

# The Artios Home Companion Series

## Unit 18a: The Great Depression

### Teacher Overview

*“Once I built a railroad, I made it run. I made it race against time.*

*“Once I built a railroad, now it's done. Brother, can you spare a dime?”*

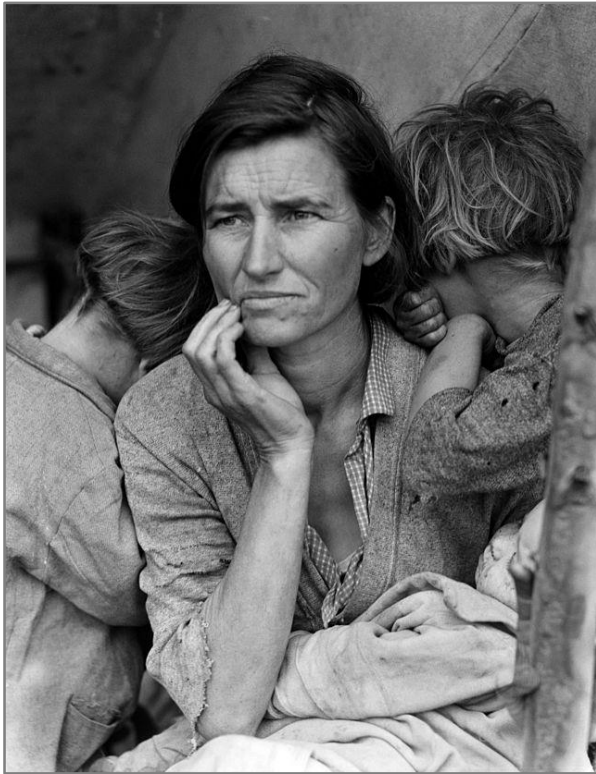
– Lyrics by E. Y. “Yip” Harburg

At the end of the 1920s, the United States boasted the largest economy in the world. With the destruction wrought by World War I, Europeans struggled while Americans flourished. Upon succeeding to the presidency, Herbert Hoover predicted that the United States would soon see the day when poverty was eliminated. Then, just as America reached a moment of apparent triumph, everything fell apart. The stock market crash of 1929 touched off a chain of events that plunged the United States into the longest, deepest economic crisis of its history.

It is far too simplistic to view the stock market crash as the single cause of the Great Depression. A healthy economy can recover from such a contraction. Long-term underlying causes sent the nation into a downward spiral of despair. First, American firms earned record profits during the 1920s and reinvested much of these funds into expansion. By 1929, companies had expanded to the bubble point. Workers could no longer continue to fuel further expansion, so a slowdown was inevitable. While corporate profits skyrocketed, wages increased only incrementally, which widened the distribution of wealth. Middle-class Americans had already stretched their debt capacities by purchasing automobiles and household appliances on installment plans.

There were fundamental structural weaknesses in the American economic system. Banks operated without guarantees to their customers, creating a climate of panic when times got tough. Few regulations were placed on banks, and they lent money to those who speculated recklessly in stocks. Agricultural prices had already been low during the 1920s, leaving farmers unable to spark any sort of recovery. In addition, a drought lasting from 1930 to 1936, known as the Dust Bowl, aggravated the situation. When the Depression spread across the Atlantic, Europeans bought fewer American products, worsening the slide.

When President Hoover was inaugurated, the American economy was a house of cards. Hoover tried to forestall the ensuing Great Depression with government enforced efforts, public works projects like the Hoover Dam, tariffs, a near-tripling in the highest income tax bracket, and raises in corporate taxes. However, these measures failed to produce economic recovery. As he was unable to provide the proper relief from hard times, his popularity decreased as more and more Americans lost their jobs, the economy shrinking with each successive year of his presidency. As middle class Americans stood in the same soup lines previously graced only by the nation’s poorest, the entire social fabric of America was forever altered.



One of the most familiar images from the depression: Florence Thompson with her children in a migrant farm worker camp, California. Photo by Dorothea Lange

## Reading and Assignments

In this unit, students will:

- Complete five lessons in which they will learn about **The Great Depression**, journaling and answering discussion questions as they read.
- Define vocabulary words.
- Visit [www.ArtiosHCS.com](http://www.ArtiosHCS.com) for additional resources.

## Leading Ideas

**Happiness and success are not found in the gathering of wealth.**

*To the man who pleases him, God gives wisdom, knowledge and happiness, but to the sinner He gives the task of gathering and storing up wealth to hand it over to the one who pleases God. This too is meaningless, a chasing after the wind.*

— Ecclesiastes 2:26

## Vocabulary

### Lesson 1:

stockholder  
margin purchase  
speculator

### Lesson 2:

improvident

### Lesson 3:

coup  
ominous  
shantytowns  
decorum

### Lesson 4:

quagmire  
Hoovervilles  
Hoover flags

### Lesson 5:

cauldron  
the “blues”

## Key People, Places, and Events

New York Stock Exchange

J.P. Morgan, Jr.

Bonus Army March of 1932

President Herbert Hoover

President Franklin D. Roosevelt

Reconstruction Finance Corporation

Great Crash of 1929

The Great Depression

Hawley Smoot Tariff

General Douglas MacArthur

1933 Repeal of Prohibition

Federal Reserve Board

John Steinbeck

Election of 1932

# Lesson One

## History Overview and Assignments The Market Crashes

It was a boom time for the stockholder. Stock prices soared to record levels. Millionaires were made overnight. Sound like the stock market of the 1990s? Try the New York Stock Exchange on the eve of the Great Crash in 1929.



A Nervous crowd in front of the New York Stock Exchange on October 29, 1929

### Reading and Assignments

- Review the discussion questions and vocabulary, then read the article: *The Market Crashes*.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary words in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
- Be sure to visit [www.ArtiosHCS.com](http://www.ArtiosHCS.com) for additional resources.

### Vocabulary

stockholder

margin purchase

speculator

### Key People, Places, and Events

New York Stock Exchange  
Great Crash of 1929  
Federal Reserve Board  
J.P. Morgan, Jr.



Nine thousand banks failed during the months following the stock market crash of 1929

### Discussion Questions

1. What does it mean to buy stock on margin?
2. What causes stock prices to fall?
3. What eventually happened to the market on Tuesday, October 29?

## U.S. History Online Textbook

source: ushistory.org

### The Market Crashes

Although the 1920s were marked by growth in stock values, the last four years saw an explosion in the market. In 1925, the total value of the New York Stock Exchange was \$27 billion. By September 1929, that figure had skyrocketed to \$87 billion. This means that the average stockholder had more than tripled the value of the stock portfolio he or she was lucky enough to possess.

In his *Ladies' Home Journal* article, "Everyone Ought to Be Rich," wealthy financier John J. Raskob advised Americans to invest just \$15 dollars a month in the market. After twenty years, he claimed, the venture would be worth \$80,000. Stock fever was sweeping the nation, at least for those who had the means to invest.

Fueling the rapid expansion was the risky practice of buying stock on margin. A margin purchase allows an investor to borrow money, typically as much as 75% of the purchase price, to buy a greater amount of stock. Stockbrokers and even banks funded the reckless speculator. Borrowers were often willing to pay 20% interest rates on loans, being dead certain that the risk would be worth the rewards. The lender was so certain that the market would rise that such transactions became commonplace, despite warnings by the Federal Reserve

Board against the practice. Clearly, there had to be a limit to how high the market could reach.

What causes stock prices to fall? Although the workings of the New York Stock Exchange can be quite complex, one simple principle governs the price of stock. When investors believe a stock is a good value, they are willing to pay more for a share and its value rises. When traders believe the value of a security will fall, they cannot sell it at as high a price. If all investors try to sell their shares at once and no one is willing to buy, the value of the market shrinks.

On October 24, 1929, "Black Thursday," a massive sell-a-thon began. By the late afternoon, wealthy financiers like J. P. Morgan, Jr. pooled their resources and began to buy stocks in the hopes of reversing the trend. But the bottom fell out of the market on Tuesday, October 29. A record 16 million shares were exchanged for smaller and smaller values as the day progressed. For some stocks, no buyers could be found at any price. By the end of the day, panic had erupted, and the next few weeks continued the downward spiral. In a matter of ten short weeks the value of the entire market was cut in half. Suicide and despair swept the investing classes of America.



## Lesson Two

# History Overview and Assignments

## Sinking Deeper and Deeper

When the stock market crashed on October 29, 1929, few Americans believed that a decade long depression was underway. After all, only 4 million Americans had money invested on Wall Street. 90% of American households owned precisely zero shares of stock. President Herbert Hoover quickly addressed the nation, professing his faith in the soundness of the American economy. But soothing words were clearly not enough to stop the shrinking of a deeply flawed national economic system.



An impoverished American family living in a shanty, photographed by Dorothea Lange, employed by the Farm Security Administration to document the depression through the camera lens

### Reading and Assignments

- Review the discussion questions and vocabulary, then read the article: *Sinking Deeper and Deeper: 1929-33*.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary word in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
- Visit [www.ArtiosHCS.com](http://www.ArtiosHCS.com) for additional resources.

### Vocabulary

improvident

### Key People, Places, and Events

The Great Depression

Herbert Hoover

John Steinbeck

### Discussion Questions

1. What were some of the short-term consequences of the stock market crash?
2. What does it mean when a bank fails?
3. What was the unemployment rate during the Great Depression?
4. What is a soup kitchen?
5. What did people do in order to make ends meet?
6. Describe the Dust Bowl using outside research sources if needed.
7. What famous novel about the Great Depression was written by John Steinbeck?

## U.S. History Online Textbook

source: ushistory.org

### *Sinking Deeper and Deeper: 1929-33*

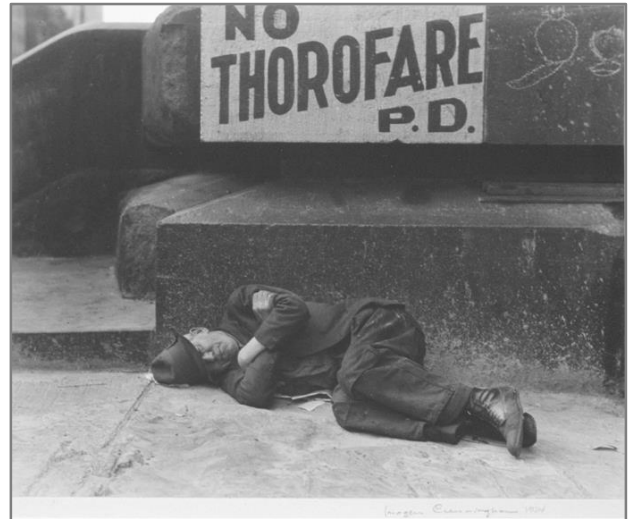
When the stock market crashed on October 29, 1929, few Americans believed that a decade long depression was underway. After all, only 4 million Americans had money invested on Wall Street. 90% of American households owned precisely zero shares of stock. President Herbert Hoover quickly addressed the nation, professing his faith in the soundness of the American economy. But soothing words were clearly not enough to stop the shrinking of a deeply flawed national economic system.

The stock market crash had many short-term consequences. Banks that improvidently lent money to futures traders to buy stock on margin found that many of those loans would go unpaid. Consequently, a rash of bank failures swept the nation. This had a tremendous ripple effect on the economy. If a working-class family was unfortunate enough to have their savings held in trust by a failed bank—too bad for them, all their money was lost.

As Americans saw banks close and savings disappear, less money was spent on goods and services. Many consumers who had bought the new conveniences of the Golden Twenties on the installment plan were unable to make their payments. Businesses began to lay off workers to offset new losses. Many manufacturers had overproduced and created huge inventories.

Unemployment brought even less savings and spending, and the economy slowed yet another notch. The downward spiral continued into 1933. The \$87 billion

1929 New York Stock Exchange was worth a mere \$15 billion in 1932. Unemployment rose from 1.5 million Americans in 1929 to a debilitating 12 million in 1932.



"Under the Queensborough Bridge" by photographer Imogen Cunningham, who documented the lives of the destitute of Oakland, California

Despair swept the nation. In addition to the nationwide 25% unemployment rate, many laborers were forced to choose between wage cuts and a pink slip. Most people who retained their jobs saw their incomes shrink by a third. Soup kitchens and charity lines, previously unknown to the middle class, were unable to meet the growing demand for food.

Desperate for income, thousands performed odd jobs from taking in laundry to collecting and selling apples on the street. College professors in New York City drove taxicabs to make ends meet. Citizens of Washington State lit forest fires in the hopes of earning a few bucks extinguishing them. Millions of backyard gardens were cultivated to grow vegetables.



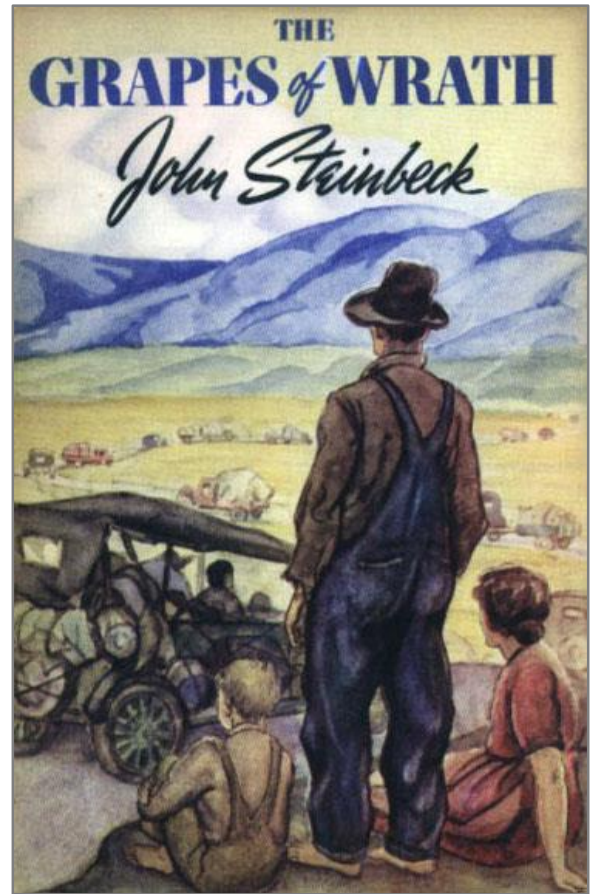
Placards advertising apple selling by the Depression-era unemployed

Americans prowled landfills waiting for the next load of refuse to arrive in the hopes of finding a few table scraps among the trash.

The strife was uneven across the land. Oklahoma was particularly hard hit, as a drought brought dry winds, kicking up a “Dust Bowl” that forced thousands to migrate westward. African Americans endured unemployment rates of nearly twice those of white communities, as African American workers were often the last hired and the first fired. Mexican Americans in California were offered free one-way trips back to Mexico to decrease job competition in the state. The Latino

population of the American Southwest sharply decreased throughout the decade, as ethnic violence increased.

As the days and weeks of the Great Depression turned into months and years, Americans became vocal about their discontent.



First published in 1939, John Steinbeck’s novel *The Grapes of Wrath* told of the Joad family’s loss and the hardships they encountered while trying to reach California and start anew.



## Lesson Three

### History Overview and Assignments

#### The Bonus March

Many in America wondered whether the nation would survive.

Although the United States had little history of massive social upheaval or coup attempts against the government, hunger has an ominous way of stirring those passions among any population. As bread riots and shantytowns grew in number, many began to seek alternatives to the status quo. Demonstrations in the nation's capital increased, as Americans grew increasingly weary with President Hoover's perceived inaction. The demonstration that drew the most national attention was the Bonus Army March of 1932.



Bonus Army marchers confront the police

### Reading and Assignments

- Review the discussion questions and vocabulary, then read the article: *The Bonus March*.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary words in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
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### Discussion Questions

1. Explain the purpose and actions of the Bonus Army March of 1932.
2. How do you feel about President Hoover's response to the march?



## Key People, Places, and Events

Bonus Army March of 1932  
President Herbert Hoover  
General Douglas MacArthur

## Vocabulary

coup  
ominous  
shantytowns  
decorum

*Adapted for High School from the book:*

### ***U.S. History Online Textbook***

*source: ushistory.org*

### ***The Bonus March***

In 1924, Congress had rewarded Veterans of World War I with certificates redeemable in 1945 for \$1,000 each. By 1932, many of these former servicemen had lost their jobs and fortunes in the early days of the Depression. They asked Congress to redeem their Bonus Certificates early.

Led by Walter Waters of Oregon, the so-called Bonus Expeditionary Force set out for the nation's capital. Hitching rides, hopping trains, and hiking finally brought the Bonus Army, now 15,000 strong, into the capital in June 1932. Although President Hoover refused to address them, the veterans did find an audience with a congressional delegation. Soon a debate began in the Congress over whether to meet the demonstrators' demands.

As deliberation continued on Capitol Hill, the Bonus Army built a shantytown across the Potomac River in Anacostia Flats. When the Senate rejected their demands on June 17, most of the veterans dejectedly returned home. But several thousand remained in the capital with their families. Many had nowhere else to go. The Bonus Army conducted itself with decorum and spent their vigil unarmed.

However, many believed them a threat

to national security. On July 28, Washington police began to clear the demonstrators out of the capital. Two men were killed as tear gas and bayonets assailed the Bonus Marchers. Fearing rising disorder, Hoover ordered an army regiment into the city, under the leadership of General Douglas MacArthur. The army, complete with infantry, cavalry, and tanks, rolled into Anacostia Flats forcing the Bonus Army to flee. MacArthur then ordered the shanty settlements burned.

Many Americans were outraged. How could the army treat veterans of the Great War with such disrespect? Hoover maintained that political agitators, anarchists, and communists dominated the mob. But facts contradict his claims. Nine out of ten Bonus Marchers were indeed veterans, and 20% were disabled. Despite the fact that the Bonus Army was the largest march on Washington up to that point in history, Hoover and MacArthur clearly overestimated the threat posed to national security. As Hoover campaigned for reelection that summer, his actions turned an already sour public opinion of him even further bottomward.

America sank deeper in Depression.

## Lesson Four

# History Overview and Assignments

## Hoover's Last Stand

As the years of President Hoover's presidency passed and the country slipped deeper and deeper into its quagmire, he would receive great blame. Somebody had to be blamed, and many Americans blamed their president.



A Hooverville near Portland, Oregon

### Reading and Assignments

- Review the discussion questions and vocabulary, then read the article: *Hoover's Last Stand*.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary words in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
- Be sure to visit [www.ArtiosHCS.com](http://www.ArtiosHCS.com) for additional resources.

### Vocabulary

quagmire  
Hooverilles  
Hoover flags

### Key People, Places, and Events

President Herbert Hoover  
Hawley Smoot Tariff  
Reconstruction Finance Corporation  
Election of 1932  
Franklin D. Roosevelt

### Discussion Questions

1. At what point in President Hoover's presidency did the Great Depression begin?
2. Why was government intervention in the economy contrary to Hoover's campaign slogan "*Rugged Individualism*"?
3. Why did Hoover and the Reconstruction Finance Corporation stop short of giving federal aid to individuals?
4. What did Roosevelt promise to the American people?
5. What were the results of the election of 1932?

## U.S. History Online Textbook

source: ushistory.org

### Hoover's Last Stand

President Herbert Hoover had the distinction of stepping into the White House at the height of one of the longest periods of growth in American history. Less than seven months after his inauguration, the worst depression in American history began.

Undoubtedly, the fault of the Great Depression was not Hoover's. But as the years of his presidency passed and the country slipped deeper and deeper into its quagmire, he would receive great blame. Urban shantytowns were dubbed Hoovervilles. Newspapers used by the destitute as bundling for warmth became known as Hoover blankets. Pockets turned inside out were called Hoover flags. Somebody had to be blamed, and many Americans blamed their president.

Having run for president under the slogan "Rugged Individualism" made it difficult for Hoover to promote massive government intervention in the economy. But in 1930, succumbing to pressure from American industrialists, Hoover signed the Hawley-Smoot Tariff, which was designed to protect American industry from overseas competition. Passed against the advice of nearly every prominent economist of the time, it was the largest tariff in American history.

The amount of protection received by industry did not offset the losses brought by a decrease in foreign trade. The Hawley-Smoot Tariff proved to be a disaster. Believing in a balanced budget, Hoover's 1931 economic plan cut federal spending

and increased taxes, both of which inhibited individual efforts to spur the economy.



A robust, young Herbert Hoover posing with his dog "King Tut" in a photo used in the 1928 presidential campaign

Finally in 1932 Hoover signed legislation creating the Reconstruction Finance Corporation. This act allocated a half billion dollars for loans to banks, corporations, and state governments. Public works projects such as the Golden Gate Bridge and the Los Angeles Aqueduct were built as a result of this plan.

Hoover and the RFC stopped short of meeting one demand of the American masses—federal aid to individuals. Hoover believed that government aid would stifle initiative and create dependency where individual effort was needed. Past governments had never resorted to such



schemes and the economy had managed to rebound. But the Great Depression would prove to be different, and strong measures would be required to bring about recovery.



Completed in 1937, the Golden Gate Bridge was a result of President Herbert Hoover's Reconstruction Finance Corporation. Its art-deco design reflects the opulent style of the 1920s.

The stage was set for the election of 1932. New York Governor Franklin D. Roosevelt won the Democratic nomination on the fourth ballot of their national convention. Roosevelt promised "a new deal for the American people" that included a repeal of the prohibition amendment. The Republicans renominated Hoover, perhaps because there were few other interested GOP candidates.

Election Day brought a landslide for the Democrats, as Roosevelt earned 58% of the popular vote and 89% of the electoral vote, handing the Republicans their second-worst defeat in their history. Bands across America struck up Roosevelt's theme song — "HAPPY DAYS ARE HERE AGAIN" — as millions of Americans looked with hope toward their new leader.

## Lesson Five

### History Overview and Assignments Social and Cultural Effects of the Depression

No nation could emerge from a national crisis like the Great Depression without profound social and cultural changes. While families were strengthened and some businesses emerged stronger, undesirable vices associated with hopelessness were on the rise and many other businesses perished.



Sports provided a distraction from the Depression. Shown is a ticker tape parade similar to one held in

honor of the Detroit Tigers after winning the 1935 World Series.

#### Reading and Assignments

- Review the discussion questions and vocabulary, then read the article: *Social and Cultural Effects of the Depression*.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary words in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
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#### Vocabulary

cauldron  
the "blues"

#### Key People, Places, and Events

1933 Repeal of prohibition  
President Herbert Hoover  
President Franklin D. Roosevelt

#### Discussion Questions

1. What were some of the negative effects of the Great Depression?
2. What were some of the new trends in popular culture at this time?
3. What types of technology did Roosevelt use to communicate with the American people?

Adapted for High School from the book:

## U.S. History Online Textbook

source: ushistory.org

### Social and Cultural Effects of the Depression

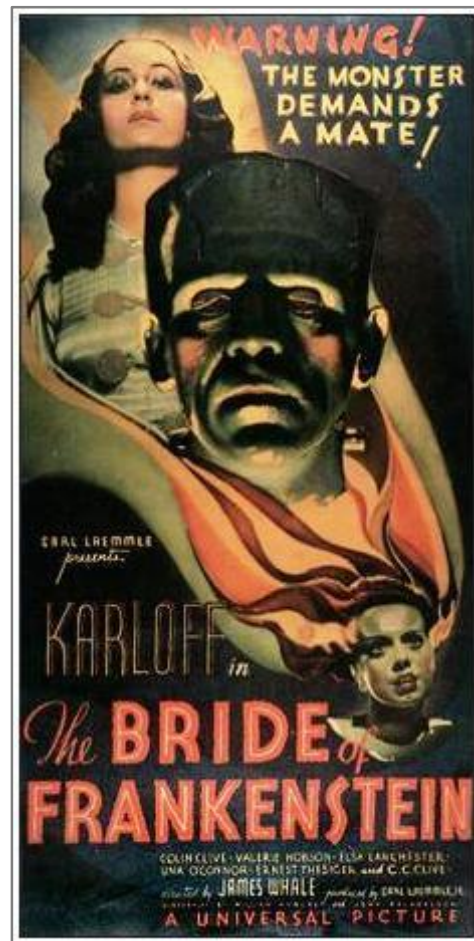
No nation could emerge from the cauldron of national crisis without profound social and cultural changes. While many undesirable vices associated with hopelessness were on the rise, many families were strengthened through the crisis. Mass migrations reshaped the American mosaic. While many businesses perished during the Great Depression, others actually emerged stronger. And new forms of expression flourished in the culture of despair.

The Great Depression brought a rapid rise in the crime rate as many unemployed workers resorted to petty theft to put food on the table. Suicide rates rose, as did reported cases of malnutrition. Prostitution was on the rise as desperate women sought ways to pay the bills. Health care in general was not a priority for many Americans, as visiting the doctor was reserved for only the direst of circumstances. Alcoholism increased as Americans sought outlets for escape, compounded by the repeal of prohibition in 1933. Cigar smoking became too expensive, so many Americans switched to cheaper cigarettes.

Higher education remained out of reach for most Americans as the nation's universities saw their student bodies shrink during the first half of the decade. High school attendance increased among males, however. Because the prospects of a young male getting a job were so dim, many decided to stay in school longer. However, public spending on education declined sharply, causing many schools to open

understaffed or close due to lack of funds.

Demographic trends also changed. Marriages were delayed as many young men waited until they could provide for a family before proposing to a prospective spouse. Divorce rates dropped steadily in the 1930s. Rates of abandonment, however, increased as many husbands chose the "poor man's divorce" option—they just ran away from their marriages. Birth rates fell sharply, especially during the lowest points of the Depression



Films such as *The Bride of Frankenstein* (1935) entertained Americans by the thousands despite the hardships brought by the Great Depression.



Mass migrations continued throughout the 1930s. Rural New England and upstate New York lost many citizens seeking opportunity elsewhere. The Great Plains lost population to states such as California and Arizona. The Dust Bowl sent thousands of “Okies” and “Arkies” looking to make a better life. Many of the migrants were adolescents seeking opportunity away from a family that had younger mouths to feed. Over 600,000 people were caught hitching rides on trains during the Great Depression. Many times offenders went unpunished.



Theatrical pre-release poster

Popular culture saw new trends as well. Despite the costs of an evening out, two out of every five Americans saw at least one movie per week. Classic films like *Frankenstein*, *It Happened One Night*, and *Gone With the Wind* debuted during the Great Depression. Radio flourished as those who owned a radio set before the crash could listen for free. President Roosevelt made wide use of radio technology with his periodic "fireside chats" to keep the public informed. Dorothea Lange depicted the sadness of Depression farm life with her stirring photographs.



Sheet music from "Saint Louis Blues"

And an aptly named musical form—"the blues"—gained popularity during the decade.