

The Great Depression and the New Deal

Causes of the Great Depression

Financial Causes

1. _____
 - Bull market of 1920's came to an end in _____
 - Risky investments (_____) and speculation
 - Black Tuesday (Oct 29) – stock prices _____
2. _____
 - Many investors could no longer repay their _____ to banks
 - Banks had less money available for _____
 - _____ – panicked depositors lined up to try to withdraw money
 - Many banks _____ (customers lost money)

Free Market Causes

1. _____
 - 1920's Assembly Line = increase in _____
 - As consumers lost money, surplus of goods led to _____ for businesses
2. _____
 - 1920's wage gap led to increasing use of credit to buy products
 - As people lost money/jobs, they were unable to repay debts
3. _____
 - 1920's – farm product _____ fell, leading to farm losses
 - Late 1920's – demand for _____ goods dropped.
 - Many businesses went bankrupt or cut production → _____% UNEMPLOYMENT

Government Causes

1. _____
 - Federal Reserve (Fed) manages _____ supply
 - Fed began raising the _____ rate (rate of interest on loans to banks)
 - This led to a decrease in money supply & higher interest rates, further hurting the economy
2. _____
 - US had already enacted _____ during 20s
 - Rates were increased under the _____ Tariff (1930)
 - European countries responded by _____ tariffs on US goods
 - US companies lost _____ business

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Response to Economic Collapse

3 Ideologies

1. _____
 - Keep things _____
 - Let the economy _____
 - _____ – downturns are normal
 - Government should stay out of the economy (_____)
2. _____
 - Government should protect _____
 - Liberty = freedom from _____
 - Government should tax _____, help poor, & help businesses recover
3. _____
 - Sweeping _____
 - Attracted to _____ and _____ ideas
 - Workers should rise up against _____

Presidents' Responses

1. Herbert Hoover (_____)
 - Limited _____ involvement
 - Voluntary _____ (businesses/charitable giving)
 - Increased government involvement as _____ election drew nearer (lost to FDR)
2. Franklin Roosevelt (_____)
 - Called for a “_____”
 - do whatever it takes to promote _____
 - First _____ – Congress passed public works and financial reform bills

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Human Impact of the Great Depression

Economic Impacts

1. Rising _____
2. Farmers lost their _____
 - Farm values _____
 - Foreclosures – _____ took over land
3. Families fell apart, marriage rate _____, suicides _____
4. Evictions led to _____ (Hooverilles)
5. Hunger and starvation _____
 - Malnutrition – inadequate _____
 - Bread lines and _____ appeared in most cities

Natural Disasters

1. Black blizzards (_____) in the Great Plains
2. _____ – drought in southern Great Plains
3. Overharvesting & overgrazing in 1920s led to soil erosion and _____
 - Soil Conservation Services – _____ planted
4. _____ led to failed banks & businesses (ghost towns)
5. Great Flood of _____
 - Heavy rains caused rivers in the _____ to overflow
 - Mostly hit _____ and nearby states
 - National _____ control program becomes law

Coping with Hard Times

1. Most Americans were proud and wanted to _____
2. Charitable acts and donations _____ sharply in the early 1930s
3. State/local governments offered _____ assistance but soon ran out of funds
4. More was needed to help put people _____

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New Deal and its Legacy

First New Deal (1933)

1. Financial Reforms

- People were afraid to put money in _____
- Banking Act of 1933 – established the _____
- Deposits up to \$_____ were insured by the government

2. Businesses/Farms

- NIRA regulated businesses and increased _____
- AAA paid farmers to grow _____ crops
 - Lower supply would raise _____ and save farms

3. Economic Development

- _____
 - Hired workers to build _____ on the Tennessee River
 - Controlled floods, provided _____ to the area, put people to work

4. Home Ownership

- _____
 - Insured mortgage loans to _____% of value
 - Helped people borrow and own a _____ again

5. Job Relief

- Civilian _____ Corps
 - Hired workers to plant _____ and other conservation activities
- Funds sent to state/local governments to help _____

Resistance to the New Deal

1. _____ believed it was too big an expansion of government
2. Some _____ and socialists wanted a more expansive and radical program
3. _____ (Father Coughlin/Huey Long) criticized, playing on peoples' fears & prejudices
4. _____
 - Struck down some programs (unconstitutional)
 - FDR unsuccessfully tried to add _____ (packing the court)
 - Eventually became more _____ of government regulation

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Second New Deal

1. _____ hired workers to build bridges, buildings, parks
2. _____ legalized unions and collective bargaining
3. _____ provided retirement and disability benefits for those who qualified

Impacts of New Deal

1. Provided _____ and strengthened unions
2. More government jobs for women (but _____ still preferred)
3. Helped _____ economically but did not address lynching or segregation
4. _____ results for Native Americans
5. Many _____ Americans displaced
6. Created the New Deal _____
 - Political alliance between some unlikely groups
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____

New Deal Legacy

1. Economic Security as a _____
 - Government assistance for those in need (_____ programs)
 - Created “_____ state” (government responsible for peoples’ economic well-being)
2. Larger role for _____
 - Running new agencies added costs to the federal _____
 - _____ spending – government spending exceeded tax revenue (borrow – national debt)