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# **The Great Depression**

**1930's**

**Stock Market Crashed in 1929**

**This triggered but did  
not cause the Great  
Depression**

# Problems with the economy

**1. Too much  
consumer spending  
on credit**

**2. Many factories were in  
the process of expanding  
based on previous sales  
trends**

**BUT**

**When people stopped  
spending to pay for the  
products they already  
had, many businesses  
closed or laid off  
workers**

# **3. A lack of regulation in the stock market**

**people buying on  
margin**

**President Herbert Hoover was president when the Depression started**



# **Hoover believed in Laissez Faire**

**Believed the economy would  
fix itself if left alone**

**Hoover believed the  
poor and unemployed  
could be helped  
through charities and  
other private  
organizations**

**Before long people were  
ready for a new policy -**

**Hoover was seen as  
doing too little and the  
economy was not  
improving.**

# **Presidential Election of 1932**

# Hoover vs Roosevelt

# **Franklin Roosevelt proposed the** **“New Deal”**

**The main idea was that the  
government would get more  
involved in trying to fix the  
economy**

**F.D.R. won the  
election and started  
programs to help the  
poor and fix the  
economy**

**Works Progress  
Administration  
and other  
programs**



**Gave people jobs**

**Programs to build  
schools, bridges, roads  
and parks**

# **Social Security program**

**Pensions for the elderly**

# **Financial Aid to Farmers**

**Farmers hurt by  
low prices and**

# The Dust Bowl

The dust bowl was the name given to the Midwest because it was hit hard by a drought and the farmers could not grow crops

**Programs paid farmers not  
to grow crops**

**This would reduce the  
supply and increase the  
price**

**Also low cost  
loans to the  
farmers**

**Another F.D.R. program...**

**Federal reserve Board**

**Nation's central bank regulated  
interest rates and the money supply**

**Interest rates to control the  
rate of inflation (increasing  
price of goods)**



# **Lowering the interest rates would Increase inflation which would**

- 1. Make money “cheaper” and easier to  
pay off debts**
- 2. Make it easier for businesses to get  
loans and increase production**

# **Another program**

## **Securities Exchange Commission**

**To regulate the Stock Market and try to  
keep it from crashing again**

# **F.D.I.C.**

**Federal Deposit Insurance Corporation**

**Insured banks to increase confidence of  
people depositing money and it is  
protected by the government**

**F.D.I.C. helped prevent  
banks from closing  
because people had  
confidence in getting  
their money if the bank  
closes**

# **Summary of New Deal**

- 1. Government increased in size and role in the average citizen's life**
- 2. No more Laissez Faire**

**Wealthy and business  
leaders did not like the  
higher taxes. They  
believed the increasing  
debt would hurt the  
country.**