

AIM: What were the causes and effects of the stock market crash?



## Hoover and the Crash (1929 – 1933)



-The overall prosperity of the 1920's hid the fact that some industries were in trouble and Hoover failed to see the sign of trouble  
 --Examples: Agriculture, railroad, textile, mills and mines  
 By 1929, 71 % of American families earned less than 2,500 a year (minimum to survive)

## THE GREAT DEPRESSION



Signs of economic trouble include:  
 -declining demand for newhomes and office buildings -drop in the sale of heavy machinery  
 -drop in consumer sales  
 - poor recordkeeping by the government

## Causes of the Great Depression

### 1 - OVERPRODUCTION

- In the 1920's new technology had improved efficiency and begun to produce more goods.  
 -Low income and middle class families didn't make enough to buy the products  
 Products piled up in warehouses  
 Unless business sold their products, they couldn't pay for materials, salaries, equipment, or shipping



### Overproduction in Agriculture

- In the 1920's new technology had improved efficiency and begun to produce more goods.  
 - Industries were struggling because they were producing more goods than consumers could buy.  
 - farmers produced more food than people could buy  
 •Federal Farm Board- helped farmers sell their products and keep prices stable  
 •Overproduction kept farm prices low

#### • COTTON BALES



### 2 - Too much debt

- Some consumers bought goods on credit but after awhile couldn't pay their debt so they stopped buying goods



#### Problem.

-when prices dropped people had to pay back their debt.

### 3 – Over Speculation

**Speculation** – buying and selling stocks in the hope of making a profit.  
 -Buying on Margin – Paying for part of a stock's price up front and borrowing the rest  
 -This system only works if the stocks go up  
 -If prices fell, stockholders had to sell their stocks for less than they paid for it



### 4 - Uneven distribution of wealth

5 % of citizens controlled 30% of the wealth.  
 Most Americans lived in poverty



### The stock Market plunges

-On September 3, 1929, the value of stocks on the New York Stock exchange reaches a high point  
 -Afterwards, prices drifted downwards  
 -On October 3, 1929, prices dropped sharply so many stockholders tried to sell their stocks  
 -Brokers wanted their money from those who bought on margin  
 -Desperate people tried to unload millions of shares of stocks at one time  
 -October 24, 1929 12.9 million shares were traded  
 -October 29, 1929, (Black Tuesday) investors sold 16.4 million shares in stock at prices much lower than they were worth = Crash of 1929  
 -Stocks became worthless overnight and fortunes were lost overnight = Depression



## Weakness in the banking system



- Banks made loans to people who invested in the stock market and now those people couldn't pay back the loans
- Banks could not pay depositors their money and were forced to close
- When banks closed, depositors lost their money
- Businesses couldn't grow without investors and now they couldn't borrow from banks
- Businesses had to cut back...

## Hard Times

- The Great Depression lasted longer than any other depression
- By 1930, 25% of workers were unemployed
- Finding work was difficult... many lost their homes and had to send their kids out in search of food
- People built shacks to live in
- The Great Depression lowered people's standard of living



Some people sought shelter under bridges and overpasses



## Hoover and the Crash

(1929 – 1933)

-In the beginning of the depression Hoover opposed government relief programs. He believed that government involvement would hurt the economy more

-He thought businesses, with the help of charities (Red Cross or Salvation Army) would eventually solve the depression. Public works programs were finally provided by government to put people to work and help them earn money



-Homelessness, hunger and unemployment rose

-Many middle-class families were forced to abandon their homes and live in slums

-Many blamed Hoover for their suffering



## Shanty Towns Nicknamed: Hooverville's

The name given to areas where wretched huts housed homeless people during the Great Depression. Named after Hoover



Hoover flags  
empty pockets  
turned inside out

## Hoover created the Public Work Projects

-Government funded projects to build public resources such as roads and dams.

-This action proved to be too little too late



- Unemployment soared in spite of President Hoover's efforts to end the depression with increased spending on public works.

## Bonus Army

-12,000 to 15,000 WWI military veterans marched into Washington to demand early payment of their bonuses early

-The Senate, backed by Hoover, voted down the bill

-Most veterans gave up and left





## Bonus Army



## Hoovervilles Burned in Washington DC

- General Douglas MacArthur tried to drive the remaining veterans out of Washington with tear gas and bayonets. One veteran was shot to death  
- This event made Hoover even more unpopular



## Hoover Fails



## AIM: How did FDR try to help the American society during the Great Depression?



March 4, 1933 FDR, Franklin Delano Roosevelt is inaugurated



*"Let me assert my firm belief that the only thing we have to fear is fear itself"*

Roosevelt Restores Hope by Bossing Americans Confidence  
1 - Bank Holiday – temporary shutdown of all banks  
2 – Only banks in good shape could re-open  
3 – "Fireside Chats" – radio talks that persuaded the public to put their money back into the banks

*"The Great Communicator"*



## Fireside Chats



## Roosevelt and the New Deal

### The first 100 Days Goals:

- 1 - **Relief** – for the hungry and jobless.
- 2 - **Recovery** – for agriculture and industry.
- 3 - **Reform** – change the way the economy worked.



Turn to Page 737 for a list of New Deal Programs

### Trial and error



### CCC

- CCC – Civilian Conservation Corps
- -Employed young men to work on environmental projects in exchange for food, lodging, clothing, and a small salary

- NRA – National Recovery Administration
- -Created labor and industry standards to help revive American industry



### The 2<sup>nd</sup> 100 Days Second New Deal

Using the idea of "Trial and Error" Roosevelt created a second set of new deal programs passed in 1935

Goal: Set up government safety net for U.S. citizens



"Ring around a Roosevelt, pockets full of dough": a 1936 cartoon.

### New Deal - WPA

- WPA – Workers Progress Administration
- Provided jobs for the unemployed, often building public works projects



### Social Security Act 1935

-Workers and employees make payments into a special fund, from which they would draw a pension after they retired

-Also helped to laid-off workers, disabled workers, and needy families with dependent children

Still exists today



### Breadlines



### Eleanor Roosevelt

-Worked to help poor Americans-  
-Toured the country, visiting coal mines, work camps, and hospitals to experience the new deal programs first hand





- Not all Americans were in favor of the New Deal Programs.
- Some felt that it threatened the free enterprise system.



What groups would tend to make up the detractors

### Roosevelt Fights the Supreme Court

#### “Court Packing”:

- The US Supreme Court declared a number of new deals unconstitutional.
- FDR wanted newer, younger people in the Supreme Court.
- He proposed to add 6 new justices to the Court.
- It was voted down because it affected the system of checks and balances



### The Effects of the New Deal Government involvement

1 - The government is directly responsible for people's well-being

- Relief payments
- School lunch programs
- Pensions

Deficit Spending - using borrowed money to fund government programs

### The Dust Bowl

Drought, overgrazing of livestock, and overplowing of fields in the Great Plains led to the :

Dust Bowl – dust storms that damaged farms across a 150,000 square mile region in the Great Plains.

- 5 or more inches of topsoil was lost

The Dust Bowl



- Kansas
- Oklahoma
- Texas
- Colorado
- New Mexico



### DUST BOWL – Black Outs



### Affects of the DUST BOWL

-Crops were buried under piles of dirt and many were forced to evacuate to find work

-3.5 million people left the Great Plains.

-Most people moving to California were from Oklahoma and were nicknamed: **Oakies**



### Living Through Hard Times

-82 bread lines fed 85,000 small meals a day

-By 1936 9 million were jobless  
– Thousands were homeless

– Children had to work to help the family



Photographer: Dorothea Lange

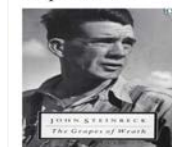


- What is the irony of this photograph?
- How does this photo show differences between the races during the depression?

### Artists Portray The Struggle

#### Grapes of Wrath by: John Steinbeck

Explains the life of the Joad family who were **Oakies** who were evicted from their farm. The book illustrates the hardship and oppression suffered by migrant laborers during the Great Depression.



## Entertainment

Hollywood tried to help Americans forget their problems even if only for a short period of time

### Wizard of Oz



### Gone with the Wind



"We're in the Money," lyrics by Al Dubin, music by Harry Warren

We're in the money, we're in the money;  
We've got a lot of what it takes to get along!  
We're in the money, that sky is sunny,  
Old Man Depression you are through, you done us wrong.  
We never see a headline about breadlines today.  
And when we see the landlord we can look that guy right in the eye  
We're in the money, come on, my honey,  
Let's lend it, spend it, send it rolling along!

Oh, yes we're in the money, you bet we're in the money,  
We've got a lot of what it takes to get along!  
Let's go we're in the money, Look up the skies are sunny,  
Old Man Depression you are through, you done us wrong.  
We never see a headline about breadlines today.  
And when we see the landlord we can look that guy right in the eye  
We're in the money, come on, my honey,  
Let's lend it, spend it, send it rolling along!

"Brother, Can You Spare a Dime," lyrics by Yip Harburg, music by Jay Gorney (1931)

They used to tell me I was building a dream, and so I followed the mob,  
When there was earth to plow, or guns to bear, I was always there right on the job.  
They used to tell me I was building a dream, with peace and glory ahead,  
Why should I be standing in line, just waiting for bread?

Once I built a railroad, I made it run, made it race against time.  
Once I built a railroad; now it's done. Brother, can you spare a dime?  
Once I built a tower, up to the sun, brick, and rivet, and time;  
Once I built a tower, now it's done. Brother, can you spare a dime?

Once in khaki suits, gee we looked swell,  
Full of that Yankee Doodle Dum,  
Half a million boots went slogging through Hell,  
And I was the kid with the drum!

Say, don't you remember, they called me Al; it was Al all the time.  
Why don't you remember, I'm your pal? Buddy, can you spare a dime?  
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## C. World War II (WWII)

- War ends the Great Depression in 1940

