

U.S. History

Unit: Crash, Depression, & New Deal DBQ Essay Exam

This task is designed to test your ability to work with historical documents and is based on the accompanying documents (1–5). Some of the documents have been edited for the purposes of this question. As you analyze the documents, take into account **both the source** of each document **and any point of view** that may be presented in the document.

Historical Context: The federal government responded quite differently to the prosperity of the 1920s and the Great Depression that followed. Roosevelt's New Deal was not only a decisive plan to combat the Depression, but it also marked a new direction in the role of government in managing the economy—a role that is still being debated today.

Task: This document-based question consists of two parts: **Part A** and Part B.

1. **In Part A**, you are to read each document and use your knowledge of U.S. history and government to answer the question or questions that follow the document.
2. **In Part B**, you are to write an essay based on the information in the documents and your knowledge of United States history to answer the following question: *Discuss the response of the United States government to the Great Depression. In your essay, **explain how** and **why** the government response during the Depression is considered a turning point in the federal government's role in managing the economy.*

PART A: SHORT ANSWER RESPONSES

Outline: **Managing The American Economy:**

Harding – Coolidge – Hoover	FDR and after
Government Response Before Depression	Government Response During/After the Depression
<p><u>Philosophy of how to deal with the economy?</u></p> <ul style="list-style-type: none"> • Laissez-faire – pure capitalism – free market <ul style="list-style-type: none"> ○ Support business = Trickle-down economics/increase supply (see supply triangle – comp book notes) <p><u>Hoover's attempts:</u></p> <ol style="list-style-type: none"> 1. Met with business leaders – Washington Business Conference: asked businesses to not cut wages. <ol style="list-style-type: none"> a. Ford biggest supporter – kept wages the same and leveled wages to keep as many workers as possible 2. Smoot-Hawley Tariff (see vocab list) – <ol style="list-style-type: none"> a. consequence was foreign countries could not pay their debts to US because couldn't sell goods; put in retaliation tariffs on Am. goods sold in foreign countries 3. Reconstruction Finance Corporation (RFC) - The agency gave \$2 billion in aid to state and local governments and made loans to banks, railroads, mortgage associations and other businesses to provide relief. 4. Believed that government should not provide direct relief to the people because it becomes what the people will expect 	<p><u>Philosophy of how to deal with economy?</u></p> <ul style="list-style-type: none"> • Government involvement to create demand (see demand triangle – comp book notes) • Provide direct relief for those who need it, support businesses, laborers, unemployed, etc. <p><u>FDR's attempts:</u></p> <ol style="list-style-type: none"> 1. New Deal Programs: Relief, Recovery, Reform legislation to fix the problems 2. New Deal Programs 3. FDIC, SEC, CCC, WPA, AAA, NIRA, NLRA, Wagner Act, Social Security, Unemployment insurance (please see the New Deal Chart and back page of the FDR & New Deal Lecture Notes) 4. More government intervention expected from the people during times of economic downturns.

Document #1

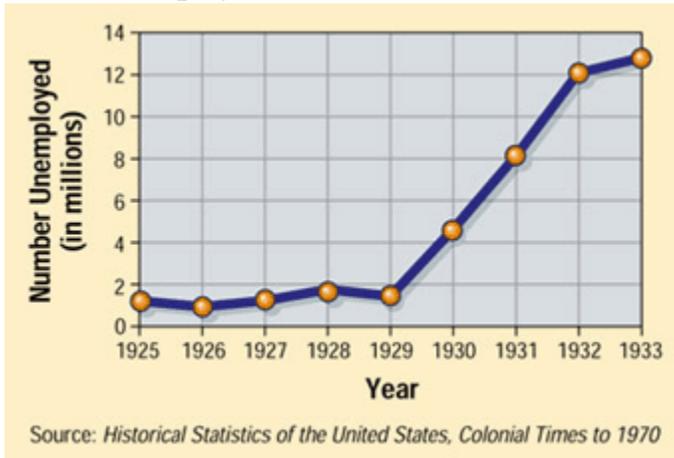
"... we must have tax reform. The method of raising tax revenue ought not to impede the transaction of business; it ought to encourage it. I am opposed to extremely high taxes, ... because they are bad for the country, and because they are wrong. We cannot finance the country through any system of injustice, even if we attempt to inflict it on the rich. ... The wise and judicious course to follow in taxation and economic legislation is not to destroy those already who have secured success, but to create conditions under which everyone will have a better chance to be successful."

—Calvin Coolidge, Inaugural Address, March 4, 1925

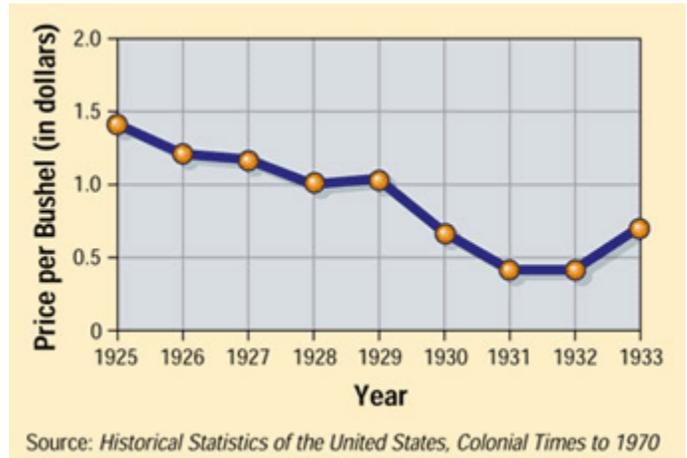
1. According to this quote, how did Calvin Coolidge feel about the role of government in managing business?

Document #2 Economic Impact of the Great Depression

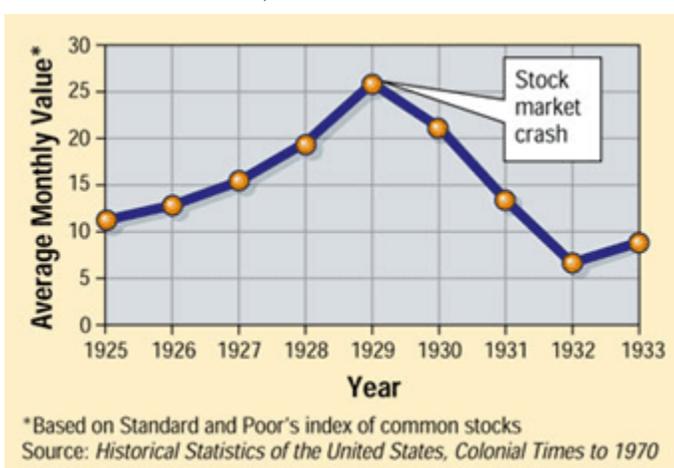
Unemployment 1925–1933



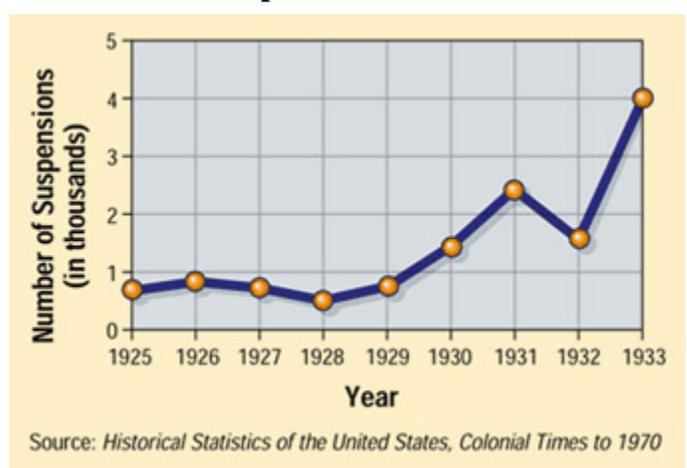
Wheat Prices 1925–1933



Stock Prices, 1925-1933



Bank Suspensions Prices 1925–1933



2. Based on the charts above, what effect did the stock market crash of 1929 have on the overall economy of the United States?

Document #3

*. . . I am convinced that where Federal action is essential . . . it should limit its responsibilities to supplement the States and local communities, and that it should not assume the major role or the entire responsibility . . . To do otherwise threatens the whole foundations of local government, which is the very basis of self-government. That is to strengthen in the Nation a sense and **an organization of self-help and cooperation to solve as many problems as possible** outside of government.*

Due to lack of caution in business . . . We are projected into temporary unemployment, losses, and hardships. In a nation rich in resources, many people were faced with hunger and cold through no fault of their own. Our national resources are not only material supplies and material wealth but a spiritual and moral wealth in kindness, in compassion, in a sense of obligation of neighbor to neighbor and a realization of responsibility by industry, by business, and the community for its social security and its social welfare.

*The evidence of our ability to solve great problems outside of government action and the degree of moral strength with which we emerge from this period **will be determined by whether the individuals and the local communities continue to meet their responsibilities.***

*Throughout this depression **I have insisted upon organization of these forces through industry, through local government and through charity, that they should meet this crisis by their own initiative, by the assumption of their own responsibilities.***

The Federal Government has sought to . . . avoid the opiates of government charity

- Herbert Hoover, Radio Address, Feb 12, 1932

3. Based on Hoover's Radio Address above, what was his view of the role of government in dealing with the economic crisis of the Depression?

Document #4

"I have recounted to you in other speeches, and it is a matter of general information, that for at least two years after the crash, the only efforts by the [Hoover] administration to cope with the distress of unemployment were to deny its existence."

—Franklin D. Roosevelt, 1932

