

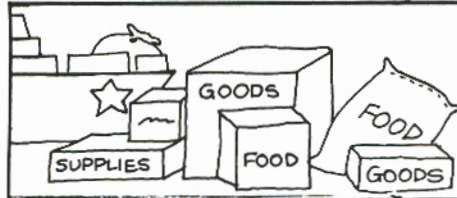
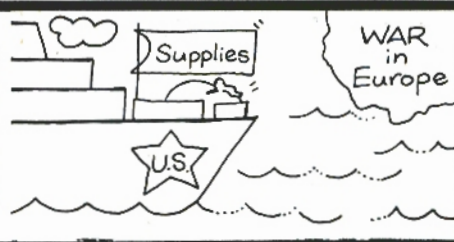
NATION: The Stock Market Crash

The Depression—What Caused It

President Herbert Hoover has a crumbling America on his hands. The country is in a **Great Depression** [a time of hardship]. Millions of Americans

have no jobs or money. Many have no homes and no food. Here's how the U.S. got dragged into a Depression.

WAR NEEDS—During the war, Europe needed food and goods from the U.S. So, U.S. farmers raised more food. U.S. factories made more goods. And U.S. banks loaned farms and factories the money to produce more goods. There was more demand for goods than supply.



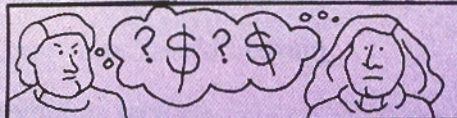
OVERPRODUCTION [more supply than demand]—After the war, Europe did not buy as much. But U.S. farmers and factories still produced large amounts of food and goods. Banks kept loaning them money so they could produce even more.

FALLING PRICES—When there is too much supply, prices fall. Farmers were the first group in trouble. They raised too much food. They had to sell it for less than it cost to raise it. They could not pay back loans. Some lost their farms.



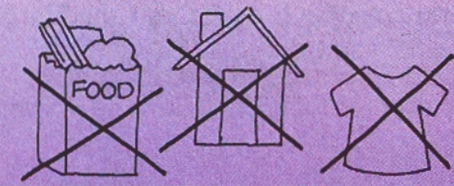
OVERSPECULATION [buying too much with borrowed money]—People borrowed money to buy goods. They borrowed money to buy stocks [shares in a company]. They hoped to buy stocks at a low price and then sell them at a higher price when its value went up. This is called **speculation**. But people borrowed too much money. They had to stop buying. Then companies could not sell their goods. So stock prices fell. Instead of making money, stock owners lost their money. Businesses lost their stock buyers. Businesses failed.

BANKS FAILED—Failed farmers and businesses could not pay back loans to the banks. The banks failed, too. When the banks failed, the people with money in the banks lost that money.



JOBLESSNESS—People everywhere were without money. Farmers had no work. Businesses had no jobs for people.

POVERTY—Without work, people could not make money. Without money, people could not buy food or goods. They could not pay for good houses or clothing. If people could not buy food or goods, farms and businesses could not start up again.



Many have no hope. The U.S. is depressed.

Stock Market Crashes: America in Pieces

New York, New York, October 24, 1929

Stock prices dropped so fast today that the **stock market "crashed."** Too many people were trying to sell stocks. Almost no one was buying stock. It's being called "**Black Thursday**" in the stock market.

The **stock market** is a place where people buy and sell **stocks** [shares or bits of a company]. Here's how the stock market works:

- Companies want more money to make more goods. They offer to sell stocks in their companies. The stock market sells the stocks for the companies.

- People buy the stocks from the stock market. If companies make money on their goods, stock owners make money.

But stock buying and selling is not working anymore because of:

- **Overproduction** [making more goods than can be sold]. Stock prices are low because companies cannot sell all the goods they make.

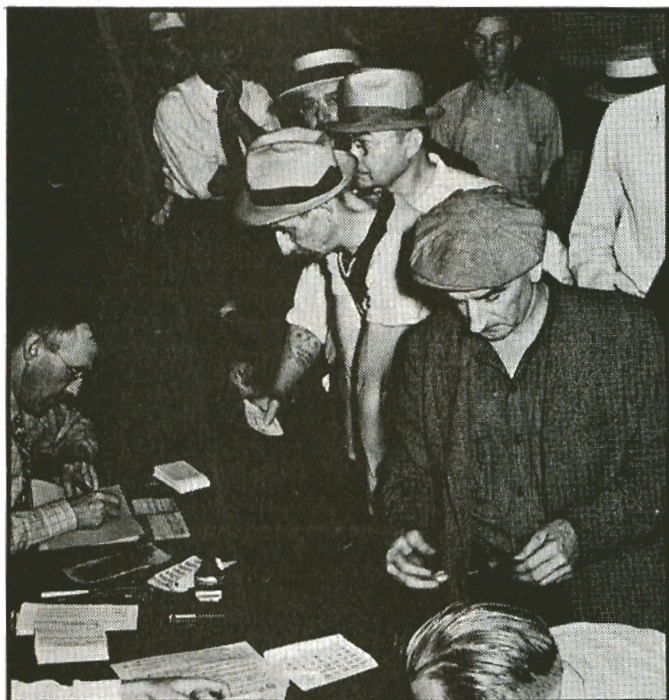
- **Overspeculation** [buying too much stock with borrowed money]. Many people have borrowed too much money to buy stocks. Low stock prices mean they cannot sell their stocks for enough money to pay back the loans.

The Great Depression started with this "crash" of the stock market.

PEOPLE: How the Depression Affects the U.S.

The Great Depression: A Look at How It Is Changing America

Across the U.S., 1930s



Jobless Americans: A Change in the Work Force:
WHO: 12 million Americans who lost their jobs and cannot find new jobs.
WHY: There are too many workers and not enough jobs. Factories, stores, and businesses have closed. Farms have shut down.

Soup Kitchens and Bread Lines: A Change in Living Standards
WHAT: Places where jobless, hungry Americans get free meals of bread and soup. Thousands of people stand in line every day to get free meals.
WHY: People without jobs cannot buy the food they need to stay alive.
HOW: Churches, charities, and local governments share what they have.
IMPORTANCE: Towns and cities help the poor people living there. As more workers lose their jobs and run out of money, however, the cities run out of money to help them.



HOOVERVILLES: A Change in Housing
WHAT: Groups of "homes" made of cardboard, scraps of tin and wood, or anything else people can find.
WHERE: Empty lots at the edges of cities, parks, or on any unused land.
WHY: Some people have nowhere else to go. They have lost their homes because they have no jobs and no money.
NAMED FOR: President Herbert Hoover who is blamed.



Poverty: A Change in Living Standards
WHAT: Living without ever having enough money for food, homes, clothes.

The Dust Bowl: A Change in Farming

WHAT: Dry, useless farmland.

WHERE: The Great Plains

WHY:

- Farmers were too poor to plant crops—there were no crops growing to hold down the soil.

- There was no rain—the soil got dry.

- There were high winds—storms carried away the dry, rich topsoil. Only poor soil was left.

IMPORTANCE: Poor farmers left their farms and moved to other states. They added more people to bread lines in those states.



President Herbert Hoover, 1929-1933: No Change in Government
ELECTED: In 1928 election—during good times. Republican party.

BEFORE: Became a mining engineer. He worked his way up from poor boy to rich man.

DURING: Believed in "rugged individualism." This is the idea that if people are left alone, they can help themselves and make the U.S. a better place to live. The government should leave people alone.

AFTER: Blamed for the Depression

NATION: The Bonus March

U.S. Army Stops Bonus March—Veterans Go Home Without Money

Washington, D.C., July 28, 1932

The U.S. Army, sent by President Hoover, drove the Bonus

Army out of Washington, D.C.,

today. Tanks and 600 armed U.S. soldiers broke up the camp

where the Bonus Army has been living in shacks since May.

The Bonus Army is made up of over 15,000 veterans of the World War and their wives and children. They marched on Washington. They said they would not leave until Congress gave them an early bonus [extra money for work done].

In 1924, Congress had voted to give a bonus of \$1,000 to veterans [people who had served in the World War]. But the money was not to be paid until 1945.

The veterans want their bonus now. They are poor, hungry, and without jobs. They say they won the war—now the government owes them help.

Hoover does not agree with the Bonus Army. He did not even talk to the marchers.

Many Americans are angry with Hoover. They say he has turned his back on people who risked their lives for the U.S.



Bonus Marchers arrive in Washington, D.C. to ask Congress for an early bonus.

DATELINE Looks Back on the Depression Years

THE ROARING TWENTIES, 1920-1929:

GOOD TIMES

Americans are enjoying good times. People are making money and spending it. They also are borrowing money to buy goods and stock. No one thinks the good times will end.

THE STOCK MARKET CRASH, 1929:

THE PARTY IS OVER

Good times end. Many people and businesses lose everything.

HOOVER IS PRESIDENT, 1929-1933:

GOVERNMENT HANDS OFF

President Hoover says the hard times will not last. People will find ways to get back on their feet. The government should not step in. People can take care of themselves.

HAWLEY-SMOOT TARIFF, 1930:

A SETBACK

Congress puts a higher tax on imports so Americans will buy American goods. But the tax makes other countries angry with America. They will not buy American goods. This tariff does not do what Congress wants it to do: help American manufacturers sell more products.

PUBLIC WORKS PROJECTS:

GOVERNMENT HELPS

President Hoover backs down a little. He gets Congress to set aside federal government money for projects such as building dams, roads, and parks. Boulder Dam is being built. Building these projects will give jobs to many.

Dateline Update: Boulder Dam is later named Hoover Dam.

RECONSTRUCTION FINANCE CORPORATION, 1932:

GOVERNMENT HELP

President Hoover gets Congress to set up the Reconstruction Finance Corporation (RFC). The RFC will loan government money to banks, insurance companies, and railroads. The money is to keep them in business so they can keep people working.

THE DEPRESSION GETS WORSE, 1932:

HOPELESSNESS

Government help has come too late. More people are without jobs. More farmers have lost their farms. Money is short everywhere in the U.S.

PEOPLE: Two Presidents' Ideas on the Depression

Hoover's Plan Fails—Depression Goes On

Washington, D.C., 1932

President Herbert Hoover is finally having government step in to end the Depression. He is getting government to loan money to business. If business starts up again, it will give people jobs. And once people are working, they will have money to spend.

Hoover's four-part plan will have the government:

1. Loan money to business.
2. Buy farm surplus [extra crops].
3. Hire people for public works.
4. Make Americans buy American.

To carry out Hoover's plan, Congress has:

- Set up the **Reconstruction**

Hoover's Four-Part Plan to End the Depression:



Finance Corporation [RFC] to loan money to businesses to keep them going so people have jobs.

- Set up the **Federal Farm Board** to buy farm surplus so farmers can earn money.

- Set up **Public Works Projects** to give people work. This plan uses government money to build roads, parks, bridges, and dams.

- Passed the **Hawley-Smoot Tariff** to make Americans buy American goods. The tariff makes

foreign goods cost too much.

So far, these plans do not seem to be helping. Many people want the federal government to help poor people directly.

But Hoover believes in:
 ■ **"Rugged individualism"**—people should find ways to help themselves.

- Giving people jobs, not a free handout from the federal government.

- Letting local and state governments help the poor people.

Roosevelt Elected President—Promises "New Deal"

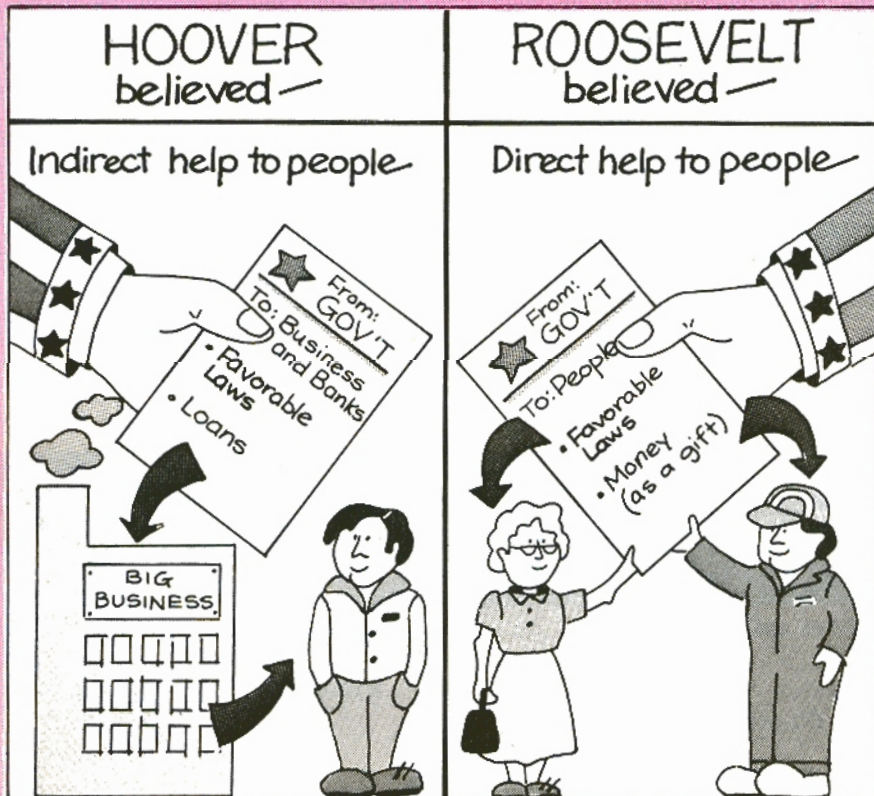
Washington, D.C., 1932

Franklin Delano Roosevelt has been elected President of

the U.S. Roosevelt promises to fight the Depression with a "new deal" for Americans. He

wants the federal government to do more to help people get through the hard times.

Roosevelt easily defeated Herbert Hoover. Many people thought Hoover was not doing enough to stop the Depression. Hoover wanted people to help themselves. But Roosevelt wants the federal government to step in with help.



The Depression Years: Steinbeck Remembers

California, 1939
 John Steinbeck's book, *The Grapes of Wrath*, tells of the hard times of the Great Depression.

Steinbeck's book tells the story of a farm family. They lose their farm in the Dust Bowl, so they leave for California. But they cannot find jobs anywhere. The people they meet along the way are hungry and homeless, too.