

The Great Depression of the 1930s

—Part 1: Visual Images—

Dorothea Lange's photograph of a migrant family in California, US, 1936



Thousands join Gandhi's non-violent "Salt March" (protesting British tax on salt) in 1930



World Economic Conference held in London, 1933



1. The woman in Dorothea Lange's 1936 photograph was a migrant worker from Oklahoma who worked in pea fields near Santa Barbara, California. She was a 32-year old widow with 7 children. Why do you think this photograph became the iconic "face" of the Depression?

2. (Return to this question at the end of this assignment) Explain the connection between Gandhi's Satyagraha ("truth force"), the Global Depression, India's response to the depression, and India's independence movement.

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—Part 2: Causes of the Global Depression—

Directions. I have analyzed (note the cause-effect arrows) and grouped evidence for you (you're welcome ☺); all you have to do is to—

- 1) use the evidence in each group to formulate a fabulously nuanced topic sentence for that group, and then,
- 2) using the topic sentences you've developed, write a cohesive and analytical thesis statement that answers the question: **What were the causes of the worldwide depression of the 1930s?**

Topic Sentence #1:

Secondary Effects of Industrialization & technological advances

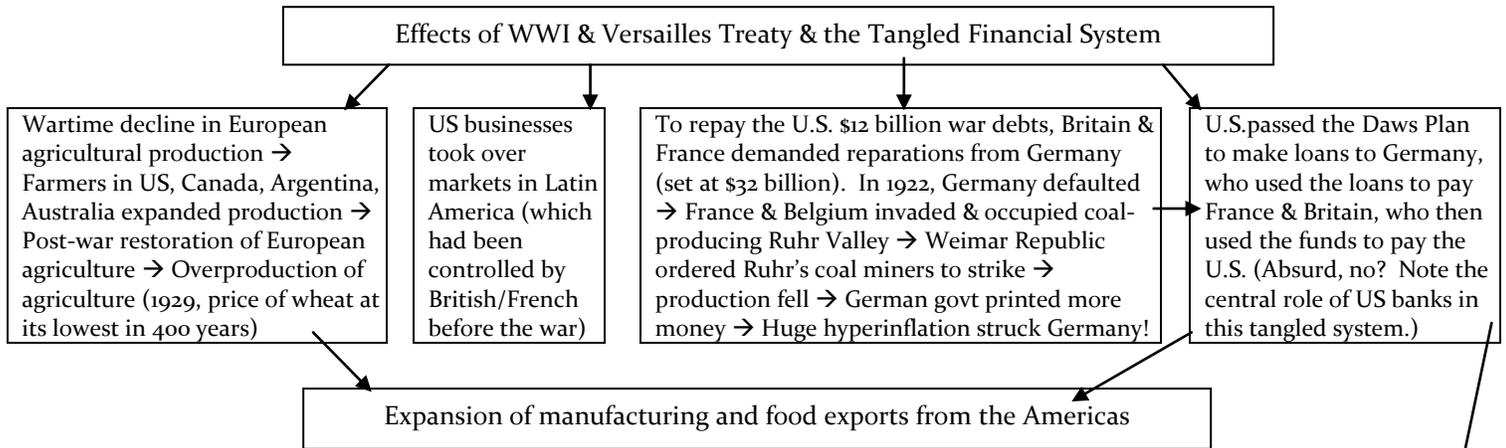
Improvements in industrial processes reduced demand for some raw resources, causing a hike in supplies and a drop in demand:

- Tires could now be made with reclaimed rubber → crippled rubber export economies (Dutch East Indies, Ceylon, Malaysia)
- Increased use of oil → reduced demand for coal
- Synthetics → reduced demand for cotton
- Artificial nitrogen → reduced demand for nitrates from Chile

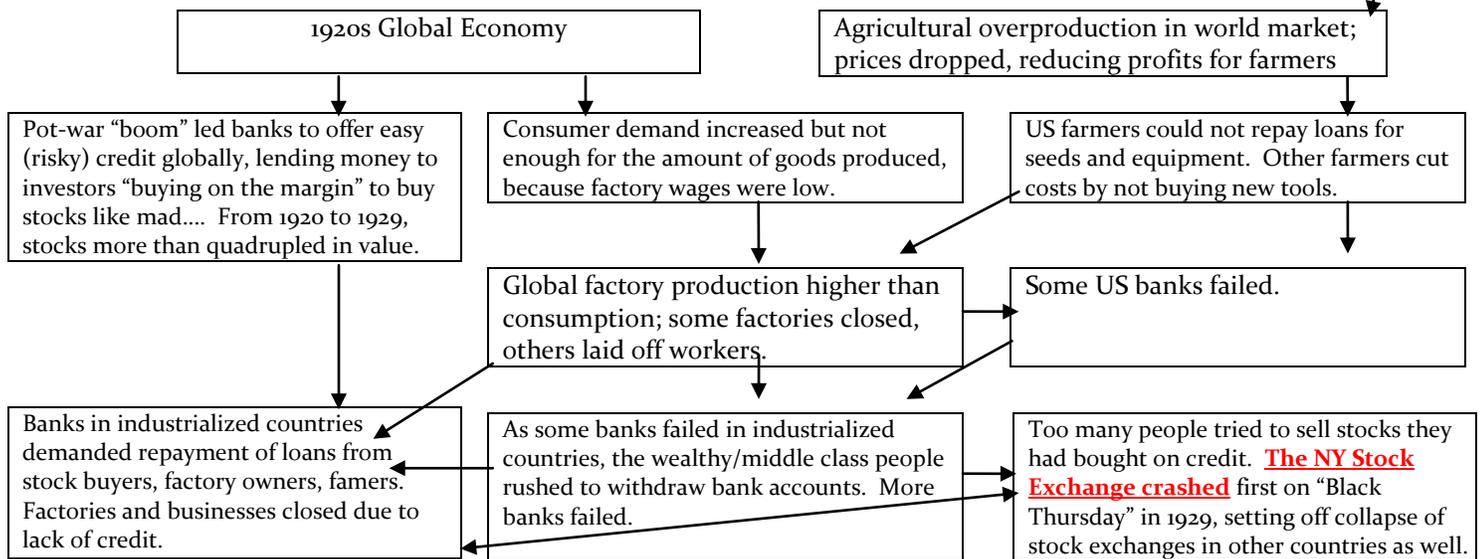
Increasingly large-scale businesses led to cycles of "boom and bust"

Middle class expanded globally in industrialized economies, but unequal distribution of wealth persisted. In the U.S., the top 5% enjoyed 30% of the national income, while the bottom 40% of the population shared 12% of the national income. (Why is this relevant? There's only so much the wealthy can "buy"; the poor lack disposable income → adverse impact on "demand" for consumer goods)

Topic Sentence #2:



Topic Sentence #3:



Your Thesis Statement:

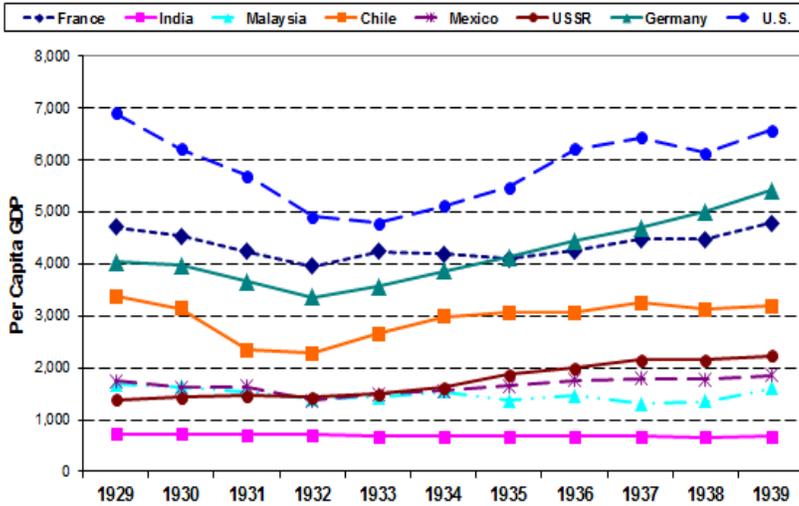
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—Part 3: Consequences—

The Depression Goes Global!!

International trade plunged 2/3, crop prices dropped by 60%!!

The Global Great Depression



GDP Per Capita in International Dollars

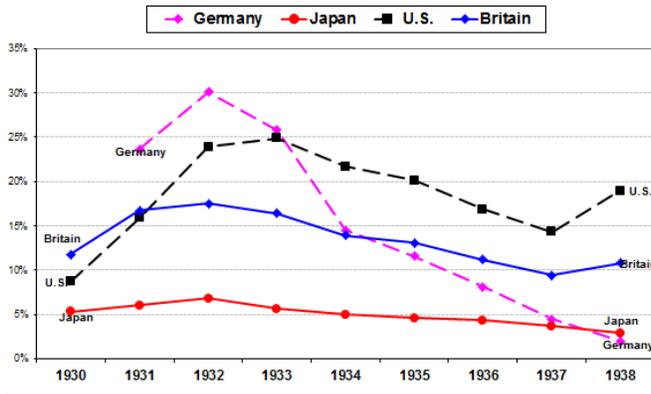
	France	India	Malaysia	Chile	Mexico	USSR	Germany	U.S.
1929	4,710	728	1,682	3,396	1,757	1,386	4,051	6,899
1930	4,532	726	1,636	3,143	1,618	1,448	3,973	6,213
1931	4,235	711	1,548	2,333	1,643	1,462	3,652	5,691
1932	3,959	709	1,397	2,274	1,373	1,439	3,362	4,908
1933	4,239	700	1,440	2,652	1,501	1,493	3,556	4,777
1934	4,192	697	1,540	2,987	1,574	1,630	3,858	5,114
1935	4,086	680	1,364	3,056	1,660	1,864	4,120	5,467
1936	4,244	697	1,478	3,056	1,768	1,991	4,451	6,204
1937	4,487	676	1,308	3,241	1,796	2,156	4,685	6,430
1938	4,466	668	1,361	3,139	1,794	2,150	4,994	6,126
1939	4,793	674	1,609	3,178	1,858	2,237	5,406	6,561

Source: OECD, 2003.

Questions:

- The graph on top left is based on the GDP Per Capita figures you see in the chart next to it. Label the countries on the graph by using the info in the chart.
- On the whole, when did most countries hit bottom during the Great Depression?
- Based on the GDP Per Capita, which country experienced the steepest decline in living standards?
- What was unusual about the Soviet economy?
- How high were living standards in the late 1930s compared to the early 1930's? By when did most countries recover to 1929 levels?
- What surprises you the most about the GDP per capita figures in this exercise? Why?

Unemployment During the Great Depression



- What surprises you the most about the unemployment graph? Why?
- A Note about GDP. What is GDP? GDP = Total market value of all goods/serviced produced within the borders of a country in a single year. Common equation for GDP = consumption + investment + exports-imports. The GDP figures in the above chart/graphs are from the OECD (Org. for Econ Co-operation & Development). PPP (Purchasing power parity rates) rather than exchange rates were used to calculate the figures. PPP is a measure of the relative purchasing power of different currencies. By taking into account the price of the same goods in different countries, it recognizes, for ex., that the U.S. dollar will buy a lot more in China than in the U.S. due to variables like cheap labor. As a result, GDP figures are given in "fictional" currency units or "International" dollars to eliminate differences in purchasing power between countries.
 - What is the difference between GDP and GNP?
 - What shortcomings can you think of when using the GDP per capita as a measure of wealth or standard of living?

9. **Pulling it Together:** Use the graphs above, the info in the rest of this handout, Stearns, and online research (if necessary) to fill in the chart below with SPECIFIC info.

	<u>Describe:</u> How hard was the country hit by the Depression?	<u>Explain:</u> What specific reasons explain the Depression's impact on the country's economy? (<u>Hint:</u> For "periphery" countries, look up their chief export items)
U.S.		
Germany		
France/ Britain		
India		
Malaysia		
Chile		
Mexico		
USSR		

10. **Economic & Political Responses to the Effects of the Great Depression.** Read the info in the accompanying handout. Use the info to complete the chart below.

Type of Response	What was it? Explain in specific terms.	Which country(ies) adopted this response? What resulted from adopting this response? (Be very specific)
Autarky: Economic Nationalism & Protectionism		
Import Substitution		
Industrial Unionism		
Welfare States (*Connect to Keynesian economics)		
Colonial Grass- Roots Protest Movements		
Fascism		

(More on this in Assignment #6)

A New Economic Paradigm
Keynsian Economics

Directions. Carefully read the article (see the accompanying READING handout). Use your own paper to answer the following questions. Attach that paper onto this handout.

1. What are the similarities and differences between the Great Depression of the 1930s and the Great Recession today?
2. According to Keynes, what is the "paradox of thrift"? Do you think it is true? Explain.
3. What was Keynes' "big idea"? Do you think it was the right remedy for ending the Great Depression? Why? Do you think it is the right remedy today for ending the Great Recession? Why?
4. Ask a question of your own. Then respond to it.