

## The Great Depression Brings Economic Crisis

### Crisis and Response

The Stock Market Crash of October 29, 1929, sent the United States into the longest and darkest economic depression of its history. Between 1929 and 1933, the country's wealth plummeted wildly. The gross national product (GNP), the total of all goods and services produced each year, fell from more than \$100 billion in 1929 to about \$74 billion in 1933. Industrial production declined 51 percent before it rose slightly in 1932.

Yet the unemployment statistics most clearly reveal the Great Depression's impact on average Americans. In 1929, the Labor Department reported that there were 1,499,000 jobless persons in the country-3.1 percent of all employable people. After the crash, official unemployment figures soared to a high of 12,634,000 in 1933-more than one of every four people in the labor force. Estimates by other experts were that as many as sixteen million were jobless.

By 1933, the annual national income had shrunk from nearly \$88 billion to \$40 billion. Farmers suffered the most: Their income declined from about \$12 billion to \$5.3 billion.

For the first two years of the Depression-which had quickly spread throughout the world-President Herbert Hoover relied on the voluntary cooperation of business and labor to keep up payrolls and production. After the crisis worsened, however, he took positive steps to try to stop the economic collapse.

Hoover's most important achievement was the creation of the Reconstruction Finance Corporation (RFC), a loan agency designed to help large businesses such as banks, railroads, and insurance companies. The RFC became even more important during President Franklin Delano Roosevelt's New Deal program.

Hoover also obtained new funds from Congress to help farmers who were about to lose their farms because they were unable to pay their bank loans. The Home Loan Bank Act helped to prevent the foreclosure of home mortgages.

The president and Congress fought a battle for months over the issue of relief-direct money and food to people who were suffering. While the Democrats wanted the federal government to take responsibility for direct relief and to invest in public works programs that would provide work for the needy, Hoover insisted that unemployment

relief was a problem that should be dealt with in local communities. At first, he merely appointed two committees to encourage public and private agencies to provide relief.

In the end, however, Hoover signed a relief bill unlike any previous law in American history. The Emergency Relief and Construction Act provided \$3 million for local relief loans and \$1.5 billion for public works projects.

Despite these efforts, the **Depression** only worsened. By the time Hoover's term in office expired, the nation's banking system had almost collapsed. Tired and haggard, Hoover left office with the reputation of a do-nothing president. This judgment was unfair: He had done much; it was simply not enough.

### Poverty and Pessimism

What happened to the U.S. economy after 1929 left most Americans baffled and bewildered. Banks, factories, and shops stood just where they had stood before; there had been no war or natural disaster to destroy them. People wanted to go to work, but plants stood dark and idle.

The jobless sold apples on street corners and waited in breadlines and outside soup kitchens. Many lived in what came to be called Hoovervilles-shanty towns on the outskirts of large cities. Thousands of unemployed people, both young and old, took to the road in search of work, and gasoline stations became meeting places for people "on the bum."

In 1932, a crowd of fifty people fought over a barrel of garbage outside the back door of a Chicago restaurant. In northern Alabama, poor families exchanged a dozen eggs, which they needed badly, for a box of matches.

In spite of this **great** suffering, there was little violence. The angriest Americans were those in the rural areas, where cotton was bringing only five cents a pound and wheat thirty-five cents a bushel. In August, 1932, Iowa farmers began dumping milk that was supposed to be transported to Sioux City. To make the nation aware of their plight, Milo Reno, former President of the Iowa Farmers Union, organized a farm strike on the northern plains; no agricultural products were shipped out of this area into the cities until prices rose.

During the same summer, twenty-five thousand World War I veterans, led by former sergeant Walter W. Waters, staged the Bonus March on Washington to demand immediate payment of a bonus due them in 1945. They stood quietly on the Capitol steps while Congress voted down their request. Later there was a riot, however, and Hoover ordered the U.S. Army to remove the veterans from their shanty town.

The **Great Depression** brought a crisis in American attitudes. Many people believed that the country had conquered all of its frontiers and that the future would hold only limited opportunity. This pessimism was reflected in the slowing of marriage and birth rates.

Many schemes were put forward as solutions to the **Depression**. Large numbers of intellectuals began to think that perhaps the Soviet Union's Communist Party offered a good alternative to capitalism.

In his radio speeches from Royal Oak, Michigan, Charles E. Coughlin advocated that banks, utilities, and natural resources be taken over by the national government. Huey P. Long, Governor of Louisiana, led a movement that called for money to be taken from the rich and given to the poor. Francis E. Townsend, a retired California physician, came up with the Townsend Plan, under which a monthly pension would be paid to everyone over the age of sixty-five.

### Consequences

With Roosevelt's New Deal, Americans gradually regained their sense of optimism, the old faith that the nation could meet any challenge and control its destiny. Even many intellectuals who had sharply criticized American life in the 1920's began to change their opinions.

By early 1937, there were signs that the economy was recovering strength. The New Deal had eased much of the worst distress, although around 7.5 million people still remained unemployed. Suddenly, however, the economy went into a sharp recession that was almost as bad as the crash of 1929. Although conditions had improved again by the middle of 1938, the **Depression** did not finally end until the country entered World War II and the government began to spend vast amounts of money on defense.

### Work Cited

"The Great Depression Brings Economic Crisis." *Great Events*. 259. US: Salem Press, 1999. History Reference Center. Web 25 Jan. 2013.

**Excerpt from "The Grapes of Wrath"  
by John Steinbeck**

The man took off his dark, stained hat and stood with a curious humility in front of the screen. "Could you see your way to sell us a loaf of bread, ma'am?"

Mae said, "This ain't a grocery store. We got bread to make san'widges."

"I know, ma'am." His humility was insistent. "We need bread and there ain't nothin' for quite a piece, they say."

"If we sell bread we gonna run out." Mae's tone was faltering.

"We're hungry," the man said.

"Whyn't you buy a san'widge? We got nice san'widges, hamburgs."

"We'd sure admire to do that, ma'am. But we can't. We got to make a dime do all of us." And he said embarrassedly, "We ain't got but a little."

Mae said, "You can't get no loaf a bread for a dime. We only got fifteen-cent loafs."

From behind her Al growled, "God Almighty, Mae, give 'em bread."

"We'll run out 'fore the bread truck comes."

"Run out then," said Al. He looked sullenly down at the potato salad he was mixing.

Mae shrugged her plump shoulders and looked to the truck drivers to show them what she was up against.

She held the screen door open and the man came in, bringing a smell of sweat with him. The boys edged behind him and they went immediately to the candy case and stared in—not with craving or with hope or even with desire, but just with a kind of wonder that such things could be. They were alike in size and their faces were alike. One scratched his dusty ankle with the toe nails of his other foot. The other whispered some soft message and then they straightened their arms so that their clenched fists in the overall pockets showed through the thin blue cloth.

Mae opened a drawer and took out a long waxpaper-wrapped loaf. "This here is a fifteen-cent loaf."

The man put his hat back on his head. He answered with inflexible humility, "Won't you—can't you see your way to cut off ten cents' worth?"

Al said snarlingly, "Damn it, Mae. Give 'em the loaf."

The man turned toward Al. "No, we want ta buy ten cents' worth of it. We got it figgered awful close, mister, to get to California."

Mae said resignedly, "You can have this for ten cents."

"That'd be robbin' you, ma'am."

"Go ahead—Al says to take it." She pushed the waxpapered loaf across the counter. The man took a deep leather pouch from his rear pocket, untied the strings, and spread it open. It was heavy with silver and with greasy bills.

"May soun' funny to be so tight," he apologized. "We got a thousan' miles to go, an' we don' know if we'll make it." He dug in the pouch with a forefinger, located a dime, and pinched in for it. When he put it down on the counter he had a penny with it. He was about to drop the penny back into the pouch when his eye fell on the boys frozen before the candy counter. He moved slowly down to them. He pointed in the case at big long sticks of striped peppermint. "Is them penny candy, ma'am?"

Mae moved down and looked in. "Which ones?"

"There, them stripy ones."

The little boys raised their eyes to her face and they stopped breathing; their mouths were partly opened, their halfnaked bodies were rigid.

"Oh—them. Well, no—them's two for a penny."

"Well, gimme two then, ma'am." He placed the copper cent carefully on the counter. The boys expelled their held breath softly. Mae held the big sticks out.

Steinbeck, J. (1939). *The Grapes of Wrath*. New York, NY: Viking.

Answer the following questions using the text entitled "The Great Depression Brings Economic Crisis."

1. What type of government was offered as an alternative solution to bring the United States out of the Great Depression?
  - A. Reconstruction
  - B. Monarchy
  - C. Communism
  - D. Democracy
  - E. Majority
  
2. All but which action shows that President Hoover worked to move the country out of the Great Depression?
  - A. He created The Reconstruction Finance Corporation.
  - B. He signed The Emergency Relief and Construction Act.
  - C. He created The Home Loan Bank Act.
  - D. He created the New Deal.
  - E. He insisted that unemployment relief be dealt within local communities.
  
3. The following sentence is an example of which literary device?

**"People wanted to go to work, but plants stood dark and idle."**

  - A. Allusion
  - B. Alliteration
  - C. Personification
  - D. Metaphor
  - E. Simile
  
4. What was a long term effect of the pessimistic attitude felt across the country during the Great Depression?
  - A. Population growth slowed
  - B. People built bigger houses
  - C. Americans believed the country was headed in the right direction
  - D. Families grew
  - E. New technology advanced businesses

Questions/ Answers Paired Passage Set # 1  
"The Great Depression Brings Economic Crisis" and "Grapes of Wrath"

5. What does the word plummeted mean in this sentence. Between 1929 and 1933, the country's wealth plummeted:
- A. Rose rapidly
  - B. Ballooned
  - C. Increased
  - D. Crashed
  - E. Held steady

Answer the following questions using the text entitled "Grapes of Wrath."

1. In line four, what does the word faltering mean?

"If we sell bread we gonna run out." Mae's tone was faltering.

- A. Loud
- B. Angry
- C. Hesitant
- D. Amusing
- E. Nurturing

2. Which literary device is used in this sentence?

"The boys edged behind him and they went immediately to the candy case and stared in—not with craving or with hope or even with desire..."

- A. Assonance
- B. Hyperbole
- C. Personification
- D. Alliteration
- E. Metaphor

3. Steinbeck uses the words *curious*, *insistent* and *inflexible* to describe the man's humility when asking for ten cents worth of bread. What is Steinbeck's most likely purpose for this word choice?
- A. To show the desperation many people felt during The Great Depression in finding food and shelter.
  - B. To show the Mae was stubborn and did not care for the suffering of others as long as she had what she needed.
  - C. To show that the man was a lesser individual than Mae and Al and didn't want to work for a living.
  - D. To show that the man was not confident in his ability to provide for his children but was proud and would not take hand-outs.
4. Why does the man insist on purchasing ten cents worth of bread when later we learn he has a pouch of coins and bills?
- A. He is trying to get something for nothing.
  - B. He is saving for his trip.
  - C. He is trying to take advantage of Mae.
  - D. He wants Mae to make him a sandwich.
  - E. He didn't think the bread was fresh.
5. What is Mae's attitude in the passage?
- A. Indifferent
  - B. Arrogant
  - C. Sorrowful
  - D. Excited
  - E. Humble



Comparison of "The Great Depression Brings Economic Crisis" and "The Grapes of Wrath."  
Answer the following questions comparing both passages.

1. What general theme was found in both selections?
  - A. Money was scarce.
  - B. People tried to take advantage of each other.
  - C. People lied about their possessions.
  - D. People were reckless with money.
  - E. Industries were booming and the economy was thriving.
  
2. All of the information in the article on the Great Depression supports the conflict in the "The Grapes of Wrath" EXCEPT:
  - A. "Hoover's most important achievement was the creation of the Reconstruction Finance Corporation (RFC), a loan agency designed to help large businesses such as banks, railroads, and insurance companies."
  - B. "In 1932, a crowd of fifty people fought over a barrel of garbage outside the back door of a Chicago restaurant."
  - C. "In northern Alabama, poor families exchanged a dozen eggs, which they needed badly, for a box of matches."
  - D. "The jobless sold apples on street corners and waited in breadlines and outside soup kitchens."
  
3. Based upon the texts "The Grapes of Wrath" and "The Great Depression Brings Economic Crisis," which sentence is most likely true?
  - A. The economy was strong and healthy.
  - B. Americans were working and happy.
  - C. Americans experienced challenging economic times.
  - D. Americans were selfish and unfeeling.
  - E. People traveled for fun.

