The Great Depression began in October 1929, when the stock market in the United States had crashed. "The Depression became a worldwide business slump of the 1930's that affected almost all nations." It caused a major decrease in world trade as each country tries to protect their industries and products by raising tariffs on imported goods. The Depression also would result in some nations to change their leader and government. In Germany, poor economic conditions led to the dictatorship of Adolph Hitler. The Japanese invaded China and developed industries and mines in Manchuria. These forms of militarism techniques by the Germans and Japanese will lead to the outbreak of WWII. Many factors played a role in bringing about the depression; however, the main cause for the Great Depression was the prosperity of the 1920s, the government's economic policies, the economy was not stable, and the Stock Market crash of 1929.

One of the major causes of the Great Depression was the prosperity of the 1920s. The prosperity of the 1920s was unevenly distributed among the various parts of the American economy. As industrial and agricultural productivity increased, farmers and unskilled workers weren't getting unequal share in profits to create an adequate market for the goods the economy was producing. This will create an unbalance in supply and demand. As a result of the government's tariffs and war-debt policies, American goods started to decline in the international market. European countries were already having financial difficulties and couldn't afford to buy overseas goods. And also speculation in the 1920s had caused many people to by stocks with loaned money and they used these stocks as collateral for buying more stocks. The government's economic policies were another cause of the Great Depression. Politicians believed that business was the key business of America. They took no action against unwise investing. Congress passed high tariffs that protected American industries but hurt farmers and international trade.

During the 1920s, the economy was unstable. National wealth was not spread evenly. Instead, most money was in the hands of a few families who saved or invested rather than spent their money on American goods. Supply was greater than demand. Some people profited, but others did not. Prices went up and Americans could not afford anything. Farmers and workers were not profiting also. The unevenness of prosperity made recovery difficult. Then, when the stock market crashed in 1929, it just brought the Great Depression to a full circle.

The Great Depression did not begin in 1929 with the fall of the stock market. In fact, the Depression had already started ten years earlier in Europe. The United States like the rest of the other nations attitudes were that the less they had to deal with Europe the better. As a result, American policies never addressed the possibility of the United States having a depression as well. The Great Depression was a disaster that was waiting to happen and Americans knew it too.

During World War I, federal spending grows three times larger than tax collections. When the government cuts back spending to balance the budget in 1920, a severe recession results. Because the United States had spent a considerate amount of money in manufacturing, the next decade Americans will see an increase in industrial and agricultural productivity, but only in certain sectors of the economy. Agricultural, energy and coal mining sectors starts to decline considerable along with the textiles, shoes, shipbuilding and railroads industries.

Between 1920 and 1929 the value of farmland falls 30 to 40 percent. Organized labor declines throughout the decade also. Workers were being replaced by automatic or semi-automatic machinery. "By the end of the decade, the bottom 80 percent of all income-earners will be removed from the tax rolls completely." Taxes on the rich will fall throughout the decade. By 1929, the rich owns 40 percent of the nation's wealth. Also, by that time the stock market begins to rise. Between May 1928 and September 1929, the average prices of stocks will rise to 40 percent. "Trading will mushroom from 2-3 million shares per day to over 5 million."

In March of 1929, Herbert Hoover becomes president of the United States, believing that America had a bright future ahead d. Then, more than half of the countries population started living below minimum income subsidy level. At that time, annual income was $750, but farmers were only making $273 a year. "Backlog of business inventories grows three times larger than the year before. The prices of freight carloads and manufacturing start to drop along with the sales of automobiles. In August, two months before the stock market crash, recession begins in the United States. During these two months period, production rates along will wholesale prices and personal incomes drops.

On October 24, 1929 the stock market crash. Investors call October 29 "Black Tuesday." A total of $16 billion dollars in stocks were lost that day. In the months that followed, the market continues to decline. "It remained deeply depressed for more than four years and did not fully recover for over a decade. As stocks continues to fall businesses failed, and unemployment rose dramatically. By 1932, one of every four workers was unemployed. Banks failed and life savings were lost, leaving many Americans poor. With no job and no savings, thousands of Americans lost their homes. People started living in cardboard shacks called Hooverville's or shantytowns on the outskirts of cities across the nation; hundreds of thousands of the unemployed roamed the country on foot and in boxcars in hopes of finding a job.

The Depression had a major impact on family life. The father's role as provider and head of household became more challenging because there were fewer jobs. As the Great Depression prolonged more men were losing their jobs, these fathers had to spend their days searching for any kind of work they could find. Some fathers suffered anxiety and a feeling of worthlessness for failing to provide for their families. Many, driven by desperation, resorted to stealing food and money just to get by. Many will also resume to committing suicide. Women of the lower class toke position of being a homemaker, even though there were plenty of opportunities in the work force for them. Men started resenting women because they felt they were occupying jobs that could be given to unemployed men. And most children of the lower class had to drop out of school because they were needed more at home.

In March of 1929, Herbert Hoover becomes President of the United States. Hoover believed that the depression was caused as a result of European's economic problems, and that these problems were beyond U.S. control. He also believed that the key to recovery was confidence in the economy. Factories and businesses tried to maintain confidence, and even as they shut down, Hoover continued to insist that recovery was on its way. Hoover believed that keeping high and steady wages for workers would bring recovery. He called together many business leaders and got their promise on keeping workers wages reasonable and steady. They held their part of the agreement for a few months, but they soon started to drop wages.

Many Americans blamed Hoover's passive attitude for the Great Depression. Feeling the pressure, Hoover finally began to act. The government, in an effort to create more jobs, built new public buildings, roads, parks, and dams. A Presidents Emergency Committee on Employment advised local relief programs. Congress passed the Hawley-Smoot tariff in 1930 to protect domestic industries from foreign competitors. However, these tariffs backfired European nations countered the tariffs by increasing their tariffs on American goods.

In 1932, Hoover set up the Reconstruction Finance Corporation (RFC), which gave government credit to banks so that they could extend loans to clients. Many people felt that this measure did more to bring prosperity to the bankers rather than to the ordinary citizens. Hoovers efforts were not effective enough. He wanted the state and local governments to handle recovery, but unfortunately, their programs didn't have enough money. Hoover believed that direct federal intervention would create a large bureaucracy. After much disapproval from the American public, Hoover finally gave in. He allowed state funds to provide relief for the unemployed. But his effort came too late.

In July of 1932, Franklin Roosevelt won the presidential election against Hoover. In November he became president of the United States. During the first one hundred days of President Franklin D. Roosevelt's term of office, he eagerly pushed program after program through Congress to provide relief, create jobs, and stimulate economic recovery. These programs were based on federal agencies that had controlled the economy during WWI or on programs started by Hoover or by state governors. FDR s new programs were known as the "New Deal."

Some of the legacies of FDR's policies were the National Recovery Administration, the Agricultural Adjustment Administration, and the Public Works Administration. The National Recovery Administration, the Agricultural Adjustment Administration, and the Public Works Administration were set up to reorganize industry and agriculture under controls and to revive the economy by a "vast expenditure of public funds." The Great Depression ended as nations increased their production of war materials at the start of World War II. This increased production provided jobs and put large amounts of money back into circulation.