Great Depression Essay, Research Paper

Great DepressionThe Great Depression was a disastrous business slump that affected millions of people throughout the entire United States. It began in 1929 and continued on, to some degree, until 1939. People lost their jobs, and families lost their homes. The country was in total chaos. Some believed that America could never totally recover. There were several factors that contributed to the start of the Great Depression. One of them was the crash of the stock market. It was 1929, and Republican Herbert Hoover had just been recently elected. During the previous few years, the stock market had been steadily rising, and everyone wanted their piece of the profits. By this time, over 1.5 million people owned stock in various companies. People in every kind of financial situation owned stocks. It seemed that it was an easy way to make money, and most investors were getting rich. The stock market reached its all-time high on September 3, 1929. This caused even more people to buy stock. In October of 1929, however, the stock prices slowly began to decrease. This did not bother the stockholders that much because they just figured that the stocks would go back up like they always did. Unfortunately, these predictions were terribly wrong. On the 24th of October, the stock market plummeted. Shareholders rushed to sell their stocks as quickly as possible, but they found no buyers. The 24th came to be known as “Black Thursday.” Five days later there was a “Black Tuesday.” That was when more than sixteen million stocks were sold at a great loss. One stock had dropped from one hundred dollars to only three dollars per share. The President and the bankers tried to assure people that there was not a crisis and that it was only a temporary situation, but they could not have been more wrong. When the stock market crashed, it upset the whole economy. Because the stock prices were so low, no one would invest in them. This meant that the large and small companies who depended on the stockholder’s support now had major financial problems. Thousands of employees had to be fired because the companies could no longer afford to pay them their salaries. Many factories, mines, and businesses were even forced to shut down due to the terrible economic crisis. When all of these workers lost their jobs, they could hardly afford to buy food or clothing, therefore, many of the stores were not making enough money to survive either. This caused more people to be fired and more businesses to shut down. It was a continuous cycle that caused the economy to get worse and worse. The unemployed people desperately needed money, so they all rushed to the banks to take their savings out. Unfortunately, most banks had also been hit hard by the crash of the stock market. The banks, like the people, had bought large amounts of stocks when they were doing so well. When the stocks dropped, they could not afford to give their customers the savings account money which they demanded. The lucky people who still had their jobs were forced to take a substantial pay cut, the average of which was about fifteen percent. Most of them were still happy because they knew that they were way better off than those people who were without work. Breadlines and soup kitchens were established by the cities to help those who had been fired. Many of the unemployed were ashamed to have to accept handouts, but they had no choice. It was the only way for them to feed their families. One man from Pennsylvania wrote:”This is the first time in my life that I have asked for help, but the way things are now I must. I have been out of work for a long time and my wife is sick in bed and needs medicine, and no money to buy nothing to eat and what is a fellow going to do. I don’t want to steal but I won’t let my wife and boy cry for something to eat.” This quotation shows how bad the times were and just how desperate the people were becoming. Only six months after the crash of the stock market, more than four million Americans had lost their jobs. Many of these people could not pay their rent, so they were forced to evacuate their houses or apartments. Despite this terrible economic situation, President Hoover was still telling the citizens of the United States that the hard times would soon end, and that they had nothing to worry about. The new problem facing the homeless was finding a place where they could take shelter. These unfortunate people could not afford their old houses and apartments, but they could not just live on the streets either. So the homeless came up with a new way to survive. They built tiny homes made out of whatever they could find. Some common components were boxes made out of wood or cardboard, old car parts, newspapers, and tin pieces. When a large number of these homes were in one area, they came to be called “Hoovervilles.” The people placed the blame of their predicament on President Hoover.Americans were becoming very angry and discouraged with their situation. In March of 1930, many Unemployment Councils had formed in the nation’s larger cities. The Unemployment Council in New York City held a demonstration in the city’s Union Square. Over ten thousand unemployed people showed up, and a huge brawl broke out between the police and them. Things were only becoming worse, yet the President still could not understand the extent and seriousness of the depression. While other citizens were having to survive on almost nothing, he was in the White House living comfortably with plenty of food for his family and himself. By the year 1932, there were more than fourteen million jobless people in the United States. This was equal to one third of all the potential workers in the country. The number may have risen as high as twenty million unemployed, but no one knows for sure. Stocks were worth on the average only eleven percent of the price that they had reached in 1929, and about five thousand banks had shut down, due to the lack of funds. Over all, between the stockholders and the people who had invested their money in banks, seventy-five trillion dollars had been lost by 1932. In several cities across the country, people were breaking into stores and supermarkets, stealing all kinds of food for their families. Many citizens even advocated Communism to restore the economy to what it used to be. The farmers soon started to suffer, also. The selling price for their crops had become less than the price that it cost to grow and harvest it. Since the farmers were not making any money, they could not afford to keep their homes. In 1932 more than 273,000 farming families lost their houses to the banks. Many of those families packed up all of their belongings and headed west. The population of the Pacific states was rapidly growing. In some southern states, many of the unemployed worked picking cotton for only one dollar a day. Many of the more fortunate people who still had jobs had pity on those who had lost theirs. Some grocers provided food to needy families on credit. Teachers and policemen would bring lunches to the hungry students in the schools. Some people just could not take it any more. One woman from New York drowned her own son, saying, “I couldn’t feed him , and I couldn’t see him go hungry.” During the last few years of the depression, the birth rate significantly declined, and the suicide rate greatly increased. Many unemployed men were ashamed to admit that they had lost their jobs. They would dress up like they were going to work and then go into town and beg for food or money. When a large trade agency in Russia advertised that they were looking for six thousand Americans to move there and work, more than one hundred thousand people applied for the jobs.

Realizing how terrible the economic situation was, the United States Congress tried to pass a bonus bill for Americans who were veterans of World War I. They did not act fast enough, however. So many were now starving and homeless, that thousands of people, including war veterans, started to gather in Washington D.C. to protest. By May, 1932, nearly twenty thousand of them had set up Hoovervilles, there. The World War One veterans waved signs that said, “Heroes in 1917-Bums in 1932.” President Hoover soon became angry and afraid of all of the extra people around the White House. He even refused to meet with the leaders of the Bonus Expeditionary Force, and called them Communists. He put the police on twenty-four hour a day guard of the White House, making sure that all entrances were secure. They prepared for an attack, and it occurred on July 28, 1932. The veterans had become restless, and they were ordered to leave. A police officer was hit by a brick, and the police retaliated with open fire. A veteran was shot down, and then the rioting started. Federal troops were called in by the President to control the rioters. They were ordered to use force, if necessary, to disperse the veterans. They fired tear gas into the crowd and marched with swords. Two babies died from the effects of the gas. President Hoover and a General in the army considered the defense a success. They declared that the conspiracy to take over the government of the United States of America was stopped just in time. A similar situation occurred later in the year. In December of 1932, about three thousand hungry, jobless people marched into the nation’s capitol demanding some relief to their suffering. In response to this, Hoover had nine thousand police officers, as well as U.S. troops, standing by just in case things got out of hand. President Hoover, in his mind, could not find any legitimate reason to give in to their requests. He declared that it was not the government’s responsibility to give relief to its citizens, believing that once having started this practice, it would never end. The year 1932 was drawing to a close, and that meant that it was time for the presidential election. The Republicans nominated Herbert Hoover to run for reelection. They called themselves the party of prosperity, even though the nation’s economy had devastatingly plummeted while Hoover was President. The Democratic nominee was Franklin D. Roosevelt, the crippled governor of New York. Roosevelt had a friendly face and attitude, and when he promised a “New Deal” for the forgotten man, the voters listened. He understood the terrible times that the people were going through, and Hoover did not. Hoover would not change his views on the government giving out aid and relief to the public. He and his team were confident that they would have no trouble at all being reelected, but they were wrong. On election day when the votes had all been counted, Franklin D. Roosevelt carried forty-two states while Hebert Hoover had won only six.. It was a landslide for Roosevelt. During the presidential inauguration of 1933, everyone stopped working to hear what their new leader had to say to them. He proclaimed: “Let me first assert my firm belief that the only thing we have to fear is fear itself–nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.”He then explained that Americans needed to treat this crisis as if the United States had been invaded by some foreign enemy. On the same day as that amazing speech was the inaugural ball, but Franklin D. Roosevelt did not attend it. Instead, he stayed up all night with his many advisors planning out the details of the New Deal. On the Monday of his first week in office, he announced that he was closing all of the banks in the country until they could safely reopen and pay their customers the billions of dollars that were owed to them. His objective was to save America from a total collapse of the economy, which was something that he saw happening in the very near future. He wanted to improve businesses and profits, without it looking like he was moving toward Socialism. In the first week after he became the President, Roosevelt had his first “fireside chat” with America. He sat down with the nation and simply explained all of the different steps and ideas that he had planned to use in order to pull the country out of the depression. Americans really responded to these chats, and he soon gained wide-spread popularity. The new President said this about his “New Deal” in one of his famous fireside chats, “Take a method and try it, if it fails, try another. But above all, try something.” In a three month period, Roosevelt passed laws to protect stock market investors, helped finance troubled banks, and gave jobs to the young. He also assisted farmers in selling their crops at higher prices, gave aid to homeowners so that they could pay their mortgages, provided affordable electricity to the poor who needed it the most, and stimulated the dying unions and businesses. Roosevelt did in months what Hoover couldn’t do in years. The new President way of doing things was definitely appealing to the American people. The true test on how well Roosevelt was doing came in 1934 when it was time for the congressional elections. The Democratic party gained twenty seats in the House and the Senate, and now held a majority in forty-one out of the forty-eight states. During the next three months, Roosevelt passed laws to create new jobs, shifted the relief effort from the federal government back to the states, and provided homes or loans to those who had lost their housing. He also helped the development of the unions, raised the taxes of the wealthy, and made Social Security become a reality. The President was convinced that the only way to provide a sufficient number of new jobs was if the government hired huge numbers of people to work for it. Roosevelt started the Work Progress Administration (WPA), an organization that made plans to build airports, hospitals, schools, parks, and highways, among other things. Approximately 8.5 million people were hired to work on more than 1.4 million projects. President Franklin D. Roosevelt had truly done what the American people so desperately needed. He helped save the United States from the worst and most devastating depression in the history of the nation. He had become a national hero, and grew to be so popular that he won the election of 1936 by an even greater majority than the previous one. When the United States entered World War II, unemployment nearly disappeared. Industries became busy again trying to keep up with the war material orders and many young people entered the armed forces to fight for freedom.. The damage from the Great Depression that Roosevelt and his “New Deal” could not fix, the war certainly did. Several insights can be learned from the Great Depression. Perhaps the biggest one is that the United States government can positively influence the economy by creating massive programs. Also, that many Americans have the spirit of compassion which is necessary in order to provide for the less fortunate. Perhaps the greatest lesson taught was that no matter how big the problem, there is always hope for a solution, as long as there is determination, devotion, and a commitment to solving that problem.