



POSIMUN 2026

CRISIS COMMITTEE

**Addressing the consequences of the 1929 Great Depression: Economic
Collapse, Political Instability, and Social Unrest.**

CHAIRS

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1. COMMITTEE DESCRIPTION

1.1 WHAT IS A CRISIS COMMITTEE?

Unlike regular United Nations simulations, where delegates know exactly what they will discuss for the entire conference, the Crisis Committee has no fixed agenda. The debate is driven by ‘Crisis Updates’, which are emergencies created as a consequence of a broader context, the Great Depression. Representing real-life authorities from 1930 with different roles, delegates’ main objective is to react quickly to the economic collapse, protect their own interests, and work with (or against) other delegates to shape resolutions.

1.2. PARLIAMENTARY PROCEDURE

While we still use standard MUN procedures (e.g., Moderated and Unmoderated Caucuses) to structure the discussion, the manner in which delegates take action is markedly different. Instead of spending days drafting a single Final Resolution, the committee addresses problems by issuing Public Directives.

1.2.1. What is a Directive?

A Directive is a concise, numbered action plan that serves as the committee's binding instrument of decision. It follows the same formatting structure as a working paper: it must include a header (directive number, date, and committee name), a list of sponsors (delegates who authored and support the directive) and signatories (delegates who support placing it on the floor without necessarily endorsing its content), and a numbered list of operative clauses describing each action to be taken, without the need for pre-ambulatory clauses.

A directive requires three sponsors to be introduced to the floor. There is no minimum or maximum number of signatories; however, it must have at least one delegation from each portfolio role (explained in 1.3) as a sponsor or signatory. Sponsors are responsible for presenting and defending the directive during debate; signatories are not.

Directives may propose immediate laws, new taxes, trade agreements, bank bailouts, relief programs, or any other concrete action within the committee's and delegations' authority. Each operative clause must be specific: rather than "support farmers," a clause should read "allocate \$200 million USD from the U.S. Federal Farm Board's emergency fund to purchase surplus wheat at a floor price of \$1.20 per bushel."

1.2.2. Ratification

Directives only need a simple majority vote to pass. However, they must be realistic. If the committee votes to spend millions of dollars, but the specific delegates acting as Central Bankers refuse to release the funds, the plan will fail in reality. You must negotiate directly with the people who actually hold the money, the factories, the masses, or the political power in the room.

When a directive is called to a vote, it is conducted by placard raising. The Chair will call for those in favour, those against, and those abstaining in that order. Abstentions do not count as votes for or against; they count toward quorum but not toward the majority calculation. Once the vote has opened, no delegate may speak, yield, or raise a point.

1.3. PORTFOLIO POWERS

This committee strictly operates as a "Frontroom-Only" environment, in contrast to many typical MUN crisis simulations. Delegates are unable to submit confidential Crisis Notes, and there is no Backroom. Actions must be made public during formal debate or documented in Public Directives in order to guarantee an equitable and highly participatory discussion. The Crisis Staff does not receive or process delegate-written crisis notes.

Because delegates represent specific historical figures, your influence is tied directly to your Portfolio Powers, which are the authorities aligned with your historical delegation (specified in 3.5). You cannot spend money you do not have, and you cannot pass laws in a country you do not lead. Therefore, the committee is divided into different spheres of roles:

1.3.1. Financial

These delegates control national budgets and gold reserves. Even if the entire committee votes to fund a massive public works project, the directive must be executed with the financial role's approval and funding.

1.3.2. Political

These delegates control the law. If a directive proposes a new international trade agreement, a tariff, or a change in taxes, it cannot become reality without the signature and political backing of the relevant State leader. Note that not all political delegates hold executive power. Legislators, such as senators, can propose and advocate for laws, but cannot unilaterally enact them; they must build majority support within the committee to translate their proposals into binding directives.

1.3.3. Corporate

As business owners and industry representatives, these delegates control the means of production, corporate capital, and industrial supply chains. They dictate private employment levels, corporate wage structures, and private investment flows. No directive can force the private sector to hire, invest, or produce without their cooperation.

1.3.4. Intellectual

These delegates do not control budgets, armies, or factories, but their influence over public opinion and organized movements can be decisive. Intellectual economists or labour leaders hold the power to legitimize or delegitimize any economic policy through expert argument, potentially shifting undecided delegates. If the committee passes a directive without Intellectual Role votes, the following crisis updates are going to be related to social unrest.

1.4. CRISIS UPDATES AND THE FLOW OF DEBATE

Because there is no fixed agenda, the flow of debate is controlled by "Crisis Updates." Periodically, the Crisis Staff will interrupt the committee to deliver pre-planned crisis updates authored by the chairs. These updates are direct reactions to the Public Directives you pass. Whenever a Crisis Update is introduced, the committee must pause its current discussion, review the new information, and immediately redirect the debate to address the new emergency. Furthermore, all crisis updates must be addressed for the committee to succeed; otherwise, it will fail.

1.5. FREEZING DATE

The simulation begins exactly on January 31st, 1930. You must act based only on what your delegation would know on such a date. Using historical hindsight to predict the future, or talking about events that haven't happened yet, is strictly forbidden and will be ruled out of order.

2. HISTORICAL CONTEXT (1919-1929)

2.1. THE ROARING TWENTIES

After winning World War I, American soldiers returned home with a post-war economic boom, combined with profound cultural shifts, that marked the period universally known as the Roaring Twenties (1920-1929). New methods of mass production revolutionized daily life. Henry Ford's implementation of the moving assembly line way of producing drastically reduced costs, making the Ford Model T the first accessible automobile for the masses. This manufacturing model was quickly replicated across other industries to mass-produce radios, washing machines, and vacuum cleaners, officially launching the Age of Consumerism (1920-1970).

To match the demand, banks and retailers facilitated aggressive loan processes and installment plans, allowing the population to buy goods with money they did not yet have. Debt transformed from a financial burden into a socially acceptable tool for upward mobility.

The economy of this decade was always going to be unstable. While urban centers thrived on credit and jazz, the agricultural sector, which employed a massive portion of the population, was already quietly collapsing. Following the war, European agriculture recovered, and global demand for American crops plummeted. Prices

crashed, leaving farmers unable to pay the loans they had taken to expand their land. This invisible rural depression severely weakened the purchasing power of the American working class long before any stock market panic began. The prosperity of the 1920s was largely a facade built on aggressive borrowing and overproduction.

2.2. THE INTERNATIONAL DEBT CYCLE

The illusion of endless prosperity was not confined to domestic American credit. It extended into a highly volatile global financial web. World War I completely restructured the international economic order, shifting the financial center of gravity from London to New York. European nations emerged from the conflict devastated and deeply in debt to the United States Treasury. Simultaneously, the Allied powers demanded exorbitant war reparations from a defeated and economically shattered Germany.

A dangerous financial triangle emerged. To prevent a complete European collapse, Wall Street investors began lending massive amounts of private capital to Germany. The Weimar Republic used these American dollars to pay reparations to France and the United Kingdom. Paris and London then took those same funds and sent them back across the Atlantic to repay their war debts to the United States government. The entire recovery of the European continent was fundamentally dependent on a continuous, uninterrupted flow of American loans.

This fragile loop was aggravated by protectionist trade policies. During the 1920s, the United States maintained high tariffs to protect its domestic industries from foreign competition. Because European nations could not easily sell their goods in the

American market, they could not earn the organic revenue needed to pay their debts. They were entirely reliant on borrowing. If American investors ever found a more lucrative place to put their money, the transatlantic capital flow would halt, and the European economies would instantly suffocate. By the late 1920s, American investors found exactly that in their own domestic stock market, effectively starving Europe of capital and setting the stage for a global contagion.

2.3. THE GOLD STANDARD

The mechanism that transformed a Wall Street crash into a worldwide catastrophe was the international gold standard. Under this system, participating nations' currency was fixed to a specific quantity of gold, and governments were legally required to redeem paper money for gold on demand. This arrangement provided exchange rate stability but stripped governments of the ability to independently manage their money supplies in a crisis.

When the crash destroyed confidence in American markets, international investors began converting their dollar holdings into gold and repatriating capital. To prevent their own gold reserves from being drained, central banks across Europe were forced to raise interest rates sharply, the orthodox response to capital flight under the gold standard. Higher interest rates, however, meant tighter credit and reduced investment precisely when economies needed stimulus.

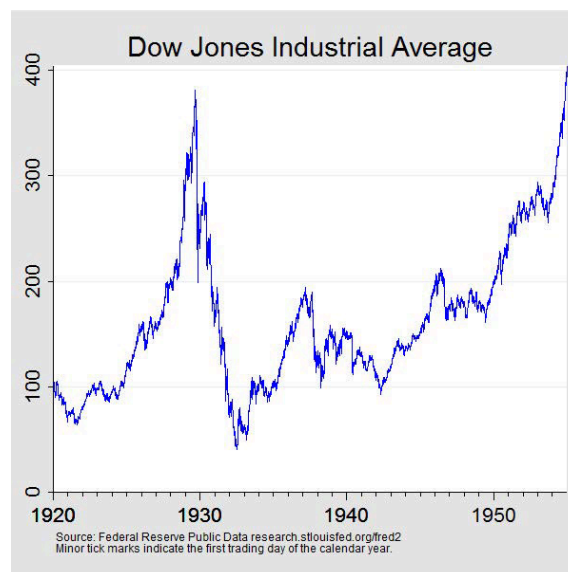
2.4. BLACK TUESDAY

Between 1921 and 1929, the U.S. stock market's value transformed public perception of the stock exchange into a tool for guaranteed wealth rather than a reflection of corporate worth. This speculative boom was fueled by buying on margin,

enabling investors to purchase shares with only a ten percent cash down payment. By 1929, around forty percent of consumer debt was linked to stock market speculation. However, when domestic consumption faltered and production stagnated, reality set in, leading to panic selling.

On Black Thursday, October 24, 1929, a record 12.9 million shares were sold, dropping the market by eleven percent; however, with banking interference, the situation partially recovered by the end of the day. The incident is followed by a further 12% drop on Black Tuesday, October 29, 1929, in which over 16 million shares were sold. The crash marked a period in which people lost their investments overnight as brokers issued margin calls.

Figure 1: The Dow Jones Industrial Average (1920-1950), illustrating the margin-driven peak of 1929 and the subsequent



protracted collapse.

The scale of the crisis was significantly amplified by the structural vulnerabilities of the banking system and the monetary policy of the Federal Reserve. The decentralized U.S. banking sector, comprising thousands of small banks, operated with fractional reserves and had heavily invested depositors' funds in the stock market.

When the crash occurred, rumors of insolvency prompted massive bank runs, with citizens rushing to withdraw their savings. Because these banks did not have sufficient physical cash on hand to meet the sudden demand for withdrawals, they faced immediate failure.

Adhering to orthodox liquidationist policies, the Federal Reserve refrained from intervening. The lack of liquidity meant that bank failures cascaded, leading to a severe contraction of the money supply and subsequent deflation. By early 1930, credit was frozen, and nations faced a collapsing international debt cycle, with politicians drafting protectionist measures, threatening global trade. The crisis had spread beyond Wall Street, impacting the world economy.

3. CURRENT SITUATION

The global economic landscape in early 1930 is characterized by profound instability following the October 1929 stock market crash. The initial financial shock has transitioned into a systemic crisis affecting international trade, industrial output, and geopolitical relations. The committee faces a set of economic, political, and social challenges that require actual pragmatic attention.

3.1 BANKING CRISIS AND CREDIT FREEZING

The most immediate problem is the freezing of the commercial banking system. During the 1920s, banks operated with minimal government oversight and invested their clients' money heavily in the stock market. When the market crashed, these severe investment losses devastated public trust. Terrified citizens rushed to

withdraw their funds in "bank runs." Because banks do not keep all deposited cash in their vaults, they could not meet these sudden withdrawal demands, forcing thousands of institutions into bankruptcy. Because there is no federal insurance to protect deposits, millions of ordinary citizens lost their life savings overnight.

Terrified of going bankrupt next, surviving banks have stopped lending money and are demanding that old loans be paid back immediately. Without access to these loans, regular businesses cannot afford to buy raw materials or pay their workers.

3.2. INDUSTRIAL DECLINE AND MASS UNEMPLOYMENT

Because banks are not lending and citizens have lost their savings, people have stopped buying goods. This lack of demand has triggered a dangerous deflationary spiral, a situation where prices drop continuously. While cheaper goods might sound positive, it means companies are making less money. To survive, these corporations are firing workers, reducing wages, and shutting down factories.

As more people lose their jobs, they buy even fewer goods, causing prices to drop further. This cycle has created mass unemployment and severe poverty, with shantytowns and breadlines appearing in major cities. Governments are under intense pressure to intervene by creating public programs or offering unemployment relief to give people money to spend. However, this reaction is drastically increasing their countries' national debt.

3.3. PROTECTIONISM

As the crisis begins to hit local factories, politicians are facing immense pressure to protect domestic jobs from foreign competition. In the United States Congress, lawmakers are currently debating the Smoot-Hawley Tariff bill, legislation that proposes significantly raising taxes on foreign-imported goods. The goal is to make foreign products so expensive that Americans are forced to buy local goods.

However, this strategy threatens to destroy the international economy. European nations heavily rely on selling their goods to the United States so they can earn the money needed to pay off their World War I debts. If the U.S. closes its market in 1930, European leaders have warned they will immediately retaliate with their own taxes on American goods.

3.4. GEOPOLITICAL FRAGILITY AND EXTREMIST MOVEMENTS

The emerging economic crisis is quickly becoming a severe threat to global peace. The sudden halt of American loans traveling to Europe is heavily destabilizing the fragile political balance established after World War I. Desperate populations, facing the threat of losing their jobs and savings, are beginning to question the efficiency of democratic governments and the capitalist system.

This fear is providing fertile ground for radicalization. In the Weimar Republic, the economic anxiety caused by the need to pay war reparations without American credit is starting to strengthen extremist groups, such as the Communist Party. At the same time, fascist ideologies in Italy point to the current democratic crisis as proof that their authoritarian model is superior. The economic panic of 1930 is

becoming a race against time to prevent the rise of extremist regimes and a potential collapse of the international political order.

3.5. DELEGATIONS PORTFOLIOS

3.5.1 Financial Role

Andrew Mellon (U.S. Secretary of the Treasury): Mellon believes the Depression must run its course. He opposes federal bailouts of failing banks, resists deficit spending, and defends the gold standard at all costs. His prescription is to "liquidate labor, liquidate stocks, liquidate the farmers."

Montagu Norman (Governor of the Bank of England): Norman's overriding priority is defending the gold standard and preserving London's status as the world's financial center. He resists any rate cut that could trigger capital flight from the pound and views American monetary policy as the root of global instability.

Émile Moreau (Governor of the Bank of France): Moreau has deliberately drained gold from London and New York to consolidate French financial power and will not voluntarily reverse it. He defends the gold standard, opposes German reparations relief, and views the British and Americans as having mismanaged their own currencies.

George L. Harrison (Governor of the Federal Reserve Bank of New York): He has to choose between allowing regional U.S. banks to fail, penalizing stock market speculators, or printing money to prop them up.

Hjalmar Schacht (President of the Reichsbank): Schacht's central demand is the elimination or drastic reduction of German reparations. He negotiates aggressively, threatens resignation as leverage, and is willing to work with extremist political forces to extract better terms.

Inoue Junnosuke (Minister of Finance, Japan): Inoue has returned Japan to the gold standard at the pre-war parity, a deliberately deflationary strategy intended to enforce discipline and restore international credibility. He supports orthodox monetary policy and opposes deficit spending. The Smoot-Hawley Tariff is an existential threat to his strategy: it would close the American market to Japanese silk and raw material exports, on which Japan's gold-standard return depends.

3.5.2 Political Role

Herbert Hoover (President of the United States): The man in charge of a panicking nation. Hoover believes in voluntary cooperation between government, industry, and labor. He has coordinated wage-freeze pledges with industrialists and supports public works through existing federal mechanisms. He supports tariff protection but is privately wary of Smoot-Hawley's international consequences.

Ramsay MacDonald (United Kingdom Prime Minister): MacDonald leads a Labour minority government, defends the gold standard to satisfy the City of London while presiding over unemployment that violates every Labour campaign promise. He opposes Smoot-Hawley.

Hermann Müller (Chancellor of the Weimar Republic): He is leading a fragile democracy. He is facing a catastrophic budget deficit and must secure foreign debt relief immediately.

André Tardieu (The French Prime Minister): Tardieu's foreign policy is dominated by fear of a German revival. He supports the gold standard and opposes inflation, viewing any directive that strengthens Germany economically as a security threat.

Reed Smoot (United States Senator): As chairman of the Senate Finance Committee, Smoot controls the legislative timeline of the Smoot-Hawley Tariff Bill. He sees protectionism as the only way to save American farmers and industrialists and is unmoved by warnings of foreign retaliation. He represents the Republican congressional bloc and is the most committed protectionist in the room.

Washington Luís (President of Brazil): Brazil's coffee-based economy needs the U.S. market to remain open and foreign credit to sustain the valorization scheme. Washington Luís oppose Smoot-Hawley aggressively and advocate for international commodity price stabilization mechanisms and debt moratoriums. He supports the gold standard but cannot defend it without foreign loans.

Franklin D. Roosevelt (Governor of New York): As Governor of the state hardest hit by unemployment, Roosevelt rejects Hoover's voluntarism and has already moved New York toward direct intervention: a state committee on unemployment insurance, expanded public works, and the beginnings of a relief apparatus. He defends the gold standard for now and remains cautious on deficits, but believes the federal government must take responsibility when private charity fails.

Maxim Litvinov (Soviet People's Commissar for Foreign Affairs): Litvinov enters from outside the gold standard and outside Western capital markets, in the

second year of the First Five-Year Plan that Moscow presents as proof centralized planning has solved what capitalism cannot.

3.5.3 Corporate Role

Henry Ford (Ford Motor Company): Ford depends on international markets and is categorically anti-tariff. He has publicly pledged not to cut wages and views Wall Street finance, J.P. Morgan in particular, with deep suspicion. He supports free-trade directives and resist any directive imposing unionization or government-set wage floors.

Thomas W. Lamont (J.P. Morgan & Co.): Lamont's loans to European governments and corporations are at stake. He supports any directive that preserves European debt repayment capacity: free trade, continued American lending, and reparations relief sufficient to keep Germany solvent.

Fritz Thyssen (United Steelworks, Germany): Thyssen demands tax cuts, wage flexibility downward, tariff protection against British and American steel, and suppression of communist labor organizing in his factories. He is increasingly funding nationalist political alternatives in Germany.

Alexander Legge (U.S. Federal Farm Board): Legge controls the Federal Farm Board's stabilization fund, which is being depleted purchasing agricultural surpluses. He needs either replenishment, agricultural tariffs, or both. He supports the Smoot-Hawley agricultural provisions but is privately aware that the program is failing. He represents the rural distress that predates the Wall Street crash by several years and that Hoover's industrial-focused responses have ignored.

Walter Teagle (President, Standard Oil of New Jersey): He depends on global trade in oil and industrial demand for energy. He is anti-tariff, anti-labor-regulation, and pro-international cooperation on resource markets.

3.5.4 Ideological Role

John Maynard Keynes (Cambridge economist): Keynes argues the crisis is a failure of aggregate demand, not a moral failing requiring liquidation. He pushes for deficit-financed public works, abandonment of the gold standard, monetary expansion, and aggressive international debt restructuring. He will publicly oppose Mellon, Hayek, Norman, and Moreau. His influence is intellectual rather than institutional, but his arguments can shift undecided delegates and reframe the entire debate.

Friedrich Hayek (Austrian School economist, University of Vienna): Hayek opposes every form of government intervention in the crisis. He argues the 1920s boom was driven by artificially low interest rates and that the Depression is the necessary correction. Any attempt to prop up wages, prices, or failing institutions will only prolong the suffering.

Irving Fisher (Yale economist): Fisher's debt-deflation theory holds that falling prices increase the real burden of debt, forcing further asset sales and deeper deflation in a self-reinforcing spiral. He advocates aggressive monetary reflation, printing money, devaluing the dollar against gold, expanding bank reserves, to break the spiral.

John L. Lewis (President, United Mine Workers of America): He demands federal recognition of collective bargaining rights and supports public works that include strong labor protections. He is staunchly anti-communist.

Ernst Thälmann (Leader of the Communist Party of Germany - KPD):
Thälmann believes the Depression is the terminal crisis of global capitalism. His strategic goal is to maximize working-class suffering and political polarization to create revolutionary conditions.

4. GUIDING QUESTIONS

To what extent should governments intervene in the economy after the 1929 Crash?

It may be argued that the collapse of the stock market exposed fundamental weaknesses in laissez-faire capitalism, revealing the need for stronger state oversight. Nationalization of key industries and regulation of banking systems emerge as necessary tools to restore stability and public confidence. However, governments must balance immediate intervention with the long-term preservation of free-market principles to avoid economic dependency and inefficiency.

Should international debts and reparations be restructured to stabilize the global economy?

The heavy burden of war debts and reparations intensified the global economic downturn, particularly in Europe. Renegotiating or suspending payments can serve as a strategic path to recovery and international economic stabilization. This approach, however, must be balanced with maintaining financial credibility and honoring international commitments to ensure trust and cooperation among nations.

Is protectionism a necessary safeguard or a catalyst for global economic fragmentation?

Tariffs and import restrictions are being hotly debated as ways to shield domestic manufacturers and farmers from the initial shock as the crisis worsens. Ongoing legislation, like the hotly debated Smoot-Hawley Tariff bill that is presently in the US Congress, runs the risk of prompting immediate retaliatory trade barriers from allies in Europe. Delegates must determine whether the short-term benefits of safeguarding regional markets outweigh the danger of impeding international trade.

How can governments address the social fallout of the economic crisis to prevent political radicalization?

With traditional laissez-faire tactics failing to stop the downward economic cycle, delegates face an existential crisis inside the capitalist system itself. The committee must decide how to rebuild the failing system to prevent a complete socioeconomic collapse. Stabilizing efforts must prioritize preventing economic despair from mutating into authoritarianism, safeguarding the fragile political stability established after the Great War.

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