**Chapter 23: Managing the Great Depression, Forging the New Deal,**

**1929-1939**

**[[BIG IDEA:** What new roles did the American government take on during the New Deal, and how did these roles shape the economy and society?]]

The Great Depression of the 1930s was a global economic downturn on a massive scale. It threw millions out of work and obliterated wealth. People lost homes, jobs, and savings, and many lost hope. It was so widespread, it forced societies, particularly in the industrialized nations of Europe, North America, and East Asia, to respond in creative, sometimes even radical, ways. This chapter takes you into that dramatic story of economic crisis and political transformation.

The United States responded to the Great Depression with a collection of programs known as the New Deal. But action did not come right away. For three years, most Americans believed that the economy would right itself. When economic health did not return, voters rallied for change: they elected a new president, the Democrat Franklin Roosevelt, and a succession of reform-minded congresses. Together, Roosevelt and congress transformed the American state in response to the depression.

To assist struggling individuals and revive the economy, Roosevelt’s New Deal dramatically expanded the scope of government responsibility. New laws reformed banking, housing, agriculture, manufacturing, and labor relations. Public works projects employed hundreds of thousands of out-of-work Americans. With the stock market, the banking system, labor, and social welfare now under some form of federal regulation, what historians call the welfare state was born.

In addition to revolutionizing the role of government in American life, the New Deal had important political effects. The Democratic Party acted on principles of strong government that went back to the populist movement of the 1880s. Behind the New Deal, Democrats massed a new political coalition: blue-collar workers, farmers, immigrants, the progressive urban middle class, and African Americans. This co-called New Deal coalition transformed the American party system and redefined “liberalism” for a new age.