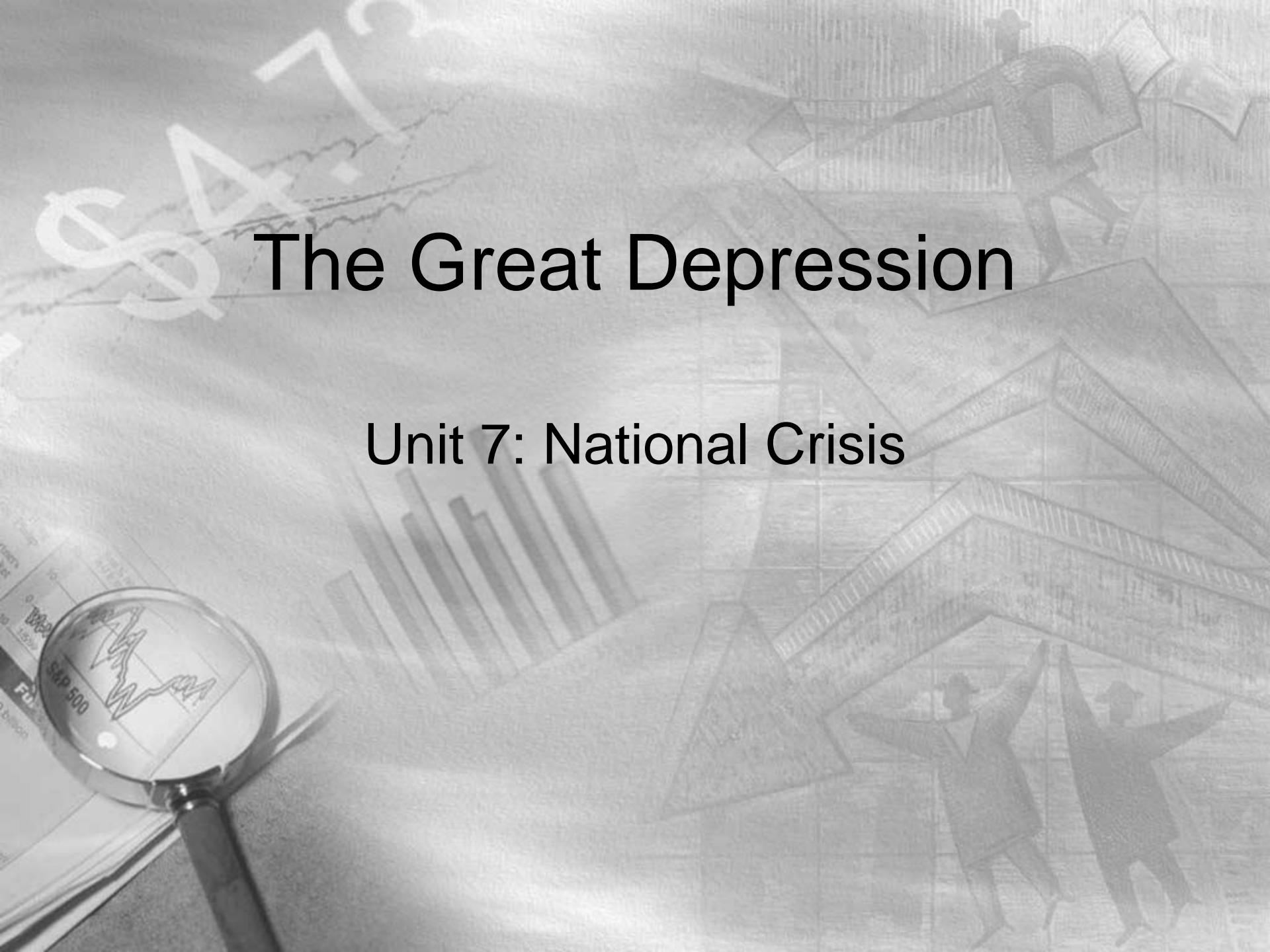


The Great Depression

Unit 7: National Crisis

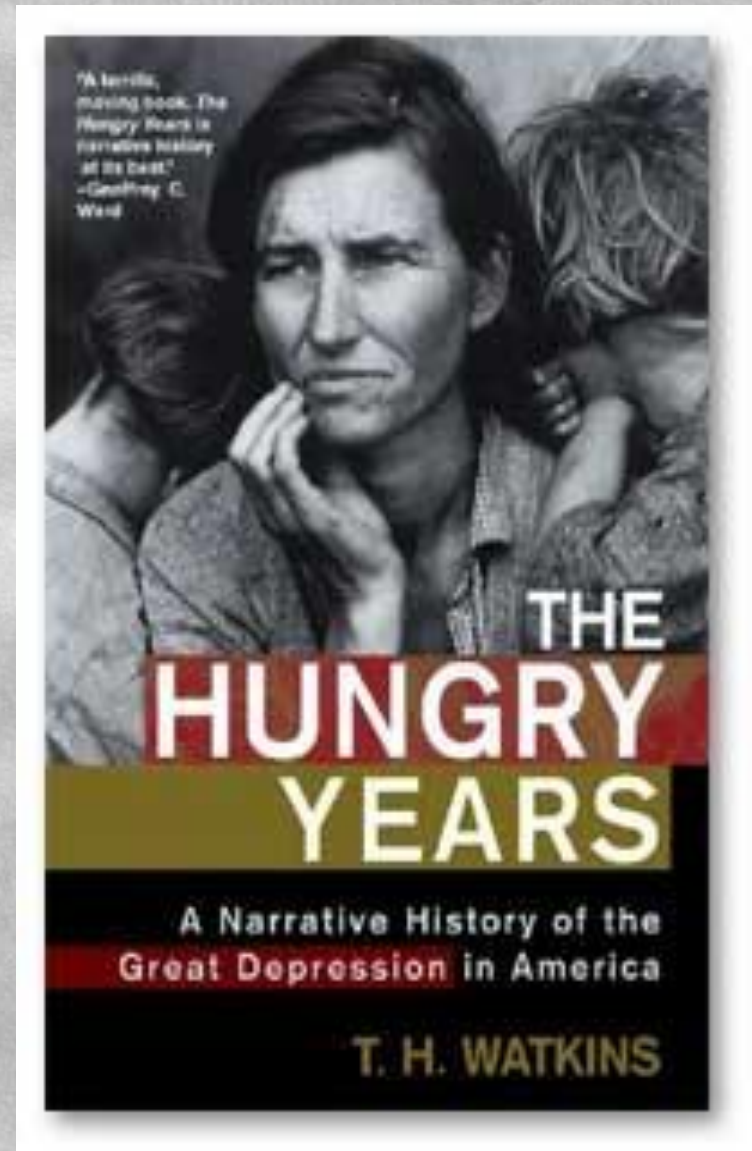


Standard

- **SSUSH17- The student will analyze the causes and consequences of the Great Depression.**
- a. Describe the causes, including overproduction, underconsumption, and stock market speculation that led to the stock market crash of 1929 and the Great Depression.
- b. Explain factors (include over-farming and climate) that led to the Dust Bowl and the resulting movement and migration west.
- c. Explain the social and political impact of widespread unemployment that resulted in developments such as Hoovervilles.

Causes of the Great Depression

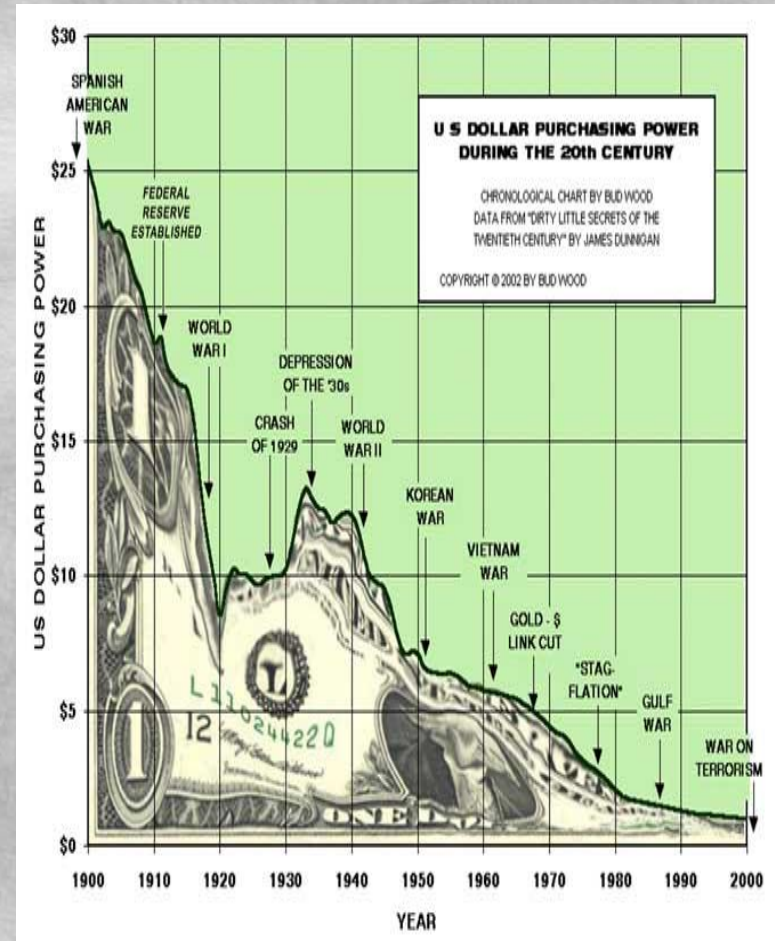
- **Factors leading to Great Depression:**
 - tariffs, war debts, farm problems, easy credit, income disparity
 - **Federal government keeps interest rates low and encourages borrowing**



Industries in Trouble

- Key industries like railroads, textiles, steel barely make profit
- Mining, lumbering expanded during war; no longer in high demand
- Coal especially hard-hit due to availability of new energy sources

- Housing starts decline



Farmers Need a Lift

- International demand for U.S. grain declines after war
- prices drop by 40% or more
- Farmers boost production to sell more, but prices drop further
- Farm income declines, farmers default on loans, which cause rural banks to fail



Credit and Income

- People buy less due to rising prices, stagnant wages, and credit debts
- Many people buy goods on **credit** (buy now, pay later)
- Businesses give easy credit and consumers pile up large debts
- Consumers have trouble paying off debt; begin to cut back on spending
- **Uneven Distribution of Income:**
- In 1920s, rich get richer, while the poor get poorer
- 70% of families earn less than minimum for decent standard of living
- Most cannot afford flood of products factories produce



Dreams of Riches in the Stock Market

- 1920s, stock prices rise steadily; people rush to buy stocks and bonds
- Many engage in **speculation**, buy on chance of a quick profit
- **Buying on margin**—pay small percent of price and borrow the rest



© Jim Pickrell

Black Tuesday

- September 1929 stock prices peak, then fall quickly
- Investors begin selling stock
- October 29 or **Black Tuesday**, nation's confidence in market falls
- Shareholders sell recklessly and millions of shares have no buyers
- People who bought on credit left with huge debts



Bank and Business Failures

- **Great Depression (1929-1940)**—economy plummets and unemployment skyrockets
- After crash, people panic and withdraw money from banks
- Banks that invested in stocks fail and people lose their money
- 90,000 businesses go bankrupt
- 1933, 25% of workers jobless, those with jobs get cuts in hours and pay



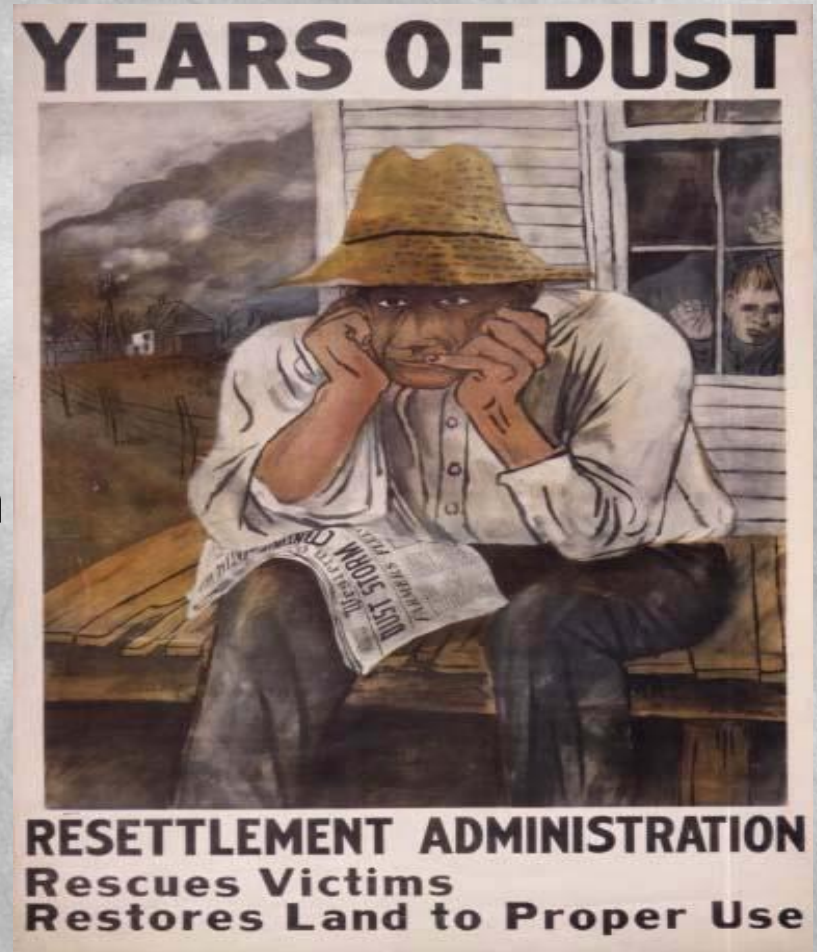
Worldwide Shock Waves

- Great Depression limits U.S. ability to import European goods
- **Hawley-Smoot Tariff Act** sets highest protective tariff ever in U.S.
- Other countries cannot earn American currency to buy U.S. goods
- International trade drops and unemployment soars around world






The Dust Bowl

- Farmers in Great Plains exhaust land through overproduction
- 1930s, drought, windstorms hit; soil scattered for hundreds of miles
- **Dust Bowl**— area from North Dakota to Texas that is hardest hit
- Many farm families migrate to Pacific Coast states



DUST STORM DAMAGE, 1930-1940



-  Dust Bowl States
-  Area with most severe dust storm damage
-  Other areas damaged by dust storms



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FBI

Great Depression Photo Analysis



Photo Analysis (Depression refugee family from Tulsa, Oklahoma)



Photo Analysis (Soup Line)



Photo Analysis



Photo Analysis



Photo Analysis



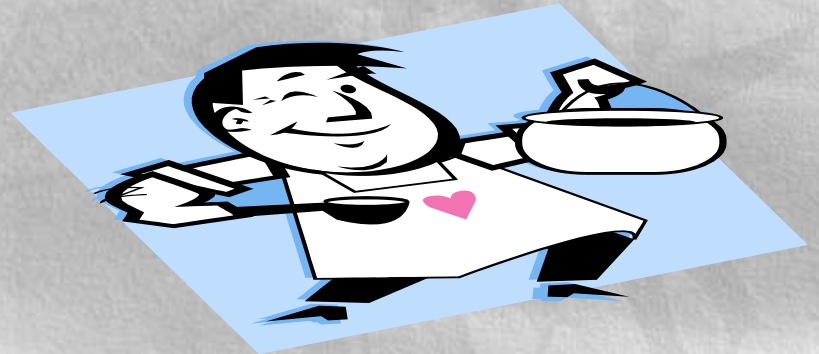
Mistakes by Hoover

- President **Herbert Hoover** tells Americans economy will get better quickly
- Many experts believe depressions a normal part of business cycle
- People should take care of own families and not depend on government
- No federal system of **direct relief**— cash or food from government



The Depression in the Cities

- People lose jobs and are evicted from homes
- **Shantytowns**-settlements consisting of shacks could be seen in many cities
- People dig through garbage and beg
- **Soup kitchens** offer free or low-cost food
- **Bread lines**—people line up for food from charities and public agencies
- Widespread criticism of Hoover: shantytowns called “Hooverilles”



Hoovervilles



Hooverilles

