

Banks permitted investors to buy stocks on large margins of \_\_\_\_\_. For example, if an investor wanted to buy \$20,000 worth of stock, he only had to put up \_\_\_\_\_% (\$2,000) of his money. The bank would then loan the remaining 90% or \$18,000. The bank would seize the stock if they could not repay the loan as if it were \_\_\_\_\_. Banking officials thought that stocks were as good as money and would not go \_\_\_\_\_.

#### The Banking Industry Collapse: Results

1. Families that played the stock market lost all their \_\_\_\_\_. 2. Investors who had bought stocks on margin had to sell them at a fraction of their original price. This meant that they could not \_\_\_\_\_ the bank the amount it had loaned him. This meant that the bank could not replace its \_\_\_\_\_ money, which it had used to fund the speculator's loans. So, even people who did not invest in the stock market lost their money. 3. Unemployment increased which meant that people began to \_\_\_\_\_ on their mortgages. This meant that banks lost even more money. By 1932, \_\_\_\_\_ of the nation's banks closed.

The bank is failing. How do you think the depositors trying to get their money are feeling?

How do you think bank failures affected the nation?

#### Slide #5: Overproduction

##### Industrial Goods

\_\_\_\_\_ demand for goods was high after WWI. Americans wanted to enjoy life after the horrors of WWI. \_\_\_\_\_ enticed Americans to purchase more and more goods. As a result, business owners continued to \_\_\_\_\_ the market with a huge supply of goods. By 1929, there were more products available than people to \_\_\_\_\_ them.

##### Agricultural Goods

American farmers \_\_\_\_\_ during WWI because they provided food to the U.S. and Europe. After the war, farmers mechanized farming techniques to increase \_\_\_\_\_. However, Europe did not need American food anymore resulting in a \_\_\_\_\_ of crops. Farmers were stuck with a \_\_\_\_\_ of crops they could not sell, or could only sell for a \_\_\_\_\_ price.

Describe what you see.

Why are they doing this?

How might the economic collapse be explained by what you see in these 2 pictures?

#### Slide #6: The Toll on the Farming Industry

##### The Farming Industry Decline

During the 1920s, farmers borrowed heavily from banks to pay for new \_\_\_\_\_. When farmers could not sell their crops, they could not \_\_\_\_\_ their \_\_\_\_\_. Farmers defaulted on their loans and lost their farms to bank \_\_\_\_\_. The banks would then try to \_\_\_\_\_ the farm, but there were few that could afford to buy it. This meant that the bank lost even more money.

##### The Dust Bowl

A severe \_\_\_\_\_ caused the soil to turn into \_\_\_\_\_. Farmers and their families fled the Dust Bowl and headed west to \_\_\_\_\_ in search of employment. People referred to these migrating farmers as "\_\_\_\_\_." Unable to pay for adequate housing, the Okies were forced to live in \_\_\_\_\_.

Describe what you see.

Why are there no people in the picture?

Why did they leave? Where did they go?

#### Slide #7: Unequal Distribution of Wealth

##### The Gap Between the Rich and Poor

During the 1920s, the gap grew \_\_\_\_\_ and the \_\_\_\_\_ of wealth grew unequal. In 1929, \_\_\_\_\_% of the population owned \_\_\_\_\_% of the nation's wealth. \_\_\_\_\_% of U.S. families lived on or below the poverty line. Workers struggled to survive in the 1920s. Companies replaced workers with \_\_\_\_\_ that produced goods \_\_\_\_\_ and \_\_\_\_\_. Corporations rarely passed profits onto workers with \_\_\_\_\_ wages. Instead they kept wages low and used the money to improve their facilities.

##### Purchasing Power is Lost

\_\_\_\_\_ and businesses tried to encourage \_\_\_\_\_ spending by allowing people to buy things on credit. But Americans fell deeper and deeper into \_\_\_\_\_ as they purchased items they could not afford and paid the high interest on them. By 1929, Americans could not afford \_\_\_\_\_ necessities let alone \_\_\_\_\_ goods. A small handful of wealthy Americans could not fill in the gap for the entire \_\_\_\_\_. \_\_\_\_\_ dropped and companies began to \_\_\_\_\_.

Describe what you see.

Where do you think they are going?

How is their life different from the door-man?

How would a gap between the rich and poor contribute to the economic collapse of the 1920s?