

# The Great Depression Knowledge Organiser

## Key Terms

<b>crash</b>	The term used to describe a suddenly failing economy or stock market. Crashes follow a boom.
<b>depression</b>	A period where a country is experiencing negative growth – a reduction in the amount of wealth a country is producing from year to year.
<b>Democratic Party</b>	One of the two main political parties in the USA; seen as more left-wing and liberal than Republicans.
<b>GDP</b>	Gross Domestic Product: the measure of a country's wealth in dollars.
<b>Republican Party</b>	One of the two main political parties in the USA; seen as more conservative and business-friendly than the Democrats.

## President Herbert Hoover

Herbert Hoover was elected as President in 1928, before the Wall Street Crash. He was a **Republican**, like all presidents in the 1920s. His background was as Secretary for Commerce, an important role in the government centring on managing the economy. Born into a poor family, Hoover made his way up the political ranks until his eventual election after much public support.

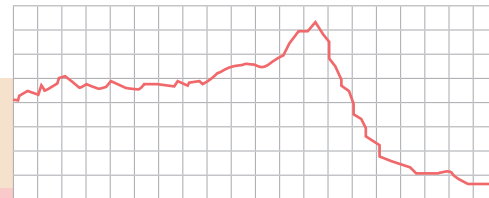


Herbert Hoover with his dog 'King Tut'

## The Wall Street Crash

In October 1929, the boom in the US economy suddenly came to a halt with the Wall Street **Crash**. Shares in the stock market suddenly lost all their value, causing those businessmen who traded stocks to lose their money overnight. As a result of this, America was plunged into **depression**. The rest of the world followed suit, as depressions spread across Europe.

Years of spending and over-confidence in the eternal growth of the stock market had led people in the USA to buy too much on credit, put too much money into shares and had seen interest rates rise throughout the 1920s. This boom led to a sudden bust which was first seen on Wall Street.



## Unemployment

As the economy collapsed businesses failed and millions of workers were left without a job. The unemployment rate had been at a stable rate of 5% during the 1920s. By 1933, unemployment had hit almost 25%. This meant that a huge amount of people in America were now living in poverty.

Most of the unemployment was to be found in cities, with food banks and other charities desperately trying to feed millions of people across America.

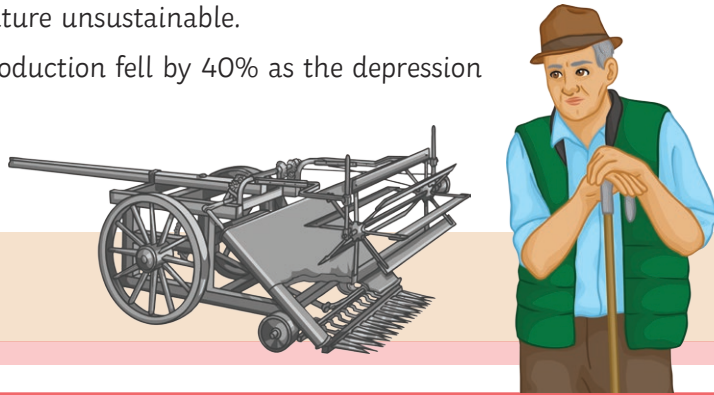




### Farmers

The agricultural industry, an industry that never really benefitted from the boom times, was hit particularly hard by the crash. Record numbers of farmers failed to keep up payments on their mortgages and were kicked off their land as a result. The price of producing food and delivering it to market became higher than the amount farmers would be paid for it, making agriculture unsustainable.

Agricultural production fell by 40% as the depression deepened.



### Bad for Business

As the depression hit the USA, businesses were the first to feel the shock. By 1933, 10,000 banks had closed, and 100,000 businesses went bankrupt. The US **GDP** fell by nearly 50% from \$103 billion before the crash to \$56 billion in 1933.

The Wall Street Crash saw very rich people lose everything instantly. Many businessmen became unemployed, struggling as much as the people who previously worked in their companies. The suicide rate across the USA spiked at the end of 1929 and remained high throughout the depression. 1929 saw a rise of 50% in the average rate of suicides as businessmen took a drastic way out of their horrible financial circumstances.



### The Dust Bowl

The 1930s saw farming become more desperate in the Southern Plains states (from Texas to Nebraska). Over-farming during the 1920s had left this region vulnerable to poor weather conditions and the 1930s saw a toxic mixture of drought and storms turn this area into a wasteland of blowing dust; impossible to farm. The depression meant that struggling farmers could not manage these environmental conditions and thousands of families were forced to leave their homes and seek work in other states such as California. A famous novel, 'The Grapes of Wrath' was written about a family struggling with the dust bowl. It was turned into a movie in 1940.

### Hoover in Denial?

Many Americans lost faith in their president as the depression deepened and people lost more and more money. Hoover seemed to be in denial about the length and severity of the depression, stating that 'prosperity is just around the corner'. He did little to improve the financial fortunes of America and, when peaceful protestors gathered outside of the White House in 1932, Hoover had General Douglas MacArthur violently break up the group with tear gas and fire. Hoover may have been the least popular president in American history by the time he was replaced at the end of 1932.

### A New President

Hoover was replaced by **Democrat** Franklin D Roosevelt in 1932. Roosevelt won his election by 7 million votes, soundly beating the Republicans. People across a wide range of groups were fed up with Hoover's seemingly 'can't do' attitude and voted for change. Roosevelt promised a 'New Deal' for Americans and a return to prosperity.

