

Unit 9

1929 –
1939

The Great Depression of the 1930s

The Roaring Twenties came screeching to a stop in 1929. America suddenly began sliding into a severe economic downturn that came to be called the Great Depression.

The Great Depression lasted all through the decade of the 1930s. It brought hardship to families across the nation as millions of workers lost their jobs. Many businesses went bankrupt. Farmers struggled to make enough money to continue planting their crops. Thousands of banks closed their doors forever as the crisis continued year after year.

This unit tells the story of America during the Great Depression. We will look at the causes of the crisis, and its impact on Americans. We will also examine the government programs created by President Franklin Roosevelt and the Congress to try to get the nation back on its feet.

Internet resources:

www.fasttrackteaching.com/ffap

Words and people to know:

depression

recession

unemployment rate

Crash of 1929

stock market

stocks

overspeculate

Federal Reserve

monetary policy

tariffs

consumer goods

installment plans

Dust Bowl

drought

Franklin Roosevelt

New Deal



Works Progress
Administration (WPA)

Civilian Conservation
Corps (CCC)

Agricultural Adjustment
Administration (AAA)

National Labor
Relations Act

Social Security

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Internet Support Site: www.fasttrackteaching.com/ffap

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Outline – The Great Depression of the 1930s

1. The Great Depression began in 1929 and lasted into 1939.

A. A **depression** is a long-lasting downturn in the economy (businesses and jobs).

* A brief downturn in the economy is called a **recession**.

2. The Great Depression had a severe impact on Americans.

A. Many businesses and banks failed.

B. Many workers had no job. One-fourth (25%) of workers were unemployed in 1933.

C. Farmers' incomes fell to low levels as the price of farm products fell.

D. Many people were made homeless and hungry.



3. Causes of the Great Depression.

A. **The stock market crash of 1929** - many people overspeculated (spent too much money) on stocks, trying to make a fast profit.

* Stocks are certificates that represent part ownership of a business. They can be bought and sold as investments.

* After rising for many years, stock prices fell rapidly in 1929. This created a crisis for many businesses and people.

* People who had borrowed money to buy stocks often could not repay the loan when stock prices fell.

B. **The Federal Reserve's poor decisions** about the nation's money supply contributed to the collapse of the nation's banking system.

* The Federal Reserve is the government-run central bank. It is supposed to set a **monetary policy** that keeps the nation's money supply at the right level to help the economy grow.

C. **High tariffs** - tariffs are taxes on imported goods. High tariffs discouraged international trade, which hurt many businesses.

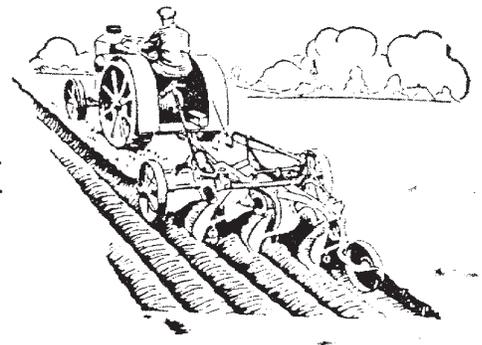
D. **Many people were in too much debt** from buying consumer goods with installment plans (paying the store over time).



4. A severe drought in these years made things even worse.

A. The drought (lack of rain) on the Great Plains ruined many farmers, especially in the area called the **Dust Bowl**.

B. Many farm families affected by the drought moved to other areas of the country in a desperate search for work.



Unit 9 Outline – *continued*

5. Franklin Roosevelt was elected in 1932 by promising a “New Deal.”

- A. FDR defeated President Herbert Hoover in the 1932 election.
 - * FDR used the term **New Deal** to describe the programs he wanted to try to end the Great Depression.
- B. FDR promised to get the federal government directly involved in large scale efforts to create new jobs.



6. Major features of President Franklin Roosevelt’s New Deal.

- A. **Federal work programs** - created jobs in public works projects, such as roads and bridges.
- B. **Farm assistance programs** - paid farmers to leave some land unplanted, in order to reduce overproduction of crops.
- C. **Environmental improvement programs** - built or improved parks, and planted trees to reduce the erosion of soil in farm areas.
- D. **Increased rights for labor** - laws were passed to help labor unions, and a minimum wage law was passed.
- E. **Social Security** - new programs were created that gave government payments to retired workers, the widows / children of workers who died, and disabled people unable to work.



7. The impact of FDR’s New Deal programs.

- A. They helped many people by creating jobs and restoring hope.
- B. They greatly expanded the role of the federal government.
- C. They did not, however, end the Great Depression - it took the start of World War II to do that.

8. Long-term impact of the Great Depression and the New Deal.

- A. It changed the way people think about the American economic system.
 - * Many people came to favor a larger role for the government in decisions that affect business, banking, consumers, and workers.
- B. It changed the way people think about the government and its role in American life.
 - * Many people came to favor a larger role for the government in planning for the well-being of all citizens.
- C. Debate about these changes is still a big part of American political life today.

The Great Depression

Complete the graphic organizer below by arranging these four items correctly in the boxes:

Farmers' incomes fell to low levels

Many banks and businesses failed

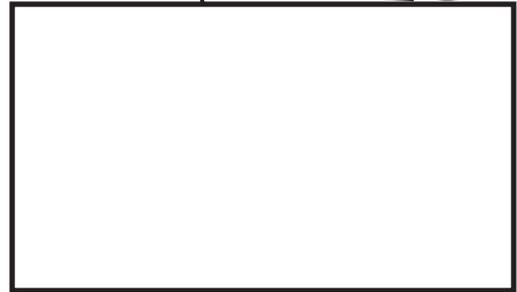
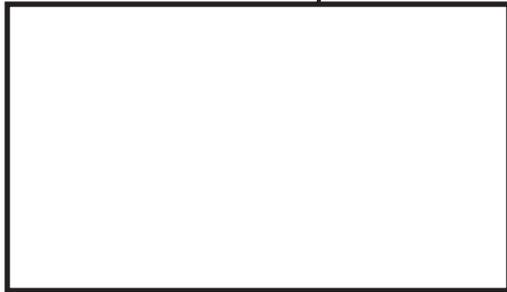
One-fourth of workers had no job

Many people were hungry and homeless

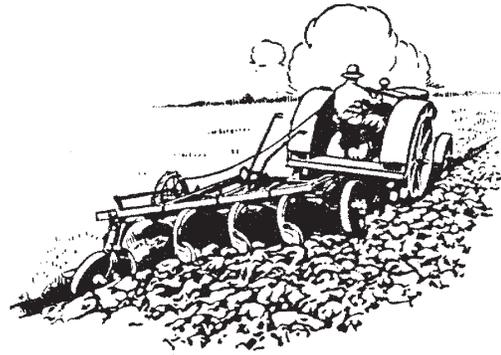
Impact of the Great Depression

CLOSED!

**Out of
Business**



**Free Lunch
– Today –
St. Patrick's
Church
*All welcome!***

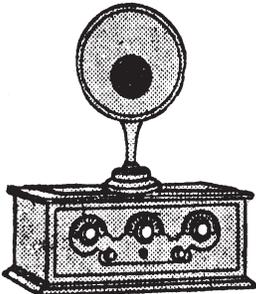


Causes of the Great Depression

What were the main causes of the Great Depression in the U.S. during the 1930s?

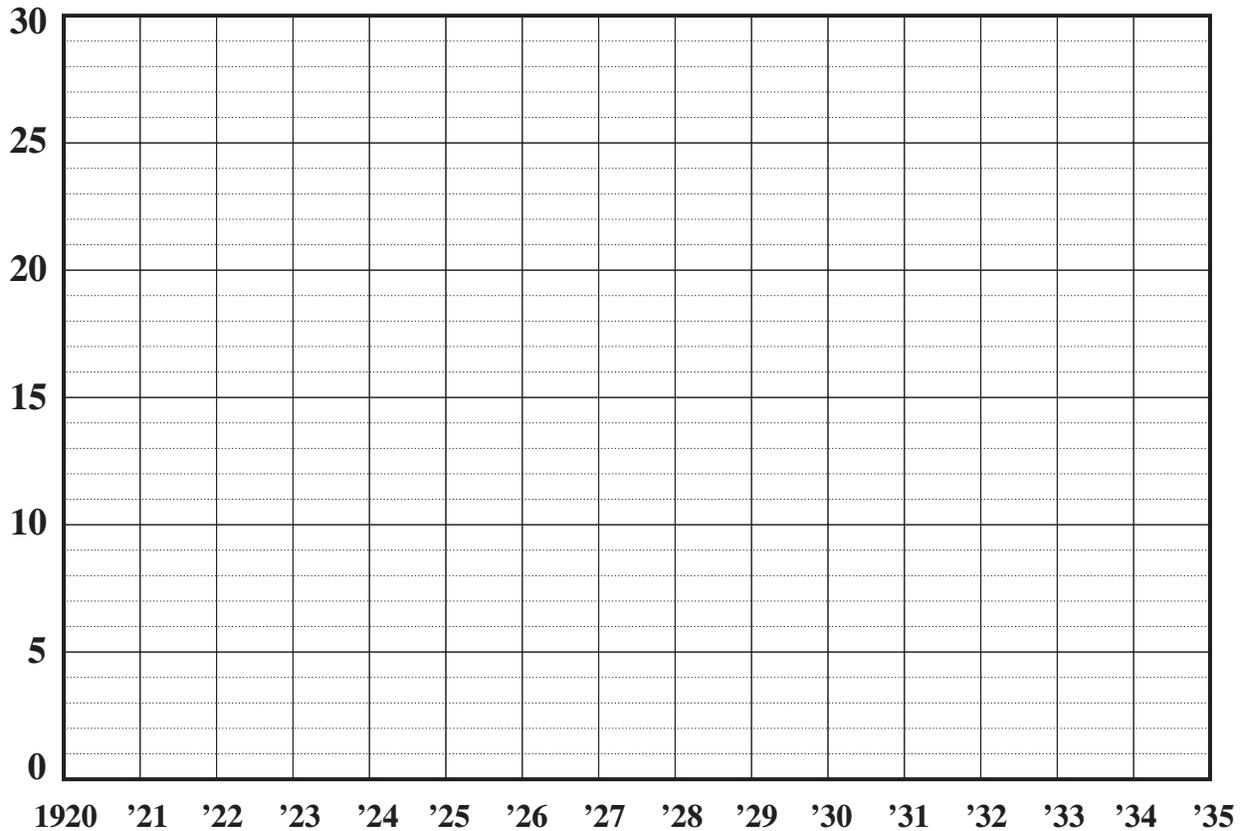






The Stock Market Crash of 1929

The stock market crash of 1929 was one of the causes of the Great Depression. Complete the line graph below to show how stock prices went up through most of the 1920s, then fell sharply once the investment "bubble" burst.



**Price Index of Common Stocks (S&P Index)
1920 to 1935**



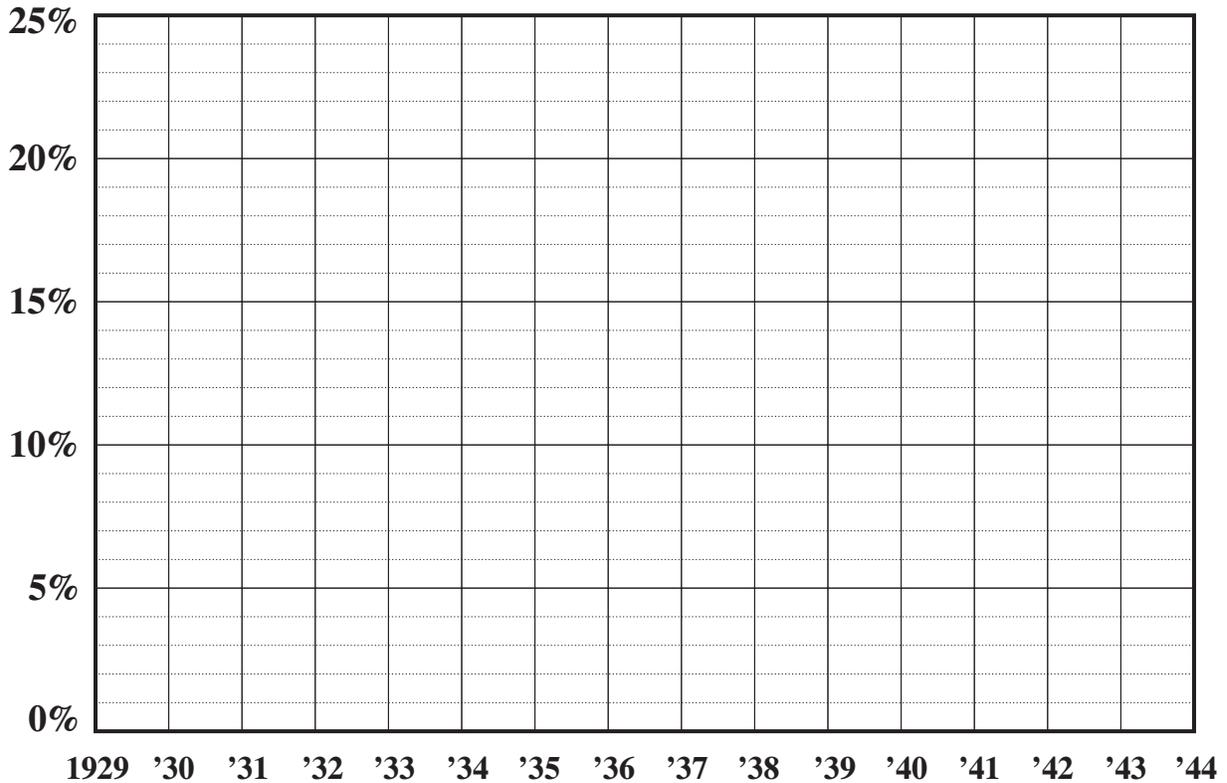
Use the table below to make the line graph above.

| Year | S&P Index |
|------|-----------|------|-----------|------|-----------|------|-----------|
| 1920 | 7.9 | 1924 | 9.05 | 1928 | 19.95 | 1932 | 6.93 |
| 1921 | 6.86 | 1925 | 11.15 | 1929 | 26.02 | 1933 | 8.96 |
| 1922 | 8.41 | 1926 | 12.59 | 1930 | 21.03 | 1934 | 9.84 |
| 1923 | 8.57 | 1927 | 15.34 | 1931 | 13.66 | 1935 | 10.60 |

source: *Historical Statistics of the United States*

Unemployment During the Great Depression

The **unemployment rate** measures the percent of workers who don't have a job but are actively looking for one. Complete this line graph to show how bad the unemployment problem was during the *Great Depression* of the 1930s.



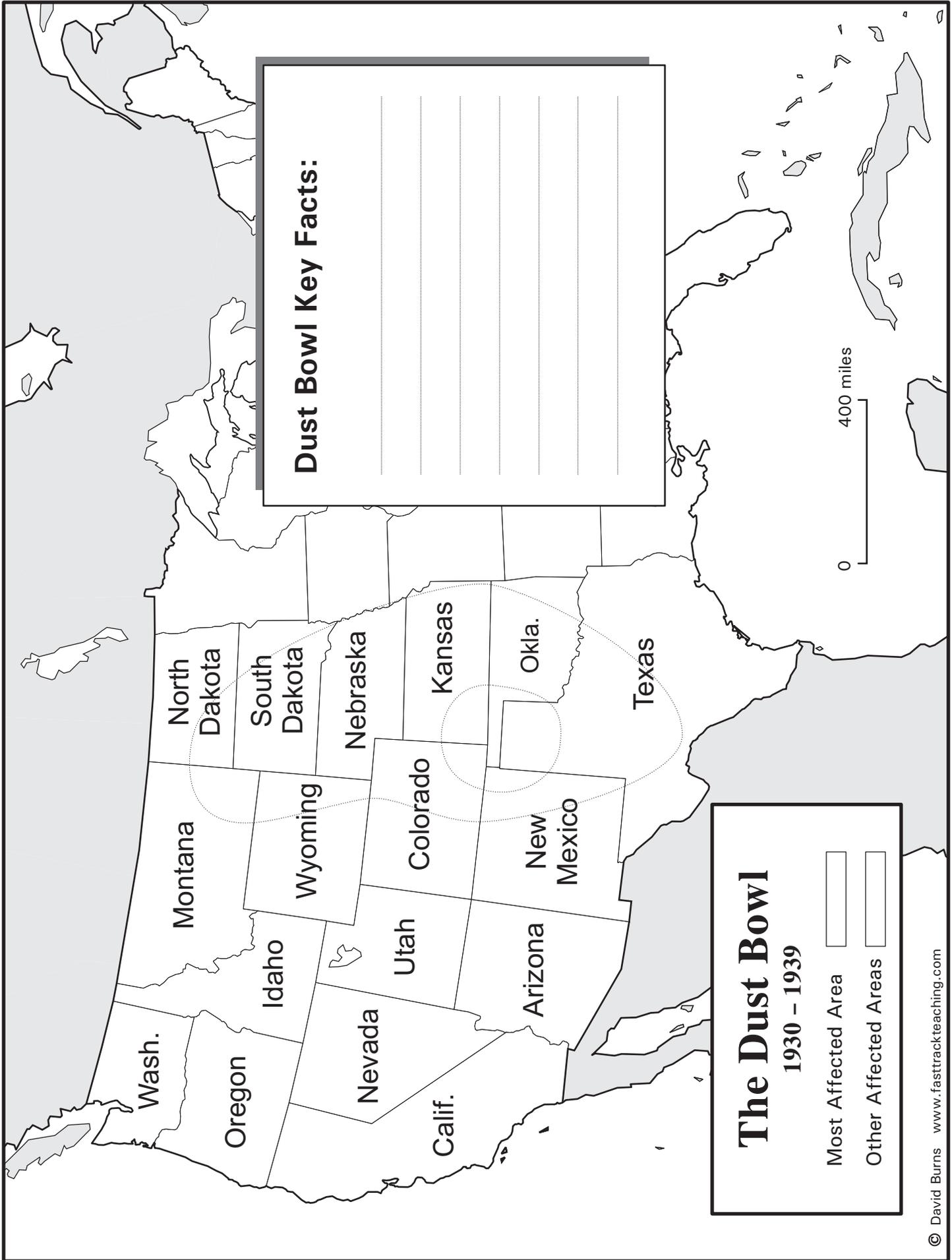
Unemployment Rate (Percent) 1929 to 1944



Use the table below to make the line graph above.

| Year | Unemployed (Percent) |
|------|----------------------|------|----------------------|------|----------------------|------|----------------------|
| 1929 | 3.2 | 1933 | 24.9 | 1937 | 14.3 | 1941 | 9.9 |
| 1930 | 8.7 | 1934 | 21.7 | 1938 | 19.0 | 1942 | 4.7 |
| 1931 | 15.9 | 1935 | 20.1 | 1939 | 17.2 | 1943 | 1.9 |
| 1932 | 23.6 | 1936 | 16.9 | 1940 | 14.6 | 1944 | 1.2 |

source: *Historical Statistics of the United States*



Dust Bowl Key Facts:

The Dust Bowl

1930 – 1939

Most Affected Area

Other Affected Areas

The New Deal: Major Features and Programs



President Franklin Roosevelt pushed Congress to start many new federal government programs to try to end the Great Depression.

Features & Examples



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WPA
Works Progress
Administration



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AAA
Agricultural
Adjustment
Administration



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CCC
Civilian
Conservation
Corps



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**Social
Security**



.....
.....

**National
Labor
Relations Act**

The Impact of FDR's New Deal

The New Deal had a huge impact on America in the 1930s. Here are some facts and issues from that time that people still talk about today:



| On one side: | On the other side: |
|---|---|
| <p>The New Deal helped many people find a job, gave people hope, and helped improve many lives.</p> <p>It expanded the role of the federal government in managing the nation's economy.</p> | <p>It did not actually end the Great Depression. That didn't happen until World War II began.</p> <p>It may have slowed down the growth of businesses, reducing the growth of new jobs.</p> |

The Great Depression and the New Deal changed how Americans think about the economy and the role of the government. Here are some big questions that are still part of politics and elections today:

- 1 _____

- 2 _____

- 3 _____

Agricultural Adjustment Administration (AAA) - a New Deal program created to help farmers during the Great Depression. It attempted to create a better balance between what farms were producing and what buyers needed. To do this, the program gave payments to farmers to reduce the amount of land they planted.

Civilian Conservation Corps (CCC) - a New Deal program created with two main goals: create jobs for unemployed young men, and improve the environment. Young men hired into the CCC worked in national parks to create hiking trails and roads, and also planted trees to reduce the erosion of soil in farming areas.

consumer goods - products people purchase for their own or their family's use, such as clothing, appliances, cars, etc.

Crash of 1929 - the very large drop in the value of stock certificates in 1929. The crash of stock market prices ruined many businesses and investors, and was one of the causes of the Great Depression.

depression - a long lasting drop in a nation's economy. In a depression, many businesses are forced to lay off workers, because they cannot sell enough of their products. Many businesses go bankrupt as their sales continue to fall.

drought - a period of low rainfall.

Dust Bowl - the area of the Great Plains that was most affected by a severe drought (low rainfall) that lasted through most of the 1930s.

Federal Reserve - the nation's central bank, established by the federal government. Its main job is to make sure the nation's money supply is adjusted to fit the overall needs of the economy. It also works to make sure that regular banks are being operated properly.

installment plans - a way of purchasing an item "on credit" and paying a small amount to the store each month.

National Labor Relations Act - a law passed in 1935 to help improve the rights of workers and labor unions. Among other things, the law gave a clear legal right for workers to organize a union and go on strike.

monetary policy - the decisions made by the country's central bank, the Federal Reserve, that affect the size of the nation's money supply.

New Deal - the term for the many programs and agencies created by President Franklin Roosevelt and Congress during the Great Depression.

overspeculation - excessive and risky investment in the stock market, especially when using borrowed money. (Speculation means to invest in something in hope of making a profit later.)

recession - a downturn in the nation's economy that is not as long or serious as a depression.

Roosevelt, Franklin - the New York political leader who served as president from 1933 to early 1945. FDR was elected as the Great Depression grew especially bad in 1932. He is best known for his New Deal programs, the various government efforts aimed at ending the Great Depression. He remained in office through most of World War II, and died in 1945.

Social Security - a New Deal program that created a system of government payments to retired workers, widows and children of workers who die, and disabled people unable to work.

stocks - certificates that represent part ownership of a business. Investors who buy these certificates receive a share of the company's profits each year. They can sell their stocks to other investors later if they wish.

stock market - a place where stocks are bought and sold, such as the New York Stock Exchange on Wall Street in New York City.

tariffs - taxes a country puts on imported goods (products brought into the country from businesses in another country). Tariffs can be used to protect a nation's own businesses from competition from products produced elsewhere. Tariffs have the bad effect, however, of reducing international trade.

unemployment rate - the percent of all workers who do not have a job but are actively looking for one. An unemployment rate over about 5 or 6 percent is considered bad. During the Great Depression, the unemployment rate hit as high as 25 percent.

Works Progress Administration (WPA) - one of the New Deal jobs programs created by President Franklin Roosevelt and Congress during the Great Depression. Projects run by the WPA included road building, construction of airports and post office buildings, and educational programs of many kinds.