SIMHISTORY LIVE DEBATE · PRINTABLE PLAYBOOK

# The New Deal Playbook

*Resolved: The New Deal helped end the Great Depression.*

**PRO: THE NEW DEAL HELPED END 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

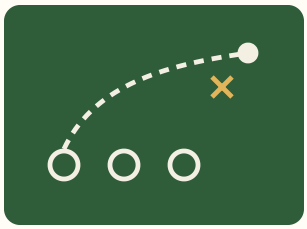
| | |
|---|---|
| | to build roads, parks and schools. |
| **NRA codes** | Rules under the National Industrial Recovery Act that let each industry set minimum prices and wages. |
| **Gold standard** | Tying the dollar's value to a fixed amount of gold, which limits how much money can be printed. |
| **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 PRO: THE NEW DEAL HELPED END IT

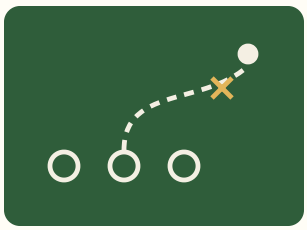


PLAY 1

### The scoreboard

*Under the New Deal the economy grew faster than in almost any other peacetime stretch in U.S. history.*

Real GDP shrank every year Hoover was president and grew every year of Roosevelt's first two terms except 1937–38, often by 9 to 13 percent a year. Recovery took years because the hole was so deep, not because the New Deal stopped it.

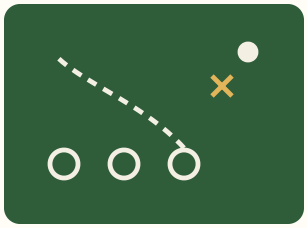


PLAY 2

### Count every worker

*The New Deal cut unemployment far more than the old numbers show.*

The best-known unemployment numbers count millions of people working in paid government relief jobs (WPA, CCC) as "unemployed." Count them as working, and unemployment fell from about 21% in 1933 to about 9% in 1937.

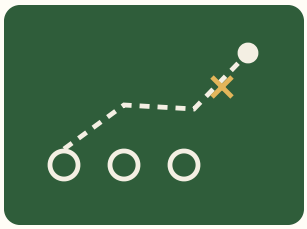


PLAY 3

### Stop the bleeding

*The New Deal ended the banking panic and the deflation that were crushing the economy.*

Roosevelt closed and inspected the banks, created deposit insurance (FDIC) and took the dollar off gold. Bank runs stopped, prices stopped falling and production jumped in 1933.



PLAY 4

### The 1937 fumble

*The 1937–38 recession shows the New Deal worked: the economy fell when Roosevelt cut back and recovered when spending returned.*

In 1937 Roosevelt cut spending to balance the budget and the economy dropped. When spending resumed in 1938 it recovered. World War II, which finally ended the Depression, was government spending on a far bigger scale.

## 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 · THE SCOREBOARD

*Under the New Deal the economy grew faster than in almost any other peacetime stretch in U.S. history.*

**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

The Game film table in your Scouting Report, and Eric Rauchway, "New Deal Denialism" (the GDP section).

### Hint 2 · What to look for

Look at the GDP column from 1934 to 1937 and compare it with 1930–33. Rauchway quotes the economist Christina Romer on how fast this was.

### Hint 3 · Worked example

> **CLAIM**
> The New Deal years brought record peacetime growth.

> **EVIDENCE**
> Real GDP grew about 11% in 1934, 9% in 1935 and 13% in 1936 (BEA). Christina Romer called these rates "spectacular, even for an economy pulling out of a severe recession" (quoted in Rauchway, 2010).

> **WHY IT MATTERS**
> An economy can't grow that fast while being held back. The recovery was long because the 1929–33 collapse was so deep.

PLAY 2 · COUNT EVERY WORKER

*The New Deal cut unemployment far more than the old numbers show.*

**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

The two unemployment columns in the Game film table, and Rauchway's section on unemployment (Lebergott, Darby, Weir).

### Hint 2 · What to look for

Compare the two columns for 1933 and 1937. Who does the bigger number leave out? Find the quote from a WPA worker.

### Hint 3 · Worked example

> **CLAIM**
> The New Deal cut unemployment by more than half.

> **EVIDENCE**
> Counting relief workers as employed, unemployment fell from about 21% in 1933 to about 9% in 1937 (Darby, 1976; Rauchway, 2010).

> **WHY IT MATTERS**
> Relief workers had jobs and paychecks; one said, "We WPA workers want to work and be treated as workers." Counting them as jobless hides the recovery.

PLAY 3 · STOP THE BLEEDING

*The New Deal ended the banking panic and the deflation that were crushing the economy.*

**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

Liaquat Ahamed, Lords of Finance (quoted in the "How FDR Ended the Great Depression" reading), and Rauchway's list of what Roosevelt did differently from Hoover.

### Hint 2 · What to look for

Find what happened to prices, stocks and industrial production in the months after the dollar left gold. Even the Con side's Cato article admits something about bank panics after deposit insurance.

### Hint 3 · Worked example

> **CLAIM**
> Leaving the gold standard and insuring deposits stopped the collapse in 1933.

> **EVIDENCE**
> In the three months after the dollar left gold, "wholesale prices jumped by 45 percent and stock prices doubled" and "industrial production shot up 50 percent" (Ahamed, Lords of Finance, 2009).

> **WHY IT MATTERS**
> The economy was being strangled by bank runs and falling prices. These New Deal moves ended both, which is what let recovery begin.

**PLAY 4 · THE 1937 FUMBLE**

*The 1937–38 recession shows the New Deal worked: the economy fell when Roosevelt cut back and recovered when spending returned.*

**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

Rauchway's last section (Keynes's letter to Roosevelt), Paul Krugman's "New Deal economics," and Larry Beinhart on World War II.

### Hint 2 · What to look for

Find how big Krugman says the stimulus was, and Beinhart's numbers for government spending in 1941 and 1944.

### Hint 3 · Worked example

> **CLAIM**
> When the New Deal stepped back, the recovery stalled.

> **EVIDENCE**
> Krugman: "in 1937-38 FDR was persuaded to do the 'responsible' thing and cut back — and that's what led to the bad year in 1938." Federal spending went from 12.1% of GDP in 1941 to 45.3% in 1944 (Beinhart).

> **WHY IT MATTERS**
> If cutting spending caused a recession and massive wartime spending ended the Depression, the problem wasn't too much New Deal but too little.

**SCOUT THEIR PLAYS · FOR REBUTTALS**

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

**Their play 1: Still losing in 1939**

They'll say: unemployment stayed high for the whole decade. Look for: the second unemployment column and what it counts (Pro Play 2).

**Your answer**

**Their play 2: Price fixing pushed out jobs**

They'll say: NRA codes kept wages and prices too high. Look for: Rauchway on how short-lived the NRA was, and how fast the economy grew after it.

**Your answer**

**Their play 3: Uncertainty scared off investment**

They'll say: taxes, rules and speeches scared business. Look for: how fast GDP grew in 1934–36 anyway (Pro Play 1).

**Your answer**

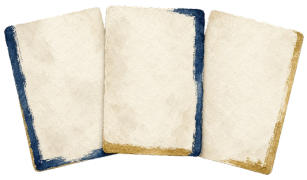
**Their play 4: 1920 shows a faster way**

They'll say: 1920–21 shows a hands-off response works faster. Look for: why a banking collapse is different from a normal recession, and Rauchway on what Harding actually did.

**Your answer**



## 4 · Claim & Support Drills 6 QUESTIONS



Pick the best answer. Circle one letter.

**1.** **Which evidence best supports this claim? "The New Deal years brought fast economic growth."**

(A) Roosevelt won the 1936 election by a landslide.

(B) The NRA set codes for more than 500 industries.

(C) Real GDP grew about 9 to 13 percent a year in 1934–36.

(D) Unemployment was 14.3% in 1937 on the older count.

**2.** **Which claim does this evidence support? "Counting WPA workers as employed, unemployment fell from about 21% in 1933 to about 9% in 1937."**

(A) The New Deal reduced unemployment more than the older numbers show.

(B) World War II ended the Depression.

(C) The New Deal raised taxes.

(D) The NRA kept wages too high.

**3.** **A Con player says: "Unemployment was still over 17% in 1939." Which is Pro's strongest answer?**

(A) The Con player is biased.

(B) That number counts millions of paid WPA workers as unemployed; counting them as working, it was about 11%.

(C) Unemployment is not important.

(D) Hoover was worse.

**4.** **Why is this weak support for a Pro claim? "The stock market doubled in a few months in 1933."**

(A) Stocks never doubled in 1933.

(B) Only a small share of Americans owned stock, so it says little about most people.

(C) It is from a Con source.

(D) Stocks have nothing to do with the economy.

**5.** **Which evidence best supports this claim? "The 1937–38 recession happened because the government pulled back."**

(A) GDP fell every year from 1930 to 1933.

(B) Roosevelt cut spending in 1937 to balance the budget, and the economy dropped.

(C) The WPA hired writers to record folklore.

(D) Social Security passed in 1935.

**6.** **Which statement is a claim, not evidence?**

(A) The FDIC was created in 1933.

(B) Unemployment was 24.9% in 1933 on the older count.

(C) Real GDP grew 12.9% in 1936.

(D) The New Deal helped end the Great Depression.

## Works cited & game film


- Eric Rauchway, "New Deal Denialism," Dissent, Winter 2010. https://www.dissentmagazine.org/article/new-deal-denialism
- Paul Krugman, "New Deal economics," The Conscience of a Liberal (New York Times blog), Nov. 8, 2008. https://krugman.blogs.nytimes.com/2008/11/08/new-deal-economics/
- Liaquat Ahamed, Lords of Finance: The Bankers Who Broke the World (Penguin Press, 2009), pp. 460–463.
- Larry Beinhart, "The Great Depression, The New Deal, World War II and the Crash of '08."

- Michael R. Darby, "Three-and-a-Half Million U.S. Employees Have Been Mislaid," Journal of Political Economy 84, no. 1 (1976).
- U.S. Bureau of Economic Analysis, Real Gross Domestic Product, percent change from preceding year (FRED series A191RL1A225NBEA), public domain. https://fred.stlouisfed.org/series/A191RL1A225NBEA
- Robert A. Margo, "Employment and Unemployment in the 1930s," Journal of Economic Perspectives 7, no. 2 (1993), Table 1 (Lebergott and Darby series). https://fraser.stlouisfed.org/title/journal-economic-perspectives-1167/employment-unemployment-1930s-2391/fulltext