

The Great Depression and the Great Recession

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In the 1920's the United States was in a state of rapid growth. The industrial revolution created sprawling cities with tons of people and anyone could find work in a factory. Many were investing in the stock market and seeing great results, but by the end of the late 1920's the rapid growth was slowing down, and in late october of 1929, the stock market plummeted.

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This was very unfortunate for many Americans who decided to buy stocks on the margin, meaning that they would pay about 10% of what the stock was worth and borrow the rest from the broker. When the stock market crashed, they still owed the brokers lots of money, but since the stocks lost all of their value, they had no money to pay them.

ONLY IN
THE 1930'S
DID US POOR
PEOPLE HAVE
SUITS---



This put a large number of Americans into deep debt, leading them to sell their houses, and live in make communities of shacks called Hoovervilles, named after the the president who was in office during the great depression.

The Great Depression ended shortly after president Franklin Roosevelt was elected president. This was accomplished mainly because of two things.



One of those things was the New Deal. The New Deal was a series of laws that were meant to help get rid of the poverty, stabilize the economy, and prevent future problems from arising.

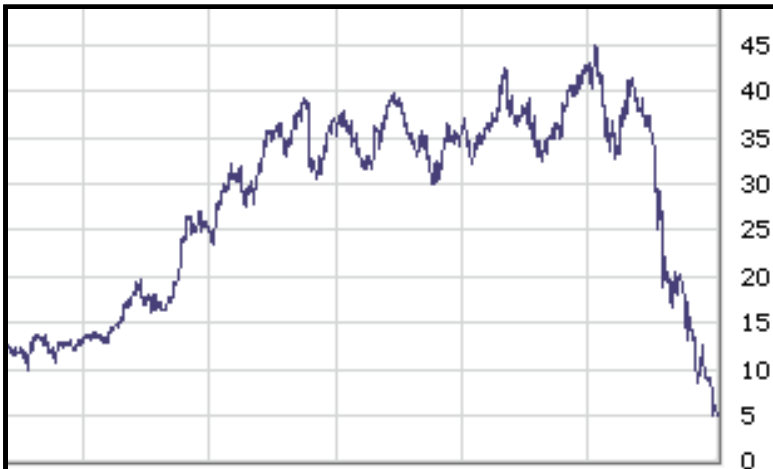


A few laws created to stabilize the economy were the Emergency Banking bill, the Federal Emergency Relief Administration, the Agricultural Adjustment Act, the home Owners' Loan Corporation, the National Industry Recovery Act, and the National Recovery administration.



A more recent example of a major financial crisis was the Great Recession. The Great Recession was caused by risky investments in housing that eventually lead to a large number of banks declaring bankruptcy, after the houses that were being invested in with mortgage backed securities started to foreclose.





After houses started foreclosing and banks started going out of business, people lost faith in the economy and the stock market crashed again. This plunged America into poverty, and caused the government to panic.

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300
200
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The result was the government bailing out various companies to prevent them from going under. Some of them went under anyways, and the top paid employees took the money anyway. However, there were more bailouts later with more restrictions about what the companies could do with the money. The government also created several bills similar to those created during the depression.



While the exact cause of recessions is unknown, it is good to have an understanding of when an economic crisis is going to happen, and how to recover from it. We learn about the depression and the recession that way we may avoid making more mistakes in the future.

BIBLIOGRAPHY

"Franklin Delano Roosevelt and the New Deal - American Memory Timeline- Classroom Presentation | Teacher Resources - Library of Congress." *Franklin Delano Roosevelt and the New Deal - American Memory Timeline- Classroom Presentation | Teacher Resources - Library of Congress*. Library of Congress, n.d. Web. 25 Feb. 2013. <<http://www.loc.gov/teachers/classroommaterials/presentationsandactivities/presentations/timeline/depwwii/newdeal/>>.

Summarize: This source analyzes why Roosevelt created the New Deal, but mostly describes what the New Deal was and.

Assess: Since this is a government source, I trust it. It is based on primary source documents, so the slant of this article will be slightly less than that of others.

Reflect: I need to know the causes and aftereffects of the Great Depression. The New Deal was of equal importance to the depression as the bailouts were to the great recession.

"Franklin D. Roosevelt." *The White House*. White House, n.d. Web. 25 Feb. 2013. <<http://www.whitehouse.gov/about/presidents/franklinroosevelt>>.

Summarize: The article gave a brief overview of FDR as a president. It talks about the New Deal as well as other policies he implemented during his presidency.

Assess: Again, this is a government website, so it is fairly reliable and unbiased.

Reflect: this source puts the new deal in context with FDR's presidency.

<http://www.pbs.org/wgbh/americanexperience/features/general-article/dustbowl-new-deal/>

"The Jobs Crisis. Household and Government Responses to the Great Recession in Eastern Europe and Central Asia." *Europe and Central Asia*. World Bank, 2013. Web. 01 Mar. 2013. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/0,,contentMDK:22840795~pagePK:146736~piPK:146830~theSitePK:258599_00.html>.

Summarize: This source describes how households and governments responded to the Great Recession. It gives a basic overview of what happened, then breaks down what happened into 5 different sections

Assess: This was published by the world bank which means that it is a credible source that probably has a good overview on the worldwide effects of the depression.

Reflect: This source is good for getting a broad understanding of how the world reacted to the recession.

Becker, Gary. "The Great Recession and Government Failure." *Wall Street Journal*. Dow Jones & Company Inc., 2013. Web. 1 Mar. 2013. <<http://online.wsj.com/article/SB10001424053111904199404576536930606933332.html>>.

Summarize: This article describes the author's view of the roots of the recession. The Author says that the majority of the blame lies in the government, and gives a detailed description of what happened.

Assess: While the author definitely talks about his opinions for why the recession happened, he is a writing in the Wall Street Journal, which is a very respectable source for economic information.

Reflect: The arguments presented in this article will be useful for describing how some of the blame for the recession falls on the government.

www.economicsonline.co.uk/Market_failures/Government_failure.html

"Government Failure." N.p., n.d. Web. 01 Mar. 2013.

Summarize: this source talks about how the government could improve and mostly it forces of taxes and how it has a huge affect on the government failures.

Assess: this article is very useful because its talks about the Government and failures and how we can also make it better.

Reflect: the arguments presented in the article will be a useful on how taxes impacted the government failure.

<http://www.globalresearch.ca/the-job-crisis-obamas-vision-versus-economic-reality/5303789>

"Global Research." *The Job Crisis: Obama's Vision Versus Economic Reality*. N.p., n.d. Web. 01 Mar. 2013.

Summarize: this source talks about economy and job crisis , it is Obama speech to bring out the reality of jobs .

Assess: this source is helpful because it talks about how workers are being pulled back from their jobs and that they need to get together and fight back to get back the jobs that they worked had to get.

From Obama speech : workers must fight back in massive demonstrations to demand a federal jobs program and a consequent strengthening of the public sector, lest their issues be completely ignored in a national election that is promising them nothing.

Reflect: the argument presented in the article will be useful to figure out how the economy impacts the jobs that people get.