

Solving the Problems of The Great Depression

Work with your group to come up with some solutions to these problems faced during The Great Depression. Write some specific solutions for as many problems as possible.

First, focus on solving problems related to 4 Causes of The Great Depression:

1) Weak and Careless Banking System-

Over 6,000 banks go out of business in 1929-1930. Millions of Americans lose their savings accounts. Investors can use these people's savings accounts to speculate and buy stocks on the stock market.

Solutions?:

2) Unhealthy & Careless Stock Market

In a healthy stock market, investors buy stock in companies that produce something & investor is invested/interested in the product. They keep their stock in the company for a long time and hope to receive dividends (shared profits) when the company does well over time.

In the 1920s, speculators took over the US Stock Market. How are speculators different?

Specific speculator problems: Anyone can be a speculator and no rules on buying stocks. Also, most are buying stocks through bank loans (they will repay later & using people's savings accounts)

Solutions?:

3) Overproduction

- a) Factories are producing way too many products; there is not enough demand.
- b) This is especially a problem with farmers who are producing way too much and this is bringing prices down. (WWI demand & improved farming technology are partly to blame)

Solutions?:

4) Unequal Distribution of Wealth

1929 poverty line is \$2,500 income per year

1% of American families make over \$10,000 per year

5% of American families make between \$5,000-\$9,999 per year

29% of American families make between \$2,000-\$4,999 per year

65% of American families make \$0 - \$1,999 per year

Why is this such a problem for a growing economy?

Solutions?:

Second, focus on solving some problems related to Effects of The Great Depression:

1) Huge Unemployment in the USA

25% of Americans are unemployed

Solutions?:

2) Huge Homeless Population

Estimated 5 million children and elderly have no medical care at all.

Solutions?: