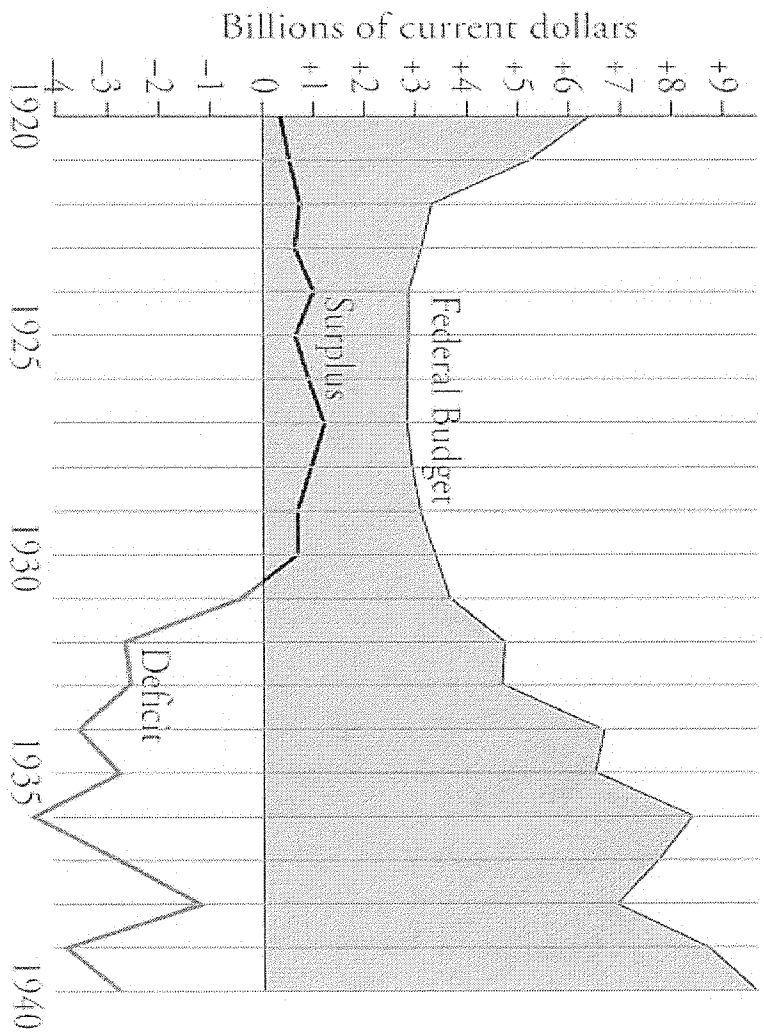


U.S. History
Analysis of the New Deal

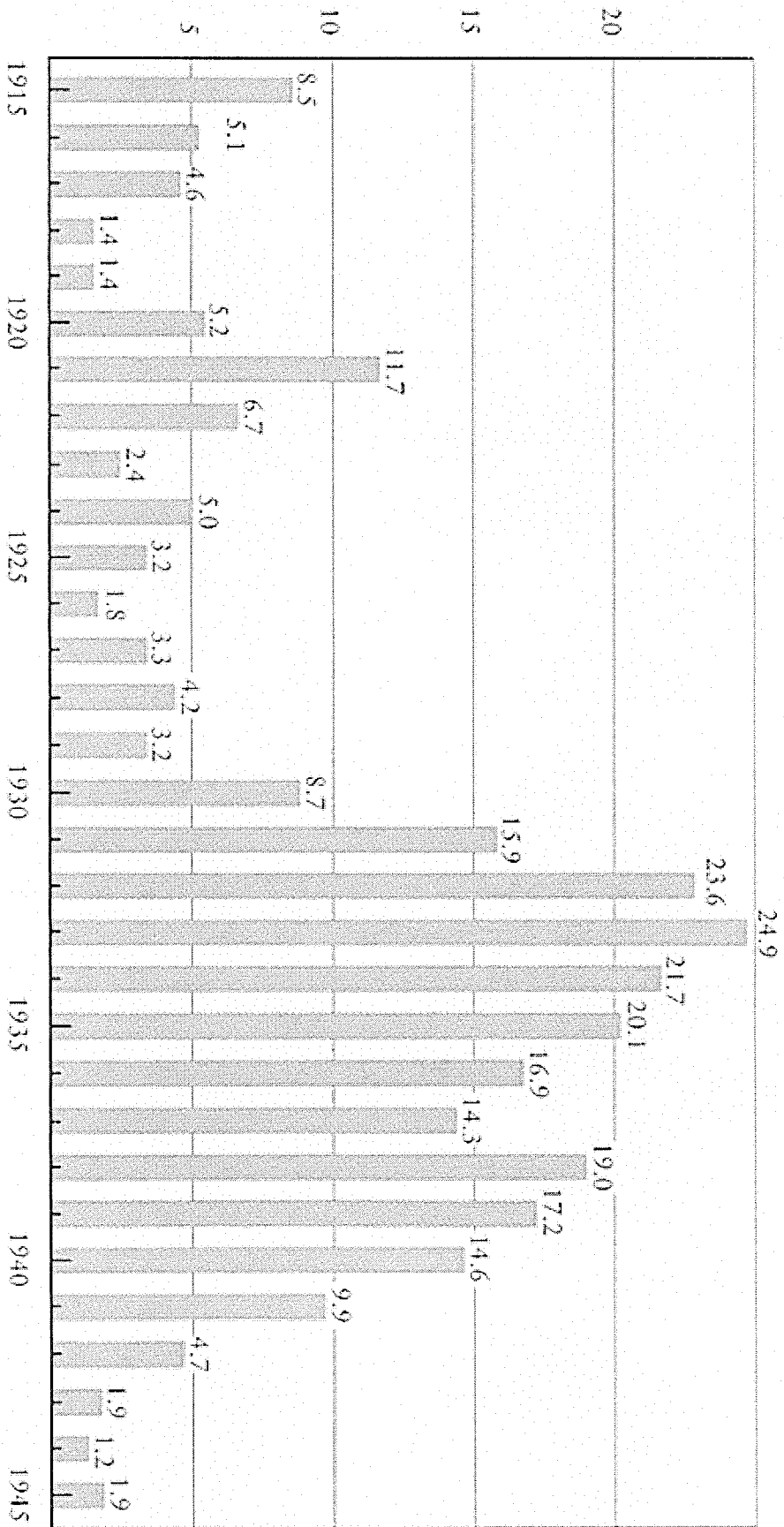
1. Compare the attached graphs to the graphs shown on p. 723 of your text book. Why do the graphs look different? Do they present the same data? Which set of graphs shows the New Deal in a more favorable light? Explain.

2. Some critics have charged that the New Deal was anti-business and anti-free enterprise. Explain why you agree or disagree with this charge. Think about the expanded power of the Federal Government under the New Deal, the New Deal's effect on the economy, and the New Deal's effect on the American people.

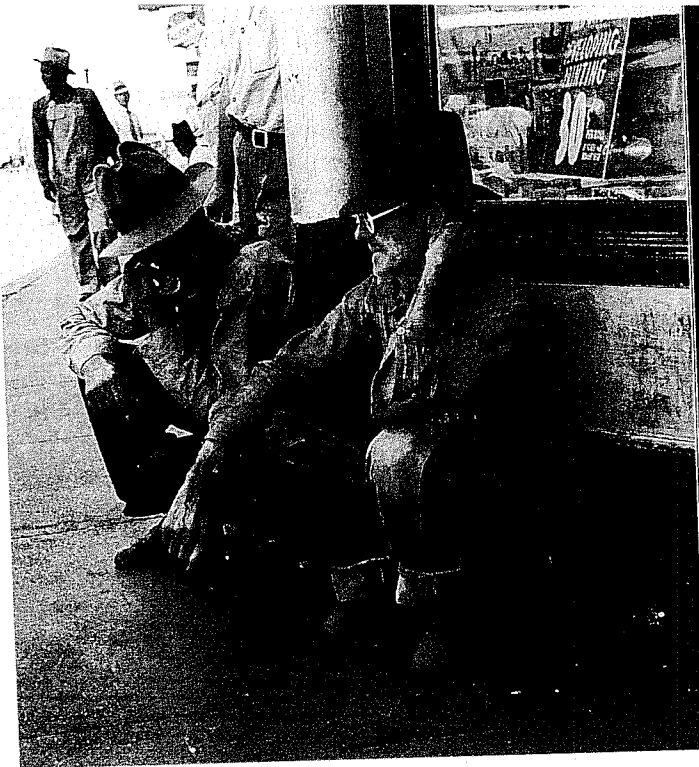
Federal Budget and Surplus/Deficit, 1920-1940



Percent Unemployed



EXPANDING GOVERNMENT'S ROLE IN THE ECONOMY The Roosevelt administration expanded the power of the federal government, giving it—and particularly the president—a more active role in shaping the economy. It did this by infusing the nation's economy with millions of dollars, by creating federal jobs, by attempting to regulate supply and demand, and by increasing the government's active participation in settling labor and management disputes. The federal government also established agencies, such as the **Federal Deposit Insurance Corporation (FDIC)** and the **Securities and Exchange Commission (SEC)**, to regulate banking and investment activities. Although the New Deal did not end the Great Depression, it did help reduce the suffering of thousands of men, women, and children by providing them with jobs, food, and money. It also gave people hope and helped them to regain a sense of dignity.



▲ Unemployed workers sit on a street in a 1936 photograph by Dorothea Lange.

The federal government had to go deeply into debt to provide jobs and aid to the American people. The federal deficit increased to \$2.9 billion in fiscal year 1934. As a result of the cutbacks in federal spending made in 1937–1938, the deficit dropped to \$100 million. But the next year it rose again, to \$2.9 billion. What really ended the Depression, however, was the massive amount of spending by the federal government for guns, tanks, ships, airplanes, and all the other equipment and supplies the country needed for the World War II effort. During the war, the deficit reached a high of about \$54.5 billion in 1944.

