

# AMERICAN SCHOLASTIC ASSOCIATES

## DBQ: The Great Depression

By John A. Braithwaite

### DIRECTIONS:

The following DBQ is based upon the accompanying documents and your knowledge of the time period involved. This question tests your ability to work with historical documents. Your answer should be derived mainly from the documents, however, you may refer to historical facts, materials, and developments NOT mentioned in the documents. You should assess the reliability of the documents as historical sources where relevant to your answer.

### QUESTION FOR ANALYSIS:

*Analyze and discuss the causes, course, and consequences of the depression of 1929 and how it played itself out during the 1930's.*

### PROMPT:

- Formulate a thesis statement
- Use documents as well as your own outside knowledge of the period.
- Deal evenly with all aspects of the questions
- Be sure to cover the time period given
- Assess the validity of the documents
- Draw effective and specific conclusions whenever possible

### TEXTBOOK RECOMMENDATIONS

Cherny & Berkin	<i>The Making of a Nation</i>
Gillon & Matson	<i>The American Experiment</i> <b>**(textbook-ch.25)</b>
Boydston & McGerr	<i>Making A Nation</i>
Murrin, et.al	<i>Liberty, Equality, Power</i>
Norton, et.al.	<i>A People &amp; A Nation</i>
Brinkley	<i>American History</i>
Bailey & Kennedy	<i>The American Pageant</i>
Boyer, et.al.	<i>Enduring Visions</i>
Davidson, et.al.	<i>Nation of Nations</i>

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## *Document A:*

Efforts to account for the plunge from prosperity to adversity soon demonstrated conclusively that no one factor alone, but only a great number of factors working together could have produced such startling results. Among the disturbing influences they cited were the following:

1. Agricultural overexpansion, both in the United States and elsewhere. American farmers (over) produced wheat, cotton, corn, livestock, and other commodities than they could sell. They all had heavy mortgage burdens even in prosperous times.
2. (There was) Industrial overexpansion. There were too many factories and too much machinery. American industry was geared to produce more than it could sell.
3. The increasing effectiveness of machines (technology). With ingenious labor saving devices fewer and fewer men could produce more and more goods.
4. Capital surpluses kept too high. Labor did not have enough to buy its share of things.
5. The overexpansion of credit both for productive and consumptive purposes. Money was easy and plentiful.
6. International trade was out of balance.
7. Political unrest existed throughout the world.

John D. Hicks, The American Nation  
(New York: Houghton Mifflin,  
1955.) pp. 520-522.

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## *Document B:*

Source: Timeline of the Great Depression.

1929	Stock Market Crashes
1930	New York's Bank of US Closes
1931	Reconstruction Finance Corporation created
1932	Bonus Army & "Battle of Anacostia Flats" FDR elected President of US
1933	Emergency Banking Act First Fireside Chat Prohibition repealed Public Works Administration established Agricultural Adjustment Act passed Tennessee Valley Authority created Disney Produces the " <i>Three Little Pigs</i> "
1934	Indian Reorganization Act
1935	Wagner Act passed to help Labor Unions Social Security Act passed Works Progress Administration formed Congress of Industrial Organization formed <u><i>Schechter Poultry vs U.S.</i></u>
1936	FDR re-elected Keynes publishes <i>The General Theory of Employment, Interest, and Money.</i> <u><i>Butler vs U.S.</i></u>
1937	United Auto Workers strike in Flint, Michigan FDR tries to "Pack the Supreme Court"
1938	O. Wells broadcasts, " <i>The War of the Worlds</i> "
1929	John Steinbeck, publishes " <u><i>Grapes of Wrath</i></u> "

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## *Document C:*

William H. Leuchtenberg, *The Perils of Prosperity 1914-1928*. Chicago: Univ. of Chicago Press, 1958), pp. 241-268.

The prosperity of the 1920's produced the contagious feeling that everyone was meant to get rich. The decade witnessed a series of speculative orgies from "get-rich-quick" schemes to . . .the Great Bull Market. Before the war (W.W.I), stock investment had been almost wholly a preserve of the wealthy. . .

No one can explain what caused the wave of 1928. There was no single cause of the crash and ensuing depression; (however) management had siphoned off gains in high profits. . .thus the farmer and the worker did not have the purchasing power to sustain prosperity.

The policies of the federal government were disastrous. Its tax policies made the maldistribution of income by the rich still more serious.

The market crash played a major role in precipitating the Great Depression.

The farmer, who had seen little of the prosperity of the 1920's was devastated by the depression. The depression touched every area of American life.

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## *Document D:*

R.R. Palmer and J. Colton, *A History of the Modern World*. (New York: Alfred A. Knopf, 1956), 798.

The depression, in the strict sense, began as a stock-market and financial crisis. . .

The crisis passed from finance to industry and from the United States to the rest of the world. The export of American capital came to an end. American not only ceased to invest in Europe, but they sold the foreign securities they had. This pulled the foundation from under the post-war revival of Germany. . .

Between 1929 and 1932, the latter year representing the depth of the depression, world production is estimated to have declined by 38%, and the world international trade by two-thirds.

The world price of wheat fell incredibly.

Unemployment, a chronic disease ever since the war, now assumed the proportion of pestilence. In 1932, there were 30,000,000 unemployed persons. And people chronically out of work naturally turned to new and disturbing political ideas.

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## *Document E:*

Blum, et.al. *The National Experience*. (New York: Harcourt Brace, 1986), p.696

The trauma of depression (was) a severe shock to the American people--to their expectations, their values, and their confidence in themselves and their future. A few believed that depression was an inherent and ineradicable evil of the capitalist system and concluded that only way was to abolish capitalism.

Some of these excited by the success of fascism (were wooed that way). Others who despaired of capitalism turned toward Marxism. The Communist movement was the more serious of the two.

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## *Document F:*

“Brother Can You Spare a Dime”

They used to tell me I was building a dream,  
And so I followed the mob—  
When there was earth to plough or gun to bear  
I was always there—right on the job  
The used to tell me I was building a dream  
With peace and glory ahead—  
Why should I be standing in line  
Just waiting for bread?

REFRAIN:

Once I built a railroad, made it run,  
Made it race against time.  
Once I built a railroad,  
Now its done—  
Brother, can you spare a dime?  
Once I built a tower, to the sun.  
Brick and rivet and lime,  
Once I built a tower,  
Now it's done—  
Brother, can you spare a dime?  
Gee, we looked swell,  
Full of that Yankee Doodle-de-dum.  
Half a million boots went sloggin' through Hell,  
I was the kid with a drum.  
Say don't you remember, they called me Al--  
It was Al all the time.  
Say, don't you remember I'm your pal—  
Buddy, can you spare a dime?

By E. Y. Harburg

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## *Document G:*

Houghton Mifflin, Nexttext, *The Great Depression*. pp. 37-39

Calvin Coolidge may have suffered personal remorse, but he was not willing to accept public blame... The former President, then said:  
“...It will be observed that all these causes of depression, with the exception of the early speculation, had their origin outside the United States, where they were entirely beyond the control of our government.”

Herbert Hoover declared that “that our immediate weak spot was the orgy of stock speculation which began to slump in October, 1929” But a second cause, according to the President, was World War I and its aftereffects.

### What caused the Crash?

Greedy people wanted more than they needed. Foolish people thought they could get something for nothing. Impulsive people bought now in the hope of paying later. Income and wealth were distributed unfairly and dangerously. The rich regarded themselves as an all-knowing elite. The masses were not paid enough money to consume all the goods they produced. The economy was unsound. The corporate structure was sick. The banking system was weak. Foreign trade was out of balance. Business data were inadequate and often faulty.

The constellation of conditions left the economy a flawed and loaded gun, and when the stock market crashed, the gun did not merely fire—it exploded in everyone’s face.



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## *Document H:*

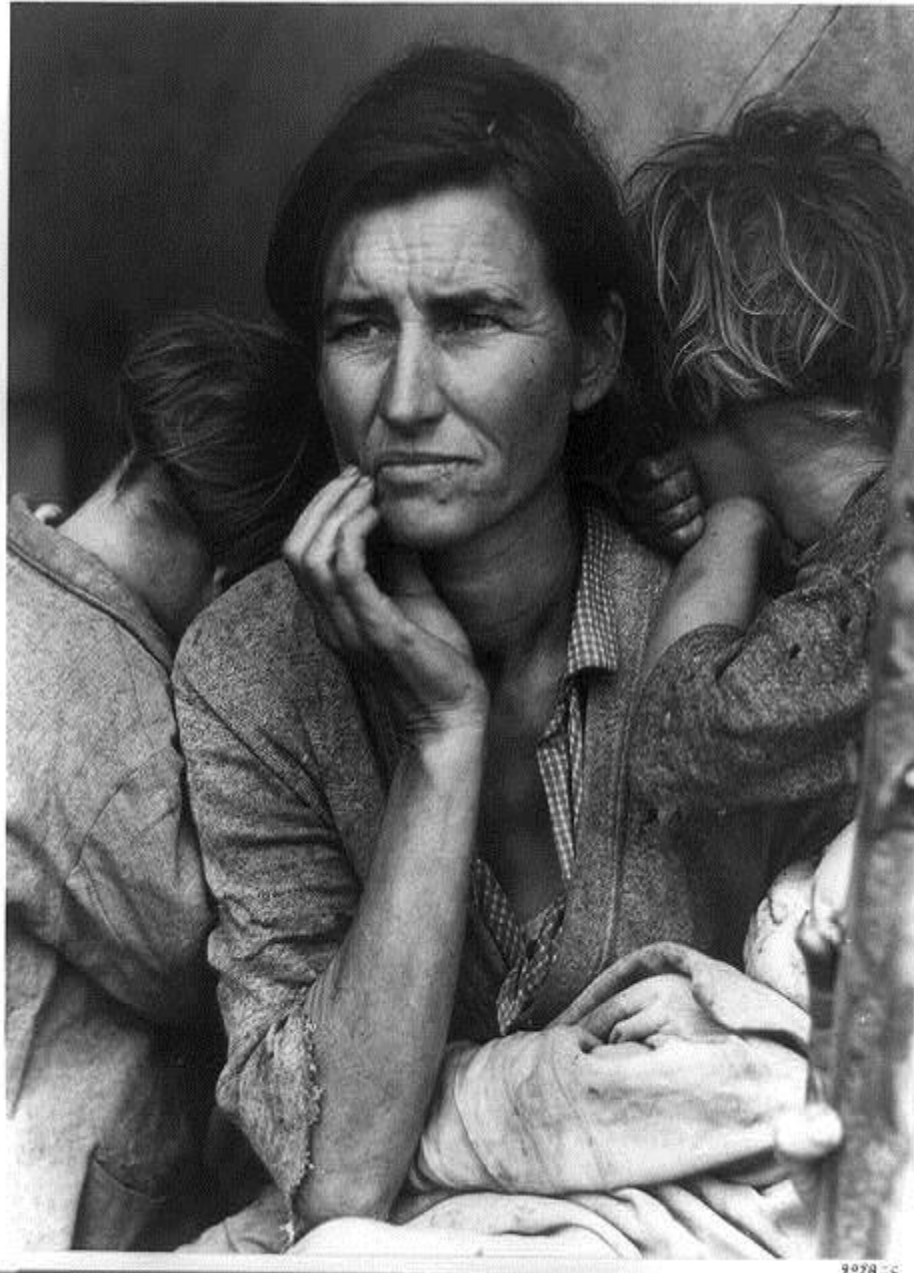


Dorothea Lange Photo Texas Panhandle Area. (Library of Congress)

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## *Document I:*

Source: Dorothea Lange Photos of Women In The Depression. *Library of Congress.*



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## *Document J:*

Source: Dennis Ryan Collection. "Hooverville"



"IT SEEMS THERE WASN'T ANY DEPRESSION AT ALL."  
Daniel Fitzpatrick St. Louis Post Dispatch Dec. 18, 1935

# AMERICAN SCHOLASTIC ASSOCIATES

## *Document K:*

Source: John S. Bowes, *Avenues To America's Past*. (Morristown, NJ: Silver Burdett Company, 1969.) pp. 418-419.

The stock market crash was also an exceptionally effective way of exploiting the weaknesses of the corporate structure. Operating companies at the end of the holding-company chain were forced by the crash to retrench. The subsequent collapse of these systems and also the willingness to lend for investment trusts effectively destroyed both the ability to borrow and the willingness to lend for investment. What have long looked like purely fiduciary effects were, in fact, quickly translated into declining orders and increasing unemployment

The crash was also effective in bringing to an end the foreign lending by which the international accounts had been balanced. Now the accounts had, in the main, to be balanced by reduced exports. This put prompt and heavy pressure on export markets for wheat, cotton, and tobacco. Perhaps the foreign loans had only delayed an adjustment in the balance which had one day to come. The stock market crash served nonetheless to precipitate the adjustment with the great suddenness at a most unpropitious time. The instinct of farmers who traced their troubles to the stock market was totally misguided.

Finally, when the misfortune had struck, the attitudes of the time kept anything from being done about it.

Had the economy been fundamentally sound in 1929 the effect of the great stock market crash might have been small. Alternatively, the shock to confidence and the loss of spending by those who were caught in the market might soon have worn off. But business in 1929 was not sound; on the contrary it was exceedingly fragile. It was vulnerable to the kind of blow it received from Wall Street. Those who have emphasized this vulnerability are obvious on strong ground. Yet when a greenhouse succumbs to a hailstorm something more than a purely passive role is normally attributed to the storm. One must accord similar significance to the typhoon which blew out of lower Manhattan in October 1929.

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## *Document L:*

Source: Carl Degler. *Out of Our Past*. 3<sup>rd</sup> Edition. Pp.

In the thirties, the place of the New Deal in the broad stream of American development has been a matter of controversy. Historians and commentators on the American scene have not yet reached a firm agreement—if they ever will—as to whether the New Deal is conservative or radical in character, though it does appear that the consensus now seems to lean toward calling it conservative and traditional. “The New Deal is an old deal.

But men making a revolution among a profoundly conservative people do not advertise their activity, and above all, FDR understood the temper of his people. . . Roosevelt at heart was a conservative. He did not shy away from new means and new approaches to problems

The conclusion seems inescapable that, traditional as the words may have been in which the New Deal expressed itself, in actuality it was a revolutionary response to revolutionary situation. . . The searing ordeal of the Great Depression purged the American people of the belief in the limited powers of the federal government and convinced them of the necessity of the guarantor state.

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## *Document M:*

Dorothea Lange Photo. (Library of Congress)



# AMERICAN SCHOLASTIC ASSOCIATES

## *Document N:*

Source: Franklin D. Roosevelt, "Acceptance Speech Delivered to the Democratic National Convention, 2 July 1932.

"Never before in modern history have the essential differences between the two major parties stood out in such striking contrast as they do today.

Throughout the Nation, men and women, forgotten in the political philosophy of the Government of the last years look to us here for guidance and for more equitable opportunity to share in the distribution of national wealth.

On the farms, in large metropolitan areas, in the smaller cities and the villages, millions of our citizens cherish the hope that their old standard of living and of thought have not gone forever. Those millions cannot and shall not hope in vain.

I pledge to you, I pledge myself, to a new deal for the American people. Let us all here assembled constitute ourselves prophets of a new order of competence and courage. This is more than a political campaign; it is a call to arms. Give me your help, not to win votes alone, but to win in this crusade to restore America to its own people.

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## *Document O:*

Source: Taken from the AP Institute Notes of Dr. Lynn Dumenil.

### **Consequences Of The Great Depression**

#### Unemployment In Labor:

- Catastrophic unemployment near 25% of the people
- Black unemployment exceeded 50%
- Sparked the creation of the CIO & other labor unions

#### Financial Loses in the Market & Banking:

- Stock market crashed and half its total worth within a week.
- Rampant over-speculation in the stock market
- Reckless over-extension of credit by banks

#### Agricultural Loses:

- The Dust Bowl was murderous to farmers in Midwest and South
- 350,000 took highway 66 to California only to find unemployment
- Over-production by farmers with consumers who had no money

#### Social Consequences:

- Divorce, suicide, and vagrancy almost became the norm
- Women and minorities were again repressed
- Child abandonment and starvation was common

#### Political & Economic Consequences:

- Foreign trade was completely out of balance
- Impact of World War I started in Europe then came to America
- Election of 1932 constituted a political revolution
- Beginning of deficit spending and government regulation



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## *Document P:*

Source: Gillon & Matson, *The American Experiment*. (New York: Houghton Mifflin Company, 2002.), pp. 1002-1003.

The economic prosperity that characterized the 1920's began to fall apart in October 1929. The crash on Wall Street—resulting from years of speculation and unsavory trade practices—was the first domino to fall. The banking system, which always been unregulated and prone to failure, was next, depriving millions of their savings and eroding public confidence in the economy. The stock market crash and the banking failures exposed serious structural flaws in the economy—a decade long weakness in the agricultural market, more recent industrial over production, and a continuing fragile international economic system. Herbert Hoover, who had been elected as the champion of prosperity in 1928, seemed unable to devise a solution for the nation's economic woes. In 1932 a frustrated nation turned to Democrat Franklin D. Roosevelt.

In his first hundred days in office, Roosevelt proposed an ambitious federal experiment to revitalize the economy, aid the employed, restore public faith. The New Deal dramatically extended the power of the federal government, creating a host of alphabet agencies that assumed responsibilities traditionally left to local government, or private charity. The Civil Conservation Corps (CCC) provided jobs to more than 2 million men, while... (FERA) offered relief to needy families. Reviving the New Nationalism of cousin Theodore, FDR created the Agricultural Adjustment Act (AAA) and the National Recovery Act (NRA) to help the struggling economy. With passage of the Social Security Act (1935) Roosevelt created the scaffolding of the modern welfare state. With its ambitious social Agenda, the New Deal inaugurated the age of activist government.

Despite the broad popularity of Roosevelt and his reforms, the New Deal did not fundamentally change America values.... Americans still clung to their notions of individuality and self-support. Many people disillusioned with contemporary life, looked back to idealized images of small towns and local solutions to problems.

The New Deal did, however, transform the American political landscape. Not everyone benefited; women, for example were still largely confined to tradition and lower wage occupations. Roosevelt also failed to take a bold stand on civil rights. Many poor farmers of all races were hurt by the new deal agricultural programs. This "Roosevelt coalition" would dominate American politics for the next thirty years...

The Great Depression had confronted the United States with one of its most trying domestic challenges. By the end of the 1930's, however, a new potentially more dangerous threat was rising in Europe, endangering the very existence of the American experiment.

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## *Document Q:*

### **CAUSES OF THE GREAT DEPRESSION**

#### **1. Stock Market Crash of 1929**

Many believe erroneously that the stock market crash that occurred on Black Tuesday, October 29, 1929 is one and the same with the Great Depression. In fact, it was one of the major causes that led to the Great Depression. Two months after the original crash in October, stockholders had lost more than \$40 billion dollars. Even though the stock market began to regain some of its losses, by the end of 1930, it just was not enough and America truly entered what is called the Great Depression.

#### **2. Bank Failures**

Throughout the 1930s over 9,000 banks failed. Bank deposits were uninsured and thus as banks failed people simply lost their savings. Surviving banks, unsure of the economic situation and concerned for their own survival, stopped being as willing to create new loans. This exacerbated the situation leading to less and less expenditures.

#### **3. Reduction in Purchasing Across the Board**

With the stock market crash and the fears of further economic woes, individuals from all classes stopped purchasing items. This then led to a reduction in the number of items produced and thus a reduction in the workforce. As people lost their jobs, they were unable to keep up with paying for items they had bought through installment plans and their items were repossessed. More and more inventory began to accumulate. The unemployment rate rose above 25% which meant, of course, even less spending to help alleviate the economic situation.

#### **4. American Economic Policy with Europe**

As businesses began failing, the government created the Hawley-Smoot Tariff in 1930 to help protect American companies. This charged a high tax for imports thereby leading to less trade between America and foreign countries along with some economic retaliation.

#### **5. Drought Conditions**

While not a direct cause of the Great Depression, the drought that occurred in the Mississippi Valley in 1930 was of such proportions that many could not even pay their taxes or other debts and had to sell their farms for no profit to themselves. This was the topic of John Steinbeck's *The Grapes of Wrath*.

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## *Document R:*

Source: Colorado State Archives. Denver, CO.

### The Civilian Conservation Corps in Colorado

During the Great Depression of the 1930's, the Seventy-third Congress by Public Act No. 5, March, 1933, authorized the Emergency Conservation Work (ECW) program. The continuation of this function was provided for in the Congressional Act of June, 1937, which also officially changed the name of the ECW to its more popular designation, the Civilian Conservation Corps.

The CCC was one of several federal relief programs which sought to alleviate distress caused by the massive unemployment of the 1930's. The program achieved this through the establishment of camps where young men worked on forest and conservation projects throughout the country. Colorado had numerous CCC camps throughout its undeveloped and forested land.



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*Document S:*

New Deal Recovery Measure Poster



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## *Document T:*

SOURCE: AP Lecture Notes David M. Kennedy, Stanford Univ.

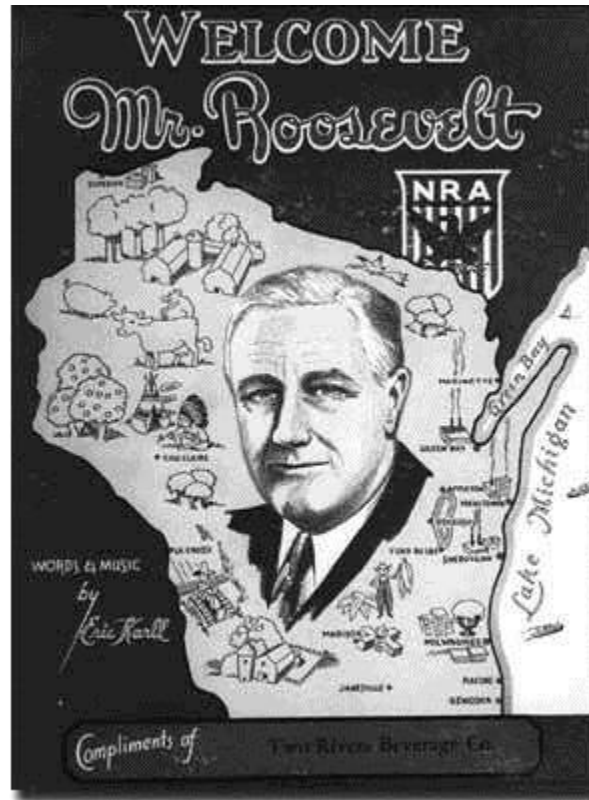
### **THE NEW DEAL: REFORM**

- GLASS/STEAGALL ACT -- gave government power to investigate banking conditions, vested greater regulatory powers in Federal Reserve Board.
- FEDERAL DEPOSIT INSURANCE CORPORATION [FDIC] -- insured savings of bank depositors and monitored soundness of insured banking institutions.
- FEDERAL SAVINGS & LOAN INSURANCE CORPORATION [FSLIC] -- insured savings of depositors in savings & loan institutions and monitored soundness of insured S&Ls.
- SECURITIES AND EXCHANGE COMMISSION [SEC]: regulated stock and bond trading; regulated exchanges where stocks and bonds are sold, and legislated requirements for disclosure of fair stock information.
- WAGNER ACT created NATIONAL LABOR RELATIONS BOARD [NLRB] which reaffirmed labor's rights to bargain for wages, hours, and working conditions, to strike, and to arbitration of grievances.
- FAIR LABOR STANDARDS ACT [FLSA]: 1938 -- set minimum wages and maximum working hours.
- TENNESSEE VALLEY AUTHORITY [TVA] and RURAL ELECTRIFICATION—provided power sources that never new what modern life was like in the South.
- AUTHORITY [REA]: helped to bring electricity to rural "pockets of poverty" that could not afford lines.
- SOCIAL SECURITY: Provided for unemployed, aged, dependent, and handicapped. Financed by FICA taxes paid by employee, matched by employer and Federal government.

## *Document U:*

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Source: Dr. Stanley K. Schultz. (Professor of History)



## FDR: Socialist or Capitalist?

Business leaders were highly critical of this Second New Deal and many viewed Roosevelt as a traitor to his class and a socialist who was out to strip them of their wealth. One of Roosevelt's aides noted the strength of the anti-Roosevelt attitude of American business leaders:

"There's a vast bitterness welling up from the grass roots of every country club in America."

Although many members of Congress were far to the left of FDR, he seemed to personify the new anti-business position in America. Nonetheless, FDR's relief and reform efforts actually preserved capitalism. The AAA, the NIRA, new banking legislation, and regulations of securities on Wall Street ultimately helped big business.

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## Essay Format-Planning An Essay

**Thesis statement:**

**Point #1: Fundament causes**

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**Point #2: Specific events of the Depression**

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**Point #3: Hoover Phase:**

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**Point #4: Election of 1832:**

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**Point #5: The First “New Deal”:**

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## **Point #6: The Second New Deal:**

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## **Point #7: The Depression: Revolutionary or Evolutionary**

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## **Point #8: Outcomes of the Depression:**

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## **Conclusions:**

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