

Chapter 15

***Crash and Depression
(1929–1933)***

America: Pathways to the Present

Chapter 15: Crash and Depression (1929–1933)

Section 1: The Stock Market Crash

Section 2: Social Effects of the Depression

Section 3: Surviving the Great Depression

Section 4: The Election of 1932

The Stock Market Crash

PRENTICE HALL

Chapter 15, Section 1

- **What events led to the stock market's Great Crash in 1929?**
- **Why did the Great Crash produce a ripple effect throughout the nation's economy?**
- **What were the main causes of the Great Depression?**



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The Market Crashes

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Chapter 15, Section 1

- The market crash in October of 1929 happened very quickly.
- In September, the Dow Jones Industrial Average, an average of stock prices of major industries, had reached an all time high of 381.
- On October 23 and 24, the Dow Jones Average quickly plummeted, which caused a panic.
- On **Black Tuesday**, October 29, 1929, most people sold their stocks at a tremendous loss.
- This collapse of the stock market is called the **Great Crash**. Overall losses totaled \$30 billion.
- The Great Crash was part of the nation's **business cycle**, a span in which the economy grows, and then contracts.



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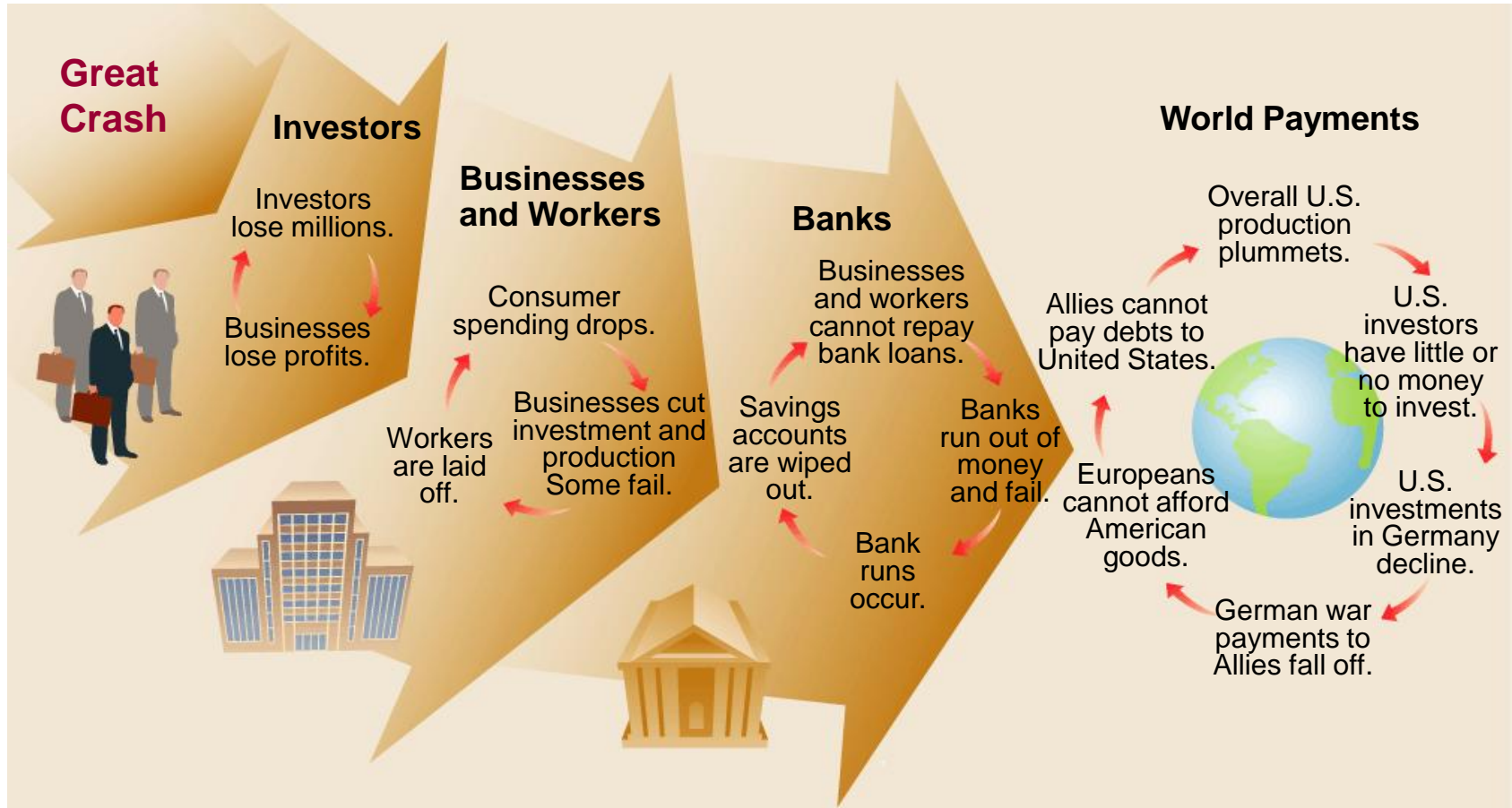
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Effects of the Great Crash, 1929

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The Great Depression

PRENTICE HALL

Chapter 15, Section 1

- The economic contraction that began with the Great Crash triggered the most severe economic downturn in the nation's history—the **Great Depression**.
- The Great Depression lasted from 1929 until the United States entered World War II in 1941.
- The stock market crash of 1929 did not cause the Great Depression. Rather, both the Great Crash and the Depression were the result of deep underlying problems with the country's economy.



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Underlying Causes of the Depression

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An Unstable Economy

The prosperous economy of the 1920s lacked a firm base. The nation's wealth was unevenly distributed. Those who had the most tended to save or invest rather than buy goods. Industry produced more goods than most consumers wanted or could afford.

Overspeculation

Speculators bought stocks with borrowed money and then pledged those stocks as collateral to buy more stocks. The stock market boom was based on borrowed money.

Government Policies

During the 1920s, the Federal Reserve System cut interest rates to assist economic growth. In 1929, it limited the money supply to discourage lending. As a result, there was too little money in circulation to help the economy after the Great Crash.



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The Stock Market Crash—Assessment

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_____ was part of the nation's business cycle.

- (A) The Great Crash**
- (B) Overspeculation**
- (C) Black Tuesday**
- (D) An uneven distribution of wealth**

How did the Federal Reserve try to assist economic growth?

- (A) Raising interest rates**
- (B) Limiting the money supply**
- (C) Lowering interest rates**
- (D) Helping investors accumulate more collateral**

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The Stock Market Crash—Assessment

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Social Effects of the Depression

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Chapter 15, Section 2

- **How did poverty spread during the Great Depression?**
- **What social problems were caused by poverty in the 1930s?**
- **How did some people struggle to survive hard times?**



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Poverty Spreads

PRENTICE HALL

Chapter 15, Section 2

- People of all levels of society faced hardships during the Great Depression.
- Unemployed laborers, unable to pay their rent, became homeless.
- Sometimes the homeless built shacks of tar paper or scrap material. These shanty town settlements came to be called **Hoovervilles**.
- Farm families suffered from low crop prices.
- As a result of a severe drought and farming practices that removed protective prairie grasses, dust storms ravaged the central and southern Great Plains region. This area, stripped of its natural soil, was reduced to dust and became known as the **Dust Bowl**.
- The combination of the terrible weather and low prices caused about 60 percent of Dust Bowl families to lose their farms.



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Poverty Strains Society

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Chapter 15, Section 2

Impact on Health

Some people starved and thousands went hungry.
Children suffered long-term effects from poor diet and inadequate medical care.

Stresses on Families

Living conditions declined as families crowded into small houses or apartments.
Men felt like failures because they couldn't provide for their families.
Working women were accused of taking jobs away from men.

Discrimination Increases

Competition for jobs produced a rise in hostilities against African Americans, Hispanics, and Asian Americans.
Lynchings increased.
Aid programs discriminated against African Americans.



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Social Effects of the Depression—Assessment

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Chapter 15, Section 2

What factors contributed to disaster for farming families living in the Dust Bowl?

- (A) Drought**
- (B) Farmers plowing under prairie grasses**
- (C) Decreased prices for agricultural goods**
- (D) All of the above**

The shanty towns made up of temporary shacks were called:

- (A) Roosevilles**
- (B) Hoovervilles**
- (C) Greenspans**
- (D) Simpson towns**

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Surviving the Great Depression

PRENTICE HALL

Chapter 15, Section 3

- In what ways did Americans pull together to survive the Great Depression?
- What signs of change did Americans begin to notice in the early 1930s?



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Americans Pull Together

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Chapter 15, Section 3

- Throughout the country, people pulled together to help one another.
- Neighbors in difficult circumstances helped those they saw as worse off than themselves.
- When banks foreclosed on a farm, neighboring farmers would bid pennies on land and machines, which they would then return to the original owners. These sales became known as **penny auctions**.
- Some Americans called for radical political and economic change. They believed that a fairer distribution of wealth would help to end the hard times.
- Jokes and humor helped many people to fight everyday despair.



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Signs of Change

PRENTICE HALL

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Prohibition Is Repealed

In February 1933, Congress passed the **Twenty-first Amendment**, which repealed the eighteenth amendment prohibiting the sale of alcohol.

The Empire State Building

2,500 to 4,000 people worked on the construction. The cost of construction was about \$41 million. At that time, it was the world's tallest building and had 102 stories and 67 elevators.

The End of an Era

Many things that symbolized the 1920s faded away.

- Organized crime gangster Al Capone was sent to prison.
- Calvin Coolidge died.
- Babe Ruth retired.



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Surviving the Great Depression—Assessment

PRENTICE HALL

Chapter 15, Section 3

What was a penny auction?

- (A) An event at which stocks once highly valued were auctioned off for a penny.**
- (B) An event at which laborers eager for work auctioned off their labor for pennies.**
- (C) An event at which neighbors, in an effort to help each other, auctioned their spare rooms for a penny.**
- (D) An event at which neighboring farmers bid pennies on land and machines, which the buyers then returned to the original owners.**

Which of the following did not symbolize an end to the prosperity of the 1920s?

- (A) Al Capone went to jail.**
- (B) Babe Ruth retired.**
- (C) Riots and political upheaval erupted in the nation's cities.**
- (D) Calvin Coolidge died.**

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The Election of 1932

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Chapter 15, Section 4

- **How did President Hoover respond to the Great Depression?**
- **What did Roosevelt mean when he offered Americans a “New Deal”?**
- **Why was the election of 1932 a significant turning point for American politics?**



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Hoover's Limited Strategy

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- Hoover convinced business leaders to help maintain public confidence in the economy.
- To protect domestic industries, Congress passed the **Hawley-Smoot tariff**, the highest import tax in history. European countries also raised their tariffs, and international trade suffered a slowdown.
- Hoover set up the **Reconstruction Finance Corporation (RFC)**, which gave government credit to banks, industries, railroads, and insurance companies. The theory was that prosperity at the top would help the economy as a whole. Many Americans saw it as helping bankers and big businessmen, while ordinary people went hungry.
- Hoover did not support federal public assistance because he believed it would destroy people's self-respect and create a large bureaucracy.
- Finally, public opinion soured for Hoover when he called the United States Army to disband a protest of 20,000 unemployed World War I veterans called the **Bonus Army**.



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A “New Deal” for America

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- **FDR promised a New Deal for the American people.**
- **He was ready to experiment with government roles in an effort to end the Depression.**
- **As governor of New York, Roosevelt had set up an unemployment commission and a relief agency.**
- **FDR’s wife, Eleanor, was an experienced social reformer. She worked for public housing legislation, state government reform, birth control, and better conditions for working women.**
- **When the Roosevelts campaigned for the presidency, they brought their ideas for political action with them.**



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The Election of 1932

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Franklin Roosevelt

- **Believed that government had a responsibility to help people in need.**
- **Called for a reappraisal of values and more controls on big business.**
- **Helped many Americans reassess the importance of “making it on their own” without any help.**
- **Much of his support came from urban workers, coal miners, and immigrants in need of federal relief.**
- **Roosevelt won 57 percent of the popular vote and almost 89 percent of the electoral vote.**

Herbert Hoover

- **Believed that federal government should not try to fix people’s problems.**
- **Argued that federal aid and government policies to help the poor would alter the foundation of our national life.**
- **He argued for voluntary aid to help the poor and argued against giving the national government more power.**
- **Hoover gave very few campaign speeches and was jeered by crowds.**



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The Election of 1932—Assessment

PRENTICE HALL

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What was one way President Hoover wanted to battle the Depression?

- (A) Federal relief programs**
- (B) U.S. expansion into foreign markets**
- (C) Stock market investment**
- (D) Voluntary aid**

Roosevelt won public support from which groups?

- (A) Urban workers and coal miners**
- (B) Big business executives**
- (C) Supporters of international trade**
- (D) Journalists and newspaper publishers**

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