

## Student Handout 2-Great Depression-Causes and Effects

### ***Possible Causes of the Great Depression***

- ✓ The Stock Market Crash of 1929 is usually referred to as the start of the Great Depression. It, however, was a sign of economic instability that had been building in the United States in the 1920s.
- ✓ There was an uneven distribution of income. The rich were becoming richer with little money being distributed to the working class to buy things they needed.
- ✓ The Revenue Act of 1926 led to a tax cut for rich. (This means more money in the hands of a few people.)
- ✓ Americans were beginning to buy things on credit.
- ✓ The United States had granted loans to European countries recovering from World War I. These countries were unable to repay the loans.
- ✓ Tariff Policy: The Smoot-Hawley Act was passed in 1930, so it is hard to say it caused the Great Depression, since the Depression was already underway. It did, however, make conditions worse. The act passed increased the tariff of imported goods to 50%. These increased prices made it impossible for foreign countries to sell products here, and many foreign countries responded by raising their taxes on importing goods. This made it difficult for the United States to have a healthy international trade.

Source: <http://encarta.msn.com> - "Great Depression in the United States" under "Causes of the Depression.")

### ***Effects of the Great Depression***

- ✓ Loss of jobs: Unemployment went from 3% to 25% during the Great Depression. One in four people were out of work. Those lucky enough to be working most likely experience a cut in wages.
- ✓ Growing bread and soup lines to respond to hunger.



Unemployed men wait in long lines for bread and handouts during the Great Depression.

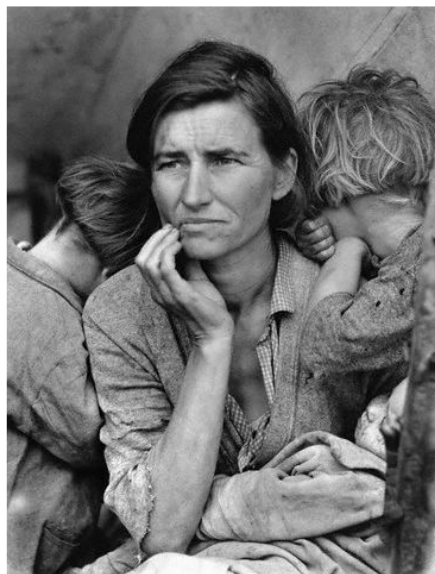
*Image donated by Corbis-Bettmann*

- ✓ Hunger marches



12,000 hunger marchers from Pittsburgh, Pennsylvania.  
*Image donated by Corbis-Bettmann*

- ✓ Migrant workers: Farmers unable to sustain a living would take to the road in order to find work.



This photograph called Migrant Mother by Dorothea Lange is a famous image produced from the FSA photography project. "Destitute peapickers in California; a 32 year old mother of seven children. February 1936."  
*Courtesy Library of Congress*

Dorothea Lange's account of the photograph: ". . . She said that they had been living on frozen vegetables from the surrounding fields, and birds that the

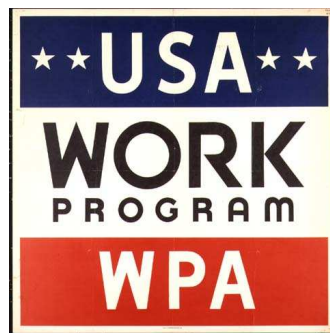
*children killed. She had just sold the tires from her car to buy food. There she sat in that lean- to tent with her children huddled around her, and seemed to know that my pictures might help her, and so she helped me. There was a sort of equality about it.” (From: Popular Photography, Feb. 1960).*

- ✓ Many banks close.



Philadelphia Bank Closing  
*Courtesy Urban Archives*

- ✓ The existence of shanties called “Hoovervilles.” These were economically depressed areas where people used tents or scraps of anything available to live in. (President Herbert Hoover received the dubious honor of having these shanties named after him because people were frustrated with what they perceived as his lack of relief efforts.)
- ✓ The creation by President Franklin Delano Roosevelt of federally-funded programs under “The New Deal” to create jobs and help the nation recover from the Depression. The Work Progress Administration was the largest of the federal programs. It created jobs to improve or create public structures such as streets, bridges, airports, utilities, parks, and recreational fields. In addition to the blue-collared work, it also created work for some artists, musicians, and writers (Examples: Federal Theatre Project, Federal Writers Project)



USA Work Program Sign  
*Courtesy the National Archives and Record Administration*