

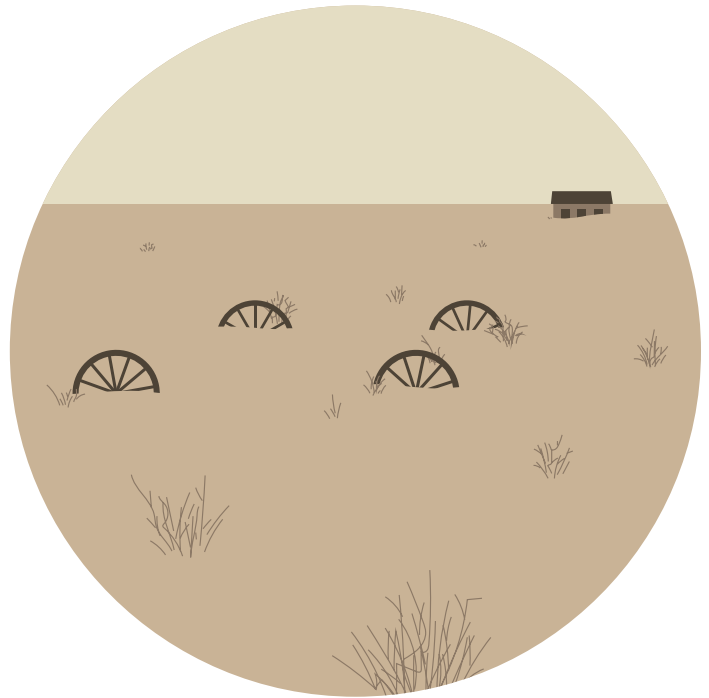
# The Great Depression

## Pre-Reading

### A. Warm-Up Questions

Share your knowledge with your classmates.  
If you don't know an answer, take a guess!

1. What does the word "depression" mean?  
Can "depression" have more than one meaning?
2. What does the word "great" mean?  
Can "great" have more than one meaning?
3. When and where did the Great Depression take place?
4. What caused the Great Depression and how did it end?



### B. Vocabulary Preview

Match up as many meanings and words as you can before you read. You can check this exercise again after seeing the words in context on page 2.

- |                   |  |
|-------------------|--|
| ___ 1. optimistic | a) money that you borrowed and now owe                                   |
| ___ 2. invest     | b) to have the opposite effect of one's intention or goal                |
| ___ 3. debt       | c) hopeful   |
| ___ 4. credit     | d) a period of economic decline  |
| ___ 5. struggle   | e) to give money temporarily in the hopes of a future financial increase |
| ___ 6. drought    | f) help or comfort during a time of pain or suffering                    |
| ___ 7. GDP        | g) funds (money) available for use or borrowing                          |
| ___ 8. recession  | h) to have difficulty doing or accomplishing                             |
| ___ 9. backfire   | i) a dry period (without rain or other precipitation)                    |
| ___ 10. relief    | j) gross domestic product, an indicator of a nation's economic wealth    |

## Reading

1. The Great Depression was the most historic period of economic decline in the 20th century. It began in the US in 1929 and affected economies worldwide throughout the 1930s.
2. During the “roaring ‘20s,” following World War I, Americans were **optimistic** about their future. Many **invested** in stocks even if they had to borrow money to do so. On October 29, 1929, the US stock market crashed. Many investors owed more money than they had earned. International trade quickly began to fall.
3. US banks played a large role in the economic downturn. In the 1920s, big American banks loaned a lot of money to foreign countries that had **debts** from World War I. When these countries did not make their payments, these banks suffered. Smaller banks also made mistakes. They gave too much **credit** to everyday people, especially farmers.
4. Many American farmers were already **struggling** before the Depression. Mechanization and expansion during World War I caused overproduction in the post-war years. Crop prices fell by as much as 60%. A decade-long **drought** in America’s Midwest made things much worse in the ‘30s. Farmers in the “Dust Bowl” abandoned their land and moved west to search for work.
5. During the worst years of the Depression, unemployment reached 25%. Not only were people not investing, they weren’t spending money on goods and services. Many people relied on bread and soup lines to feed their families. This had a major effect on manufacturing and trade and resulted in mass layoffs around the world. From 1929 to 1932, the worldwide **GDP** fell by 15%.
6. President Herbert Hoover was in power when the Great Depression began. Several of his efforts to pull the US out of **recession** failed. First, he tried to keep the prices of goods high. Second, he tried to keep wages high. Lastly, he tried to prevent foreign competition. All of these efforts **backfired** and hurt economies worldwide.
7. In 1932, Americans elected Franklin D. Roosevelt as president. FDR was a rich man and an optimist, but his experimental New Deal did not provide the **relief** and recovery that Americans hoped for. It wasn’t until 1941, when America entered World War II, that the Great Depression finally came to an end.

*“So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself.”*

—President Franklin D. Roosevelt, inauguration speech

## Comprehension

### A. True or False?

Read the statements below. If the statement is true, write T beside the sentence. If the statement is false, write F and correct the information in your notebook.

- \_\_\_\_\_ 1. The Great Depression took place throughout the roaring '20s.
- \_\_\_\_\_ 2. FDR was the president when the stock market crashed.
- \_\_\_\_\_ 3. The Great Depression mainly affected the US.
- \_\_\_\_\_ 4. The Dust Bowl was the name of the stock market crash.
- \_\_\_\_\_ 5. Banks eventually helped pull America out of the recession.

### B. Ask and Answer

Practice asking and answering the following questions with your partner. Then write the answers in complete sentences in your notebook.

- 1. Why did so many Americans invest in the stock market in the '20s?
- 2. What financial error did small banks make in the '20s?
- 3. What natural disaster contributed to the Great Depression?
- 4. How did World War I affect farming?
- 5. What mistakes did President Hoover make?
- 6. Why did Americans vote for Franklin D. Roosevelt?
- 7. What was the New Deal, and was it effective?
- 8. How did the Great Depression come to an end?

# Grammar & Pronunciation

## EFFECT & AFFECT

### A. Reference

The words “effect” and “affect” sound similar and have similar meanings. The important difference between these words is the word form (part of speech). Try to spot the uses of “effect” and “affect” in the reading. Then read the notes in the chart below.

	<b>Effect</b>	<b>Affect</b>
<b>Meaning</b>	the result or influence of something	to influence or produce an effect on
<b>Word Form</b>	noun	verb
<b>Pronunciation</b>	When speaking slowly, the first syllable has an /i/ sound, as in <i>teeth</i> ), but when speaking quickly and naturally, the first syllable has a schwa sound (as in <i>the</i> ) because it is unstressed.	When speaking slowly, the first syllable has an /ae/ sound (as in <i>cat</i> ), but when speaking quickly and naturally, the first syllable has a schwa sound (as in <i>the</i> ) because it is unstressed.
<b>Example</b>	The drought had devastating <b>effects</b> on farmers in the '30s.	Missing a bill payment will <b>affect</b> your credit score.

### B. Practice

Complete the sentences with the correct word. Remember that “effect” is a noun and “affect” is a verb.

1. The drought will \_\_\_\_\_ both farmers and consumers.
2. The recession had a lasting \_\_\_\_\_ on workers in the car industry.
3. This financial decision could backfire and \_\_\_\_\_ your chances of getting into college.
4. The international trade law will \_\_\_\_\_ the GDP in nations around the world.
5. The new interest rate goes into \_\_\_\_\_ on Monday.

## Vocabulary Review

Choose the correct word from the word list to complete each of the following questions.

1. Do you \_\_\_\_\_ in stocks?
2. How long can this \_\_\_\_\_ last? It has to rain soon!
3. Is your country in a \_\_\_\_\_, or is it easy to find a job right now?
4. Are you feeling more \_\_\_\_\_ now that the recession is over?
5. Will you pay cash, or will you use your \_\_\_\_\_ card?
6. Are all of the students \_\_\_\_\_ with the homework?
7. Will cold medication provide some \_\_\_\_\_?
8. Did your country's \_\_\_\_\_ rise or fall this year?
9. Will you pay off your \_\_\_\_\_ before you get married?
10. Are you worried that your decision might \_\_\_\_\_?

**Word List:**

- invest
- debts
- drought
- recession
- backfire
- struggling
- GDP
- credit
- optimistic
- relief

## Discussion

1. What financial struggles do people in your country have now?  
What struggles do Americans have?
2. Have you or your family members ever made a financial  
(or employment) decision that backfired?  
Were there any lasting effects?
3. What are good debts to have? What are bad debts to have?  
What affects your credit score?
4. Should students learn about economics and banking in school?  
What do they need to learn?
5. Are you optimistic about the economic future of your native country?  
What about the financial future of America?