New Deal “Alphabet Soup”

President: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Three Rs: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| **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 |  |  |
| Strikes due to low wages and labor unrest due to conflicts between workers and “scabs” |  |  |
| Many Americans lost their life savings when banks failed |  |  |
| General economic and social problems |  |  |

New Deal Economic Philosophy

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| **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-correctingThe “invisible hand” of supply and demand settles prices and production at a fair, efficient equilibrium | The market is imperfect does not always self-correctMarket 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 governmentGovernment 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

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

FDR & Civil Rights

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