

Unit 3 – From Jazz to Depression

DAY 3

THE GREAT DEPRESSION

**WHAT'S SO GREAT ABOUT
CRASHING STOCKS AND DUST
BOWLS?**

OBJECTIVES

- Identify the three primary causes of the Great Depression
- Understand the significance of Oct. 29, 1929
- Discuss what lessons can be learned from the Great Depression
- *Terms:*
 - Stock
 - Margin
 - Margin Call
 - Black Tuesday
 - Bank Run
 - “Dust Bowl”
 - Okies
 - Hooverville
 - The Great Depression

REMIND ME...

- *Why might the Twenties be called the “Roaring” Twenties?*
- *What were some changes to entertainment, leisure, etc.?*
- *What would you say is the new focus for society and culture (especially youth) in the Twenties?*

CONSUMER LOVIN'

- America has long been Capitalist, but it was the economic growth of WWI that allowed Americans to, for the first time, truly have “free time,” and focus on things like leisure, entertainment, and “pop culture.”
- In order to enjoy all those things, though, what do you need?

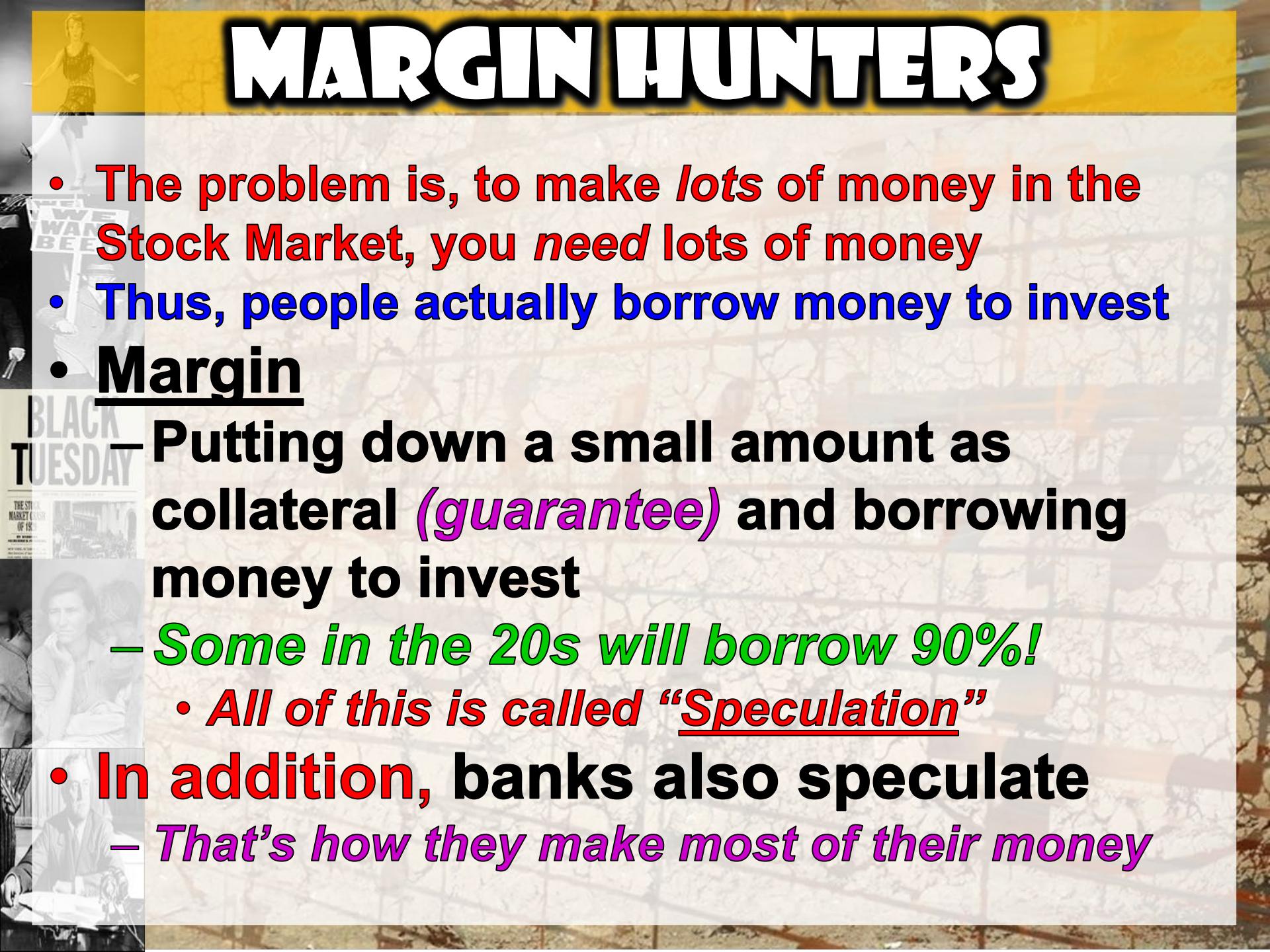
I'M CAPITALISTENING

- In order to understand how both businesses and consumers changed in the Twenties, you need to understand a core of most modern businesses – shareholders.
- Most companies can't raise the capital themselves to build a factory, expand to new cities, or do everything they'd like...
- Thus, they look for others to invest.

CREEPY STOCK-ER

- If a business chooses, the public can be “shareholders” in their company
- They can buy stock
 - *(This is called investing)*
- Stock
 - A “share” of a company that can be bought
 - Will share the profit or loss of the company
 - As the price of a share increases, so does the payout
- The “Stock Market” becomes a way for many people to make a lot of money in a short amount of time...





MARGIN HUNTERS

- The problem is, to make *lots* of money in the Stock Market, you *need* lots of money
- Thus, people actually borrow money to invest
- Margin
 - Putting down a small amount as collateral (*guarantee*) and borrowing money to invest
 - *Some in the 20s will borrow 90%!*
 - *All of this is called “Speculation”*
- In addition, banks also speculate
 - *That's how they make most of their money*

MARGIN-ALIZED

- What could be the problem about investing on margin?
- Sure, when stocks do well, no problem, but if it drops, you **STILL OWE THE MONEY**
- *Brokers could collect at any point, depending on the terms of your loan*
- Margin Call
 - Demand from a broker to pay the balance on a margin loan **(or part of it)**
 - *If you DON'T pay, your assets can be seized, lost home and possessions, and even end up in jail*



LOCK, STOCK, AND BARREL

- Stock prices are an up-to-the-second commodity (*visit the Stock Exchange sometime!*) but that doesn't mean the ability to trade your shares is instant.
- *You still have to find a buyer!*
- *Thus, what do you think would happen if lots of people were screaming to “sell” at once?*
- *Stock Markets are easily panicked!*

WALL STREET LAYS AN EGG

- Well, from Oct 24-28 prices for many major companies were falling amid just such panic, and then it hit rock bottom.
- October 29, 1929, now known as Black Tuesday
 - Worst Stock Market Crash in U.S. History
 - *“Crash” meaning drastic fall in price*
 - Billions of dollars “lost” in hours
 - Many companies declare bankruptcy
 - *meaning those stocks were now worthless*
 - Many people lose life savings in seconds
 - In a single day more is lost than was spent in WWI
 - *By Nov 13, it was \$100 billion (\$1.3 trillion today)*

STAGE

BROADWAY

SCREEN

VARIETY

PRICE
25¢.

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WALL ST. LAYS AN EGG

Going Dumb Is Deadly to Hostess
In Her Serious Dance Hall Profesh

DROP IN STOCKS
ROPE SHOWMEN

Kidding Kissers in Talkers Burns
Up Some of Screen's Best Lovers

Hunk on Winchell

A hostess at Roseland has her problems. The paid steppin' consider their work a definite profession and bring for special entertainment and big money salesmanship.

"You see, you gotta sell your personality," said one. "Each one of us girls has our own clientele to call. It's like this—if you're in a store—you have to know what to sell each particular customer."

"Gotta be able to do what you want to kid, some want to get snappy, and others are just 'misunderstood' hunk."

Girls applying for hostess jobs at Roseland must be 21 or older. They must work five nights a week. They

Many Weep and Call Off
Christmas Orders—Legit
Shows Hit

MERGERS HALTED

The most dramatic event in the financial history of America is the collapse of the New York Stock Market. The stage was Wall Street, but the onlookers covered the country. Estimates are that

Talker Crashes Olympus

When the Walter Winchell moved into 104 West 55th street, late last week, June 1, he had his own office and a special room as Walter's exclusive sleep den for his late night talks. He was the last of the Winchell kidslets when her husband donned in at his usual eight o'clock.

At noon, Walter's midnight, his sound proof room was his wake up with but four hours of sleep.

For "Pollies" and the Fox Movietone nowwad are showing this week in Athens, Greece, the first sound pictures world is the romance of world culture, for that matter.

Several weeks ago, Variety's extra correspondent cabled that a picture had been wired in Alexandria, Cleopatra's



PANIC AT THE COSTCO

- The Stock Market Crash leads banks and brokers to “margin call” any investors
- Banks, themselves, lost a lot of money, and people had put their savings into them as well
- Thus, many, in a panic, wanted to withdraw part, or all, of their savings from banks
- This is called a Bank Run

MEANWHILE, IN THE FLATLANDS

- Far from Wall Street the “average Americans” were living in areas like Kansas, Oklahoma, Colorado, and Texas, and happily growing crops on farms, putting savings in the bank, and NOT speculating
- *How might they still be connected to Black Tuesday?*
- See when their banks fail, they, too, lose savings. Most of the time, they might still be self-reliant... but then...

DUST IN THE WIND

- *Due to a series of unfortunate factors, the 1930s saw a series of droughts and dust storms that devastated crops and farms*
 - Poor crop rotation, climate change, loss of water rights, and a host of other reasons
- *The results on the area came to be called The Dust Bowl*
 - Area of the Southern Great Plains severely damaged by drought and dust storms in the 1930s
 - Forced thousands to leave farms and homes

DUST STORM DAMAGE, 1930-1940



Dust Bowl States



Area with most severe dust storm damage



Other areas damaged by dust storms

ANOTHER ONE BITES THE DUST

- *Why would the drought be so devastating?*
 - Could the bank give them more time on a loan, or mortgage? Did they have savings to fall back on?
- Thus, thousands had to leave those areas and go to wherever they could. Just like the Great Migration, however, there'd be some tension
- They were dubbed “Okies”
 - Derogatory name for migrants forced out of homes from the Dust Bowl
 - In particular, migrant workers in California
 - Named for Oklahoma



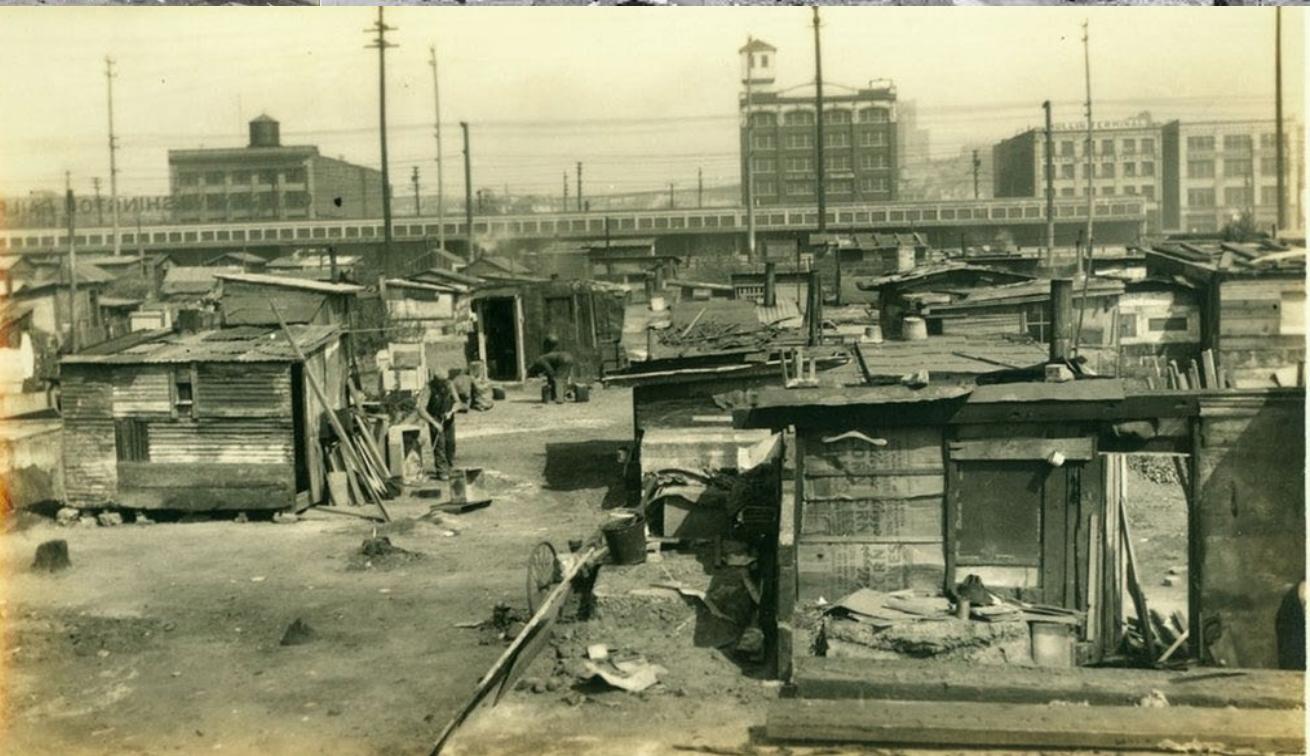
Migrant family looking for work in the fields of California.

- The word "Okie" meant 'scum' -



THE LOVE-LESS SHACK

- **Throughout the U.S. from New York to California millions were homeless and destitute**
- **Many formed shantytowns** (*temporary homes for homeless*)
- **The term “Hooverville” rose**
 - A shantytown formed during the Great Depression
 - Made of wood, cardboard, and temporary materials
 - Named for President Hoover (*who many blamed for the economic woes*)



DEPRESSION IS NEVER GREAT

- Thus, the “Roaring Twenties” and “Jazz Age” had definitely met with a hard dose of reality. (*Maybe that's why we quickly legalize alcohol again*)
- While the Twenties “roared” the Thirties became...
- The Great Depression
 - Term for the worst financial Depression* in American History
 - (*a prolonged Recession)
 - 1930s
 - Caused by a number of factors...

LESSONS FROM "THE FALL"

- So what were the primary “causes” of the Great Depression?

1) Stock Market Crash

2) Bank Failures

3) Drought (*Dust Bowl*)

- *In addition, adding to our woes the simple fact that...*

It was a world-wide depression

– *Especially hit Germany hard... why?*

• *But THAT fact will be important for the NEXT unit.*

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