

US History

The Great Depression & The New Deal

10. An Evaluation of the New Deal

Support of the New Deal –

- Supporters argue that programs that created jobs and provided relief that helped many survive the depression
- Jobs gave many an improved feeling of self-worth
- These programs effectively eased suffering during the depression

Criticisms of the New Deal –

-Critics of the New Deal had several problems with the New Deal:

1. Created a welfare state
 - A system of government institutions that provides for the basic needs of citizens
 - Complained this was established through programs like Social Security
2. Promoted Deficit Spending –
 - Having the government spend more money than it receives in revenue
 - First time the federal government had deficit spending in peacetime
3. Threatened the Free Market –
 - Some critics argued that the president & the federal government had become too involved in economic matters
 - They believed that a free market required a hands-off approach

Effectiveness of the New Deal –

- Most historians agree that the New Deal was not completely effective in ending the Great Depression
- The US economy did not completely recover until the US began preparing for World War II
- It helped America weather the storm of the Great Depression

Lasting Effects of the New Deal –

- While controversial, government welfare has become an accepted role of government
- Some New Deal programs still are in place today –
 - Federal Deposit Insurance Corporation –
 - Has actually increased its amount of protection for depositors

- Securities and Exchange Commission –
 - Continues to regulate companies selling stocks & bonds

- The Social Security Act –
 - Has been expanded to cover 95 percent of American workers