

The Americans

Chapter 22: The Great Depression Begins, 1929–1933

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Chapter Opener: The Great Depression Begins, 1929–1933

An economic crisis grips the nation during the Great Depression. President Herbert Hoover's conservative response to the nation's problems costs him many supporters.

Section 0: The Nation's Sick Economy

Section Opener: The Nation's Sick Economy

As the prosperity of the 1920s ends, severe economic problems grip the nation.

Slide 3: Economic Troubles on the Horizon [continued]

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
 - * Boom industries—automobiles, construction, consumer goods— now weak
 - * Housing starts decline
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Slide 4: Economic Troubles on the Horizon [continued]

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; prices drop further
- * Farm income declines; farmers default on loans; rural banks fail
- * Price-supports—government buys surplus crops, guarantees prices
- Coolidge vetoes price-support bill

Consumers Have Less Money to Spend

- * People buy less due to rising prices, stagnant wages, credit debts
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Slide 5: Economic Troubles on the Horizon

Living on Credit

- * Many people buy goods on credit (buy now, pay later)
- * Businesses give easy credit; consumers pile up large debts
- * Consumers have trouble paying off debt, cut back on spending

Uneven Distribution of Income

- * In 1920s, rich get richer, poor get poorer
 - * 70% of families earn less than minimum for decent standard of living
 - * Most cannot afford flood of products factories produce
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Slide 6: Hoover Takes the Nation [continued]

The Election of 1928

- * Democrat Alfred E. Smith—four times governor of New York
 - * Republican Herbert Hoover gets overwhelming victory
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Slide 7: Hoover Takes the Nation

Dreams of Riches in the Stock Market

- * Dow Jones Industrial Average tracks state of stock market
 - * 1920s, stock prices rise steadily; people rush to buy stocks, bonds
 - * Many engage in speculation, buy on chance of a quick profit
 - * Buying on margin—pay small percent of price, borrow rest
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Slide 8: The Stock Market Crashes

Black Tuesday

- * September 1929 stock prices peak, then fall; investors begin selling
 - * October 29 or Black Tuesday, market, nation's confidence plummet
 - * Shareholders sell frantically; millions of shares have no buyers
 - * People who bought on credit left with huge debts
 - * Others lose most of their savings
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Slide 9: Financial Collapse [continued]

Bank and Business Failures

- * Great Depression—economy plummets, unemployment skyrockets
 - lasts from 1929–1940
 - * After crash, people panic, withdraw money from banks
 - * Banks that invested in stocks fail; people lose their money
 - * 1929–1932, gross national product cut nearly in half
 - 90,000 businesses go bankrupt
 - * 1933, 25% of workers jobless; those with jobs get cuts in hours, pay
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Slide 10: Financial Collapse [continued]

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; unemployment soars around world
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Slide 11: Financial Collapse

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, encourages borrowing
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Section 1: Hardship and Suffering During the Depression

Slide 12: The Depression Devastates People's Lives [continued]

The Depression in the Cities

- * People lose jobs, are evicted from homes
 - * Shantytowns, settlements consisting of shacks, arise in cities
 - * People dig through garbage, beg
 - * Soup kitchens offer free or low-cost food
 - * Bread lines—people line up for food from charities, public agencies
 - * African Americans, Latinos have higher unemployment, lower pay
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Slide 13: The Depression Devastates People's Lives

The Depression in Rural Areas

- * Most farmers can grow food for their families
- * About 400,000 farms lost through foreclosure
 - many become tenant farmers

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
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Slide 14: Effects on the American Family [continued]

Hardship and the Family

- * Family is source of strength for most Americans
- * Some families break apart under strain of making ends meet

Men in the Streets

- * Many men used to working, supporting families have difficulty coping
 - cannot find jobs
 - * About 300,000 hoboes wander country on railroad box cars
 - * No federal system of direct relief—cash or food from government
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Slide 15: Effects on the American Family [continued]

Women Struggle to Survive

- * Homemakers budget carefully, can food, sew clothes
 - * Women work outside home; resented by unemployed men
 - * Many women suffer in silence, ashamed to stand in bread lines
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Slide 16: Effects on the American Family [continued]

Children Suffer Hardships

- * Poor diets, health care lead to serious health problems in children
 - * Lack of tax revenue leads to shortened school year, school closings
 - * Teenagers leave home, ride trains in search of work, adventure
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Slide 17: Effects on the American Family

Social and Psychological Effects

- * 1928–1932, suicide rate rises over 30%
 - * Admissions to state mental hospitals triple
 - * People give up health care, college, put off marriage, children
 - * Stigma of poverty doesn't disappear; financial security becomes goal
 - * Many show great kindness to strangers
 - * Develop habit of saving and thriftiness
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Section 2: Hoover Struggles with the Depression

Section Opener: Hoover Struggles with the Depression

President Hoover's conservative response to the Great Depression draws criticism from many Americans.

Slide 19: Hoover Tries to Reassure the Nation [continued]

Hoover's Philosophy

- * President Herbert Hoover tells Americans economy is sound
- * Many experts believe depressions a normal part of business cycle
- * Hoover: government should foster cooperation between competing groups
- * People should take care of own families, not depend on government

Hoover Takes Cautious Steps

- * Calls meeting of business, banking, labor leaders to solve problems
 - * Creates organization to help private charities raise money for poor
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Slide 20: Hoover Tries to Reassure the Nation [continued]

Boulder Dam

- * Hoover's Boulder Dam on Colorado River is massive project
 - later renamed Hoover Dam
 - * Provides electricity, flood control, water to states on river basin
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Slide 21: Hoover Tries to Reassure the Nation

Democrats Win in 1930 Congressional Elections

- * As economic problems increase, Hoover, Republicans blamed
 - * Democrats win House; Republican Senate majority down to 1 vote
 - * Farmers try to create food shortages to raise prices
 - * Widespread criticism of Hoover: shantytowns called "Hoovervilles"
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Slide 22: Hoover Takes Action

Hoover Backs Cooperatives

- * Hoover negotiates agreements among private entities
- * Backs Federal Farm Board (organization of farm cooperatives)
- buy crops, keep off market until prices rise
- * Gets large banks to establish National Credit Corporation

Direct Intervention

- * Federal Home Loan Bank Act lowers mortgage rates
 - * Reconstruction Finance Corporation—emergency funds for businesses
 - * Hoover's measures don't improve economy before presidential election
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Slide 23: Gassing the Bonus Army [continued]

The Patman Bill Denied

- * Bonus Army—veterans go to D.C. in 1932 to support Patman Bill:
 - want payment of bonus
 - * Hoover opposes bill; Senate votes down bill
 - * Most veterans leave Washington; about 2,000 stay to speak to Hoover
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Slide 24: Gassing the Bonus Army

Hoover Disbands the Bonus Army

- * Hoover fears violence, calls on U.S. Army to disband Bonus Army
- * Infantry tear gas over 1,000 people, including children; many injured
- * Public is stunned, outraged by government's actions

Slide 25: Let the Games Begin!

Play the Review Game

Compete with your classmates in this show-what-you-know game. Rack up points, reveal an image, and earn more points in a bonus round.
