

## Chapter 24: The Great Depression

### Section 1: Prosperity Shattered

#### Question #1

Create a list of EVERYTHING you know about the **Great Depression.**

- little \$
- Stock market crash
- Herbert Hoover
- few stores
- not a lot of food
- few jobs

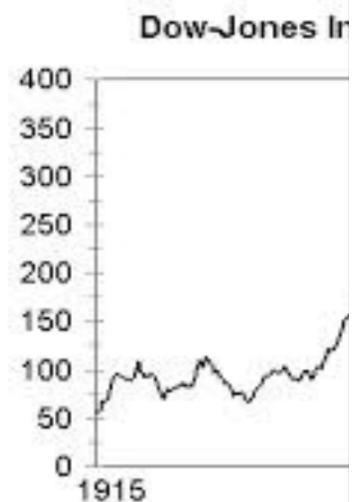
## Economic Troubles on the Horizon

- "Roaring '20s": time of economic prosperity; people were confident economy was strong...they were WRONG...
- People used credit too much; credit use was 6x higher in 1929 from 1915; went into too much debt
- Stock prices were skyrocketing too much
  - People made too much \$ on stock market
  - **Bull market** → stock prices growing - Ppl making \$
  - **Bear market** → BAD → losing cash
  - People bought on the margin
  - The "bubble" will burst

↓  
Ppl borrow \$ to  
buy Stock.

## The Stock Market Crashes

- Black Thursday: Oct. 24, 1929
- Nervous investors started to sell of their stock
- Ripple effect
- Prices plunged; panic set in
- Panic stayed put for next week; Black Tuesday (Oct. 29)
- People that borrowed money (bought on margin) were forced to sell their stock at huge losses to pay their loans
- Investors lost \$30 billion
- Lost more money than the total cost of WWI



## The Depression Begins

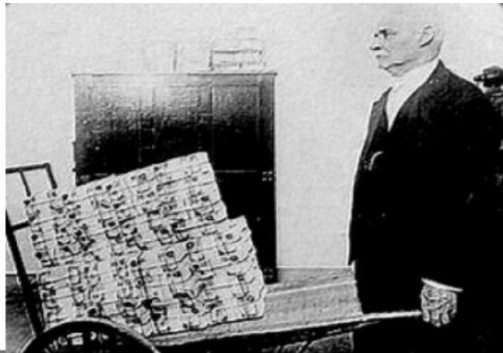
- Many political and business leaders hoped temporary setback
- Few Americans invested in stock market
  1. Rich investors lost \$ and couldn't pay loans to banks; banks lost money
  2. People worried about their \$ in banks and tried to get their \$ out (**BANK RUN**)
  3. Some banks were forced to close; ran out of \$ (5,000 banks from 1930-32)
  4. Consumers bought less from stores
  5. Businesses laid off workers (unemployment grew)
    - grew from 3.2% in 1929 to 23.6% in 1932



## What Caused the Great Depression?

- Global economy ruined by WWI
  - Entire cities were rubble
- War debts were huge
  - Germany's **hyperinflation**
  - Printed more \$ to pay off debts
  - Crippled Europe
- Trade between nations dwindled
- Countries put high tariffs on each other
- Income gap (rich were too rich)
- People used too much credit

tax on imports



## Section 2: Hard Times

### American Workers Face Unemployment

- After SM Crash--stores & factories closed--millions of unemployed ppl
- 1929: 1.5 million
- 1933: 15 million
- 50% of Chicago & 80% of Toledo, OH
- Wages fell by 33%
- Hours for workers slashed--best way to keep as many workers as possible
- Immigration plummeted--no more jobs
- Black workers often laid off 1st
- "Bronx Slave Market"
- # of women in workforce increased--cheaper
- Many ppl resorted to selling fruit on the streets

## Life in the City

- Depression was worst in cities
- Increased crime over food/jobs
- City gov'ts, churches, & charity groups (Salvation Army & Red Cross) provided some relief
- **Breadlines**--soup & bread
- **Mutualistas:** Mexican-American community food banks--became example for many Americans
- Homelessness was serious problem
- **Shantytowns:** makeshift shelters--nicknamed "Hoovervilles"
  - Made of scrap lumber, leftover steel, packing boxes, other garbage

## Life on the Farm

- Less food bought in cities trickled down to farmers
- Decreased demand led to lower prices
- Farmers left w/ EXCESS food--rotting crops
- Slaughtered animals--too expensive to feed
- Banks **foreclosed** on thousands of farms
- Migrant laborers from Mexico faced discrimination & deportation (500,000 removed from US--many were American)



## Family Life in the 1930s

- Families forced to pull together
- Families shared \$ & food
- Forced to live in small homes w/ multiple families
- Marriage rate plummeted
- Birth rates declined
- Increased **domestic violence**
- More alcoholism

Popular Culture in 1930s

Was an escape from reality with entertainment  
many people looked for inexpensive pastimes

- movies

- Radio - experienced its golden age during depression

By 1930's radio's rose from 12 million to 28 million  
comic books were getting well known  
Flash Gordon and Tarzan

Books also a escape from reality (not all)

## Lesson 3: Hoover's Policies

### Question 3:

Herbert Hoover believed in the concept of "laissez-faire" economics. Explain what that means.

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## Hoover's Philosophy

- Hoover felt depression was "temporary halt in prosperity."
- Believed the best way to recover was from individual effort and not from gov't help
- Many Americans demanded direct relief (food, clothing, \$) ~~\_\_\_\_\_~~ → welfare
- Hoover felt direct aid would make gov't too big and insult our self-respect
- **Rugged Individualism:** working through your poverty builds character; "...rub some dirt on it..."
- Private charities should help more
  - Encouraged wealthy to donate \$ to groups like Red Cross, Salvation Army, or YMCA
  - Many Americans angered by this approach

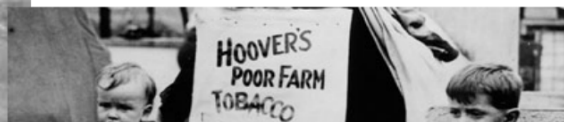


## Boosting the Economy


- Hoover encouraged businesses to keep hiring workers
- Remained cheerful in public speeches
- Increased # of **public works** programs (HOOVER DAM, roads, bridges, etc.)
- Ordered gov't to buy surplus crops to help farmers
- Reconstruction Finance Corporation (RFC): would lend \$2 billion of tax \$ to help banks and large businesses
- "Trickle-Down Economics"--Enraged Americans

any gov't  
building program

↳ give tax breaks to rich



## Rumblings of Discontent

- 1932: Hoover is most hated man in US
- Radicals like socialists and communists gained support--blamed capitalism
- Increased protests, marches, and riots across the country
- Bonus Army: largest protest of era (MAY 1932)
  - 10,000 WWI vets 
  - Washington DC
  - Demanded early payment of their pension bonuses
  - Set up a camp in DC (HOOVERVILLE)
  - Ordered to leave but 2,000 refused
  - Hoover called in Army to break up camp
  - 3 killed (11-week old baby) and hundreds hurt
  - Appalled Americans

## The Election of 1932

- Republicans renominated Herbert Hoover despite unpopularity
- Democrats nominated NY governor Franklin Roosevelt (FDR)
  - FDR born into wealthy family
  - Teddy Roosevelt was distant cousin
  - Wife was Eleanor Roosevelt
  - Both interested in helping poor
  - FDR won 42 states--Hoover stood no chance







