

The Great Depression

The Great Depression began with the stock market crash in October, 1929. By 1933, the value of the stock market had sunk to only 10% of what it had been. About 11,000 banks failed. Back then there was no government guarantee that people would not lose money they had deposited in banks, so between the stock market failure and the bank crashes, many people were left penniless. About 300,000 businesses went out of business. Many people lost their jobs. When people were unable to pay their rents or mortgages, they lost their homes. From 1929 to 1933, the unemployment rate rose from 3% to 25%. Family incomes declined by almost half.

At the start of the Great Depression, Herbert Hoover was president, and many people blamed him for what happened. The crudely-built neighborhoods on the outskirts of cities where many people lived after they lost their homes were nicknamed "Hoovervilles." In 1933, at the height of the Great Depression, Franklin D. Roosevelt was elected president. Roosevelt's plan to turn around the economy was called the "New Deal."

The New Deal created around 100 new government offices and 40 new agencies. The laws put into place during this time put new regulations in place on the stock market, banks, and businesses. Programs were set up to help people get back to work, as well as to make sure people received food and housing. Some of these programs, like the Social Security Act, still exist today. In all, 15 major laws were enacted during Roosevelt's "First Hundred Days" of office.

The Great Depression was ended by World War II, when a wartime economy provided new opportunities for people to go back to work.

