Depression Decisions

Trace the downturn, then judge the federal response.

SS24.US2.4 "Analyze the causes of the Great Depression, including the effects of overproduction, stock market speculation, buying on credit, international trade policy, and restrictive monetary policies..."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline five causes of the Depression and circle one action taken by Hoover and one taken by Roosevelt. Number one example each of relief, recovery, and reform in the passage.

From Unsold Coats to Federal Action

(1) In 1929, a clothing factory could have racks of unsold coats while its workers worried about losing wages. Factories and farms produced more goods than many buyers could afford, pushing prices and profits down. Consumers who had bought goods on credit still owed payments, so falling incomes squeezed spending further. Investors also bought stocks with borrowed money, betting prices would keep rising; the 1929 crash wiped out wealth and confidence. After the crash, the Federal Reserve allowed the money supply to shrink as banks failed, deepening deflation and limiting loans. The crash exposed weaknesses, but it did not cause the Depression alone.

(2) Congress passed the Smoot-Hawley Tariff in 1930, and Hoover signed it. Its higher import duties prompted retaliation from trading partners, reducing international trade when businesses needed customers. Hoover believed local governments, charities, and voluntary agreements should lead relief. He opposed direct federal payments to unemployed people but later backed public works and the Reconstruction Finance Corporation, which lent money to banks and businesses. These steps could stabilize institutions, yet aid often reached struggling families slowly or indirectly. By 1933, bank failures and unemployment had made the limits of Hoover's approach painfully visible.

(3) Roosevelt responded with federal action on a larger scale. New Deal relief programs such as the Civilian Conservation Corps paid unemployed people for work; recovery spending on roads and bridges sought to revive demand. Reform measures, including federal deposit insurance, sought to prevent another banking collapse. Roosevelt expanded presidential leadership by proposing many programs and creating agencies to administer them. Government spending could raise demand when private spending fell, an idea associated with John Maynard Keynes, though Roosevelt did not consistently follow deficit spending. The New Deal reduced suffering and changed banking rules, but unemployment remained high; World War II mobilization finally ended it.

2 ANSWER WITH EVIDENCE

Use the passage

1. How could overproduction and buying on credit work together to reduce consumer spending?

2. How did the Smoot-Hawley Tariff and the Federal Reserve's response deepen the downturn in different ways?

3. How did Hoover's approach to helping struggling families differ from Roosevelt's relief programs?

4. How did Roosevelt's expanded presidential leadership support a Keynesian-style recovery effort, and what limit does the passage identify?

3 YOUR TURN

Your own words

Write a five-sentence historical judgment about which New Deal goal, relief, recovery, or reform, deserved the highest priority. Defend your choice with two details from the passage, explain a trade-off involving another goal, and acknowledge one limit of the New Deal.

ANSWER KEY

Depression Decisions

GRADE 11 · SS24.US2.4

PART 1 · READ AND MARK

Underline five causes of the Depression and circle one action taken by Hoover and one taken by Roosevelt. Number one example each of relief, recovery, and reform in the passage. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How could overproduction and buying on credit work together to reduce consumer spending?	**Overproduction lowered prices and profits, threatening workers' incomes. Consumers who still owed credit payments had less money to spend when their incomes fell.**
2	How did the Smoot-Hawley Tariff and the Federal Reserve's response deepen the downturn in different ways?	**The tariff prompted retaliation and reduced international trade. The shrinking money supply deepened deflation and limited loans.**
3	How did Hoover's approach to helping struggling families differ from Roosevelt's relief programs?	**Hoover favored local and voluntary relief and later made federal loans to institutions, which often helped families indirectly. Roosevelt's Civilian Conservation Corps paid unemployed people for work.**
4	How did Roosevelt's expanded presidential leadership support a Keynesian-style recovery effort, and what limit does the passage identify?	**Roosevelt proposed programs and created agencies to carry them out, including spending on roads and bridges to raise demand. He did not consistently follow deficit spending, and unemployment remained high.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I would prioritize relief because unemployed families needed income immediately. The Civilian Conservation Corps paid people for work when private jobs were scarce. Hoover's loans to banks and businesses often helped families slowly or indirectly, showing why direct work mattered. Prioritizing relief could leave less attention for reforms such as deposit insurance, which aimed to prevent another banking collapse. Relief could reduce suffering without fully restoring employment, which remained high under the New Deal.

Accept any of the three goals as the priority if the judgment uses two accurate passage details, identifies a trade-off with another goal, and acknowledges a supported limitation. For marking, accept the tariff, shrinking money supply, speculation, credit purchases, and overproduction as causes.