Great Depression and the World System
WH082

Activity Introduction

Hey there. Today’s topic is the Great Depression and the World System. The Great Depression was a time of real economic distress, not just in the United States, but in the rest of the world… as I’m sure you’ve already gathered from our title…

Since we’re getting into the nineteen-twenties and thirties today, I thought you might like to hear from someone who was there! Olive Branch, Star of the Silver screen… let me see if I can find her. Be right back.

Video 1

During the nineteen-twenties, the world seemed to be back on track after the catastrophe that was World War One. By nineteen-twenty-three, political stability and economic prosperity seemingly blanketed the United States and Europe, even in previously war torn areas. Technological advances allowed for an increase in mass produced products and entertainment, like automobiles, refrigerators, feature films, and radios. Things seemed right as rain.

But look here see, the prosperity that tempted Americans to invest extensively and Europeans to relax was just an illusion. Three serious problems, born of World War One, were undermining the world’s economic stability!

First of all, before the war the British had a strong economy and had balanced cash flow. As an island nation, it imported the raw materials it used to make manufactured goods that it then sold back to the world.
This balance prevented a large cash drain from other countries, and this secured the British markets. After the Great War, the U.S. emerged as the dominant economic power. Unlike Great Britain, it both sold manufactured goods and had its own natural resources to draw from.

Now, because the U.S. didn’t have to part with much dough, the cash flow wasn’t balanced anymore. So when countries in Europe required loans after World War One, the scale was further tipped – with repayments plus interest pouring into the United States.

Second Problem… During the war, the old markets of Europe changed hands. Honey, Europe almost went bankrupt because of the war. Regular manufacturing went way down as the war machines kicked into high gear.

When the war ended, European industries tried to regain their pre-war markets, but now the U.S. occupied them. That’s the law of supply and demand, see. Without the usual European providers, countries looked to the United States to get their goods.

But that meant that after the war, Europe had to find new markets to make up for the loss of old ones. The resulting world economy was highly competitive. For individual countries, that meant higher tariffs, which raised prices, which cut world trade, weakening the economy even more.

Third problem? Agriculture was a big-time industry for Americans and plenty of the U.S. population earned its income that way. During the war, food shortages in Europe prompted a dramatic expansion of cultivated land in the U.S. American farmers took out mortgages to expand operations and then exported their produce to feed Europe.

But then after the war, the European farmers resumed production, resulting in an overproduction of grain. Grain prices plummeted and U.S. farmers fell quickly into debt.
Unable to pay for their expansion mortgages, many of these poor people ended up bankrupt! Because the economically distressed Agriculture sector made up a huge portion of the U.S. economy, even though business seemed to be thriving, the bedrock of the nation was in trouble!

Say Mac, you gettin’ all this? I ain’t just flappin’ my gums for nothin’! Lemme know if you wanna repeat… or if everything’s just ducky by you.

**Video 2**

Aw applesauce, I must be a real dumb Dora. I haven’t even introduced myself! Here I am just a talky-talk-talkin’… I’m Olive, Olive Branch. Maybe ya seen one of my pictures? Big City, Big Fun? Fantastic Avenue? Good Night Mrs. Taylor?

Well let me tell you somethin’ sweetheart. It wasn’t always easy for me. That’s how I know so much ‘bout world money matters. Times were tough for everybody! Even yours truly!

As the global economy was actually gettin’ worse, what happened was the economic situation created an *illusion* of prosperity. See, In the U.S., investing in the market was hugely popular and buying stocks was easy to do. Investors only had to pay ten percent of their purchases in cash.

They’d take out these loans that banks financed at an interest rate of ten to fifteen percent… and the more stocks were purchased, the higher the market would rise. But here’s the catch, the value of the stocks was inflated.

I’m no mathematician, but Investors needed the market to increase by ten to fifteen percent in order to break even on their loans…plus interest. Already inflated stocks
weren’t as quick to rise in value, which created a problem. That’s the understatement of the year! In October nineteen-twenty-nine, the U.S. stock market crashed!

As stock prices fell and people began selling off their stocks… the value of the stocks just kept fallin’ through the floor. Investors now owed the banks more than they could pay. And of course the more people sold stocks, the greater the panic, forcing even more sales. Stock values dropped dramatically, in some cases from a hundred dollars a share to fifty cents a share! Overnight, millions of investors lost all their scratch and were absolutely ruined financially. Within a few days, nearly forty-billion bucks had disappeared and the stock market was worth half its value.

The crash of the stock market affected the rest of the U.S. economy, resulting in production cuts, lost jobs, and a dryin’ up of faith in the system. These factors weakened the market even more, which led to more cuts… and the downward spiral just kept on going.

The decline in the U.S. economy was so bad, that by nineteen-thirty-two, industrial production was cut in half…The national income had decreased by seventy-five percent and five-thousand U.S. banks were rowin’ their way down bankruptcy river.

To keep from losing everything, these banks started calling in loans they made to European countries, and the imbalance of the global economy, which already leaned on the U.S., couldn’t be sustained any longer. The economic depression moved to Europe and then from Europe to the rest of the world.

Not to mention it was tough gettin’ cast in even one single picture! Anyways, I think I been chinnin’ at ya long enough. I’ll be happy to play it again.
Reading Passage Introduction

Now then… you’ve had a chance to hear about some of the contributing factors to the crash of the stock market and hard times in the United States, but remember the whole world was affected by all kinds of economic pressures during the twenties.

Perhaps one of the places where the greatest pressure was felt was in Germany. Following World War One, some pretty stiff sanctions were placed on Germany as part of the treaty of Versailles. You can read about what happened next, here.

Video 3

You thought I knew a thing or two about world economics… well honey, let’s talk about something I really know a thing or two about: The Golden Age of Hollywood! The nineteen-thirties and forties were when sound and color added wonderful new features to previously silent and black and white films. I’ll admit I was nervous when the “talkies” first started up. After all they were replacin’ the films that made Charlie Chaplin famous! …and I myself had a terrible case of microphone fright… at first. But talkies allowed producers to bring Broadway to the movies. Though they started with still cameras, the fluid motion of moving cameras and witty dialogue eventually allowed for more intriguing movies.

Along with sound, two-color and three-color (Full-Color) Technicolor was developed. The first color movies were actually cartoons, like the Walt Disney Silly Symphony called Flowers and Trees, released in nineteen thirty-two. Motion pictures soon followed, with Gone With the Wind and The Wizard of Oz, both produced in nineteen thirty-nine.
The scope of movies increased as movie genres were created. The genres included gangster films, musicals, newspaper-reporting films, historical biopics (biographical), social-realism films, screwball comedies, westerns, and horror movies.

Actors from the Golden Age of Hollywood took glamour to a new level. Many were matched to specific genres, such as John Wayne, who nearly always played a cowboy. Other actors were known more for their looks, stage appeal, and acting ability. Famous actors from the time included Katharine Hepburn, Bette Davis, Fred Astaire and Ginger Rogers, James Stewart, Clark Gable, Greta Garbo, Jean Harlow, Bing Crosby, Gary Cooper, Spencer Tracy, Judy Garland, and the child actress Shirley Temple. Some were famous for laughs, like the comic duo Laurel and Hardy, the Marx Brothers, and of course Charlie Chaplin.

Oh yes…the big studios produced hundreds of films during the thirties and forties. As the studios grew, so did Hollywood and the movies. Famous studios included M.G.M., short for Metro-Goldwyn-Mayer, Twentieth Century Fox, Warner Brothers, R.K.O. Radio, Columbia, and Universal. Each studio hired specific actors and directors to work on their films. At M.G.M. for example, the famous directors King Vidor, Fritz Lang, Victor Fleming, and Sam Wood were positively the best filmmakers in the thirties.

I wonder if you might recognize some of these famous movie titles from the Golden Age of Hollywood… Feel free to shout right out loud if you do!

Gold Diggers, Gone With the Wind, Of Mice and Men, Top Hat, Stagecoach, It Happened One Night, Mr. Smith Goes to Washington, Meet Me in St. Louis, King Kong, The Wolf Man, The Wizard of Oz, Grand Hotel, Mutiny on the Bounty, and The Great Ziegfeld.

Jakeloo, I tell ya. I feel like a regular news hawk the way I’m yapping on and on. You gettin’ all this, or you wanna go over those pictures again? Here’re those great guys and dolls again while you figure out what you want to do next.
I’m bettin’ you think that movies were all entertainment had to offer. Well guess what? The thirties and forties also produced the Golden Age of Radio!

Yep, during the depression, radio became the central medium. Two out of every three homes had radios, with broadcasted programs from four national and twenty regional networks. Information, entertainment, and news were available every day!

As the radio became a household staple, even presidential candidates used ‘em for campaign advertisements. F.D.R. also gave his “fireside chats” to the depressed nation over the radio.

In nineteen-thirty-seven, when the Hindenburg exploded over Lakehurst, New Jersey, the dramatic event was brought live to the stunned people of the U.S. It was one of the first live news reports…ever!

On October thirtieth, nineteen-thirty-eight, the infamous "War of the Worlds" was broadcast. Based on the H.G. Wells novel, it aired as a series of simulated news bulletins, claiming that an actual Martian invasion was in progress. The program ran without commercials and many of its listeners were convinced the event was real. It was directed and narrated by Orson Welles and launched him into fame.

By nineteen-thirty-nine, the radio brought news from the war in Europe into American homes. In nineteen-forty, Edward R. Murrow brought radio news to its maturity during his London After Dark reports on the bombing of London. After the U.S. joined the war, Command Performance, which was produced by the War Department, brought war propaganda into American homes.
Public radio started catchin’ on in the twenties, and by nineteen-fifty, ninety-four percent, or more than forty-million, American homes owned radios!

The inventors and innovators of radio and video technology developed constant improvements to the communication and entertainment industries. Many of the folks who participated, in one way or another, in film and radio development were displaced Europeans. During the nineteen-thirties, a Diaspora of Jewish and non-Jewish Europeans brought talent and genius into the United States.

You know, and a bunch of real wise heads, I mean real physics giants moved to the U.S. to keep the secrets of the atom bomb away from Adolf Hitler. Albert Einstein was among them. Another physicist, Enrico Fermi, got outta fascist Italy by way of Stockholm, after he’d received a Nobel Prize there. He was then hired on at Columbia University. Lise Meitner and Edward Teller joined the general migration too.

Many Hollywood actors, like Paul Henreid, Conrad Veidt, and even Marlene Dietrich, were European transports. Director Billy Wilder left Germany the day the Reichstag was burned down, after Hitler became chancellor. Wilder went on to win six academy awards. Director Michael Curtiz and Paul Henreid both fought for Austria in the First World War.

Ok What d’ya think, ready to take it on the heel and toe and get a slant at a question or two? Or would you like to have a gander at what I told you one more time?