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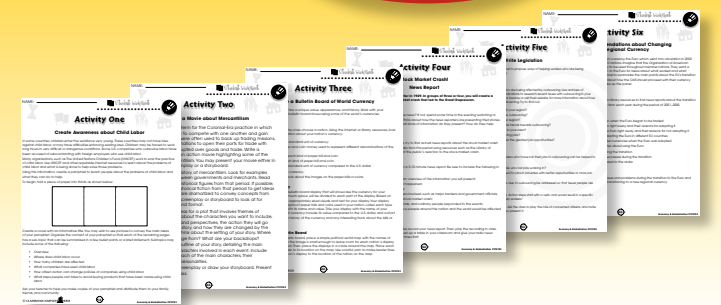
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# The Great Depression

1. Have you ever heard of the Great Depression? What do you know about it? Has anyone ever told you stories about your family members who lived through the Great Depression? Write your responses about the Great Depression on the spaces provided.

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2. The word depression has more than one meaning. Use a dictionary to look up the word DEPRESSION. Find the definition that relates to economics. Write the definition on the spaces provided.

The definition of **depression** is:

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3. Write each term beside its meaning. You may use a dictionary to help you.

mercantilism   glut   agricultural   reconstruction   industrial

- a) involving production in a factory
- b) having to do with farming
- c) the practice of empires using trade to gain power during the Colonial period
- d) an excess amount of something
- e) building up houses, roads, factories, and other things that were destroyed during a war



# The Great Depression

**T**he era of mercantilism and the trans-Atlantic trade during the Colonial period had declined by the turn of the 20th century. In the years after World War I, the economies of many European countries and their colonies struggled. In peacetime, more people in Europe and the United States returned to work in agriculture and in the production of industrial goods. European governments pressed their African and South American colonies into greater production to pay off post-war reconstruction loans made by the United States. At the same time, Japan was becoming an industrial exporter. The situation soon turned into a glut of agricultural and industrial products. Prices quickly declined, which meant decreased income and more difficulty paying off loans. The prices for many goods went on a downward spiral, leading struggling companies to layoff workers. Many banks in the United States that had made investments by way of loans found that they could not be repaid. In 1929, key Western stock markets plummeted and major banks failed. This was the beginning of the **Great Depression**.



Migrant camps during the Great Depression

**STOP** In what year did major banks fail?

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### Effects of the Great Depression

When people lost their jobs and their savings, they were no longer able to buy many goods. That led to a worsening trend of economic depression that, in many places, lasted for a decade. In the United States, up to 30% of the workforce lost employment. Working-class men moved from place to place seeking work, sometimes taking their families with them. Often they lived in poverty in vagrant camps. Even previously wealthy people were affected, with many bankers committing suicide.

Across Europe, and particularly in Germany, the situation was also grim. In fact, many historians consider the rise of Adolph Hitler and the Nazi party to be a direct result of the Great Depression. The industrial production of weaponry was one of the factors that pulled Germany out of the depression, and led eventually to the horrors of World War II. The Great Depression exposed many weaknesses in national and global economic systems. It also demonstrated that the economies of nations around the world are interdependent. Many national and international economic policies were passed after the Great Depression in an attempt to lessen the effects of global economic downturn and prevent another global depression.



# The Great Depression

1. Fill in each blank with the correct word, date, or phrase from the reading.

- a) In the years after World War I, the \_\_\_\_\_ of many European countries and their colonies struggled.
- b) European governments pressed their African and South American colonies into greater production to pay off \_\_\_\_\_ made by the United States.
- c) In \_\_\_\_\_, key Western stock markets plummeted and major banks failed.
- d) Working-class men moved from place to place seeking work, sometimes taking their families with them. Often they lived in poverty in \_\_\_\_\_.
- e) The Great Depression exposed many weaknesses in national and global \_\_\_\_\_ systems.
- f) The Great Depression also demonstrated that the economies of nations around the world are \_\_\_\_\_.

2. Put a check mark (✓) next to the answer that is most correct.

a) Up to what percent of the United States workforce lost their jobs during the Great Depression?

- A 10%
- B 20%
- C 30%
- D 40%

b) Which country was just becoming a major exporter of industrial goods after World War I?

- A China
- B Germany
- C Japan
- D United States



# Activity Three

Set up an international currency exchange in your classroom, like the kind you might find in an international airport or major city. Students can practice trading currencies using up-to-date currency exchange information.

### Before You Begin

Visit a reputable website that has up-to-date currency exchange rates, such as [www.exchange-rates.org](http://www.exchange-rates.org) or <http://money.cnn.com/data/currencies>. Choose 10-15 currencies that will be traded in your international currency exchange. Assign groups of 2-3 students to make models of the paper money for each currency. Assign another group of 2-3 students to work at the international currency exchange.

### Do Your Research

If you are in a currency-making group, begin by researching your country's currency. Find out the denomination of the paper bills in your country. For example, Japanese yen comes in 4 kinds of bills: 10,000 yen, 5,000 yen, 2,000 yen, and 1,000 yen. Make 5-20 bills of each, depending on the denomination. You will need more of the smaller denomination bills, and fewer of the larger denomination bills. You may copy photographs of the bills, or draw your own.

If you are in the group that will work at the international currency exchange, familiarize yourself with how to do the rate exchange calculations using the formula shown below:

$$\text{amount of Currency 2} = \text{amount of Currency 1 being traded} \times \frac{\text{Currency 2}}{\text{Currency 1}} \quad \left. \begin{array}{l} \text{this ratio is the} \\ \text{exchange rate} \end{array} \right\}$$

Find and print out a copy of the current currency exchange rates from the websites above.

### Open Your International Currency Exchange

Set up a table in your classroom to make the currency trades. Have a calculator, pencil, and paper handy for making the exchange calculations. You may wish to create a setting, such as a busy international airport.

Each group should divide their money in half. To begin, give one half of the currency from each group to the currency exchange table. Divide the other half among the students in each group. Students will be currency exchange customers. Customers may ask to exchange any amounts of the currencies they possess for any of the other currencies. Have fun!





# The Great Depression

3. a) On the spaces provided, define the term **interdependent**. You may use a dictionary to help you.

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b) Explain how the Great Depression showed that economies of different nations around the world are interdependent.

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## Research

### Write a Story

4. How were the lives of ordinary people affected by the Great Depression? Using the internet or library resources, find out how families from different areas of the country and different economic classes were affected by the Great Depression. Try to find first-hand accounts, such as newspaper articles or diary entries from people who lived during that period. You may also ask your family members for first-hand accounts or stories that have been handed down about the Great Depression. You may also want to read some examples of historical fiction about this period.

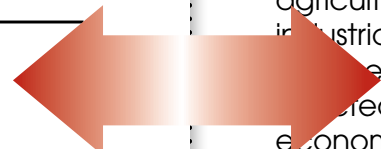
Using all of the background information you have compiled, write a short story about the lives of a family during the Great Depression. You may want to include some of the following:

- descriptions of the setting in a vagrant camp
- a character who thinks about what life was like before the Great Depression and compares that to his or her current situation
- quotes from newspaper articles that characters were reading
- a post-script describing the main characters' lives 10 or more years after the Great Depression

3.

a) When a change in one part of a system causes other parts of the system to change in response.

b) In the Great Depression, the production and export of agricultural and industrial products affected the economies of other nations. When U.S. banks failed, other nations' economies were affected.



# EASY MARKING ANSWER KEY

