

Instructions: Pick 1 passage to outline. Create Qs & As for the other passage(s). You must follow the handout(s) I gave you, if you want a passing grade.

Objective: # 12A

Title: The Depression

1 First, banks had lent billions to stock speculators. Second, banks invested depositors' money in the stock market, hoping
2 for high returns. When stock values collapsed, banks lost money, and speculators defaulted on their loans. Having
3 suffered serious losses, many banks cut back drastically on loans. With less credit available, consumers and businesses
4 were not able to borrow money, sending the economy into a recession. Some banks had to close. The government did
5 not insure bank deposits, so if a bank closed, customers lost their savings. As a banks closed a severe crisis of confidence
6 in the banking system destabilized the economy. News of bank failures worried Americans. Some depositors made runs
7 on banks, thus causing the banks to fail. A bank run takes place when many depositors decide to withdraw their money
8 at the same time, usually out of fear that the bank will collapse. (9.1 – 17 & 19)

Objective: # 12B

Title: The Depression

1 Hoover increased funding for public works, or government-financed building projects. The resulting construction jobs
2 employed a small fraction of the millions of unemployed. The only way the government could create enough new jobs
3 was through massive spending, which Hoover refused to do. Someone had to pay for public works projects. If the
4 government raised taxes, consumers would have less money to spend, hurting business. If the government kept taxes
5 low and ran a budget deficit—spending more than it collected—it would have to borrow money, making less available
6 for loans. (9.3 – 05 & 06)

Objective: #12B

Title: The New Deal

1 Many of President Roosevelt's advisers emphasized tinkering with prices and providing debt relief to solve the
2 Depression. Others maintained that the Depression's fundamental cause was low consumption. They thought getting
3 money into the hands of needy individuals would be the fastest remedy. Because neither Roosevelt nor his advisers
4 wanted to give money to the unemployed, they supported work programs for the unemployed. (10.1 - 32)

Objective: # 12C

Title: The New Deal

1 The New Deal did not end the Depression, but it did give many Americans a stronger sense of security and stability. The
2 New Deal established what some have called the broker state, in which the government works out conflicts among
3 different interests. The New Deal also brought about a new public attitude toward government. Roosevelt's programs
4 had succeeded in creating a safety net—safeguards and relief programs that protected people against economic
5 disaster. Throughout the hard times of the Depression, most Americans maintained a surprising degree of confidence
6 in the American system. (10.3 – 21-23)