

# The Great Depression

*Part One*



**Part One**

**Part Two**

**Part Three**

## Thematic Icons



**Economics**



**Geography**



**Historical concepts**



**Government**

## Icons



**Flash activity** (these activities are not editable)



**Teacher notes** included in the Notes page

For more instructions, see the *User Guide*.





# Timeline





# The cycle of consumerism



**What makes the consumer cycle unstable?**





# Demand drops

During the war, demand for many crops had been high. Farmers bought more land on **credit** to increase their production to accommodate demand.

When demand dropped, so did prices. Farmers were left with huge crop surpluses they could not sell. When they failed to pay back their loans, the banks repossessed their farms.



Between 1919 and 1921, the annual farm income in the U.S. dropped from \$10 billion to \$4 billion.





# Uneven prosperity



As incomes decreased and debts increased, people spent less. Soon, other industries began to suffer. Employers responded by cutting wages, which caused the economy to shrink further.

Some small banks were forced to close when too many people defaulted on their loans.



In the 1920s, over 70% of Americans were living below the poverty line. In the meantime, the income of the richest 1% of Americans increased by 75%.



Despite these problems, many Americans continued to buy items on credit. Of particular interest to consumers was the stock market.

The price of stocks had quadrupled in the 1920s. Many people believed that, by investing in the stock market, they could get rich quickly.



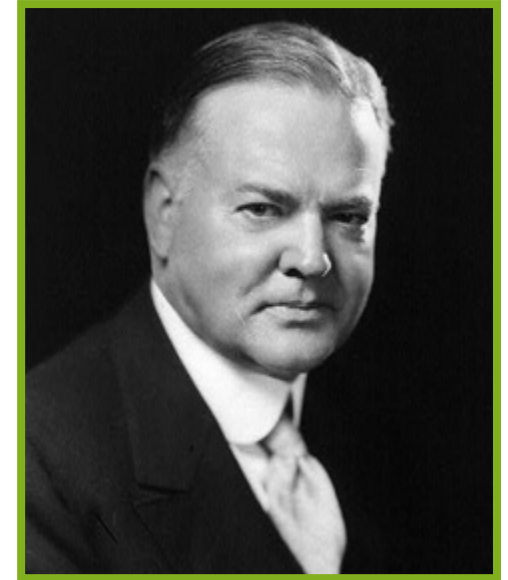
People began **buying on margin**, meaning they would pay for a small percentage of a stock and take out a loan to cover the rest. Over-confidence in the market led to **speculation**: investing without regard to the risk.





In the election of 1928, Republican **Herbert Hoover** soundly defeated his Democratic opponent, Alfred E. Smith.

Hoover had been the Secretary of Commerce under President Coolidge. A self-made millionaire, Hoover seemed to be the embodiment of American individualism and prosperity.



In 1928, Hoover proclaimed, “We in America today are nearer to the final triumph over poverty than ever before in the history of any land.”



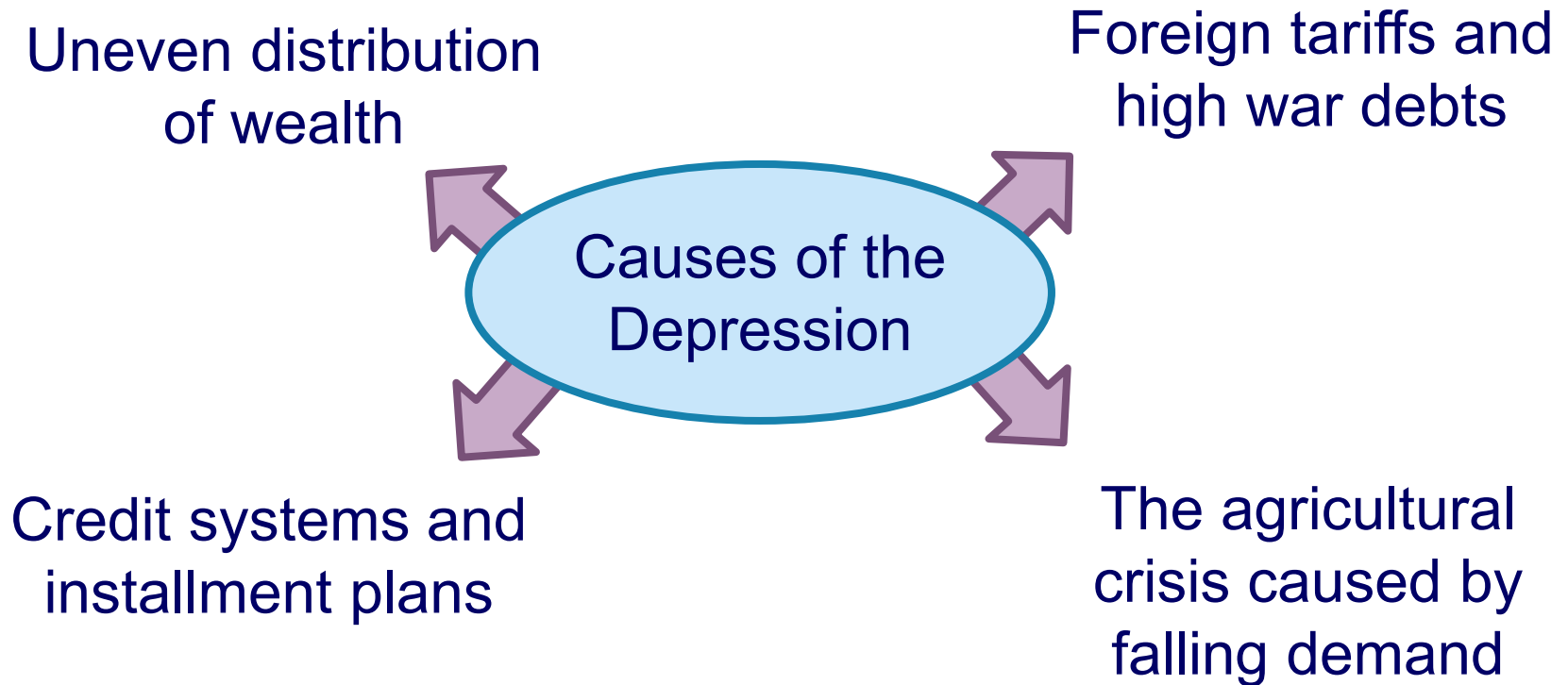




# The Crash



Although the stock market crash hastened and intensified the Great Depression, it did not cause it.



Can you think of any other causes?

# You decide

