

THE GREAT DEPRESSION



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THE GREAT DEPRESSION



As the Roaring 20's was coming to an end, the election of 1928 brought overwhelming victory for Herbert Hoover. Hoover campaigned on the prosperity and optimism most Americans had been feeling under previous Republican Presidents, Harding and Coolidge.

However, there were some serious troubles brewing behind the scenes concerning our nation's economy that would mean trouble during Hoover's presidency. The risky economic practices were about to catch up with the country.



THE GREAT DEPRESSION

During World War I, Americans were encouraged to borrow money from banks to expand their farms and grow more food to help the Allied Countries.

Banks in the United States loaned foreign countries money to rebuild after WWI. American industries were mass producing goods with the idea of selling exports to other countries.

Americans were buying consumer goods and cars and homes on credit so they could enjoy the luxuries of higher standards of living. Many Americans were also investing in the Stock Market.



THE GREAT DEPRESSION

In order to protect American businesses and regain money lent to foreign countries after WWI, the U.S. government placed high tariffs on American goods sold and exported to other countries. Tariffs are taxes on exports and imports.

During WWI, European countries needed American made goods. However, after WWI, most European countries could not afford to pay America's high tariffs and Europe's demand for American products dropped.



TARIFFS

Foreign countries could not afford the taxes to buy American products.



THE GREAT DEPRESSION

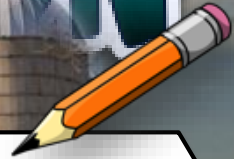
By the mid-1920's American farmers were already feeling economic hardship. After World War I ended, many farmers continued to produce more even though demands for their goods decreased. Prices for crops began to tumble. To try and earn more income, many farmers then planted even larger crops which meant prices dropped even lower.

Overproduction was a problem in urban areas as well. Companies were manufacturing goods in faster and more efficient methods and ultimately there were more goods than people were able to buy. Businesses had to cut jobs.



OVERPRODUCTION

Farms and businesses produced too much. Prices fell and jobs were cut.



THE GREAT DEPRESSION

By the late 1920's, spending declined and people were buying less.

Businesses had been mass producing consumer goods that were now sitting around waiting to be sold. Prices dropped, companies began laying off employees.

When Americans began losing jobs, people started to watch their spending even more and the cycle continued. Fewer people bought goods, prices fell, businesses struggled, and more jobs were lost.



UNDERCONSUMPTION

People were not buying enough goods and businesses struggled to stay open.



THE GREAT DEPRESSION

In the early 1920's, industries were growing and people were investing in the Stock Market. When a company is doing well, shareholders of stock share in the profits. Two risky trends for investing became common in the 1920's

Too many Americans were buying stocks hoping to turn around and quickly sell for a fast profit instead of patiently waiting for long-term stability. Other Americans were getting loans from banks to purchase stocks. When stock prices fell, these people did not have money to repay the bank loans.



STOCK MARKET

People irresponsibly invested in stocks and lost money when it crashed.



THE GREAT DEPRESSION

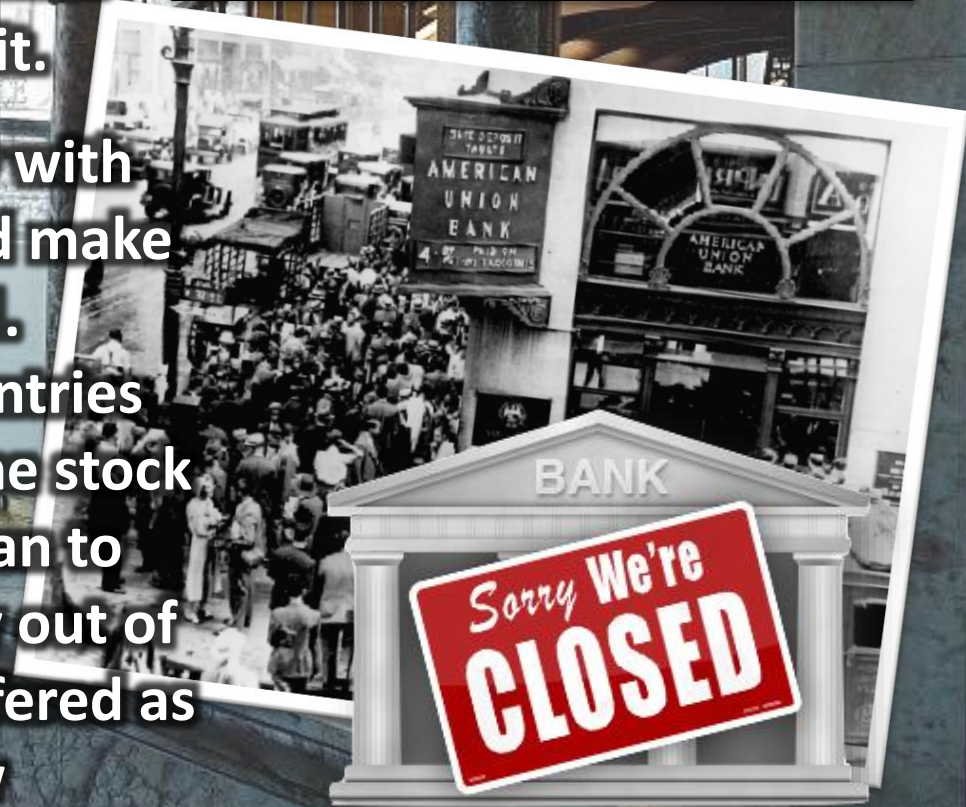
Not only were many Americans using bank loans to buy stock, even more Americans were now buying consumer goods like homes and cars on credit.

Banks were loaning people money with the understanding that they would make a profit from interest they charged. Banks had also loaned foreign countries money after World War I. When the stock market bottomed out, people began to panic and went to get their money out of the banks. Even healthy banks suffered as depositors panicked and withdrew money. Some banks ran out of money.



BANKS

Banks loaned people and nations money which they later could not repay.



THE GREAT DEPRESSION

In September of 1929, investors celebrated as stock prices reached a record high. But the bubble was about to burst. On Thursday, October 24th, stockbrokers were trying to sell tens of thousands of shares. Nobody was buying. Prices started falling.

Investors panicked as they saw the value of their stocks falling lower and lower. Stock brokers were demanding payment from investors who had bought stocks “on the margin” using bank loans. People were frantically trying to sell their shares. By Tuesday, October 29th, 1929, the stock market had collapsed. This day became known as Black Tuesday- the most disastrous day in stock market history.



THE GREAT DEPRESSION



By the time the stock market stabilized in November, businesses and investors had lost more than \$30 billion. This loss was greater than the amount of money the United States had spent to fight in World War I.

Over time, the stock market crash impacted millions of Americans. Many banks had invested in stocks or loaned money to people who bought stocks. After the crash, they couldn't repay the banks. Banks ran out of money. People who hadn't even participated in the stock market lost their life savings to risky stock market investments.

THE GREAT DEPRESSION

By the early 1930's, over 80,000 business had failed. Many others were barely surviving. Unemployment skyrocketed. Ford Motor Company reduced its workforce from 128,000 to 37,000.

People who had once made \$40 a week were settling for \$10. Fewer people could afford to buy consumer goods and factories laid off even more workers. More than 12 million workers were out of jobs. Nearly 1,000 families a day were losing their homes. Some people resorted to looking through trash to find food. Such stresses took a toll on families.

ECONOMIC DEPRESSION

Stock Market Crashed Oct. 1929
Banks closed when people rushed to take their money out. Businesses could not pay workers and unemployment skyrocketed. Many families lost their homes.



THE GREAT DEPRESSION

Americans had suffered through economic depressions before. The government had always left the economy alone to recover naturally. President Hoover tried to do the same. However previous depressions had not lasted very long and were not as severe as the Great Depression. By 1930, it was clear that the economy was not going to adjust itself anytime soon.

Meanwhile, as homelessness increased, families began forming little towns of shacks. These villages of homeless people were nicknamed "Hoovervilles". Many Americans felt President Hoover needed to intervene and help struggling Americans.



Herbert Hoover
President when the Great Depression began. Was slow to respond and not reelected.

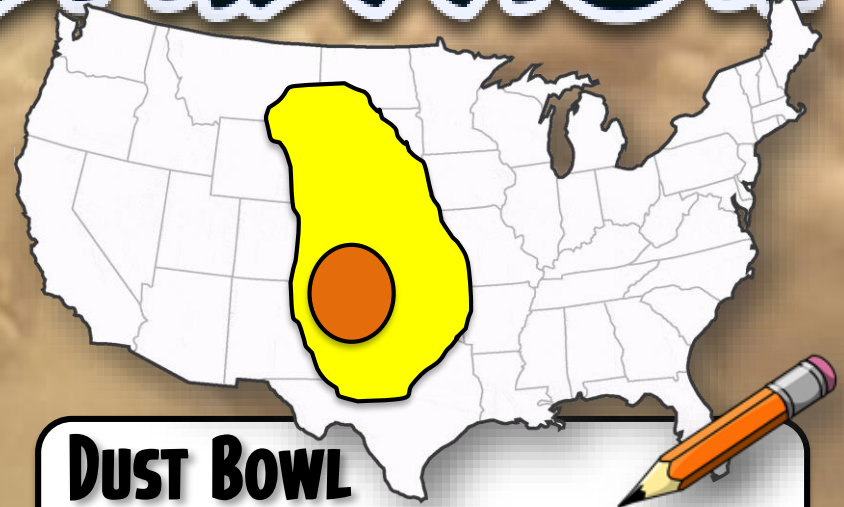


Let's hope this thing fixes itself before the 1932 election.



THE GREAT DEPRESSION

As cities were experiencing failing businesses, Americans in the Central Plains region of the United States were facing an agricultural disaster. During the 1930's, a combination of poor farming practices and years of drought created howling dust storms. Ranchers had allowed cattle to overgraze. Trees had been cut down for lumber. Farmers had worn out the soil. Without adequate rainfall, the top soil in the Great Plains was picked up and formed black blizzards of drifting dust that covered farms, machines, and even homes.



DUST BOWL

Poor farming practices and years of little rainfall created "black blizzards" of dust and sand that destroyed over 100 million acres in the Great Plains.



Severe Damage



Moderate Damage



THE GREAT DEPRESSION

By 1938, nearly 100 million acres in the Central Plains region had lost five or more inches of topsoil during the Dust Bowl. 3.5 million people left the Great Plains when the Dust Bowl destroyed their farms.

Some moved to neighboring states and others traveled to the West Coast. A large percentage of these migrants were from Oklahoma and neighboring states like Arkansas, Missouri, and Texas where the Dust Bowl hit the hardest. The travelers were nicknamed "Okies" and were not typically kindly welcomed.



THE GREAT DEPRESSION

The view society had before this era was that people needed to be responsible for their own economic stability. There were no government welfare programs. Private organizations such as churches, community centers existed to help people who hit hard times. But these organizations could not meet the massive demand of so many families in need.

As the Depression dragged on, President Hoover gradually softened his policy. To create jobs, he organized the construction of the Boulder Dam (now called the Hoover Dam). The dam cost \$700 million to build. Today, the Hoover dam provides electricity and flood control for 7 western states.



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Ultimately, President Hoover knew the government would need to respond. In 1932, he helped create the Reconstruction Finance Corporation to issue government loans to failing banks and businesses. He hoped this would help stimulate economic growth by allowing companies to hire people.

Conservatives criticized Hoover for getting the government involved in private businesses and banks. Still liberals were angry that Hoover wasn't doing enough to help the poor and needy. Hoover's efforts were too little too late. Americans began looking for a new leader.

Dana Keller



Optional Video Links

- PBS Presentation: The Great Depression

https://www.youtube.com/watch?v=IQ_lizW5zSI

- Ken Burns The Dust Bowl: Uncovering the Dust Bowl (PBS)

<https://www.youtube.com/watch?v=guTek7ipD4U>

- The Dust Bowl- a film by Ken Burns

<http://www.pbs.org/kenburns/dustbowl/>

- The Century- America's Time: 1929-1936 Stormy Weather

<https://www.youtube.com/watch?v=zSfzFWU5LbY>

- Building the Hoover Dam 1932

<https://www.youtube.com/watch?v=hzJAYkd6TyQ>