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Global Collapse and the Decline of the United States: From the Great Depression to the 2030's

In the continuously researched world of macroeconomics, two groups of cycles have been thought to be the key to understanding where the nation at large is going. These two groups of cycles are the business cycles and the political cycles. These business cycles are responsible for many different recessions and depressions throughout the United States' history, and the political cycles are responsible for creating a shift in political ideologies from left-wing to right-wing and back every 25 years (Amos 2016). Ultimately, these cycles will be fully complete every four generations (about 100 years), and they will begin a new set of cycles that appear to mimic the old ones (Amos 2016). This mimicking effect is caused by similar timing and aligning of the two different century-long cycles and the rising of new government powers due to these changing political ideologies (Amos 2016). With all of this in mind, it becomes a simple matter to compare current economic and political situations, such as the rising of socialist ideologies seen in current years and the rise of such political candidates as the left-wing Bernie Sanders, to events that occurred one hundred years ago in order to see where the nation is headed. One hundred years ago, socialism was a hot topic in the country as many admitted socialists and communists came to the forefront in the media and economic collapse was just on the horizon, unbeknownst to many (Shmoop Editorial Team 2008). Looking at this data, many economists believe that economic collapse is coming, preceded by many years of prosperity as seen in the 1920's. For this reason, it is important to study the Great Depression and the years that led up to it in order to understand just how close the next collapse is, and how the nation will overcome it.

When it comes to the political cycles' effect in present day United States, there are few topics more interesting than that of presidential candidates Bernie Sanders and Donald Trump. While Bernie Sanders appears to be a sort of forerunner for the economic policies and ideas that may be coming in the future, Donald Trump seems to be something a little different. A republican, Trump appears to speak his mind in an honest and open way, which *The Atlantic* calls populism in the way that he tries to speak for the people rather than simply saying whatever is necessary in order to get elected (Horn 2016). In this way, though he is called a moderate by many, he represents the transparent politician that many conservatives and even some democrats want to see in their government. To various people, including the European nations, people like Trump represent a new global surge in nationalism, especially since his policies include ideas such as building a wall in order to keep United States' jobs away from illegal immigrants (Horn 2016). His own slogan, "Make America Great Again" shows his nationalistic stance. Nationalism such as this was seen in the years leading up to the Great Depression, when there were many nationalists with viewpoints like Trump's that helped to pave the way for economic catastrophe, chief among them being Calvin Coolidge and Herbert Hoover.

In an effort to encourage investment and stimulate the economy, both Coolidge and Hoover did their best to keep a laissez faire government (Sennholz 1969). For about one hundred years leading up to their presidencies, the government created more money every so often in order to stimulate consumerism and investment within the economy, which created economic booms (Sennholz 1969). This policy began in 1819, with a brief recession following every artificial boom that was created (Sennholz 1969). By the time Coolidge came into office, this method of policy had already worked on six different occasions, thus furthering the popular belief that government must stay out of the economy unless they want to stimulate buying and that investing would solve all economic problems (Sennholz 1969). This created a sort of false nationalism within the economy that every man could fight for himself and that competition and opportunity was all that was needed in order to have a functioning economy

(Sennholz 1969). This false nationalism would ultimately become one of the largest factors in creating the Great Depression (Sennholz 1969). Stemming from this idea, banks started lending mass amounts of money as the stock prices quadrupled in value (Historic Patterson 2006). No one seemed to believe that this period of mass profit would ever end, leading them to buy on credit and pull out loans in order to make what seemed like assured profit (Historic Patterson 2006).

The interesting idea that can be found in this is that the motto “Make America Great” could have easily been the motto of Hoover and Coolidge. In many ways, these men’s economic philosophy seems to parallel Trump’s. For another example, Trump wants to build a wall around the southern border of the United States in order to stop illegal immigration, therefore ensuring jobs within the economy. Likewise, in 1930, Herbert Hoover, in an attempt to encourage citizens to only buy goods that were made within the American economy, set up tariffs under the Hawley-Smoot act of 1930 (Sennholz 1969). With Hoover’s tariffs being cited by many economists as the act that made the Great Depression inevitable, it becomes clear as to why many economists are looking into Trump’s wall and finding the idea to be problematic. Both the Hawley-Smoot Act and the wall are known among economists for taking a vastly interconnected economy and severing its ties to other countries, therefore decreasing the amount of benefit received from these international relations (Ewing 2016). Some are quick to point out that Mexico is already frustrated at the very prospect of the wall, and that 20% of jobs in the U.S. rely on open trade with Mexico (Ewing 2016). Along with this, the United States earns about one billion dollars every day that they trade with Mexico (Ewing 2016). In the same way that Herbert Hoover tried to oversimplify the way that the economy and economic relations work, it appears that Donald Trump is making the exact same mistake.

Another parallel from the political and economic cycles of the early 1900’s and the early 2000’s is the running of Bernie Sanders, who, though he is not quite as easily compared to many who came before the Great Depression, his ideas and philosophies appear to line up with both early progressives

and politicians such as Huey Long. It is well known that Bernie Sanders speaks for lower and middle class America, citing statistics such as the fact that the differences in income are just as polarized now as they were in the 1920's leading in to the Great Depression, and that, if the income of one tenth of a percent of the citizens that earn the highest incomes in the economy were pooled together, they would earn as much money as the lowest ninety percent of American earners (bernieanders.com). With statistics such as these in hand, Sanders attempts to use large government power to stand up to large corporations and billionaires, constructing his arguments to appeal to middle class and poor people (bernieanders.com). He wants to raise taxes on the top 0.3% of Americans in order to shorten the gap in the amount of money made by different income groups and raise the minimum wage to fifteen dollars in an attempt to increase the overall standard of living across the country (bernieanders.com).

While many may argue that some of his ideas are impractical, the early 1900's saw a progressive movement that also sought to limit the power of large corporations and political machines, such as those created by Andrew Carnegie and other such businessmen (Link 836). The Progressive and other such movements that occurred in the early 1900's were a direct effect of the American Industrial Revolution, which occurred from about 1870 to 1918 and is paralleled by today's technological revolution (The USAonline.com). During this time, the nation was learning to mass produce goods through industrialization and to ship goods across the country using the railroad system, which became more interconnected and more expansive as the Industrial Revolution continued (The USAonline.com). While this movement was led by many wealthy citizens, it was mostly made up of middle class people who were trying to bring more economic opportunity into light so that smaller businesses would be protected by the government (Link 836). The goal of these various movements was to reduce inequality throughout the nation by increasing the size of the government and implementing regulations on monopolies and railroads so that the power of businesses could be reduced (Link 836). Some of the movements that were championed in this time are the movement for women's rights, the movement

for cleaner and safer working conditions, and the movement for labor unions and the increase in minimum wage (The USAonline.com). Strikes for equality became a popular way to draw attention to an issue, and many occurred in order to show the nation that regulations were needed (The USAonline.com).

In many ways, this has not changed. In the present day United States, many movements have occurred in recent years that seem to mimic these older ones. Among them are movements for women's rights, movements for women to be paid more, movements for minority rights (such Hands Up, Don't Shoot and Black Lives Matter), movements for Gay rights, movements for a higher minimum wage, and for the redistribution of wealth. Many of these movements have been influenced greatly by the internet and other such technological innovations that have been invented, improved upon, and produced in the technological revolution that has been occurring for many years. Interestingly enough, many of these movements are also the basis on which Bernie Sanders creates his platform, just like Theodore Roosevelt, William Howard Taft, and Woodrow Wilson did in the early 1900's (The USAonline.com). For instance, Sanders plans on reducing the wage gap between men and women in order to promote equality (berniesanders.com). Furthermore, Sanders wants to give Americans free healthcare, improve Social Security, promote paid vacation for workers, make unionizing easier, and enact better programs and legislation on education so that the country can be more fully prepared for the future and receive better education regardless of family income (berniesanders.com). In this way, Sanders seems to represent the movements and strikes that occur during the tail end of the political cycles when the overall preference of political parties is about to change. Sanders and the different people who are promoting these movements and the early progressives alike, appear to be forerunners for the one hundred year repeat of the political cycles. Every one hundred years, the progressives seem to reemerge, slowly die out, and then reemerge after the depression starts to try to fix the instability in the economy through various programs.

One of the primary people who created programs in order to help the economy and coerce the economy back to its normal state was President Franklin Delano Roosevelt. One of the more interesting facts about the correlation between Bernie Sanders and Roosevelt is that they have attempted to work with the same programs in order to fix the economy. For instance, Roosevelt readjusted the economy by changing the way that businesses, workers, and consumer goods were run, such as changing the pricing and costs associated with each (Sennholz 1969). In doing this, he raised the minimum wage to fifteen dollars in some areas, just as Sanders wants to do (Sennholz 1969). Unfortunately, this only furthered the depression and made unemployment rise (Sennholz 1969). Furthermore, Roosevelt encouraged unions so that business owners and workers alike could have the opportunity to negotiate working conditions, benefits, and wages (Sennholz 1969). Sanders' ideas seem to mimic Roosevelt's in the way that he wants more unions in the workplace so that negotiation can be possible.

Roosevelt was not the only person who advocated pushing programs in order to combat the economic crisis, either. As a matter of fact, there were many programs that other people within the government or the nation created that Roosevelt adapted in order to make them more plausible and, therefore, more effective (Shmoop Editorial Team 2008). One of these men is Huey P. Long, a senator of Louisiana who almost ran against Roosevelt in the presidential election of 1936 (Shmoop Editorial Team 2008). Long was famous for his "Share the Wealth" programs, in which he advocated capping citizen's wealth to a couple of million dollars and taking the money from those who have money that is above the cap to redistribute to common, everyday citizens that were struggling (Shmoop Editorial Team 2008). In the same way, Sanders and his supporters stand against "corporate greed", suggesting that some individuals earn too much money, thus furthering the divisions in wage distribution between high income earners and others. Like Sanders, there were arguments across the country that Long's program may not be practical, but, by many, the program was accepted as a good way to treat the depression

(Shmoop Editorial Team 2008). After Long was assassinated in 1935, Roosevelt adapted the program by increasing taxes on the wealthy by seventy nine percent (Shmoop Editorial Team 2008).

Another program that both Roosevelt and Sanders have planned or plan on tweaking is Social Security, which was created in the mind of Francis Townsend in order to encourage workers to leave the job market and give them incentive to stimulate the economy by spending more money (Shmoop Editorial Team 2008). Ideally, this plan would increase the amount of jobs available to younger and middle aged workers and give older citizens the ability to purchase more goods, which, in turn, would create a higher demand for workers in different industries and increase the likelihood that wages would rise due to a greater value and need for workers (Shmoop Editorial Team 2008). Each month, every citizen over the age of sixty would receive two hundred dollars from the government these citizens would spend all of the money that the government gave them so that the money would have the largest effect on businesses possible (Shmoop Editorial Team 2008). The problem with this came from the fact that the government would have to spend half of its money on these elderly people so that they could have the amount of spending power necessary to see this plan through (Shmoop Editorial Team 2008). Instead of using this plan, Roosevelt appealed to the same age group with the newly formed Social Security program, in which he gave about twenty dollars to every person over the age of sixty every month in the hopes that he could create the same effect that Townsend's program would have, even though the amount of money was reduced in order to be more affordable to the government (Shmoop 2008).

Throughout the years, Social Security has been the topic of debate, as people try to understand what has become known as a "broken system" and try to find how they can fix it. Because of its notoriety, many politicians these days are making a stand to "fix" this program, and even using it as a platform so that they can run. Due to the fact that most of the registered voters are older, retired people, taking a stand on social security can be a great way to attract voters, but it is also about time to

re-tweak the old programs, since the next democratic cycle is just on the horizon and the polarization of the republican party is already underway. As a matter of fact, both Sanders and Trump are taking a stand on social security in their political campaigns. Sanders is attempting to give more money to the social security program by taking more money away from the wealthy, and even the wealthy seniors, in order to maximize the benefit to senior citizens (berniesanders.com). Interesting enough, Trump seems to support this idea, but he is more biased towards strengthening the overall economy in order to finish all of the United States's financial difficulties (On the Issues). His main idea on this is that the baby boomer generation is either retiring or about to retire, and the only way to support these seventy million people is to retain a productive economy (On the Issues). Trump has some ideas that are more controversial because he believes that they will strengthen the economy, and, therefore, the social programs (On the Issues). For instance, at times in his life Trump has shown support for the privatization of social security, which he believes will lead to more money for the people who are retiring and more jobs for the businesses that will be taking care of citizens' retirement (On the Issues). In this way, he believes that buying into the economy and its businesses, even with certain social programs, could improve the overall quality of life for many Americans.

For many Democrats today, being a socialist has become a more common trend. Many admitted socialists are coming to the forefront in mainstream media today, usually championing Bernie Sanders (Foster 2016). Sanders, a democratic socialist himself, is very vocal about his socialism, as if he is trying to use it as another platform on which to run (Foster 2016). This socialist trend seems to be especially prevalent among the younger generations under the age of thirty years old, which can be seen just by polls alone (Foster 2016). According to a *Washington Post* article by John Bellamy Foster, Sanders "has also obtained more votes from those under age 30 than Clinton and Trump combined..." (Foster 2016). The same article then suggests that this trend could continue into the later years as these young people get older and become government authorities or become more prevalent in the political process in

other ways, such as becoming activists or raising children to be socialists, too (Foster 2016). The interesting part is, this is not the first time in history that such a trend has occurred, though, one hundred years ago, communism was at the forefront of the media (Shmoop Editorial Team 2008).

Communism appears to have had an effect on the history and politics leading up to the Great Depression, even though there were not many communist people in the country (Shmoop Editorial Team 2008). The reason that they received so much attention was that people were worried about a communist revolution overtaking democracy even as the depression raged on, so the communists in the country were watched closely, though some of their ideas appear to have been adopted into the political ideology of the time in the form of socialism (Shmoop Editorial Team 2008). The socialists believed in a less extreme form of communism, which is why they were easily overshadowed by the communists. There were some, however, that still held important positions within the political realm. Part of this is due to the fact that even those who were not socialists were advocating for drastic solutions to their drastic situation, so the idea of allowing socialists in the government did not seem to be an issue (Shmoop Editorial Team 2008). For instance, Franklin Delano Roosevelt was an admitted socialist who used his party's ideologies in order to create programs to help the American people, much like Sanders is attempting to do (Historic Patterson 2015). There are many experts who still argue that the business cycles would have fixed the issue, and that the country did not need to accept socialist ideologies in order to improve the economy (Historic Patterson 2015). Roosevelt's policies still appear, at least, to have helped the economy recover to some degree, even if it took a longer time for it to happen (Historic Patterson 2015). Furthermore, these policies helped to regulate the different financial industries within the economy, ensuring that they work more efficiently and that they are more accurate at achieving their end goals (Historic Patterson 2015). Like Roosevelt, Sanders would also like to regulate the economy through socialist ideology in order to make the country's programs work more

efficiently. In this, he hopes to achieve the same end result that Roosevelt was trying to achieve, which is strengthening the economy and streamlining various economic processes.

One of the last, but possibly more important aspects regarding the similarities between present-day United States and the United States of one hundred years ago is the vast increase in capital goods that stimulate the economy and mark some sort of revolution in the workplace and in the standard of living of a country. One hundred years ago, people were learning how to manufacture different goods more efficiently and at higher speeds, and, at the same time, they were raising the productivity of workers by increasing the capital/ labor ratio (Gale Encyclopedia of E-Commerce). In the same way, capital is being increased at a rapid speed today as electronic capital goods appear to be raising the quality of life and increasing the capital of workers across the country in what has become known as the Information Revolution, or the Information Age (Gale Encyclopedia of E-Commerce). With both of these revolutions, different regions of the country and the world have become easier to access, whether through trains or computers, which gives corporations an edge as they expand and influence other areas (Gale Encyclopedia of E-Commerce). With this in mind, it has become easier to operate large businesses and to travel long distances to work, which could, in theory, increase income inequality and lead to completely different labor conditions as these revolutions revolutionize both the businesses and the workforce (Gale Encyclopedia of E-Commerce). In this way, the Information Revolution could be a result in the changing of business cycles, which may set the stage for a new depression, just as the Industrial Revolution appeared to do. In a time when a man or a woman can switch genders and politicians can capitalize on it, it may be that the tension mounting between the two parties could be in some way due to tension caused by the rise in technology and the attempt at understanding what to do with it, as was seen in the early 1900's. This tension may even continue as economic growth is achieved until around the 2030's, with a possible economic boom caused by the Information Revolution leading up to the next

large scale depression. This provides evidence for the idea that the current economic and political ideologies of the present day are caused by fluctuations within the economic and political cycles.

In conclusion, there are many similarities between the pre- Great Depression United States and the current condition of the United States. With progressive movements, isolationist ideas, revolutions of capital goods that change society as a whole, and booms and depressions lining up every century, it appears that the upcoming generations will repeat the successes and mistakes that were made one hundred years ago. It also appears that a large depression is coming soon, which will be followed by a vast restructuring of the economy and the use of liberal policies for about twenty five years, when republican policies will once again be prominent in the government and amongst the people. Ultimately, the economy will likely be fixed and in no need of restructuring for another hundred years.

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