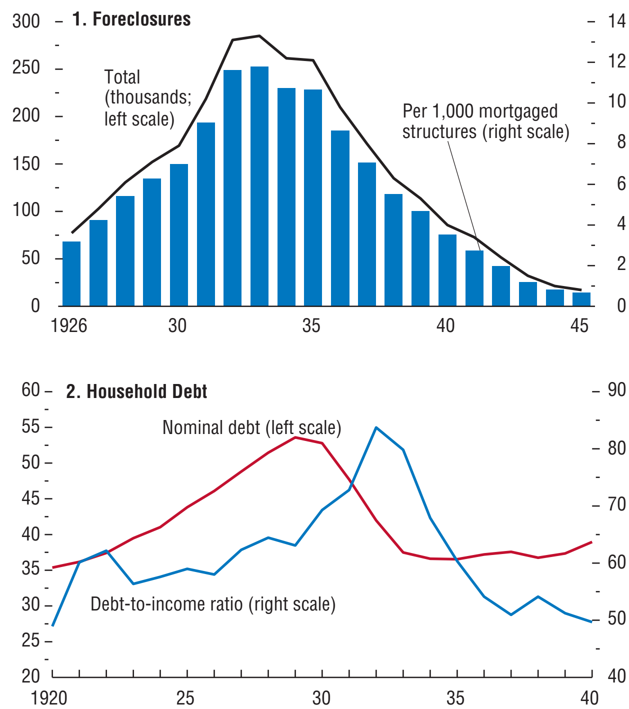
Figure 3.9. Foreclosures and Household Debt during the Great Depression in the United States

After the peak in house prices in 1925, foreclosure rates rose steadily for the following eight years. While widespread defaults lowered the stock of outstanding nominal debt starting in 1930, the collapse in household income meant that the debt-to-income ratio continued to rise until 1933.



Source: IMF staff calculations.
Note: The debt-to-income ratio is in percentage points; nominal household debt is in billions of dollars.