

CHAPTER

14

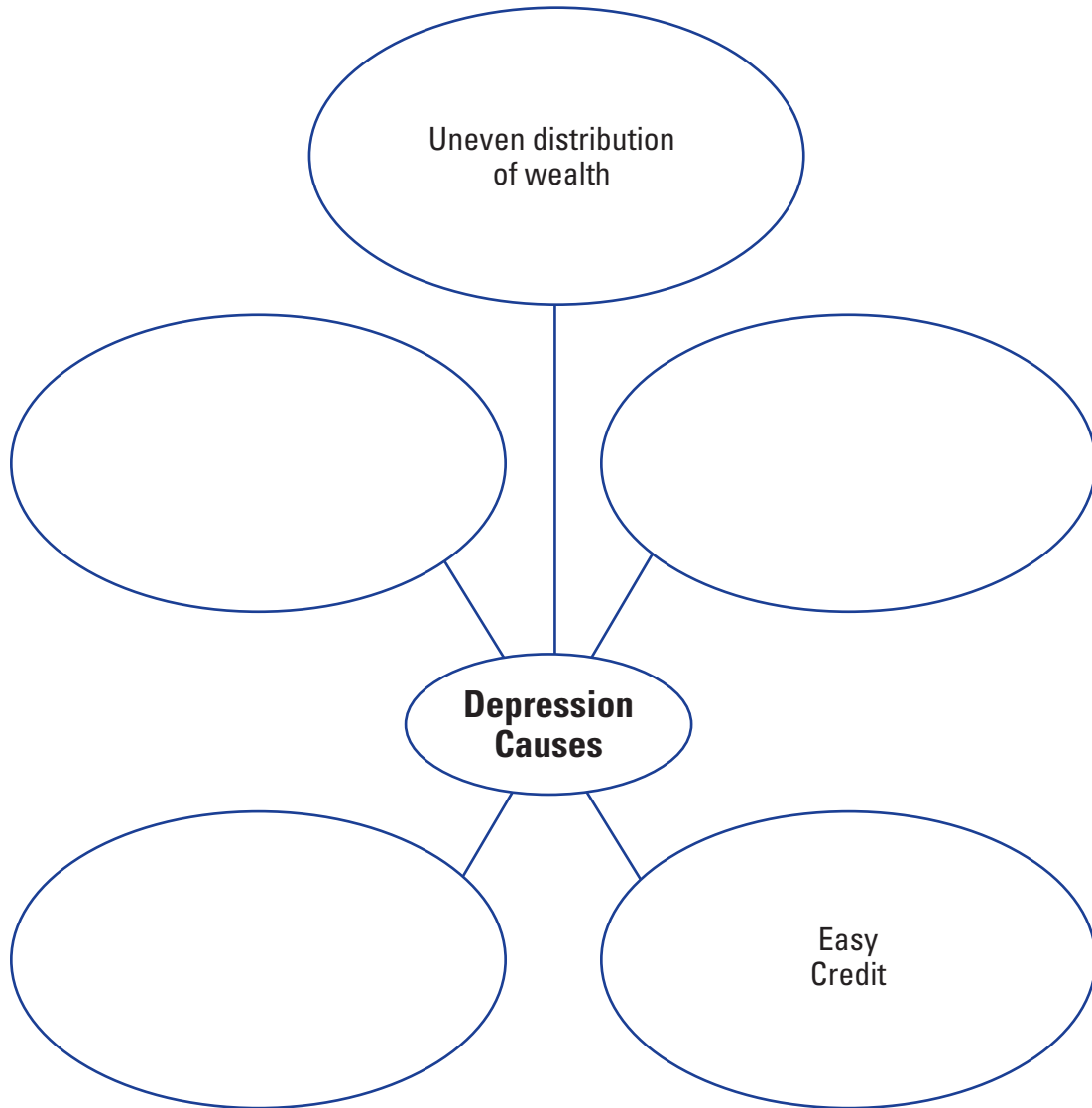
SECTION 1

Note Taking Study Guide

CAUSES OF THE DEPRESSION

Focus Question: How did the prosperity of the 1920s give way to the Great Depression?

A. *Identify the causes of the Great Depression.*

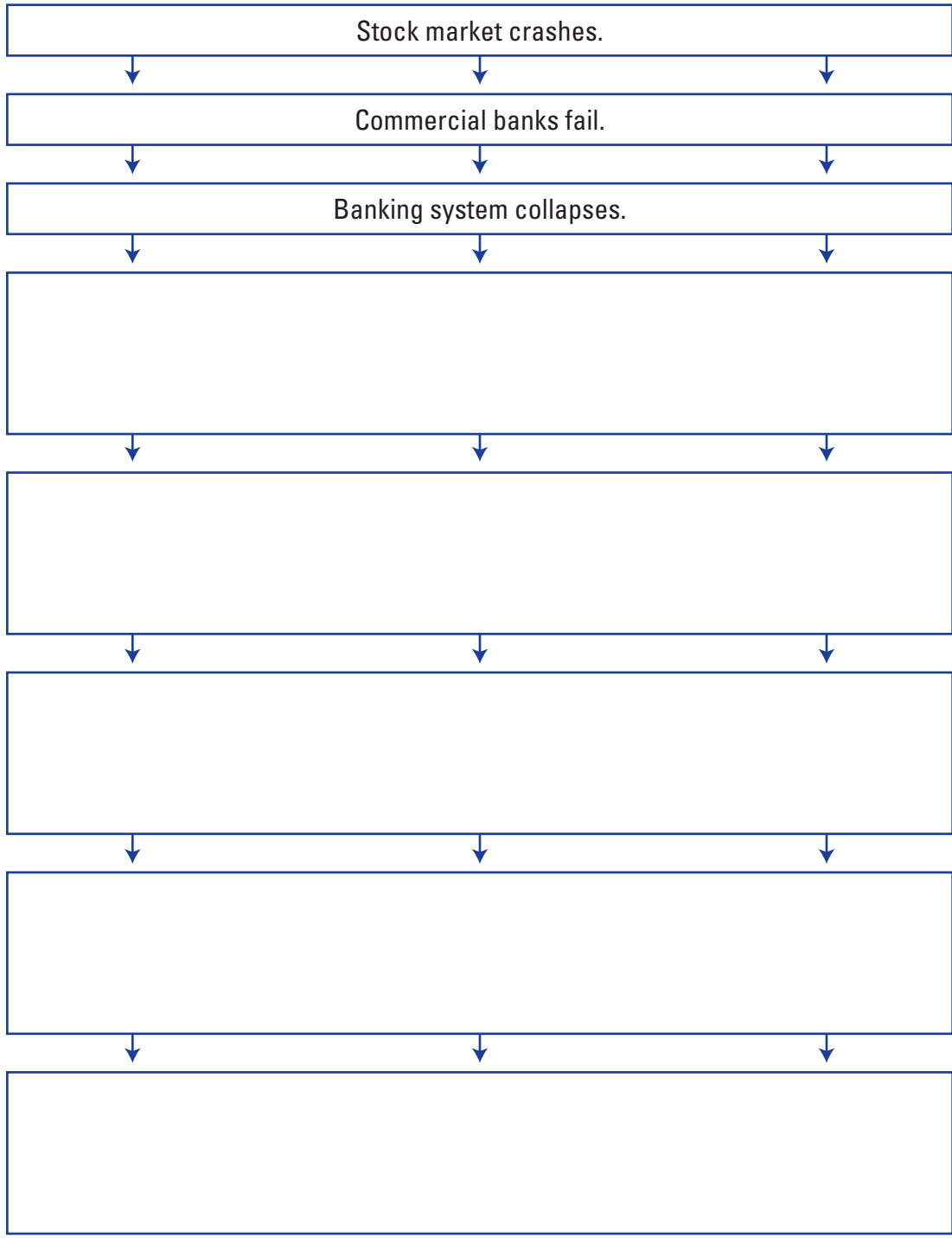


CHAPTER
14
SECTION 1

Note Taking Study Guide
CAUSES OF THE DEPRESSION

Focus Question: How did the prosperity of the 1920s give way to the Great Depression?

B. Use a flowchart to note what happened in the wake of the stock market crash.



CHAPTER
14
SECTION 1

Section Summary
CAUSES OF THE DEPRESSION

READING CHECK

In 1928, Republicans took credit for a strong economy. How did Americans show their approval of Republicans?

VOCABULARY STRATEGY

Find the word *converge* in the underlined sentence. What does *converge* mean? What clues can you find in nearby words or phrases? Circle any that help you figure out what *converge* means.

READING SKILL

Recognize Causes Look over the concept web of causes of the depression. Select one of the choices in the web, and explain how it contributed to the depression.

During the 1920s, times were good. The Republicans in power took credit for the strong economy. In 1928, the country elected Republican **Herbert Hoover** as President. However, hidden economic problems soon caused the Great Depression.

A few people had lots of money in the 1920s. Others had much less. In particular, farmers had money problems. During World War I, they had increased their harvests to raise more food for soldiers. After the war, larger harvests flooded the market with cheap food and brought down profits.

Industrial workers, whose wages rose steadily, did better than farmers. To buy the many new products, workers used easy credit. This hid the problem that not enough people could really afford to buy products. Meanwhile, some Americans enjoyed great wealth. However, rich Americans were only a tiny portion of the population. They would never be able to buy enough goods to keep the economy strong.

Some economists also worried about **speculation** in the stock market. Investors often borrowed money to buy stocks then sell them and turn a quick profit. Rapid buying and selling raised the price of both good and bad stocks, making the economy unstable. Finally, all the problems began to converge. Stock prices bottomed out on **Black Tuesday**, October 29, 1929. Whole fortunes were wiped out in hours.

The stock market crash marked the beginning of the **Great Depression**, a period lasting from 1929 to 1941 in which the U.S. economy faltered, banks closed, and unemployment soared. The government tried to help by passing the **Hawley-Smoot Tariff**, which put high taxes on foreign goods. Other countries then taxed U.S. goods. The result was closed markets and unsold goods worldwide, which destroyed world trade. However, economists still disagree on what was the most important factor leading to the Great Depression.

Review Questions

1. How did World War I affect farmers and help lead to the depression?

2. Why were some economists worried about stock speculation?

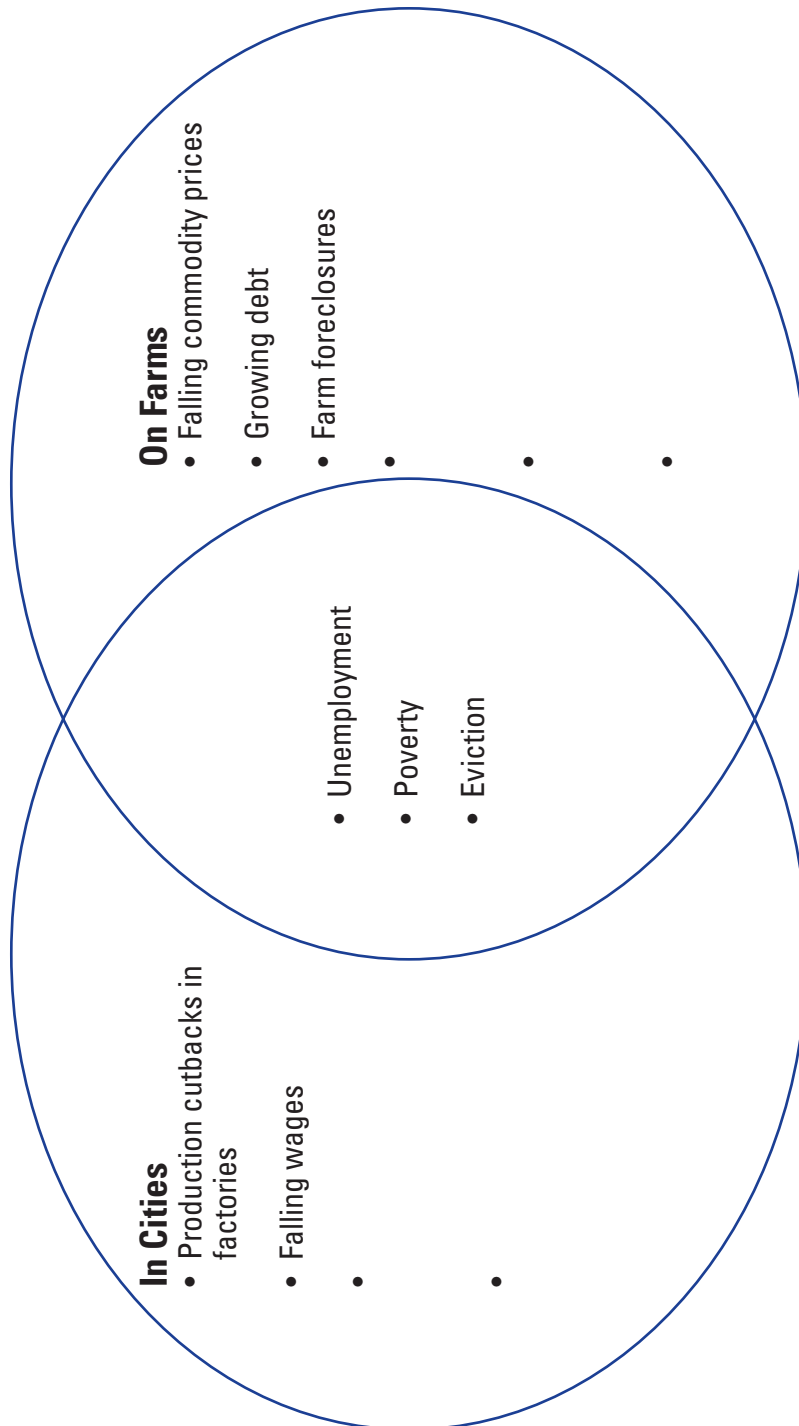
CHAPTER
14
SECTION 2

Note Taking Study Guide

AMERICANS FACE HARD TIMES

Focus Question: How did the Great Depression affect the lives of urban and rural Americans?

As you read, use the Venn diagram below to note how the depression affected both urban and rural America.



CHAPTER
14
SECTION 2

Section Summary
AMERICANS FACE HARD TIMES

READING CHECK

In what part of the country did the Dust Bowl occur?

VOCABULARY STRATEGY

What does *drastic* mean in the underlined sentence? Read the underlined sentence aloud, but leave out the word *drastic*. What word could you use in its place? Use this strategy to help you figure out the meaning of *drastic*.

READING SKILL

Categorize Which of the following were present in both urban and rural America during the depression? Circle your answer.

- Hoovervilles
- Unemployment
- Farm foreclosures

The Great Depression was felt by all Americans. Some lost everything they had. Others struggled mightily simply to survive. Every American suffered or knew someone who was suffering through the crisis.

In the cities, unemployment was a big problem. Between 1921 and 1929, annual average unemployment rates never rose above 3.7 percent. By 1933, almost 25 percent of workers were without jobs. Soon, unemployed families ran out of money. They took drastic measures and sold their belongings. Sometimes a family's only food came from a **bread line**, where people lined up for handouts from charities or public agencies. Many people were evicted from their homes. With no place else to go, they sometimes grouped together in **Hoovervilles**—makeshift shantytowns of tents and shacks.

In rural America, farmers struggled with low crop prices. A severe drought and overfarming on the Great Plains had turned the soil to dust that made farming impossible, and created huge dust storms. High plains regions in Texas, Oklahoma, Kansas, New Mexico, and Colorado became known as the **Dust Bowl**. Many farmers lost their farms. Some continued as **tenant farmers**, working for large landowners instead of themselves. Others gave up farming altogether and moved to California to look for work. The Dust Bowl migrants became known as **Okies**.

Minorities were hit the hardest by the depression. In 1932, unemployment among African Americans was nearly double the national rate. In the Southwest, Mexican Americans faced a special problem. Many white Americans wanted the government to send them back to Mexico, an act called **repatriation**.

For many Americans, the depression was a time of great hopelessness and despair.

Review Questions

1. What were some of the problems that farmers faced during the depression?

2. What were Hoovervilles?

CHAPTER
14
SECTION 3**Note Taking Study Guide****HOOVER'S RESPONSE FAILS**

Focus Question: Why did Herbert Hoover's policies fail to solve the country's economic crisis?

As you read, fill in the outline with details about President Hoover's response to the depression.

Hoover's Response to the Depression

I. Cautious Response Fails

A. Hoover Tries Volunteerism

1. Calls on business leaders to maintain employment, wages, prices
2. _____
3. _____

B. Volunteerism Fails

1. Businesses cut wages and lay off workers.
2. _____

II. More Activist Policies

A. Hoover Uses Federal Resources

1. Creates the Reconstruction Finance Corporation (RFC)
2. _____

B. Trickle-down Economics Plan

1. Government loans to large businesses will help them hire workers.
2. Government loans to bankers will help them make loans to businesses.
3. _____
4. _____

C. Activist Policies Fail

1. Some businesses do not use loans to hire workers.
2. _____
3. _____

CHAPTER
14
SECTION 3

Section Summary
HOOVER'S RESPONSE FAILS

READING CHECK

Who led the troops against protesters in Washington, D.C., during the summer of 1932?

VOCABULARY STRATEGY

Find the word *simultaneously* in the underlined sentence. What do you think it means? Think about what it means to have many important jobs that have to be done. Which of the following phrases do you think means the same thing as *simultaneously*? Circle the correct answer.

- done at the same time
- done one after the other

READING SKILL

Identify Supporting Details List the details that support the conclusion that Hoover's policy of volunteerism failed.

President Hoover struggled to create a plan to end the depression. One plan he tried was called volunteerism. He asked business leaders to voluntarily keep prices and wages at current levels. He called for the government to simultaneously reduce taxes, lower interest rates, and create public-works programs. The plan would help businesses have more funds to hire workers and create products. Workers would then have money to buy products. Hoover's plan also asked the wealthy to give to charity. Finally, Hoover called for a policy of **localism**. This policy asked local governments to provide more jobs and relief measures. However, businesses cut wages and laid off workers. Local governments did not have enough resources to combat the depression, and charities ran low on money. So, Hoover's economic plan failed.

Next, Hoover urged Congress to create the **Reconstruction Finance Corporation (RFC)** in 1932. The RFC gave loans to banks so they could lend money to businesses. Businesses could then hire workers. However, loans to banks and businesses were not always used as the RFC wished. So this plan also failed.

The **Bonus Army** was a group of World War I veterans. They asked Congress for early payment of their bonus. Congress agreed, but Hoover vetoed the plan. The veterans then protested by setting up camps in Washington, D.C. In July 1932, they rioted and Hoover called in troops. **General Douglas MacArthur** led army troops against the veterans. Many of the veterans were hurt, some badly.

One Hoover success was the building of **Hoover Dam**. Constructed on the Colorado River, it brought jobs to the Southwest in the early 1930s. Still, Americans were appalled at Hoover's treatment of the veterans and handling of the depression. He had little hope of reelection.

Review Questions

1. What was President Hoover's first response to the depression?

2. What was the Bonus Army?
