

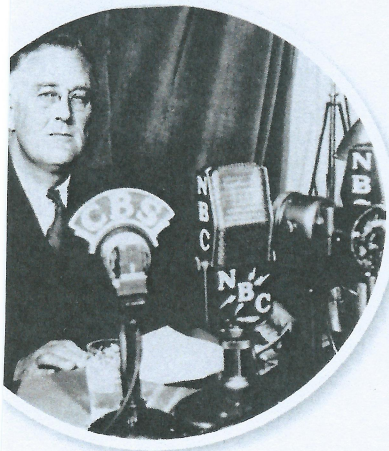
# The Great Depression

*The Great Depression was a period of worldwide economic crisis. It started in America in 1929 and then spread to Europe and the rest of the world. The depression had devastating effects in almost every country, both rich and poor. Today it is often quoted as an example of how far the world's economy can fall.*

## THE WALL STREET CRASH

In the 1920s a lot of American people invested their money in stocks and shares, pushing the prices up beyond their real value. Share prices reached a peak in August 1929, then started to fall. Investors panicked and started to sell recklessly. Things came to a tragic end on 'Black Tuesday', 29<sup>th</sup> October 1929. On that day, prices dropped suddenly and billions of dollars were lost. Wall Street, the New York Stock Exchange, crashed and this started a severe economic crisis as many banks and companies closed down.

The period that followed was one of the darkest in American history. Many companies went bankrupt as people stopped spending. Millions of people lost their jobs and by 1933 unemployment was at 13 million. The unemployed lost their homes and were reduced to living in shanty towns of tin and cardboard.



## THE NEW DEAL

In 1933 a new American government led by Franklin D. Roosevelt introduced a package of economic programmes known as the New Deal. Its goal was to help the unemployed, reform business and financial practices and promote recovery. Banks were able to reopen, but were more closely regulated and savings better protected. Currency and foreign exchange were controlled and loans were made to support farmers. Many of the measures proposed in the New Deal were controversial, but they provided employment for five million people and so restored confidence.

### Warm up

- 1 What do you know about 'The Wall Street Crash' and 'The New Deal'?

### Reading

- 2 Read these pages and answer the questions.

- 1 What happened on 29<sup>th</sup> October 1929?
- 2 What happened to the American economy immediately after that day?
- 3 What was the New Deal?
- 4 Who introduced it?
- 5 What other economies did the American crisis affect?

### Listening



- 3 Listen to an interview with a woman who lived through the Great Depression. Tick (✓) these statements true (T) or false (F). Correct any false statements.

- |   |                            |                            |
|---|----------------------------|----------------------------|
| 1 Norma was born in 1929.                                 | <input type="checkbox"/> T | <input type="checkbox"/> F |
| 2 Her father lost his job.                                | <input type="checkbox"/> T | <input type="checkbox"/> F |
| 3 She had to look after her younger brothers and sisters. | <input type="checkbox"/> T | <input type="checkbox"/> F |
| 4 She was one of three children.                          | <input type="checkbox"/> T | <input type="checkbox"/> F |
| 5 A lot of things were rationed.                          | <input type="checkbox"/> T | <input type="checkbox"/> F |