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**Where Did All the Money Go?**

**Directions:** Identify how the stock market crash of October 1929 lead to a nationwide depression and the impact on the south.

**Assignment:**

1. Watch the video: Song of the South by Alabama: <http://www.vevo.com/watch/alabama/song-of-the-south/USRV50600013>
2. Make a Cause and Effect Chart on your own paper using the information below along with the other information you have learned in this module.

*One of the great mysteries of the 20th century is how the U.S. economy could have gone from a state of unprecedented prosperity in the 1920s to one of unprecedented failures in the 1930s. In the 1920s jobs were plentiful, the economy was growing, and the standard of living was rising. By the end of the 1920s, at least twice as many people owned their own homes as had at the beginning, and most of those houses were equipped with electric lights and flush toilets, once regarded as luxuries. Sixty percent of all households had cards, up from 26% in 1920. More teens were attending high school; fewer were working full time. Leading political and economic figures of the day said that athe United States appeared to have reached a “permanent plateau of peace and prosperity.”*

*But by 1933 at least one-fourth of the U.S. labor force was unemployed and about the same percentage was working shorter hours, which reduced their incomes. Families were losing their homes and many were going hungry. Adolescents who should have been in high school were riding around the country in freight cars, looking for work. Although 1933 was the low point of what came to be called the Great Depression. A decade of hope had been succeeded by a decade of hopelessness.*

*What happened? The United States possessed the same productive resources in the 1930s as it had in the 1920s. The great factories and the productive machinery that had raised living standards in the 1920s were still present in the 1930s. Workers still had the same skills and were willing to work just as hard as before, and farmers were producing more food than ever. Howe could life have become so miserable for so many Americans in such a short period of time?*

***Many think, the causes of the depression started before October 1929. Use the information below to help you complete the cause and effect sheet on the great depression found on the back.***

* **Stock Market Speculation** –People were buying stocks hoping they will go up in value. (remember people up north have more money than they have ever had after WWI)
* **Over-borrowing** – people did not have cash to buy their cars, radios, washing machines, etc.… so they started borrowing money from the bank.
* **Credit** – after borrowing from the banks, people starting building up personal debt for the first time.
* **Bank Practices** – Banks would use individual personal deposits to loan money to others. As long as people did not want to withdraw all their money at the same time, this practice worked great.
* **Laissez-faire** –The government had a policy or attitude of letting things take their own course, without interfering. This allowed businesses to operate with very little say from the government.
* **Industrial Overproduction** – because of high consumer demand in the early 1920’s companies started producing more and more. (Refrigerators, car, kitchen appliances, etc.…)
* **High Tariffs** – Government passed high taxes on imported goods to help promote American made products. This will cause a ripple effect from other countries (meaning they will charge American companies more to export their products)
* **Depressed Agricultural Production** – During the war, the government paid farmers to grow crops however once the war ended, the need changed.

**Facts on the Great Depression:**

* When October 29, 1929 happened, Americans reacted differently.
* Many in the south did not even know there was a crash. They did not have money for basic necessities so they did not have money in the stock market.
* Many in the north however were greatly impacted and many say this was the final straw that caused a collapse in the U.S. economy.
* This collapse will lead the U.S. into the world wide depression that will last through the 1930s decade.

**Cause and Effect Chart:**

* Use the information found in class to find the causes of the Great Depression. Be ready to explain the causes in class.
* Draw the chart on the next page on your own paper. Complete the causes leading up to the Great Depression and then the effects of that cause.
* Example: **Cause:** Banks used individual people’s money for their own benefit **Effect:** When people went to go get their own money out of the bank, it was gone.

The Great Depression

Causes

Effects

Why did the stock market crash have very little impact on the people of Georgia? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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