

WALL STREET CRASH & THE DEPRESSION

- In 1928 the new Republican President Herbert Hoover confidently stated:



Herbert Hoover

'We in America today are nearer to the final triumph over poverty than ever before in the history of any land.'

THE WALL STREET CRASH

- When he formally moved into the White House in March 1929 the mood of confidence was still there.
- He pointed out that Americans had more bathtubs, oil furnaces, silk stockings and bank accounts than any other country.
- 6 months later it was a very different picture...
- All confidence in the American economy had ended and America was plunged into the **Great Depression**.



THE WALL STREET CRASH

- In October 1929 the Wall Street stock market crashed.
- The American economy collapsed.
- The USA entered a long depression that destroyed much of the prosperity of the 1920s.



WALL STREET CRASH

- When the American stock market collapsed it had a knock on effect around the world.
- The world economy was plunged into the Great Depression.



EFFECTS IN AMERICA

- Between 1929-1932, over 100,000 businesses collapsed and **15 million** people became unemployed.
- As well as losing their jobs, many also lost their savings and homes.



EFFECTS IN AMERICA

- Between 1929 and 1933, on average 100,000 people lost their jobs every week.
- By 1932, there were:
 - 660,000 out of work in Chicago
 - 1 million in New York City
 - 50% of the population in Cleveland and 80% in Toledo were unemployed.



EFFECTS IN AMERICA

- Newspapers stuffed under the shirt kept out the worst of the cold; and shoes could be lined with cardboard.
- People sold their most precious possessions to buy food for their children.
- Many died from exposure, and a large proportion of the population was suffering severe malnutrition.



EFFECTS IN AMERICA

- Many unemployed people became **'hoboes'** – homeless wanderers seeking any kind of work.
- By 1932 there were 1-2 million unemployed people wandering around the country, hitching rides or hopping onto freight trains or living in shanty towns on the outskirts of towns and cities.



EFFECTS IN AMERICA

- Homelessness was a massive problem.
- Thousands of families, unable to pay their rent, were forced to take shelter in makeshift 'homes'.
- These 'shanty towns' grew up in cities and became known, sarcastically, as 'Hoovervilles'.



Property of Museum of History and Industry, Seattle





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This family moved into a cave in Central Park, NYC.

WHAT CAUSED THE GREAT DEPRESSION?

- There were too many goods being made and not enough people to buy them.
- Farmers had produced too much food in the 1920s, so prices for their produce became steadily lower.
- There were too many small banks - these banks did not have enough funds to cope with the sudden rush to take out savings, which happened in the autumn of 1929.

WHAT CAUSED THE GREAT DEPRESSION?

- Too much speculation on the stock market - the middle class had a lot to lose and they had spent a lot on what amounted to pieces of paper.
- America had lent huge sums of money to European countries. When the stock market collapsed, they suddenly recalled those loans.
- This had a devastating impact on the European economy. The collapse of European banks caused a general world financial crisis.

GLOBAL IMPACT: WALL STREET CRASH

“Germany is dancing on a volcano. If the short term credits are called in, a large section of our economy would crash” Stresemann 1928

- After the crash American loans to Germany dried up.
- Caused bankruptcy, bank failures and business collapses.
- By January 1932 there were **6 million unemployed** in Germany and over 50,000 businesses were bankrupt.



Stresemann

GERMANY

- The German economy was especially vulnerable since it was built out of foreign capital, mostly loans from America and was very dependent on foreign trade.
- When those loans suddenly came due and when the world market for German exports dried up, the German industrial machine quickly ground to a halt.



THE GREAT DEPRESSION & THE NAZIS

- The Great Depression is often considered to be the largest single factor in helping the Nazis rise to power.
- Many historians argue that without the depression, and its devastating consequences for Germany, Hitler would have remained on the fringes of German politics.
- The hardship brought to Germany, along with the damage caused to the Germany economy, ensured Hitler now had a receptive audience for his messages.
- From this Hitler was able to build up mass popular support.

THE GREAT DEPRESSION & THE NAZIS

- In the Reichstag elections of 1930 the Nazis won 107 seats (up from 12 in the 1928 elections).
- They received 18% of the popular vote and were now the second largest party.
- In July 1932 they won 230 seats and 37% of the vote.