These reparations were very difficult for Germany to pay, because it had suffered so much damage during the war.

The solution to the problem came from U.S. banks. In order to repay debts to Britain and France, Germany borrowed money from U.S. banks, since the United States had suffered the least damage from the war itself. Britain and France, in turn, used some of that money to repay their own debts to the U.S. government. This cycle of debt, though very unstable, was supported by U.S. businesses because the borrowed funds also allowed European countries to keep buying U.S. products, which helped the profits of the U.S. businesses. In addition, the money from U.S. bankers helped the European countries improve their own businesses and sell products to the United States.

When the stock market crashed, this system of borrowing and lending fell apart. U.S. businesses that had lost money in the crash cut back on production to save money and stopped buying products from European countries. These cutbacks hurt those countries' ability to earn income. In addition, after the crash, U.S. banks were not interested in lending out more money, but instead wanted their debts repaid. This was impossible, considering these countries had been borrowing money to pay other debts. When European countries couldn't pay back those loans and U.S. banks began to fail, the economic decline of both the United States and other countries became even worse.

<u>The Statistics of Depression</u>

The stock market crash and the collapsing world economy - as well as the existing weaknesses in the American economy - caused the United States to enter the deepest economic decline in its history. The simplest statistics explain much of the economic disaster:

- Business investments in industrial construction declined from $23.3 billion in 1929 to $19.2 billion in 1930. By 1932 investments had declined to just $10.1 billion.
- The automobile industry's earnings dropped 40% between 1929 and 1930. General Motors Company, for example, dropped from $61.9 million to $44.9 million during this time.

• Between 1929 and 1932, the United States' gross national product declined from $103.1 billion to $58 billion.

Bank closings and unemployment rates also reveal the depths of the depression:

• Between 1929 and 1933, about 9,000 banks closed because their borrowers couldn't pay back their massive debts. The closings prevented depositors - everyday working Americans and wealthy Americans alike - from getting to their money, forcing them to find means to survive without their savings. The closing of the United States Bank on December 11, 1930, for example, caused depositors to lose a total of $200 million. (This would be the equivalent of more than $2 billion today.)
• The national unemployment rate skyrocketed from 3.2% in 1929 to nearly 25% in 1933. In some areas, the rate was even higher: in Detroit, for example, unemployment was over 50% in the early 1930s.
• More than 100,000 businesses closed between 1929 and 1932. (By 1932, 152 businesses per 10,000 in the country closed - a mark never equaled in American history.)

By the early 1930s, the American economy was in shambles. President Hoover tried to allay fears that the nation might never recover from the economic decline, but there were serious doubts that the situation would ever improve. Although there were some attempts to stop, or at least slow, the crisis, the problems facing the nation in the early 1930s proved very difficult to solve.

HERBERT HOOVER AND THE GREAT DEPRESSION
In 1928, when Republican Herbert Hoover defeated Democratic candidate Al Smith in the presidential race, he believed that the future of the country was very bright. In his inaugural address, Hoover expressed his belief that the country had been liberated from widespread poverty and was "...rich in resources; stimulating in its glorious beauty; filled with millions of happy homes; blessed with comfort and opportunity." Just eight months into his presidency, however, Hoover was faced with a very different situation.

READ HERBERT HOOVER'S INAUGURAL ADDRESS
Naturally, most Americans looked to the president to solve the national crisis. But Hoover had a difficult time trying to fix the American economy. Although he formulated policies to try to help the economy recover - such as proposing the use of federal money to help banks and businesses - many people believed that he was doing nothing to help the nation through the depression. Hoover's policies, such as his general reluctance to use federal power and his belief that citizens, businesses, and the government should voluntarily work together to overcome the depression, were not realistic solutions to the very real problems in the economic crisis.

Hoover has been blamed by many for the depression, despite the fact that he had nothing to do with the stock market crash or the economies of European countries. Still, many Americans believed that Hoover didn't even care about the depression. This image persists for two main reasons:

• In public Hoover was a dour and seemingly unhappy man, who rarely smiled for pictures. This created the impression that he was uncaring and had no interest in the nation's economic problems.
• Hoover thought that the depression could be contained quite quickly, even claiming in June 1930, after a very brief upturn in the stock market, that "the depression is over." Although he eventually realized he was wrong, Hoover's misguided optimism made many Americans think that he had distanced himself from the effects of the depression.

Hoover also made some bad policy decisions early in his presidency. One of his first efforts to help American businesses proved to be the most ruinous. In June 1930 Hoover signed into law the protectionist Hawley-Smoot Tariff bill (named for the congressmen who helped write the legislation). The bill raised American tariffs on foreign agricultural and manufactured goods by as much as 50%. Hoover believed that raising prices on foreign products would protect American products from competition. The effect was disastrous.

• European governments, already shaken by the crash and their own economic problems, were further damaged because the bill hurt their ability to earn money to pay back World War I debts.
• These nations retaliated with very high tariffs of their own, making it difficult for American businesses to sell their products overseas.

Hoover recognized by late 1930 that something more needed to be done to help the American people. But Hoover felt that cooperation between citizens, businesses, and government would repair the economy, and that direct government assistance would only create lethargy among Americans, who would not seek to help themselves. He thus formulated policies based on his idea of voluntary cooperation.

Voluntary Cooperation
Hoover believed that business and government should voluntarily work together to find solutions to economic problems, with the government playing a limited role. Even before he became president, Hoover had articulated this philosophy in his book, *American Individualism* (1922), which held that Americans could best preserve their own interests through a system of cooperation - without the government telling citizens how to solve their problems.

After he became president, Hoover's faith in voluntary cooperation served as his guiding principle in economics and politics. For example, in November 1929, Hoover called the nation's leading businessmen to the White House to discuss the stock market crash. Hoover hoped that the businessmen could come together to make collective decisions to improve the economy. But few specific policies emerged from this meeting; the leaders simply said they would not lower wages. Within a few weeks, though, this promise was broken as businesses nationwide lowered wages and fired workers to save money. Although this first meeting didn't give Hoover the result he was looking for, the president continued to encourage similar meetings between business leaders and government policymakers throughout the early 1930s.

In addition to such meetings, two organizations best served Hoover's ideas on voluntary cooperation. First, Hoover supported the creation of the **Federal Farm Board**, established by the **Agricultural Marketing Act of 1929**. Hoover recognized early in his presidency that the nation's farmers were suffering from an economic decline, and even before the depression, Hoover believed that the nation's rural communities needed federal assistance. The Federal Farm Board seemed to be the answer.

The board had two major functions in trying to help rural farmers out of their economic problems.
• Stabilize prices of farm commodities and control production by establishing places where surpluses could be held and not sent to market.
• Create voluntary cooperatives among farmers and farm businesses to lower costs and ease the fluctuations of the prices for farm crops.

But the Farm Board lacked sufficient funding to closely control production, and board members disagreed about how to achieve their goals. By the summer of 1931, farm prices fell to new lows, and farmers continued to suffer from production and pricing problems throughout the 1930s.

Hoover also used voluntary cooperation to try to stabilize the banking industry. The **National Credit Association**, a group of American bankers committed to helping businesses that suffered losses in the stock market crash, was what Hoover considered to be one of the most important voluntary cooperative programs. Hoover pushed his secretary of the treasury, Andrew Mellon, to form the organization in October 1931 in order to improve the position of business in the economy.

• The bankers pledged $500 million in loans and credit to help struggling banks and businesses. • After lending only $10 million, the bankers quickly decided that they wanted to take no further risks with their money and backed out of the program.

Although Hoover's voluntary cooperation policies failed to stabilize either the farming community or the banking industry, he hoped that his strategy would work if given enough time. Thus, he used the same approach in addressing many of the nation's other major economic problems, including unemployment.

Unemployment Relief

Since unemployment was at record levels and businesses were laying off hundreds of thousands of workers in the early 1930s, the plight of jobless workers was becoming very serious. Hoover encouraged Americans to become more resourceful in helping themselves, and called on local organizations such as the Red Cross and church groups to help those in need.

• In 1933, groups of unemployed workers and church organizations in California joined together to form the Unemployed Cooperative Relief Association (CRA). The CRA helped with farm work in the state and distributed any surplus foods to needy families.
• Seattle, Washington, had by far the largest unemployment relief group: 50,000 members comprised the Unemployed Citizen's League, created in 1931. The group established a barter system with farmers and other business people to exchange work for food, clothing, and other goods. Members worked together to gather surplus farm products, surplus lumber, and fish from Seattle's Puget Sound to help themselves and others throughout the city. The city government eventually joined with the group to help the city's needy families, essentially creating a welfare system (all without federal money or support).

Hoover celebrated all of these efforts and continued to stick to his policy of voluntarism. Responding to public pressure, though, Hoover pledged *some* federal funds and committees to assist the country's unemployment problem.

• Hoover nearly doubled the federal budget for public works expenditures, which provided money for the construction of the Boulder Dam (later Hoover Dam), one of the largest government construction projects ever undertaken. This major project employed many people, but only in one region of the country.
• In October 1930, to spur local efforts toward unemployment relief, Hoover created the **President's Emergency Committee on Employment**. The committee was composed of 30 volunteers, mostly businessmen and politicians, who from October 1930 to April 1931 were charged with studying the unemployment problem. But the committee lacked sufficient funding and had no power to influence legislation; it issued a few recommendations, such as home improvement projects and low cost food programs, but in the end the committee made little progress.
• In August 1931 Hoover replaced the Emergency Committee with another organization, the **President's Organization on Unemployment Relief (POUR)**. POUR was given more money than the Emergency Committee, and actually did achieve some results. POUR persuaded local organizations across the country to form initiatives such as those in California and Seattle. It also pushed local governments to increase their payments for unemployment relief. New York State, for example, raised its spending from $9 million in 1929 to $58 million in 1932.

Despite these efforts, the American people wanted much more assistance from the government, especially in the form of direct unemployment relief. Furthermore, even Hoover's federally funded programs produced mixed results. For example, Hoover relied on the states to execute POUR's plans, but too often there simply wasn't enough money to go around. New York's aid payments only amounted to $2.39 per week for each individual requiring the service (about $25 per week today). The local organizations were unable to help the overwhelming number of people who needed assistance. Hoover recognized this, and in 1931 and 1932 he made some more serious efforts to help individuals and businesses during the depression.

Reconstruction Finance Corporation

The failures of the National Credit Association and the difficulties of finding solutions for unemployment finally prompted Hoover to move away from his voluntary cooperation ideals and create a new approach to helping American businesses. In January 1932 Hoover established the **Reconstruction Finance Corporation** (RFC), one of the boldest lending programs ever undertaken by the American government.

Politicians and businessmen worked with Hoover to design the RFC in the same tradition of the president's voluntary cooperation ideals but departed from these ideas in several ways.

• Congress provided the RFC with $500 million in federal funds - not private bank funds - for lending.
• The RFC lent money to banks and businesses, hoping that they would invest money and hire more workers; the benefits of federal money would "trickle down" to the average American.
• In July 1932 Congress doubled the amount of money given to the RFC and provided loans to states and businesses to allow states to undertake public projects such as buildings and roads. This was also supposed to help alleviate the unemployment problem in the country.

But Hoover's plan, ambitious as it was, still didn't help the average American. The RFC was much too cautious in lending money, which defeated the purpose of helping as many companies as possible, and since the money went to corporations and not individuals, the program didn't help the average American worker. No matter what Hoover did, the Great Depression seemed endless to the average American and continued to create tremendous hardship throughout the country.

THE DEPRESSION EXPERIENCE IN AMERICA
Numbers and statistics tell part of the story of the Great Depression, but the experiences of millions of Americans suffering terrible burdens between the late 1920s and the early 1930s tell the rest. As hundreds of thousands of people in the nation's urban areas grappled with homelessness, rural America was pounded by a series of environmental catastrophes that made the situation even worse and exposed the fact that the government seemed powerless to help.

Urban America
City life during the depression was a stark contrast to life during the supposed "boom" years of the 1920s. In many places, homeless Americans built makeshift towns on the outskirts of cities and in abandoned lots and parks. Black neighborhoods such as Harlem were especially hard hit with intense poverty. This poverty led to hunger, which was also a major problem during the depression and spurred political activism to try to change the economic plight of the country.
Hoovervilles and Homelessness

In America's cities, the poor and unemployed established towns they derisively nicknamed "Hoovervilles," after the president. Many homeless people built homes from abandoned cardboard boxes, scrap lumber and metal, and anything else they could find to make shelter. In some places these towns became enormous and occasionally violent places to live, but in the midst of the economic devastation of the depression, it was the only alternative to living on the street. Although Hoovervilles were hardly better than the street, those who lived together evinced a peculiar pride in the face of their economic devastation.

• Seattle, Washington had a large Hooverville on the outskirts of the city, where nearly 700 homeless people lived in squalor. The city government twice drove people out of the area and burned it to the ground, but the unemployed returned and rebuilt the makeshift town.
• In Oakland, California, hundreds of people took refuge in a Hooverville and lived in unused sewer pipes at the edge of the city. (The town was also nicknamed "Pipe City.") They too refused to leave when city officials pressured them to move.

Hoovervilles existed in virtually all of the nation's cities, but homelessness was a problem much larger than a few shantytowns could solve.

• By the summer of 1931 there were at least 15,000 homeless people in New York City.
• By 1932 there were an estimated 250,000 homeless children in the country.

The homeless problem was far greater than even these numbers indicate, because people in Hoovervilles were often not counted as "homeless." Nor was the problem quickly resolved: Hoovervilles and homelessness continued throughout the 1930s, spawning additional terms that were even more derisive of the president: **Hoover flags** were empty pockets and **Hoover blankets** were newspapers used as blankets.

African-American Neighborhoods

African Americans suffered in poverty even more than urban whites. African-American neighborhoods were already in depression before the stock market crash, as business slowdowns and other signs of a weak economy in the 1920s tended to hurt blacks first. In many communities, African Americans were often the "last hired and first fired" for all jobs. Thus, even before the depression hit on Chicago's South Side, where 236,000 African Americans lived, all the banks and businesses in the neighborhood had already closed. In Harlem, the center of African-American life in New York City, unemployment rose to 50% in the early 1930s. Poet Langston Hughes said "the depression brought everybody down a peg or two. And the Negroes had but few pegs to fall."

African Americans turned to self-help as the best way to survive the devastation of economic depression.

• The most famous member of the African-American community in Harlem led one of the most successful self-help operations in the city. Father Divine led his Divine Peace Mission, centered in Harlem. At the height of the depression, Divine created a network of businesses, church groups, and self-help organizations, enabling him to serve over 3,000 meals per day to the destitute and homeless in the neighborhood.
• Community members in Harlem began a campaign against white shop owners and building owners who charged too much for consumer goods and rent. The agitation eventually led to the establishment of the Consolidated Tenants League (which organized strikes against landlords who charged too much rent) and the Harlem Boycott of 1934 (which discouraged purchasing products at white-owned stores).

Hunger

Finally, urban spaces suffered from a hunger problem. Although there was plenty of food produced on the country's farms, the lack of funds to support commercial transportation prevented most food from getting to urban markets. Hunger created a number of problems in the nation's cities, ranging from malnourishment - a serious problem for the nation's young people - to riots and looting.

• In 1932 New York City school officials estimated that there were over 30,000 malnourished children in the country.
• Some people sought innovative solutions to the distribution of food. One such solution was the sale of surplus apples to make money. In the early 1930s, thousands of people purchased apples on credit from the International Apple Shippers' Association. The system worked as follows: an individual could buy apples on credit for $1.75 per box (around 70 apples); then, they would spend the day selling the apples for 5 cents each, pay off the debt, and keep the profit for themselves.

The problem of hunger led to major political activity throughout the country, especially among women, who actively participated in a number of riots all over the country. For example, in 1930, women in Minneapolis, Minnesota marched on a local food store and raided its shelves, giving food to the neediest families first. Food riots expanded to other parts of the country in 1931 and 1932; nearly every city in the country had some kind of protest movement associated with the lack of food. And in rural areas, where hunger was not a problem, there were serious protests against the inability of getting food to market and the inability to make a decent living as a farmer.

Rural America

Like those who lived in the nation's cities, people in rural areas of the country suffered considerably in the late 1920s and early 1930s. In some cases the depression simply extended a decade long problem with over-production and low revenues. But rural poverty, for both black and white sharecroppers, was intensified by the start of a massive drought and a series of severe dust storms in the South and Midwest during the early 1930s.

• In the southern states of Arkansas, Alabama, and Mississippi, the drought left crops rotting in the fields. Less than half of the normal rainfall occurred in those states during the early 1930s, and crop failures became commonplace.
• From the early 1930s to the early 1940s, the area of the southern Plains and parts of Kansas, Oklahoma, Nebraska, and Texas, were called the "Dust Bowl" because the dust storms and drought were so punishing. So much dust was picked up in one storm that it was eventually carried to Chicago, where it dumped the equivalent of four pounds of dirt per person. In Kansas, the entire wheat crop was killed in one year, unable to survive the massive dust storms.

Crop losses plunged farmers even further into debt. Foreclosures on farms became commonplace, and the dust storms and drought prompted an exodus of people from the rural regions of the country to the Far West. These people were immortalized in John Steinbeck's novel *The Grapes of Wrath* (1939), which traced the story of dust bowl migrants making their way to California, where they hoped they would reach a better life.

But farmers did not stand without protest against these dreadful conditions. Although little could be done about the environmental problems, farmers turned to political organizing to seek solutions to the economic problems that they faced (such as large debts, bank foreclosures on their homes and farms, and high prices for shipping food to market).

• In 1931 Miles Reno, a midwestern farmer, formed the **National Farmers' Holiday Association**. Reno hoped that farmers all across the country could organize together to seek solutions to their problems. He established "holidays" on which farmers would not work or ship products to market. These essentially amounted to strikes against shippers who charged high prices. The group also organized protests against banks that tried to take away the farms and houses of people who had difficulty repaying debts.
• In 1932 dairy farmers in Sioux City, Iowa, organized the **Sioux City Milk Strike**, a protest against the low prices that dairy farmers were paid for their milk. Dairy farmers were paid only about two cents per quart, but the milk was sold for at least eight cents. The massive protests resulted in hundreds of gallons of milk being destroyed, and violence broke out in the city as farmers marched into town to free the dairy farmers who had been arrested in the protests.

POLITICS AND THE GREAT DEPRESSION

The devastation of the depression in America's urban and rural communities - and President Hoover's inability to halt the economic decline - made political events of the early 1930s especially contentious. The political climate of the early 1930s, indicated by the widened protests against the government already occurring in parts of the country, created the impression of a nation out of control.

Political Protests in the 1930s

During the early 1930s, protests against the government grew. The food riots and the protests in rural America had highlighted some of the discontent in the country, but as the depression worsened, other more radical political organizations entered the picture. Throughout the country, among intellectuals, writers, journalists, and others, there was a sense that the nation had totally collapsed. Some argued that capitalism itself had failed and pointed to the fact that the Soviet Union, the leading communist country in the world, did not suffer from a depression the way the rest of the world did. Although the Communist Party gained support during the depression, a huge protest of American veterans during the 1932 presidential campaign truly signaled how much discontent there was in the nation.

Communist Party

In the United States, the party leading most of the organized protest was the Communist Party of the United States, under the direction of Earl Browder and William Z. Foster. The party had led hunger marches in the early 1930s and continued its activities into the presidential election year of 1932. Their actions had gained them considerable attention from the American public, and their most significant protests were aimed at the hunger problem.

• In 1931 the party organized hunger marches to demonstrate against government inaction on the country's food problem. In December of that year, the party launched a national crusade, encouraging thousands of supporters to march on Washington, D.C. Party officials believed that marching in the national government's backyard would alert the major political parties to the problems that Americans were facing.
• On March 7, 1932, the Detroit Unemployed Council (with some help from the Communist Party) led a hunger march against the Ford Company with as many as 30,000 people. Henry Ford had recently laid off thousands of workers, causing incredible hardship throughout the Detroit metropolitan area. Violence erupted between police and the marchers, leaving four protesters dead. In the aftermath of the riot, Henry Ford purchased machine guns to protect his home and provided tear gas and other ammunition to his plants' security forces.

In addition to the Communist Party's radical protest movements, a number of influential American writers, intellectuals, and journalists also opposed the lack of government activity to help the American people. In September 1932 writers such as Malcolm Cowley, John Dos Passos, and Langston Hughes signed a pamphlet entitled "Culture and the Crisis," that endorsed the Communist Party in the 1932 elections.

Despite the significance of the Communist Party's protests, most Americans were not angry enough with the government to have supported the radical group. Instead, the protest movement that best exemplified the frustrations and fears of Americans during the depression involved a group of people much less radical than the Communist Party.

<u>Bonus Army</u>
The protest of the Bonus Army was one of the most famous protests in Washington, D.C. history. The Bonus Army consisted of World War I veterans who demanded that their war bonuses (scheduled to be paid in the 1940s) be paid early, so they could better survive the depression. The average payment would have amounted to about $1,000 per veteran, an enormous sum of money in a nation ravaged by depression.

In the spring and summer of 1932, about 15,000 veterans converged on Washington, D.C., to push Congress and the president to pass a bill authorizing payment of the bonus. By late July 1932, the city police moved to have all the marchers evicted from city grounds. Violence broke out between the police and the protesters, resulting in the death of one police officer. Over the objections of a number of politicians and others, President Hoover then ordered the U.S. Army, under the direction of General Douglas MacArthur, to remove all protesters. On the night of July 28th the troops stepped in and - against Hoover's orders - burned the veterans' encampment to the ground (using tanks and cavalry). The protesters fought back and were fired upon by the army troops. Two protesters were killed and hundreds were injured.

<u>Election of 1932</u>
With the political climate increasingly against him, Hoover entered the election of 1932 a damaged politician. But the Republican Party lacked a viable alternative to his candidacy and re-nominated Hoover in the summer of 1932. The Democrats, especially those in Congress who had been pushing Hoover to do more for the American people, attacked Hoover on the election trail, particularly after the events surrounding the Bonus Army. In the midst of the campaign, Franklin D. Roosevelt emerged as party leader. Roosevelt, a protégé of Al Smith, won the Democratic nomination in July 1932.

To help him on the campaign trail, Roosevelt assembled a diverse group of policy advisors known as the Brain Trust. Led by economist Rexford Tugwell, among others, the Brain Trust's purpose was to advise Roosevelt on policy toward all of the nation's problems, especially the depression. But despite having a group of advisors, Roosevelt often argued contradictory things on the campaign trail:

• On one occasion, Roosevelt argued that the nation needed central planning from the federal government to get out of the depression. He seemed to support more government expenditures for programs such as direct unemployment relief, which Hoover had long opposed.
• A few weeks later, however, Roosevelt complained that Hoover was spending too much money and promised to cut the federal budget if he were to win office.

Despite these inconsistencies, Roosevelt easily won the election. He received 22.8 million votes to Hoover's 15.7 million; the Electoral College vote was even more lopsided, as Roosevelt took 472 electoral votes to Hoover's 59 votes.

In the months between Roosevelt's election in November and his inauguration on March 4, 1933, the depression worsened. The American economy reached its lowest point in terms of production and employment, and Hoover was a lame duck president with little authority to change U.S. economic policy. When Roosevelt took office, he pledged that he would use federal power to help cure the nation's economic woes. Roosevelt's "New Deal," as he called it, later revolutionized the relationship of the federal government to the American people.

CONCLUSION

As Franklin D. Roosevelt took office, it was apparent that the nation's public institutions could not handle the amount of people needing some kind of assistance for unemployment, hunger, and homelessness. With the help of his advisors, Roosevelt decided to increase the power of the federal government and use federal powers to provide Americans with economic aid and social welfare support. Roosevelt's New Deal actually built on some policies that Hoover had begun, especially the Reconstruction Finance Corporation. But despite these similarities, Roosevelt's policies went much further in strengthening presidential power. Within the first four months of his presidency, Roosevelt initiated new legislation that didn't immediately solve the problems of the Great Depression, but gave the American people hope that a solution did exist.