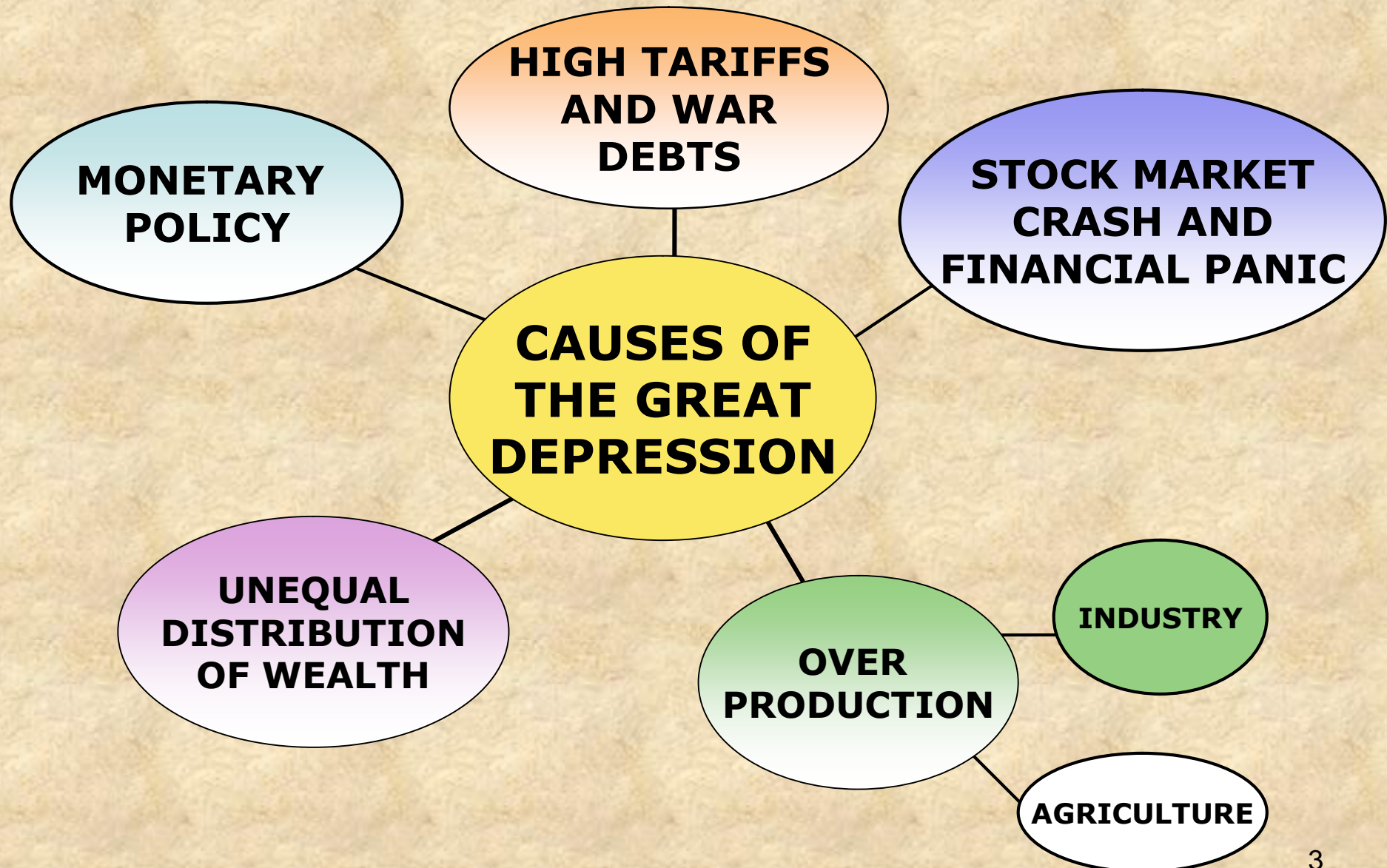


CAUSES OF THE
GREAT DEPRESSION
A MULTIMEDIA LEARNING LLC
U.S. HISTORY
POWERPOINT PRESENTATION

CAUSES OF THE GREAT DEPRESSION

- ❖ **Unequal Distribution of Wealth**
- ❖ **High Tariffs and War Debts**
- ❖ **Overproduction in Industry and Agriculture**
- ❖ **1928 Presidential Election**
- ❖ **Farm crisis**
- ❖ **Federal Reserve Monetary Policy**
- ❖ **Stock Market Crash and Financial Panic**

Historians disagree as to the causes of the Great Depression. Most scholars would include:



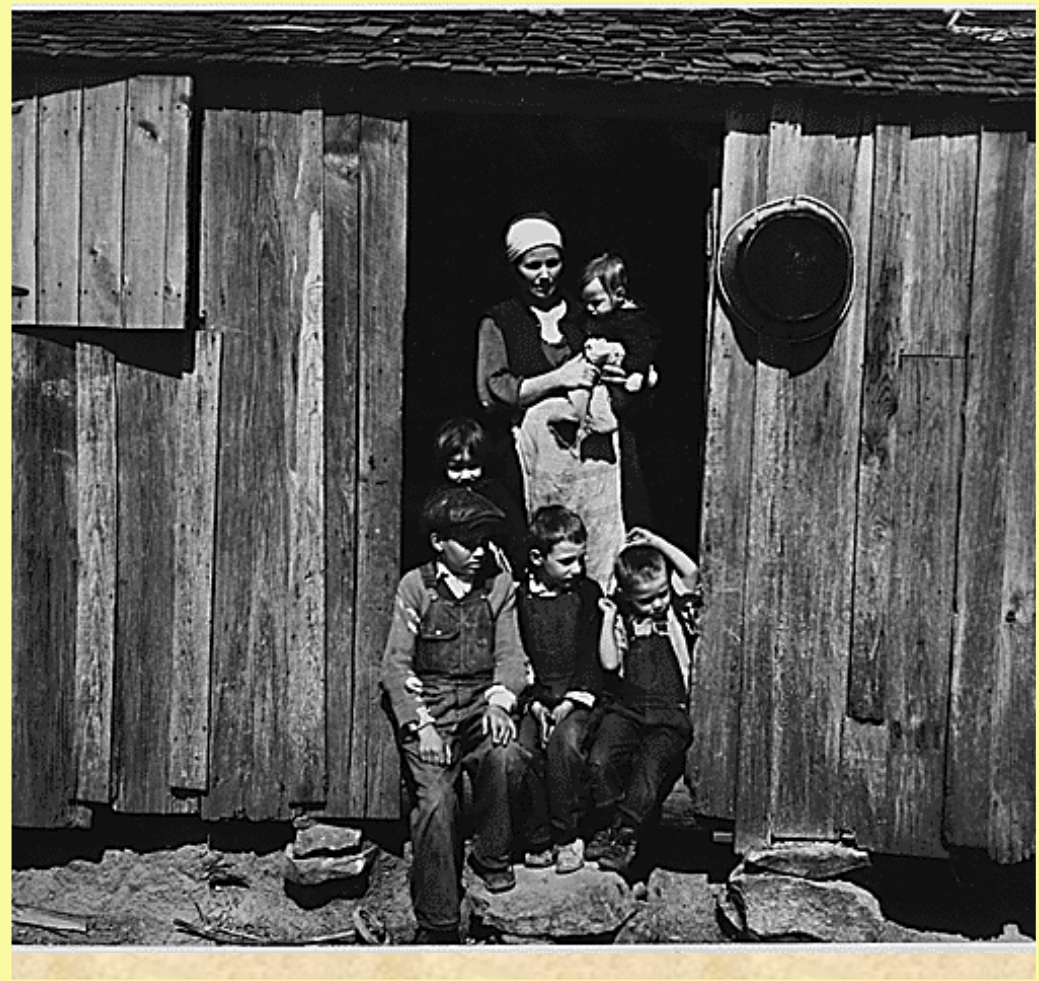
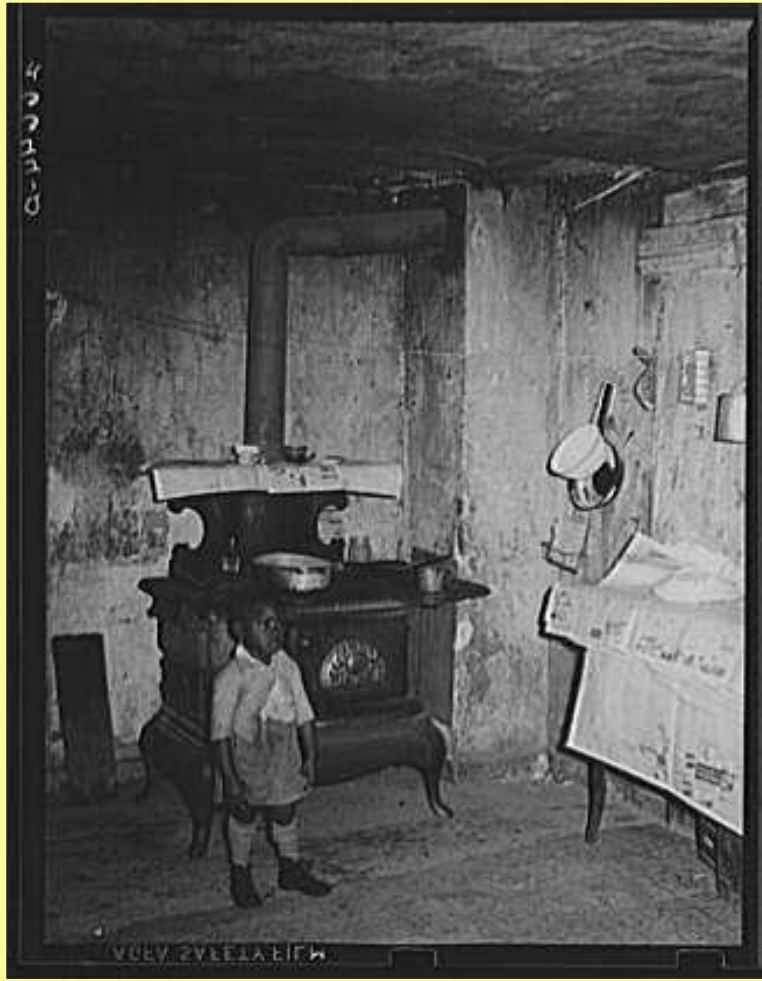


The 1920s was known as a prosperous time, but not for everyone

Installment buying, using credit and paying back in small amounts, was introduced which allowed people to buy cars, radios and other new products of the 1920s.

Farmers, however, were in a depression throughout the whole decade.

RURAL POVERTY IN THE 1920'S



UNEQUAL DISTRIBUTION OF WEALTH

👛 Although the nation's wealth grew by billions throughout the 1920s, it was not distributed evenly.

👛 The top 1% received a 75% increase in their disposable income while the other 99% saw an average 9% increase in their disposable income.

👛 80% of Americans had no savings at all.

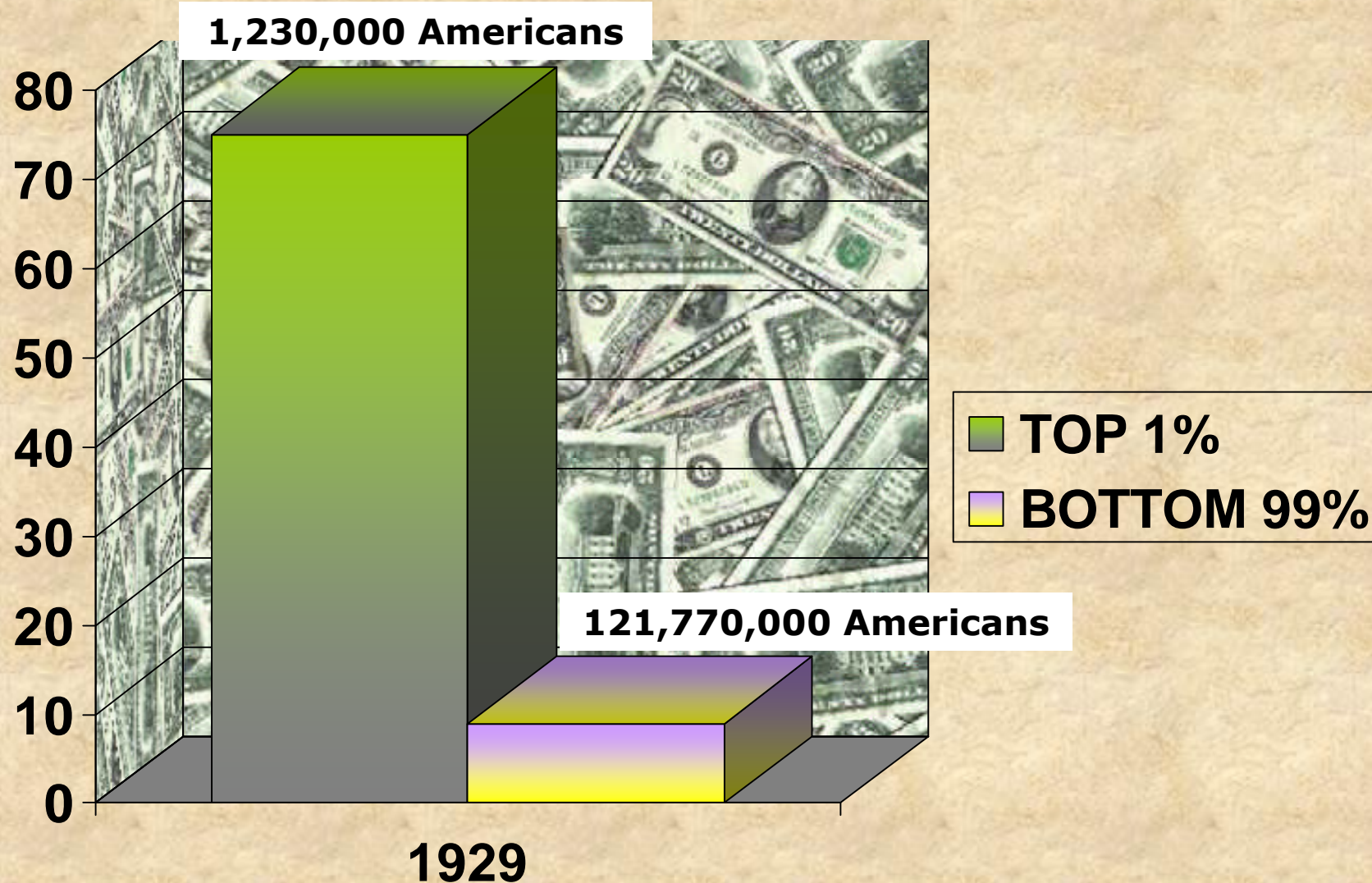


Happy Feet song



Disposable income is money remaining after the necessities of life have been paid for.

The chart shows that 99% of the population received a 9% increase in their income, while the top 1% saw their income rise by 75%.



**The economy grew by billions throughout the 1920s.
Total realized income rose from \$74.3 billion in 1923
to \$89 billion in 1929**

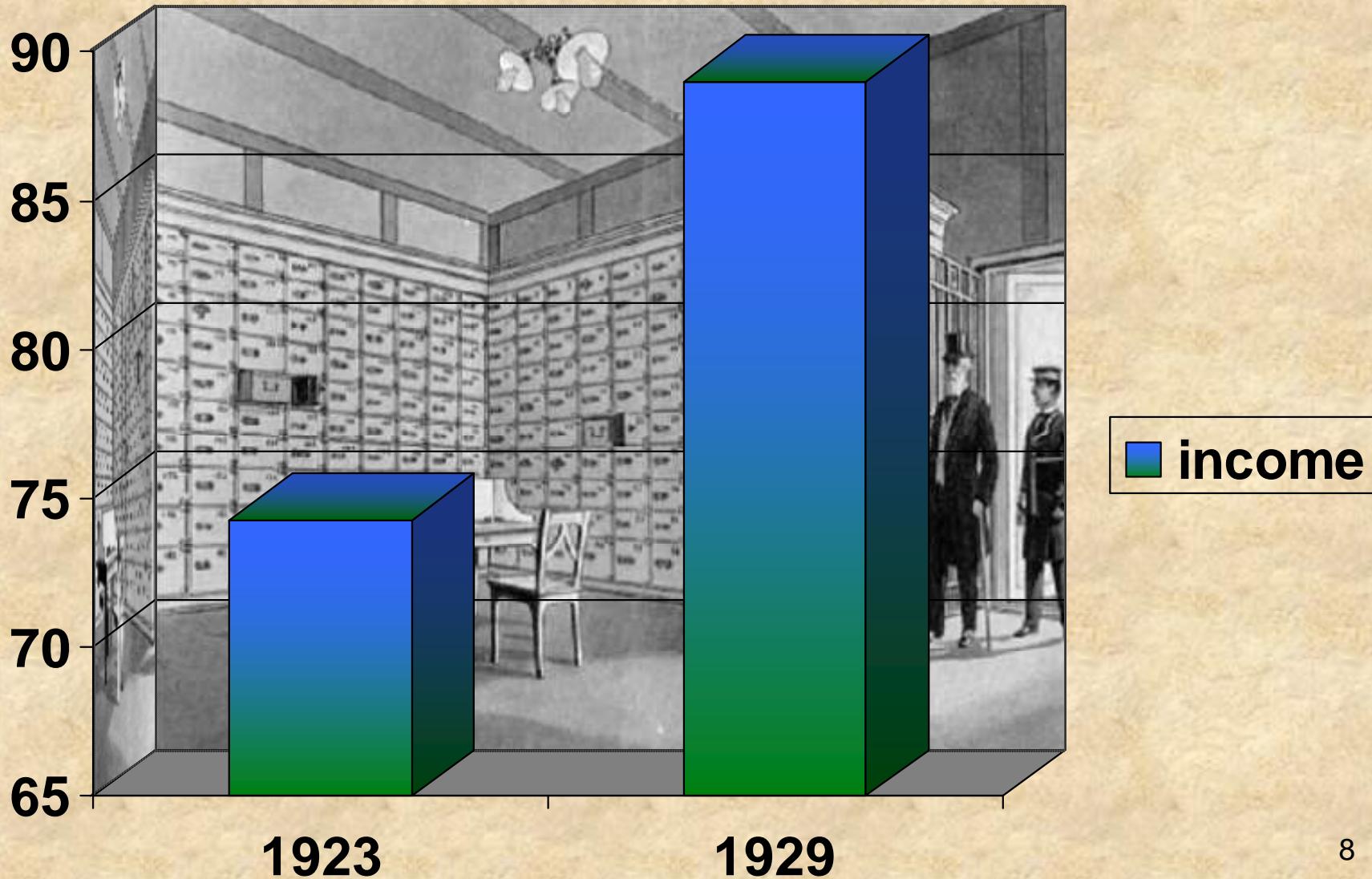
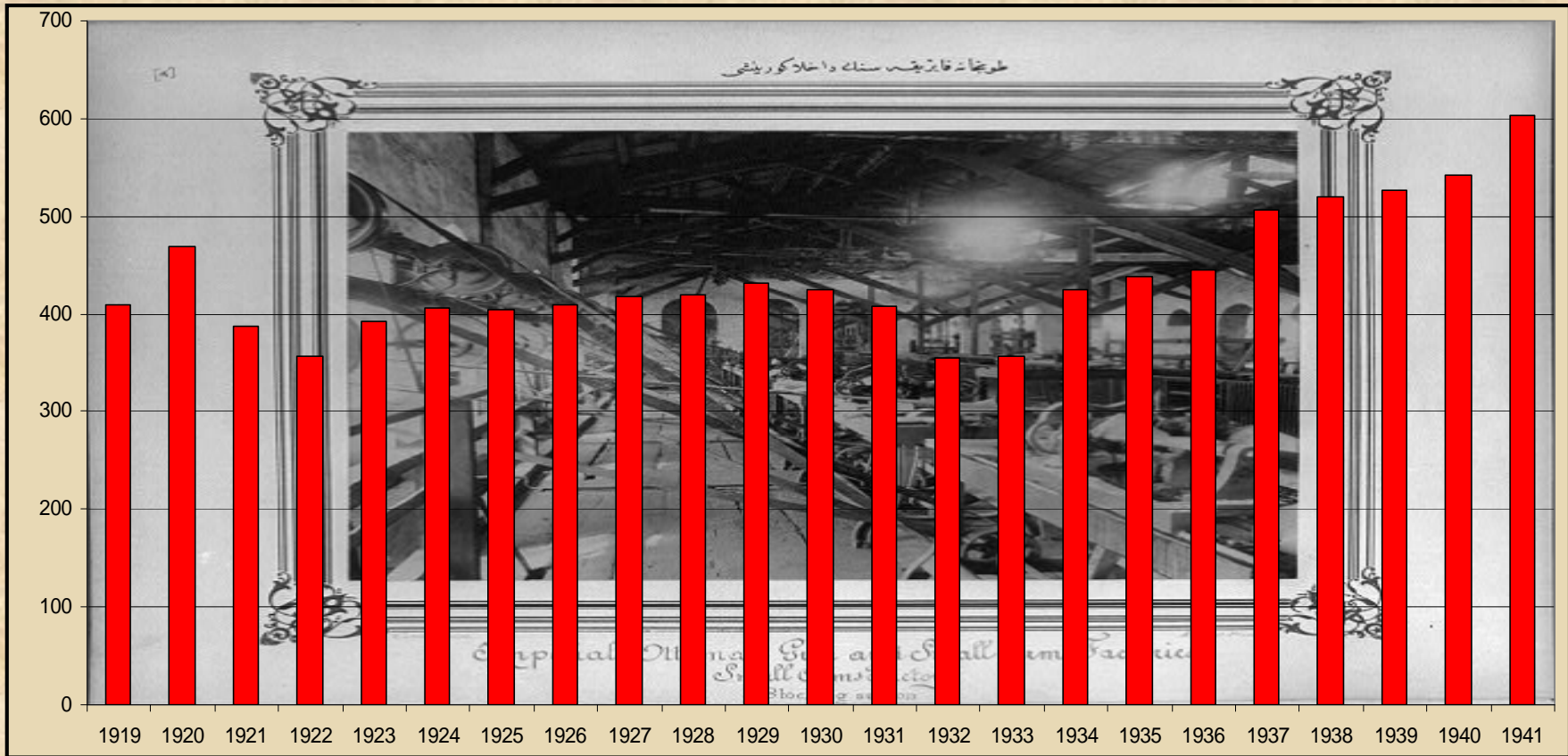


Chart showing wages of unskilled workers. Notice how little the wages changed during the supposed prosperity of the 1920's.



HIGH TARIFFS AND WAR DEBTS



At the end of World War I, European nations owed over \$10 billion (\$115 billion in 2002 dollars) to their former ally, the United States. Their economies had been devastated by war and they had no way of paying the money back.



The U.S. insisted their former allies pay the money. This forced the allies to demand Germany pay the reparations imposed on her as a result of the Treaty of Versailles. All of this later led to a financial crisis when Europe could not purchase goods from the U.S. This debt contributed to the Great Depression.



In 1922, the U.S. passed the Fordney-Mc Cumber Act, which instituted high tariffs on industrial products. A tariff is a tax on imports. Other nations soon retaliated and world trade declined helping bring on the great depression.

OVERPRODUCTION IN INDUSTRY



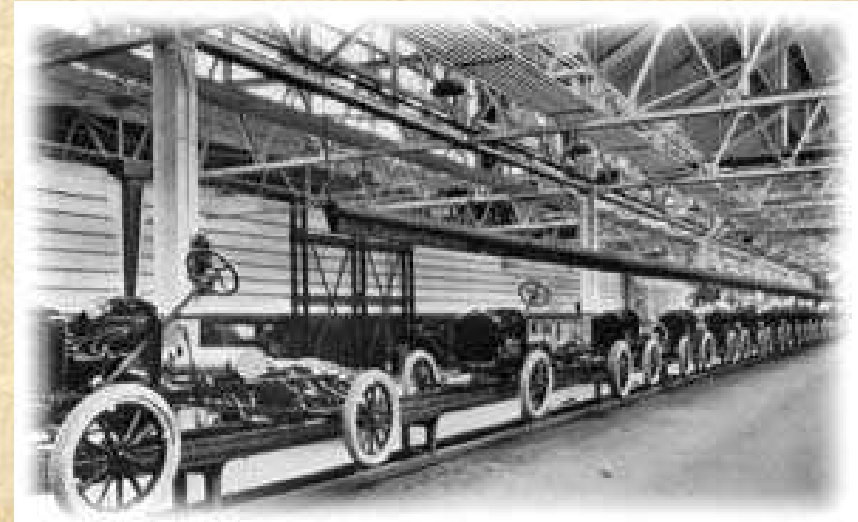
Factories were producing products, however wages for workers were not rising enough for them to buy them.




Too few workers could afford to buy the factory output.




The surplus products could not be sold overseas due to high tariffs and lack of money in Europe.





FARM OVERPRODUCTION

 Due to surpluses and overproduction, farm incomes dropped throughout the 1920's.

 The price of farm land fell from \$69 per acre in 1920 to \$31 in 1930.

 Agriculture was in a depression which began in 1920, lasting until the outbreak of World War II in 1939.

 In 1929 the average annual income for an American family was \$750, but for farm families it was only \$273.

 The problems in the agricultural sector had a large impact since 30% of Americans still lived on farms.

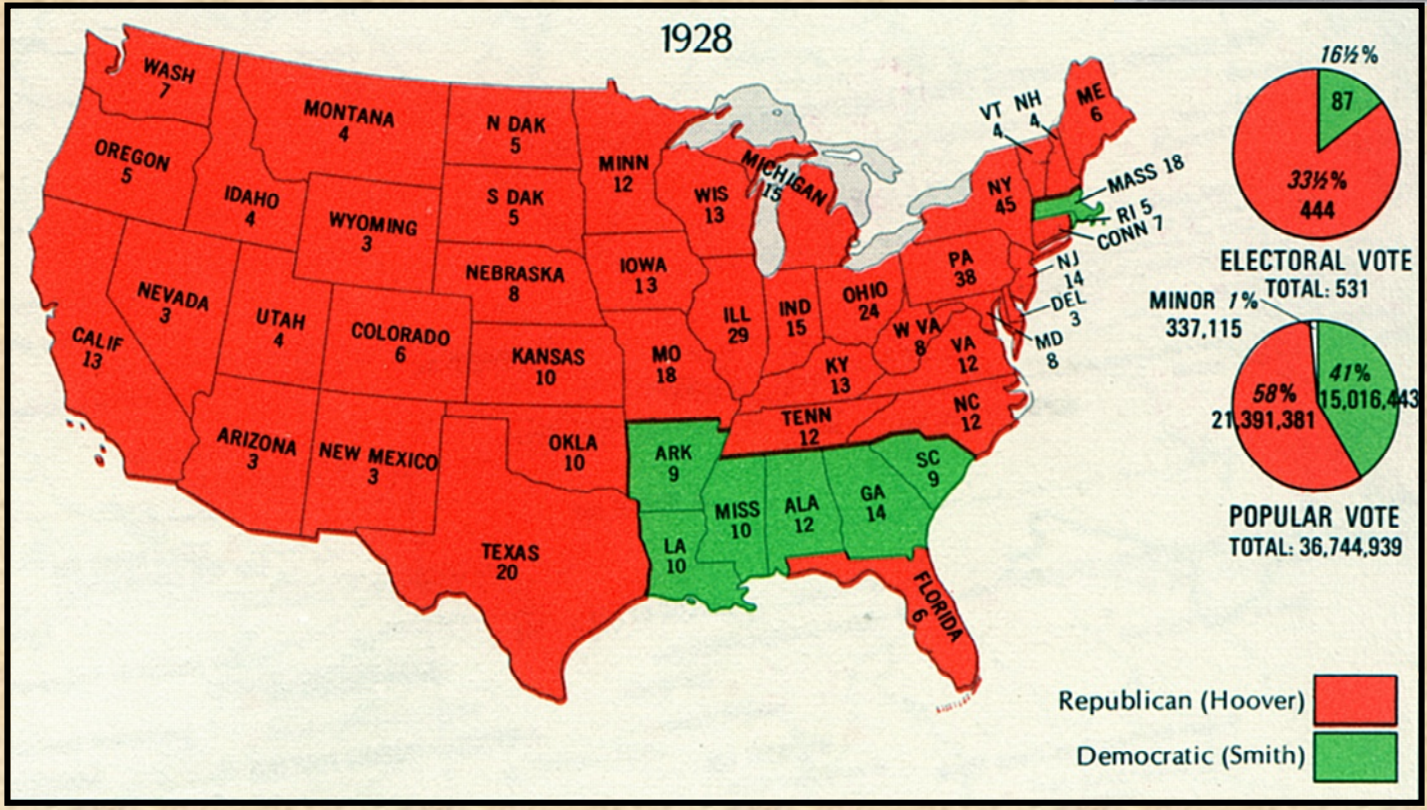


Surplus ears of corn

Table shows the sharp decline in the prices of various products from American farms

Agricultural product	1912-1913	1932-1933
Corn (per bushel)	0.56	0.20
Wheat (per bushel)	0.88	0.41
Oats (per bushel)	0.34	0.17
Butter (per lb)	0.21	0.13
Butterfat (per lb)	0.25	0.16
Wool (per lb)	0.24	0.10
Hogs (per cwt)	7.50	3.80
Milk (per cwt)	1.79	0.90

In the 1928 presidential contest, Democratic New York Governor Al Smith ran against Republican Secretary of Commerce Herbert Hoover. Many were suspicious of Smith who was Catholic, while Hoover was popular for feeding starving Europeans after WWI.



Hoover's winning platform was based on continued prosperity



"We in America today are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us." 1928

A Chicken for Every Pot

WASH- 30 Oct 28 1928

THE Republican Party isn't a "Poor Man's Party." Republican prosperity has erased that degrading phrase from our political vocabulary. The Republican Party is *equality's party—the opportunity's party—democracy's party—the party of national development, not sectional interests—the impartial servant of every State and condition in the Union.*

Under higher tariff and lower taxation, America has stabilized output, employment and dividend rates. Republican efficiency has filled the workingman's dinner pail—and his gasoline tank *besides*—made telephone, radio and sanitary plumbing *standard* household equipment. And placed the whole nation in the *silk stocking class*.

During eight years of Republican management, we have built more and better homes, erected more skyscrapers, passed more beneficiary laws, and more laws to regulate and purify immigration, inaugurated more conservation measures, more measures to standardize and increase production, expand export markets, and reduce industrial and human junk piles, than in any previous quarter century.

Republican prosperity is written on *faller* wage envelopes, written in factory chimney smoke, written on the walls of new construction, written in savings bank books, written in mercantile balances, and written in the peak value of stocks and bonds.

Republican prosperity has *reduced* hours and *increased* earning capacity, silenced *discontent*, put the proverbial "chicken in every pot." And a *cat* in every backyard, to boot.

It has *raised* living standards and *lowered* living costs. It has restored financial confidence and enthusiasm, changed *credit* from a rich man's privilege to a *common*

utility, *generalized* the use of time-saving devices and released women from the thrall of *domestic drudgery*.

It has provided every county in the country with its concrete road and knitted the highways of the nation into a *unified* traffic system.

Thanks to Republican administration, farmer, dairyman and merchant can make deliveries in *less* time and at *less* expense, can borrow *cheap* money to refund exorbitant mortgages, and stock their pastures, ranges and shelves.

Democratic management *impoverished* and *demoralized* the railroads, led packing plants and tire factories into *receivership*, squandered billions on *impractical* programs.

Democratic maladministration issued *further* billions on mere "scraps of paper," then encouraged foreign debtors to believe that their loans would never be called, and bequeathed to the Republican Party the job of *mopping up the mess*.

Republican administration has *restored* to the railroads solvency, efficiency and par securities.

It has brought rubber trades through panic and chaos, *brought down* the prices of crude rubber by *smashing monopolistic rings*, put the tanner's books in the *black* and secured from the European powers formal acknowledgment of their obligations.

The Republican Party rests its case on a record of stewardship and performance.

In Presidential and Congressional candidates stand for election on a platform of sound practice, Federal vigilance, high tariff, Constitutional integrity, the conservation of natural resources, *honest* and *constructive* measures for agricultural relief, sincere enforcement of the laws, and the right of *all* citizens, regardless of *faith* or *origin*, to share the benefits of opportunity and justice.

Wages, dividends, progress and prosperity say,
"Vote for Hoover"

Paid for by a member of the Republican Business Men, Inc.
These notices in our similar advertisements in other New York papers say send notices to the Republican Business Men, Inc., 4 West 4th Street

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Hoover accepting the Republican nomination for president



IOWA VOTES FOR PAVED ROADS

Story in Column Three

ONE OF THE LEADING METROPOLITAN SMALL CITY NEWSPAPERS OF AMERICA

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ESTABLISHED 1840

IOWA CITY, IOWA, WEDNESDAY, NOVEMBER 7, 1928

PRICE FIVE CENTS

HOOVER WINS!



Election Bulletins!

Celebrate At Hoover's Home
HOOVER HOME, STANFORD UNIVERSITY, Cal., Nov. 7—(AP)—The election of Herbert Hoover to the presidency was celebrated in his home here last night by the singing of "America" by half a hundred or more friends and neighbors, gathered in the living room of the massive stucco house on the side of San Juan Hill.

Later, as the returns became more conclusive and his victory was conceded by John J. Haskob, chairman of the democratic national committee, and then by his democratic opponent, Hoover emerged from his study and was surrounded by his friends.

President-Elect Speaks

HOOVER HOME, STANFORD UNIVERSITY CAMPUS, Nov. 7—(AP)—The first public utterance of President-elect Herbert Hoover was a greeting of appreciation to the students of Stanford university, who gathered around his home to celebrate his election.

"I thank you for coming up here tonight and giving me this greeting," he said from the terrace of his home. "I do appreciate it from the bottom of my heart. I thank you."

Charge Fraud In New York

NEW YORK, Nov. 7—(AP)—Franklin D. Roosevelt, democratic gubernatorial candidate, this morning at 12:45 o'clock charged that fraud was being committed in counties with 1,000 districts in-state. He added that he

IOWA VOTERS SUPPORT GOOD ROADS BILL

Pass 100 Million Dollar Measure to Surface Main Highways Of State

DES MOINES, Nov. 7—(AP)—Iowa voters in yesterday's election emphatically placed their stamp of approval on a legislative act to bond Iowa for \$100,000,000 to complete the state's primary road system in six years.

The action of the electorate in voting nearly 3 to 1 in favor of the proposition, maintained Governor Stannard and the state highway system calculated to bring Iowa "out of the mud" and place the commonwealth on a favorable footing with other states in good roads movements.

Get Unusual Vote

On the basis of latest available returns which covered 233 precincts out of 2,450 in the state tabulated at 2 p. m. today, the bond issue had carried 215,208 to 91,000, a majority which, surprising to even the bond issue's most ardent advocates, outstripped the majorities given to Herbert Hoover and Governor Stannard. The result as to the bond is

The Next President



Smith Concedes Defeat; Landslide Buries His Hopes

SMITH CONCEDES ELECTION

NEW YORK, Nov. 7—(AP)—Gov. Alfred E. Smith at 12:45 a. m. conceded the election of Herbert Hoover and sent the following telegram of congratulation to the successful candidate in Palo Alto, Cal.:

"I congratulate you heartily on your victory and extend to you my sincere good wishes for your health and happiness and the happiness of your family."

The roaring majorities for states, rolled on added its support in California.

In the early morning hours of the 7th, the nation's political scene was an adventure that Governor Smith



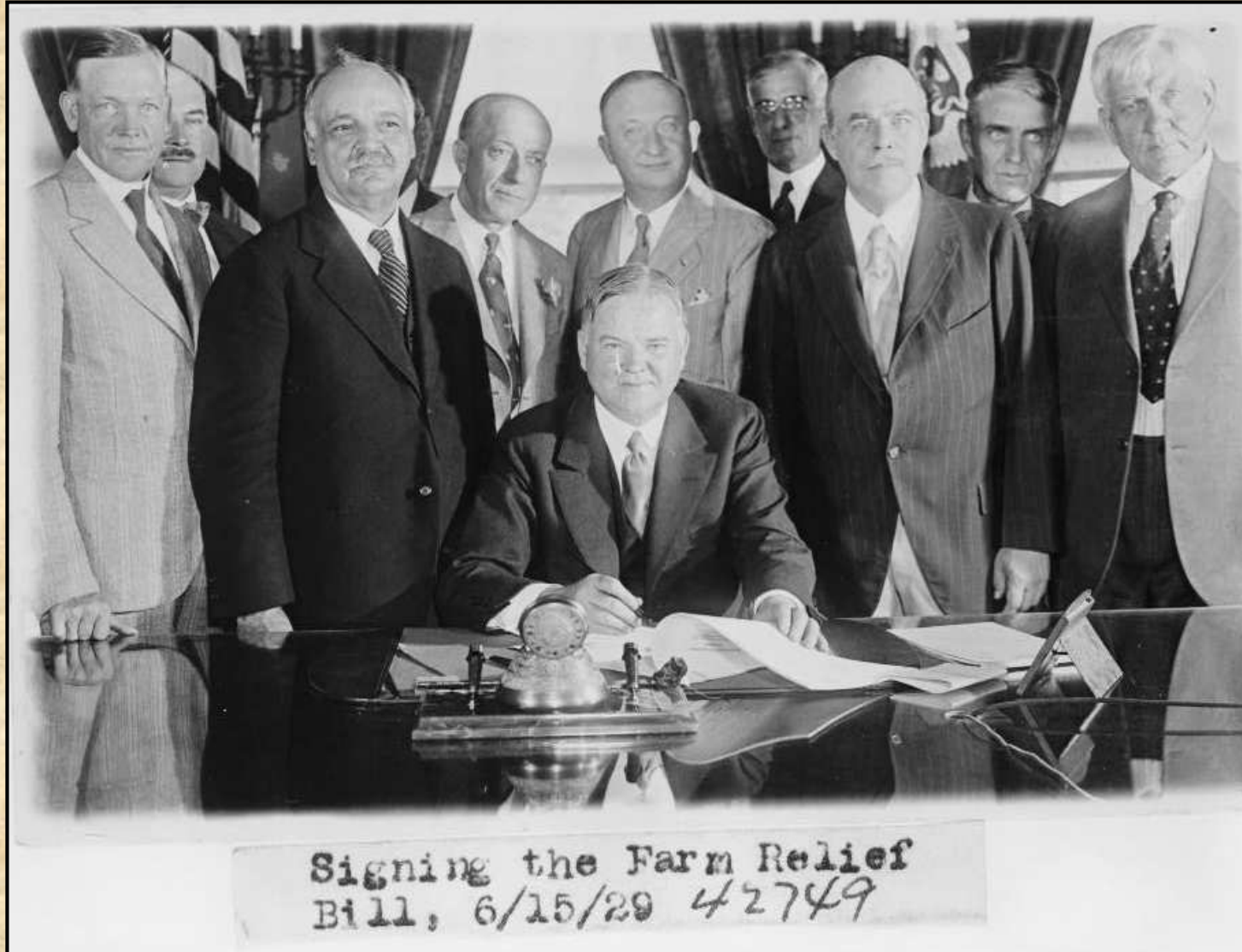
President Hoover's belief in self-reliance would later affect his ideas about how to best solve the upcoming depression



President and Mrs. Hoover

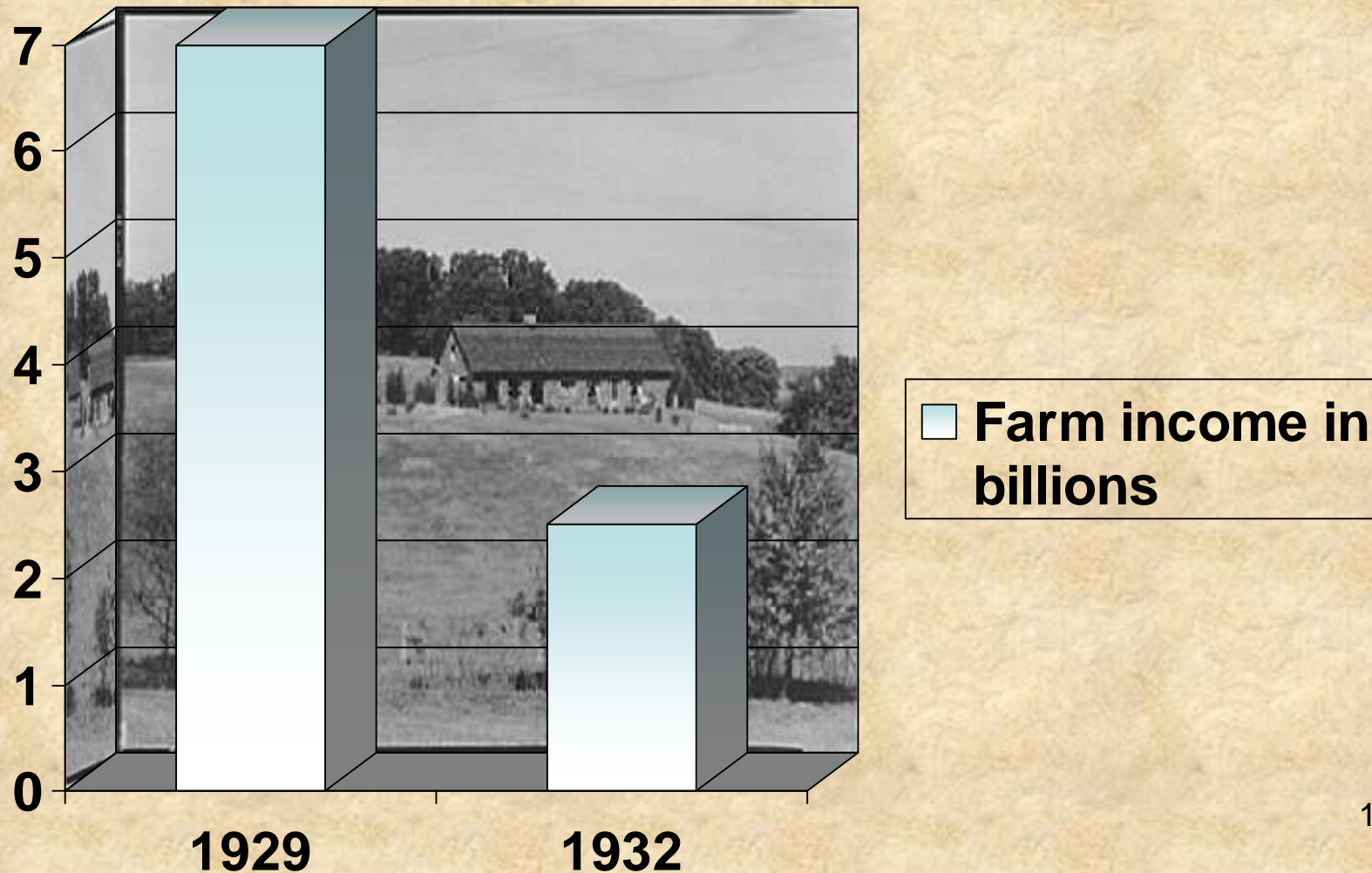
**"I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering. . . . The lesson should be constantly enforced that though the people support the Government the Government should not support the people."
(1930)**

ONE OF HOOVER'S FIRST ACTS WAS DEALING WITH THE FARM CRISIS



Candidate Hoover: "The most urgent economic problem . . . is agriculture. It must be solved."

Farmers, who had been suffering during the 1920s, suffered further declines during the Great Depression. Wholesale food prices collapsed, which led to a lack of money to purchase new equipment and many could not pay for their mortgages and lost their farms.



U.S. Department of Agriculture's yearbook from 1934 shows the unstable prices of foodstuff

YEAR	WHEAT	CORN	OATS	POTATOES	PEANUTS
1919	216.3	150.7	76.7	191.1	9.33
1920	182.6	61.0	53.8	133.2	5.26
1921	103.0	52.7	32.2	113.5	3.99
1922	96.6	75.2	37.4	68.6	4.68
1923	92.6	83.5	40.7	91.5	6.78
1924	124.7	105.3	47.8	71.5	5.68
1925	143.7	69.9	38.8	166.3	4.56
1926	121.7	75.3	40.1	136.3	4.97
1927	119.0	84.9	47.1	108.9	5.04
1928	99.8	84.3	40.7	57.2	4.90
1929	103.4	79.8	41.9	131.5	3.83
1930	67.0	59.4	32.2	91.5	3.54
1931	39.0	32.1	21.3	46.4	2.09
1932	37.9	31.8	15.7	38.8	1.53

Pictured below is one of thousands of farm foreclosure sales. A foreclosure happens when an owner cannot pay for their mortgage and the bank repossesses the property to sell it.



Table shows the extreme drop in profits for farmers. This explains why they were unable to afford new equipment, and in many cases their mortgages, which led to the hundreds of thousands of foreclosures on farms.

	1910	1918	1932
Average gross receipts	2177	3837	1512
Average expenditures	770	1655	1019
Balance	1407	2182	493

Federal Reserve Monetary Policy

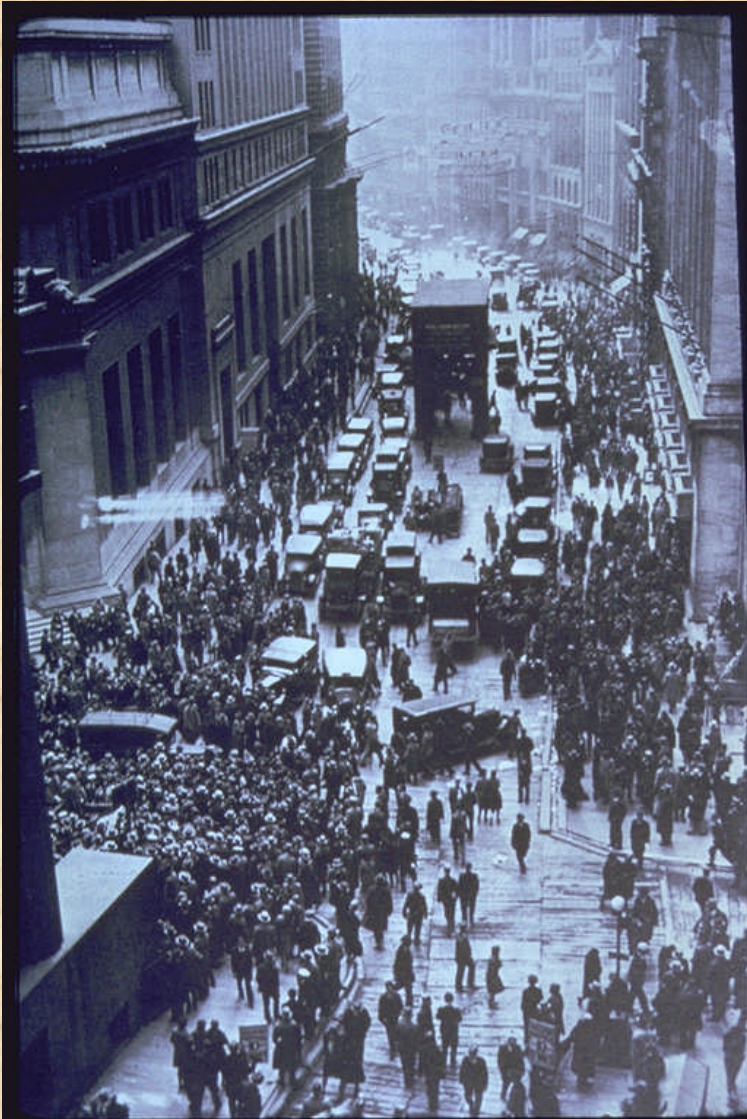
- **The Federal Reserve System was created in 1913 to help stabilize the economy by establishing a central banking system for the U.S.**
- **A major goal is to deal with bank panics.**
- **Monetary policy manipulates the money supply to help strengthen the economy.**
- **At the beginning of the Great Depression, the Fed did not address failing banks, and many scholars argue their idleness worsened the situation.**



Millions of average Americans began speculating in the stock market in the 1920s. Speculating is buying risky stocks out of a desire to get rich quick, rather than investing because of a sound investment.




STOCK MARKET CRASH AND FINANCIAL PANIC




**WALL STREET ON THE DAY OF
THE CRASH, OCTOBER 1929**



Major reasons for the stock market crash in October 1929

 Stocks were overpriced due to speculation, meaning they were not worth their sale price

 Massive fraud and illegal activity occurred due to a lack of regulation and rules

 Margin buying, or buying using credit

 Federal reserve policy



**"Brother, Can You Spare a Dime," lyrics by Yip Harburg, music by Jay Gorney
(1931)**

They used to tell me I was building a dream, and so I followed the mob,
When there was earth to plow, or guns to bear, I was always there right on the job.
They used to tell me I was building a dream, with peace and glory ahead,
Why should I be standing in line, just waiting for bread?

Once I built a railroad, I made it run, made it race against time.
Once I built a railroad; now it's done. Brother, can you spare a dime?
Once I built a tower, up to the sun, brick, and rivet, and lime;
Once I built a tower, now it's done. Brother, can you spare a dime?

Once in khaki suits, gee we looked swell,
Full of that Yankee Doodly Dum,
Half a million boots went slogging through Hell,
And I was the kid with the drum!

Say, don't you remember, they called me Al; it was Al all the time.
Why don't you remember, I'm your pal? Buddy, can you spare a dime?

Once in khaki suits, gee we looked swell,
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











Say, don't you remember, they called me Al; it was Al all the time.
Say, don't you remember, I'm your pal? Buddy, can you spare a dime?



Multimedia Learning's "Great Depression and New Deal" PowerPoint covers all the major topics throughout the 1930s. The next slide shows the table of contents of the 177 slide presentation.

MML also offers "The Great Crash Stock Market Simulation Game" where students become investors in the Great Bull Market of 1928-1929 and in the Bear Market that followed, making and losing fortunes as industrial, rail, and utility stocks rise and fall in this easy to use simulation of the Wall Street frenzy.

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