What was the Great Depression?

The "Great Depression" was a severe, world-wide economic disintegration symbolized in the United States by the stock market crash on "Black Thursday", October 24, 1929. The causes of the Great Depression were many and varied, but the impact was visible across the country. By the time that FDR was inaugurated president on March 4, 1933, the banking system had collapsed, nearly 25% of the labor force was unemployed, and prices and productivity had fallen to 1/3 of their 1929 levels. Reduced prices and reduced output resulted in lower incomes in wages, rents, dividends, and profits throughout the economy. Factories were shut down, farms and homes were lost to foreclosure, mills and mines were abandoned, and people went hungry. The resulting lower incomes meant the further inability of the people to spend or to save their way out of the crisis, thus perpetuating the economic slowdown in a seemingly never-ending cycle.

Source: http://www.fdrlibrary.marist.edu/facts.html#depression

Although the United States had experienced several depressions before the stock market crash on October 27, 1929, none had been as severe nor as long lasting before "Black Thursday" struck Wall Street. At first, economists and leaders thought this was a mild bump, perhaps merely a correction of the market, or in any case, no worse than the recession the nation suffered after World War I.

Numbers soon proved the optimists incorrect. The depression steadily worsened. By spring of 1933, when FDR took the oath of office, unemployment had risen from 8 to 15 million (roughly 1/3 of the non-farmer workforce) and the gross national product had decreased from $103.8 billion to $55.7 billion. Forty percent of the farms in Mississippi were on the auction block on FDR's inauguration day. Although the depression was world wide, no other country except Germany reached so high a percentage of unemployed. The poor were hit the hardest. By 1932, Harlem had an unemployment rate of 50 percent and property owned or managed by blacks fell from 30 percent to 5 percent in 1935. Farmers in the Midwest were doubly hit by economic downturns and the Dust Bowl. Schools, with budgets shrinking, shortened both the school day and the school year.

The breadth and depth of the crisis made it the Great Depression.

No one knew how best to respond to the crisis. President Hoover believed the dole would do more harm than good and that local governments and private charities should provide relief to the unemployed and homeless. By 1931, some states began to offer aid to local communities. FDR, then governor of New York, worked with Harry Hopkins and Frances Perkins to begin a direct work relief program. This helped only a very few. By 1932, only 1/4 of unemployed families received any relief. In 1932, only 1.5 percent of all government funds were spent on relief and averaged about $1.67 per citizen. Cities, which had to bear the brunt of the relief efforts, teetered on the edge of bankruptcy. By 1932, Cook County (Chicago) was firing firemen, police, and teachers (who had not been paid in 8 months). Breadlines and Hoovervilles (homeless encampments) appeared across the nation.

Those hurt the most were more stunned than angry. Many sank into despair and shame after they could not find jobs. The suicide rates increased from 14 to 17 per 100,000. Protest that did occur was local, not national: "farm holidays," neighbors of foreclosed farmers refusing to bid on farms at auction, neighbors moving evicted tenants’ furniture back in, and local hunger marches.

Resistance to protest often turned violent. In 1932, four members of the Dearborn hunger march were shot and killed when
1,000 soldiers accompanied by tanks and machine guns evicted veterans living in the Bonus Army camp in Washington, D.C.

FDR, after assuming the presidency, promoted a wide variety of federally funded programs aimed at restoring the American economy, helping relieve the suffering of the unemployed, and reforming the system so that such a severe crisis could never happen again. However, while the New Deal did help restore the GNP to its 1929 level and did introduce basic banking and welfare reforms, FDR refused to run up the deficits that ending the depression re-
quired. Only when the federal government imposed rationing, recruited 6 million defense workers (including women and African Americans), drafted 6 million soldiers, and ran massive deficits to fight World War II did the Great Depression finally end.

Sources:

For more information on the Great Depression, visit the following web sites:
America from the Great Depression to World War II: Photographs from the Farm Security Administration and the Office of War Information. Link http://memory.loc.gov/ammem/fsowhome.html
The Great Depression: An overview prepared by the archivists of the FDR Presidential Library. Link http://www.fdrlibrary.marist.edu/facts.html#depression
The New Deal Network: An award winning web site of documents, photographs, lesson plans, and listservs relating to the Great Depression and the New Deal. Link http://newdeal.feri.org/
We Made Do: Recalling the Great Depression. An on-going project of Mooresville High School students containing oral histories, period photographs and e-mailed contributions of viewers who have taken time to share their memories. Link http://www.neh.gov/news/humanities/2000-01/newdealnetwork.html

Citation:

QUESTION ABOUT AMERICA?
GET THE ANSWER FROM IRC JAKARTA

The U.S. Embassy’s Information Resource Center (IRC) in Jakarta is a specialized reference and research facility. Our goal is to provide you with accurate, up-to-date and authoritative information about U.S. society and policy materials, covering such topics as U.S. foreign policy, government, economics and trade, history, social and cultural issues.

The IRC collection includes an up-to-date reference collection, a periodicals section, and access to extensive online databases.

Our professionally-trained reference specialists use print and periodical collections as well as online databases and the Internet to retrieve the information that you need quickly, conveniently, and free of charge.