

Name: _____ Date: _____ Period: _____

The Great Depression Pt. 1

1. The End of Prosperity

a. The Stock Market Crashes

- i. 1920s boom years – a fairytale of never ending _____ expansion
 1. It seemed easy to make money in the _____
 2. Many bought on _____ – they purchased stocks on credit, with borrowed money
 - a. Pay back the loan with the profits from selling the stock when it rose
 - b. Few worried about what would happen if the stock price _____
 3. Stock prices peaked in the summer of _____, then started to drop
 4. On Thursday, October 24, 1929 panic started in the stock market
 - a. Many began selling off their stocks
 - b. On Tuesday October 29, 1929 the stock market _____
 - i. It's called _____
 - ii. Stock prices collapsed because so many people tried to sell their stocks and no one wanted to buy any stocks

b. The Economy Collapses

- i. The _____ Crisis
 1. President Herbert Hoover tried to reassure Americans but it did not work
 2. A banking crisis began
 - a. Banks had invested in the stock market and also loaned money to people to buy stocks on margin
 - i. Banks lost their _____ and people couldn't pay their _____ back
 - ii. Some banks went out of business
 - b. This caused a _____ all over the country
 - i. People tried to _____ their money from banks
 - ii. Banks don't normally have enough _____ on hand to allow for many of their customers to withdraw everything and so ran out of money
 - iii. Massive numbers of banks closed (_____ in 1931 alone)
 - iv. _____ also closed because of this; many lost their savings
 1. Workers were out of jobs in large numbers

ii. The Causes

1. The U.S. economy goes through a pattern of ups and downs called the _____
 - a. Businesses produce more than they can sell and _____ goods pile up
 - b. Businesses cut back on production and _____ workers
 - c. People with no jobs or income _____ fewer goods
 - d. More businesses fail because people aren't buying
 - i. This is called an economic _____

- ii. Deep and long lasting recessions are called economic _____
 - e. The U.S. did not recover quickly, as it had in the past, from the depression of 1929, and it was called the _____
- 2. Historians still debate the causes of the Great Depression
 - a. Some blame the government's _____ policy
 - b. Many think that _____ of goods was to blame
 - i. By 1929, everybody that could afford a car or a radio or a washing machine already had one
 - c. _____, or uneven distribution of wealth, is also thought to have made the depression worse
 - i. A very small group of people (5% of the population) earned 33% of the income
 - ii. 40% of the population only earned 12.5% of the earned income in the U.S.
 - d. Declining _____ was also a problem
 - i. Europe was still recovering from _____ and could not buy American goods
 - ii. High _____ on European imports meant that Americans didn't buy European goods
- c. Hoover's Reaction
 - i. With unemployment rising people became desperate and turned to President Hoover to intervene directly
 - ii. President Hoover did not think that the _____ should provide any relief
 - 1. He felt that private _____ and people should provide economic relief
 - 2. Despite this he did create the _____ (RFC) in 1932
 - a. This lent out \$1.2 billion to help banks and mortgage companies
 - 3. Many Americans were angry at the lack of direct assistance
 - a. _____, or shanty towns, were built in many cities by the homeless
 - b. In 1932 a large Hooverville was built in Washington D.C. and occupied by veterans of WWI
 - i. These veterans were called the _____ and demanded payment of military bonuses promised to them
 - ii. General Douglas _____ was authorized to use force on the Bonus Army, and did so with tear gas and tanks
 - iii. Many were incredibly angry at how he treated these veterans
- d. Election of 1932
 - i. Hoover was nominated to run again for President in _____
 - 1. Nobody, including Hoover, thought he would win
 - 2. _____ won in a landslide with a confident and optimistic personality