

ECONOMIC CRISIS IN AMERICA

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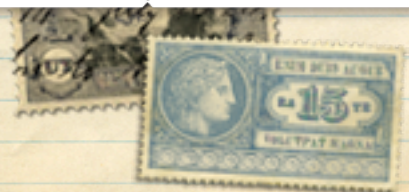
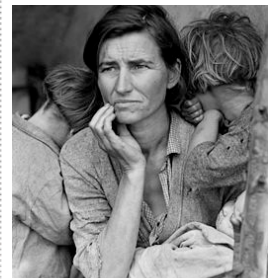
Brandon Hall

The Great Depression

1929 - 1939

The Great Depression began in 1929, when the stock market crash made many people lose a lot of money. Because of this, many banks began to fail, causing many people to withdraw money from the banks. The banks eventually ran out of money to give to people, and went out of business. The president at the start of the Great Depression was Herbert Hoover. Since the beginning of America, the common belief about the economy was that it should be left alone, and would do the best for itself on its own. Because of this, Hoover did not do anything to try and end the Great Depression.

When FDR was elected, he created the New Deal, which was a series of laws and bills that were passed with the purpose of alleviating economic pressure on the American People, and pushing the economy on a path to recovery. The Great Depression ended for good around the start of World War 2, because the war required weapons and provisions for the soldiers, giving many people a job that they didn't have before.



The Great Recession

AND A COMPARISON OF THE GREAT DEPRESSION AND GREAT RECESSION

The Great Recession began in 2007 when the housing market crashed. Prior to that point, house values had been steadily increasing, leading to investors purchasing many mortgages. With the high demand in mortgages, people who could not afford houses were given mortgages that they would not be able to pay. When many people defaulted on their mortgages, the people who bought these mortgages lost millions of dollars, and large companies like Lehmann Bros. went bankrupt. This happened shortly before the end of the Bush presidency, and carried over into the Obama presidency.

The response of the Obama administration was to purchase all of the bad mortgages from the investors so that the investors could start investing again, and the economy would be able to recover.

In both the Great Recession and the Great Depression, banks failed and the stock market crashed. However, the Great Depression happened at the same time as the Dust Bowl, which was a massive drought in farming areas, driving many farmers into poverty. The government reaction to the Great Depression was much slower than the response to the Great Recession, which is one of the reasons that the Great

Recession did not become a depression. In both the Great Recession and Great Depression, there was a large increase in the unemployment rate in the United States.

One of the main things that caused the Great Depression to be a severe as it was, was that the Government waited a long time before doing anything about the Great Depression. This was because Herbert Hoover, the president at the start of the Great Depression, went along with the belief that the Government should not influence the economy, which was a common belief that the majority of people then followed. However, when Franklin D Roosevelt was elected, he proposed a "New Deal." The New Deal was a series of bills that were passed by the Government with the purpose of alleviating economic strain on the American people, and pushing the economy back to recovery. The Government response to the Great Recession was much quicker, which many people believe is the reason it did not become a depression. However, where the New Deal was directed towards helping the American People, the Government response to the Great Recession was to purchase all of the bad mortgages from investors, which, while indirectly helped the American

people to some extent, primarily helped the wealthy investors. Overall, the Government's response to the Great Recession was much quicker than the response to the Great Depression, which will ultimately make the response the Great Recession successful. However, the response the Great Recession mainly alleviates economic strain on the wealthy, as opposed to the majority of Americans, but will help to lead the economy to recovery quicker.

