

Name _____

The Great Depression: Understanding Its Causes

Open-Ended Response Answer Key

1. The Great Depression had lasting effects on the United States. It led to significant changes in economic and social policies, including the implementation of the New Deal programs by President Franklin D. Roosevelt. These programs aimed to provide relief, recovery, and reform, and they shaped the country's approach to social welfare, banking regulation, and labor rights. The Great Depression also influenced the United States' involvement in World War II, as it contributed to the country's desire to prevent similar economic catastrophes in the future.
2. The causes of the Great Depression offer important lessons for economic and financial institutions. Governments and central banks have since adopted policies aimed at stabilizing financial systems and preventing similar crises. These policies include regulations to ensure the stability of banks, mechanisms for addressing stock market volatility, and international cooperation to avoid protectionist measures that can harm global trade. Additionally, the establishment of social safety nets, such as unemployment insurance, helps protect citizens during economic downturns.
3. If I lived during the Great Depression, my family would likely face significant challenges. With high unemployment rates and reduced income opportunities, we would need to tighten our belts and prioritize essential expenses like food and housing. My parents might struggle to find stable employment, and we might have to rely on government relief programs and community support. It would be a difficult and uncertain time, but the resilience of families and communities played a crucial role in surviving the Great Depression.
4. Global economic factors played a crucial role in the severity of the Great Depression. The interconnectedness between countries meant that economic difficulties in one nation could quickly spread to others. For example, the collapse of international trade, partly due to protectionist policies like the Smoot-Hawley Tariff Act, reduced the export opportunities of many countries, causing economic strain. Countries that had borrowed heavily during World War I faced difficulties repaying their war debts, leading to financial instability. This interconnectedness emphasized the importance of international cooperation in addressing economic challenges and maintaining stable global trade relations.

