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## The Great Depression Study Guide

QUEST date \_\_\_ January 22, 2016 \_\_\_

### Causes of the Great Depression

1. Explain two of the following causes of the Great Depression: a) Banking Crisis b) Overproduction and declining markets c) Installment buying d) unequal distribution of wealth e) global trade problems

**Banking Crisis:** banks were buying stocks and unable to pay back customers' savings and money

**Overproduction:** When businesses overproduce goods, people eventually buy them as part of the **business cycle**. Before the Great Depression many goods were produced with no one to buy them because they couldn't afford them.

**Debt (Installment buying):** Buying on credit and paying the balance over a period of time became very important to Americans, but many developed massive amount of debt and were unable to pay it back.

**Gap between rich and poor was widening.** Small percentage of Americans were very wealthy while the poor population was growing in small numbers. The economy needs everyone to participate in order for it to be successful.

2. What are bull and bear markets?

**Bull market:** when stocks consistently rise

**Bear market:** when stocks are consistently low

3. Why did the stock market crash?

Buying on margin

Speculation: buying low hoping prices would rise drastically

Businesses taking large amounts of loans and not being able to repay

Overproduction of goods that no one could buy

Farming and agricultural businesses failed

Banks went bankrupt

4. What is buying on margin?

When investors buy stock on margin, they are buying them with a down payment and partial loan. If they lose money, they still have to pay their loan.

## Effects of the Great Depression

5. What year did the Depression begin? What marked the beginning of the Great Depression?

The Stock Market Crash

6. Approximately how long did the Depression last?

Over a decade and lasted until around the beginning of WWII due to increase in war production.

7. What was the Bonus Army? How did the Bonus Army influence public opinion?

Group of WWI veterans who requested they get their “bonus” money sooner than 1945. They camped-out by the capitol in Washington D.C. in Hoovervilles. Their request was rejected and many who didn’t leave initially suffered injuries or death.

8. What were Hoovervilles?

A group of shanties or cardboard and make-shift lean-tos people created during the Great Depression.

9. Who were the two candidates for president in 1932? What did each of those candidates believe about the role of government and the individual? Who won the election?

President Herbert Hoover believed in a hands-off approach between government and people.

Franklin D. Roosevelt believed in giving direct assistance to needy Americans. FDR won the election.

10. What did FDR promise to the American people at his nominating convention in 1932? What did he mean?

FDR promised people a “new deal.” He wanted to restore financial institutions, give relief to Americans, and recover the economy.

## FDR’s New Deal

11. What did Roosevelt identify in his inaugural speech on March 4, 1933 as the most fearful thing that faced the nation? What did he mean by that?

The greatest thing to fear is fear itself. People should trust in using the banking system once more since he took measures to secure that only “healthy” banks could open.

12. What were the “Hundred Days?”

The first 100 days of FDR's office was called the Hundred Days. He and Congress passed a series of laws (legislation) to recover the economy, restore the financial system, and to relieve Americans in need. This was known as the “New Deal.”

13. How did Roosevelt communicate directly to the American people throughout his presidency?

FDR used fire-side chats. He gave speeches on the radio and Americans would huddle around the radio listening to his encouraging words.

14. How did FDR and Congress deal with the banking crisis?

FDR and Congress closed all banks in order to investigate their financial status. This was known as a “bank holiday.” Once investigated by the Treasury Department, only healthy banks were allowed to open.

15. Explain the “Three Rs” of the New Deal (Relief, Recovery, Reform) What is an example of each from the New Deal?

**Relief** – Direct aid or jobs to needy Americans. CCC and the Federal Emergency Relief Act

**Recovery** – Recover the economy with laws such as Agricultural Adjustment Act, which restricted production of farm products and the National Industrial Recovery Act, which attempted to create business codes of conduct to improve competition and demand of products.

**Reform** – reform areas in businesses and the economy, which caused the Great Depression such as FDIC and the SEC.

16. What was the CCC? What was its goal?

The CCC was one of the New Deal programs, which hired young men (18-25) to conserve national resources such as parks and to build the infrastructure of America such as roads, airports, hospitals, dams, and other public projects.

17. What did Eleanor Roosevelt do as First Lady?

Eleanor Roosevelt played an important role in supporting FDR in his second term, specifically on the 2<sup>nd</sup> New Deal. She gave input and supported many of his programs. In addition, she showed support to Americans through her magazine by asking them to write about their worries and problems.

18. What was the WPA?

Works Progress Administration was part of the 2<sup>nd</sup> New Deal. It hired Americans to build schools, roads, airports, hospitals, parks, and dams and hired artists, musicians, and writers to create works of art for the public. The program was supposed to support Americans financially to contribute to the economy.

19. What program did the New Deal create to help retired and disabled Americans?

Social Security Act

20. Be familiar with New Deal programs (TVA, CCC, WPA, FDIC, Fair Labor Standards Act, AAA, NIRA).

WPA - Works Progress Administration (see above)

TVA Tennessee Valley Authority hired men to build dams to produce electricity in the south.

CCC - Civilian Conservation Corps (see above)

FDIC - Federal Deposit Insurance Corporation is a private agency, working for the government to secure banks and the people's money.

Fair Labor Standards Act - Act passed to secure a minimum wage, fair working hours and conditions, and eventually, an age limit

AAA - Agricultural Adjustment Act was a law that required farms to reduce production in order to increase prices and demand for products (found unconstitutional, but later revised and continues to exist today.)

NIRA - National Industrial Recovery Act was a law, which made businesses follow a fair code of practice (fair prices, etc.) in order to increase competition and boost the economy.

21. Why did some Americans oppose the New Deal? Name two opponents to the New Deal. Who were they?

Father Coughlin (Catholic priest) opposed because he thought the programs weren't doing enough. He felt that every American should have a set-annual income and that the banks should be nationalized (controlled by the government). He lost popularity when he made anti-Semitic comments.

Huey Long also felt that the programs were not meeting the Americans' needs. He was later assassinated despite support from many.

Others felt that the government was over-stepping its boundaries and controlling the economy too much – almost communist or socialist.

22. What difficulties did African-Americans experience during the Great Depression?

African-Americans faced many hardships, specifically racism and extreme discrimination at the job and even for acceptance into the New Deal programs such as the CCC.

23. Identify the following: a) Woody Guthrie b) Dorothea Lange c) John Steinbeck

Woody Guthrie – popular singer/songwriter during the Great Depression. He wrote songs such as “Do Re Mi” and “Talking the Dust Bowl Blues,” which you listened to in class.

Dorothea Lange – American photographer during the Great Depression. Her most famous photograph was called, “Migrant Mother,” a migrant farmer in California.

John Steinbeck – author of an American classic, “The Grapes of Wrath,” which dealt with the Dust Bowl and a migrant farming family.

24. Identify two types of Art forms of the Great Depression and the song considered to be the “anthem” of the Great Depression.

Art – Regionalism (paintings which glorified the American landscape and conservative ideals) and Social Realism (painting which reflected a social problem in America)

Anthem – Brother, Can You Spare a Dime?

25. What was the Dust Bowl?

A ten-year drought and poor farming-methods left the land in the mid-west dry and poor for farming. Dust storms raged continuously, causing families to leave their farms and lives behind.