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The Economic Effects of the Great Depression in U.S.A between 1929 to 1939 on Great Britain

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of Master in Literature and Civilization.

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DEDICATIONS

This work is dedicated to:

The most important people in my life:

my beloved mother, my superhero father ,my lovely wife .

my sisters; karima , Akila , Zina

my brothers

All my family

All my friends

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At the outset,

I have to express my sincere gratitude to Allah. Without the help of the Almighty Allah, this dissertation would not havebeen accomplished.

I would like to extend my thanks to my supervisor Mme. ***Zerigui Naima*** *for her wise guidance and significant support.*

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ABSTRACT

The Great Depression of the 1930s is the most severe economic downturn in modern history. It threw a wrench in international relations. The severity of the crisis compelled countries to prioritize the protection of their national interests. The Great Depression clearly impacted different countries in different ways, at different times and with varying degrees of severity. The economies of the United States and Great Britain bore the brunt of the impact. The present dissertation aims at investigating the effects of great depression on US economy affected the British Economy In order to study the effects of great depression on US economy affected the British Economy, the dissertation intend to gather quantifiable data and performing statistical. He undertakes qualitative approach to give a clear vision to the possible relationship between great depression and WWI and WWII. Results show that The Great Depression of the 1930s caused number economies around the globe to vanish at the time. International money flows slowed, international trade became more difficult to fund, and countries began to adopt protectionist policies one after the other. Great Britain and US try to find an international solution to the worldwide depression, restore international trade, and stabilize currency exchange rates.

Keywords: economic downturn, Great Depression, Great Britain, United States, WWI, WWII

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DECLARATION

I hereby declare that the content of this dissertation is purely the result of my research, and that appropriate references or acknowledgements to the work of other researchers are made where required.

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Chapter Three: Dared to Disagree

General Introduction

From a purely economic point of view, the great depression is a prolonged period of recession, which is characterised by declining business activities, falling prices , rising unemployment , and increasing inventories. It can be defined also as the worst economic collapse experienced by the industrialised countries, but , the depression 's impact on nations was different in various way and degrees . Throughout its history, the United States economy has undergone periods of boom and bust, with short and sharp economic downturns. In fact, the last three decades of the 19th century in America had been a period of frequent economic recessions. However, the Great Depression that began with the 1929 stock market crash and lasted until 1939 was an unprecedented economic downturn which surpassed all previous economic crises of its kind. Indeed what happened after 1929 was much more different; all economic indicators fell to unprecedented levels to reach bottom in 1933.

Statement of the Problem

Through the 1920s, Britain's economy was already struggling to pay for the effects of World War, that why the fallout was too extensive, with the American markets taking the hit, the demand for European exports declined. This ultimately had the effect of reducing European output which resulted in large scale unemployment. The UK economy was further hit by the sharp global economic downturn in 1930-31. This leads to higher unemployment and widespread poverty. However, although the great depression caused significant levels of poverty and hardship (especially in industrial heartlands), the second half of the 1930s was a period of quiet economic recovery. In parts of the UK (especially London and the South East), there was a mini economic boom with rising living standards and prosperity. Britain was functioning as a major exporting country and so when the crisis hit, the country was badly affected. In the first few years after the crash, British exports fell by half which had a disastrous effect on employment levels. The numbers of unemployed in the years that followed was astronomical, rising to around 2.75 million people, many of whom were not insured. The high levels of unemployment and lack of business opportunities were not equally felt across Britain, with some areas escaping the worst of it, whilst at the same time others suffered terribly.

Research Questions

To what extent had the effects of great depression on US economy affected the British Economy?

Sub-questions

1. How did WWI circumstances serve paving to great depression?
2. What were the main political actors in the great depression?
3. What were the measures taken to help recovering from the effects of great depression?

Research aim and objectives

The worldwide economic crisis in the early 1930s serves as a scale for the depth, speed and international extent of all economic crises ever since. Understanding its root causes and how it spread is a key to preventing similar events from happening again. Recent researches, stress that the Great Depression is probably one of the most misunderstood events in American history. It is generally cited as being the result of unregulated capitalism. In UK, the value of British exports halved, plunging its industrial areas into poverty: by the end of 1930, unemployment more than doubled to 20 per cent. Public spending was cut and taxes rose, but this depressed the economy and cost even more jobs. The output of heavy industry fell by a third, employment profits plunged in nearly all sectors. In summer 1932, registered unemployed numbered 3.5 million, and many more had only part-time employment. In this respect,

my research paper attempt to :

1. Explain the mechanism of the great depression and its impact on the British economy in the interwar period, and till 1979.
2. Provide a comprehensive account on great depression
3. Explain the link between great depression and WWI and WWII
4. **Methodology**
5. In order to study the effects of great depression on US economy affected the British Economy, the research intend to gather quantifiable data and performing statistical. He undertake descriptive approach to give a clear vision to the possible relationship between great depression and WWI and WWII
6. **Research design**
7. In the respect of what we have mentioned previously, my research will be divided to three main chapters ,chapter one will give a portrait about the cause

, and circumstances of the great depression in US from 1929 to 1939 and provide an economic account and explain the Features of world economy decline .The second chapter provide a theoretical framework to great depression. The third chapter will devoted to the aftermath of the Great Depression and its effects on both UK economy and US economy.

Chapter One: Historical Overview

Chapter One

1.1Introduction

One of man's dispositions is to believe that each war will be the last, but history has shown that as soon as the yelling and hurrahs quiet down, the causes for another struggle begin to emerge. As a result, humiliation and bitterness were widespread throughout defeated Germany while peace was still being formed. The inadvertent irony of the President's statements would be revealed over time. The emotions that most Americans were experiencing were hysterical pleasure and relief.

Following the end of the war, there was a period of immense economic success. There was also a sense of disenchantment. The children were especially aware of this emotion. A devil-may-care attitude prevailed, triggering the start of a search by young people for something that America did not appear to have. They found company with other young expats like themselves on the Left Bank.

1.2The Post- First world War Decade

Throughout the conflict and afterward, it was frequently stated that war could have been avoided totally. It has been suggested that we should avoid adopting a deterministic view of history, saying that if war breaks out, it must be necessary. Was peace genuinely within our grasp, and could a conflict have been avoided as a result? It wasn't long before it became clear that the desire for peace was built on a few false premises. The first was the belief that monarchs were held together by a sense of solidarity and so hesitant to go to war.

From one year to the next, political tensions between states, particularly the powerhouses, grew; issues of dominance in Europe, the recovery of lost lands or the acquisition of new ones, influence, a new division of colonies, and control over the seas and oceans prompted unprecedented rearmament and an arms race. Is it inevitable that this rearmament will lead to war in Europe? It's possible, though it's difficult to say for sure that it was the cause of the war. However, such viewpoints abound. The rearmament was unmatched in scope.

WWI resulted in the formation of numerous new nation-states, ignited independence movements in Europe's colonies, compelled the United States to become a world power, and opened the ground for Soviet communism and Hitler's rise. Diplomatic agreements and obligations made during WWI, notably in the Middle East, resurfaced a century later to haunt Europeans. The approach to international relations based on an imbalance of power has been shattered, but not fully broken. The controversy over who bears responsibility for the Great War continues today, with the major combatants emphasizing quite different aspects of the conflict. The amount of advancements in science, technology, and medicine, as well as the revolutionary changes in social behaviour, that occurred as a result of the 1914-18 conflict, are indisputable. The aristocracy was deposed or had its power weakened significantly. (Cameron 1)

The socialist and labour movements, as well as communism and fascism, took the chance to achieve significant gains. Today's Germany, as part of the EU, is the most prosperous, progressive, and democratic country in its history.

> Europeans should contrast and compare today’s Germany with that in 1914 or 1939 when they look back on the two calamitous wars of the twentieth century. Today’s Germany, embedded in the EU, is the most successful, progressive, democratic state in its entire history. All Europeans thus have a stake in the continued success of the EU

as it provides a safe anchor for the most powerful state in Europe. (Cameron 2)

The Second World War, like the First, saw advancements in medicine and technology. Vaccinations aided in the reduction of mortality rates and the expansion of the population. Postwar era was radically changed by advances in electronics and computers. During World War II, European and American scientists developed the atomic bomb, which not only altered the course of future battles, but also ushered in the nuclear power sector. The United Nations was founded in 1945 as a result of World War II, with the full support of the United States and other major powers. There was a commitment to avoid the blunders that deepened the Great Depression during the interwar years.

The Great War was, without a doubt, the most destructive war in history at the time. nearly ten million men was killed, injured countless others, ruined economies, and caused widespread famine as well as political and social upheaval across Europe. It led in the demise of some of the world's most powerful empires, the formation of new nation-states in their place, a redrawing of Europe's geography, and the start of the "American Century." The Great War aided Russia's Bolshevik revolution, and it paved the way for Hitler's ascent to power, the Second World War, the Holocaust, and, indirectly, the Cold War

1.3 Major Events

It's vital to understand what happened before World War One and what transpired between 1914 and 1945 in order to comprehend why World War One and World War Two had to be put together as a single war. Prior to the outbreak of World War One, Europe had not had a major warfare since the German unification wars of the 1860s and 1870s. The newly unified German Empire was the foremost military land force with a strong industrial underpinning rivalling and even surpassing that of the British Empire during this pre-war period.

1.3.1 Beer Hall Putsch

On November 9, 1923, Hitler, and General Ludendorf, hero World War I, tried the Beer Hall Putsch, a little and amusing revolt. Hitler had leaped onto a table in a beer hall and declared the present Weimar government to be deposed. He and Ludendorf led their supporters out into the street, where they were quickly apprehended. While the coup failed, it was crucial in foreshadowing what was to come. From the perspective of the press, the motives for the Beer Hall Putsch were investigated. The involvement of Hitler in the attempted coup is discussed. The author establishes that the viewpoints of the main editors of major American newspapers had a direct influence on the information concerning the German coup. The research of the reaction of the American press to the Beer Hall Putsch reveals that American publications closely followed the events in the early days. (Harold and Gordon 373)

1.3.2 Washington Conference

In November 1921, the United States convened the Washington Conference, attended by Britain, France, Italy, Belgium, the Netherlands, China, Japan, and Portugal. The Conference resulted in a naval armaments treaty that set a ratio for tonnage of capital ships (over 10,000 tons, with guns bigger than eight inches) for Great Britain, the US, Japan, France, and Italy..The Washington Conference and the subsequent London Naval Conference of 1930 produced the only successful armaments agreements of the inter-war years. Productive work is stumbling under an economic weight that is too large to bear unless current massive government expenditures are drastically cut. It is futile to seek stability, social justice guarantee, or peace security, when wasteful and inefficient expenditures deprive effort of its rightful return and defeat the reasonable hope of development. The enormous expenditures in armaments rivalries clearly constitute the majority of the impediment to enterprise and national prosperity; and such avoidable or extravagant expenditure is not only without economic justification, but is also a constant threat to world peace rather than a guarantee of its preservation.(Wright ,279)

1.3.3 Bolshevik Revolution

The dissolution of the former European empires of Austria-Hungary, Russia, and the Ottoman Empire is the first step. Russia was the first to disintegrate. Before Germany lost in the west, Russia was beaten by Germany. As a result, Russia was left out of the "Treaty of Versailles[1]," and had to make do with the "Treaty of Brest-Litovsk[2]," which carved many new republics out of the Russian Empire along race and nationality lines. Finland, Estonia, Latvia, Lithuania, and Poland were among the countries involved. Furthermore, the Russian state was engulfed in a civil war between the communist Bolshevik army and various organizations including capitalists, monarchists, and socialists (Zajda). The Great Depression begins when the second half of the Interwar period begins. While the Great Slump primarily affected the United States, it was a worldwide depression that affected the rest of the world as well. This simply served to deepen difficulties in already troubled places like Germany. During this time, the Germans were compelled to stop paying reparations since their country could no longer afford them, which exacerbated the crisis by drawing foreign investment away from Germany. It was time for change in Germany, which was at its lowest point since the hyperinflation catastrophe. (McLeod)

[1] Treaty and protocol signed at Versailles June 28, 1919; protocol signed by Germany at Paris January 10, 1920. Germany and the Partners in the Palace of Versailles near Paris negotiated the ceasefire agreement that ended World War I.

[2] Germany, Austria-Hungary, Bulgaria, and Turkey, and Russia, declare the end of the war. They have resolved to live in peace and harmony with one another from now on.

1.4 Influential Figures

There were number of figures in the world history, but whose who participated in World war I were among the world most affecting people in world history. In following people had a changed the history between WWI and WWII period in myriad of ways:

1.4.1 David Lloyd George

David Lloyd George, a gifted politician and British moderate, served as Prime Minister of the United Kingdom during and after World War I. In 1922, his resignation from the cabinet heralded the end of centrism and the beginning of extremism in British politics. As a result, Lloyd George was never able to reclaim the leadership position he had lost in 1922. It was one of the interwar years' tragedies that the one man of political brilliance should have had to remain an impotent spectator in an era not known for political aptitude. His earlier achievements, though, ensure his place in history: he established the welfare state and led Britain to victory in World War I. (Blake)

1.4.2 Gyula Gombos

In 1932, General Gyula Gombos came to power as prime Minister of Hungary, an office he used as a dictatorship. He was not a strong enough ruler to initiate a truly fascist state, but he was quite powerful, and quite conservative, as well as being openly anti-Semitic. Gombos set the tone for a string of conservative prime ministers who practiced open anti-Semitism, and eventually cooperated with Germany in its efforts at European domination. Gömbös began his career as a professional officer, but he quickly rose to prominence as a nationalist and anti-Habsburg figure. When a communist government ruled Hungary in 1919, Gömbös organized a network of counterrevolutionary societies, some secret and others public; served as minister of defence in the émigré Szeged government; and formed a close relationship with Admiral Miklós Horthy, Hungary's regent from 1920 to 1944. In 1921, Gömbös coordinated the armed opposition to King Charles IV's (Austrian Emperor Charles I) effort to reclaim his throne. (Britannica)

1.4.3 Paul von Hindenburg

Hindenburg had the misfortune of serving as the President of Germany from 1925 to 1934. He was unable to hold off the rise of the Nazi Party, and in 1933 appointed Hitler chancellor, an action followed by a string of concessions to Hitler until Hindenburg's death in 1934. Political unrest, economic downturn, and Adolf Hitler's ascent to power, whom he appointed chancellor in 1933, plagued his presidency. Hindenburg was the son of a Junker (aristocratic) Prussian officer. His mother, on the other hand, was from a lower-middle-class household, which he tried to overlook. He fought in the Austro-Prussian (Seven Weeks') War of 1866 and the Franco-German War of 1870–71 as a cadet when he was 11 years old. After an honourable but not particularly notable career as a general, he retired in 1911. (Dorpalen)

1.4.4 Adolf Hitler

Adolf Hitler was the leader of the fascist Nazi Party that rose up to lead Germany into the Second World War. Hitler undertook measures to improve Germany's floundering economy and promised Germans a return to past glory. Hitler was historically significant—a term that does not imply a favourable assessment—because his acts altered the path of history. He was the one who started World War II, which claimed the lives of over 50 million people. It also resulted in the Soviet

Union's authority being extended in eastern, central, and Balkan Europe, as well as allowing a communist movement to gain control in China, and signified a major shift of power away from Western Europe and toward the United States and the Soviet Union. Furthermore, Hitler was the perpetrator of the Holocaust, the state-sanctioned murder of six million Jews and millions of others.

1.4.4 Benito Mussolini

On October 30, 1922, Mussolini was elected Prime Minister of Italy. He solidified control by eliminating his opponents and establishing a totalitarian regime through force and intimidation. Mussolini was sympathetic to Hitler's aim for global hegemony, and during World War II, he would join Germany as an ally. Mussolini could have lived to be a hero till his death his misinterpretation of Italy's basic requirements, and his imperial ambitions, which pushed him to pursue foreign conquests. His eyes initially rested on Ethiopia, which Italy invaded after ten months of planning, rumors, threats, and hesitations in October 1935. Following that, the Italians launched a bloody colonial conquest campaign, dumping tons of gas bombs on Ethiopians. Europe expressed its dismay, but then stayed deafeningly silent. The League of Nations imposed sanctions, but took care to exclude items that could launch a European war, such as oil, off the list of prohibited exports.(Hibbert)

1.5 Post -First World War: Economic Account

Concerns the long-term effects of war on economic development consume the bulk of the academia. It is frequently stated that war, no matter how terrible it is, can have benefits for the countries that participate, whether they win or lose. In practice, these are difficult to come up with this in First world; it is, by definition, a zero-sum game. If a war was followed by a period of recovery and rapid progress, it was usually only a way of compensating for wartime delays and losses. There would always be a cheaper way to achieve the same outcome if wartime activity had produced new forms of technology or economic organization that turned out to have peacetime uses as well.

The economy started to fall apart: there was still plenty of food, but it was in the wrong location. Instead of selling it for a poor profit, the farmers decided to eat it themselves. The government has no choice but to feed the troops at all costs since hungry soldiers will not fight. The urban workers were now stuck in a double bind between the army and the peasantry. There was still enough food for everyone to eat; the famines that began to spread were famines caused by the urban society's loss of entitlement, not by a decrease in aggregate availability. (Broadberry and Harrison 5)

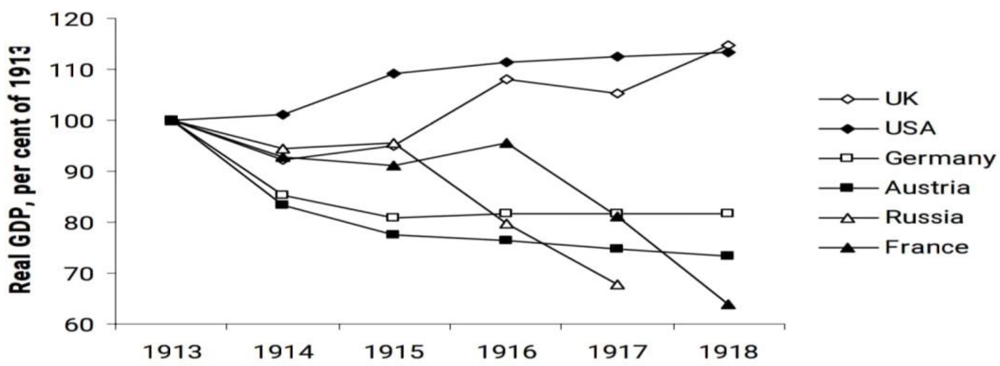


Figure 1. The Wartime Change in GDP: Six Countries

After plans were revised for a longer campaign, a battle of attrition erupted in the west, with opposing forces of Germany, France, and Britain, each backed by huge, prosperous, and successful economies, grinding each other down with increasing troop levels and losses. Resources were nearly everything in conflicts that were meant to be won by the last man standing. The higher Allied capacity for taking risks, absorbing the cost of blunders, replacing losses, and gaining overwhelming quantitative supremacy eventually tipped the scales in favour of the Allies. (Broadberry and Harrison 2)

1.6 Features of World Economy Decline

Since the early 1930s, the global economic crisis has served as a barometer for the depth, speed, and international scope of all subsequent economic crises. Understanding the reasons of the outbreak and how it spread is crucial to preventing future occurrences. Not only are economists opposed over why it happened, but there is also debate regarding what actually happened, such as where the crisis began and how it spread.

The Great Depression occurred at different times and in different ways in different countries. In the United States and Europe, the Depression was exceptionally lengthy and severe; in Japan and much of Latin America, it was milder. Unsurprisingly, the worst depression I've ever had was caused by a variety of factors. Consumer demand declines, financial panics, and faulty government policies all contributed to a drop in economic output in the United States. The gold standard, which connected nearly all of the world's countries in a network of fixed currency exchange rates, was instrumental in spreading the American downturn to other countries. The abandoning of the gold standard and the subsequent monetary growth were key factors in the recovery from the Great Depression (Albers and Uebele 5).

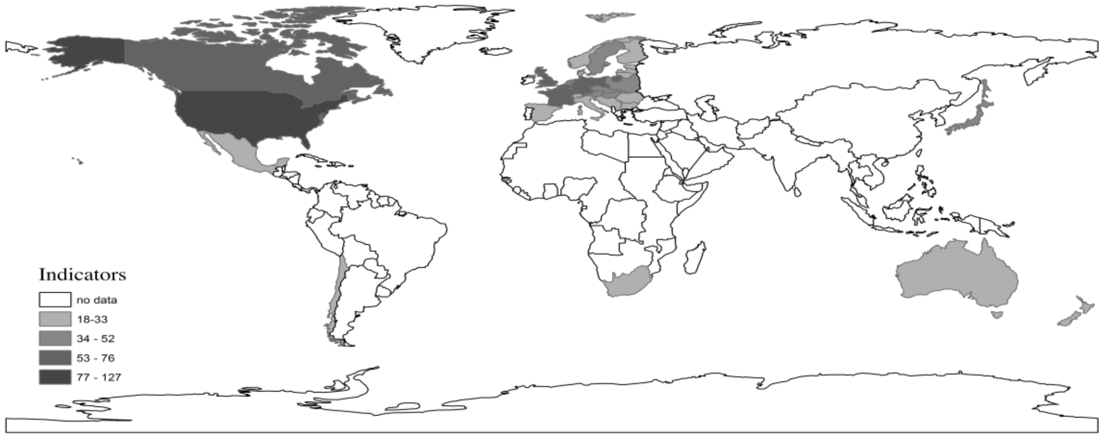


Figure 2: Geographical Coverage

Throughout the second half of the 1920s, the United Kingdom battled with low growth and recession, owing in part to its choice in 1925 to return to the gold standard with an overvalued pound. The United Kingdom, on the other hand, did not enter a serious depression until early 1930, and the peak-to-trough decrease in industrial production was around one-third that of the United States. In the early 1930s, France likewise experienced a brief depression. However, the French comeback in 1932 and 1933 was just temporary. Between 1933 and 1936, both industrial production and prices in France plummeted. Early in 1928, Germany's economy experienced a slump, which was followed by a period of stabilization before the economy began to decline again in the third quarter of 1929. The fall in German industrial production was roughly equal to the decline in the United States.(Romer)

1.7 Conclusion

Our findings also provide new light on the Depression's onset. Fourteen of thirty countries, including Germany, the United Kingdom, and Italy, attained critical mass sooner or in the same month as the United States. Furthermore, substantial recessionary trends beyond the United States characterize the immediate run-up to the Great Depression, which is compatible with a "Long European Depression" and puts US-centered explanations for the Great Depression's worldwide scope into perspective. We discover that Spain suffered from a long-term Depression, which is consistent with current material. During the interwar period, she did, however, keep her currency floating. In addition, determining the severity of a problem is an important part of the process. On two fronts, the Depression's duration and cumulative loss, certain countries appear to be suffering from it. Long but not profound recessions have occurred in the past. This may signify that the subject is significant. Despite this, she kept her currency floating during the interwar period. Furthermore, determining the severity of In terms of time and cumulative loss, the Depression implies that certain countries are suffering from it.

Chapter Two: Theoretical Debate

2.1 Introduction

The Great Downturn may be regarded to have started with a catastrophic fall of stock market prices on the New York Stock Exchange in 1929, despite the fact that the US economy had entered a depression six months earlier. Stock prices in the United States continued to collapse over the next three years, until they were only around 20% of what they had been in 1929 by late 1932. Aside from damaging the lives of tens of thousands of individual investors, the sharp drop in asset values put a strain on banks and other financial institutions, particularly those with stock portfolios. As a result, many banks were forced into insolvency.

Because of the strong and deep links that had been built between the United States and European economies following World War I, the Great Depression began in the United States but swiftly spread around the world. The US had emerged from the war as the principal creditor and financier of postwar Europe, whose national economies had been severely harmed by the war, war debts, and, in the case of Germany and other defeated states, the necessity to pay war reparations. As a result, when the American economy tanked and the flow of American investment credits to Europe dried up, prosperity in Europe began to crumble as well. The Great Depression wreaked havoc on the countries that were the most indebted to the United States, namely, the United Kingdom and the United States of America.

Almost every country attempted to defend its indigenous industry by adding tariffs, raising existing ones, and putting limits on international imports. The result of these restrictive measures was a significant reduction in international commerce volume: by 1932, the entire value of world trade had plummeted by more than half as country after country imposed restrictions on foreign products imports.

2.2 Great Depression

The Great Depression of the 1930s was the most severe economic downturn in modern history. It is sometimes referred to as the 'Great Crash.' The phrase 'Great Depression' is used by economists to refer to the extended deflationary period that lasted from the 1870s through the 1890s, but we shall use it to refer to the 1930s crisis that followed the stock market crash on Wall Street in 1929. Despite the fact that the Great Depression affected numerous countries, it was centred in the United States. To get a sense of the magnitude of the phenomena, consider that US industrial production fell by 60% from its pre-crisis peak to the lowest point reached during the crisis. This was a bigger drop than the one that was recorded. This decrease was greater than that seen in the other countries affected (Austria, Belgium, Canada, Czechoslovakia, Denmark, Finland, Germany, Greece, Hungary, Italy, Japan, the Netherlands, New Zealand, Poland, Romania, the United Kingdom and several others). Furthermore, the United States was the latest country to emerge from the Great Depression, with industrial production only restoring pre-crisis levels in 1937 (quoted in Ferri 39).

Economists are still studying the Great Depression because no one knows what caused it. Many views have been proposed throughout the years, but no single, universally accepted explanation for why the Depression occurred or why the economy recovered has ever been found. The necessity of price stability was also highlighted during the Great Depression. As people and businesses found it more difficult to repay debts, deflation was a major cause of declining incomes and financial suffering. Deflation raises the real cost of a particular nominal debt since debt contracts usually specify repayment of a set currency amount. As a result, deflation frequently leads to an increase in loan defaults and bankruptcies, which leads to an increase in bank failures and additional decreases in income, output, and employment. Because price fluctuations whether deflation or inflation can produce financial instability and stymie economic progress, price stability is now largely regarded as the most important goal for monetary policy. (Wheelock xi)

The panics, which began in 1930 and became global in 1931, indicated a fear-based contagion as people changed their deposits into money, i.e., they hoarded currency. A series of bank runs were perpetrated by the general people, resulting in large bank suspensions. A large liquidity shock occurred in modern terms. In the face of sticky wages, the fall of the money supply resulted in a drop in nominal spending and a drop in employment and output. In this vein, Bordo argues:

> The panics which began in 1930 and worsened in 1931 when it became global, reflected a contagion of fear as the public converted their deposits into currency, i.e., they hoarded currency. The public staged a series of runs on the banking system leading to massive bank suspensions. In modern terms, there was a big liquidity shock. The collapse of the money supply led to a decline in nominal spending and, in the face of sticky wages, a decline in employment and output. (Bordo 894)

The Great Depression clearly impacted different countries in different ways, at different times and with varying degrees of severity. The economies of the United States and Europe bore the brunt of the impact. Japan and Latin America were spared the brunt of the damage. The crisis hit big businesses, small businesses, farmers, and families all around the world, causing banking panic and a drop in consumer demand. Government policies led to a drop in output in the United States, but the so-called gold standard, which granted practically all countries fixed currency exchange rates, spread the slump from the United States to other countries, making the crisis international. It's interesting to note that the abolition of the Gold Standard, as well as the subsequent monetary growth, enabled the recovery.

Figure (3): shows the geographical coverage of the great depression

2.3 Great Depression Related Concepts

The stock market in the United States grew rapidly from the mid- to late-twenties. It lasted for the first six months of the Great Depression, a global economic crisis that began in 1929 and ended around 1939. It was the longest and most severe downturn the industrialized Western world had ever known, resulting in profound shifts in economic institutions, macroeconomic policy, and economic theory. Despite its origins in the United States, the Great Depression resulted in sharp drops in output, high unemployment, and severe deflation in nearly every nation in the globe. Its social and cultural consequences were no less devastating, particularly in the United States, where the Great Depression was the country's worst adversity since the Civil War. (Pells and Romer)

2.3.1 Stock Market Crash

In the 1920s, technological and structural developments in industry promised increased profits and dividends. While these improvements boosted the stock market, they also made it more difficult to assess fundamentals, paving the way for a bubble. The panic of October can be linked back to early signals of a recession, which highlighted the disconnection between payouts and stock prices. The Federal Reserve Bank (FRB)[3] of New York intervened when panic selling began, preventing the financial system from collapsing. This approach was justified, but the same cannot be said for previous market halting attempts; as white states:

> When panic selling began, intervention by the Federal Reserve Bank of New York prevented a collapse of the financial system. This response was appropriate, but the same cannot be said for earlier attempts to halt the market. Instead of allowing the stock market bubble to expand and burst of its own accord, the Federal Reserve's policies helped to push the economy further into a recession. Fear of a new speculative fever led the Federal Reserve Board to oppose easier monetary policy after the crash; hence, the tentative revival of the economy in 1930 was not assisted. (White 82)

It took a long time to recover from the first major stock market crisis. When the crash ended in 1932, the recovery process began, but it took 22 years to reach the

[3] The Federal Reserve System (commonly known as the Federal Reserve or just the Fed) is the United States of America's central banking system. After a series of financial panics (especially the panic of 1907) led to a need for central control of the monetary system in order to relieve financial crises, the Federal Reserve Act was enacted on December 23, 1913.

same level as 1929. The recovery after the disaster took a long time, and as a result, those were difficult days in every way. People did not trust in stocks after the crisis, and few people bought them because practically everyone had lost a significant portion of their wealth.

2.3.2 The Fall of Banking System

For seven decades, people have argued the reasons, repercussions, and options for preventing the Great Depression's banking panics. The factual grounds of the discussion are data from the Federal Reserve Bulletin. The September 1937 edition is the primary source of aggregate bank failure rates and provides the only comprehensive collection of facts on suspended banks. Scholars investigating the contraction are constantly redefining, reinterpreting, and uncovering new relationships between FRB'37 data and indicators of industrial, commercial, and financial activity. In his article entitled *The Collapse of the United States Banking System during the Great Depression, 1929 to 1933. New Archival Evidence*, Richardson argues that:

> FRB’37 provides imperfect information about bank distress. It distinguishes neither temporary from terminal suspensions, nor voluntary from involuntary liquidations, nor institutions afflicted by illiquidity from banks suffering insolvency. It contains information neither on the causes of bank suspensions nor the number of bank mergers. The smallest period of aggregation at the national level is the month and at the Federal Reserve district level is the year. (Richardson 39)

Nearly half of all suspensions had heavy withdrawals as a primary or contributing factor. During the Great Depression, banks were also plagued with asset difficulties. Over half of the suspensions had slow, questionable, or worthless assets as a primary or contributing factor. The banking panic in the fall of 1930 – with its bank suspensions, bank runs, and collapsing correspondent networks – appears to have been a credit crunch fuelled by the public's flight from deposits to currency. The suspension of depository institutions appears to have been driven less by rapid fluctuations in depositors' fears for the safety of banks and more by decreases in the values of banks' portfolios during later surges in banking crises. (Richardson 49)

2.3.3 Gold Standards

In 1821, the United Kingdom implemented the gold standard for the first time. Prior to this, silver had been the primary world monetary metal; gold had long been used for coinage in many countries, but never as the one reference metal, or standard, against which all other forms of money were coordinated or adjusted. Outside of the United Kingdom, a bimetallic regime of gold and silver was used for the next 50 years, but in the 1870s, Germany, France, and the United States adopted a monometallic gold standard, with many other countries following suit. This transition occurred as a result of recent gold discoveries in western North America, which increased the supply of gold (Britannica).

Some economists believe the Federal Reserve allowed or instigated the massive decreases in the US money supply in order to keep the gold standard alive. Under the gold standard, each country determined the value of its currency in terms of gold and used monetary policy to maintain that fixed price. Foreigners may have lost faith in the United States' commitment to the gold standard if the Federal Reserve had considerably extended the money supply in reaction to the banking panics. This may have resulted in significant gold withdrawals, forcing the US to weaken its currency. Similarly, it is probable that if the Federal Reserve had not limited the money supply in the fall of 1931, there would have been a depression. Similarly, if the Federal

Reserve had not tightened the money supply in the fall of 1931, there is a chance that a speculative attack on the dollar would have occurred, forcing the United States and Great Britain to abandon the gold standard (Britannica).

2.3.4 American Economic Policy with Europe

The Great Depression also threw a wrench in international relations. The severity of the crisis compelled countries to prioritize the protection of their national interests. By November 1932, every country in Europe had enacted or strengthened tariffs and quota systems to protect home industry and agriculture from foreign imports. The world was now divided into rival commercial blocs, which had far-reaching consequences for international peace. Economic nationalism was the first stage in the construction of new empires for Germany and Italy. As Patricia Clavin states in her outstanding book entitled "*The great depression in Europe, -1939*":

> Relations between countries were also disrupted by the Great Depression. The severity of the crisis pushed countries to protect their national interest above all else. By November 1932, every country in Europe had adopted, or enhanced, tariffs and quota systems to prevent foreign imports from damaging domestic industry and agriculture. The world was now divided into competing trade blocs and this development had profound implications for international peace. For Germany and Italy economic nationalism was the first step on the road to build new Empires.

Mussolini and Hitler began asserting territorial claims in the Mediterranean, Africa, and Eastern Europe in 1935, demonstrating that their nationalism was not limited to economics. Other countries' ability to reject these demands had also been weakened by the Depression by that time. Britain and France felt weak as a result of their economic woes. Even with countries like the United Kingdom, France, and the United States, who had a common purpose in safeguarding democracy and capitalism, diplomatic cooperation proved difficult in an environment of severe economic competition. (Clavin)

2.3.5 Drought Conditions

During the 1930s, the environment appeared to be hostile to farmers. Winters between 1934 and 1936 were very long and bitterly cold. One of the worst droughts ever recorded hit the United States in the summer of 1936, with crops drying up in the fields. Animals died due to a lack of food and water. On the Great Plains west of Iowa, regions that could no longer support the grasses that held the soil in place began to lose topsoil due to the strong heat winds. So much dust was swept up those large dark clouds of soil particles began to move eastward, rather than rain. While not a direct cause of the Great Depression, the drought that hit the Mississippi Valley in 1930 was so severe that many people were unable to pay their taxes or other bills and were forced to sell their farms at a loss. The region was dubbed "The Dust Bowl[4]" The Dust Bowl did not affect Iowa as severely as it did Kansas and Oklahoma, but the clouds of dust that obscured the light and filtered through any holes in the home around windows or doors left an indelible mark on those who lived through it. During the whole decade of the 1930s, times were tough (Rosskam 1-2).

2.4 Critical Reception

The key question in the context great depression is whether the crisis intervention was indeed successful, as claimed by government authorities. More specifically, governments' efforts such as bailing out banks and other financial

[1] During the 1930s, the Dust Bowl was a period of intense dust storms that severely harmed the environment and agriculture of the American and Canadian prairies; the phenomenon was caused by extreme drought and a failure to adopt dryland agricultural techniques to prevent aeolian processes (wind erosion).

institutions only served to keep the crisis from escalating into another depression at the expense of future financial instability remains to be determined. Eigner and Umlauft, determine three key reasons that contributed to the crises' occurrence:

(1) The crisis was preceded by a rapid rise in real estate values and rising household debt, as homeowners became more leveraged and mortgages became increasingly hazardous.

(2) In historical contexts, the period preceding the crisis was marked by high inequality and, most likely, significant debt.

(3) The bursting of the bubble, as well as the crisis episodes had a devastating impact on a weak banking industry. The banking industry responded with a high number of bank failures during the Great Depression, whereas the government responded in the recent crisis with a historically unprecedented bailout of the world's largest banks.

The strategy taken by the government and the Federal Reserve in dealing with the crises is thus the key distinction between the two occurrences. While the government's engagement in the Great Depression was low until the end of the crisis, the government's response to the present crisis was quick and significant. The question of whether the actions taken between 2007 and 2009 were sufficient remains unanswered, to the extent that they were virtually entirely geared at giving extraordinary financial assistance to the financial industry.

2.5 Conclusion

The lesson of the Great Depression is that the costs and rewards of recovery are shared globally. Going off the gold standard and expanding the domestic money supply was a major role in producing recovery and prosperity in a wide range of countries in the 1930s. Importantly, rather than simply shifting expansion from one country to another, these efforts lowered global interest rates and benefited other countries. Despite massive wealth loss, financial market upheaval, and a loss of trust that threatened to shatter Americans' fundamental faith in capitalism, the economy recovered. Indeed, outside of warfare, the growth rate during the recession was the biggest we've ever seen. We, like most other countries in the globe, would have been fully recovered before the onset of World War II if the United States had not suffered a horrible policy-induced setback in 1937.

Chapter three: The Aftermath of the Great Depression

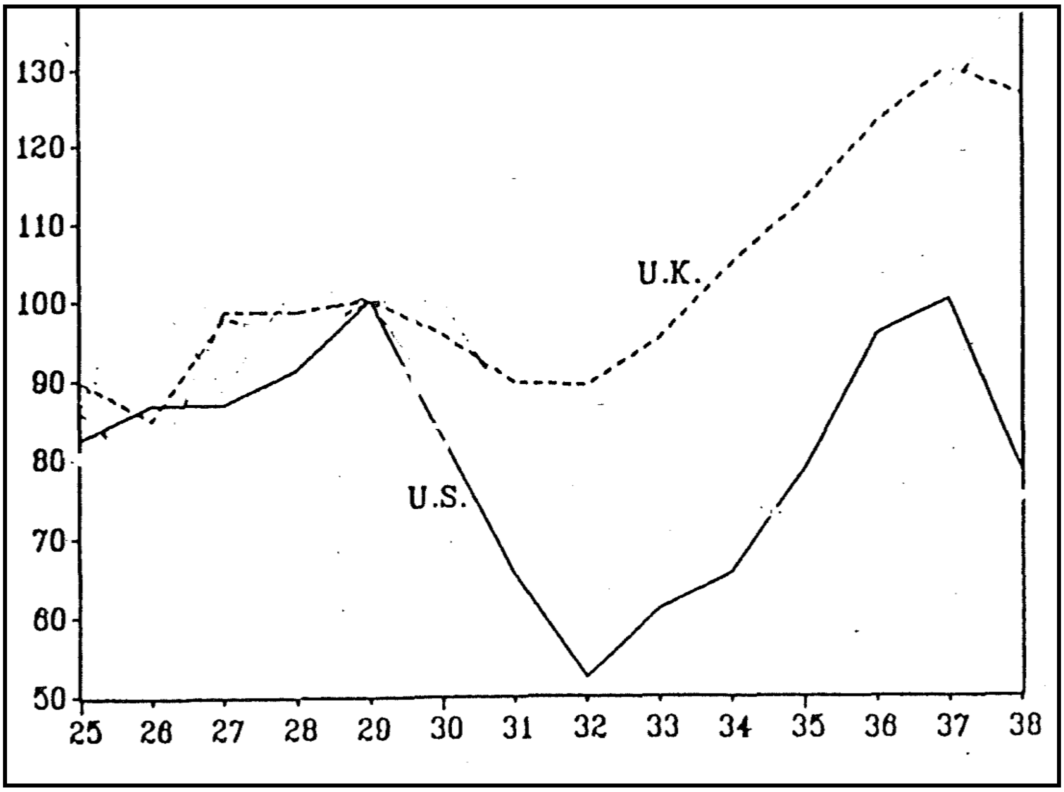
3.1.Introduction

Today, depression is prevalent, and the rehabilitation process is not given the attention it deserves. Those who study the recovery phase have a propensity to stop at analyzing the origin of the turning point and describe the recovery as delayed and incomplete. A number of studies focuse on government policy responses and their consequences. Of course, the key question in this context is whether the crisis intervention was indeed successful, as claimed by government authorities. More specifically, government efforts such as bailing out banks and other financial institutions only served to keep the crisis from escalating into another depression at the expense of future financial instability remains to be determined. This chapter deals mainly with the aftermath of the Great Depression in the United States and Britain in a comparative perspective. The U.S. and British governments spent more actively, while all the countries manifested monetary ease.

3.2.The Aftermath of the Great Depression

It's worth recapping the specific characteristics of the depression as it was experienced in each country. The interwar economies of the United States and the United Kingdom took slightly different courses. Because the United States experienced a significant boom in the 1920s, the 1930s collapse was more severe. The British drop was comparatively mild, as shown in Figure 1. This is not because Britain suffered less in the 1930s; rather, Britain's economy was in a long-term slump in the 1920s, so the pain was simply spread out over a longer period.

Figure 4: shows the industrial Production (1929 = 100)



Source: (Yang 26)

The British economy exposed its legacy of structural maladjustments throughout the interwar years, with the recession being particularly evident in staple industries including textiles, coal mining, iron and steel, and shipbuilding. In addition to those industries, the United States suffered losses in building materials, lumber, machinery, and transportation equipment. Every area of the German economy was affected by the depression, particularly investment goods industries such as machine making (Yang 2).

The examination of aftermath of the experiences of the two countries show that external constraints on expansionary policies were removed either through devaluation or exchange control, and that investment led the way to recovery and, with the help of various policies, reinforced the business cycle's natural upward tendencies. These investments were made by the private sector and the government in building and industry, including durable goods (classified as consumption according to accounting practice whereas residential development was recognized as investment). The timing, goal, and substance of policy actions varied across country, and these discrepancies, together with differences in the nature of the slump, resulted in a wide range of recovery patterns. The next section will look at investment allocation among industries, among other things.

3.3.Great Depression Effects

While the Great Depression was marked by inaction for a long time, the response to the present crisis was rapid and vigorous, preventing a replay of the Great Depression by reducing the economy's immediate negative consequences. The impact of the Great Depression on the United States and the United Kingdom has been studied from a different perspective. It examines the broader macroeconomic context in which the crises occurred and determines if, aside from their external expressions, the two crises had the same potential for negative consequences. In other words, the parallels and differences in the broader contexts in which the two crises emerged are assessed and compared.

3.3.1.The Effects On US Economy

When the Great Depression hit in 1929, the banking system in the United States was vastly different from what it is today and from that of other countries at the time. While banks with branch networks were the norm in the rest of the Western world, the US was controlled by a big number of so-called unit banks. A banking system in which banks are barred from operating branch networks is known as unit banking. As a result, unit banking creates a fragmented banking sector controlled by a number of single banks with no network of offices. Banks in the United States were significantly hampered in diversifying loan portfolios as a direct result of branching limitations, making them vulnerable to location-specific shocks. (Quoted in Eigner and Umlauft 8)

It's important to consider that the construction sector's multipliers were predicted to be above average for the two countries, but not very high. The New Deal[5]'s public works projects had a mixed record of success. These had some indirect effects on non-metallic minerals, lumber, iron, and steel, while having no influence on textiles, coal mining, or autos, as they were among the biggest victims of the depression in the United States. The United States' durable goods boom and labour market rigidity States, the global monetary system's instability, and the trend for international clearing to rely on US financing have all been thoroughly explored. They emphasized the importance of the repercussions of the United States' restrictive monetary policy. Individual countries, it is claimed, were "bound" by the gold standard and so forced to pursue contractionary policies, resulting in lower effective demand for investments and durable goods. (Quoted in Yang 2)

The Great Depression was a disaster for Americans, brought on by massive financial organizations engaging in an almost unparalleled spree of risk-taking, recklessness, and, at times, unlawful behaviour. Tens of trillions of dollars have been spent, and immense human suffering has occurred from coast to coast as a result of that financial and economic disaster. It was dubbed "the Great Recession" because it came close to causing a second Great Depression. This was not by chance: strong laws, rules, regulators, and prosecutors were responsible. Following the Great Depression, Washington enacted a slew of legislation aimed at reining in the financial

[5] Through Federal activity, Roosevelt's "New Deal" attempted to promote economic recovery and put Americans back to work. New federal agencies aimed to regulate agricultural production, maintain wage and price stability, and develop a massive public works program for the unemployed.

industry and preventing the type of speculation and gambling that wreaked havoc on the economy in 1929. **(**The Economist 86**)**

The Great Depression paints a bleak picture of a work market with fewer jobs, worse income, worse benefits, and less security than at any other moment in history. The same dynamic exists in the improving housing market, where hopeful and widely reported topline numbers conceal a considerably more concerning picture beneath. The modern financial industry appears to have forgotten and taken no lessons from its part in causing the biggest financial crisis and economic catastrophe since the Great Depression. Numerous criminal and civil investigations since the crisis have unearthed shocking new evidence of financial industry employees, including many senior executives, misrepresenting investors, exploiting homeowners, and engaging in fraudulent lending practices. They jeopardized—and continue to jeopardize—the entire global financial system for the sake of excessive personal gain. The ethical flaws of the big banks are widespread, affecting more than simply the home finance sector.

3.3.2 .The Effects On UK Economy

Following World War I, the United Kingdom fell into a deep depression that lasted until World War II. This severe and long-lasting depression was unprecedented in the industrialized world. While several countries experienced depressions in the early 1930s, the 1920s saw strong global economic expansion.

The nature, if not the scope, of Britain's economic recovery in the 1930s is well documented. Late in 1932, the economy began to recover from the Great Depression, and this boom lasted until 1937, when another slump struck just before WWII[6]. The recovery in this decade was mostly based on the expansion of the consumer goods and construction industries, with a small contribution from exports, which improved from the abysmal levels to which they had sunk during the Great Depression. In general, the decade's pace of economic growth appears to have been relatively high, especially when compared to the rates of most leading capitalist economies.

Nonetheless, the extremely high levels of unemployment linked to fundamental structural changes. As stated by Forrest and Collins:

> The nature if not the extent of Britain's economic recovery in the 1930s is well known. The economy began to emerge from the Great Depression late in 1932 and this expansion continued until 1937 when another recession occurred immediately before the Second World War. [...] In general the rate of economic growth in the decade seems to have been quite considerable, particularly in relation to that of most leading capitalist economies. Nevertheless, the very high levels of unemployment associated with major structural difficulties within industry, and which formed such a prominent feature of the inter-war years as a whole, persisted throughout the recovery of the 1930s. (40)

The United Kingdom enters a depression early after World War I and remains depressed throughout the interwar period; for example, between 1913 and 1929, real GDP[7] per adult in the United Kingdom fell by around 1%. In contrast, the rest of the world's real GDP per capita increased by more than 30% during the same time period. Because the UK downturn lasted so long, it's

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[6] The interwar period ran from 11 November 1918 to 1 September 1939, or 20 years, 9 months, and 21 days, from the end of World War I to the start of World War II.

[7] Gross domestic product (GDP) is a monetary measure of the market value of all the final goods and services produced in a specific time period by countries.

important to look at UK output data in relation to trend. The output is expressed in constant pounds, divided by the adult population, and detruded at a rate of 1.4 percent per year on average. It's also normalized to 100 in 1911, so variations from that figure represent deviations from the trend. (Cole and Ohanian 3)

Table 1 shows that output fell nearly 20% below trend shortly after the war and stayed at that level for the rest of the 1920s. These findings show that the economic shocks that hit the UK were country-specific and long-lasting.

Table 1: UK Detrended Output (1911 = 100)

Year	1911	1919	1920	1921	1923	1925	1927	1929
Y	100	89	82	77	78	80	79	79

Source: (Cole and Ohanian 3)

Between the end of World War I and the commencement of World War II, the United Kingdom was in a deep depression for 20 years. During this time, adult output was roughly 20% lower than it had been prior to World War I. This drop was completely due to labour input, rather than productivity or capital stock declines.

Labour input declined significantly, owing to decreases in both worker hours and employment. Finding a big, negative, and lasting shock to labour supply is the key to unravelling the puzzle of the UK interwar slump. Despite essentially the same level of unemployment benefits during both times, the theory should be able to explain for depressed interwar employment and typical post-World War II employment.

British industries were particularly interested in the benefits because they had experienced big negative shocks to their productivity and faced high expenses of leaving depressed areas due to local housing subsidy policies.

3.4.Great Depression Responsive Policies

A number of policies had established as responses to outbreak of the negative effects of great depression that hit almost all aspects of life among which we mention:

3.4.1 New Deal

In 1931, the new president, Franklin D. Roosevelt, instilled in the American people a sense of hope and optimism that quickly galvanized support for his New Deal agenda. In his inauguration address to the nation, the president proclaimed that the only thing we have to fear is fear itself. During his presidency, he was determined to make significant changes. Roosevelt acted quickly to address the nation's financial ailment, which had immobilized the country. He authorized Secretary of the Treasury William Woodin to create an emergency banking measure on his first night in office, giving him less than five days to complete it. (Leuchtenburg 42)

In other ways, the New Deal just presented social and economic reforms that many Europeans had been familiar with for more than a generation. Furthermore, the New Deal was the culmination of a long-term movement away from "laissez-faire" capitalism, dating back to railroad regulation in the 1880s and the flood of state and national reform laws adopted during Theodore Roosevelt and Woodrow Wilson's Progressive era. The New Deal's true innovation was the speed with which it accomplished what had previously taken years. Many of the improvements were rushed and poorly implemented, with some even contradicting each other. Throughout the entire New Deal era, public criticism and debate were never paused or suspended; in fact, the New Deal sparked a surge of interest in government among ordinary citizens. (Hardman)

During his New Deal, the government's role in America expanded more than at any other time in history. There were various examples of government growth throughout the period 1932-1940. During the eight-year period, huge number government agencies were established. While several of the agencies established have since been abolished or replaced, some continue to exist.

3.4.2 Keynes' Economics

Keynes' economics expresses his concern for the problems raised by the complexity and organic interdependence of the economic material he wanted to investigate, which is a direct legacy of A Treatise on Probability, and expresses his concern for the problems raised by the complexity and organic interdependence of the economic material he wanted to investigate. In Probability, Keynes established a rational approach to probability with the goal of rescuing probability and limited knowledge from the classical concept that scientific analysis requires only truth and full knowledge. He prefers non-demonstrative and non-conclusive arguments, i.e. arguments that provide justifications for holding likely beliefs; as stated by Carabelli, Anna M. Cedrini:

> Keynes's economics embodies a peculiar epistemological perspective, which is a direct legacy of A Treatise on Probability, and expresses his concern for the problems raised by the complexity and organic interdependence of the economic material he wanted to

> investigate on. In Probability, Keynes outlined a logical approach to probability, with the aim of rescuing probability itself and limited knowledge as against the classical idea that only truth and perfect knowledge are suitable for scientific analysis. He rather focuses non-demonstrative and non-conclusive arguments, namely arguments that provide reasons for holding probable beliefs. (109)

Keynes emphasized economic and financial interdependence as a necessary pillar, but also a difficult aspect of international relations, which must include issues other than economics. Keynes' ethical vision of international relations gives theoretical fodder for developing a "shared duties" solution to imbalances that is yet somewhat unexplored.

Changes in aggregate demand, whether expected or unexpected, have the biggest short-run impact on real output and employment, not prices, according to Keynesian theory. The short term, according to Keynesians, is long enough to matter. To underscore their case, they frequently use Keynes' famous phrase "In the long run, we are all dead." This does not imply that Keynesians support fine-tuning, which entails modifying government spending, taxes, and the money supply every few months to maintain full employment. Almost all economists, including most Keynesians, now feel that the government will never know enough to fine-tune effectively. Fine-tuning is unlikely to succeed with three lags. First, there is a time lag between when a policy change is required and when the government realizes it. Second, there is a time lag between when the government is formed and when it is implemented. (Blinder)

3.5 Conclusion

The government's response to the Great Depression altered the global economy in significant ways. It's unclear whether these developments would have happened in the United States had it not been for the Great Depression. Prior to the 1930s, Britain had seen large growth in union membership as well as the establishment of government pensions. Human misery was the most severe effect of the Great Depression. The world's productivity and living standards plummeted dramatically in a short period of time. The workforce in industrialized countries was unemployed and many social problems come to fore as a result. it took until the end of the decade for things to get back on track.

General Conclusion

The Great Depression of the 1930s caused number economies around the globe to vanish at the time. International money flows slowed, international trade became more difficult to fund, and countries began to adopt protectionist policies one after the other. Great Britain and US try to find an international solution to the worldwide depression, restore international trade, and stabilize currency exchange rates. It was the final blow to the international monetary system. The inability to get an international accord meant that multilateralism was doomed. The economic catastrophe created by the financial crisis was exacerbated by the global trade stalemate.

The great depression was treated on an international scale. The United States implemented border taxes and opted for the New Deal's Keynesian solution. Roosevelt removed the US from the gold standard. Only American regulations influenced the financial system in the United States. The Great Depression resulted in a comprehensive collapse of the global economy, an implosion of international ties, and each country's nationalist withdrawal. The Great Depression is a watershed moment in history. The world's economic dynamics have been reshaped as a result of it.

Since the second part of 1929, the merging countries have experienced rapid growth, far faster than the advanced countries. In the long run, developed countries may become less developed, while emerging countries become more developed. But, unlike what happened in the WWI, governments are practically unified in their desire to continue dominating the world. Even if governments, central banks, and regulatory authorities failed to prevent the emergence of conditions of the Great Depression, once the subprime crisis erupted, they demonstrated what they had learned from the 1930s mistakes, but the world emerged from the financial crisis with war.

For a variety of reasons, the Great Depression is a fascinating period in history. One is that US and Great Britain would almost certainly be different if it hadn't happened. Domestically, the Great Depression had a huge impact on public opinion in both countries, particularly in terms of instilling anti-capitalist attitude and encouraging the rise of government. And it's difficult to believe that Keynesian analysis would have been as successful in the absence of the Depression. Furthermore, the Great Depression was so much worse than prior depressions that it cannot be dismissed as merely another one. On the one hand, one could argue that it is so distinct from all other depressions that it must be explained by historical circumstances unique to it. On the other hand, because its severity makes it an especially effective case study for explaining the impact of great depression on both US and Great Britain swings in general, one may argue that its causes are also vast and thus plainly evident.

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Abstarct

كان الكساد الكبير في الثلاثينيات من القرن الماضي أشد تراجع اقتصادي في التاريخ الحديث. لقد ألقى وجعًا في العلاقات الدولية. دفعت شدة الأزمة البلدان إلى إعطاء الأولوية لحماية مصالحها الوطنية. من الواضح أن الكساد الكبير أثر على بلدان مختلفة بطرق مختلفة وفي أوقات مختلفة وبدرجات متفاوتة من الخطورة. تحمل اقتصادات الولايات المتحدة وبريطانيا العبء الأكبر من التأثير. تهدف هذه الرسالة إلى التحقيق في آثار الكساد الكبير على الاقتصاد الأمريكي الذي أثر على الاقتصاد البريطاني من أجل دراسة آثار الكساد الكبير على الاقتصاد الأمريكي الذي أثر على الاقتصاد البريطاني ، ينوي البحث جمع بيانات قابلة للقياس الكمي وإجراء إحصائيات. يتخذ نهجًا وصفيًا لإعطاء رؤية واضحة للعلاقة المحتملة بين الكساد الكبير والحرب العالمية الأولى والحرب العالمية الثانية. تظهر النتائج أن الكساد الكبير في ثلاثينيات القرن الماضي تسبب في اختفاء الاقتصادات العددية في جميع أنحاء العالم في ذلك الوقت. تباطأت تدفقات الأموال الدولية ، وأصبح تمويل التجارة الدولية أكثر صعوبة ، وبدأت البلدان في تبني سياسات حمائية واحدة تلو الأخرى. تحاول بريطانيا العظمى والولايات المتحدة إيجاد حل دولي للكساد العالمي ، واستعادة التجارة الدولية ، وتحقيق الاستقرار في أسعار صرف العملات.

الكلمات المفتاحية: الانكماش الاقتصادي ، الكساد الكبير ، بريطانيا العظمى ، الولايات المتحدة ، الحرب العالمية الأولى ، الحرب العالمية الثانية