

Disaster, Relief, and Recovery

The first rumblings of disaster were heard in September 1929 – stock prices fell, then quickly recovered. On Wednesday, October 23, 1929, more than six million shares changed hands, and about \$4 billion in stock value was wiped out. Thursday was worse – more than twelve million shares traded, and by noon, losses had reached \$9 billion. The following Tuesday, 16,410,000 shares changed hands. For two weeks, stock prices continued to fall, and by mid-November, roughly one-third of the value of stocks listed in September was lost. It was becoming clear that recovery would be neither swift nor easy, and that company promises of wages and pensions had been ephemeral.

In reaction to the **stock market crash**, President **Herbert Hoover** met with business leaders during the winter of 1929 and 1930. Hoover's administration asked businesses to maintain wage levels in the hope that recovery would be swift, but by the end of 1930 it was clear that recovery would be neither swift nor easy. During the 1920s, banks failed at a rate of more than



Snow Shovellers, 1934, Jacob Getlar Smith, Smithsonian American Art Museum

500 per year. In the first ten months of 1930, America saw 659 bank closures; during the last two months of the year, sixty more, many of them woefully undercapitalized to begin with, closed their doors. During Hoover's last winter as president, the picture was bleak. Tens of thousands of unemployed lined up at soup kitchens, rode the rails in every direction of the compass hoping to find work, or hitchhiked wherever the roads might take them.

By early 1932, more than ten million Americans were unemployed. Industries such as steel and automobiles which had flourished during the World War I years and fueled the economic boom of the 1920s now came to a virtual halt – the unemployment rate for these industries was as high as fifty percent. Those who held their jobs took shorter hours or reduced wages. Unfortunately President Hoover failed the grasp the direness of the economic crisis and as a result, he was blamed by many Americans for failing to leverage the power of the American government to address the problem. As such, he was soundly defeated for re-election in 1932 by **Franklin D. Roosevelt**.

The New Deal

President Franklin D. Roosevelt was inaugurated on March 4, 1933, and announced that “with the support and understanding of people themselves” he would end the “unjustified terror which paralyzes.” Through Roosevelt’s **New Deal** – his long series of experimental economic programs – he began to restore the faith of the American people in democratic government. Roosevelt had taken office proclaiming the need for “broad executive power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe.” His series of economic experiments began in March 1933, when Roosevelt sent to Congress what he rightly assessed as “the most drastic and far-reaching farm bill ever proposed in peacetime,” the **Agricultural Adjustment Act (AAA)**. Following this, the **Federal Emergency Relief Act (FERA)** was put into effect on May 12, 1933, allotting 500 million dollars to give relief to the states, who could then help their citizens who were in need. Infrastructure and conservation work were also a part of FERA.

Roosevelt created the **Tennessee Valley Authority** and called for a **National Industrial Recovery Act (NIRA)**, which legitimized the right of workers to unionize. The **Civilian Conservation Corps (CCC)** put Americans to work, providing them with decent nutrition and training to use new technologies. Two hundred thousand young men put to work on conservation and construction projects, projects improving bridges, roads, and sewers, and refurbishing schools and hospitals. A great part of its success was the understanding that the money distributed was not relief but wages.



William Gropper’s *Construction of the Dam*, a mural painted for the lobby of the Department of the Interior, depicts the type of infrastructure projects Americans worked on as part of the New Deal. The heroic and powerful nature of this depiction of the construction of the Grand Coulee Dam were meant to inspire fellow American and provide them hope in a time of uncertainty. The construction of the Grand Coulee fit President Roosevelt’s sweeping ambitions for the New

Deal: jobs for men on relief, planned prosperity for vast rural regions, new opportunity for the destitute migrant. During a 1934 visit to the Grand Coulee's remote construction site, FDR declared, "This country, which is pretty bare today, is going to be filled with the homes... of a great many families from other states of the union."

The sheer size of the Grand Coulee makes it both a monument and a metaphor. It is one of the largest concrete structures in the world, with 12 million cubic yards of concrete – enough to pave a transcontinental highway. It is 550 feet tall from top to foundation, though not quite as tall as another famed public-works colossus, the 726-foot-tall Hoover Dam. It is, however, several times more massive – Grand Coulee is a mile long to Hoover Dam's quarter-mile length. When it was completed, the Grand Coulee Dam's electricity powered the growth of the Pacific Northwest. President Roosevelt's dedication message, sent from Washington, D.C., spoke of the Grand Coulee's power. "A tremendous stream of energy," FDR wrote, "[will] turn factory wheels to make the lives of men more fruitful. It will light homes and stores in towns and cities." Interior secretary Harold Ickes' statement spoke directly to the Grand Coulee's size: "The dam alone comprises the greatest single structure man has built."

Today, Grand Coulee is still the United States' largest hydrogenerator of electric power, supplying electricity to the entire western United States, from Washington State to New Mexico, as well as parts of Canada. It generates 21 billion kilowatt-hours, enough to power 2 million homes for a year. A million visitors a year travel to rural Washington State to visit the Lake Roosevelt National Recreation Area, and the dam remains the greatest monument to the New Deal's epic remaking of the American landscape.

On June 28, 1934, President Roosevelt spoke to the country about the New Deal programs in one of his famous radio addresses termed "**fireside chats**." He told his fellow Americans that his administration had introduced relief "because the primary concern of government dominated by the humane ideals of democracy is the simple principle that in a land of vast resources no one should be permitted to starve. Relief was and continues to be our first consideration . . . direct giving shall, whenever possible, be supplemented by provision for useful and 'remunerative work.'" The President spoke directly to the American people, asking if the New Deal programs had improved their lives.

Many people wrote to the President, replying to these questions. The letters disagree vastly, according the differences in people's circumstances, backgrounds, and beliefs. Some objected to any relief, while others thought that the New Deal was wonderful, whether or not it helped them personally. Replying to the President's fireside chat query, one American wrote:

I heard your message to the people last night over the radio and was very much impressed [sic] with it. You asked in your Message are you better off than you were last year? My answer I am sorry to say is, I am not. I have not had very much work in the past year. Another one of your questions was, Is your faith in your own individual future more firmly grounded? To that I am glad to say It most certainly is. If I did not have more faith in the future than I have had in the past three years I don't know what in the world I would do.

The advent of World War II would bring American's economy roaring back to life. But in the meantime, the New Deal had rebuilt regional economies and fostered small businesses. It had inserted a notion into the American consciousness that the federal government had a responsibility to ensure the health of the economy and the welfare of its citizens. It patronized the arts and created housing. The New Deal had brought into the fold the rural poor, the marginal immigrant communities in cities, and the elderly and unemployed, and gave them a sense that they too had a stake in the future of the nation.

Glossary

Agricultural Adjustment Act: (AAA) a 1938 New Deal era law which reduced agricultural production by paying farmers subsidies to not plant part of their land in order to reduce crop surplus, therefore effectively raise the value of crops.

Civilian Conservation Corps: (CCC) a New Deal public relief program which employed young men (ages 17-28) to work on conservation projects including the construction of roads, bridges, and dams and the reforestation of nearly 3 million trees to combat the effects of the Dust Bowl.

Federal Emergency Relief Act: (FERA) 1933; the first governmental action to combat the Depression, the act allotted 500 million dollars to the states in order to provide for the needy and the unemployed.

fireside chats: a series of 30 radio conversations, or chats, given by President Franklin D. Roosevelt from 1933 to 1944. The phrase "fireside chat" was coined in order to evoke an image of the president sitting by a fire in a living room speaking to the American people, seemingly "one on one," to provide them with hope and reassurance during the worst economic crisis in American history.

Franklin D. Roosevelt: (1882-1945) 32nd President of the United States, commonly known by his initials, FDR. He is best known for his series of social programs, called the New Deal, which focused on relief, recovery, and reform to combat the effects of the Great Depression. He won

a record four presidential elections, which led to the passage of the 22nd Amendment, barring presidents from serving more than two full terms.

Herbert Hoover: (1874-1964) 31st President of the United States. Hoover took office in 1929, the year the American economy plummeted into the Great Depression. Unfortunately Hoover failed to grasp the direness of the economic crisis and as a result, he was blamed by many for failing to leverage the power of the American government to address the problem. As such, he was soundly defeated for re-election by Franklin D. Roosevelt.

New Deal: (1933-1938) a series of domestic social programs and projects enacted by President Franklin D. Roosevelt in an effort to combat the crippling effects of the Great Depression. These programs included immediate economic relief, as well as reforms in industry, agriculture, and labor.

National Industrial Recovery Act: (NIRA) passed by Congress in 1933, the Act authorized the President regulate industry in an attempt to regulate prices and stimulate economic recovery.

stock market crash: the severe downturn in stock prices which occurred during a two week period, beginning on October 29, 1929. The crash, while not the sole cause of the Great Depression, heralded the beginning of the Depression.

Tennessee Valley Authority: a federally owned corporation established in 1933 to construct dams and power projects in the Tennessee Valley – an area particularly hard hit by the Depression.