

**USHC 6.3** Explain the causes and consequences of the Great Depression, including the disparities in income and wealth distribution; the collapse of the farm economy and the effects of the Dust Bowl; limited governmental regulation; taxes, investment; and stock market speculation; policies of the federal government and the Federal Reserve System; and the effects of the Depression on the people.

**Causes of the Great Depression**

Consumers bought goods on credit during the 1920s, and most Americans were heavily indebted by the end of the decade.

**DEBT**

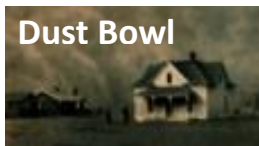
***Factors Contributing to Consumer Debt:***

The _____ 's "Easy Money" Policies	Overconsumption	Stock Market SPECULATION
During the 1920s, the Federal Reserve kept interest rates low, which encouraged borrowing. <i>After the stock market crash, the Fed suddenly TIGHTENED the money supply.</i>	Consumers borrowed money to pay for new appliances and other consumer goods, purchasing these items on the _____ plan.	<b>SPECULATION:</b>  <b>Buying on the _____</b> <i>(Borrowing \$\$\$ to buy stocks)</i>

By the late 1920s, consumers had so much debt that they could no longer pay for expensive consumer goods, which lowered demand. This resulted in **overproduction**, resulting in decreased profits for companies.



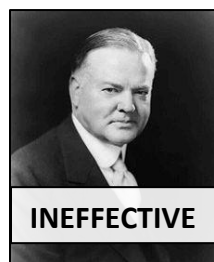
**STOCK MARKET \_\_\_\_\_ (1929)**



**Farm Economy COLLAPSES**

" \_\_\_\_\_ " migrate to California looking (unsuccessfully) for work.

**UNEMPLOYMENT:**  
  
**%**



**President Herbert \_\_\_\_\_ tried unsuccessfully to help:**

1. Tax \_\_\_\_\_
2. \_\_\_\_\_ - \_\_\_\_\_ Tariff *(Second Highest in US History)*

**Hoover REJECTED the idea of \_\_\_\_\_ RELIEF to the poor.**  
(payments from the government to individuals)



" \_\_\_\_\_ " became a symbol of most Americans' lack of confidence in Hoover's leadership.



In 1932, a group of World War I veterans known as the " \_\_\_\_\_ Army" marched on Washington to demand an early payment of their "Bonus," or veterans pensions that were due to be paid in 1945.

The U.S. Army attacked the Bonus Army with cavalry, tanks, and gas, furthering the impression that Hoover was callous toward those who were suffering during the Depression.