

# 1930's

## Major Themes:

*Great Depression*  
*New Deal*  
*Pre-World War II*

## Presidencies:

*Herbert Hoover (R) – 1929 – 1933*  
*Franklin Delano Roosevelt (D) – 1933 – 1945*

## Overview:

Only two major themes for this decade, but they are biggies, and they are extremely important for the AP exam, as they are also crucial to US History. As the 1930's began, the US was suffering from the full effects of the worst economic disaster ever to hit the United States – the Great Depression. Tens of thousands of Americans' homes had been seized by the banks for non-payment, shantytown slums, called "Hoovervilles" sprung up in every major American city. By 1932, fully 25% of the American work force was unemployed. Over 1500 banks had gone under due to bad loans, and public fear over their solvency. An estimated 300,000 people even took to "riding the rails" as both a means of transportation from job to job, or simply as their housing. Even worse, Americans were bitter, disappointed in their government, and willing to look at alternatives.

Herbert Hoover, the last of the 1920's Laissez-Faire Republican Presidents, was unlucky enough to have this catastrophe fall on his watch. Safe to say, he didn't know what to do to bring the country out of the Depression – no one did. In an attempt to create jobs and stimulate the economy, Congress and Hoover created the Reconstruction Finance Corporation, building roads and bridges, and particularly, Hoover Dam. But it was too little, too late. Americans blamed Hoover for the Depression, and it was a viewpoint he could not change in the course of one Presidential term.

Franklin Delano Roosevelt was elected over Hoover in the 1932 Presidential Race, in part out of desperation by the public, and in part because he promised to aggressively combat the Depression. In his first inaugural address, FDR told Americans, "the only thing we have to fear is fear itself," trying to reassure the country that things would only get worse if they overreacted, ran on the banks, refused to spend money, etc. He immediately announced the creation of a brain trust, economists, industry leaders, advisors, who came up with a plan to deal with the Depression. FDR would call this plan the New Deal.

The New Deal had three parts, Relief, Recover and Reform. Relief programs were designed to provide immediate, temporary employment, and to offer food supplies to the hungriest Americans. The WPA spent \$2 billion to employ over four million people building new schools, highways, roads and bridges, as well as hydroelectric dams. It even supported artists with subsidies. The CCC employed an army of young people to improve National Parks and forests with campgrounds, hiking trails, visitors' centers and more. Much of the physical evidence of the New Deal is still used and enjoyed by Americans today.

The goal of Recovery programs was to preserve the major economic systems of the country from further damage. Banking, Farming and Housing in particular would benefit from these efforts. The Glass-Steagall Act, known as the Bank Holiday, was passed immediately, to stop the bleeding in the finance industry by starting to restore Americans' confidence in the system. In addition, the FHA was created to give low interest alternative loans to homeowners. This allowed the banks to recover their loan money, and Americans to keep their homes. AAA subsidized farm products, keeping prices high enough that most farmers could earn a living, and those that couldn't received payments from the government. Just like the FHA, it paid off bank loans and prevented foreclosure on thousands of American farms. The NRA program was created to limit competition between businesses, keeping as many jobs as possible in the market. For laissez-faire Republicans, this was just too much. The program was challenged by a businessman named Schechter, and in the court case *Schechter vs. U.S.*, the Supreme Court declared the NRA unconstitutional. FDR was furious, and threatened the court with the addition of six new justices, all loyal New Deal'ers, who would prevent any future programs being overturned. "Court packing" was nothing more than a threat, but it did keep the court from touching another New Deal program.

Lastly, Reform programs sought to change the American economic system, improving it, and hopefully preventing any future Depressions. The SEC put new regulations on the stock market, limiting margin trades and insider trading. The FDIC insured Americans' bank deposits up to \$5000 per account. Now there was no reason for Americans not to trust banks, because their money was safe no matter what happened. Lastly, FDR and congress created the Social Security Administration (SSA) to take care of the most vulnerable Americans. The elderly, handicapped and orphaned now had a safety net of income to keep them out of the ranks of poorest Americans. To pay for it, FDR approved payroll deduction, taking a small amount out of every worker's paycheck. This made any American, Democrat or Republican or Socialist, loyal to the SSA program, because everyone wanted some benefits back in exchange for what they were paying for each month.

The rest of the New Deal was paid for with deficit financing. The government borrowed the money it would need to pay for it over the long term, and the United States has been in debt ever since.

While the New Deal did a lot to help Americans through a tough time, it did little to actually take us permanently out of the Great Depression. Only World War II would do that, and it was soon in coming.

Hitler attacked Poland in September of 1939, and Britain and France declared war on Germany the next day. America promptly maintained its isolationist neutrality, but it soon became clear to FDR that we would need to help our allies, especially Britain, if we hoped to defeat Hitler.

Promising "all aid short of war", FDR signed the Cash and Carry program, whereby Britain paid for weapons in cash, and carried them on their own ships. This was fine until they ran out of money. Then we adopted a Lend-Lease policy, where Britain promised to pay us later. Then as more and more ships were sunk by German U-boats, the Destroyer Deal transferred 50 aging American destroyers to British control in exchange for the use of nine British military bases. It was as close as we could come to getting involved in WWII until Pearl Harbor in 1941.