





Shishukunj Model United Nations Conference 2015 Committee: Historic United States Senate

Shishukunj Model United Nations 2015
Conference

HUSS

Study Guide

Agenda: The Great Depression of
1929

Executive Board

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Letter from the Executive Board

Greetings Delegates,

We welcome you all to Shishukunj MUN 2015!

Model United Nations is a highly professional experience; and dedicated and motivated minds of the generation take part in it to enhance their personalities. The goal of an MUN is to give creative solutions for an international issue from fresh point of view. MUNs help you be an internationalist.

This year, we have the pleasure of being the Executive Board of an unconventional committee: The Historic United States Senate. The US Senate mainly has representatives from all states and they discuss upon specific issues that are of utmost importance. The solutions that they come up with affect the whole of the nation.

In all the past MUNs, majority of us have always participated as delegates of different countries. This committee would help us gain an insight into how the parliament of other countries' function and the difficulties that they face. This is an opportunity for us to discuss one of the gravest economic crisis that whole of the world has ever faced but from different perspective. We will all be representatives of different parts of the United States, the country from where the Great Depression of 1929 started and shook the whole world. The committee goes back to the date 5th March, 1933, the first senate held after the Roosevelt government had been elected.

A lot many solutions have already been proposed and eventually we did overcome this crisis. The aim of this committee would be to think of solutions that had not been thought of at that time and see their feasibility. You all as delegates would have to go back in time and imagine yourself to be living in the era when this crisis happened.

We look forward to meet all you delegates and hope to come to a common consensus at the end of the conference.

Regards,

Executive Board

Historic United States Senate

Chairperson – Sonakshi Gupta

Vice-chairperson – Ishaan Nyati

Rapporteur – Shashwat Jain



About the Committee

The United States Senate is the upper legislative chamber in the federal government. It's also the most powerful body. Each state is granted two senators who represent the entire state; senators serve six-year terms and are popularly elected by their constituents.

The Senate's power derives from more than just its relatively exclusive membership; it also is granted specific powers in the Constitution. In addition to the many powers granted jointly to both houses of Congress, the Constitution enumerates the role of the upper body specifically in Article I, Section 3.

In this conference, the United States Senate is an unconventional committee and also goes back to the date 5th March, 1933 when the newly elected government held its first meeting in the state. Its delegates would represent President Roosevelt, Secretary of State, Secretary of Treasury, Secretary of Commerce, CEO of NYSE and the different states and the two parties i.e. The Republican and the Democratic Party.

Rules of Procedure

The Rules of Procedure would be followed according to the UNA-USA Procedure. There would only be few changes in the voting procedure.

Instead of the normal resolutions, declarations or reports, 'Bill' is drafted in the committee.

For all normal procedural votes, the delegates have to vote in 'ayes' and 'nays' along with raising the placard. And during voting of the bill, roll call vote would be held. The delegates have to reply with Aye, Nay or Abstain. 2/3rd majority would be needed to pass the bill and the amendments would include 'Addition Amendment', 'Modification Amendments', and 'Deletion Amendment'.

The delegates can refer to unausa.org for further details about the procedure.

Introduction

In 1929, the United States of America had been hit hard by an economic depression that spread from one nation to all the nations around the world.

There have been many solutions proposed that could help in overcoming this crisis but were unfortunately unsuccessful. It's the year, 1933 and the new Roosevelt government has been elected and the Democratic Party is powered by a high majority.



People have a lot of expectations from President Franklin D. Roosevelt to come up with solutions that would pull the nation out of this shaking crisis and restore the life of the children, women, farmers and middle-class section.

The President calls upon the Senate to properly analyze the mistakes, prepare

reports on the situation of the people of different sections and finally find solutions that would definitely help the country but also ultimately help benefit the world at a global level.

Causes

Stock Market Crash

In the first half of the twentieth century, the American companies were doing excellent business exporting to Europe. Unemployment was low and automobiles were spreading across the country, creating jobs and efficiencies for the economy.

But the American economy's entrance into an ordinary recession during the summer of 1929 would turn into such a shaking depression was unexpected. As consumer spending dropped and unsold goods began to pile up, the production slowed down. At the same time, stock prices continued to rise, and by fall had reached levels that could not be justified by anticipated future earnings. On October 24, 1929, the stock market bubble finally burst, as investors began dumping shares en masse. A record of 12.9 million shares were traded that day, known as "Black Thursday."

Bank Failures and Panics

Since, many banks had invested their client's savings in the stock market, the crash, forced many of them to shut down. Seeing that many banks had been shut down, flared a panic across the country. The people started withdrawing their



savings, in fear of losing them. This led to more banks becoming targets of bankruptcy. And those people who were not able to recover their money also became bankrupt. Over 9000 banks had failed by 1930. Uninsured bank deposits made these banks unsure of their economic situation and concerned for their own survival which led to reluctance in granting loans to the people. The ultimate consequence was reduce in consumer expenditure and loss of economic confidence.

The simultaneous withdrawal from many banks led to widespread banking panic. The banks, which typically hold only a fraction of deposits as cash reserves, had to liquidate loans in order to raise the required cash. This process of hasty liquidation caused even the previously solvent banks to fail.

Dust Bowl

The severity of this depression that hit the United States had been the result of the incapability of the farmers to feed themselves. The Great Plains (Food Plains of America like Oklahoma, Texas, and Mississippi) had been hit hard with both drought and devastating dust storms and so it came to be known as the **Dust Bowl**.

Years and years of overgrazing combined with the effects of a drought caused the grass to disappear. With just topsoil exposed, high winds picked up the loose dirt and whirled it for miles. The dust storms destroyed everything in their paths, leaving farmers without their crops.

The most affected section were the small farmers. Even before the dust storms hit, the invention of the tractor drastically cut the need for manpower on farms. These small farmers were usually already in debt because they had to borrow money for seed and pay it back when their crops came in. When the dust storms damaged the crops, not only could the small farmers not feed himself and their families but also they could not pay back their debts. Banks would then foreclose

on the small farms and the farmer's family would be both homeless and unemployed. This also made many farmers illegible to pay taxes.

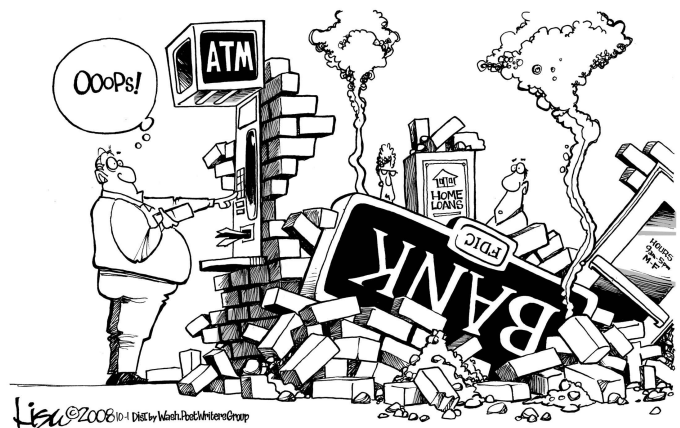
Table shows the sharp decline in the prices of various products from American farms

Agricultural product	1912-1913	1932-1933
Corn (per bushel)	0.56	0.20
Wheat (per bushel)	0.88	0.41
Oats (per bushel)	0.34	0.17
Butter (per lb)	0.21	0.13
Butterfat (per lb)	0.25	0.16
Wool (per lb)	0.24	0.10
Hogs (per cwt)	7.50	3.80
Milk (per cwt)	1.79	0.90

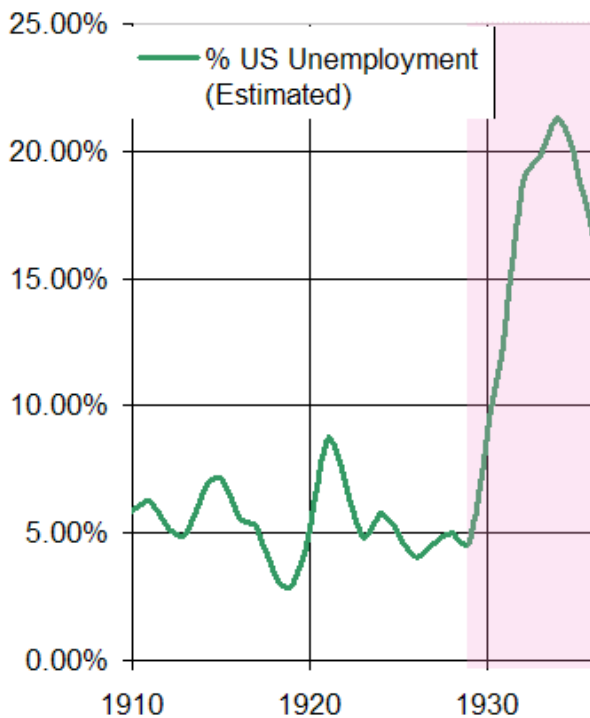
Federal Bank Mistakes

Experts report that some grave mistakes committed by The Federal Reserve of the United States of America incentivized the depression. It raised the interest rates to preserve the value of dollar which had been rapidly falling down. But this restricted the availability of money for businesses and thus leading to more bankruptcies. And thus money supply required for combatting deflation was also not available.

As aforementioned, there was a boom in durable consumer goods like vacuum cleaners, refrigerators, radios, automobiles and farm equipment. Most Americans did not have the available cash to pay for the products, so banks and businesses decided to offer what became known as credit.



But the problem arises when Americans could not afford the credit payments and defaulted on loans and installment plans. Over time, banks and businesses lost a substantial amount of money, which in turn helped contribute to the market difficulties. This situation became worse in 1931, when the Federal Reserve decided to curtail credit.



Impact in the United States

Unemployment

By 1932 United States industrial output had been cut in half. One fourth of the labor force--about 15 million people--was out of work, and there was no such thing as unemployment insurance. Hourly wages had dropped by about 50 percent. Hundreds of banks had failed. Prices for agricultural products dropped to their lowest level since the Civil War. There were more than 90,000 businesses that failed completely.

Impacts on Thinking

This depression had a drastic effect on the economic thinking of the people. Because many economists and others blamed the depression on inadequate demand, a view had developed that government could and should stabilise demand to prevent future depressions.

Socio-Economic Impacts on Different Sections

Children



Children had to deal with changes in their education if they could attend school. During this time many children were deprived of an education because many communities had to close their schools down during the 1932-1933 term because of a lack of money. Some children were lucky enough to be in schools where the teachers did not care that they were going to be paid next to nothing and continued

educating. Children also greatly suffered from malnutrition. Children in rural areas were even worse off. Dietary diseases were rampant because adequate food such as milk, fruit, fresh vegetables, and eggs could not be bought with the family's low income. The death rate for children suffering from undernourishment was on the rise because children were losing their stamina and were unable to fight off disease.

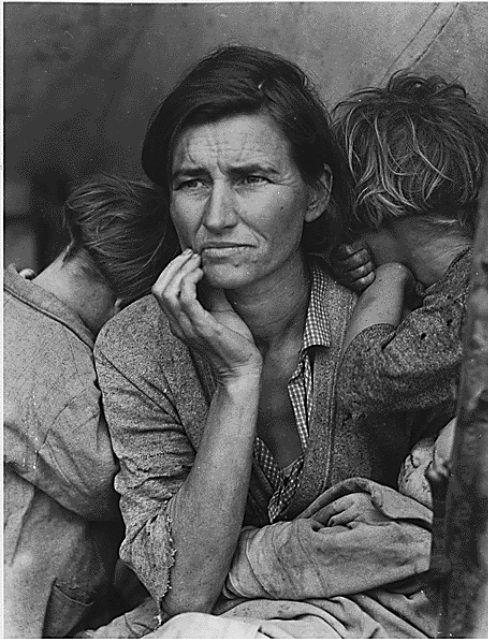
Many teenagers of this period were known for "riding the rails." Teenagers who felt that they were a burden to their families or were ashamed of their unemployment and poverty felt the need to leave their homes to find a life of their own. They wanted to take the adventure of living on their own and trying to find a better life. During the height of the Depression, 250,000 teenagers were roaming around America by freight trains. Some people admired these teenagers for their spirit while others feared them as potentially dangerous. About eighty-five percent of these teenagers were in search of employment.

Farmers

Farmers found themselves in a very desperate situation during the Great Depression. In the decade prior to this period, farmers were already losing money because of greater industrialisation in cities. For them, the Great Depression just made worse an already dismal situation. Many of these farmers were renting their land and their machinery because of the loss of money in the 20s. At the beginning of the depression, prices on food that the farmers produced deflated so much that the farmers were unable to make a profit off of their land. As a



consequence of this, they refused to sell what they produced. If they lived in the middle portion of the country, known at this time as the Dust Bowl, they were also experiencing drought starting around 1932. They could no longer make money off of what they land provided. Usually it was barely enough to maintain their families. As the farmers grew deeper into debt and could no longer make payments on their land and machinery, the banks where they loaned money from foreclosed on their land. Some of these displaced farmers hoped to move West to find better land to farm and better opportunities for themselves and their families.



Women

The main role of women during the Great Depression was that of the homemaker. Though some women had gone through college and, like their male counterparts, were having a difficult time of finding employment. Those with families had the task of keeping their family together when the principal moneymaker of the family was out for work. These women had to be creative with what they had. They obviously could not create elaborate meals for their families, but they made do with what they had. Some women joined the work force and would do jobs that men previously had held. These women

worked as hard as they could to support their families during this difficult time.

Other Impacts

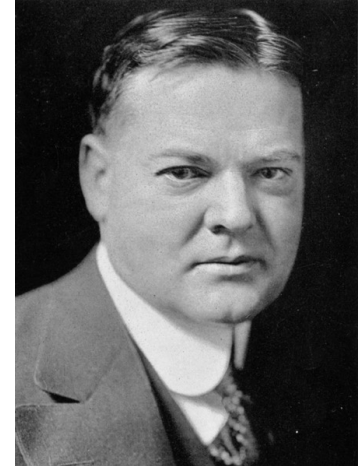
The Great Depression brought a rapid rise in the **crime rate** as many unemployed workers resorted to petty theft to put food on the table. Suicide rates rose, as did reported cases of malnutrition. Prostitution was on the rise as desperate women sought ways to pay the bills. Health care in general was not a priority for many Americans, as visiting the doctor was reserved for only the direst of circumstances.

Mass Migrations reshaped the American mosaic. While many businesses perished during the Great Depression, others actually emerged stronger. And new forms of expression flourished in the culture of despair like movies, radios and form of music popularly known as 'The Blues'.

Policies Implemented by Herbert Hoover

The Great Depression had even led to a major political change. The entire government had changed from the government of the Republican Party to that of the Democratic Party. Herbert Hoover lost the elections in 1932 and President Franklin D. Roosevelt from the Democratic Party was elected as the President with great majority.

Some major policies undertaken by President Hoover were as follows-



1. President Hoover believed that too much intervention on the part of the federal government during the Depression would destroy American individuality and self-reliance and that public-private cooperation was the way to achieve high long-term growth.
2. Despite calls for greater government assistance, Hoover refused to fund welfare programs because he believed that such assistance projects would reduce the incentive to work.
3. In 1929, in an effort to reduce municipal aid services burdens and combat white American unemployment, Hoover instituted the Mexican Repatriation program. This resulted in the forced migration of over 500,000 Mexicans and Mexican Americans to Mexico.
4. The Smoot-Hawley Tariff raised the tariff on thousands of imported items as part of a failed effort to encourage the purchase and growth of American-made goods, raise federal revenue, and protect farmers.
5. *The Hoover Moratorium**, issued in 1931, called for a one-year halt in both reparation payments by Germany to France and the repayment of Allied War debts to the United States. This was met with much opposition in France and Britain and did little to ease economic declines.
6. The National Credit Corporation (NCC) received much support from Hoover as it was a voluntary affiliation of major private banks that loaned to smaller banks on the verge of collapse (often demanding large assets as collateral).

Hoover Moratorium- A public statement issued by U.S. President Herbert Hoover on June 20, 1931, which he hoped would ease the coming international economic crisis as well as provide time for recovery. Hoover's proposition was to put a one-year moratorium on payments of World War I and other war debt, postponing both the initial payments and the interest.



Smoot-Hawley Tariff- An act signed into law on June 17, 1930, that raised U.S. tariffs on over 20,000 imported goods to record levels.

Mexican Repatriation Program- A mass migration that took place between 1929 and 1939, when as many as 500,000 people of Mexican descent were forced or pressured to leave the U.S. The event, carried out by American authorities, took place without due process.

Global Impacts

The Great Depression had not only affected the United States of America but also

all the countries around the world. The affect at the global level was so drastic that it had shaken the whole world. International trade fell 30 percent as nations tried to protect their industries by raising tariffs on imported goods. "Beggars-thy-neighbor" trade policies were a major reason why the Depression persisted as long as it did. By 1932, an estimated 30 million people were unemployed around the world. Also, in contrast to the relatively brief economic "panics" of the past, the Great Depression dragged on with no end in sight. As the depression deepened, it had far-reaching political consequences. One response to the depression was military dictatorship--a response that could be found in Argentina and in many countries in Central America. Western industrialized countries cut back sharply on the purchase of raw materials and other commodities. The price of coffee, cotton, rubber, tin, and

Peak-to-trough decline in industrial production in various countries (Annual data)

Country	Decline (in percentage)
United States	46.8%
United Kingdom	16.2%
Germany	41.8%
France	31.3%
Italy	33.0%
Japan	8.5%
Canada	42.4%
Belgium	30.6%
Netherlands	37.4%
Sweden	10.3%
Denmark	16.5%
Poland	46.6%
Czechoslovakia	40.4%
Argentina	17.0%
Brazil	7.0%



other commodities dropped by 40 percent. The collapse in raw material and agricultural commodity prices led to social unrest, resulting in the rise of military dictatorships that promised to maintain order.

A second response to the Depression was fascism and militarism--a response found in Germany, Italy, and Japan. In Germany, Adolf Hitler and his Nazi Party promised to restore the country's economy and to rebuild its military. After becoming chancellor in 1932, Hitler outlawed labor unions and restructured German industry into a series of cartels. In Italy, fascism arose even before the Depression's onset under the leadership of Italian dictator Benito Mussolini. In Japan, militarists seized control of the government during the 1930s.

A final response to the Depression was welfare capitalism, which could be found in countries including Canada, Great Britain, and France. Under welfare capitalism, government assumed ultimate responsibility for promoting a reasonably fair distribution of wealth and power and for providing security against the risks of bankruptcy, unemployment, and destitution.

Proposed Solutions

Here are some solutions in their abstract form. The delegates are expected to come up with solutions other than these as well. These are not to be taken as the only solution possible.

1. The farmers can be paid to take fields out of production to stop over-production and to drive up the prices.
2. Steps should be taken to increase government reserves by stopping people and banks from owning gold and returning all of it to the government. Also the price of gold could be increased which would stop people from hoarding or saving.
3. Provide employment to the middle-class men and set hours and conditions of work along with fixed minimum wage for their welfare.
4. Loans should be provided to the displaced people to buy houses and reduce excessive rents.
5. Help should be given to people with physical disabilities and children in need. Also women should be given vocational training and be encouraged to work and attend colleges.

Questions to be addressed in the Committee



1. Where did the previous policies implemented by President Herbert Hoover go wrong?
2. How can the lives of the farmers in the drought region be improvised?
3. What policies should be implemented by the government to overcome the crisis of unemployment?
4. How can the nation help the other nations affected by this crisis?
5. What policies should be implemented to provide education to the students?
6. How can the role of women be increased in overcoming this crisis?
7. What role should the Federal Reserve play?
8. Should stock market speculation be legalised?

Delegate Matrix

The committee is basically divided into two parties i.e. The Democratic Party and The Republican party, along with some special delegates.

Special Delegates

1. The President of the United States of America (Franklin D. Roosevelt)
2. Secretary of State (Cordell Hull)
3. Secretary of Treasury (William H. Woodin)
4. Secretary of Commerce (Daniel C. Roper)

Observer Delegate

1. CEO of New York Stock Exchange

Democratic Senators

Florida	New York	Indiana	California
Nevada	Virginia	Georgia	Kansas
North Carolina	Louisiana	Arizona	Tennessee
Kentucky	Texas	New Hampshire	Oklahoma
Colorado	Mississippi	Massachusetts	South Carolina
Illinois	Connecticut		



Republican Senators

New Jersey	Michigan	Pennsylvania	Minnesota
South Dakota	Delaware	Washington	Nebraska
Rhode Island	North Dakota	Utah	Vermont
Wyoming			

Expectations

As the committee is set in 1933, no acts, solutions or events would be applicable beyond 5th March, 1933. Only the solutions that are proposed in the New Deal by President Roosevelt shouldn't be proposed in the committee. It's expected of the delegates to come up with creative solutions for the benefit of United States of America first and then the rest of the world. The Bills drafted should be comprehensive enough and cover all points. The delegates should be well researched and stick to their party policies.

The delegates are not required to submit the position papers as very few of them will have individual stand. Majority of them have stands according to the party they belong to. As this committee is unconventional, it can be intimidating, but together it can be made into a successful committee and can fun as well. But for that active participation by all delegates is necessary.

The delegates should feel free to approach the executive board at huss@shishukunmun.com .

Further Research Links

Wall Street Crash of 1929 and its aftermath

<http://www.historylearningsite.co.uk/modern-world-history-1918-to-1980/america-1918-1939/wall-street-crash-of-1929-and-its-aftermath/>

Great Depression

<http://www.britannica.com/event/Great-Depression>

President Herbert Hoover and the Great Depression

<http://study.com/academy/lesson/president-herbert-hoover-and-the-great-depression.html>



Global Impact 1929-1939

<http://www.encyclopedia.com/article-1G2-3424800042/global-impact-1929-1939.html>

Review: What the Great Depression taught the Fed

<http://blogs.reuters.com/breakingviews/2015/01/30/review-what-the-great-depression-taught-the-fed/>

The delegates are required to research on individual states as well and how their people were affected by this depression.

Bibliography

The Great Depression of 1929: Cause and How It Ended

http://useconomy.about.com/od/grossdomesticproduct/p/1929_Depression.htm

The Great Depression and the New Deal

https://web.stanford.edu/class/e297c/poverty_prejudice/soc_sec/hgreat.htm

The Great Depression of the 1930s and Its Origins

<http://www.sjsu.edu/faculty/watkins/dep1929.htm>

The Great depression: The Wall Street Crash of 1929 and Other Causes

<http://study.com/academy/lesson/the-great-depression-the-wall-street-crash-of-1929-and-other-causes.html>

America During the Great Depression: The Dust Bowl, Unemployment & Cultural Issues <http://study.com/academy/lesson/america-during-the-great-depression-the-dust-bowl-unemployment-cultural-issues.html>

The Great Depression <http://www.ushistory.org/us/48a.asp>

What caused the stock market crash of 1929 that preceded The Great Depression?

<http://www.investopedia.com/ask/answers/042115/what-caused-stock-market-crash-1929-preceded-great-depression.asp>

President Herbert Hoover and the Great Depression

<http://study.com/academy/lesson/president-herbert-hoover-and-the-great-depression.html>



Wall Street Crash of 1929 and its aftermath

<http://www.historylearningsite.co.uk/modern-world-history-1918-to-1980/america-1918-1939/wall-street-crash-of-1929-and-its-aftermath/>

Economic Essays: Causes of Great Depression

<http://econ.economicshelp.org/2008/10/causes-of-great-depression.html>

Everyday Life during the Depression

http://depts.washington.edu/depress/everyday_life.shtml

Global Impact 1929-1939

<http://www.encyclopedia.com/article-1G2-3424800042/global-impact-1929-1939.html>

Great Depression - 20th Century history

<http://history1900s.about.com/od/1930s/p/greatdepression.htm>

Great Depression

<http://www.britannica.com/event/Great-Depression>

Top 5 Cause of the Great Depression

<http://americanhistory.about.com/od/greatdepression/tp/greatdepression.htm>

The Great Depression: The Concise Encyclopedia of Economics

<http://www.econlib.org/library/Enc/GreatDepression.html>

Life During the Great Depression

<http://academic.mu.edu/meissnerd/depression.htm>

Labour Busted, Rising Inequality and The Financial Crisis of 1929: An Unlearned Lesson -

Jon D. Wisman

<https://www.american.edu/cas/economics/research/upload/2013-7.pdf>

Review: What the Great Depression taught the Fed

<http://blogs.reuters.com/breakingviews/2015/01/30/review-what-the-great-depression-taught-the-fed/>

Great Depression (1930's) News - The New York Times

http://topics.nytimes.com/top/reference/timestopics/subjects/g/great_depression_1930s/index.html

