

# Great Depression

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The Great Depression was a severe global economic downturn from 1929 to 1939. The period was characterized by high rates of unemployment and poverty, drastic reductions in industrial production and international trade, and widespread bank and business failures around the world. The economic contagion began in 1929 in the United States, the largest economy in the world, with the devastating Wall Street crash of 1929 often considered the beginning of the Depression. Among the countries with the most unemployed were the U.S., the United Kingdom, and Germany. The Depression was preceded by a period of industrial growth and social development known as the "Roaring Twenties". Much of the profit generated by the boom was invested in speculation, such as on the stock market, contributing to growing wealth inequality. Banks were subject to minimal regulation, resulting in loose lending and widespread debt. By 1929, declining spending had led to reductions in manufacturing output and rising unemployment. Share values continued to rise until the October 1929 crash, after which the slide continued until July 1932, accompanied by a loss of confidence in the financial system. By 1933, the U.S. unemployment rate had risen to 25%, about one-third of farmers had lost their land, and 9,000 of its 25,000 banks had gone out of business. President Herbert Hoover was unwilling to intervene heavily in the economy, and in 1930 he signed the Smoot–Hawley Tariff Act, which worsened the Depression. In the 1932 presidential election, Hoover was defeated by Franklin D. Roosevelt, who from 1933 pursued a set of expansive New Deal programs in order to provide relief and create jobs. In Germany, which depended heavily on U.S. loans, the crisis caused unemployment to rise to nearly 30% and fueled political extremism, paving the way for Adolf Hitler's Nazi Party to rise to power in 1933.

Between 1929 and 1932, worldwide gross domestic product (GDP) fell by an estimated 15%; in the U.S., the Depression resulted in a 30% contraction in GDP. Recovery varied greatly around the world. Some economies, such as the U.S., Germany and Japan started to recover by the mid-1930s; others, like France, did not return to pre-shock growth rates until later in the decade. The Depression had devastating economic effects on both wealthy and poor countries: all experienced drops in personal income, prices (deflation), tax revenues, and profits. International trade fell by more than 50%, and unemployment in some countries rose as high as 33%. Cities around the world, especially those dependent on heavy industry, were heavily affected. Construction virtually halted in many countries, and farming communities and rural areas suffered as crop prices fell by up to 60%. Faced with plummeting demand and few job alternatives, areas dependent on primary sector industries suffered the most. The outbreak of World War II in 1939 ended the Depression, as it stimulated factory production, providing jobs for women as militaries absorbed large numbers of young, unemployed men. The precise causes for the Great Depression are disputed. One set of historians, for example, focuses on non-monetary economic causes. Among these, some regard the Wall Street crash itself as the main cause; others consider that the crash was a mere symptom of more general economic trends of the time, which had already been underway in the late 1920s. A contrasting set of views, which rose to prominence in the later part of the 20th century, ascribes a more prominent role to failures of monetary policy. According to those authors, while general economic trends can explain the emergence of the downturn, they fail to account for its severity and longevity; they argue that these were caused by the lack of an adequate response to the crises of liquidity that followed the initial economic shock of 1929 and the subsequent bank failures accompanied by a general collapse of the financial markets.