



LESSONS FROM THE GREAT DEPRESSION FOR INDIA

Introduction

The Great Depression, which gripped the United States (US) in the 1930s, is being discussed in the context of the economic aftermath of Covid-19.

The economic downturn began in the US around the end of 1929, with a sharp dip in production and GDP, and a sharp increase in unemployment. Production also dropped significantly in other industrialised countries of Europe.

How did the U.S. come out of the Great Depression?

- In 1933, one-fourth of the workforce was unemployed.
- The then president of U.S. Franklin. D. Roosevelt took several hard decisions to stabilise agriculture production and improve the quality of life for farmers.
- By forming the Tennessee Valley Authority, Roosevelt began the construction of dams and power stations.
- He took measures to control floods — a common occurrence at that time.
- In 1935, he instituted the social security Act which guaranteed pensions.
- The federal government took on the responsibility to ensure meals for children of the unemployed.
- Under the head of public work administration, his government provided direct financial assistance to at least three million people.
- The taxes on the rich was increased to fund all of this.

Indians outside India

- India has the largest pool of graduates in the world. Yet, talented young men and women who have gone from India to different countries have contributed immensely by sheer intelligence and hard work, leaving India with a massive “brain drain”.
- Due to the present pressure to return in relation to economic setbacks as a result of the



pandemic, India needs to ensure that these valuable resources are used to enhance domestic productivity.

- Young people with bright minds returning from foreign can help the recovery and carry on the baton in different sectors.

Thinking About the Long-Term

- For now, India has used the Mahatma Gandhi National Employment Guarantee Scheme to help those without work, provided funds for industries that were struggling etc., but it is also the time to think about the long-term plans.
- We have to leverage our resources – For Instance, India is the largest producer of cotton — our global share is 23%, however, we are not yet central to global brands.
- The country is filled with opportunities in both rural and urban areas. Health, tourism and digital technology are a few sectors that have enormous potential that needs to be realised.

-Source: Hindustan Times