

Assessing the New Deal

Did the New Deal work?

Was it “radical”, a moderate response to the depression? Or too limited? (too conservative)

1. Critics on the Right (Conservatives) -> believe New Deal goes too far in government intervention

American Liberty League (1936) see New Deal as radical/”un-American”

 - a. didn’t end the depression (1940 - unemployment still 14%, GNP only back to 1929 levels)
 - b. “socialist” - too much federal control of the economy (relief programs, NRA, AAA, Social Security)
 - c. created a costly, inefficient, unresponsive federal bureaucracy
 - d. began large federal deficits and increased the national debt (1933 -\$22.5 billion; 1940 - \$42.9 billion)
 - e. put too much power into the hands of the executive (creates an “imperial presidency” in Vietnam/Watergate era)
2. Critics on the Left (radicals) -> believe New Deal doesn’t go far enough
 - a. creates only a “semi-welfare state” (Social Security leaves out millions, no health care, child care, etc. such as in European welfare states.)
 - b. creates a “broker state” in which organized and vocal groups get government assistance (Big business, farmers, organized labor) but not the poor, minorities, the unorganized (interest group model of politics).
 - c. minorities not treated equally by New Deal programs (blacks paid less in WPA)
 - d. failed to create a more just distribution of wealth and power.
3. the New Dealers Defense (a moderate response to the Depression)
 - a. the New Deal saved democracy in America (Germany -- Hitler/fascism; Russia -- communism)
 - b. by stabilizing the economy, the New Deal saved capitalism in America
 - c. the New Deal’s chief victory was psychological - made people believe that things would improve
 - d. it lessened human suffering to a considerable degree (WPA, etc. gave people jobs to feed their family)
 - e. it accomplished long-needed reforms (FDIC, SEC, Social Security, minimum wage, child labor, etc.
 - f. the deficit spending of the New Deal was only a small fraction of WWII deficit spending

The New Deal's Legacy

A. 2nd “wave of reform” in 20th century

B. 1932 - a “realigning election”

Democratic Party dominates 1932 - 68

“New Deal Coalition”

- immigrants
- labor
- city dwellers
- the Solid South
- farmers
- blacks, Jews
- intellectuals

C. New Deal laws still in effect today:

- Social Security
- FDIC
- SEC
- Fair Labor Standards Act (minimum wage, 40 hour week (time and a half for overtime), no child labor)