

# Summary: The Great Depression

## The Economic Depression

During the 1920s, many Americans did not think the economic boom would end. They borrowed money to buy goods and to invest in the stock market. Then, in October 1929, the stock market crashed. The crash led to an economic bust. The value of stocks dropped. Many people and businesses lost money.

The economy got worse. Stores could not sell their goods, so factories did not need as many workers. Businesses closed, and many people lost their jobs. Unemployment was high. This time of unemployment and hardship is called the Great Depression. It lasted through the 1930s.

Many people, especially farmers, were in debt. They could not buy as many homes or consumer goods as before. Many banks closed and customers lost their savings. Banks could not make loans to help businesses.

## Hard Times for Americans

The Great Depression caused hardship for Americans. In 1932, about 25 percent of the working population did not have jobs. People without jobs lost their homes because they could not pay their debts. Many became homeless and built shanties. The shanties were homes made from cardboard, broken cars, and wood scraps. There were shantytowns all across the United States. People also called these shantytowns Hoovervilles, after President Herbert Hoover. They blamed him for the economic problems.

People were poor and hungry. They stood in bread lines at community kitchens to get free meals. Charities gave food to needy people. The Great Depression was very hard on sharecroppers in the South. These farmers paid rent or a share of the crops they grew to the landowners. During the Depression, many of them had no money for rent, so they had to leave.

In the early 1930s, there was a bad drought on the Great Plains. Almost no rain fell, and the soil turned to dust. People called this area the Dust Bowl. Many farmers left to find work. Artists, such as Dorothea Lange and Woody Guthrie, expressed suffering during the Great Depression through photographs, music, and writing.

### Before You Read

Find and underline each vocabulary word.

**economic bust** *noun*, an extreme downturn in the economy

**unemployment** *noun*, the number of people who are looking for a job but can't find one

**Great Depression** *noun*, the period in U.S. history when many people couldn't find work and many businesses closed

**debt** *noun*, money that one person owes to another

**charity** *noun*, an organization that helps people in need

### After You Read

**REVIEW** Why did factory workers lose their jobs during the Great Depression? Draw a box around two sentences that tell the answer.

**REVIEW** Why did people build shantytowns and stand in bread lines during the Great Depression? Circle two sentences that tell why people lost their homes and built shantytowns. Underline two sentences that tell why people stood in bread lines.