

THE GREAT DEPRESSION AND THE AMERICAS 1929-39



INTRODUCTION



- THE WORLDWIDE GREAT DEPRESSION BEGAN IN 1929 AND LASTED UNTIL 1941
- IN THE AMERICAS, MOST SERIOUS ECONOMIC COLLAPSE IN HISTORY
- U.S. WILL ANALYZE POLICIES OF HOOVER AND FDR
- CANADA WILL ANALYZE POLICIES OF KING AND BENNETT
- LATIN AMERICA WILL DEAL WITH IMPORT SUBSTITUTION INDUSTRIALIZATION (ISI)

THE GREAT DEPRESSION IN THE U.S.



- One panic per decade since 1819; panic of 1911
 - Economy continued to grow until 1929
 - Stock crash in 1929; recession turned into depression
- **CAUSES OF THE DEPRESSION**
 - Difficult to separate the economic and political causes
 - ✦ 1st phase- leading up to 1929 crash
 - ✦ 2nd phase- 1929-1933; panic to deep depression
 - ✦ 3rd phase- 1933-1937; period of recovery
 - ✦ 4th phase- 1937-1941; WWII
 - 1920s a time of economic growth and political conservatism
 - ✦ Businessmen were kings; era of TITANS OF WALL STREET

GREAT DEPRESSION IN U.S. pt. 2



- Speculation (buying on margin) and extension of credit
 - ✦ FED stayed on the sidelines
 - ✦ Spring of 1929- car sales, steel production and construction declined
- **CRASH OF 1929**
- TRENDS THAT CAUSED THE GREAT DEPRESSION
 - ✦ Income disparity
 - ✦ Construction declined by 20%
 - ✦ Market for U.S. products in Europe declined
 - ✦ Unstable underlying economic foundation

GREAT DEPRESSION IN U.S. pt. 4



- **SOCIAL EFFECTS OF THE DEPRESSION**
 - Major cities saw unemployment rise above 50% in 1932
 - Increasing numbers of people asking for government assistance
 - Hoovervilles- shanty towns
 - IN THE HEARTLAND
 - Long term drought- The Dust Bowl- lost 100MM acres
- **EFFECTS OF DEPRESSION ON MINORITIES**
 - **AFRICAN AMERICANS-** 1920s was stagnation in improvements
 - ✦ In Great Depression, 75% unemployed vs. 25% overall

GREAT DEPRESSION IN U.S. pt 5



- **EFFECT ON MINORITIES (cont)**
 - **AFRICAN AMERICANS (cont)**- Black Cabinet advised FDR on African American issues
 - ✦ The GREAT MIGRATION moved African Americans to the North
 - ✦ Little job availability in North as well
 - ✦ Bright spot was Brotherhood of Sleeping Car Porters
 - **HISPANIC AMERICANS**- lowest paying jobs
 - ✦ Latin American children not allowed to enroll in schools/ hospitals
 - ✦ Mass move to urban areas
 - **WOMEN**- worsening of circumstances and additional responsibility due to men going on the road to find work
 - ✦ Most remained in traditional roles
 - ✦ Married women working increased by 50%- reason was economic necessity; need for subsistence; maintain some type of lifestyle

GREAT DEPRESSION IN U.S. pt. 6



- **EFFECTS ON MINORITIES**

- **WOMEN (cont)**- survivalist entrepreneurship- black women were boarding houses and beauty parlors
 - ✦ African American women were limited due to lack of capital investment
 - ✦ New Deal gave women more oppty with Fed Govt jobs
 - ✦ Eleanor Roosevelt is credited with increasing place for women in government

- **PRES. FDR AND NEW DEAL**

- **Public persona** was as important as his programs; Fireside chats
 - ✦ New coalition lasted until the 1960s
 - ✦ WWII pulled U.S. out of Great Depression

GREAT DEPRESSION IN U.S. pt. 7



- **FIRST NEW DEAL**
 - EMERGENCY BANKING ACT- FED additional powers; off the gold standard
 - ECONOMY ACT- balancing budget
 - AGRICUTURAL ADJUSTMENT AGENCY (AAA)- raise farm prices; subsidies
 - GLASS-STEAGALL BANKING ACT- prevents banks from underwriting securities and established the FDIC
 - NATIONAL RECOVERY ACT OF 1933- established minimum wage, wage hours, prevented child labor; industrial production rose 22%
 - FEDERAL EMERGENCY RELIEF AGENCY (FERA)- loans to states for jobs; established the Civil Works Administration (CWA); declared unconstitutional by SCOTUS in 1935

GREAT DEPRESSION IN U.S. pt. 8



- **FIRST NEW DEAL (cont)**
 - OTHER AGENCIES CREATED: TENNESSEE VALLEY AUTHORITY; SEC; PUBLIC WORKS ADMINISTRATION; CIVILIAN CONSERVATION CORPS; FCC; CIVIL AERONAUTICS AUTHORITY (CHANGED TO FAA IN 1958); FEDERAL HOUSING AUTHORITY
 - ✦ Success of agencies has been debated
 - ✦ Waste and fraud; expansion of Federal Government
- **FDR AND THE COURT SYSTEM**
 - Court not ruling in his favor, so FDR creates court packing scheme; able to name six new judges
 - ✦ Court acquiesced and favored federal involvement in the economy

GREAT DEPRESSION IN U.S. pt. 9



- **OPPOSITION TO THE NEW DEAL**
 - Conservatives opposed New Deal initiatives
 - Townsend, Coughlin, and Long led the political animosity
 - ✦ Townsend-Old Age Revolving Pension Plan- elderly retire to move jobs to younger people; receive \$200/mo.- bill defeated
 - ✦ Father Coughlin- universal economic rights and responsibility of people within community; proposals to nationalize banking system and revise monetary system; criticized U.S. foreign policy
 - ✦ Huey Long- Share Our Wealth Plan- redistribute wealth
 - Significant opposition to New Deal from both left and right



GREAT DEPRESSION IN U.S. pt. 10



- **GREAT DEPRESSION AND THE ARTS**
 - Eleanor Roosevelt promoted both civil rights and the arts
 - **FEDERAL GOVERNMENT AND THE ARTS**
 - ✦ Would create jobs
 - ✦ Public Works Art Project- part of CWA- commissioning murals for buildings; Zimmerman Library on UNM
 - ✦ Treasury Relief Art Program
 - **FEDERAL PROJECT NUMBER ONE- 1935**
 - ✦ Includes theater, music, writing, local culture
 - ✦ Operated until 1939
 - ✦ Visual arts contributed more than 20K works of art; Rothko
 - ✦ Farm Services Administration was source of iconic images of Great Depression

GREAT DEPRESSION IN U.S. pt. 11



- POPULAR CULTURE- movies, radio, music and literature
 - ✦ Two themes- art that reflected the time or allowed escape
 - ✦ The Lone Ranger, Superman, Dick Tracy
 - ✦ Music- live acts on radio, folk, blues, jazz
- **SETBACK- RECESSION OF 1937**
 - GDP increased 80%; private investment increased
 - Beginning in May, significant reversal; stunning setback for the country
 - Causes varied- some blame FED for tightening
 - ✦ Keynesian school blames FED and FDR for attempting to balance the budget
 - ✦ Congress and FDR increased taxes and decreased spending
 - ✦ Some blamed increased regulation of businesses

GREAT DEPRESSION IN U.S. pt. 12



- ✦ In response, FDR increased Government spending
- ✦ WWII was catalyst to end Great Depression
- **WERE FDR'S POLICIES SUCCESSFUL?**
 - Unemployment did not return to '29 levels until war production
 - Many government programs lasted well beyond the Great Depression such as Social Security and the SEC
 - Benefits to minorities were mixed
 - Benefits and failures of the New Deal are still debated today



GREAT DEPRESSION IN CANADA



- Conscription issue of 1917 fragmented Canada
 - English vs. French speaking
- William Lyon Mackenzie King leads in the '20s
- '20s saw a remarkable surge in non-traditional parties
 - National Progressive Party- Manitoba and prairie independence
 - United Farmers of Ontario
- Split between moderate and radical progressives
- Regional discontent in the Maritime provinces

GREAT DEPRESSION IN CANADA pt. 2



- **ECONOMIC FRAGILITY**

- Economic growth in U.S. in '20s dragged Canada out of postwar slump
- Demand for Canada mining resources plus pulp and paper
- Auto was stimulus to Canadian economy
- In last years of '20s agriculture rebounded
- **WHY DID THE BOOM END?**
 - ✦ Increased worldwide tariffs decreased trade
 - ✦ Supply of commodities worldwide exceeded demand
 - ✦ Over-dependence on staple goods
 - ✦ Over-dependence on U.S. economy
 - ✦ Heavy debt burden by governments and individuals

GREAT DEPRESSION IN CANADA pt. 3



- **THE CRASH OF 1929-** reliance on U.S. economy
- **THE ECONOMIC IMPACT OF THE DEPRESSION**
 - Imports fell by 25%; exports fell by 55%; wheat prices decreased by 75%; unemployment 27%; 20% of Canadians needed government relief
 - Exacerbated by misguided economic policies worldwide
 - Prairie provinces were hit hard due to ecological issues
 - Urban workers saw wages slashed and more unemployment

GREAT DEPRESSION AND CANADA pt. 4



- **SOCIAL IMPACT OF THE DEPRESSION**
 - Family farm suffered along with rest of economy
 - Long-term unemployment affected people's self-esteem
- **GOVERNMENT'S RESPONSE**
 - King approached early part of Depression cautiously
 - British North America Act- responsibility of provinces
 - Bennett's majority gov't won on promises of action
- **BENNETT'S RESPONSE TO THE DEPRESSION**
 - Increased tariffs 50% and allocated \$20MM in relief projects
 - ✦ Patchwork of municipal, provincial, federal and private efforts
 - Montreal slipped into bankruptcy in 1940

GREAT DEPRESSION AND CANADA pt. 5



- **BENNETT'S RESPONSE (cont)**
 - The Canadian Wheat Board
 - The Farmer's Creditors Arrangement Act
 - The Prairie Farm Rehabilitation Act
 - The Bank of Canada
 - The Canadian Radio Broadcasting Commission
 - Bennett believed in the free enterprise system, not gov't
 - Known as "Bennett's New Deal"
- **KING'S RESPONSE TO DEPRESSION- won '35**
 - No more of a plan to fight the Depression than he did in '30
 - Stumbled toward a recovery running up to WWII

GREAT DEPRESSION AND CANADA pt. 6



- **POLITICAL RESPONSES TO THE DEPRESSION**
 - New and innovative political parties
 - ✦ **THE COOPERATIVE COMMONWEALTH FEDERATION (CCF)**
 - REGINA MANIFESTO- system should not be fixed-replaced
 - Sought reform, not revolution
 - ✦ **SOCIAL CREDIT**
 - Increase consumer spending by issuing credits \$25/mo. to citizens
 - Struck a positive chord to farmers of Alberta
 - ✦ **UNION NATIONALE**
 - French Conservative party organized by Maurice Duplessis '36
 - Aim at any entity promoting communism

GREAT DEPRESSION AND CANADA pt. 7



- **POLITICAL RESPONSES (cont)**
 - **THE COMMUNIST PARTY OF CANADA 1921**
 - ✦ Important force in organized labor
 - ✦ Centralized control by Stalin in Comintern
 - **ONTARIO LIBERALS**
 - ✦ Center-right perspective- Mitchell Hepburn
 - **UNIONISM**
 - ✦ Entrenched during Depression
 - ✦ Trade and Labour Congress (TLC)
 - ✦ Workers Unity League (WUL)- vehicle of Comintern; organize disparate unions for large scale union action

GREAT DEPRESSION AND CANADA pt. 8



- **THE ON TO OTTOWA TREK**
 - Bennett '30-'35 believed that relief came from private sector
 - Shantytowns grew in Canadian cities just like U.S.
 - Work camps in remote areas were administered by the Department of National Defence- growing dissatisfaction
 - The Communist WUL recognized this and organized the unemployed in the relief camps
 - Relief Camp Workers Union '35 left British Columbia, marched to Vancouver and on to Ottawa
 - Swelled to 2000
 - July 1, 1935 police and Trekkers clashed in the Regina Riot

GREAT DEPRESSION AND CANADA pt. 9



- **RELIGION AND THE DEPRESSION**
 - Gave new life to the Social Gospel Movement
 - Call to moral rebirth and championed a back-to-the-land movement
- **DEPRESSION ERA CULTURE**
 - Growing importance of radio and music – Jazz
 - In the arts, a Canadian approach to aesthetic representation- Group of Seven
 - ✦ Economy had a stifling impact on art
 - Significant pieces of literature- W.O. Mitchell and Max Braithwaite

GREAT DEPRESSION AND CANADA pt. 10



- **SPORTING CULTURE- EMERGENCE OF HOCKEY**
 - Hockey franchises appreciated in value in the '20s
 - By the end of the '20s NHL was the dominant professional team
 - Canadians took refuge in hockey
 - Distinctive Canadian culture emerging in the '30s



LATIN AMERICA AND THE DEPRESSION



- Roots of the conditions during the Depression from 19th c. leaders
- Prior to Great Depression, the onset of industrialization in U.S. and Europe made Latin American commodities valuable
 - Especially the UK. Argentinian beef and wheat
 - United Fruit Company
- Latin American companies slow to develop own manufacturing
 - For most finished goods, Latin America had to rely on imports

LATIN AMERICA DEPRESSION pt. 2



- 1913, 2/3 investment UK, remainder U.S., France, Germany
- Powerful elites believed their own countries lacked educational and technological skills necessary
- Cientificos (Mexican economic liberals) promoted incentives for overseas investment- mining and railroads
- Supply of goods were outstripping demand- leading to Depression

LATIN AMERICA DEPRESSION pt. 3



- **THE ONSET OF THE DEPRESSION**
 - As demand declined, less inflow of capital
 - Protectionist measures by other countries made Latin American goods unaffordable
 - Immediate effect was political change
 - ✦ Military took power in Argentina, Brazil, Chile, Guatemala, Honduras and Peru
 - Approaches to the crisis
 - ✦ Government regulation to stabilize local economies- set prices; established production levels
 - ✦ **IMPORT SUBSTITUTION INDUSTRIALIZATION**- promote home grown industries to replace imported goods
 - ✦ Bilateral trade agreements with industrialized countries

THE GREAT DEPRESSION pt. 4



- Approaches to the Great Depression (cont)
 - ✦ Many countries left the gold standard and pegged USD
 - ✦ Social inequalities remained
- **Brazil: the Coffee Economy**
 - Dominated Brazilian exports: '20s – 70% of country's revenue
 - 1925 Sao Paulo Institute for Permanent Defense of Coffee- to keep coffee prices high, withhold coffee from world market
 - ✦ Policy known as valorization was potentially dangerous- all Latin American countries wanted to increase production
 - ✦ Policy successful in '20s
 - ✦ Created \$900MM debt by purchasing imported goods
- **Brazil after the Crash**
 - Sao Paulo faced bankruptcy; significant effects on local businesses
 - 1MM Brazilians were affected by the crisis

LATIN AMERICA DEPRESSION pt. 5



- **Political repercussions in Brazil**
 - Vargas led revolts in 1930 and formed a junta
 - His personality created political stability and changed economic policies
- **The economic policies of Vargas**
 - Vargas implemented policies that supported coffee industry but also tried to wean country off such importance
 - Tried to diversify economy
- **Import Substitution Industrialization**
 - Imports decreased by 75%
 - Brazilians began to invest in industries they previously imported

LATIN AMERICA DEPRESSION pt. 6



- **Import Substitution Industrialization (cont)**
 - WWII led to the growth spurt in these industries
 - Steel, iron, aircraft, truck engine production
 - Transportation was another growth area- Air Ministry
 - Need for support for and control of labor
- **Changes to Brazil's economy**
 - ISI was successful: 1924-1939 industrial output increased an average of 6% annually
 - Economic growth was not spread evenly; still very rural
 - Still relied on coffee as a major source of revenue
 - Sao Paulo had 41% of all workers

LATIN AMERICAN DEPRESSION pt. 7



- **Argentina: from democracy to dictatorship**
 - 1916 transition to democracy with election of Yrigoyen and Radical Party
 - 1860-1930 average annual growth rate of 6%; strongest economy in South America
 - UK dominated the Argentinian economy- beef exports
 - Economy more domestic than most South American countries
 - Economy more diversified than Brazil
 - Yrigoyen administration created Fiscal Petroleum Fields

LATIN AMERICA DEPRESSION pt. 8



- **Impact of Depression on Argentina**
 - Immediate impact on demand for Argentinian exports
 - Imbalance of trade and 40% devaluation of the peso
 - Sept. 6, 1930 Yrigoyen overthrown and a military junta headed by Uriburu
 - 1932 Justo became president and the coalition, Concordancia, ruled by fraud and corruption
 - Roca-Runciman Pact (1933)- British pact that forced Argentina to prefer British goods
 - ISI was the outgrowth of the pact and was very positive, creating jobs
 - Also did public works which built 32K miles of highways from 5K

LATIN AMERICA DEPRESSION pt. 9



- **Argentina's economic recovery**
 - Due to protecting export industries and ISI, Argentina recovered quickly
 - ISI became dominant economic policy and remained in place until the '60s
 - Depression accelerated industry and decreased its dependence on British markets
- **Political changes in Latin America**
 - Populist regimes and dictatorships directed and controlled the economies
 - Traditional agricultural products continued to dominate the economies
 - New urban elite evolved from ISI
 - Political systems shifted toward authoritarianism