

The student will demonstrate knowledge of the emerging role of the United States in world affairs and key domestic events after 1890 by
c) explaining the causes of the Great Depression, its impact on the American people, and the ways the New Deal addressed it.

CAUSES OF THE GREAT DEPRESSION

STOCK MARKET



Over speculation on stocks using borrowed money that could not be repaid when the stock market crashed in 1929 and stock prices collapsed.

Bank failures



Federal Reserve's failure to prevent widespread collapse of the nation's banking system in the late 1920s and early 1930s, leading to severe contraction in the nation's supply of money in circulation.

Tariffs



High protective tariffs that produced retaliatory tariffs in other countries, strangling world trade (Tariff Act of 1930, popularly called the Hawley-Smoot Act).

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The New Deal altered permanently the role of American government in the economy. It also fostered changes in people's attitudes toward government's responsibilities. Organized labor acquired new rights, as the New Deal set in place legislation that reshaped modern American capitalism.