*The Great Depression – Guided Notes*

*Introduction*

*Great Depression begins in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and then spreads \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

* + *Countries still recovery from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *United States no longer able to \_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_ goods from other countries*
	+ *Would lead to worldwide crisis and high \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ where people would begin to question current \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and want \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *Leaders that promised \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ solutions to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ problems would begin to gain power*

*Four Main Economic Causes:*

1. *Decline of \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
2. *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ crisis*
3. *Overuse of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
4. *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ distribution of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Key Industries Suffered*

* + *1920s - key industries suffered*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ industries - rise of newer private forms of transportation*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - competition from new forms of energy (hydroelectric power, fuel oil, and natural gas)*
* *late 1920s - previously booming industries began to decline*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - decline in demand and production*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_- decline in lumber demand = weakening housing market (key indicator of economic health)*

*Farming Crisis*

* *1920s - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ suffered the most*
	+ *during WWI - farmers took out loans for land and equipment to produce food for the war effort*
	+ *post-WWI - demand fell and crop prices declined by over 40%*
* *Farmers boosted production in hopes of selling more → prices fell more.*

*Overuse of Credit*

* *End of 1920s - Americans buying \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *rising prices*
	+ *overproduction of goods*
	+ *stagnant wages*
* *Increasing number of goods bought on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - consumers agree to buy now and pay later for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *ex: installment plans*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and decreased spending of actual money*

*Unequal Distribution of Wealth*

* *1920s - rich got \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, poor got \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_% of American families made less than $2,500/year*
	+ *most American families could not fully participate in the economic advances of the 1920s*

*Election of 1928*

* *Republican - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *Sec of Commerce under Harding and Coolidge*
	+ *never run for public office*
	+ *quiet and reserved*
	+ *had the advantage of being in the prosperous 1920s Republican administrations*
* *Democrat - Alfred E. Smith*
	+ *4 term NY governor*
	+ *open and outgoing*
* *31st POTUS = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
	+ *Continued “prosperity” with Republicans*

*Investing in the Stock Market*

* *a stock is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of a company*
* *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ buy stocks and make money when the company makes money*
* *1920s - stock prices rose steadily as businesses prospered → DOW high 381*
	+ *“bull market” - period of rising stock prices, 3% of Americans owned stocks*
	+ *rich investors and average Americans hoping to strike it rich*
* *Problems with investing in the stock market*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - buying stocks on the change of a quick profit while ignoring risks*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - paying a small percentage of the stock’s price as a down payment and borrowing the rest*
	+ *unrestrained buying and selling + little gov’t regulation/restrictions = market’s upward growth*
* *Rising prices did not reflect companies actual worth → as the value of stocks declined, people who bought on margin couldn’t pay off loans*
* *Early September 1929 - prices peaked and quickly fell → confidence in the stock market started to waver, and some investors quickly sold their stocks*
* *October 29, 1929 - “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” - market dove down, shareholders frantically tried to sell stocks before prices fell further, people who bought stocks on credit were stuck with huge debts, many lost savings*
* *Mid-November 1929 - investors lost about \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (how much the US spent in WWI)*

*The Great Depression*

* *the collapse of the stock market signaled the beginning of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - period between 1929-1940 in which the economy plummeted and unemployment skyrocketed*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - long-term period of economic decline*
	+ *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - a brief period of economic decline*

*Bank and Business Failures*

* *After the crash, many Americans withdrew money from banks, banks didn’t have enough money to pay withdrawals, banks couldn’t pay back loans taken out to invest in the stock market→ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
* *1929-1932 - gross national product (nation’s total output of goods) dropped from $104M to $59M*
* *90,000 businesses went bankrupt*
* *25% unemployment, workers faced pay cuts and longer hours*

*Depression in the Cities*

* *Evicted from housing* 🡪 *increased homelessness*
* *Shantytowns – little towns consisting of shacks (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)*
* *Soup kitchens and bread lines– social organizations offered free or low cost food*
* *Early 1930s, system of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – cash payments or food provided by the gov’t to the poor*
* *“\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” - In search of employment, some workers left the cities and wandered/hitchhiked the countryside for odd jobs, farmhand work, etc.* 🡪 *mainly men who left their families*

*Social and Psychological Effects of the Depression*

* *1928-1932: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ rose 30%, 3x as many people entered \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
* *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_… college, marriage, having children,*
* *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_… increased kindness towards community members and strangers, saving practices, thriftiness*

*Worldwide Implications*

* *The Great Depression affected \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as they struggled to pay WWI debts.*
* *The US could no longer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and Europeans could not afford to buy US goods* 🡪 *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
* *In Germany, the depression created an environment where people began to question the government (a republic) and wanted a change to a stronger leader who could solve the problems of the Great Depression. As a result, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ would gain support and become leader of Germany.*