Overview of the Great Depression

The Great Depression changed the lives of millions of people around the world who were left penniless and jobless. Banks, factories, and shops closed, while farms halted production. From changes in public policy to personal philosophies, the Great Depression had an impact on all those who lived through it. But, why did it happen in the first place?

To learn how and why the Great Depression occurred, let’s start from the beginning...

Go to [http://www.worldbookonline.com](http://www.worldbookonline.com)
Click on “Student.” If prompted, log on with ID and password

Find the answers to the questions below by using the “Search” tool to search key words. Since this activity is about the Great Depression, you can start by searching the key words *Great Depression*.

<table>
<thead>
<tr>
<th>Cause</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. World War I cost a total of $337 billion.</td>
<td></td>
</tr>
<tr>
<td>2. As workers left to join military service for the war, many businesses shut down.</td>
<td></td>
</tr>
<tr>
<td>3. After the war ended, most governments went back to the gold standard in an effort to stabilize prices and halt inflation.</td>
<td></td>
</tr>
<tr>
<td>4. Some farmers hoped that the high prices and expanded production that occurred during wartime would continue after the war was over. But prices of agricultural products fell by about 40 percent, instead.</td>
<td></td>
</tr>
<tr>
<td>5. Banks in agricultural areas were unable to collect money from farmers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6.</td>
<td>Increased uncertainty about the future of the economy led consumers to cut back on purchases of goods and services.</td>
</tr>
<tr>
<td>7.</td>
<td>Between January 1930 and March 1933, nearly 9,000 banks failed.</td>
</tr>
<tr>
<td>8.</td>
<td>Bank failures made less money available for loans to industry.</td>
</tr>
<tr>
<td>10.</td>
<td>The Great Depression touched the lives of millions of Americans and people of other countries around the world. (Name at least three effects) 1.  2.  3.</td>
</tr>
<tr>
<td>11.</td>
<td>Severe droughts and dust storms hit parts of the U.S. Midwest and South-west during the 1930’s, creating a region known as the Dust Bowl.</td>
</tr>
</tbody>
</table>

Use the “Great Depression” article and short video to provide the cause/effect relationship between each event below. Write the answers in the spaces provided.

12. Which five states in the Dust Bowl were most affected by extreme drought, soil erosion, and economic depression in the 1930’s?

13. Who did U.S. President Hoover believe should provide relief to people harmed by the Great Depression?
14. Who did President Hoover provide financial relief to during the depression through the Reconstruction Finance Corporation (RFC)?

15. Who did U.S. President Roosevelt believe should provide relief to people harmed by the Great Depression?

16. What were the New Deal’s three main purposes?
   1. 
   2. 
   3. 

**Deal or No Deal?**

Write “Deal” if the description and the agency are properly matched. If the description does not apply to the agency, write “No Deal” and correct the statement in the space below the statement.

17. Federal Emergency Relief Administration: Gave the states money for the needy and helped local charities with relief efforts. **Deal**

18. Civilian Conservation Corps: Employed thousands of young men in corporate internships. **No Deal**

19. Public Works Administration: Provided money and jobs for the construction of bridges, dams, and schools. **Deal**

20. Works Progress Administration: Provided jobs in public projects, such as road building, flood control, and the construction of airports, hospitals, schools, parks, as well as work in the arts. **Deal**

21. Agricultural Adjustment Administration: Created farming competition by dividing farmland to be equally distributed to farmers. **No Deal**

23. Federal Deposit Insurance Corporation: Protects banks against the highs and lows of the stock market.

24. Securities and Exchange Commission: Regulated stock markets and tried to protect investors from buying unsafe stocks and bonds.

25. National Labor Relations Board: Worked to prevent unfair labor practices and to prohibit workers from joining unions.

26. How did World War II help the United States move from 15 percent unemployment to 1 percent unemployment?

Long after the Great Depression ended, the New Deal in the U.S. continued to affect both the government and public’s attitude. Explain the impact that the New Deal had on the following:

<table>
<thead>
<tr>
<th>27. The lives of the poor:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>28. The government’s philosophy of spending:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>29. Public attitudes towards businesses and banks:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>30. Public attitudes towards the unemployed:</th>
</tr>
</thead>
</table>
**Extension Activity**

Although the Great Depression article mainly discusses the disaster within the United States, the Great Depression affected countries all around the world.

Consider the impact of the Great Depression in Canada, Europe, or Australia. Discuss what governments did to alleviate the suffering of their citizens. In some countries, entirely new governments and leaders emerged. Describe how they came into power and what affect their influence had on the country and the world.

---

**Read more by visiting World Book’s eBook collection:**

Teacher Page

Answers:

1. Most of the money was raised through borrowing, which created huge debts. In addition, many governments printed extra money to meet their needs. The increased money supply caused severe inflation after the war.

2. After the war ended, Europe faced new competition in many export markets. In most European countries, many returning soldiers could not find jobs.

3. The return to the gold standard hurt many countries that had seen prices rise following the war. The return to the gold standard also limited the ability of government leaders to offset declining production and prices by increasing the amount of money in circulation.

4. Many of these farmers lost so much money that they could not pay the mortgages on their farms. These farmers then had to either rent their land or move.

5. More than 5,000 U.S. banks went out of business from 1921 through 1929 because farmers could not pay back their loans.

6. As a result of the dramatic decline in consumer spending, output and production fell sharply in late 1929 and in 1930.

7. The bank failures wiped out the savings of millions of people.

8. The decline in available money caused a drop in production and a further rise in unemployment.

9. Other nations soon reacted by raising tariffs on imported goods.

10. People suffered greatly from the Great Depression, including an increase in malnutrition and illness, and the creation of homeless youth, hobo jungles, and Hoovervilles increased as people lost their income and their homes.

11. Thousands of farm families there were wiped out by the Dust Bowl. Some farmers fled to the fertile agricultural areas of California to look for work. Most who found jobs had to work as fruit or vegetable pickers for extremely low wages.

12. The U.S. states of Kansas, Oklahoma, New Mexico, Texas, and Colorado were most affected by the droughts.

13. Hoover declared that state and local governments should provide relief to the needy.

14. The RFC provided relief by lending money to banks, railroads, and other large institutions whose failure would have made the depression even worse.

15. Roosevelt believed the federal government had the chief responsibility of fighting the depression.
16. The New Deal attempted to provide relief for the needy.

17. Deal

18. No Deal. Civilian Conservation Corps (CCC) - employed thousands of young men in conservation projects.

19. Deal

20. Deal

21. No Deal. Agricultural Adjustment Administration (AAA) - transformed agricultural markets by regulating farm production.

22. Deal

23. No Deal. Federal Deposit Insurance Corporation (FDIC) - insured commercial bank deposits.

24. Deal

25. No Deal. National Labor Relations Board (NLRB) - worked to prevent unfair labor practices and to protect workers' rights to form and join unions.

26. The great increase in production of war materials provided so many jobs that the U.S. unemployment rate fell to about 1 percent in 1944.

27. Many countries began to provide better welfare benefits for the poor. In the United States, laws of the New Deal gave the government more power to provide money for the needy and the elderly.

28. Since the 1930's, governments have been more willing to reduce taxes or increase government purchases to stimulate production and spending.

29. Many people decided that the government—not business—had the responsibility to manage the national economy.

30. People came to view unemployment not as a personal shortcoming but as a condition that can result from circumstances beyond the individual's control.

Extension Activity

Answers will vary. World Book Online provides information on the Great Depression in Canada, Europe, and Australia, as well as the government leaders.