

The New Deal – Was it good or bad for America?

Directions: Read each of the documents and answer the questions in your notebook, in complete sentences.

One writer claims that New Deal policies “follow very closely the Communistic philosophy of Karl Marx...”

... the present Administration, elected upon a Democratic Party platform, has in the so-called “New Deal” adopted the policies of the Socialist Party platform.

These policies follow very closely the Communistic philosophy of Karl Marx, prophet of Soviet Russia.

Shocking as this realization is to the people of the United States, the vital fact remains that the New Deal is a dangerous and tragic error on the part of the Administration not because it is Socialistic but because it has failed, and will continue to fail, to bring recovery and re-employment...

That failure is measurable in terms of jobs. Unemployment was 9,920,000 in September 1933. Today it is 10,015,000...

The failure of the New Deal is measurable also in terms of industrial activity. Our “production index” showed an increase of only 2.5% in twelve months. This, certainly, is not Recovery...

As this is written the organizational set-up of “Social Security” also is being planned. The aged and needy must be cared for. But it would have been wiser government to bring about such prosperity as would hold need at a minimum which can be cared for by the community. The future implications of this measure are not understood...

We are approaching a day when individual liberty will vanish, in which citizens will be at the beck and call of government bureau autocrats...

Individual liberty and complete economic security are not compatible. Our people had the courage and enterprise to carve their own fortunes. It would be a tragedy to make of them bureaucratic serfs.

The little-understood, Socialist experimentation which is called the “New Deal” leads toward just that. It is pertinent to ask Americans, “Do You Like It?”

Source: Robert L. Lund, “Truth About the New Deal, in Earl Reeves, ed., *Truth about the New Deal*. New York. Longmans, Green, 1936, 75-80 passim.

1. What seems to be the Robert Lund’s major criticism of the New Deal? On what does he appear to base his criticism? Explain.

Arthur M. Schlesinger, Jr., thinks the New Deal restored faith in democracy.

It is hard to understate the need for the action. The national income was less than half of what it had been four short years before. Nearly thirteen million Americans- about one quarter of the labor force – were desperately seeking jobs. The machinery for sheltering and feeding the unemployed was breaking down everywhere under the growing burden. And a few hours before, in the early morning before the inauguration, every bank in America had locked its doors. It was now not just a matter of staving off hunger. It was a matter of seeing whether a representative democracy could conquer economic collapse. It was a matter of staving off violence, even (at least some so thought) revolution.

Whether revolution was a real possibility or not, faith in a free system was plainly waning. Capitalism, it seemed to many, had spent its force; democracy could not rise to economic crisis. The only hope lay in governmental leadership of a power and will which representative institutions seemed important to produce. Some looked enviously on Moscow, others on Berlin and Rome; abroad there seemed fervor, dedication, a steel determination. Could America match this spirit of sacrifice and unity? ...

“At the beginning of March,” as Walter Lippmann summed it up, “the country was in such a state of confused desperation that I would have followed almost any leader anywhere he chose to go... In one week, the nation, which had lost confidence in everything and everybody, has regained confidence in the government and in itself.”

Source: Arthur M. Schlesinger, Jr., *The Coming of the New Deal*. Boston. Houghton, Mifflin, 1959, 3, 13.

2. According to Arthur Schlesinger, how did the New Deal restore faith in democracy?

Schlesinger points to conservative fears of communism in the New Deal.

Having established the picture of dreamy intellectuals and power-mad bureaucrats in charge of a government of unlimited authority, the conservative philosophers proceeded to trace out the consequences... this condition, as they saw it, set up obstacles to business recovery... it meant the undermining of the qualities of initiative and self-reliance which had made America great... it promoted personal government, capricious and vengeful, leading ultimately to the establishment of despotism if not Communism.

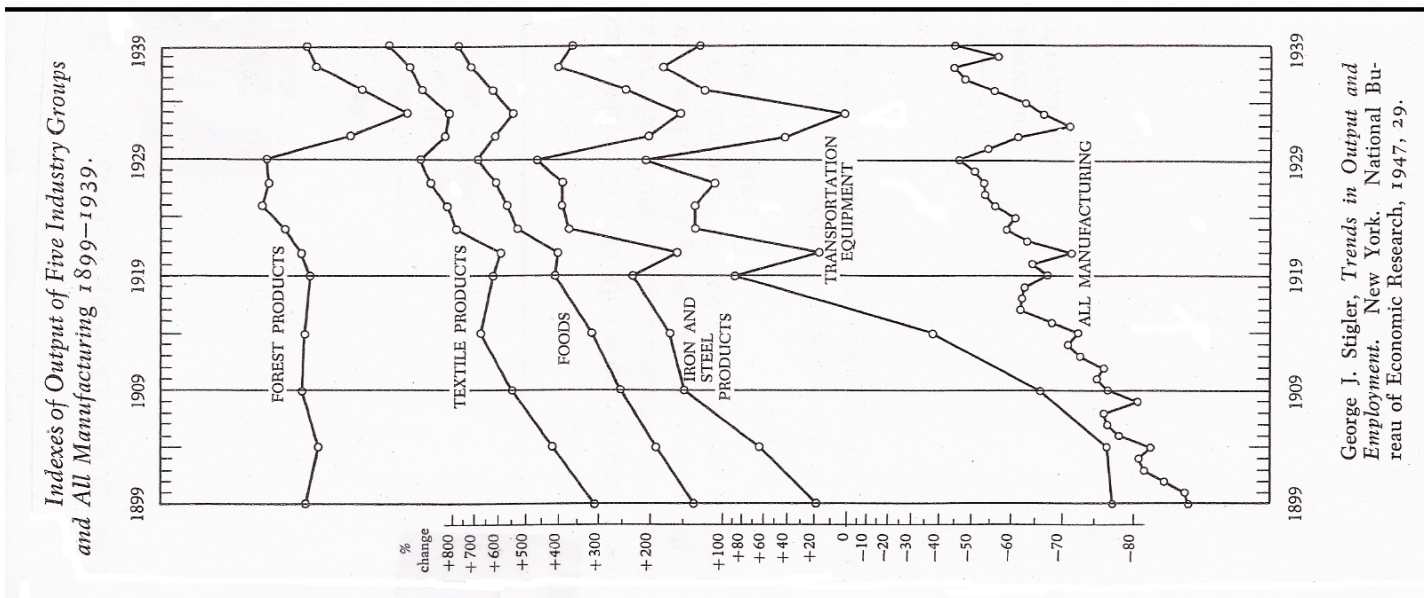
Most businessmen believed that recovery was bound to come in time as a result of natural economic forces. The one prerequisite was business confidence...

No one should be deceived, said Herbert Hoover, by the fact that such [business regulatory] acts were ostensibly directed against business abuses: "other freedoms cannot be maintained if economic freedom is impaired..."

More and more, the notion began to be expressed that the New Deal was "communist,"... By 1935, Merle Thorpe... wrote: "We have given legislative status, either in whole or in part, to eight of the ten points of the Communist Manifesto of 1848; and, as some point out, done a better job of implementation than Russia." One aggrieved man of wealth exclaimed of Roosevelt, "He is a communist of the worst degree... Who but a communist would dare persecute Mr. Morgan and Mr. Mellon [big businessmen]?"

Source: Arthur M. Schlesinger, Jr., *The Coming of the New Deal*. Boston. Houghton, Mifflin, 1959, 474, 476-77.

3. According to Arthur Schlesinger, what were the Conservative arguments against the New Deal? What does Thorpe compare the New Deal to?



George J. Stigler, *Trends in Output and Employment*. New York. National Bureau of Economic Research, 1947, 29.

Unemployment, 1929-1939.
(in thousands)

Year	Total labor force	Number unemployed	Per-cent
1929	49,180	1,550	3.2
1930	49,820	4,340	8.7
1931	50,420	8,020	15.9
1932	51,000	12,060	23.6
1933	51,590	12,830	24.9
1934	52,230	11,340	21.7
1935	52,870	10,610	20.1
1936	53,440	9,030	16.9
1937	54,000	7,700	14.3
1938	54,610	10,390	19.0
1939	55,230	9,480	17.2

Statistical Abstract of the United States. Washington. 1960, 205.

4. What patterns can you find in the statistical data? Are there any discrepancies in the two figures. Looking back at Document 1, was Robert Lund correct in his analysis of the New Deal effects? Explain.