

Great depression vs great recession

[History](#)



The United States of America has gone through many different economic ups and downs, two of the most horrific downturns would be the current recession and The Great Depression from 1929 to 1939. The cause of these two economic events cannot be blamed on one single person or a group, but on the United States as a whole who neglected to perform their economic duties. While these two deflationary periods in our economy have several differences, they have many similarities as well, such as the difficulty in receiving money from banks but they differ in that the Great Depression was much more difficult to go through.

These two economic hardships have very similar beginnings. In the 1920's it was known as installments, today it is known as the credit. Both are the same concept, and then you pay back the original price along with a certain amount of interest. It is a great concept since the companies are earning money on the interest but when too much credit is given out it can adversely affect the economy. During the Great Depression everyone began buying stocks with money that was loaned out by banks.

While the Great Recession the banks were lending too much money for mortgages. Eventually when the stock market and housing markets crashed, the banks didn't have any money because all of it was given out on loans. What differs though between these economic time periods, would be that the Great Depression was significantly harder to live during. The Recession only lasted for 2 years while the Depression was throughout the entire 1930s. Also during this time, the center states were dealing with a severe drought.

Unemployment rate was also much higher at 25% compared to the 8% to 9% now. Social security, medicare, variety of public assistance programs like <https://assignbuster.com/great-depression-vs-great-recession/>

unemployment payments and food stamps were largely non-existent in the 1930s. These two time periods of economic downfall were horrible times for people. While these two periods in our economy have several differences and many similarities as well, such as the difficulty in receiving money from banks but they differ in that the Great Depression was much more difficult to go through.