



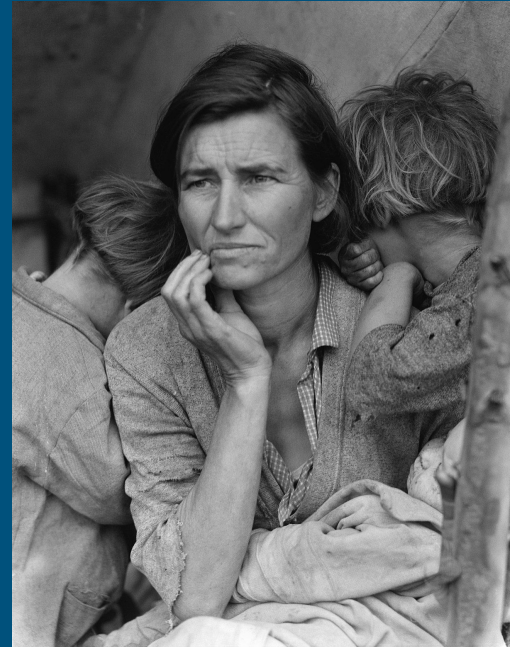
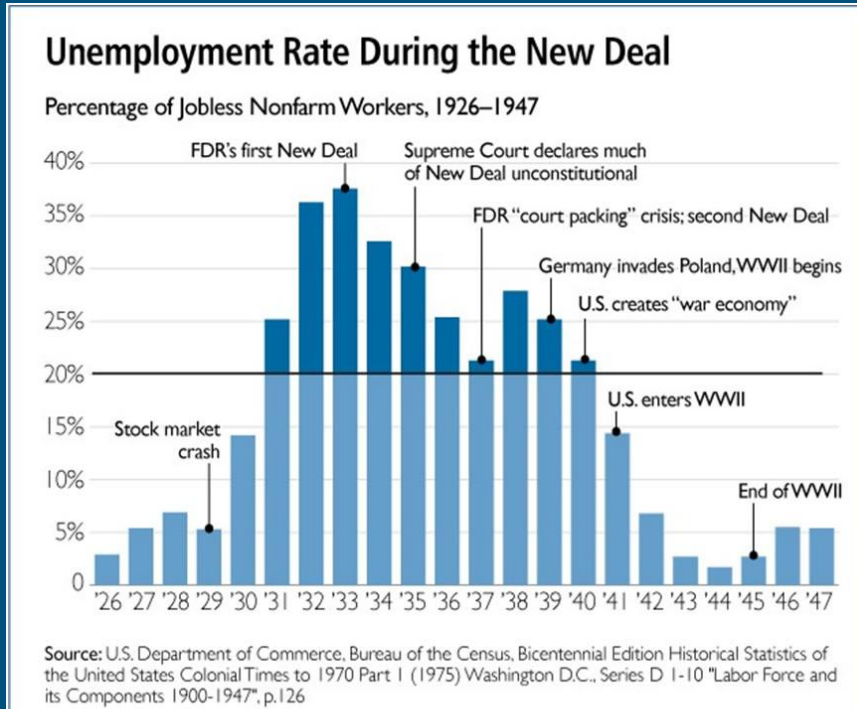
# What Caused The Great Depression?

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*EQ: How do people respond when  
everything falls apart?*



# How bad was the Great Depression?



*Migrant Mother* - Dorothea Lange (1936)  
32 Years Old. Picked Peas. Homeless

# How bad was the Great Depression?

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- **1932**
  - 34 Million people belonged to families with no wage earner
    - (~30% of American Population)
  - 273,000 families evicted from their homes
  - 2 million families become homeless
- Home building drops 80% between 1929 and 1934
- Minimum wage was 25 cents between 1930 and 1939
- In NY, 25% of children were malnourished. In Rural states (Tennessee, Kentucky, Pennsylvania...) 90% of children were malnourished

# Misconceptions

True / False - The Stock Market Crash of 1929 caused the Great Depression

The Stock Market Crash was a tipping point, it exposed many problems that already existed in the U.S. Economy



# What Caused the Great Depression?

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1. Buying on Credit
2. Unequal Distribution of Wealth
3. Over-Production / Under- Consumption
4. Unstable Banking System
5. Weak International Trade

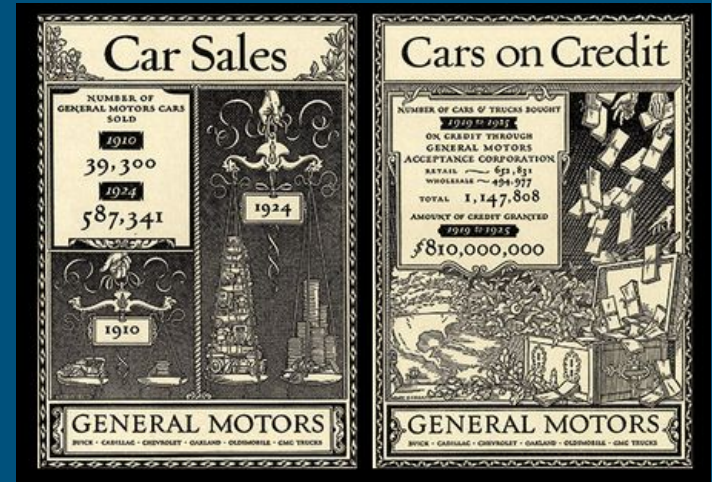
# 1. Buying on Credit

Credit -

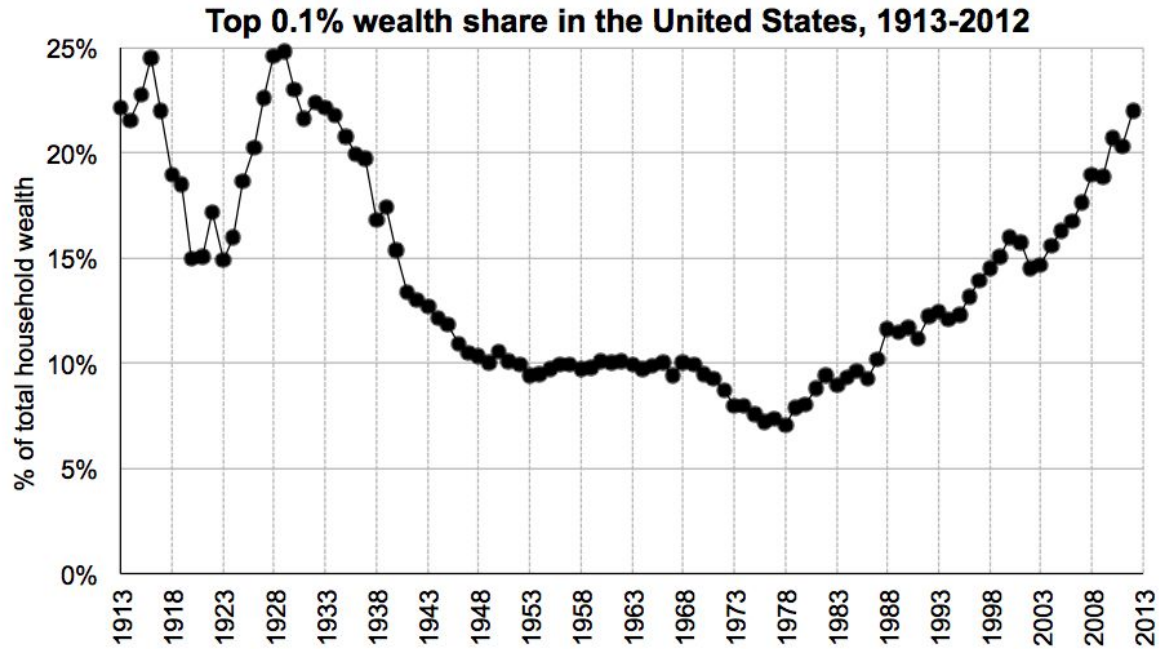
The 1920s was a 'boom period'

People were buying new goods (cars, refrigerators, etc)

Stock Market Crashes -> people lose jobs -> serious debt and credit problems



## 2. Unequal Distribution of Wealth



This figure depicts the share of total household wealth held by the 0.1% richest families, as estimated by capitalizing income tax returns. In 2012, the top 0.1% includes about 160,000 families with net wealth above \$20.6 million. Source: Appendix Table B1.



## 2. Unequal Distribution of Wealth

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70% of population considered poor

Can't buy goods or services to help the economy

“Income inequality leads to higher rates of health and social problems, lower rates of social goods, and lower happiness” - *Nobel Prize winner Robert Shiller*

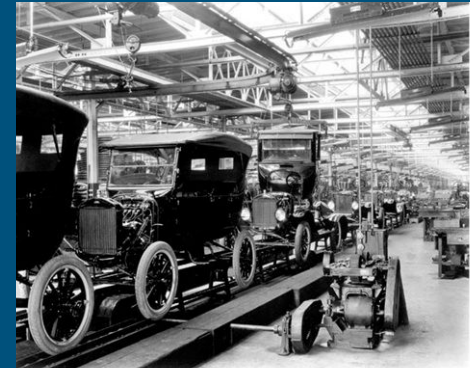
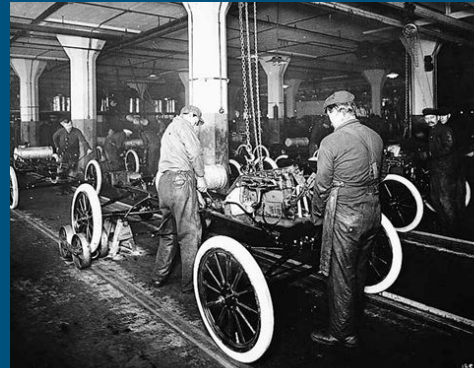
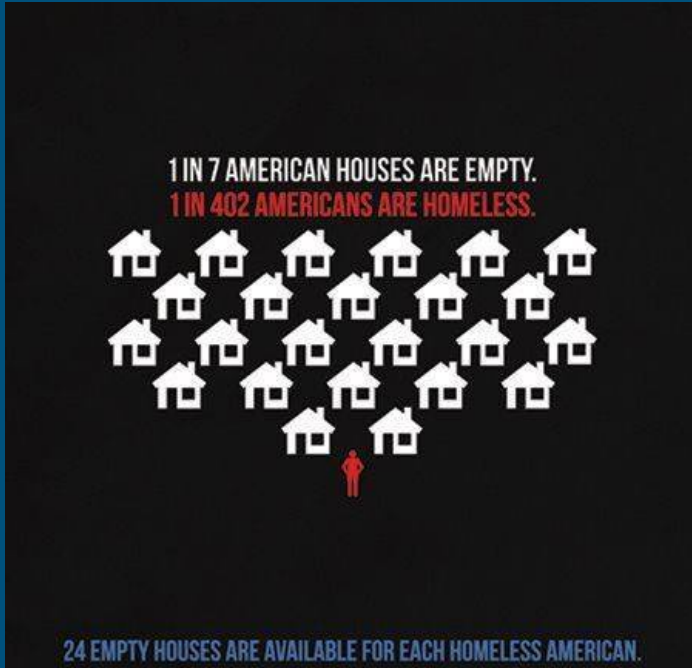




# 3. Over-Production and Under-Consumption

Riding the 'boom' of the 1920s

Too many goods produced, and too few people wanting or willing to buy them



# 4. Unstable Banking System

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After crash, people tried to withdraw money from their banks

Banks loaned out too much \$, didn't actually keep enough in the bank

People panic -> 'Bank Rushes' -> 'Bank Failures'



People milling about outside of a bank that closed, ca. 1933.  
National Archives photo.

# 5. Weak International Trade

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Smoot Hawley Tariff - Signed by President Herbert Hoover

Tariff - tax on goods coming into a country

Started to protect farmers

Countries fired back with their own tariffs

# FDR

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# Fireside Chats

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Franklin Delano Roosevelt

Becomes Pres. during crisis

President (1933 - 1945)

