

Example of great depression research paper

[Business](#), [Marketing](#)



The general thesis is the situation measures taken in the American economy during the time of great depression.

Question 1

Introduction

The Hoover administration was disrupted by the great crisis that involved Great depression, which began in 1929 and eventually stretched to all economic segments. As a commerce secretary in the late 1920s, Hoover was worried about banking performances and stock market speculation. He emphasized on the additional controls to the private financial and banking institutions. This resulted to Hoover discussing “ with Federal Reserve officials about restraining stock speculations” (Ronald, p. 154). The thesis is concern about the general contribution towards the great depression.

However, Hoover concern did not wait for so long to be confirmed when the stock market collapsed resulting to the worst depression in the economic history of the country. As a result, “ unemployment ultimately rose to more than 25 percent of the workforce”. This motivated Hoover to come up with a new philosophy. This philosophy was concerned with restricting the role of the government in the economy. He argued that there should be a minimum government involvement in the economy to achieve the efficiency in the market. He believed that, in order to decline the depression in the economy, people should work to help themselves rather than waiting for the government’s involvement. Hoover was noted saying, “ The lesson should be constantly enforced that though the people support the government, the government should not support the people”. (Ronald, p. 167) In his reaction to the Great depression, Hoover stick on his philosophy of minimal

government intervention and dependency of private action in the economy. He feared that Americans might respond like the Europeans when they faced these economic crises. Europeans eliminated individualism and associations voluntary actions in collaboration with direct government aid, which worsened the economic situation in Europe. He therefore, declared, “ every time we find a solution outside of government, we have not only strengthen character but have preserved our sense of real self-government”. (Ronald, P. 155)

Question 2

The below paragraph illustrates how the 1920s was the era of prosperity where the America experienced overdependence in mass production, advertising, consumer spending, capitalism, welfare and high tariffs among others. Significant events happened in this era that affected the economy of America and other countries in the world.

Hoover was trying to reinstate the confidence of the American citizen by predicting better economic situations in the near future. He urged the American in the economy to take the advantage of producing in large scale. In his mind, he thought that mass production would result to cheaper commodities in the market hence more money in the economy. However, some constraints such as labor limitations contributed to uneven prosperity during this decade of economic expansion. In this period, there were no government intervention in the market, resulting to free market for monopolies and stern taxes. Schoenherr stated that “ inequality wealth and income increased in the economy while government regulations and tariffs penetrated into the America’s foreign market”. However, the Federal

Reserve did not put any effort in modification of money supply. All these measure contributed toward the emergency of great depression. Therefore, the false prosperity is a scenario where there was false sense of economy booming in America. The American economy was characterized by, many individuals borrowing money from the banks to invest in the stock market securities. In addition, there was great disparity between the poor and the rich and high poverty level as well. Schoenherr argued that “ top 5% earned 33% income”, indicating the proportion of the rich on the income.

Work cited

Schoenherr. " Causes of the Great Depression." Angelfire: Welcome to Angelfire. N. p., 4 Jan. 2002. Web. 27 Feb. 2013

Goldberg, Ronald A. America in the Twenties. Syracuse, N. Y: Syracuse University Press, 2003. Print.