

Summary: The Great Depression

Hard Times for Americans

During most of the 1920s, the United States economy grew. Many people invested their money. They bought stocks in companies. A stock is a small part of a company. The value of stock goes up when a company does well. The value of stock goes down when a company does poorly. Then stockowners lose money.

By the end of the 1920s, the economy had started to slow down. In 1929, the value of many stocks quickly dropped. The American stock market crashed. Stockowners were frightened. Many stocks became worthless. Thousands of people lost all of their money.

The economy became even weaker. Factories did not need many workers. Businesses closed. Many people lost their jobs, so unemployment went up. Some families had to give up their homes. Each day, hungry people waited for free food at community kitchens.

Many farmers did not make enough money, so they went out of business. In the early 1930s, almost no rain fell in the Great Plains. Farmers' lives became even harder. The soil turned to dust. This area was called the Dust Bowl. This time of hardship is known as the Great Depression. It was the worst depression in United States history.

The New Deal

In 1932, Franklin D. Roosevelt became President. He wanted to stop the Depression. Roosevelt started new programs to help Americans. He called these programs the New Deal. Congress quickly passed the programs into law. Some programs gave food and shelter to people. The Public Works Administration (PWA) hired people to build dams and improve roads and parks. The New Deal did not end the depression, but it gave people new hope.



Before You Read

Find and underline each vocabulary word.

stock market *noun*, a place where people can buy and sell shares of a company's stock

unemployment *noun*, the number of people without a job

depression *noun*, a period when many people can't find work, and many others have no money to keep businesses going



After You Read

REVIEW What made unemployment go up during the Great Depression? Underline two sentences that tell why many people lost their jobs.

REVIEW What kinds of projects did the PWA hire people to work on?

Highlight the projects done by the PWA.