Handout 3: Causes & Effects of the Great Depression

Causes of the Great Depression

- 
- 
- 
- 

Effects of the Great Depression

- 
- 
- 
- 
- 
- 
Handout 3: Causes & Effects of the Great Depression

Causes of the Great Depression

• People borrowed lots of money to buy high priced stocks and they could not repay the money when stock prices crashed.
• The Federal Reserve failed to prevent the collapse of the banking system.
• The US government charged high taxes on goods from other countries, so other countries did not want to trade with us (they thought we were unfair).

Effects of the Great Depression

• A large number of banks and businesses failed.
• One-fourth of workers were unemployed.
• Large numbers of people were hungry and homeless.
• Farmers’ incomes fell to low levels; many lost their farms.