

The Great Depression

*The Great Depression and
World War II (1929–1945)*



Financial collapse

Political failures

The human cost

Thematic Icons



Economics and business



Geography and environment



Historical concepts and questions



Politics, government and citizenship



Society and culture



War, diplomacy and foreign policy

Icons: For more detailed instructions, see the *User Guide*



Flash activity (these activities are not editable)



Teacher notes included in the Notes page



By the end of this section, you will know about the following factors leading to the Great Depression:

- The shrinking post-war economy
- Uneven distribution of wealth
- Speculation and the 1929 stock market crash.



Looking back timeline



Use this timeline to recap key historical events and contextualize the Great Depression.

Either press on a date, or drag the pointer along the timeline to read about what happened in each year.

Press **start** to begin.

start





The cycle of consumerism



The consumer culture of the 1920s led many Americans to believe that the economy was strong. In reality, it was extremely unstable. Drag the labels to the correct places to complete the consumer cycle. Press **start** to begin.

start



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%.



The stock market

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.

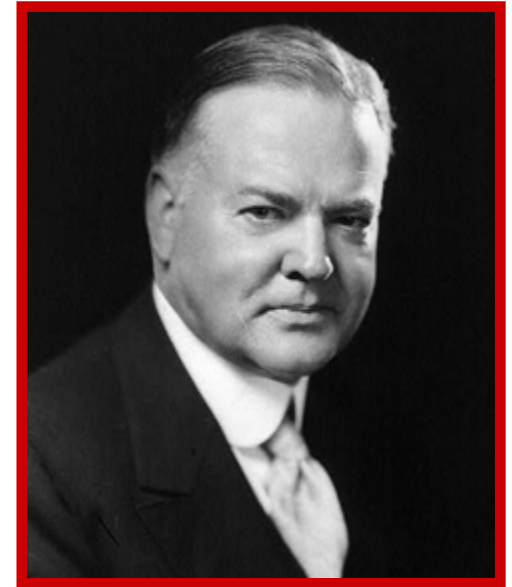


People began **buying on margin**, meaning they would pay for a small percentage of a stock and take out a loan to cover the rest. Over-confidence in the market led to **speculation**: investing without regard to the risk.



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.”



In 1929, the unstable economy collapsed. Watch this animation to learn more about the stock market crash of 1929 and the beginning of the **Great Depression**.

Press **start** to begin.

start





Using the data provided in the table, drag the points to the correct places on the graph to show unemployment rates during the Great Depression.

Press **start** to begin.

start





Causes of the Great Depression



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

Uneven
distribution
of wealth

Foreign tariffs and
high war debts



Credit systems
and installment
plans

The agricultural
crisis caused by
falling demand

Can you think of any other causes?





Historians and economists agree that many factors were responsible for causing the Great Depression. Discuss the importance of the following factors, then drag them into place.

Press **start** to begin.

start

