

The great depression - causes resolution research proposal example

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The Great Depression - Causes & Resolution

The research intends to verify on the causes and resolution of the great depression and this involved the stock market crash of 1929. Fear struck when the cost of the stock increased, and there was no expectation of recovery. What appeared the most certain way for the Americans to become wealthy became the quickest path to insolvency. This was the prime cause of the Great Depression. Second were the bank failures. In the 1930s, thousands of banks failed. Since most of the financial institutions had significantly invested in the stock market, they collapsed when the stock business went down. This made many bank clients rush to the banks to withdraw their money. This led to additional bank closures and hence became impossible for some people to get their savings from the bank. This worsened everything leading low and diminishing expenditures.

Again, there was the issue of low purchasing power by consumers throughout America. Many people tried to dispose their stock, but there were no customers to buy. This is because most people lost their work and hence reduced purchasing power. Similarly, there was the American economic policy with Europe that led to high import rates that reduced trade between the two countries. Lastly, there was the drought condition that occurred in Mississippi, in 1930 and many people, could not pay their taxes and debts. They sold their farms with no profit amongst themselves. There were two major resolutions of the great depression. The mostly accepted fact was the United States entry into World War 2 where the government spending for

weapons increased. Secondly the government made more money at that moment to help curb the situation.

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