

The Great Depression

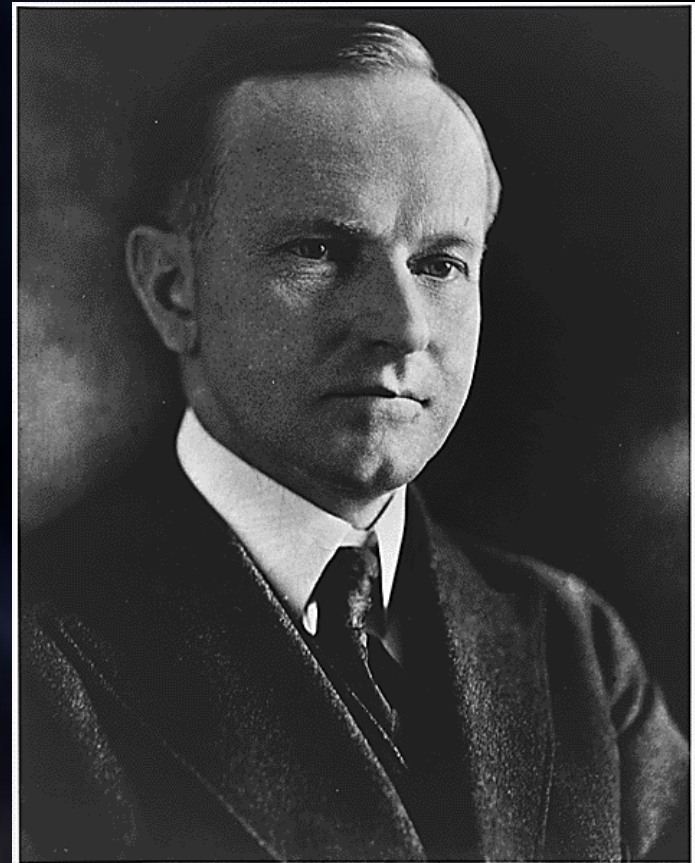
US History

Key Concepts

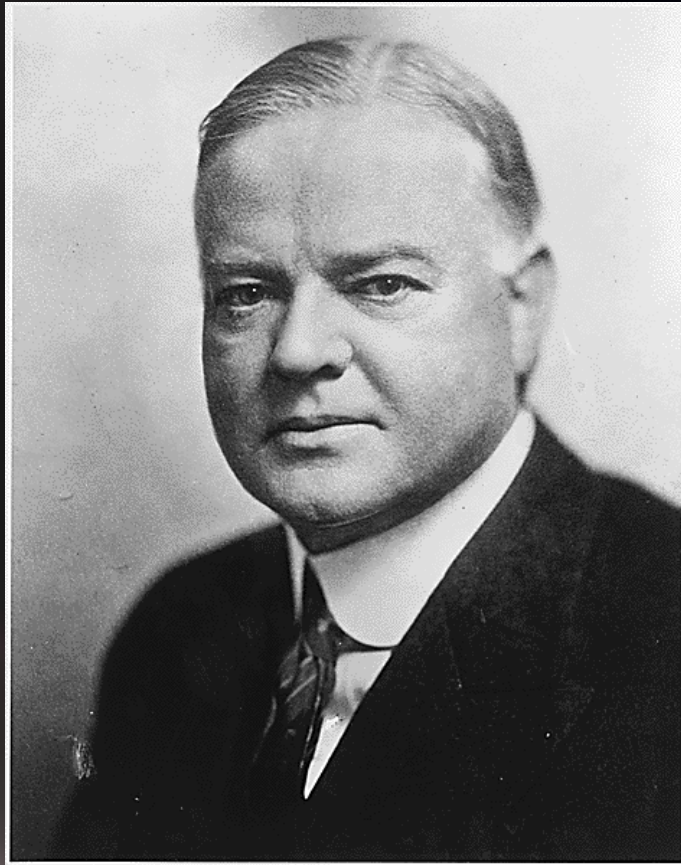
- Factors leading to the stock market crash and the onset of the Great Depression
- Response to Prosperity: the stock market crash, Dust Bowl, Bonus Army March, and bank failures on various groups of the population.
- Public response to the Great Depression
- Response to the New Deal program
- The Three R's: Relief, Recover, Reform
- Expansion of the role of the Federal Government

The Nation's Sick Economy

- Farm foreclosures
- rural bank failures
- price-supports
 - Coolidge vetoed
- production expanded faster than wages
 - buying on credit
 - cut back on spending



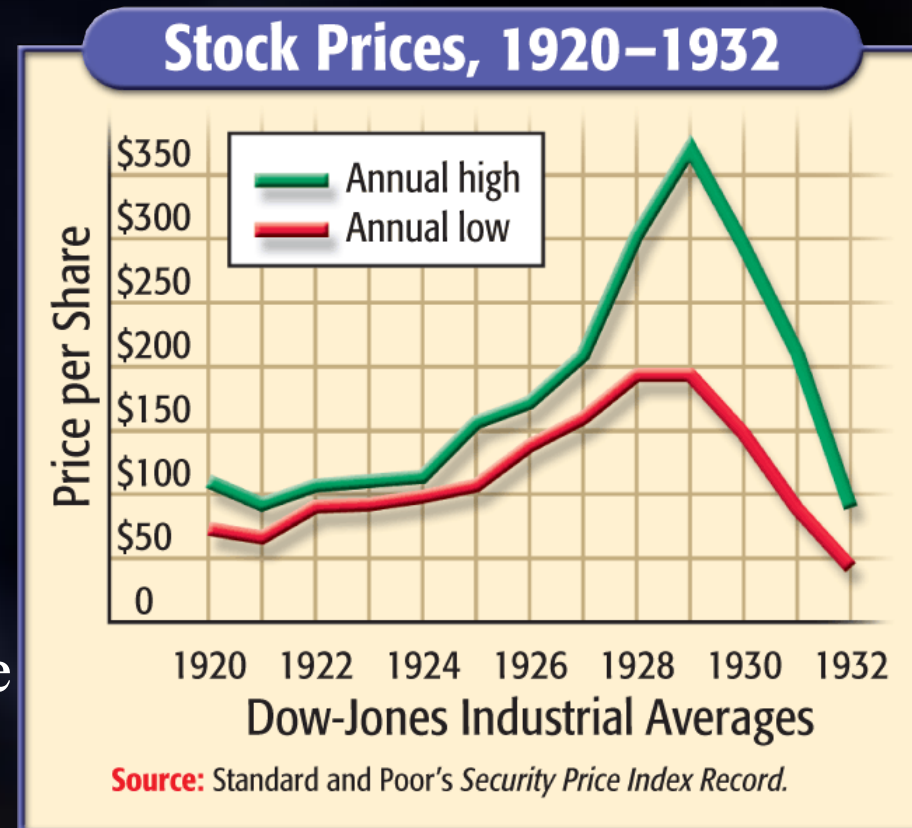
Hoover Takes the Nation



- Election of 1928
 - Hoover vs. Smith
- Dow Jones Industrial Average
 - bull market
 - speculation
 - buying on margin

The Crash

- Sept. 1929 - prices started to fall
- some investors pulled out quickly
- Oct. 24, 1929 - big plunge
- Black Tuesday
 - Oct. 29, 1929
 - 16.4 million shares dumped
 - destroyed nation's confidence
 - stuck w/ huge debt
 - loss of savings
 - mid-Nov ~\$30 billion lost



Factors that led to the Crash

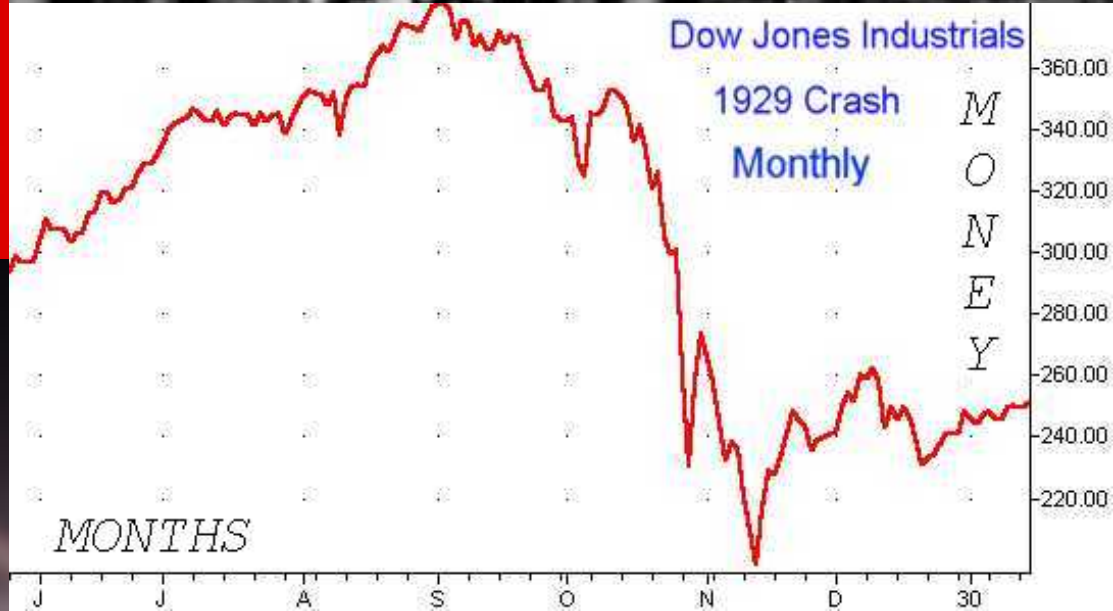
- **uneven distribution of income**
- **stock market speculation = hoping that the price of a stock would go up and that they could sell it for a quick profit**
- **overproduction of consumer goods**
- **Overuse of easy credit for consumer goods**
- **Buying stock on margin (credit)**
- **weak farm economy**
- **Global economic problems.**

NOVEMBER 2, 1927

\$2.00

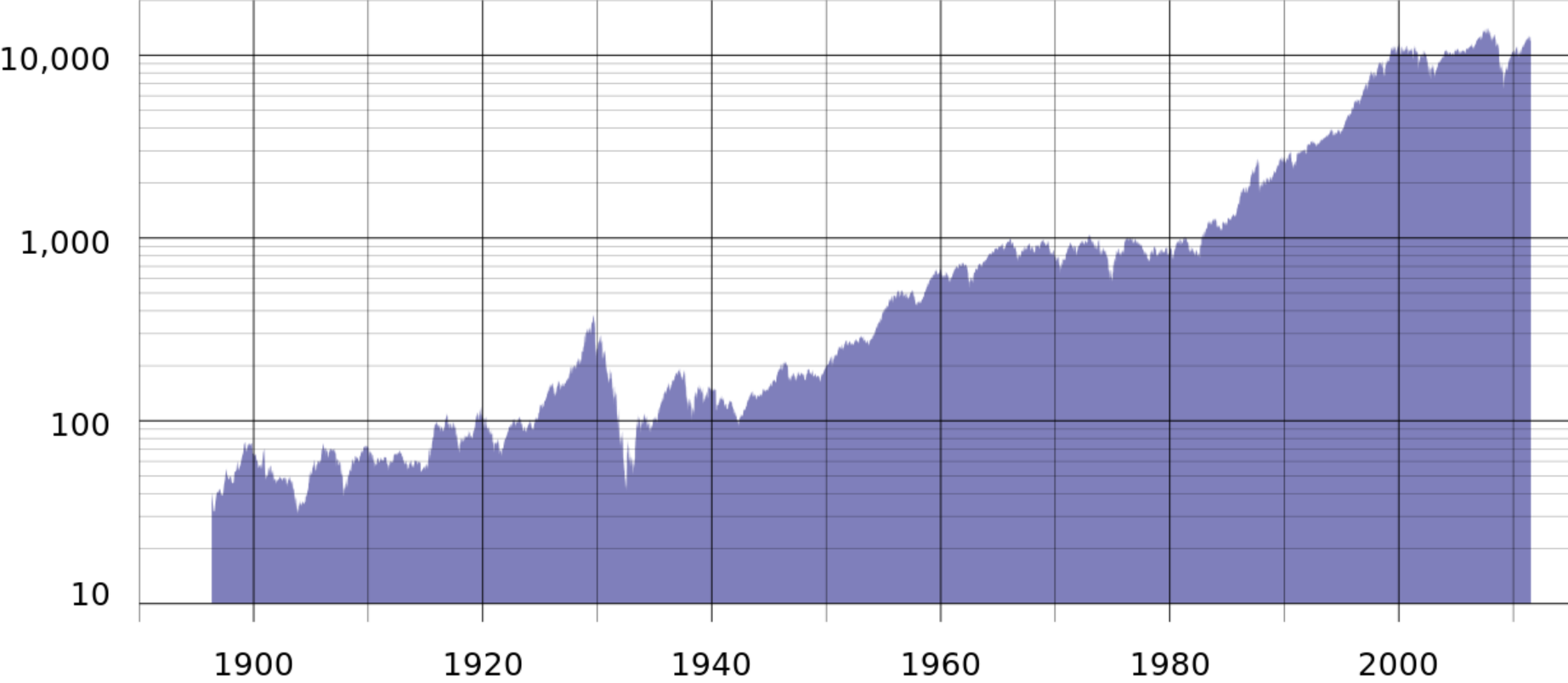
TIME THE CRASH

After a wild week
on Wall Street,
the world is different



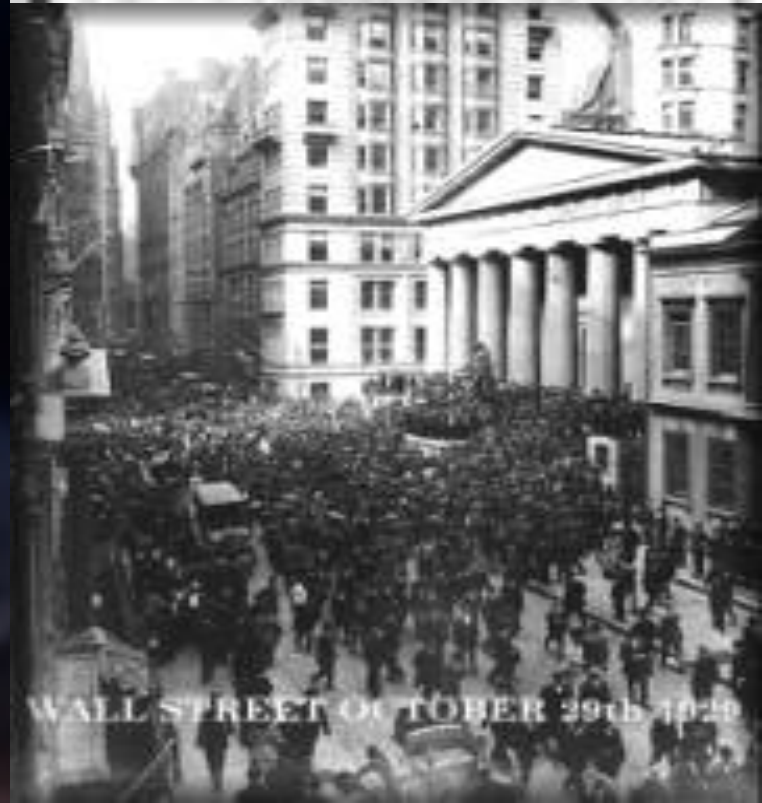
Stock Market Crash

Dow Jones Industrial Average





Black Friday



Financial Collapse



- The Crash started the Depression
- Bank & Business Failures
 - In a panic people withdrew \$\$ from banks
 - Called bank runs
 - million's lost life savings
 - By end of 1933 - 11,000 of nation's 25,000 banks had failed

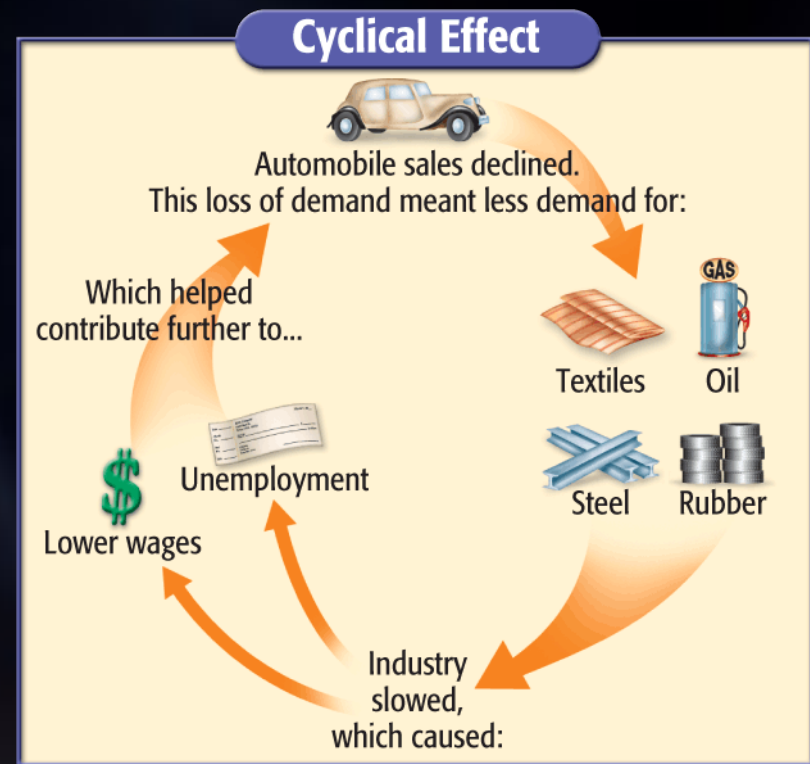
Financial Collapse



- 1929-1932 GNP cut in 1/2
- ~90,000 businesses went bankrupt
- millions lost jobs
- unemployment went from 3% in '29 to 25% in '33

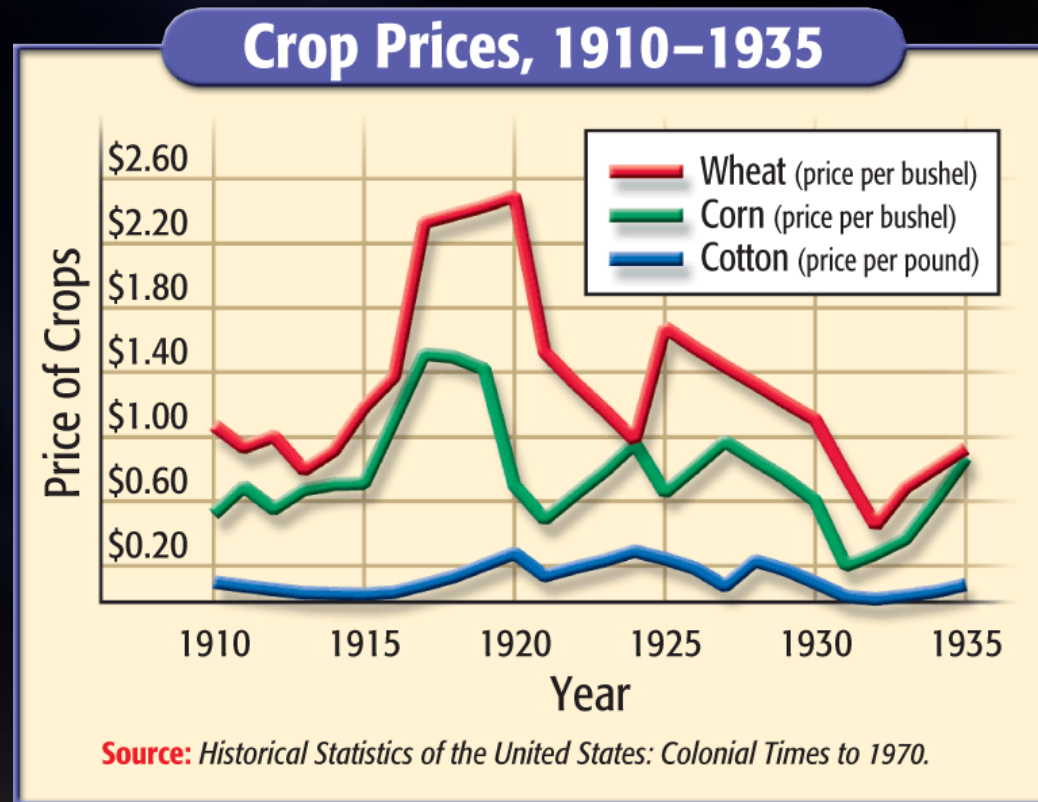
Shockwaves

- European war debts got worse
- European and American economies tied together
- Hawley-Smoot Tariff
 - highest in history
 - An attempt to boost US business
 - made unemployment worse
 - retaliation of other countries



Devastation of Lives

- Job loss, evictions, homelessness
- shantytowns
- garbage can dinners
- soup kitchens & bread lines
- conditions for blacks & Hispanics worse
- farmers lost land
- 1929-32 = ~400,000 foreclosures

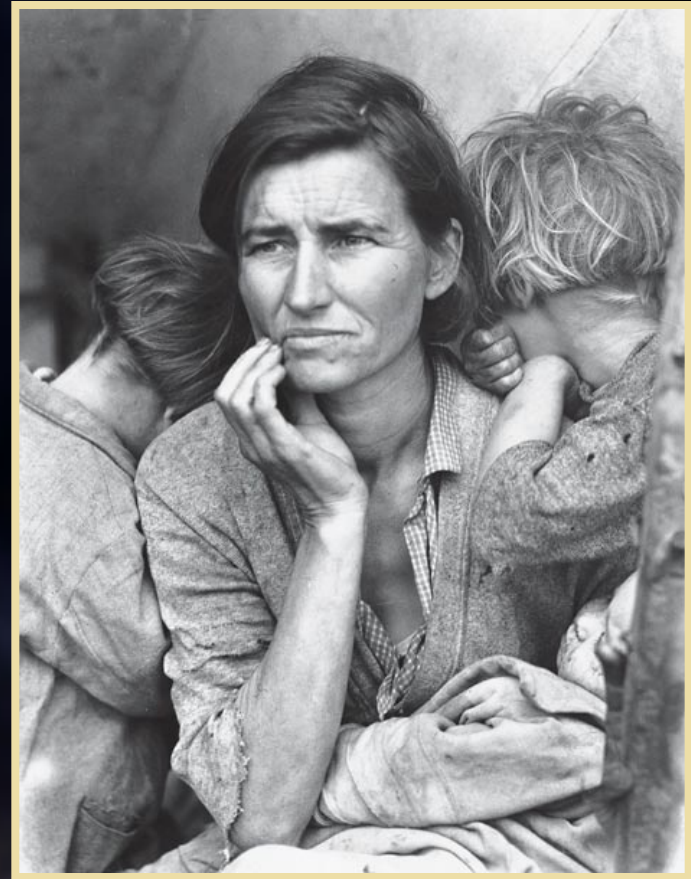






Dust Bowl

- Drought & winds in early '30s made Great plains unsuitable for crops
- parts of KS, OK, TX, NM, & CO
- many left their land for CA & hopes of jobs on West Coast
- people from OK called Okies











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The Dust Bowl, 1930s



- State with population loss, 1930–1940
- Area with severe loss of topsoil
- Area with moderate loss of topsoil
- Movement of people
- Destination of Dust Bowl emigrants

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Causes

- Overproduction and low demand leads to employee layoffs
- Low wages reduce consumer buying power
- High tariffs restrict foreign demand for American goods
- Unemployment reduces buying power further



Hoover's Reaction to the Depression



- Laissez-faire
 - cooperation of gov't & business
- “rugged individualism”
 - Sink or swim, you're on your own
 - no federal welfare for the people
- Boulder Dam - reg water supply for CA massive agricultural econ.
- Congressional Elections of 1930
 - election of more Democrats
 - “hooverilles & hoover blankets”



Hoover's Actions

- Federal Home Loan Act
 - lowered mortgage rates
 - farmers could refinance to prevent foreclosure
- Reconstruction Finance Corporation
 - \$2 billion in emergency financing to banks, insurance comps, R/Rs, & large businesses
- Trickle Down Economics
 - No direct assistance



Bonus Army



- WWI vets wanted bonus early (due in '45) and marched on Washington
- Senate voted down bill - some went home
- others stayed
 - wanted to meet w/ pres.
 - Sent away by Gen. MacArthur & Maj. Dwight D. Eisenhower



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