

Causes of the Great Depression: Where did all the money go? WHATDUNIT?

One of the great mysteries of the 20th century is how the U.S. economy could have gone from a state of prosperity in the 1920s to one of failure in the 1930s. In the 1920s jobs were plentiful, the economy was growing, and the standard of living was rising. By the end of the 1920s, at least twice as many people owned their own homes as had in 1919. Most homes were equipped with electric lights and flushing toilets, things that were once regarded as luxuries. Six out of ten homes owned a car and more students were going to high school rather than the factory. **Leading economic and political figures of the day said the United States appeared to have reached a “permanent plateau of peace and prosperity!”**

By 1933 at least 25% of the labor force was unemployed and about the same percentage was working shorter hours. Families were losing homes, and many were going hungry. Teens who should have been in school were riding around the country on train cars in search of work. **A decade of hope had been succeeded by a decade of hopelessness. So WHAT HAPPENED?** The United States possessed the same productive resources in the 1930s as it had in the 1920s. Workers still had the same skills! How could life have become so miserable for Americans in such a short period of time? Our study of the Great Depression will answer these questions. We will analyze economic data, the impact of national and world events, presidential leadership, and legislation throughout the next two weeks. **BY THE END, we will better understand “where all the money went” during the Great Depression.**

Activity: Identify and Understand Global and National Economic and Political Changes

Step 1	Go to www.infoplease.com/history.html
Step 2	Divide the years in your group!
Step 3	Complete YOUR assigned years!
Step 4	Share your research!
Step 5	Complete the analysis questions!

ECONOMIC TERMS

Consumer Price Index (CPI):
Unemployment Rate:
Federal Spending:

ECONOMIC RESEARCH

YEAR	CPI	Unemployment	Federal Spending	US Events	World Events	Other
1925						
1926						
1927						
1928						
1929						
1930						
1931						
1932						
1933						
1934						
1935						
1936						

Where did the money go?: Analysis/Discussion Questions

1. What was happening to consumer prices during the 1920s and 1930s? Why do you think they changed?

2. As the unemployment rate changes, what happens to federal spending and the CPI? When unemployment goes up...when unemployment goes down...

3. What events (global/national) might explain the government/federal spending patterns of the 1920s and 1930s?

4. Describe the American economy during the 1930s. How did the government respond?

5. What events in the US and globally would impact the lives of people during the 1930s? Explain the impact...

Reflect: What Caused the Great Depression?

1. Reflect on the causes of the Great Depression. Write at least one paragraph that discusses how accurate your predictions were from yesterday, and explain all the causes we discussed in class. Write in complete sentences!