IMPACT OF THE GREAT DEPRESSION
The Great Depression had widespread effects. With banks out of money and stocks worthless, Americans were penniless. There was an overall decline in the demand for goods. Thousands of banks and businesses closed, and millions of people were suddenly out of work. In cities and on farms, American families suffered. Soup kitchens gave out free meals to people waiting in bread lines. People migrated in search of work. Life had become a daily struggle for many Americans.

Impact of the Great Depression on Americans
- Millions of Americans were unemployed and migrated to look for work.
- Millions of families were left homeless and slept in cardboard boxes and makeshift tents.
- Almost 2,000 banks ran out of money and closed, taking away people’s saving.
- The unemployed often demonstrated against their former employers, resulting in violence and sometimes death.
- Political unrest grew as President Hoover tried, without success, to solve the country’s economic problems.
- Nearly one million farmers lost their farms to the banks when they could not pay their mortgages.

ROOSEVELT’S NEW DEAL
The Great Depression challenged Americans’ faith in their government. During the 1932 presidential campaign, President Hoover ran against Democrat Franklin D. Roosevelt, Governor of New York. Roosevelt promised Americans a “New Deal” to combat the Depression. Americans did not think Hoover could solve the crisis and voted for Roosevelt. After his election, Roosevelt quickly took action to establish policies and programs to solve the nation’s problems. These new policies made the federal government more active in solving problems, which was a significant change in American government.

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<th>PROBLEM</th>
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<td>Americans were fearful and lacked confidence in their government.</td>
<td>Roosevelt used his “fireside chat” radio program to talk to Americans and calm their fears. He told them, “We have nothing to fear but fear itself”</td>
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<td>People lacked faith in banks, and banks were failing in great numbers.</td>
<td>Roosevelt proposed reforms to help strengthen banks. One law created the Federal Deposit Insurance Corporation (FDIC), which meant that people’s deposits up to $5,000 were protected. He gave banks a “holiday” to close and get their accounts in order before they reopened four days later.</td>
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<td>American farmers had grown too many crops when demand for goods was low.</td>
<td>Congress created the Agricultural Adjustment Administration (AAA), which would pay farmers to not grow crops. The lack of supply would drive up prices.</td>
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<td>In 1932, one in four Americans was out of work.</td>
<td>Congress approved work programs that created immediate jobs for people. For example, the Works Progress Administration (WPA) built and improved highways, dredged rivers and harbors, and promoted soil and water conservation.</td>
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<td>Older, retired workers were provided no relief.</td>
<td>Congress enacted the Social Security Act, which paid retired workers a pension and provided money to disabled Americans.</td>
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The New Deal provided much-needed relief to poverty-stricken and jobless Americans. New Deal programs helped build highways, dams, bridges, and housing for the poor. Recovery programs were designed to bring the nation out of the Depression over time.

The New Deal also changed the role of the federal government in the economy. The American public came to believe that the government is responsible for delivering public services and promoting the general welfare of its citizens. The public also believed that government should intervene, or get involved, when the economy needs strengthening. The charts below show some of the positive effects of the New Deal.
IMPACT OF THE GREAT DEPRESSION AND ROOSEVELT’S NEW DEAL

Guided Reading Questions: Read the handout and answer the following questions.

1. What happened for the demand for goods during the Great Depression? Why did this happen?

2. Why did many people migrate during the Great Depression?

3. Where did homeless families sleep?

4. What kind of activities resulted in violence and sometimes death?

5. Which American president tried and failed to solve the country’s economic problems?

6. Approximately how many farmers lost their farms to the banks when they could not pay their mortgages?

7. What did Franklin Delano Roosevelt promise the American people when he was running for president?

8. What did Roosevelt tell the American people to calm their fears regarding the Great Depression?

9. How did President Roosevelt try to help the banking industry?

10. What was the AAA and what was its purpose?

11. What percentage of American workers were unemployed in 1932? What program did Congress approved that tried to get people back to work?

12. What was the purpose of the Social Security Act?

13. What kind of relief did the federal government provide for poor and desperate Americans.

14. What were recovery programs designed to accomplish?

15. How did the New Deal change the role of the federal government in the economy?