

The Causes of the Great Depression

Overview:

On the fourth day of the Interwar unit, students will begin the Great Depression. Students will use primary and secondary sources to identify the causes of the Great Depression. Students will create a foldable chart in order to provide themselves with a graphic organizer.

Objectives:

1. Students will demonstrate knowledge of the economic developments during the Interwar Period by citing causes of worldwide depression through the analysis and interpretation of primary and secondary sources (WHII.10b & WHII.1a)
2. Students will be able to identify the long and short-term causes of the Great Depression on a foldable chart.

Procedure:

OPENING ACTIVITY- 15 minutes

Students will create a foldable chart that identifies the causes and affects of the Great Depression. The foldable will contain four columns: long-term causes, immediate causes, immediate effects, and long-term effects.

Inquiry lesson-80 minutes

- I. Eliciting Hypothesis -5 minutes
 - A. Have student pairs work together to create a list of four to six possible causes of global depression
 - B. Then instruct students to think outside the box and list any causes that they may have missed.
- II. Presenting Hypothesis- 10 minutes
 - A. Each pair will present a cause that they believed contributed to the global depression.
 - B. A wireless keyboard will be handed to each pair to include causes in an inspiration graphic organizer
 - C. Before implementing a wireless keyboard, the class will go over appropriate use of technology in the class.
- III. Data Gathering and Processing- 40 to 45 minutes
 - A. Hand out Data set #1 and a scaffolding sheet to each pair
 - B. Have students read the data set and discuss the impact of the new data on their causes.
 - C. Have pairs complete the scaffolding sheet for each data sheet.

- D. Share findings with the class.
 - E. Pass the wireless keyboard and add new causes to the inspiration web diagram.
 - F. Repeat steps for remaining data sets.
- IV. Conclusion- **10 to 15 minutes**
- A. Have student pairs take out their foldable sheet on the causes of the depression.
 - B. Using the causes that students have identified during the data-gathering portion of the lesson, have students identify whether they are long-term or short-term causes.
 - C. Students will list the long and short-term causes of the Depression on their foldable worksheets.

DATA SET #1

DIRECTIONS: Read the document below with your partner and look for any clues to possible causes of the Great Depression. Once you are done, either add causes, or change causes you listed on your worksheet.

“The Economic Consequences of the Peace”
John Maynard Keynes

The Treaty of Versailles includes no requirements for the economic recovery of Europe, nothing to make the Central Powers good neighbors, or promote economic unity amongst the allies. The large amount of money spent on the war effort has left us in debt. There is an inability of the allied powers to repay America for the lend-lease program which loaned military equipment, humanitarian aid, supplies, and money.

In the two generations before the outbreak of war, Germany transformed from an agrarian state to an industrial state. As an agrarian state, Germany could feed forty million inhabitants. As an industrial state, Germany could feed sixty-seven million inhabitants, but the war has hurt German industry. Much of their food and resources were imported from their colonies. Now that the war is over, they have lost their colonies, merchant fleet, and foreign investments. There is no doubt that their industry will suffer greatly. Businesses and factories are failing, and soon Germany will not be in a position to give bread and work to her numerous millions of inhabitants who are prevented from earning their livelihood by navigation and trade.

Source: Modern History Sourcebook. Fordham University.
<<http://www.fordham.edu/halsall/mod/1920keynes.html>>

DATA SET #2

DIRECTIONS: Read the document below with your partner and look for any clues to possible causes of the Great Depression. Once you are done, either add causes, or change causes you listed on your worksheet.

A Dangerous Imbalance

World History Textbook page 765

Both the American and the world economy had weak spots in the 1920s. Overproduction was a major problem. The war had increased demand for raw materials from Africa, Asia, and Latin America. Improved technology and farming methods contributed to higher output. When demand dwindled after the war, prices fell. Consumers benefited from the lower prices, but farmers, miners, and other suppliers of raw materials suffered severe hardship.

At the same time, industrial workers won higher wages, which raised the price of manufactured goods. An imbalance emerged because farmer's earnings had fallen, and they could afford fewer manufactured goods. Factories ignored the slowing demand and continued to pump out goods. Large amounts of credit had been extended to farmers and businesses, but as prices fell, there was an inability to repay credit.

Many nations attempted to nationalize their economy. In order to protect industry, they imposed tariffs, a tax on imported goods. By taxing imported goods, it raises the price and encourages the purchase of goods from within a country. The United States imposed the highest tariffs in history, and many European countries responded by raising their own tariffs. In the end, all countries lost access to the larger global market.

DATA SET #3- The Crash of 1929

DIRECTIONS: Read the document below with your partner and look for any clues to possible causes of the Great Depression. Add causes, or change causes you listed on your worksheet.

The market dropped sharply at the beginning of the month but rose again only to drop and rise again. The rollercoaster ride continued in October as the beginning of the month saw another drop followed by another burst of strength. Then came Black Thursday – October 24 – when a drop in stock prices triggered a burst of panic-selling so frantic that it overwhelmed the Stock Exchange's ability to keep track of the transactions.

Wall Street financiers were able to reverse the downward plunge only by buying as many shares of stock as they could over the next two days. It was a temporary victory. Monday's opening bell unleashed a frenzy of selling that soon turned into an uncontrolled panic that continued for the rest of the trading day. The following day – Black Tuesday, October 29 – saw the previous day's panic turn into bedlam on the trading floor.

According to one observer, traders "hollered and screamed and clawed at one another's collars. It was like a bunch of crazy men. Every once in a while, when Radio or Steel or Auburn would take another tumble, you'd see some poor devil collapse and fall to the floor." This was the Crash, although few could see it at the time. The Market continued its decline but never as dramatic. Thirty billion dollars had been lost - more than twice the national debt.

The Stock Market Crash launched America and a world into chaos. Banks demanded a repayment of loans which people could not afford. Money seemed to disappear. The economic situation in America made the European economy even worse. America, faced with its own financial crisis, could no longer afford to give loans to other countries.

Name: _____ Date: _____ Block: _____

DIRECTIONS: Work with your partner to complete the following tasks.

Write down any causes that you think might have caused Worldwide Depression in the 1930's

Data Set #1-List any new causes you found in the reading. Did the document mention a cause you already listed above? Which ones?

Data Set #2-List any new causes you found in the reading. Did the document mention any causes you already listed? Which ones?

Data Set #3-List any new causes you found in the reading. Did the document mention any causes you already listed? Which ones?

Causes and Effects of the Great Depression

Long-Term Causes	Immediate (Short Term) Causes	Immediate (Short-term) Effects	Long-Term Effects
<ul style="list-style-type: none"> • Huge debt resulting from WW I • European Dependence on American Loans • Widespread use of credit • Overproduction of goods paired with a decline in demand 	<ul style="list-style-type: none"> • Stock Market Crash of 1929 • Banks demand repayment of loans • Americans can no longer give loans to other countries • Businesses and factories fail • High protective tariffs 	<ul style="list-style-type: none"> • Vast unemployment and misery • Bank Failures and collapse of credit • Loss of faith in capitalism and democracy • Authoritarian leaders gain support 	<ul style="list-style-type: none"> • Nazis take control of Germany • Scapegoats are blamed for economy • Fascist leaders gain control of Eastern Europe • World War II begins

