

The great depression

[History](#)



Client's Information (English 1A) The Great Depression The Great Depression is the most prolonged economic crisis in the history of the industrialized countries, which began after the collapse of the stock price on the New York Stock Exchange, 18-29 October 1929. This economic crisis lasted until 1939, so the 1930s are generally considered as period of the Great Depression. The United States, Canada, UK, Germany and France were most severely affected by the Great Depression. The worst effect was perceived in industrial cities, in several countries has virtually stopped construction. " This depression was not only an economic catastrophe, it was social and political catastrophes as well" (Watkins 1).

After the stock market crash, the most of the securities have depreciated sharply, and much of the loans have become irrecoverable, while there was a sharp reduction in banks resource base as a result of massive withdrawals of deposits of population, declining balances enterprises. As a result of the bankruptcy of banks took massive character. At the end of 1930 bank depositors began a run that led to a wave of bank failures. As a result, in the United States began absolute monetary contraction. Second banking panic occurs in the spring of 1931. All these months, the authorities did not respond to the increasing pace of economic tsunami. GDP in 1930-1931 years falls respectively by 9.4 and 8.5% and the unemployment rate rises from 3.2% at the beginning of 1930 to 15.9% by the end of 1931.

The unemployment rate in 1932 increased to 23.6%. A little over three years since the crisis have lost their jobs for more than 13 million Americans. Industrial stocks have lost 80% of their value since 1930, while livestock prices have fallen by 53% since 1929. For three years went bankrupt two out of every five banks and their depositors lost \$ 2 billion in deposits. Money <https://assignbuster.com/the-great-depression-essay-samples-3/>

supply in 1929 was reduced by 31% on face value. Because of the reduction in effective demand, prices for agricultural products fell by 40-60%.

Also the Great Depression in the United States was marked by tremendous growth in unemployment, it started under a Republican administration of President 31st American President Herbert Hoover, who promised during the election campaign "prosperity" for people. The situation was aggravated by the fact that the Hoover administration was not a federal program to combat unemployment. Hoover believed that the problems of the unemployed must address to state governments and urban municipalities. However, almost all industrial cities have become bankrupt, so left without work, people had to rely on charities and donations from individuals. Furthermore, these funds are sorely lacking, and in winter of 1932 occurred famine. Only the summer of 1932, Hoover attempted to solve the unemployment problem at the federal level.

Overcoming the Great Depression is associated with radical New Deal of President Franklin Roosevelt. The measures taken by the U. S. economy in 1937 was able to almost reach the level of 1929, to improve the lot of the unemployed people, to increase in real gross national product.

Nevertheless the U. S. was able to recover from the effects of the Great Depression only to the beginning of the Second World War.

Works Cited

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