SIMHISTORY LIVE DEBATE · PRINTABLE PLAYBOOK

The New Deal Playbook

Resolved: The New Deal helped end the Great Depression.

CON: THE NEW DEAL PROLONGED IT

Name _____ Period _____ Position _____

1 · Scouting Report

THE SAME FOR BOTH SIDES



The setup. By March 1933 about one worker in four had no job, thousands of banks had failed since 1930, and farm prices had collapsed. Franklin Roosevelt took office promising "action, and action now." For the next six years Congress passed program after program: bank rules, relief jobs, price and wage codes for industry, farm programs, Social Security and new rights for labor unions. By 1937 the economy was growing again; then it fell into a sharp recession. Full employment came only with the buildup for World War II. Historians and economists still argue about what the New Deal did to the recovery. Your team has to make the case.

Timeline

- **Oct 1929** Stock market crash
- **1930–33** Thousands of banks fail; the money supply shrinks by about a third
- **Mar 1933** Roosevelt takes office; national bank holiday; the Hundred Days begin
- **Apr 1933** The dollar is taken off the gold standard
- **Jun 1933** National Industrial Recovery Act: industry codes for prices and wages (the NRA)

Key terms

GDP	Gross domestic product: the value of everything the country produces in a year. "Real" GDP is adjusted for price changes.
Unemployment rate	The share of people who want work but have no job.
Relief work	Government jobs programs, like the WPA and CCC, that paid people

- **1933–35** Relief jobs: CCC, CWA, then the WPA (1935)
- **May 1935** The Supreme Court strikes down the NRA (Schechter v. United States)
- **1935** Social Security Act; Wagner Act (union rights)
- **1936–37** The Fed raises bank reserve requirements; federal spending is cut
- **1937–38** A sharp recession, the "Roosevelt recession"
- **Dec 1941** The United States enters World War II

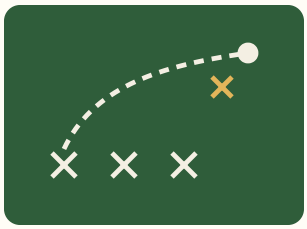
	to build roads, parks and schools.
NRA codes	Rules under the National Industrial Recovery Act that let each industry set minimum prices and wages.
Gold standard	Tying the dollar's value to a fixed amount of gold, which limits how much money can be printed.
Money supply	How much money is in circulation, set largely by the Federal Reserve.
Recession / depression	A recession is a drop in the economy; a depression is a very deep, long one.
Keynesian	The idea (from economist John Maynard Keynes) that government spending can pull an economy out of a slump.

Game film: the numbers both sides will fight over

Year	Real GDP growth	Unemployment: relief workers counted as jobless	Unemployment: relief workers counted as employed
1929	—	3.2%	3.2%
1932	−12.9%	23.6%	22.9%
1933	−1.2%	24.9%	20.6%
1934	+10.8%	21.7%	16.0%
1935	+8.9%	20.1%	14.2%
1936	+12.9%	16.9%	9.9%
1937	+5.1%	14.3%	9.1%
1938	−3.3%	19.0%	12.5%
1939	+8.0%	17.2%	11.3%
1940	+8.8%	14.6%	9.5%

Real GDP growth: U.S. Bureau of Economic Analysis, via FRED series A191RL1A225NBEA (current figures; the BEA revises them from time to time). Unemployment: Robert A. Margo, "Employment and Unemployment in the 1930s," Journal of Economic Perspectives (1993), Table 1: Stanley Lebergott's series counts relief workers as jobless; Michael Darby's counts them as employed. Which column is right is part of the debate.

2 · Game Plan CON: THE NEW DEAL PROLONGED IT

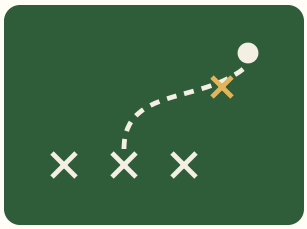


PLAY 1

Still losing in 1939

After six years of the New Deal, the Depression was still not over.

Unemployment never fell below 14% in the 1930s and was still above 17% in 1939. Output per person in 1937 was still lower than in 1929, and then the economy crashed again.

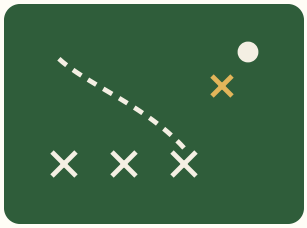


PLAY 2

Price fixing pushed out jobs

New Deal rules kept wages and prices artificially high, so businesses hired fewer workers.

The NRA let industries fix prices and set wages above market levels. When labor and goods cost more, businesses hire fewer people and customers buy less. UCLA economists estimate these policies stretched the Depression by about seven years.

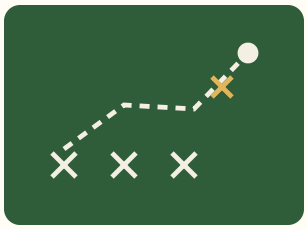


PLAY 3

Uncertainty scared off investment

New taxes, new rules and attacks on business scared off the private investment a recovery needs.

Taxes more than doubled, tax laws changed almost every year, and Roosevelt attacked business leaders as "economic royalists." Businesses didn't know the rules, so they held back on building and hiring.



PLAY 4

1920 shows a faster way

When the government cut spending and taxes in the depression of 1920–21, recovery came in about a year.

In 1920 unemployment jumped to nearly 12%. President Harding cut the federal budget nearly in half and cut taxes, and by 1923 unemployment was down to 2.4%. Doing less worked faster than the New Deal's doing more.

3 · Practice Drills BUILD EACH PLAY

For each play: write the claim, find evidence with its source, and explain why the evidence proves the claim. Stuck? Use the hints one at a time.

PLAY 1 · STILL LOSING IN 1939

After six years of the New Deal, the Depression was still not over.

Claim: what are you proving?

Evidence: a number or quote, with its source

Why it matters: how does the evidence prove the claim?

Hint 1 · Where to look

Jim Powell, "How FDR Prolonged the Great Depression" (Cato, first page), and the jobless column of the Game film table.

Hint 2 · What to look for

Find the median unemployment rate Powell gives, and the Friedman and Schwartz quote about 1937–38.

Hint 3 · Worked example

> **CLAIM**
> The New Deal failed to end the Depression.

> **EVIDENCE**
> "Throughout the New Deal era, the median annual unemployment rate was 17.2 percent. At no point during the 1930s did unemployment go below 14 percent" (Powell, Cato, 2003).

> **WHY IT MATTERS**
> A program meant to bring recovery that leaves one worker in seven jobless after six years did not do its job.

PLAY 2 · PRICE FIXING PUSHED OUT JOBS

New Deal rules kept wages and prices artificially high, so businesses hired fewer workers.

Claim: what are you proving?

Evidence: a number or quote, with its source

Why it matters: how does the evidence prove the claim?

Hint 1 · Where to look

"FDR's policies prolonged Depression by 7 years, UCLA economists calculate" (Cole and Ohanian), and Powell's section on the NRA.

Hint 2 · What to look for

Find how far above normal wages and prices were, and the year Cole and Ohanian say the Depression would otherwise have ended.

Hint 3 · Worked example

> **CLAIM**
> NRA price and wage fixing slowed the recovery.

> **EVIDENCE**
> Wages in 11 key industries averaged 25% above where they otherwise would have been, prices 23% above, and the economists estimate the Depression would have ended in 1936 instead of 1943 (Cole and Ohanian, UCLA, 2004).

> **WHY IT MATTERS**
> When the government props up wages and prices in a slump, fewer people get hired and fewer goods get bought, so the slump lasts longer.

PLAY 3 · UNCERTAINTY SCARED OFF INVESTMENT

New taxes, new rules and attacks on business scared off the private investment a recovery needs.

Claim: what are you proving?

Evidence: a number or quote, with its source

Why it matters: how does the evidence prove the claim?

Hint 1 · Where to look

Powell's section on taxes and rhetoric (Cato), and Mark Skousen's summary of Robert Higgs on "regime uncertainty."

Hint 2 · What to look for

Find federal taxes as a share of GNP in 1933 and 1940, and the quote from Hall and Ferguson about uncertainty.

Hint 3 · Worked example

> **CLAIM**
> The New Deal scared off the investment needed for recovery.

> **EVIDENCE**
> Federal taxes rose from 3.5% of GNP in 1933 to 6.9% in 1940 (Powell). Economists Hall and Ferguson: "the uncertainty experienced by the business community as a result of the frequent tax law changes (1932, 1934, 1935, 1936) must have been enormous."

> **WHY IT MATTERS**
> Businesses invest when they can plan. Constant new taxes and hostile speeches made planning impossible, so private investment stayed low.

PLAY 4 · 1920 SHOWS A FASTER WAY

When the government cut spending and taxes in the depression of 1920–21, recovery came in about a year.

Claim: what are you proving?

Evidence: a number or quote, with its source

Why it matters: how does the evidence prove the claim?

Hint 1 · Where to look

Thomas Woods, "The Forgotten Depression of 1920" (Mises Institute), and the end of Powell's Cato article.

Hint 2 · What to look for

Find the unemployment numbers for 1920, 1922 and 1923, and what Harding did to the budget.

Hint 3 · Worked example

> **CLAIM**
> A hands-off response ended an earlier depression fast.

> **EVIDENCE**
> Unemployment rose from 4% to nearly 12% in 1920; Harding "cut the government's budget nearly in half between 1920 and 1922," and unemployment fell to 6.7% the next year and 2.4% by 1923 (Woods, 2009).

> **WHY IT MATTERS**
> If cutting spending and taxes ended the 1920 depression in about a year, the New Deal's opposite approach is a likely reason the 1930s slump lasted a decade.

SCOUT THEIR PLAYS · FOR REBUTTALS

What the other side (Pro: the New Deal helped end it) will probably run, and where to look for an answer.

Their play 1: The scoreboard

They'll say: growth started right when the New Deal did, and it was very fast. Look for: how far below 1929 the economy still was, and Con Play 1.

Your answer

Their play 2: Count every worker

They'll say: unemployment fell a lot once you count relief workers. Look for: whether government jobs paid by taxes are a real recovery (Con Play 3).

Your answer

Their play 3: Stop the bleeding

They'll say: the banking and gold moves stopped the collapse. Look for: Friedman and Schwartz blaming the Federal Reserve, and Cato on deposit insurance.

Your answer

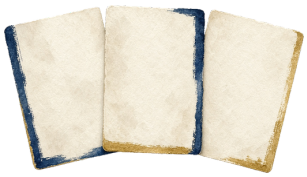
Their play 4: The 1937 fumble

They'll say: the 1937 recession came from spending cuts, and the war proves spending works. Look for: Cato on the Fed's 1936–37 reserve increases, and Higgs on wartime "prosperity."

Your answer



4 · Claim & Support Drills 6 QUESTIONS



Pick the best answer. Circle one letter.

1. **Which evidence best supports this claim? "After six years of the New Deal, the Depression was not over."**

(A) GDP grew 12.9% in 1936.

(B) Unemployment never fell below 14% in the 1930s on the standard count.

(C) The WPA built thousands of schools.

(D) Roosevelt went off the gold standard in 1933.

2. **Which claim does this evidence support? "Wages in 11 key industries averaged 25% above where they otherwise would have been."**

(A) Workers were better off in every way.

(B) Taxes doubled in the 1930s.

(C) NRA rules kept wages too high, so businesses hired fewer workers.

(D) Deposit insurance stopped bank runs.

3. **A Pro player says: "GDP grew about 9% a year under the New Deal." Which is Con's strongest answer?**

(A) Growth is bad for the economy.

(B) Growth from a very deep hole is expected; output per person in 1937 was still below 1929, and then it crashed again.

(C) GDP numbers are always fake.

(D) Roosevelt was rich.

4. Why should Con be careful with this evidence? "Without the New Deal the Depression would have ended in 1936 instead of 1943."

- (A) It comes from a university.
- (B) It is an estimate from an economic model, not something measured, so say "economists estimate."
- (C) 1936 is before the war.
- (D) It is too short.

5. Which evidence best supports this claim? "New Deal policies scared off business investment."

- (A) Tax laws changed in 1932, 1934, 1935 and 1936, and economists say the uncertainty must have been enormous.
- (B) Unemployment fell between 1933 and 1937.
- (C) The CCC planted millions of trees.
- (D) The Supreme Court struck down the NRA.

6. Which statement is a claim, not evidence?

- (A) Harding cut the federal budget nearly in half between 1920 and 1922.
- (B) The NRA was struck down in 1935.
- (C) The New Deal prolonged the Great Depression.
- (D) Unemployment was 2.4% in 1923.



Works cited & game film

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