

U.S. HISTORY STUDY GUIDE: THE GREAT DEPRESSION

KEY TERMS AND NAMES:

bear market a long period of falling stock prices
Black Tuesday the day, October 29, 1929, that the stock market experienced its steepest dive
Bonus Army a group of World War I veterans who marched on Washington to demand the payment of bonuses that Congress promised
bread line line of people waiting for food handouts from charities or public agencies
bull market a long period of rising stock prices
business cycle periodic economic growth and contraction
Douglas MacArthur U.S. Army general responsible for forcing the Bonus Army out of Washington DC.
Dust Bowl the dried-up lands of the Great Plains that resulted from a severe drought
foreclosed taken possession of by creditors
Franklin D. Roosevelt U.S. President, 1933-1945
Great Depression world-wide economic crisis beginning in 1929 in which the U.S. economy faltered and unemployment soared
Hawley-Smoot Tariff high tariff that damaged American sales abroad
Herbert Hoover U.S. President, 1929-1933
hobo unemployed person who wandered around the country
Hoover Dam Colorado River dam built during the Great Depression
Hoovervilles name given to shantytowns
installment monthly payment made on a high-cost item

John Steinbeck novelist who wrote about the poverty in the Great Depression in works such as *The Grapes of Wrath*
localism President Hoover's policy of economic relief provided chiefly by local and state agencies
buying on margin a way of buying stocks by paying only a small percent of the price of the stock and taking a loan from a stockbroker to pay the rest
margin call a demand by a broker for the investor to repay the loan at once
Okies Dust Bowl refugees
public works government-financed building projects
Reconstruction Finance Corporation organization set up by Congress to make loans to businesses
relief money that went directly to people in poverty
repatriation process by which Mexican Americans were encouraged or forced to return to Mexico during the 1930s.
shantytowns communities formed on unused or public lands by newly homeless people
speculation buying shares, betting that the stock market will continue to climb, and then selling the stock to make money quickly
stock market a system for buying and selling shares of companies
tenant farmer workers employed by landowners instead of for themselves
trickle-down economics theory that money lent to banks and businesses will trickle down to consumers

GEORGIA STANDARDS OF EXCELLENCE (your objectives for this chapter):

SSUSH17 Analyze the causes and consequences of the Great Depression.

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

Causes of the Great Depression:

1. **Overproduction:** more efficient machinery increased industrial and agricultural output
2. **Under-consumption:** Americans produced more products than they could afford to purchase; many also purchased items on installment plans which left less disposable income for other goods.
Statistic: manufacturing output per hour increased 32% but wages went up only 8%
These conditions led to a decline in retail product consumption, which in turn led to declines in products used to make retail items and a consequential reduction in jobs, which in turn led to decreased purchasing.
3. **Stock Market Speculation-** In the late 1920s, a bull market existed in the stock market, that is, the average value of stocks continued to increase. A number of people bought stock "on the margin," that is, with loans from stock brokers. The idea was that the loans would be repaid with profits made from the stock investments. When the economy took a down turn in 1929, many stock brokers called for immediate repayment of the loans. This led to bank runs, bank failures, and it eventually caused the Stock Market Crash of 1929 which triggered the Great Depression.
4. **Other contributing factors** to the Great Depression:
 - a. The Federal Reserve System's **failure to create an ample money supply** for investment
 - b. **Decline in Export Sales**
 - c. **Tariff protection** (such as the Hawley-Smoot Tariff) that led to retaliation by foreign countries and contributed to a decline in U.S. exports

- b. **Explain factors (include over-farming and climate) that led to the Dust Bowl and the resulting movement and migration west.**

1. In the 1930s, severe drought in the Midwest combined with failure to plant crops without techniques to prevent erosion created ultra dry soil conditions and extraordinary dust storms. Until then, the natural grasses or planted wheat kept the topsoil in place. But plowing these fields for crops, then later letting them lie unplanted because of either low crop prices or farm foreclosures led to ultra dry conditions that caused the land to blow away in giant clouds of dust.
2. This led to the **out-migration of hundreds of thousands of people.**

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

1. People who suffered through the loss of their jobs, savings, investments, or farms often found themselves homeless and looking for work. Some of them built "shantytowns," or make-shift shacks on unused property or property that belonged to the government. Some called them "Hoovervilles" as a way of blaming President Hoover for their plight.
2. Single men called hobos often wandered from place to place looking for work. They traveled on foot, hitchhiked, and "rode the rails" (stowed away on trains).