

Surviving the Depression in Champaign-Urbana

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Lesson #2: The 1932 Champaign-Urbana Bank Crisis

Abstract: In this lesson, students will investigate primary sources related to the January 1932 bank crisis in Champaign-Urbana. Students will focus not only on the causes of the bank crisis, but also the response of the Urbana mayor, Reginald Harmon, in dealing with the closure of several community banks. Finally, students will link the local bank crisis to the wider problems faced by the nation's banks in 1932-33, and they will study President Roosevelt's response to the national crisis.

Essential Questions:

- How did the actions of Urbana's mayor impact the banking crisis in January 1932?
- How did the banking crisis in Champaign-Urbana compare to other crises across the country?
- How effective were local and national leaders in dealing with the banking crisis?

Assessment: Students will be assessed based on their ability to read and analyze the articles related to the January 1932 banking crisis in Champaign-Urbana. Students will also be assessed on their ability to work collaboratively to analyze editorials related to the banking crisis. Finally, students will be expected to incorporate information from the primary sources in this lesson in their essays at the end of the unit.

Procedures:

- 1) *Setting the Purpose:* The teacher should begin this lesson by reviewing with students how a bank works. He or she should then introduce (or review) the concept of a bank run. The following photographs can be shown to introduce this concept:

http://stlouisfed.org/greatdepression/images/gallery/large/bank_run.jpg

<http://www.madisonavenuejournal.com/images/Bank%20Run%20New%20York%20April%201933.JPG>

The teacher may also want to show the bank run clip from the movie *It's a Wonderful Life*. The clip is available on YouTube:

<http://www.youtube.com/watch?v=MJJN9qwhkkE>

The teacher should wrap up this introductory discussion by asking students to determine the essential characteristics of a bank run. The teacher may also want to discuss the problems that banks are facing in the current economic crisis.

- 2) After the introductory exercise, the teacher should familiarize students with the bank situation in Champaign-Urbana in early 1932. There were six banks in the community, and two, the First National Bank and the Commercial Bank of Champaign, failed to open on January 18, 1932. Students will then read and analyze the January 18, 1932, *Urbana Courier* article: “False Rumors Close Banks” (**Source #4**). As they read the article, students should answer the questions on the bank failures analysis sheet.
- 3) The teacher should then have students brainstorm possible responses to the closing of a bank in the community. Students should consider how to prevent bank runs on other community banks, as well as alleviate the fears of citizens in the community. Students will then read and analyze the January 20, 1932, *Champaign News-Gazette* article in which Urbana mayor Reginald Harmon explains his decision to close all Urbana businesses: “Harmon Explains Proclamation for Business Holiday” (**Source #5**). As they read the article, students should answer the questions on the bank failures analysis sheet.
- 4) The teacher should then divide the class into six groups. To understand how citizens in Champaign-Urbana reacted to the bank failures and the business holiday, each group will receive an editorial from the *Champaign News-Gazette* (**Source #6**). These editorials address the crisis from various perspectives—the business community, women, investors, churches, etc. The groups should cycle the editorials around the room until each group has read all six. As the groups read each editorial, they should explain the perspective of the editorial on the editorial analysis sheet. The teacher may wish to have students do a jigsaw activity instead by giving each of the six groups one editorial to read and then forming six new groups in which students share the perspective of the editorial that their group read.
- 5) To conclude the lesson, the teacher should discuss the results of the business holiday in Urbana. As an optional assignment, students can read the January 21, 1932, *Urbana Courier* article: “Banks Do Rushing Business,” which details the results of the business holiday. The teacher may also wish to link the business holiday in Urbana to the federal bank holiday declared by President Roosevelt in March 1933. Students should also document the sources from this lesson on their source charts to use for their essays at the end of the unit.

Analysis of Local Primary Sources: During this lesson, students will read and analyze two or three articles from the *Urbana Courier* and *Champaign News-Gazette* on the 1932 bank crisis in Champaign-Urbana. In addition, they will read six editorials from the *News-Gazette* in order to understand how people in the community reacted to the crisis.

Ties to National Primary Sources: During this lesson, students will analyze photographs from bank runs across the country in the early 1930s. In addition, the teacher may wish to have students read or listen to President Roosevelt’s speech about the March 1933 federal bank holiday.

List of Materials and Resources:

“False Rumors Close Banks,” *Urbana Courier*, January 18, 1932

“Harmon Explains Proclamation for Business Holiday,” *Champaign News-Gazette*, January 20, 1932

“Banks Do Rushing Business,” *Urbana Courier*, January 21, 1932

Editorial #1: “An Editorial,” *Champaign News-Gazette*, January 18, 1932

Editorial #2: “The Insane Mob,” *Champaign News-Gazette*, January 19, 1932

Editorial #3: “Our Churches...!” *Champaign News-Gazette*, January 24, 1932

Editorial #4: “The Evil of Hoarding,” *Champaign News-Gazette*, January 24, 1932

Editorial #5: “Back to Sanity,” *Champaign News-Gazette*, January 24, 1932

Editorial #6: “An Editorial,” *Champaign News-Gazette*, January 26, 1932

Bank run photographs

It's a Wonderful Life video clip

Bank Failures Analysis Sheet

Editorial Analysis Sheet