

Name: _____ Class: _____

An Overview of the Great Depression

By Jessica McBirney
2017

From 1929 to 1939, America experienced the Great Depression: the worst economic downturn in its history. In this informational text, Jessica McBirney explores the causes and effects of the Great Depression, as well as how America's economy began to recover. As you read, take notes on the causes and effects of the Great Depression.

- [1] On a fateful Tuesday in October 1929, American citizens experienced the beginning of the worst economic disaster in the country's history. The day marked the beginning of the Great Depression, a severe¹ economic crisis that lasted for more than ten years and hurt millions of people around the country.

Why Did it Happen?

The Great Depression had many causes. In fact, economists still debate over all the factors that led to the crisis. The following are some of the most important causes:



"Huts and unemployed in West Houston and Mercer St. by Berenice Abbott in Manhattan in 1935" by Berenice Abbott is in the public domain.

The Stock Market

Maybe you have heard your parents or news commentators talk about the stock market. Essentially, it is where people can buy stocks, or very small pieces, of big companies like Walmart or Facebook. If the company makes money, the stock-holder gets also gets a small profit. Investing in a stock is like taking a gamble, because the company could earn a lot of money, or it could lose money.

In the years before 1929 the stock market was an extremely popular way for everyday people to earn some extra money. Because of this, the prices of stocks kept getting higher and higher. By 1929, many prices were much higher than the actual values of companies.

- [5] Some people started getting skeptical. Prices could not keep going up forever. So they started selling their stocks while they were still at high prices. More and more people started catching on, until everyone was scrambling to sell their stocks at once. There was no one left to buy all these available stocks, so the prices dropped steeply.

This caused what is known as a stock market crash. In just one day, on October 29, 1929, the whole stock market lost over \$14 billion.

1. **Severe (adjective):** very great, intense, or harsh

Bank Failures

During the popularity of the stock market, most banks had very few rules about loaning out money. They would loan money to customers so those customers could go use it to buy more stocks.

When the stock market lost so much money, suddenly all those customers had no way to pay back their loans. But when people heard about the crash, they started to panic and wanted to pull the money out of their savings accounts just to keep it safe.

With no money back from all the loans they had given out, the banks did not have enough money supply to also pay out everything from everyone's savings. The bank failures rippled throughout the nation, causing even more economic problems and panic for average Americans.

The Dust Bowl

- [10] A record-setting drought hit the middle states, especially Oklahoma, around the same time. The timing could not have been worse. Farmers, who usually remained stable during economic uncertainty because they could at least grow their own food, were suddenly in just as much trouble as the rest of the country.

The drought brought hot, dry winds sweeping across the plains, blowing huge clouds of dust across the plains and into many peoples' houses and lungs. Families could not stay in the area. They packed up and left the Great Plains,² heading west to places like California to find work. Unfortunately, other states already had their own unemployment problems; there were not enough jobs for the newcomers.

Effects of the Depression

At the beginning of the financial problems few people predicted the crisis would last over a decade. But the problems were more extensive and much deeper than analysts realized at first.

One of the most important effects of the Great Depression was unemployment. At its peak in 1933 around 25% of adults were unemployed — this means 1 in 4 adults did not have jobs.

Without steady income, many families were forced out of their homes. Some found other family members to live with, while others had to take to the streets. Some people moved into small shanty³ towns called Hooverilles, named after the president at the time Herbert Hoover. These people often had to rely on charity soup kitchens to get enough food to eat.

Political Interventions

- [15] In 1932, near the worst of the Depression, President Franklin D. Roosevelt was elected. He immediately started working to fix the problems. The set of policies and government programs he instituted are known as the New Deal.⁴

2. the grassland prairie region of North America

3. A "shanty" is a small, crudely built shack.

To address the banking issues, he temporarily closed all banks to give them a chance to restructure themselves. He set guidelines for future bank operations. He also made more rules for how investors on the stock market could buy and sell stocks more responsibly.

To help families affected by unemployment, he created many employment programs. Groups like the Civilian Conservation Corps (CCC) and Works Progress Administration (WPA) used government funds to pay young men for services like building roads and cleaning parks. This gave families some money to start buying necessities again.

President Roosevelt started dozens of programs during his time in the White House. Not all of them were successful, and a few were even deemed unconstitutional, but many did have positive results.

Culture Amid Crisis

Even though Americans faced one of the greatest challenges in our nation's history during the 1930s, they were able to produce art and entertainment to raise everyone's spirits.

- [20] Radio became a central aspect of many people's home lives. They could listen for free to comedy shows like *Amos 'n' Andy* and *The Jack Benny Show*. President Roosevelt also made regular speeches on the radio, known as his fireside chats, to reassure the American people and explain his newest New Deal policies.

Movies continued to grow in popularity. Many movies featured tough gangsters and witty city-dwellers with exciting plots. Viewers could escape into this world for a few hours any time they watched a movie.

Music portrayed a more complex, and for many people more relatable, view of society during the Great Depression. Some songs recalled the better days of the 1920s when the country was happy. The mid 1930s introduced swing music and the big band genre, full of upbeat and exciting melodies. The dancing that accompanied it was fast paced. But other artists, like Bing Crosby, did not shy away from writing music that reflected the hard times. His song "Brother, Can You Spare a Dime?" became popular.

Recovery

Even though the worst of the Great Depression came in 1933, its negative effects and high unemployment continued throughout the 1930s.

When the United States entered World War II in 1941, things began to change. The military needed new equipment and supplies, so thousands of new manufacturing jobs opened to support the war effort. This cut down on the still-soaring unemployment rates. Living standards still remained relatively low, because so many factories built war materials instead of everyday goods for households. Still, Americans began to regain their sense of hope for the future. After the war ended, their hopes were realized as living standards rose and economic prosperity spread across the country.

4. a series of programs that were enacted between 1933 and 1938 in the United states as a response to the Great Depression

[25] The Great Depression lives on through famous literature like John Steinbeck's novel *The Grapes of Wrath*,⁵ published in 1939. But the Great Depression's legacy may best be seen in the Social Security Act, which was passed by Congress in 1935. Since then the government has provided Americans with pensions⁶ for the retired, as well as assistance to the unemployed and those with disabilities.

"An Overview of the Great Depression" by Jessica McBirney. Copyright © 2017 by CommonLit, Inc. This text is licensed under CC BY-NC-SA 2.0

5. a novel about the hardships of an American farm family in the Dust Bowl during the Great Depression
6. a regular payment made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life

Text-Dependent Questions

Directions: For the following questions, choose the best answer or respond in complete sentences.

1. PART A: Which of the following identifies the central idea of the text?
 - A. The Great Depression was a very difficult time for America, and the government took action to help the economy recover.
 - B. The Great Depression could have easily been avoided if Americans had been more informed on how the stock market and banks operated.
 - C. The Great Depression could not have been prevented, as the previous decades had experienced nothing but growth.
 - D. The Great Depression was a horrible economic time for America, but the government's violation of citizens' rights while helping the economy recover was much worse.

2. PART B: Which section from the text best supports the answer to Part A?
 - A. "Because of this, the prices of stocks kept getting higher and higher. By 1929, many prices were much higher than the actual values of companies." (Paragraph 4)
 - B. "In 1932, near the worst of the Depression, President Franklin D. Roosevelt was elected. He immediately started working to fix the problems. The set of policies and government programs he instituted are known as the New Deal." (Paragraph 15)
 - C. "Music portrayed a more complex, and for many people more relatable, view of society during the Great Depression. Some songs recalled the better days of the 1920s when the country was happy." (Paragraph 22)
 - D. "Even though the worst of the Great Depression came in 1933, its negative effects and high unemployment continued throughout the 1930s." (Paragraph 23)

3. How does the section regarding entertainment in America contribute to the development of ideas in the text?
 - A. It shows how hard the Great Depression was on all businesses.
 - B. It emphasizes how the Great Depression affected all aspects of life.
 - C. It proves Americans were unable to afford even basic necessities.
 - D. It shows how the entertainment industry used the Great Depression to their advantage.

4. How did President Roosevelt influence the recovery from the Great Depression?
 - A. He pumped money into the economy to inflate it.
 - B. He encouraged women to join the workforce.
 - C. He allowed the economy to recover on its own.
 - D. He created programs that helped citizens find work.

5. How does the description of the government's intervention in the Great Depression contribute to the development of ideas in the text?
