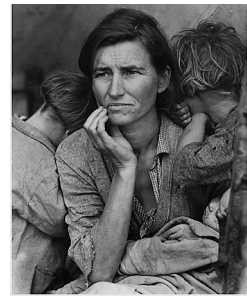


The Great Depression

Outcome: Causes of the Great Depression



1. A Depression is:

- a. One phase in a larger _____
- b. Characterized by a vicious cycle of:
 - i. Low consumer/trust/confidence ---> Low _____ for goods
 - ii. Low prices & low _____ ---> Layoffs & rising _____
 - iii. Lower incomes ---> Reduced consumer _____ power

2. Causes of the _____ Depression (Worst in U.S. History)

- a. Easy _____ created an “_____” in the 1920’s
 - i. Installment plans allowed _____
 - ii. Created an unnatural _____ for goods and eventual _____
 - iii. Problem arose when _____

b. Farmers’ Debt

- i. _____ ---> crop _____; _____ > _____ = low prices (deflation)
- ii. Loss of _____-time markets, especially in _____
- iii. Many faced _____; loss of property because of mortgage default

c. Industrial Overproduction/Overexpansion

- i. The post-war _____ slowed, but _____ didn’t
- ii. _____ caused a reduction in trade

d. Growing Unemployment

e. Maldistribution of Wealth (____% controlled ____% of the wealth)

- i. 1920’s ---> the average worker _____ increased, but _____ didn’t keep up
- ii. **Conclusion:** workers were working _____ for _____
- iii. Huge profits went to _____ instead of higher _____ for workers
- iv. **Conclusion:** the _____ - _____ theory wasn’t working

f. Stock Market Problems (sent false signals about the economy)

- i. Wild _____; too much buying “_____” caused _____
- ii. Oct. 29, 1929: “_____”
 1. _____ panic, but no _____
 2. _____ prices deflated & _____ loans came due

g. Bad Banking System (Banks were _____ and _____)

- i. Risky _____ were issued; no _____ protection existed for depositors
- ii. Many banks played the _____ w/consumer deposits
- iii. The Stock Market Crash ----> “Bank _____” = bank failures (11,000 closed)

h. Government Inaction

- i. _____ - _____ policies towards banks & stock market
- ii. Bad _____ policy (increases backfired causing a “_____ war”)

