

America Between the World Wars

Class 7

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What We Will Cover Today

- The Aftermath of the Crash
 - Economic Decline
 - The Bonus March
- Selected aspects of the New Deal
 - The First Hundred Days
 - The Second Hundred Days
 - The Second New Deal
- The Lead-up to World War II

The Aftermath of the Crash

From 1929 to 1933

- GNP fell by 29%
- Consumption expenditures by 18%
- Construction by 78%
- Capital investment fell by 98%
- Unemployment rose from 3.2% to 24.9%
- World trade fell by 40%

Slide into Depression – Unemployment

- Unemployment Totals

Year	Unemployment in millions
1929	1.5
1930	4.3
1931	8.0
1932	12.0
1933	12.8

Slide into Depression - Stocks

	High Price Sept 3, 1929	Low Price Nov 13, 1929	Low Price for 1932
AT & T	304	197 ¼	70 ¼
GE	396 ¼	168 ½	34
GM	72 ¾	36	7 5/8
NY Central	256 3/8	160	8 ¾
RCA	101	28	2 ½
U.S. Steel	261 ¾	150	21 ¼

Bank Failures

Numbers of Banks and Bank Failures		
Year	Number as of 12-31	Suspensions
1929	24,633	659
1930	22,773	1350
1931	19,970	2293
1932	18,397	1453
1933	15,015	4000
1934	16,096	57

Data are from Table V 20-30 in *Historical Statistics of The United States: Colonial Times to 1970*, 1975, p. 912.

Hoover's Great Mistakes - 1

- Jawboning business to maintain wage rates and keep up investment
- Making optimistic public statements about the economy when his actions and non-verbal behavior conveyed pessimism
 - Reflected his belief that restoring investor confidence was essential to economic recovery
- Approving the Smoot-Hawley Tariff

Hoover's Great Mistakes - 2

- Raising taxes in June 1932 in a vain attempt to balance the budget
 - Taxes made retroactive to January 1, 1932
 - There was no federal withholding of taxes from paychecks at this time
 - The large-scale withdrawal of funds from banks to pay Federal income taxes in 1933 precipitated the 1933 Bank Panic

Coping with Unemployment

- Expansion of a hobo and wanderer culture
- Entering grueling contests in order to win a monetary prize
 - Dance marathons, pie-eating contests, bicycle races
- Selling apples on the street corner
- Door-to-door selling on commission of everything from soap to Bibles
 - Era of the Fuller Brush salesman
- New Business Startups

The Bonus March

- In 1924 Congress passed a bonus bill for WWI veterans
 - Each veteran got \$1.00 per day for each day of military service (\$1.25 for each day overseas) plus interest
 - Payment to start in 1945
- Rep Wright Patman (D-TX) introduced bills from 1929 on to pay the bonus immediately
 - Hoover opposed it; the American Legion and the Communist Party supported it

The Bonus March - 2

- To lobby for the bill, a group of 300 unemployed veterans seized a few boxcars in Oregon and set off for Washington
- At each stop along the way, they attracted publicity and more followers, with veterans in other towns throughout the country joining in
- In Washington they occupied abandoned government buildings
- Eventually, nearly 20,000 people came to Washington

The Bonus Army - 3

- After Congress defeated the bonus bill, some veterans returned home, but many stayed since they had nowhere else to go
- The Federal and District governments decided to evict the Bonus Marchers
 - District commissioners asked Hoover to send in the Army & Hoover ordered GEN Douglas MacArthur to carry out the order
 - MacArthur sent tanks and troops to the Anacostia Flats to burn down the camp

Effects of the Bonus March

- Sealed Hoover's political doom
 - Already seen as ineffectual in dealing with the Great Depression, he was now seen as callous and indifferent to the suffering of American veterans
- Established as a tradition the idea of the March on Washington as a means of political protest
- Eventually led to the passage of the bonus bill in 1936
- Helped lay the groundwork for the passage of the G.I. Bill of Rights in 1944

The New Deal

The Hundred Days

- Period of intense activity by the Roosevelt Administration to counteract the Great Depression
 - People were demanding immediate action
 - The period saw a flurry of Executive Orders, presidential actions, and Congressional enactments
 - Subsequent presidents have come to be judged on what they have accomplished in their first hundred days

The First Hundred Days - 2

- EO 6102 & EO 6111
- Emergency Banking Act
- Federal Deposit Insurance Act (Glass-Steagall Act)
- Federal Emergency Relief Act
- Agricultural Adjustment Act
- Tennessee Valley Authority Act
- Federal Securities Act

Executive Order 6102 & 6111

- Executive Order 6102
 - Required U.S. citizens to deliver to the Federal Reserve all gold coins, gold bullion, and gold certificates by May 1, 1933
 - Exempted gold customarily used “in industry, profession, or art”
 - Allowed a person to own up to \$100 in gold coins
 - Raised the price of gold for international transactions to \$35
- Executive Order 6111
 - Forbade the export of gold coin, gold bullion, or gold certificates

Notes on the Gold Standard

- Fixed the value of a currency in terms of gold
 - 1 troy ounce of gold = x dollars or y pounds or z francs
- Limited the control of governments over monetary policy
 - Protected people against inflation by limiting the power of governments to inflate prices through excessive issuing of paper currency
 - Facilitated international trade

Notes on the Gold Standard - 2

- Disadvantages of the gold standard
 - Has a deflationary effect whenever a gold standard economy grows faster than the gold supply
 - Precludes expansion of the monetary supply during economic downturns
- During the Great Depression, the deflationary effect of the gold standard meant that debts remained constant while prices and the value of assets declined

Consequences of EO6102 & 6111

- Took the U.S. off the Gold Standard
 - People could no longer exchange dollars for gold – this removed a barrier to inflation and expansion of the money supply
- Devalued the U.S. dollar vis-à-vis other consequences
- Led to the myth that Roosevelt had ordered all safe deposit boxes seized and searched for gold

Emergency Banking Act

- Gave statutory legal affirmation to EO6102 and 6111
- Gave the President the ability to declare a national emergency
- Required people to exchange their gold for currency or coin
- Closed the banks until individual banks were authorized by the President to reopen
- Allowed the Federal Reserve to make unsecured loans to reopened banks

Consequences - 1

- When banks reopened, deposits exceeded withdrawals everywhere
 - People moved their money from the mattress to the bank
 - People brought so much cash, gold coins, and gold certificates to the banks that banks had to post armed guards to prevent robbery of depositors

Consequences - 2

- Ended runs on banks
 - Depositors now knew that even if their bank failed, their deposits would be safe
- Ended the era of bank failures whereby depositors lost their savings
- Led to an era of low-interest savings accounts and CDs in which banks took few risks in their loans

Agricultural Adjustment Act

- Set up the Agricultural Adjustment Administration (AAA)
- Paid farmers who agreed to plant one-third fewer acres or raise one-third fewer animals so that they would suffer no decline in income from cutting production
- Funded via a tax on processed food
- Allowed the open market committee of the Federal Reserve to purchase up to \$4 Billion in Federal obligations from banks to expand the money supply

Agricultural Adjustment Act - 2

- Began the practice of U.S. government subsidies for farmers
- The open market operations were inflationary
 - Made it easier for farmers, homeowners, and small businesses to repay loans and mortgages
 - Outraged lenders who believed that Roosevelt had cheated them out of what was legitimately theirs
 - Led to hatred of Roosevelt and charges he was a dangerous radical

Agricultural Adjustment Act - 3

- Led to the little pig slaughter
- By taking cotton fields out of production, the AAA forced many Southern tenant farmers from the land
 - This furthered the migration of mostly Southern blacks (but also poor whites) to the cities
- Supreme Court declared it unconstitutional in *United States v. Butler* in 1936

Note on Agriculture

- Soil Conservation and Domestic Allowances Act of 1936 (the Second AAA)
 - Passed in response to *United States v. Butler*
 - Paid farmers to plant soil-enriching grasses and legumes in place of soil-depleting crops out of government funds
 - Encouraged farmers on the “high plains” to plant trees and native grasses to combat dust storms
 - Required landlords receiving payments to share them with the sharecroppers and tenant farmers who worked the land

Federal Emergency Relief Act

- Established the Federal Emergency Relief Administration (FERA) to initially distribute \$500 million to states and localities so they could funnel funds to those needing relief
- Headed by Harry Hopkins
 - Hopkins believed that relief efforts should involve work on the part of those receiving welfare
 - Included various public works projects
- Led to the Civil Works Administration (CWA)
- Replaced by the Works Progress Administration in 1935

Civilian Conservation Corps (CCC)

- Put young men to work planting trees, building national park facilities, fighting fires, and draining mosquito-breeding wetlands
- Enrollees had to be between 17-25 and from families already on relief
- Enrollment peaked in 1935 at 500,000 with 2.5 million having served in the CCC during its 9-year existence

Civilian Conservation Corps (CCC) - 2

- Enrolled only a fraction of those in need
- Did a considerable amount of worthwhile work
 - Draining of mosquito-breeding areas contributed significantly to the loss of wetlands – important to the preservation of biological diversity and the ecological health of natural systems
 - Restored a considerable amount of farmland ravaged by drought and human abuse

Tennessee Valley Authority (TVA)

- Purpose was to provide navigation, flood control, electricity generation, fertilizer manufacturing, and economic development to the Tennessee Valley, a region particularly affected by the Great Depression
- Covered most of Tennessee; parts of Alabama, Mississippi, and Kentucky; and small slices of Georgia, North Carolina, South Carolina, West Virginia, Indiana, and Virginia
- Was the first large regional planning agency of the federal government and remains the largest

Tennessee Valley Authority (TVA) - 2

- Assumed control of the hydroelectric dams and munitions factories built along the Tennessee River during WWI
- Provided low-cost electricity and fertilizer for the river's watershed
- Provided a model for regional power and economic development that the New Deal tried to copy along the Colorado, Columbia, and other rivers

Tennessee Valley Authority (TVA) -3

- Its cheap electricity attracted both the aluminum and the textile industry to the area
- Provided the electricity needed during WWII for the uranium enrichment and plutonium separation operations at Oak Ridge TN

Federal Securities Act

- Required that investors receive significant information concerning securities being offered for public sale
- Prohibited deceit, misrepresentation, and other fraud in the sale of securities to the public
- Required that securities be registered with the Federal Trade Commission (Later, this was changed to registration with the Securities and Exchange Commission)

Second Hundred Days

- National Employment System Act
 - Created the U.S. Employment Service
- Home Owners Refinancing Act
- Glass-Steagall Act
- Farm Credit Act
- National Industrial Recovery Act
- Public Works Administration (PWA)

Home Owners Refinancing Act

- Established the Home Owners Loan Corporation (HOLC) to refinance non-farm home mortgages
 - Introduced the concept of the self-amortizing mortgage with uniform payments spread over the life of the loan
 - Mortgage period of 25 years
 - Systematized the housing appraisal process
 - Introduced “redlining” of areas

Glass-Steagall Act

- Established the Federal Deposit Insurance Corporation (FDIC)
- Gave FDIC the authority to provide deposit insurance to banks
- Gave FDIC the authority to regulate and supervise all commercial banks
- Separated commercial and investment banking
- Forbade interest on checking accounts

National Recovery Administration (NRA) - 1

- Reflected both a sense of desperation and a multitude of pressures:
 - A desire to end cutthroat competition
 - A desire for a shorter work week to spread the work
 - Memories of the WWI War Industries Board
- Each industry would develop a code of conduct that would be obligatory on all firms in the industry
 - Code would end cutthroat competition and ensure shorter hours, better wages, and fair labor standards

National Recovery Administration (NRA) -2

- Established an Industrial Advisory Board, a Labor Advisory Board, and a Consumer Advisory Board to review all proposed codes
- Established the Public Works Administration (PWA)
 - Gave the PWA an appropriation of \$3.3 billion for public works
- Code system declared unconstitutional in *Schechter v. United States* (1935) as an unconstitutional delegation of legislative power to the Executive branch.

Public Works Administration

- Built dams, roads, schools, bridges, highways, and other infrastructure
- Used private contractors who hired workers in the local labor market to carry out its construction activities
- Headed by Harold Ickes
- Ended in 1939
- Served as a template for future Federal public works projects

Second New Deal

- Consisted of a set of New Deal programs and agencies established in 1934-1935
 - Wagner Act
 - Works Progress Administration (WPA)
 - Social Security Act
 - Federal Housing Act of 1934
 - Rural Electrification Agency (REA)
 - National Youth Administration (NYA)

Works Progress Administration (WPA)

- 1

- Created in 1935 and terminated in 1943
- Largest New Deal agency and largest employer in the country
 - Averaged about 2,300,000 workers per year
- Headed by Harry Hopkins
- Created to provide jobs for unemployed workers
 - Unlike PWA projects, WPA projects were performed by either WPA or local government workers

Works Progress Administration (WPA)

-2

- Built or repaired 1,200,000 miles of culverts, nearly 600,000 miles of roads, and laid 24,000 miles of sidewalks
- Constructed or repaired more than 110,000 schools, libraries, auditoriums, stadiums, and other public buildings
- Built 256 airports and repaired 385 more
- Built 880 sewage treatment plants, 770 municipal swimming pools, and laid 22,700 miles of sewer lines

WPA Federal One Project - 1

- By 1934, two-thirds of all musicians were out of work and most of the rest were earning less than subsistence
 - Reflected the rise of radio and talking movies as well as the Great Depression
- Between 1928-1934, the number of Broadway productions had fallen in half and the number of employees from 25,000 to 4,000
- Artists and writers also suffered from large-scale unemployment

WPA Federal One Project - 2

- Idea of the Federal One Program was that persons on relief who are qualified in the fields of Art, Music, Drama, and Writing would be given WPA work in the areas of their expertise
 - Led to the Federal Music, Federal Arts, Federal Writers, and Federal Theater programs
 - Reflected the belief that the American people were avid for high culture

Federal Arts Program

- Hired 3,600 artists to paint murals and other art work in post offices and other public buildings
 - Among the artists were Thomas Hart Benton and Grant Wood
- By the end of 1938, the artists had produced more than 27,000 watercolors and 15,000 oils
 - Depicted local city scenes, regional history, and official portraits designed to hang on the walls of schools, museums, hospitals, and government offices

Federal Arts Program - 2

- Produced thousands of busts, frescoes, and commemorative statues
- Produced more than 95,000 prints and 1,600,000 posters
 - Posters promoted everything from dental hygiene to workplace safety to the dangers of drunk driving and venereal disease
- Established more than 600 community arts centers
 - Allowed local people, especially children, to develop their own artistic talents

Federal Music Program - 1

- Established 34 new symphony orchestras by the end of 1936
- Performed 36,000 concerts attended by an estimated 32 million persons
- Employed 6,000 music teachers
- Sponsored more than a million music classes with a total of 13.8 million pupils

Federal Music Program - 2

- Sponsored numerous music festivals
- Made hundreds of musical recordings of Black, Appalachian folk, Native American, and Mexican American music
- Between October 1935 and August 1939, sponsored 4,698 performances attended by nearly 150 million people

Federal Writers Project - 1

- Hired teams of editors, historians, art critics, and other professionals to:
 - Compile and write guides to each state's geology, geography, history, prehistory, folklore, literature, music, art, architecture, and scenic attractions
 - Create road-by-road highway guides and maps for each state
 - Publish guides to the history and folkways of every state in the union and most major cities

Federal Writers Project - 2

- Produced a number of special studies
- Working with the WPA's Joint Committee on Folk Arts, the FWP collected 14,000 manuscripts of folklore
- Collected the oral histories of thousands of ordinary Americans
 - Included interviews with 3,000 surviving former slaves to obtain a portrait of life in the pre-Civil War South
- Conducted a Historical Records Survey of the archival records of a whole host of Federal, state, and local government agencies

Federal Theater Project - 1

- Established 12 regional theater centers to employ as many as 12,000 actors, vaudeville performers, stagehands, playwrights, and other theater people
 - Included a Children's Theater Division
- Launched productions in regional headquarter cities
- Launched regional touring companies
- Helped private and public theater groups in each region to undertake productions of their own

Federal Theater Project - 2

- Staged nearly 64,000 performances of plays, musicals, operettas, ballet performances, vaudeville skits, and circus shows with an estimated attendance of 30.3 million
- Ran into political trouble

National Youth Administration (NYA)

- Established in June 1935
- Funded part-time jobs for 1,500,000 high school students and 600,000 college students
- Provided jobs skills and citizenship education along with full-time employment for nearly 7,700,000 out-of-school young people

Federal Housing Act of 1934

- Established the Federal Housing Administration
 - Insured long-term mortgage loans made by private lenders for home construction at 93% of the appraised property value
 - Extended the repayment period for guaranteed mortgages to 30 years
 - Established minimum standards for home construction
- Established the Federal Savings and Loan Insurance Corporation
 - Provided insurance to federally-chartered Savings & Loan Associations

Social Security - 1

- The Social Security Act of 1935 established a program of social welfare for retirees, the unemployed, the blind or otherwise disabled, and dependent children of single mothers
 - Financed by a payroll tax on current workers' wages (half paid by the employee and half paid by the employer)
 - Set the retirement age at 65
 - Covered only workers involved with interstate commerce
 - Excluded farm laborers and domestic servants

Social Security - 2

- Roosevelt structured Social Security the way he did in order to prevent the program from ever being dismantled
 - Social Security withholding began in 1937
 - Social Security pension payments did not begin until 1940
 - Average payment was only \$22.60 per month
 - Only those retiring in 1940 or after got Social Security pensions
 - Those retiring between 1937-1940 got only a lump sum payment

Social Security - 3

- Social Security was set up a pay-as-you-go system with present retiree pensions being paid from the Social Security taxes currently being collected from current workers
- The Social Security retirement age of 65 was set at a time when the average life expectancy was 63

Savings & Loan Associations

- Federally-chartered Savings & Loan Associations:
 - Could receive customer deposits into savings accounts
 - Were not allowed to offer checking accounts
 - Loans were restricted to mortgages on homes within a 50-mile radius
 - Deposits federally-insured by the Federal Savings & Loan Insurance Corporation

Savings & Loan Associations - 2

- In order to ensure that Savings & Loan Associations had money to loan to home buyers, Congress in 1938 established the Federal National Mortgage Association (FNMA or “Fannie Mae”) as a government-sponsored enterprise
 - Purchased mortgages from the S & Ls and securitized them for sale to investors
- Until the Savings & Loan debacle of the 1980s, the Savings & Loans provided most of the home mortgages in the U.S.

Wagner Act

- Enacted in 1935 in response to the Supreme Court decision holding the NIRA unconstitutional
- Reestablished the National Labor Relations Board with the power to:
 - Investigate charges of unfair labor practices and
 - Conduct elections in which workers would decide whether they wanted to be represented by a union.
- Listed which types of actions on the part of the employer constituted unfair labor practices

Effects of the Wagner Act

- Played a major role in the creation of the CIO and industrial unionism
- Led to the unionization of the auto, steel, rubber, and other large manufacturing industries
- Made “Big Labor” a major political and socio-economic force

Rural Electrification Administration (REA)

- Created in May 1935
- Made government loans to power companies and non-profit cooperatives to erect electrical transmission lines in rural areas
- Prior to REA, rural electrification had not been economically feasible since rural America had too few customers spread too far apart
- By 1940, a third of America's farms had acquired electricity

Fair Labor Standards Act of 1938

- Applied to employees and firms engaged either engaged in interstate commerce or in the production of goods shipped in interstate commerce
- Established a national minimum wage
- Established a standard work week of 40 hours with time and a half for overtime work
- Prohibited many forms of child labor
 - Employment of children under 16 in mining, manufacturing, and hazardous occupations

Fair Labor Standards Act of 1938 - 2

- Effects of the Fair Labor Standards Act
 - Created the standard 5-day work week, with Saturday and Sunday off
 - Created the weekend as we know it
 - Led employers to either replace employees with machines or dispense with them entirely
 - Raised the living standards of low wage workers who could not be dispense with by their employers

Towards World War II

The End of the New Deal

- Factors that brought about the end of the New Deal
 - Roosevelt’s “court packing” proposal
 - Decision to balance the budget
 - The 1937-38 Recession and the subsequent election of a Congress dominated by a coalition of Republicans & conservative Southern Democrats
 - Roosevelt’s growing focus on international affairs
 - The economic recovery brought about by increasing military expenditures

Nye Committee

- Officially known as the Special Committee on Investigation of the Munitions Industry
- Headed by Senator Gerald Nye of ND
- Set up in 1934 to investigate the causes of U.S. involvement in World War I
- Revealed that between 1915-January 1917, U.S. banks had lent the Allies \$2.3 billion
- Documented the huge profits that arms factories had made during World War I

Nye Committee - 2

- Committee's report concluded that wartime loans and sales to the Allies was a factor in getting the U.S. into World War I
- Committee's report implied the notion that "merchants of death" (i.e. arms & munitions makers) not only profited from WWI but also conspired to get us into it
- Led to the passage of the various Neutrality Acts

Neutrality Act of 1935

- Imposed an embargo on arms and war materials to all parties in a war
- Declared that American citizens traveling on ships of warring nations do so at their own risk
- Set to expire after 6 months
- Invoked in the Italy-Ethiopia War

Neutrality Act of 1936

- Renewed the provisions of the Neutrality Act of 1935
- Forbade all loans or credits to belligerents
- Did not cover civil wars, such as the one in Spain from 1936 to 1939
- Did not cover oil or dual-use civilian-military items like trucks
- Loophole enabled U.S. companies to sell more than \$100 million to Franco

Neutrality Act of 1937

- Reiterated the provisions of the earlier acts
- Extended them to include civil wars as well
- Had no expiration date
- Forbade U.S. ships from transporting any passengers or goods to belligerent nations
- Forbade U.S. citizens from traveling on the ships of belligerent nations
- Allowed the President to permit on a 'cash and carry' basis the sale of materials and supplies to belligerents in Europe as long as the recipients paid in cash and transported the goods themselves

Neutrality Act of 1939

- Allowed the sales of arms to belligerents on a 'cash and carry' basis
- Repealed the Neutrality Acts of 1935 and 1937
- Barred American citizens and ships from entering war zones designated by the President as such
- Charged the National Munitions Control Board with issuing licenses for all arms imports and exports

Reactions

- Americans looked upon the international scene of the late-1930s with ambivalence
 - Generally appalled by what the Germans were doing in Europe and the Japanese were doing in China
 - Wanted to stay out of the war
 - Feared that at some point the U.S. would have to confront either Nazi Germany or Japan or both
- Led to two distinct lobbies which advocated opposite policies

Anti-war Groups

- Committee to Defend America by Aiding the Allies
 - Formed in May 1940
 - Advocated U.S. military materiel support for Britain as the best way to keep the U.S. out of the war
 - Opposed the Neutrality Acts
 - Supported the destroyer deal & the draft
 - Supported Lend-Lease

Committee to Defend America by Aiding the Allies

- Headed by William Allen White
- Included 125 local chapters with regional offices in Chicago, Chapel Hill, San Francisco, and Boston
- Held numerous rallies and distributed 2 million copies of printed matter
- Included a whole host of eminent Americans

America First Committee

- Established in September 1940 by Yale Law student R. Douglas Stuart
- Had 800,000 at its peak in 650 chapters
 - Was a collection of pacifists, anti-Semites, German-Americans, Communists, and Roosevelt-haters
- Headquartered in Chicago
- Headed by Sears executive Robert E. Wood
- Had many celebrity members, including several U.S. senators

The End of Neutrality

- The Lend-Lease Act of March 11, 1941 allowed the U.S. to sell, lend, or give war materials to allied nations fighting the Axis
- Following the sinking of the *Reuben James* on October 31, 1941, most of the provisions of the Neutrality Acts were repealed in November 1941
 - U.S. ships could be armed and carry any cargoes to belligerent allied nations

Wrap-Up

Legacies of the Great Depression - 1

- It popularized the idea that the government should as a major policy goal ensure full employment
- It destroyed the appeal of classical economic liberalism to American economists and intellectuals for half a century
- It led to the conversion of many intellectuals and educated sons of the elite to Communism since the Soviet Union seemed unaffected by the Great Depression

Legacies of the Great Depression - 2

- It made possible the triumph of Nazism in Germany and Fascist Nationalism in Japan, thus paving the way for World War II
- It led to the New Deal and the creation of the modern welfare state
- It led to government power being perceived as associated with the economic left instead of the economic right
 - Prior to the Great Depression, government power had been allied with economic power and social privilege. With the New Deal, economic out-groups began to look to the Federal Government for protection

Causes of the Great Depression? - 1

- There are several theories:
 - Popular Opinion: The Stock Market Crash of 1929 wiped out fortunes and caused people to refrain from investing or spending on consumer goods
 - Monetarists: The large number of bank failures beginning in 1930 shrunk the money supply so that businesses could not obtain or renew loans
 - Hoover: The European Financial Collapse of 1931 turned a recession into the Great Depression

Causes of the Great Depression - 2

- Other Theories:
 - Economic Cyclists: The unfortunate coincidence of several economic cycles hitting their low points simultaneously
 - Keynesians: A decline in spending – both investment and consumption – as a result of the maldistribution of income
 - Wanniski: The Smoot-Hawley Tariff of 1930 along with Hoover's raising of taxes to balance the budget

A Question

- Why was the Crash of 1929 followed by a Great Depression while the Crash of 1987 was not?
 - Investors in individual stocks vs investors in mutual funds and 401(k)s
 - Differing reactions of Hoover and Reagan
 - The Federal Reserve in 1987 aggressively responded to the Crash in a way the earlier Fed did not
 - The existence in 1987 of a social safety net that did not exist in 1929