**8th Grade Social Studies**

**April 13th - April 17th**

**Directions:** Read the following sections and answer the questions in the spaces provided. Use the R.A.C.E. (Restate, Answer, Cite, and Explain) strategy to create answers in complete sentences.

**Economic Boom of the 1920s**

As we discussed in class, America in the 1920s looked a lot like America today. There was music and clubs promoting night life, the radio and moving pictures (movies) started to make national celebrities. The radio also helped broadcast sports with play by play to new audience making sports stars like Babe Ruth a name everyone in the country would know like Koby Bryant and Tom Brady. Today we will discuss what the economy of America in the 1920s looked like.

The United States economy was roaring, it was strong and grew like crazy during the 1920s. The United States had many advantages to help the economy grow. The U.S. had many natural resources like coal and timber. While the U.S. participated in World War I, all the fighting was done in Europe. They had no major damage to repair in the country and U.S. bankers loaned Europe countries money to repair from the war.

1. Give one reason the United States economy was growing during the 1920s?

Electricity was just starting to be perfected and used in factories. Business would use **mass production** to make things like radios, cars, vacuums, and other goods and appliances on assembly lines. Each station had one section to make or put together and they passed it along. Now many people can work together to produce an item faster. Think about it like splitting up a page of math problems with a couple partners during a math assignment. They made hundreds to thousands of units. This meant business could make more goods which means they could sell more goods. Selling more means making more money and seeing higher profits.

1. How did mass production and assembly lines make it faster to make goods?
2. How does mass production help the sellers or the business owners?

Mass production also benefitted buyers. Because it took less time, and in some cases less manpower with electric powered machines, cost of things like radios, cars, iceboxes, and other household appliances went down. This meant luxury or easy living was not just for the rich now. Working people could buy these things and enjoy them.

1. How did mass production benefit the buyers?
2. Consider this: if everyone was buying radios, how might this help create a national culture with shared customs?

As mentioned earlier, movies, radio broadcasts, music, and sports became very powerful. With this came the rise of mass marketing advertisements. Before, ads would be in the newspaper and magazines but now, they would be seen in theaters before a movie or at a baseball game on a billboard or heard on the radio in between songs or news stories. Millions of dollars were spent on advertising and millions of dollars was made on advertisement.

1. How did the advertisement industry change during the 1920s?

The economic boom was also thanks to **installment buying**. Installment buying basically works like buying on credit. You get the product today and you pay for it bit by bit over time. Many Americans completely furnished there houses with appliances and others on credit. Thanks to installment buying saving up for one thing was not necessary. People could take that $1000 they may have been saving and spend it on five or six different things over time instead of just one thing.

1. What is installment buying? How did Americans take advantage of installment buying?
2. Predict: What might be a problem with using installment buying?

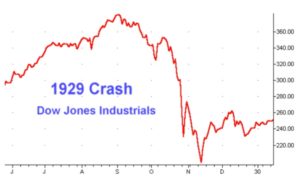
The last reason the U.S. experienced an economic boom was thanks to a **laissez-faire** approach. Laissez-faire means hands off, and this meant the government was not getting involved in the economic and how people and business spent their money. All 3 presidents of the 1920s believed in this principal. With no rules businesses made lots of money but maybe did questionable things with their money which could lead to some problems.

1. What is Laissez-faire economics?

**GO TO NEXT PAGE**

**What Goes Up Must Come Down**

**The Stock Market Crash**



The stock market crash of 1929 was one of the worst stock market crashes in the history of the United States. The value of stocks fell dramatically over the course of several days at the end of October. Many people lost all of their savings and ended up losing their homes. Businesses had to layoff employees or go bankrupt. The crash signaled the start of the Great Depression that would last for more than ten years.  
  
**Before the Crash**  
  
The 1920s (also called the Roaring Twenties) were a time of economic boom and business speculation. New industries such as automobiles and radios were changing the landscape and culture of America. People thought everyone was going to be rich and that the economy would never stop growing. This optimism caused wild speculation in the stock market. Between 1921 and 1929 the stock market had grown by 600% with the Dow Jones Industrial Average rising from 63 points to 381 points.

1. Why was everyone optimistic about the economy?

**The Crash**  
  
The crazy growth in the stock market wasn't based on reality, however. The economy could not continue to grow at such a rapid rate forever. In 1929 the economy began to slow down. At the end of October, panic gripped the stock market and people began to sell massive amounts of stock. The worst days were October 28th and 29th when values fell a total of 23%. These days became known as "Black Monday" and "Black Tuesday."

**After the Crash**  
  
Although the market tried to rally, it couldn't recover. Over the course of a few months, the stock market fell around 40%. Many investors lost everything. It didn't reach the bottom until the summer of 1932 when it had dropped 89% from its peak. Billions of dollars of wealth had been erased and the country entered into a deep economic depression.

1. What happened as a result of the Stock Market Crash?

**Major Causes of the Crash**  
  
The stock market crashed for a number of reasons. Here are a few of the major causes:

* Wild speculation - The market had grown too fast and stocks were overvalued. The stocks were worth much more than the real value of the companies they represented.
* The economy - The economy had slowed down considerably and the stock market didn't reflect it. Despite many signs that the economy was struggling, the market continued to rise.
* People were buying stocks using credit - Many people were borrowing money to buy stocks (called "margin"). When the market began to fall, they had to sell quickly in order to pay their debts. This caused a domino effect where more and more people had to sell.

1. What was wrong with buying stocks on credit? Explain.

**GO TO THE NEXT PAGE**

**The Great Depression**

The Great Depression was a time of great economic crisis during the 1930s. It began in the United States, but quickly spread throughout much of the world. During this time, many people were out of work, hungry, and homeless. In the city, people would stand in long lines at soup kitchens to get a bite to eat. In the country, farmers struggled in the Midwest where a great drought turned the soil into dust causing huge dust storms.  
  
**How did it start?**  
The Great Depression began with the crash of the stock market in October of 1929. Historians and economists give various causes for the Great Depression including drought, overproduction of goods, bank failures, stock speculation, and consumer debt.

* 1. What started the Great Depression?

**Change of Presidents**   
Herbert Hoover was President of the United States when the Great Depression began. Many people blamed Hoover for the Great Depression. They even named the shantytowns where homeless people lived "Hoovervilles" after him. In 1933, Franklin D. Roosevelt was elected president. He promised the people of America a "New Deal."

* 1. Who was President when depression started? Who was the president Americas believed would lead them out of this economic depression?

**The New Deal**  
The New Deal was a series of laws, programs, and government agencies enacted to help the country deal with the Great Depression. These laws placed regulations on the stock market, banks, and businesses. They helped put people to work and tried to help house and feed the poor. Many of these laws are still in place today like the Social Security Act.

* 1. What was the goal of the new deal for Americans?

**Banking Reform**  
One of the first things that President Roosevelt did was to close the banks in what he called a "bank holiday." Congress then passed a law called the Emergency Banking Act. This law allowed for banks to reopen under the supervision of the Federal Treasury. It helped to stabilize the banks and to bring back confidence in the banking system. People stopped trusting the banks and were not putting their money back into the banks. If a bank does not get people to deposit their money they cannot loan it out, collect interest, and make money.

* 1. Why did Franklin Roosevelt want to fix the banks? Explain.

**Repealing Prohibition**  
President Roosevelt put in a measure that would repeal prohibition until the 21st Amendment was ratified. This was popular among the people and allowed for new tax revenue due to legal alcohol sales.

* 1. Why did the President want to repeal the prohibition of alcohol?

**Public Works**  
The president began a large program for public works and created the Public Works Administration (PWA). This program built things like roads, bridges, schools, hospitals, and dams across the country. These programs provided jobs for many. The Civilian Conservation Corps (CCC) also created many jobs for men where they worked on environmental projects like national parks.

* 1. What did the public works programs do?

**Farm Programs**  
To help farmers out, the Agricultural Adjustment Administration (AAA) was put into place. It helped to improve farming practices, reduced farm production to raise prices, and gave a voice to farmers in the government.

* 1. How did the AAA help farmers?

**Housing**  
In order to get the housing industry going again, two new agencies were formed: the Home Owners' Loan Corporation (HOLC) and the Federal Housing Administration (FHA). The HOLC was formed to help refinance mortgages and to help people keep their homes. The FHA put government standards on the construction of homes to make sure that homes were safe. It also helped to insure mortgages and stabilize the home mortgage market.

* 1. What was the goal of agencies like HOLC and FHA

**Emergency Relief**  
The Federal Emergency Relief Administration provided help for the unemployed. It built soup kitchens to feed people, provided blankets to the homeless, lunches for schools, and educated people on how to find a job.

* 1. Explain which of the ways the Federal Emergency Relief Administration helped the unemployed to be the most effective way to help? Why?

**STOP! Make sure everything is answered in a complete sentence to get full credit. Be sure to submit this assignment by 5:00 PM Friday April 17th.**