

# The panic of 1819: the first major u.s. depression essay

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The Great Depression of 1929-1933 and the financial crisis of 2008 are very well-known economic downturns in the U. S. history. Nevertheless, the first similar severe crash of the American economy has happened much earlier - in 1819. It was so-called the Panic of 1819, and there were several main reasons for the crisis:

First of all, the ordinary Americans suffered from the crisis. Not able to repay the loans, many borrowers lost their property; some of them were even imprisoned. The loans became unavailable, a number of the industrial sectors collapsed, the unemployment soared. The standards of living in some regions were extremely low.

Secondly, the crisis affected the banking system deeply. The mistrust of banks and paper money was growing fast. The banks faced the lack of gold and silver to produce the coins and back up paper money. Moreover, they faced the avalanche of foreclosures. That is why many banks filed for the bankruptcy.

And finally, the farmers suffered from the crisis due to the decrease of the prices for the agricultural products and the depreciation of the land.

Any economic development is characterized by the cycle. Every economic growth is followed by the further decline. The Panic of 1819 was a cyclic crisis. After the rather long period of uncontrolled economic expansion, the growth of the industrial and agricultural production, and the issue of paper money, the downturn was imminent. The critical mass of the mismanagement consequences was accumulated. The cyclical crisis

indicated the contradictions and discrepancies in the U. S. economy. It was the lowest point of the production decrease, followed by the severe depression. Nevertheless, the Panic of 1819 was the necessary stage of the cyclical economic development.

The Supreme Court has played a significant role during the crisis. Its rulings, which were protecting the corporations and banks from the government interference, fueled the population's mistrust. Furthermore, the Supreme Court decisions intensified class divisions in the 1820s and the rise of Andrew Jackson, who upheld the U. S. working class (Reynolds). That is how the Panic of 1819 can be seen as the stimulant for the further struggle for the rights of the ordinary Americans against the power of the banks and corporations embodying the greedy capitalism.

Reynolds, David. "Panic of 1819: The First Major U. S. Depression." The Globalist. N. p. 2009. Web.