

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.



People reading the *Manchester Union Leader* newspaper notice board in New Hampshire (c. 1935).

Section 1

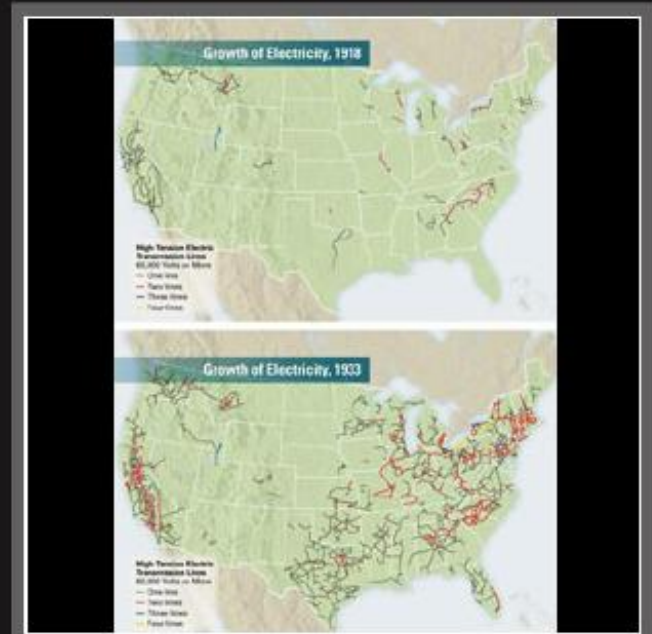
The Nation's Sick Economy

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

Economic Troubles on the Horizon

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



Growth of Electricity

Growth of Electricity, 1918



Growth of Electricity, 1933



Economic Troubles on the Horizon

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

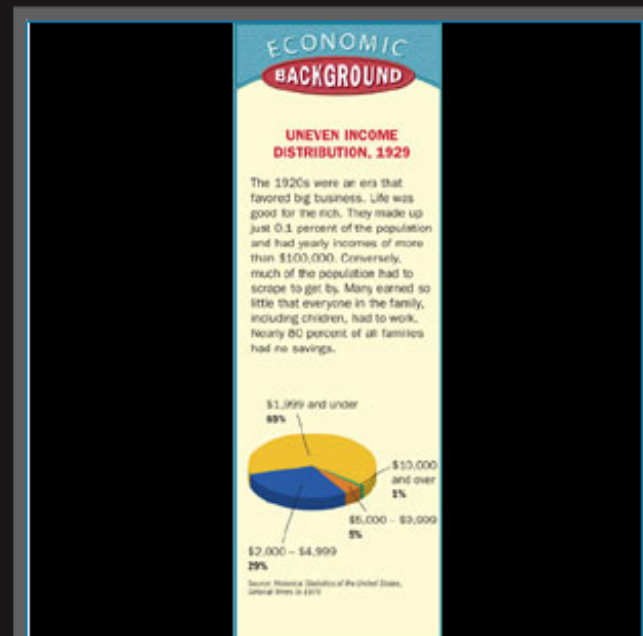
Economic Troubles on the Horizon


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 *[Visual]*

- 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



 Economic Background

Hoover Takes the Nation

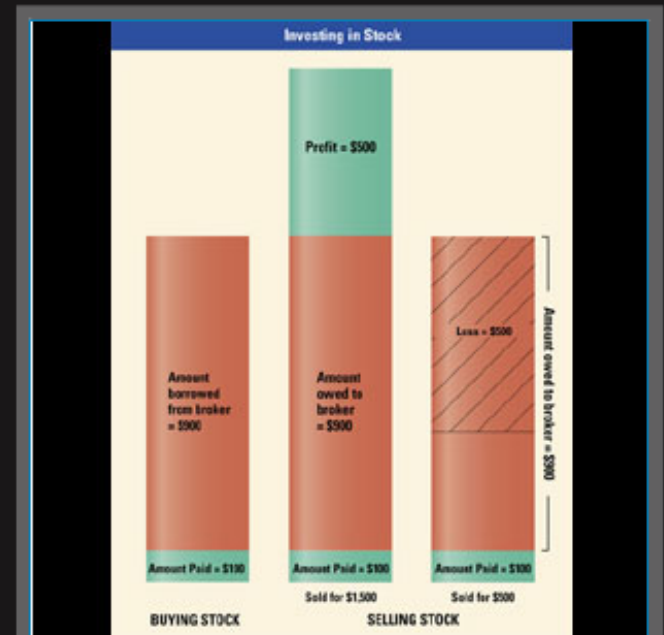
The Election of 1928

- Democrat **Alfred E. Smith**—four times governor of New York
- Republican Herbert Hoover gets overwhelming victory

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 *[Visual]*



Investing in stock

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 *[Visual]*
- People who bought on credit left with huge debts
- Others lose most of their savings



🔍 In this 1932 political cartoon, a formerly wealthy man—hit hard by the Great Depression—sells fruit with other poor people.



DEMOCRACY

Financial Collapse

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 *[Visual 1]*
- 1929–1932, gross national product cut nearly in half
 - 90,000 businesses go bankrupt *[Visual 2]*
- 1933, 25% of workers jobless; those with jobs get cuts in hours, pay *[Visual 3]*



Bank Failures



Business Failures



Unemployment

Financial Collapse

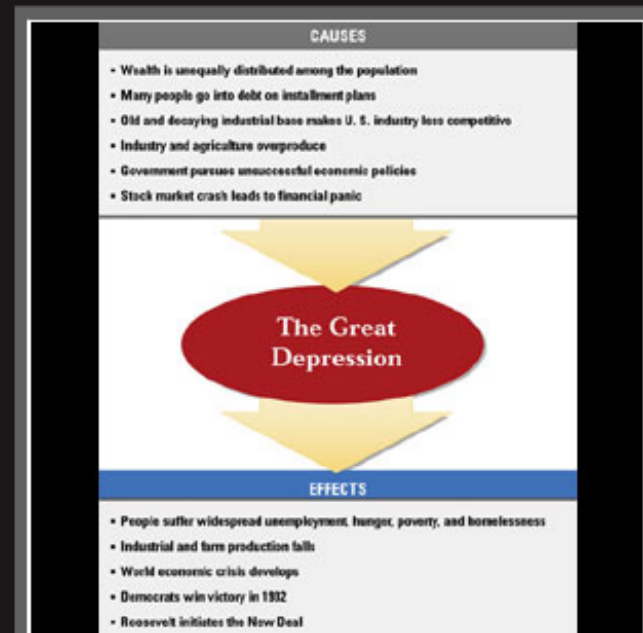
Worldwide Shock Waves

- 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

Financial Collapse

Causes of the Great Depression

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



 The Great Depression

Section 2

Hardship and Suffering During the Depression


During the Great Depression Americans do what they have to do to survive.

The Depression Devastates People's Lives

The Depression in the Cities

- People lose jobs, are evicted from homes
- **Shantytowns**, settlements consisting of shacks, arise in cities *[Visual]*
- 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



 A shantytown in a city.

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 *[Visual 1]*
- **Dust Bowl**— area from North Dakota to Texas that is hardest hit *[Visual 2]*
- Many farm families migrate to Pacific Coast states



A ranch located in the Dust Bowl near Boise City, Oklahoma, about to be engulfed by a gigantic dust cloud (1935).



The Dust Bowl, 1933–1936

Effects on the American Family

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

Effects on the American Family

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

Effects on the American Family

Children Suffer Hardships

- Poor diets, health care lead to serious health problems in children *[Visual]*
- Lack of tax revenue leads to shortened school year, school closings
- Teenagers leave home, ride trains in search of work, adventure



 Children living in poverty being cared for by a doctor and nurse.

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

Section 3

Hoover Struggles with the Depression

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

Hoover Tries to Reassure the Nation

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

Hoover Tries to Reassure the Nation

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

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" *[Visual]*



Political cartoon showing President Herbert Hoover trying to deal with the Great Depression (1930).



AWFUL JOB TO QUIET ANYTHING AROUND HERE!

TARIFF?

DROUGHT DAMAGE

BUSINESS DEPRESSION

H.H.

DEM. NATIONAL COMMITTEE

ALL THE OLD FAMILIAR SONGS HERE!

TAINT GONNA RAIN NO MO!

THE GOOD TIMES AINT WHAT THEY USED TO BE

NOBODY KNOWS HOW DRY I AM!

Berenson

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

Gassing the Bonus Army

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

Gassing the Bonus Army

Hoover Disbands the Bonus Army *[Visual]*

- 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



 The Bonus Army camped in Washington D.C.

