
The Start and End of the Great Depression in America

The Great Depression occurred in 1929 affecting the global economic status through a contraction. It kicked off during the Black Thursday when traders sold millions of shares with a day, which was three times the usual amount. In the consecutive days the stock price with approximately 23% in the stock market. The economic contraction affected the United States through an increase in unemployment to 25% of the country's workforce. Accordingly, the individuals that were employment experienced a decline in their income by a half.

During the depression period, farmers were greatly affected since they lost their land. The season followed an over-cultivation and drought consecutively. The limitation of the farming area led to the shift of various farmers and the unemployed to work in California. In this regard, there was a loss of homes, wealth and increase in poverty level. Argument rose regarding the depression and various responses were given. For instance, the blame lay on the central bank defaults on the monetary policies.

Besides, there are many factors that led to the rise of the Great Depression in the United States. The Fed played a role in this by increasing the fund's rate and as a result, the stock market collapsed, investors withdrew from currency markets and dollars were traded for gold. The rise in the interest rates also enacted the fall in the value of the dollar in that period. To cap the problem, the Fed increased the money supply in the nation to solve the issue of deflation. Moreover, the insecurity increase in the financial institution influenced the investor's trust, therefore, withdrew all their deposits. In this regard, the withdrawal led to a shortage of money available for economic circulation, hence, a decline in the money supply in the United States was experienced.

The Great Depression came to an end when the state created a federal government program of the nation. The programs were designed in a manner that they would enhance the creation of employment opportunities and insurance. Moreover, these programs help in safeguarding the economic status of the nation to prevent the occurrence of the depression. The establishment of such programs enhanced the growth in GDP and per capita income effectively.