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## The Factors Of The End Of The Great Depression

The Great Depression had a devastating impact on the nation, spreading across the countryside and bringing hardship to big cities and small towns. No social, racial, or economic class was excluded. At the depth of the depression, in 1933: 13 million people were unemployed, 50% percent of the banks had foreclosed, national income fell by 42% and one million people were homeless. What ended this dreadful crisis? One prominent radio talk show host often makes the following statement “Franklin Delano Roosevelt’s New Deal did not bring about an end to the Great Depression. The only thing that got us out of the depression was the Second World War. Without the Second World War and its war-related spending to rescue our economy, the depression would have continued. The New Deal was a misconceived effort. It did not put people back to work, and therefore was a waste of money and an abject failure. I would like to rebuttal this statement by pointing out that the New Deal was not an abject failure. World War Two definitely was not the cause that ended the Great Depression. The actually reason could be boiled down to massive spending that ended the Great Depression.

Was the New Deal an abject failure? Once sworn into office, Franklin D. Roosevelt’s New Deal was the way he tackled this huge monumental task of the Great Depression. The New Deal created dozens of agencies to help the people and the economy. The National Recovery Administration and Public Works Administration were created to help industries, labor, and the unemployed. The Unemployment Relief Act created The Civilian Conservation Corps which hired many uniformed young men to do public works such as firefighting and reforestation. The Agriculture Adjustment Act also helped to solve overproduction of crops. The Tennessee Valley Authority was created to build dams and power plants and in many other ways salvage a vast impoverished region. This agency was heavily criticized, although it did provide jobs for the unemployed and it did supply cheap source of electricity to an area. The New Deal shifted more toward reform in 1935-1936. During this time, New Deal measures included Social Security Act, National Housing Act which created the Federal Housing Administration, and Works Progress Administration. The WPA employed an annual average of 2,100,000 workers, including artists and writers, who built or improved schools, hospitals, airports, and other facilities by the tens of thousands. With all these agencies creating jobs and relieving people by the millions, one would find it an impossible task to say that The New Deal was an abject failure. In fact, Roosevelt’s death in the last year of the war prevented him from unveiling his New Deal revival but it was so popular that even President Harry Truman was on board for most of the new reforms proposed. In the months after the end of the war Truman gave major speeches showcasing the New Deal. He also endorsed a national health care program and a federal housing program. Though dead his legacy was still impactful, Lyndon B Johnson’s declaration of war on poverty was based on Roosevelt’s New Deal. In his time he was able to get Medicare for the old, educational

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assistance for the young, tax rebates for business, a higher minimum wage for labor, food for the hungry, housing for the homeless, poverty grants for the poor and so on. Roosevelt restored hope to the American people when they had fallen into the abyss of despair because of a seemingly endless depression. For this very reason that the people loved Franklin D. Roosevelt.

The view that the Second World War is responsible for ending the Great Depression has met growing cynicism among economic historians, thanks in no small part to the work of Robert Higgs. Higgs once said "Conflict is sometimes necessary, but we should recognize what wartime expenditures represent: destruction of life and resources. If a depression constitutes a widespread reduction in living standards, then the Great Depression cannot have ended during the war. Wartime prosperity is an illusion especially in this case due to the fact a diversion of production was geared towards the war effort and away from civilian uses. A military draft that helped commandeer the labor of 12 million men below market wages also brought low unemployment rate but at a cost of lives. Higgs also argued that the war was a period of capital consumption rather than capital accumulation. Tanks, bombs, and helicopters have limited uses outside of military applications. The labor that was used to produce them was not available to produce consumer goods and services; in fact, people went without consumer goods. The warships at the bottom of the world's oceans represented lost opportunities. The private economy didn't fully recover from the Depression until after the war.

What ended the Great Depression boils down to massive spending by the Federal government? World War Two was an event. An event that gave the Federal government more of an incentive to expend massive amounts of dollars. By 1937 an economic recovery seemed to be in full order, giving policy makers every reason to believe the economy was strong enough to withdraw government spending. The federal debt had risen to 40 percent of gross domestic product in 1936 and faced with a barrage of calls from both Republicans and members of his own party to balance the federal budget, President Franklin D. Roosevelt and Congress raised income taxes and cutback federal spending in an effort to balance the federal budget. Income tax revenue grew by 66 percent between 1936 and 1937. It is my utmost belief that if the government had continued to spend the same amount of money it had previously spent then The Great Depression would have ceased to exist. World War Two did not end the Great Depression and neither should any war be a measure to end an economic crisis. The fact, is that during the war, Americans spend a total of 180 dollars on war bonds. War bonds that were bought on forced savings because there wasn't much to buy. If the war had never commenced, surely Americans could have spent that money somewhere else like automobiles, appliances and etc. That same amount of spending by the private sector would have ended the depression alone.

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