

What Happened During the Great Depression?

Year	Unemployment Rate	Real GNP	Consumption	Investment	Government Purchases
1929	3.2	203.6	139.6 C/y = .69	40.4	22.0
1930	8.9	183.5	130.4	27.4	24.3
1931	16.3	169.5	126.1	16.8	25.4
1932	24.1	144.2	114.8	4.7	24.2
1933	25.2 ← huge	141.5 30%!	112.8 C/y = .80	5.3 ← terrible!	23.3 nothing
1934	22.0	154.3	118.1	9.4	26.6
1935	20.3	169.5	125.5	18.0	27.0
1936	17.0	193.2	138.4	24.0	31.8
1937	14.3	203.2	143.1	29.9	30.8
1938	19.1	192.9	140.2	17.0	33.9
1939	17.2	209.4	148.2	24.7	35.2
1940	14.6	227.2	155.7	33.0	36.4

Source: Historical Statistics of the United States, Colonial Times to 1970, Parts I and II. U.S. Department of Commerce, Bureau of Census, 1975, Washington, D.C. The unemployment rate is series D9. Real GNP, consumption, investment, and government purchases are series F3, F48, F52, and F66, and are measured in billions of 1958 dollars. The interest rate is the prime Commercial Paper rate, 4-6 months, series x445.

Nominal Interest Rate	Money Supply	Price Level	Inflation	Real Money Balances
5.9	26.6	50.6	—	52.6
3.6	25.8	49.3	- 2.6	52.3
2.6	24.1	44.8	-10.1	54.5
2.7	21.1	40.2	- 9.3	52.5
1.7	19.9	39.3	- 2.2	50.7
1.0	21.9	42.2	7.4	51.8
0.8	25.9	42.6	0.9	60.8
0.8	29.6	42.7	0.2	62.9
0.9	30.9	44.5	4.2	69.5
0.8	30.5	43.9	- 1.3	69.5
0.6	34.2	43.2	- 1.6	79.1
0.6	39.7	43.9	1.6	90.3

Handwritten notes: "these are actually high" with an arrow pointing to the interest rate column; "35% drop" with a bracket pointing to the money supply column between 1932 and 1933.

The money supply is series x414, currency plus demand deposits, measured in billions of dollars. The price level is the GNP deflator (1958 = 100), series E1. The inflation rate is the percent change in the price level series. Real money balances, calculated by dividing the money supply by the price level and multiplying by 100, are in billions of 1958 dollars.

interest rates

