

Example of essay on economic history of the united states

[Finance](#), [Investment](#)



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Introduction

The Questions many Americans are asking themselves is what will happen in the near future in relation to the economic status of the country. However, the question one should be asking is, ‘ Is history repeating itself?’ Starting from the great depression, we will focus on the trend that the US economy follows and try to base our stand with regard to the asked question (‘ Is history repeating itself?)

The great depression

Economists and historians have been arguing for decades about the actual cause the great depression (1929 to 1932), but none of them produced a cause that could be universally accepted. It is argued that the great depression was caused by a number of factors such as, the stock market crash, significant drop in public investing and consuming habits and increased poverty (Wiegand 45).

Economists argue out that the collapse of the stock market was a result of some erroneous policies such as the Federal Reserve act which would control the economy by relaxation and tightening of both credit and money in the economy. Historians on the other hand view this as deliberate planning which brought about speculative behavior in the stock market. The speculations helped in sky rocketing the stock market prices and it was in late 1929 when the speculative burst introducing the great depression (The hidden evil 1-2)

The collapse of the stock market brought about more severe effects to the national economy. For instance, it led to the collapse of banks which high optimistic and speculative in their investments. In other words, most banks which had secured their loans and assets by stock collapsed in after the stock market collapsed. The publics spending and investing habits were also negatively affected. They no longer trusted the banking system of that time after so many of the collapsed and as you know its next to impossible to separate banking and investment.

During the time of the great depression, 25% of the US GDP was generated from agriculture. The agricultural sector was threatened and faced a number of challenges like disastrous weather conditions, competition from African colonies and in adequate access to financial aid by the farmers. These threats brought about massive losses and discouragement to the farmers emerged after. The federal government increased its tariffs in 1930 and other countries responded in the same manner and this paralyzed international trade affecting the agricultural sector.

According to Wiegand (2011, p 47) about 40% of Americans were living

below the poverty levels as defined by the government of that time. The collapse of stock market, the closure of banks, and the unprofitable agriculture increased the number of unemployed people. Some manufacturing companies like Ford promised to increase the wages of its employees during these tough times but this was achieved by sucking some of its employees leaving only a few. Such strategies sounded encouraging to the public but in real sense they were part of the problems not solutions.

The New Deal

The Agricultural Adjustment Act of 1933 (the new deal) was enacted immediately after the agricultural depression to address the problems facing the agricultural sector. This act suggested that farmers be subsidized to produce less crops hence reducing the supply of the crops and as a result the prices of the crops would increase. This would help in stabilizing the prices of crops and income of the farmers. The Agricultural Adjustment Act also introduced the taxation in the production of food crops. In 1936 the Supreme Court declared this act as unconstitutional.

After the post war boom (from late 1940s all through to late 60s) America became more dependent on fossil fuel as a source of energy. The global prices of oil were at this time controlled OPEC (Oil Producing and Exporting Countries). This affected the USA and as a result the high prices led to national crises such as the oil crises of 1973. As I quoted earlier oil was used very many sectors of production and its scarcity led to a decrease in the supply of goods hence causing inflation.

The conservative era

The conservative era ended with the previous regime and the 2007 financial crises acted as its conclusion. The cost of living has doubled due to inflation and this exerts pressure to both the federal government and the public.

As we have seen after a significant shift, a downfall, in the economic status of USA there is always high rates of inflation and unemployment. All this starts with some kind of war i. e. war emerges then an economic downfall then high inflation and unemployment rates. The First World War was followed by the great depression the inflation during the new deal times. After the Second World War the oil crises emerged and this also caused inflation as we have seen. Currently we are in post war on terror period which started after the 9/11 attacks. Even before the war ended the 2007 recession came in of which to the best of everyone's' knowledge is not over yet. Inflation is kicking in.

Conclusion

In my opinion history will most likely repeat itself and this time round the effects might be more severe than those experienced in the past. In the past there was some little time difference from the war then economic downfall and inflation came last. The same will happen to the current economy but this time round the time difference is eliminated. If nothing is done about this the effects to the future economy would be unimaginable.

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