

## Reflect

### Answer the Qs in the margin.

What was Herbert Hoover's attitude towards business & labor?

What problems did the agricultural sector face?

What impact did increased credit have?

How were there disparities between factory workers' wages & investment incomes?

What does "on margin" mean?

Why were banks the first to feel the effects of the Crash?

Focus Question: How did the prosperity of the 1920s give way to the Great Depression?

# Causes of the Depression

In the 1928 presidential race, the Republican Party was confident.

- The Republicans took credit for the strong .....
- Their presidential candidate was Herbert Hoover.
- He believed in voluntary cooperation between ..... and labor.

Despite Hoover's confidence, some saw signs of weakness in the economy.

- The agricultural sector was in trouble. Rural farmers produced huge ..... of food that depressed prices.
- Farmers could not afford to buy goods or repay their .....

Easy ..... and installment buying lead people to purchase goods they can't pay for.

- By 1929, Americans racked up more than \$6 billion in personal debt — more than double the 1921 level.

Rising wages masked an uneven distribution of .....

- While factory workers' wages rose ..... %, factory output increased by 32%. As a result, worker incomes rose modestly, while rich investor incomes skyrocketed.

Until September 1929, the stock market continued to .....

- Many people borrowed money to buy stock, assuming prices would continue to go up.
- Some economists feared that stocks were over-priced.

On October 29<sup>th</sup>, the stock market went into a free fall as investors tried to sell at any price.

- 16 million shares were sold on "..... Tuesday."
- Billions of dollars were lost in a few hours.
- Many who bought stocks on ..... were wiped out.

The Great Crash was a hallmark of the nation's business ..... The economy periodically grows and then contracts.

- In growth periods, workers are hired, wages ....., and demand for products increases.
- In contraction periods, workers are fired, wages drop, and demand for products falls.

The stock market crash didn't start the Great Depression by itself. Instead, it quickened the collapse of the U.S. economy.

- The ..... system feels the effects of the crash first. People fear that their money will be lost so they run to the bank and attempt to withdraw their funds.
  - But banks don't have enough of their money on hand as ..... These bank runs cause banks to fail.

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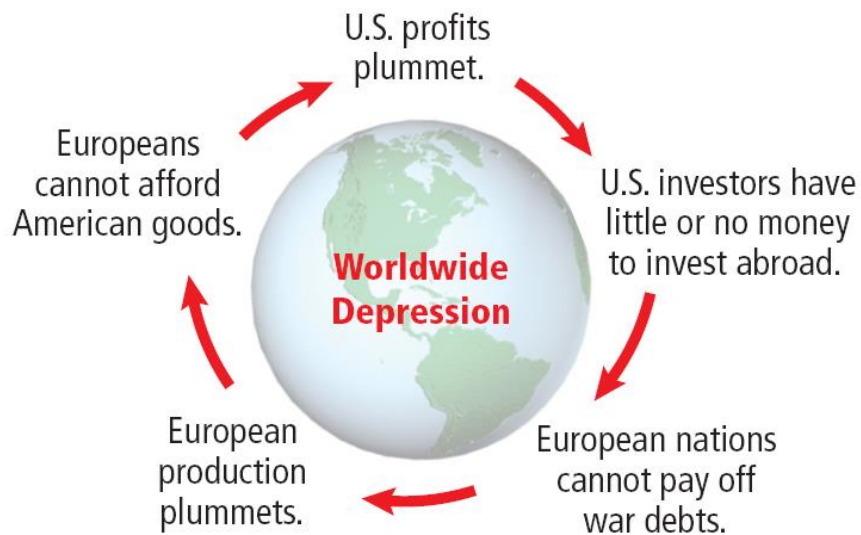
### Answer the Qs in the margin.

What effect did protecting American manufactures have?

- Factories ....., causing worker layoffs.
- This lowered demand for goods.
- By 1933, the unemployment rate reached ..... %.

Congress passed the Hawley-Smoot Tariff to ..... American manufacturers from foreign competition.

- The strategy was a mistake. Other nations retaliated and ..... tariffs as well.
- The resulting drop in world trade only made the glut of American factory and farm products harder to sell.
- As international trade falls, a global drop in business leads to a ..... depression.



What were the causes of the Great Depression?

There were several causes of the Great Depression. There is still disagreement over which are most important.

- Each of the following contributed to dangerous economic conditions
  - hardships in Europe and rural America
  - uneven distribution of .....
  - speculation in the stock market
  - increased personal .....

## Reflect

SUMMARY- Summarize your notes using at least 6 complete sentences:

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