

Name _____

Period _____

Standards Focus: Historical Context

The Great Depression

One of the worst periods in United States history was a time called the Great Depression. The many theories about the specific causes of this era are debated, however the widespread poverty and social despair that resulted are **indisputable**.

During the 1920s, America was experiencing a time of great prosperity and living a life of excess; people had a lot of money and weren't afraid to spend it on new inventions such as automobiles, refrigerators, and the radio. For the first time, people had credit cards, and were spending more than they made. Individuals were living life to the fullest, and the U.S. economy began to thrive at an **unprecedented** rate.



from the *Migrant Mother* Collection
by Dorothea Lange

On October 24, 1929, a day that came to be called “Black Thursday,” the stock market began to “crash.” This meant that the value of money had lost its worth. Essentially, what someone could have bought with one dollar the day before now cost three to five dollars. Although President Herbert Hoover declared the economic collapse a “passing incident” a few days later, following “Black Tuesday” on October 29, the economy continued its downward spiral. Businesses could no longer afford to pay their workers and began laying off hundreds of thousands of people. Banks could not afford to give people their money, and were forced to declare **bankruptcy**. People's life savings suddenly disappeared, and as a result, people could not afford to pay their house payments or buy food, clothing, or other necessities.

Because people had no money, harvesting and manufacture of new crops and products slowed drastically. Since many had no money to buy food, production slowed, and even more people lost their jobs. By 1932, 30% (about 16-20 million people) of the American population was unemployed. Since people couldn't work, they couldn't pay their debts, and many were left homeless. When inflation (a rise in prices) hit, even more people were homeless and jobless, forced to beg, borrow, and steal food just to survive. Because the American people could no longer afford to spend money, the economy worsened.

In 1932, Democrat Franklin D. Roosevelt was elected President of the United States in the hopes he could turn the economy around and help those who were suffering. Despite changes such as the New Deal—which helped instill faith in the government by introducing new programs such as Social Security, unemployment insurance, and disability insurance—mass unemployment and economic **stagnation** continued for several years. The onset of World War II soon sparked the economy, as foreign

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countries began buying from American producers. While the Great Depression officially ended after the United States entered World War II in 1941, the scars of extreme poverty and despair had left their mark, and the Great Depression continues to be viewed as one of the most difficult periods in U.S. history.

Comprehension Check: The Great Depression

Directions: After reading the article about the Great Depression, answer the following questions using complete sentences on a separate piece of paper.

1. Define the following words from the article: indisputable, unprecedented, bankruptcy, stagnation.
2. Describe life in the United States before the depression.
3. Explain what happened on "Black Thursday." What happened to the value of money? How did this affect people in the U.S.?
4. Why did production of new crops and goods slow during this time?
5. Why didn't people just go to the bank and take out their money or apply for a loan from the bank?
6. Explain the "New Deal."
7. Because people did not have jobs, they were forced to move from place to place and pick up any work they could find in order to feed themselves and their families. Describe what you think life might have been like for those people who were homeless transients.
8. Why did the Great Depression finally end? Explain what contributed to its end and how these things helped bring this devastating era to a close.