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TOPIC

The Great Depression

Historical Crisis Committee

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Historical Crisis Committee

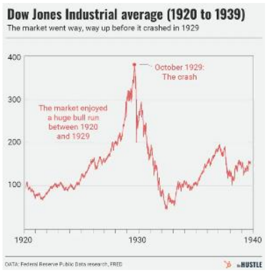
Topic: **The Great Depression**

Introduction

The great depression began in 1929, whist the exact detonator for this is unknown, there are various theories as to what could have caused it, there are various theories amongst economists as to what could be the reason, the following are: The standards for import and export in the united states of america, such as americans buying a low amount imported goods, and their own exports being relatively cheap, that flow could have caused an imbalance in the countries involved and in the U.S. Other theories are the factor of heavy tariffs in exportation and importation, the banking panics where united states citizens tried to withdraw all of their deposit from the bank, the low amount of people taking out loans, or what's most agreed upon, which is the stock fall in 1929, As stock prices rose to unprecedented levels, people begun investing more, which caused hundreds of shares to be carried on margin, thus the purchase price was being paid with loans they had taken out previously, or for some people, even with the money they had won after putting up their home up for mortgage; all of this caused the stock prices on october 24 of 1929, to fall 33%, which later led to mass suicide, and many countries who survived the stock fall (such as the USSR) to promote their political ideologies.

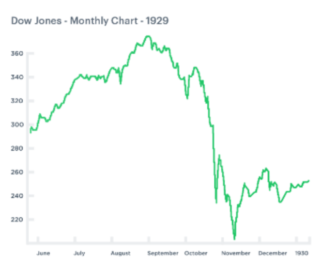
Definition of Key Terms

- **Stock price**



Stock price --- often called market value --- is the cost share of a company stock, based on supply and demand. Stock prices are exclusive to publicly traded companies, it's a reflection of the companies value, in other words, what the public is willing to pay for said company.

- **Stock value**



Stock value is a process, in which investors or people interested in a company's **stock** , want to determine the said value of said company, specifically, their shares, this helps the assessment of which company's stock is over or undervalued. This value can be theoretical or intrinsical. Intrinsic value is the fair value of a company's stock, its determined through various valuation methods.

- **Stock**

Represents the share ownership of a company; can also be referred to as equities or shares. Each time an investor buys shares from a certain company, they increase the stock value.

- **Tariffs**

NEW TARIFF BILL TO TAKE EFFECT TONIGHT

SMOOT-HAWLEY TARIFF BILL, 18 MONTHS IN MAKING, SIGNED BY PRES. HOOVER

PREPARATIONS SUCH THAT DUTIES BECOME SWIFTLY EFFECTIVE AT ENTRY PORTS

By PAUL R. MALLON
(United Press Staff Correspondent)

Washington, June 17. — President Hoover signed the Smoot-Hawley tariff bill today, thereby making it a law. Its new and higher duties on imports

RAY P. CHASE IN STATEMENT TO THE VOTERS

STATE AUDITOR IS LEADING GOVERNOR CANDIDATE IN REPUBLICAN PARTY

Tariffs are an import tax imposed by a government or entity of higher power, they affect whatever enters the country in terms of price; there also exist export taxes, which work in the same way and are also labeled as tariffs.

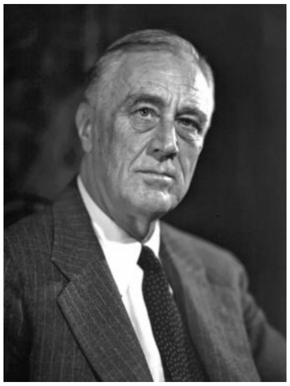
Background information

Post-WWI Geopolitical context. Economical advancements.

After world war one, the main country that took charge over the political and economical balance was the United states --- as they exported a considerable amount of goods and supplies around the world--- a few countries did see economical growth, countries such as Japan. Despite those few exceptions, the world order became unipolar, the U.S was the main influence, as even France and Great Britain fell victims to the economic downfall of various countries, as world war 1 left serious marks in the economy. Other consequences were seen in germany, after the paris peace conference--- that took place during 1919, was subjected to strict regulations and restrictions, such as but not limited to: Pay the economic reparations and take charge of the damage caused after the war, significantly reduce their military machines, and their troops to 100,000, and the prevention of having any major military machines or weapons, meaning, no tanks, no submarines, no warships or armoured vehicles. With that, also came the unification of other major political ideologies and parties, such as the russian empire, which later became the soviet union ---During this time the russian empire faces a revolution that lasts from 1917 to 1921, although some sources state that it lasted from 1905 to 1917---, the soviet union greatly benefited from germany's loss, and begun having a significant expansion, taking over countries such as the transcaucasian countries. Among that, during the 1920's france had been involved in a dispute with germany, as they found themselves unable to pay what they owed according to the treaty of versailles ---paris peace treaty--- which led to the "young plan" as they labeled, which was a french operation in 1929 to make sure germany would pay what they owed, unbeknownst to them, the great depression would soon ensue. As for the economical states, many countries were overwhelmed with debts to the United states, particularly Germany, whom had been taking loans from the American banks in an attempt to repay other countries, this is believed to be one of the main causes leading to the great depression.

Major Parties Involved

- **Franklin D. Roosevelt**



The 32nd President of the United States, Franklin D. Roosevelt, assumed office in 1933, at the height of the Great Depression. He introduced extensive reforms and government interventions to create new jobs, help boost the economy and assist the most impacted ones , he initiated the New Deal program. He restored public trust in the government and reshaped the federal government's role in American society, implementing his radio "fireside chats."

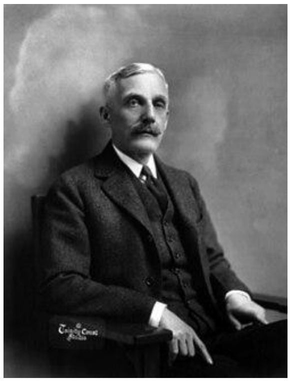
- **Herbert Hoover**

From 1929 to 1933, Herbert Hoover presided as the 31st president of the United States. His administration started shortly before the stock market meltdown took place, his handling of the financial crisis was viewed as insufficient. He was a supporter of little government intervention, and was unable to stop the rising unemployment and financial panic despite the numerous policies he implemented.

- **Marriner S. Eccles**

Marriner S. Eccles was the chairman of the U.S federal reserve since 1934 and had a key role in the creation of economic policies during the great depression. He strongly advocated for deficit spending and government interventions, he also supported Roosevelt's new deal agenda and pushed for monetary reforms in order to strengthen the federal reserve's role in the economy. His proposals and policies were key to make de federation an important player in the management of the U.S economy.

- **Andrew Mellon**



Andrew Mellon was the U.S secretary of the treasury from 1921 until 1932. He was a wealthy banker and also an important industrialist, he strongly promoted tax cuts for the wealthy and a massive reduction in the government's spending. His Economic philosophy was often criticized as it extended income inequality and did more bad than good to the country's economy.

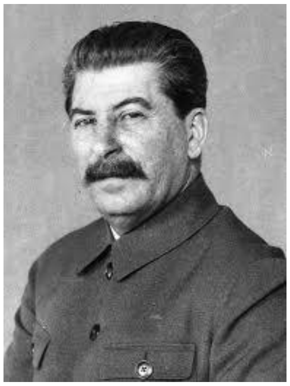
- **Charles E. Mitchell**

Charles E. Mitchell was the president of the national city bank, during the 1920's and an important figure in america's finance. His strong promotions of so-called speculative investment and easy credit were often considered as one of the key contributions to the 1929 stock market crash. His public defense of the banking industry made him a controversial figure and he was eventually charged with tax evasion.

- **Adolf Hitler**

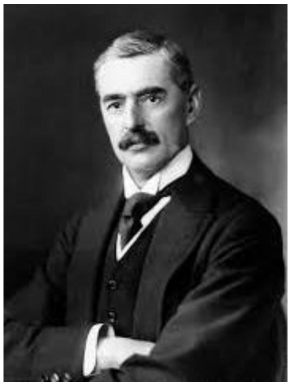
Adolf Hitler was the leader of the Natzi party, and his rise to power was tied to the effects of the Great Depression. The Weimar Republic was already frágil and the mass unemployments caused by the Great Depression where the perfects circumstances for hitlers plan to gain power. He promised the German people economic stability, national pride and strong leadership . In 1933 he became chancellor and transformed Germany into a dictatorship. He used government programs in order to reduce the lack of jobs.

- **Joseph Stalin**



Stalin led the Soviet Union during the global economic collapse, it was a period of great industrialization and the effects weren't as concerning as in other countries. The Soviet Union was not a capitalist country, Stalin forced people to work on factories and farms, directly controlling the economy. He aimed for strong and fast industrial growth, but many people suffered from hunger and were overworked. While capitalist economies felt apart, Stalin claimed the Soviet siren had won. Through five year plans, the Soviet Union avoided the effects of the Great Depression by isolating themselves economically. However, it came at a tremendous human cost.

- **Naville Chamberlain**



Naville Chamberlain chancellor of the Exchequer and later the prime minister of the United Kingdom. He implemented various policies in order to prevent the economic downfall that the Great Depression could cause, which included efforts to maintain their standard and cut government spending, which were considered controversial and some people say they worsened the crisis. He is known for making deals with Hitler in efforts to avoid another war.

- **Benito Mussolini**

Mussolini ruled Italy during the depression. The Italian economy was struggling and he used this to his advantage, in order to strengthen his power and his authoritarian regime. He implemented state interventions, public works and militarizations, to distract people from their domestic struggles. He framed fascism as the third way between capitalism and communism, implementing propagandas to maintain his control over Italy. He's main focus was to make the military stronger, however his plans didn't fix Italy's problems.

- **A. Léon Blum**

Léon Blum was the leader of France during the Great Depression and was the first socialist prime minister the country had. He strongly believed the government should keep its workers during hard times and created new labor laws such as shorter work hours and paid vacations. His time in power was short, as many businesses didn't like his policies and political views. His short period as a prime minister showed that there is no need for a dictatorship to help and protect your country.

- **Getúlio Vargas**

Getúlio Vargas took control of Brazil in 1930 after the crash the coffee market suffered, which caused a strong economic crisis all sober Brazil. He decided to create a new central government, ending with their previous one. He sought industrialization and implemented labor laws in order to protect Brazilian workers. He used the Great Depression to change Brazil's economy completely, making it more autosuficiente, less dependent on exports and more focused on national industrialization.

- **Emperor Hirohito**

During the Great Depression, Japan's economy was affected and hit hard, as the trades became more uncommon and slower , the prices of goods, such as silk, were lowered and Japan entered a strong economic crisis. Emperor Hirohito, being more of a simbólico leader, saw Japan's military grow more strong and powerful as time passed . Japan's leaders strongly believed that the solution to their problems was to take land from other countries, such as Manchuria, to solve their economy. The Great Depression was key to push Japan to militarization. This led to conflicts with China and ultimately war.

Previous Attempts to Solve the Issue

The historical crisis committee is unable to provide such information as the economical crash was sudden, so similar to our possible solutions, delegates are encouraged to come up with their own solutions and investigations, to come to a better understanding of not only their nation's context but a global context that could lead to a better solution.

Possible Solutions

As the Historical Crisis Committee consists of a constantly changing and evolving topic, establishing possible solutions becomes a difficult task for us—chairs—to undertake. Nonetheless delegates could opt for a diplomatic path, finding the proper way to implement said diplomatic agreements—something that has clearly lacked in the past. On the contrary, delegates could also pick a less diplomatic solution, leaning into blunt force— with this possible outcome representatives should take into account the negative repercussions these decisions may have on their respective nations.

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