Great Depression

SSUSH17 Analyze the causes and consequences of the Great Depression.

a. Describe the causes, including overproduction, underconsumption, and stock market speculation, that led to the stock market crash of 1929 and the Great Depression.

Causes of the Great Depression

Republican Herbert Hoover became president in 1929. Although not as conservative as Coolidge, Hoover also opposed too much government interference in business. Unfortunately for Hoover, he took office at a time when the US economy was about to collapse. On October 29, 1929, a date known as Black Tuesday, the stock market crashed! Prices dropped drastically. Many who bought stock on speculation or invested by buying on the margin lost everything. Others were financially ruined as brokers and banks began to call in loans that people had no money to pay. The disaster marked the beginning of the Great Depression. The Great Depression lasted for more than a decade and remains the greatest economic crisis in US history.

Four Causes of the Great Depression

<table>
<thead>
<tr>
<th>Causes of the Great Depression</th>
<th>Defined</th>
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<tbody>
<tr>
<td>Overproduction</td>
<td>When producers (businesses) make more than consumers want</td>
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<tr>
<td>Under-Consumption</td>
<td>Consumers are unwilling to purchase what has been made by producers</td>
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<td>Speculation and &quot;Buying on the Margin&quot;</td>
<td><strong>Speculation</strong>: Buying risky stock. <strong>Buying on Margin</strong>: Borrowing money to purchase stock. Together the decreased the value of the stock market and eventually the businesses involved in the stock market.</td>
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<tr>
<td>Stock Market Crash of 1929</td>
<td>Black Tuesday was the financial signal for investors that the economy was going into an economic recession and eventually a depression.</td>
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b. Explain factors (include over-farming and climate) that led to the Dust Bowl and the resulting movement and migration west.

The Dustbowl

Eventually, overproduction and the fall in prices that accompanies can seriously hurt producers, raise unemployment, and hurt the economy. One group that understood this better than anyone was farmers. Farmers did not enjoy the same prosperity as the rest of the country during the 1920s. From 1909 through the war years, farmers did well due to the high demand for their products. With the war over, however, times changed. New machinery, such as tractors, allowed farmers to produce far more. However, this resulted in overproduction and caused agricultural prices to drop drastically in the 1920s. Although Congress made attempts to pass bills...
designed to increase farm prices, they were vetoed by Coolidge (remember, Coolidge did not think government should interfere in the economy).

As a result, the agricultural industry was unable to recover and many farms went into foreclosure. Eventually, over-production had devastating effects on the environment as well. In an attempt to take advantage of high demand for their products during WWI, mid-western farmers unknowingly stripped much of the land and left it damaged by poor farming techniques. This damage combined with climate changes. The climate change led to massive droughts (shortage of rain) left much of the mid-western soil extremely dry, exposed by a lack of crops, and easily swept away by high winds (over-farming). These conditions served to create a disaster in the early 30s known as the Dust Bowl. The Dust Bowl was a series of storms that hit the Midwest (Texas, Kansas, Oklahoma), causing enormous clouds of dust to be created by the high winds. These black clouds would blanket farms, and even entire cities, as they destroyed areas and left them uninhabitable. The ruthless storms displaced hundreds of thousands of farmers, forcing them to become homeless migrants. Many of these homeless farmers migrated to the west coast (California, Oregon, Washington) in hopes of finding better farming opportunities.

c. Explain the social and political impact of widespread unemployment that resulted in developments such as Hoovervilles.

Document Analysis 1

. . . Kentucky coal miners suffered perhaps the most. In Harlan County there were whole towns whose people had not a cent of income. They lived on dandelions and blackberries. The women washed clothes in soapweed suds. Dysentery bloated the stomachs of starving babies. Children were reported so famished they were chewing up their own hands. Miners tried to plant vegetables, but they were often so hungry that they ate them before they were ripe. On her first trip to the mountains, Eleanor Roosevelt saw a little boy trying to hide his pet rabbit. “He thinks we are not going to eat it,” his sister told her, “but we are.” In West Virginia, miners mobbed company stores demanding food. Mountain people, with no means to leave their homes, sometimes had to burn their last chairs and tables to keep warm. Local charity could not help in a place where everyone was destitute. . . .

Source: Kentucky Coal Miner during Great Depression

Consequences of the Great Depression

Following the stock market crash of 1929, the US economy unraveled. People rushed in mass to withdraw money from banks, causing them to close. Back then, the government did not insure bank accounts. Therefore, if a bank closed and went out of business, anyone who had money in the bank lost all their savings. People stopped investing in the stock market, causing stock prices to fall even further. Wealthy families suddenly found themselves with nothing. At one point, roughly one out of every four US citizens did not have a job. Widespread unemployment led many people became homeless. Many people had to rely on soup kitchens and breadlines that provided food for the poor in order to have anything to eat. In larger cities, many of the homeless gathered together to live in homemade shacks. These makeshift villages came to be called Hoovervilles, in reference to the president whom much of the nation blamed for its woes. As the United States approached the presidential election of 1932, many citizens felt hopeless and desperate. The nation needed leadership and direction.