

New Deal “Alphabet Soup”

President: _____

Three Rs: _____

Problem	New Deal Agency, Law or Policy	Outcome
The American public didn't fully understand the complex problems posed by the depression		•
FDR didn't fully understand the complex problems posed by the depression		•
Lame duck period lasted from election in November to March of following year		•
Major banking crisis -runs on the bank & bank failures -lost savings -credit freeze		•
Decline in international trade exacerbated by the Hawley-Smoot Tariff		•

Stock market volatility and loss of stock values		•
Organized crime violence and loss of liquor tax revenue due to prohibition		•
Erosion, forest fires and loss of natural habitats		•
Agricultural overproduction and Dust Bowl caused farmers to suffer		•
Unemployment rose as high as 25%		•
Flooding and erosion destroyed farms in poorest regions of Appalachia & deep south		•
Industrial sector overproduction, unemployment, low wages and other problems		•
Home foreclosures and lack of credit for new home purchases		•

WWI veterans hit hard by the depression were turned away by the Hoover administration		<ul style="list-style-type: none">•
Strikes due to low wages and labor unrest due to conflicts between workers and “scabs”		<ul style="list-style-type: none">•
Many Americans lost their life savings when banks failed		<ul style="list-style-type: none">•
General economic and social problems		<ul style="list-style-type: none">•

New Deal Economic Philosophy

Issue	Classical Economics	New Deal Policies
Thinkers	Adam Smith, David Ricardo	John Maynard Keynes
Nicknames	Free enterprise system, the free market, capitalism	Keynesian economics, demand-side economics
Nature of the market	The market is perfect and self-correcting The “invisible hand” of supply and demand settles prices and production at a fair, efficient equilibrium	The market is imperfect does not always self-correct Market imperfections can cause unacceptable unemployment levels and economic recessions
Government role in the market	Government should have little to no role; “laissez-faire” policy Low taxes encourage people to innovate, produce, buy, and sell freely	In recessions, demand must be stimulated by the government Government should hire the unemployed or pay them relief (unemployment/subsidies/pensions, etc.), often taken from high taxes
Government spending	Is mostly irrelevant to the market, but should be kept low	High levels of government spending; deficit spending
National debt and balance of trade	Debt is generally bad; countries should maintain a favorable balance of trade	Rising national debt and an unfavorable balance of trade are not major problems, at least in the short term
Your opinion of each economic policy		

Critics of the New Deal

	Criticism of New Deal	Impact
Francis Townshend		
U.S. Supreme Court		
Demagogue: Huey Long		
Demagogue: Father Coughlin		
Other criticisms of FDR and New Deal		
Wendell Willkie, 1940		

FDR & Civil Rights

Group	Policies
African Americans	
Women	
Native Americans	
Mexican Americans & Latinos	
Japanese Americans	
Jews	