The 1930s Great Depression

Explain the cause(s) or the story behind the recession.

The Great Depression was the worst economic downturn in the history of the industrialized world, lasting from 1929 to 1939. It began after the stock market crash of October 1929, which sent Wall Street into a panic and wipe out millions of investors. Over the next several years, consumer spending and investment dropped, causing steep declines in industrial output and employment as failing companies laid off workers. By 1933, when the Great Depression reached its lowest point, some 15 million Americans were unemployed and nearly half the country's banks had failed.

The stock market crash of October 1929 signaled the beginning of the Great Depression. Nervous investors began selling overpriced shares en masse, the stock market crash that some had feared happened at last. By 1933, unemployment was at 25 percent and more than 5,000 banks had gone out of business. Although President Herbert Hoover attempted to spark growth in the economy through measure like the Reconstruction Finance Corporation, these measures did little to solve the crisis. Franklin Roosevelt was elected president in November 1932. Inaugurated as president in March 1933, Roosevelt's New Deal offered a new approach to the Great Depression.

What happened to GDP (or growth rate), unemployment, and inflation of affected counties?

The Great Depression caused drastic declines in output, severe unemployment, and acute deflation in almost every country of the world. Its social and cultural effects were no less staggering, especially in the United States, where the Great Depression represented the harshest adversity faced by Americans since the Civil War.