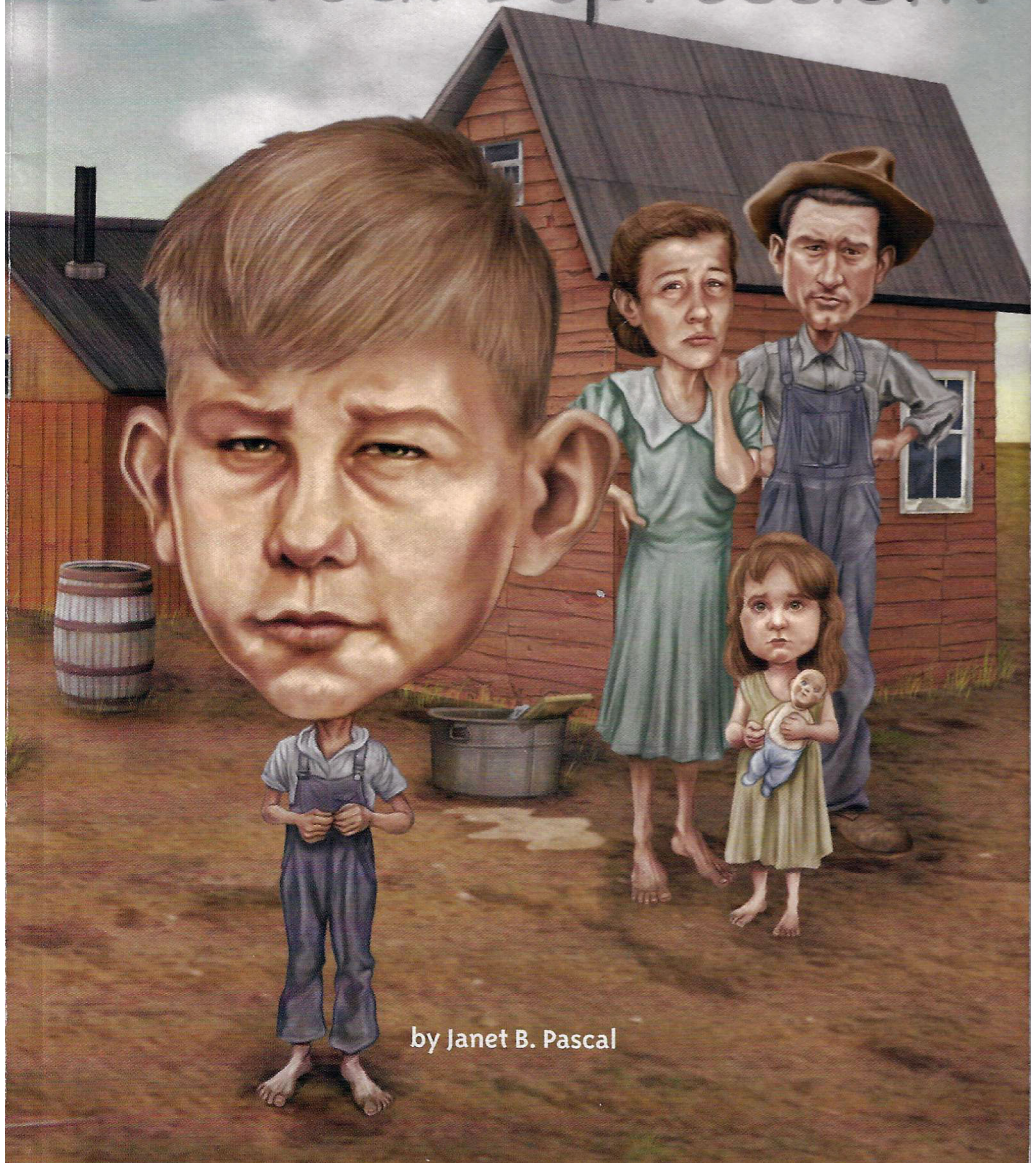


16 pages of
photos inside!

The *New York Times* Best-Selling Series

What Was the Great Depression?



by Janet B. Pascal

What Was the Great Depression?



by Janet B. Pascal

illustrated by Dede Putra

Grosset & Dunlap
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To my grandpa Brenner, who, a few days before the banks failed, brought home all his money hidden in a manila envelope. We never found out why—JBP

Dedicated to my family—DP

GROSSET & DUNLAP
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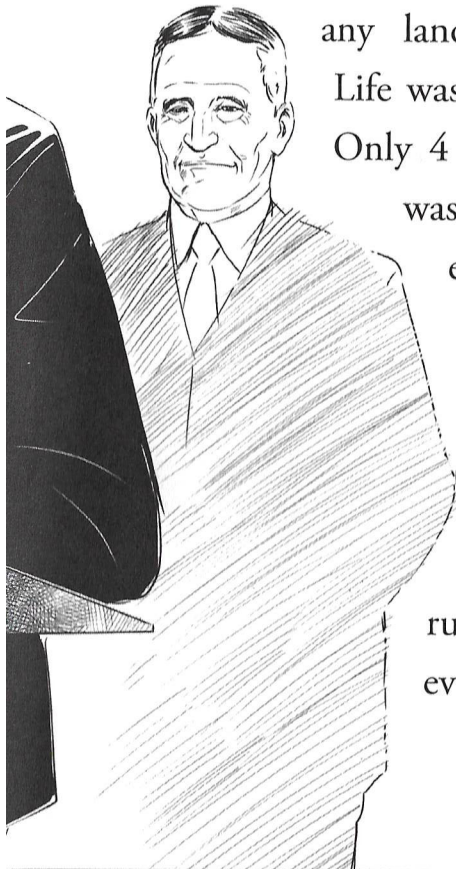
What Was the Great Depression?

In the fall of 1928, Herbert Hoover, future president of the United States, announced, “We in America today are nearer to the final triumph over poverty than ever before in the history of any land.” Most citizens agreed.

Life was the best it had ever been.

Only 4 percent of the population was unemployed—four out of every one hundred workers.

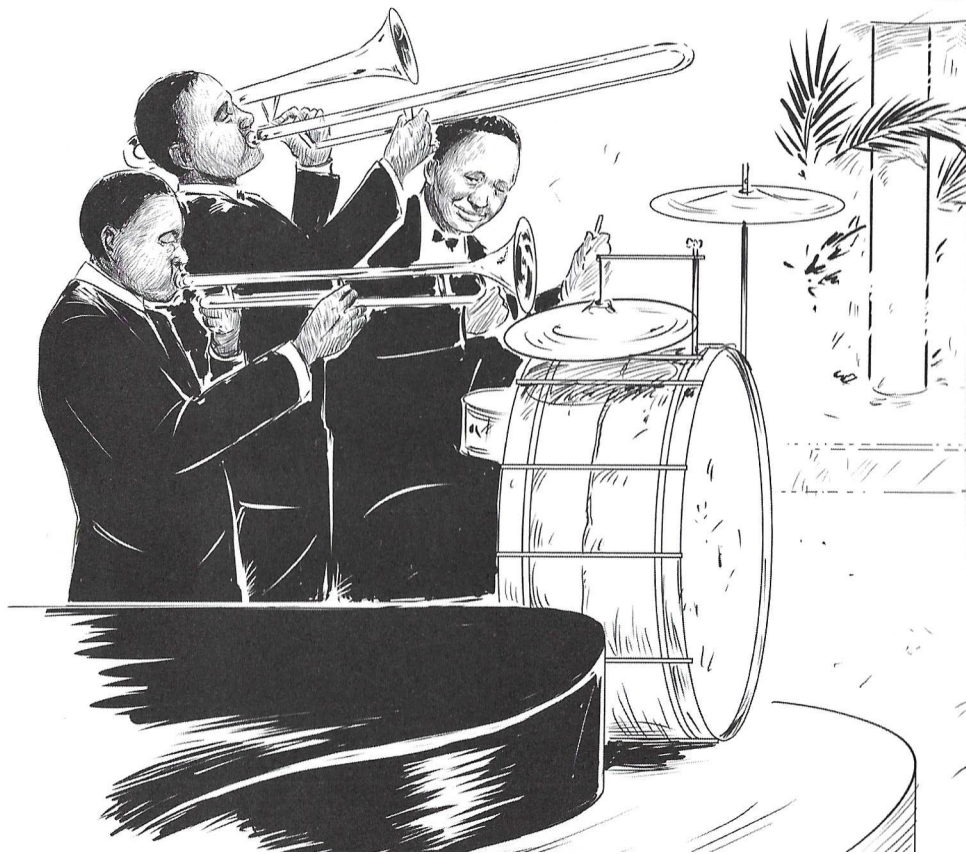
A little more than a year later, financial panic had taken over. The New York stock market crashed. Millionaires were ruined. Ordinary citizens lost everything.



CHAPTER 1

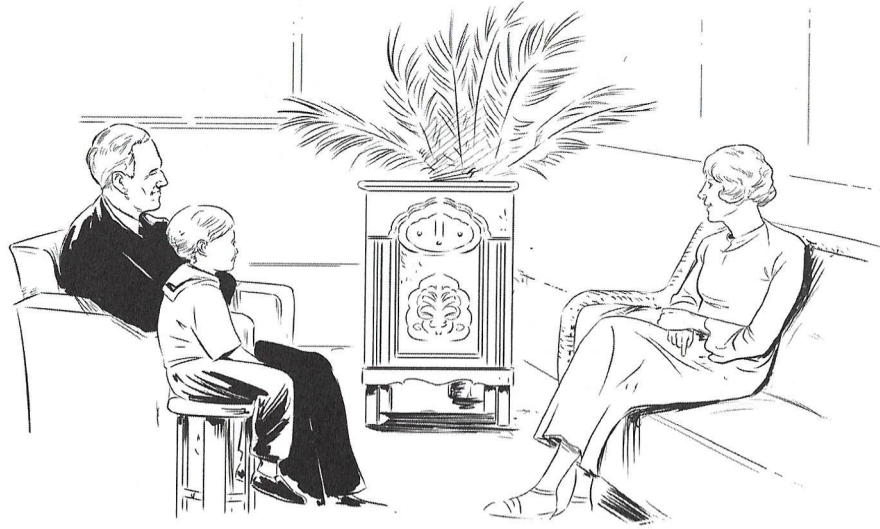
Time to Have Fun

The Roaring Twenties, the New Era, the Jazz Age . . . All the common names for the 1920s tell us that it was an exciting decade to be alive.

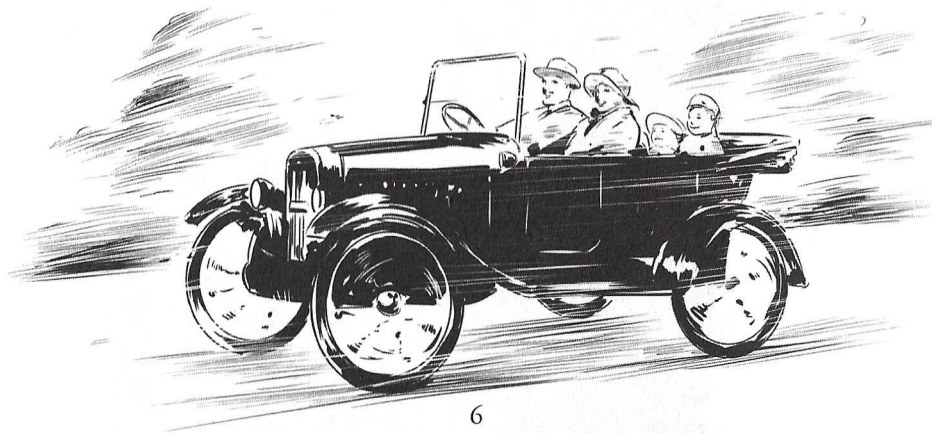


The horror of World War I was past. The world was at peace. Everyone was earning money, and it was time to have fun.





Electricity and telephone lines were linking more and more places. Labor-saving devices that made daily life easier were suddenly everywhere. Automobiles were cheap enough that middle-class families could own them. Roads sprang up all over. Suddenly the whole country was open to anyone with a car. People opened their newspapers



every day and saw ads urging them to go out and spend, have fun. Families all over the country enjoyed the same radio shows and movies. Most cities had huge, fancy movie “palaces” where audiences could feel like royalty.

More and more people were moving to the cities. When World War I started, over half of the population in the United States lived in the countryside. By the end of the twenties, nearly six out of every ten people lived in cities.



Prohibition

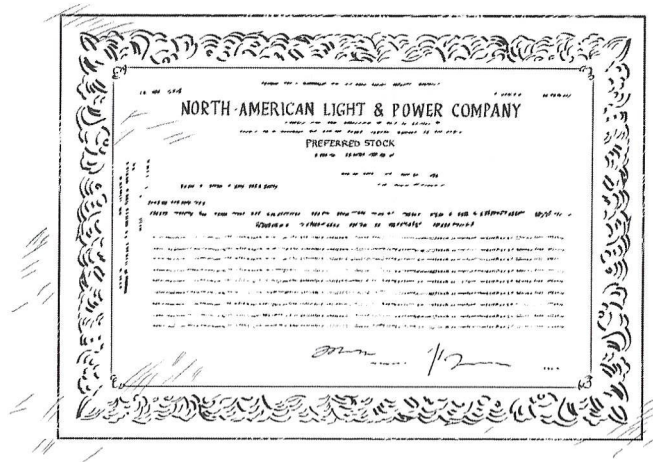
In 1920, the United States government made it illegal to sell alcoholic drinks. This law was called Prohibition. But it didn't stop people from drinking. During the Roaring Twenties, it became fashionable to go to illegal bars called "speakeasies." People who made or smuggled drinks were called "bootleggers." The power of bootleggers during Prohibition led to the rise of gangster organizations like the Mafia. During the Depression, many people survived by becoming bootleggers. Politicians, such as Franklin Delano Roosevelt, who wanted to end Prohibition were known as "wets."



It was an exciting new time, full of places to go and products to buy. People could pay for things in a new way—easy credit. Before this, most Americans had believed that borrowing money was wrong. In any case, it was hard for anyone who was not rich to get a loan from a bank. But now it became very easy to borrow. People bought fancy new washing machines and vacuum cleaners by putting down a small amount of money. They promised to pay off the rest a little bit every month. The 1920s were the era of “buy now, pay later.”

“Buy now, pay later” didn’t just apply to radios and vacuum cleaners. People also bought stocks with borrowed money.

Stocks had been around for a long time. Basically they work like this: An investor buys a number of shares in a company such as Microsoft. Now he owns a small part of the company. When it does well, the value of the shares rises.



When it does badly, the shares are worth less. If the company fails, they are worth nothing. The shares' value changes constantly, and shares can be sold at any time for whatever they are worth at that moment. People hoped to discover a company before it was well known. Then they could buy its stock cheaply. If the company became very successful, the value of the shares would shoot up, and a lucky investor could make a fortune.

In the 1920s, the stock market was an exciting place. The value of stocks kept going up and up. It looked like a way of gambling where everybody