

## Causes of the Great Depression Notes (refer to PPT)

### O \_\_\_\_\_ of G \_\_\_\_\_

- Many industries began to \_\_\_\_\_ during the 1920s.
- Railroad, \_\_\_\_\_, textile, \_\_\_\_\_, and lumber profits decreased.
- Booming industries weren't safe.
- \_\_\_\_\_ industry began to slow down.
- \_\_\_\_\_ in related industries decreased.
- Some industries continued to increase production → \_\_\_\_\_

### A \_\_\_\_\_ C \_\_\_\_\_

- During WW1 demand for \_\_\_\_\_ soared.
- Prices \_\_\_\_\_ → high profit
- Farmers planted more crops, so they had to take out \_\_\_\_\_ for supplies and better equipment.
- After the war demand \_\_\_\_\_ → prices \_\_\_\_\_ 40%
- Farmers \_\_\_\_\_ production → prices fell more
- Farmers could not pay back \_\_\_\_\_.
- Banks would \_\_\_\_\_ on property to settle.
- Many small banks in rural areas began to \_\_\_\_\_.
- \_\_\_\_\_ tried to help, but President Calvin Coolidge vetoed the McNary-Haugen Bill.

### U \_\_\_\_\_ D \_\_\_\_\_ of I \_\_\_\_\_

- During the 1920s, the \_\_\_\_\_ of the average American increased by 9%.
- Income of the \_\_\_\_\_ 1% increased by 75%.
- Rich → richer; poor → poorer
- Income needed for decent \_\_\_\_\_ of \_\_\_\_\_ was \$2,500 a year.
- Over \_\_\_\_\_ of American families earned less.
- Many struggled to buy necessities.
- Most Americans did not have \_\_\_\_\_.

### I \_\_\_\_\_ C \_\_\_\_\_ D \_\_\_\_\_

- Many Americans could not purchase the new goods and services produced in the 20s, so businesses and banks made \_\_\_\_\_ easily available.
- \_\_\_\_\_ did not have to have \_\_\_\_\_.
- Borrow money and repay it plus \_\_\_\_\_ fees
- As Americans purchased items using credit, their \_\_\_\_\_ increased.

### J \_\_\_\_\_ L \_\_\_\_\_ & L \_\_\_\_\_ W \_\_\_\_\_

- Workers' \_\_\_\_\_ remained stagnant or even decreased.
- Price of goods and services \_\_\_\_\_.
- Americans did not have extra money to spend and many struggled to pay back their consumer debt.
- Businesses were now left with a \_\_\_\_\_ of goods they could not sell.
- Bad for the economy!

- The actual cost of the tax was \_\_\_\_\_, but the colonists \_\_\_\_\_ it because they saw it as an attempt by Great Britain to raise money in the colonies without colonial \_\_\_\_\_.

- The election of 1928 encouraged Americans about the outlook of the economy.
- Republican Herbert \_\_\_\_\_ ran against Democrat Alfred E. \_\_\_\_\_.
- \_\_\_\_\_ had less experience but had been the Secretary of Commerce under Presidents \_\_\_\_\_ and Coolidge.
- Hoover gained voters and won because of the economic prosperity of the 20s.

- Dow Jones Industrial Average was strong.
- \_\_\_\_\_ prices had been rising steadily.
- Some invested in the \_\_\_\_\_.
- By 1929, 3% of Americans owned \_\_\_\_\_ of stocks.
- Most were already wealthy, but some had hoped to strike it rich.
- Bought shares based on \_\_\_\_\_ and didn't think about the risk.
- Some \_\_\_\_\_ money to buy stocks → TERRIBLE IDEA!!!
- \_\_\_\_\_ did not regulate the market.
- Stock market soared.
- Value in 1925 was \_\_\_\_\_; 1929 it was \_\_\_\_\_.

**S \_\_\_\_\_ M \_\_\_\_\_ C \_\_\_\_\_**

- During this time, many companies' stocks \_\_\_\_\_ in price, but the \_\_\_\_\_ of the companies did not rise.
- Many continued to ignore the \_\_\_\_\_.
- September 1929 → stock prices \_\_\_\_\_ and some investors \_\_\_\_\_
- October 24 → stock prices fell \_\_\_\_\_ and 13 million shares were sold
- As shares are sold, the price drops even more.
- October 29 → stock market \_\_\_\_\_

- October 29 → " \_\_\_\_\_ "
- 16 million shares were sold, but \_\_\_\_\_ were left unsold.
- People who had used \_\_\_\_\_ to buy stocks were left with high \_\_\_\_\_ and worthless shares.
- Many lost their \_\_\_\_\_.
- By the following month, investors had lost \$30 billion.
- By 1932 the stock market was worth only \$15 billion.

- 90% of Americans did not invest in the stock market, but they still felt the consequences.
- People panicked and tried to take their money out of the \_\_\_\_\_.
- " \_\_\_\_\_ on the \_\_\_\_\_ "
- Banks had invested the money in the \_\_\_\_\_ → no \$\$\$\$
- 11,000 of 25,000 banks failed → millions lost their \_\_\_\_\_
- Entire life savings were gone

- 90,000 businesses went \_\_\_\_\_.
- Gross \_\_\_\_\_ Product ( \_\_\_\_\_ ): 1929 \$104 billion → 1932 \$59 billion
- Workers were laid off: 1929 \_\_\_\_\_ unemployed → 1932 \_\_\_\_\_ unemployed
- Soup kitchens and \_\_\_\_\_ became common.
- \_\_\_\_\_ increased.

**W \_\_\_\_\_ D \_\_\_\_\_**

- Other countries fell into a \_\_\_\_\_, which hurt American's economy.
- Americans spent less, so \_\_\_\_\_ imports weren't selling.
- Foreign businesses saw less \_\_\_\_\_.
- Other countries imported fewer \_\_\_\_\_ goods.
- \_\_\_\_\_ stock market suffered.
- 1930 → passed the Smoot-Hawley Tariff Act- raised taxes on \_\_\_\_\_ in hopes Americans would buy more American—made goods
- DID NOT WORK
- World trade \_\_\_\_\_ → foreign businesses \_\_\_\_\_ → \_\_\_\_\_ loss
- Unemployment rates increased around the world.
- Many countries raised \_\_\_\_\_ which made the situation worse.
- 1933 → world trade decreased by \_\_\_\_\_

## Causes of Great Depression Reading Qs

### »→ KEY TERMS ←«

Match the term to its definition.

- |                                 |   |
|---------------------------------|---|
| 1. interest _____               | a. payment of money for labor   |
| 2. consumer _____               | b. measure of a nation's quality of life based on certain factors such as literacy rate, education, income, and life expectancy |
| 3. stock _____                  | c. an amount that is more than what is needed   |
| 4. foreclose _____              | d. a share in the ownership of a company  |
| 5. gross domestic product _____ | e. money a bank or business lets a person borrow that must be paid back   |
| 6. surplus _____                | f. the time period of great economic crisis in the 1930s  |
| 7. Great Depression _____       | g. the total value of all the goods and services produced in a country in one year  |
| 8. standard of living _____     | h. a person who buys and uses goods and services  |
| 9. stock market crash _____     | i. a charge for borrowed money  |
| 10. wages _____                 | j. occurs when the value of stocks falls quickly and deeply   |
| 11. credit _____                | k. to legally seize property for failure to pay   |

**APPLY: Choose four key terms, and write sentences using each of your chosen terms. The sentence should show the meaning of the terms. Circle the key term in each sentence.**

12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_

### »→ DATES & EVENTS ←«

Fill in the blank to complete each fact.

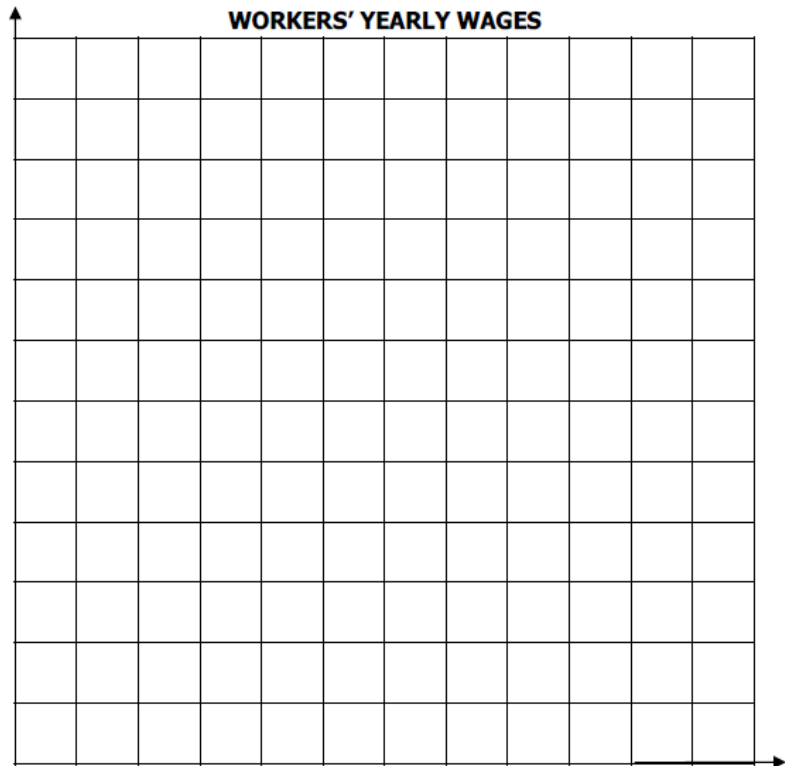
16. During World War 1, the demand for crops increased, so many farmers took out \_\_\_\_\_ to pay for more supplies and better equipment.
17. By 1932, the unemployment rate in the US had risen to over \_\_\_\_\_ percent.
18. Even though Herbert Hoover had less political experience than Alfred E. Smith, Hoover won the \_\_\_\_\_ of 1928.
19. After the stock market crashed, there was a " \_\_\_\_\_ on the \_\_\_\_\_ " by people trying to withdraw their money.
20. By the early 1930s, less than half of American's energy came from \_\_\_\_\_.
21. The average American could not afford to buy the new goods produced in the 20s, so banks and businesses made it easy to get \_\_\_\_\_.
22. On October 29, 1929, known as \_\_\_\_\_, the stock market crashed, and most people who owned stocks lost their money.
23. Even though consumer spending decreased throughout the 1920s, many industries increased \_\_\_\_\_, which left them with a surplus of goods they could not sell.
24. In the early 1930s, \_\_\_\_\_ kitchens and breadlines became common, and the number of \_\_\_\_\_ people increased as homes were foreclosed.
25. Many people bought stocks based on \_\_\_\_\_ and ignored the risks of losing money.
26. In 1930 Congress passed the \_\_\_\_\_ - \_\_\_\_\_ Tariff Act which raised tariffs in hopes Americans would buy more American-made goods and fewer imports.

## Causes of Great Depression Reading Qs

### DATA ANALYSIS

Use the data from the table to create a double line graph. Include a key and labels for the x-axis and y-axis.

Year	Farm-workers	Factory Workers
1920	\$1790	\$1490
1921	\$1190	\$1320
1922	\$1127	\$1260
1923	\$1251	\$1400
1924	\$1248	\$1420
1925	\$1267	\$1445
1926	\$1330	\$1476
1927	\$1302	\$1502
1928	\$1290	\$1534
1929	\$1300	\$1543
1930	\$1177	\$1488
1931	\$914	\$1369
1932	\$669	\$1150



**KEY:**

**APPLY:** Use the double line graph you created to answer the following questions.

1. Explain what happened to the farmworkers' wages during the 1920s. \_\_\_\_\_  
\_\_\_\_\_
2. Explain what happened to the factory workers' wages during the 1920s. \_\_\_\_\_  
\_\_\_\_\_
3. On average, about how much more did factory workers make than farmworkers per year? \_\_\_\_\_  
\_\_\_\_\_
4. Was the economic prosperity of the 1920s shared by workers? Explain. \_\_\_\_\_  
\_\_\_\_\_

### LITERACY CONNECTION

Answer the prompt using complete sentences in paragraph form.

How did the use of consumer credit contribute to the Great Depression? Use specific details.

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# Causes of Great Depression Quiz

## QUIZ

Use the word bank to fill in the blank with the correct key term.

1. Even though the American economy was struggling, the \_\_\_\_\_ of 1929 made it much worse.
2. When many people could not pay their mortgages, banks would \_\_\_\_\_ on their house, and they would become homeless.
3. Even though the annual income needed for a decent \_\_\_\_\_ in American was \$2,500, most Americans made much less than this and struggled to buy necessities.
4. Even though \_\_\_\_\_ spending decreased, many businesses increased production which left them with a \_\_\_\_\_ of products they could not sell.
5. Banks and businesses wanted people buying goods and services, so they offered \_\_\_\_\_ so that people could buy products without having cash; they would make payments to repay the amount borrowed, plus \_\_\_\_\_ fees.
6. As businesses made less profits, workers' \_\_\_\_\_ were decreased.
7. Even though the price of companies' \_\_\_\_\_ were increasing during the 1920s, the worth of the companies were not increasing.
8. At the start of the \_\_\_\_\_, the unemployment rate increased from 1.5 million to 15 million, and the \_\_\_\_\_ of the country decreased from \$104 billion to \$59 billion.

### WORD BANK

Stock Market Crash	Great Depression	foreclose	consumer	wages	credit
gross domestic product	standard of living	surplus	interest	stocks	

Choose the best answer.

9. What was one effect of the "run on the banks" in the early 1930s?
  - a. The banks had to promise to repay people the money they had in their savings accounts.
  - b. Many people lost their life savings because the banks lost their money during the stock market crash.
  - c. Many people withdrew their money from the banks to invest in the stock market.
  - d. New banks opened because many people wanted to keep their money in the bank.
10. How did the Great Depression affect other countries?
  - a. Other countries imported more American-made goods, so foreign businesses made less profits.
  - b. The US stopped loaning money to its World War 1 allies.
  - c. Americans bought fewer imports, so foreign businesses made less profits.
  - d. Because foreign businesses laid off workers, many people immigrated to the US looking for jobs.
11. What is one reason farmers struggled during the 1920s?
  - a. The demand for crops increased, but they did not increase their production which caused a shortage.
  - b. The demand for crops decreased, but they increased their production which caused a surplus.
  - c. The price of crops increased, and most Americans could not afford to buy the crops.
  - d. Congress passed the McNary-Haugen Bill which favored other industries.
12. Which of the following was not one of the causes of the Great Depression?
  - a. government regulation of the stock market
  - b. overproduction of goods
  - c. uneven distribution of income
  - d. increased consumer debt

13. Describe how the Stock Market Crash of 1929 helped cause the Great Depression.

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