

Standards Focus: Historical Context

The Great Depression

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

There are many theories about the causes of the Great Depression. During the 1920s, America was experiencing a time of great prosperity and living a life of excess in which people had lots 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

In 1929, on a day that was eventually called "Black Friday," the stock market crashed. This meant that eventually, 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. 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.

The downward spiral continued. Because people had no money, harvesting and manufacture of new crops and products slowed drastically. Since no one had money to buy anything, 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 could not afford to buy food, clothing, or other necessities. Because the American people could no longer afford to spend money, the economy began to worsen even more. Banks could not afford to stay open, and many people's entire life savings disappeared.

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, mass unemployment and economic stagnation continued for several years. The start of World War II soon sparked the economy, as foreign 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 left their mark, and the Great Depression continues to be viewed as one of the most difficult periods in U.S. history.