

## Did FDR End or Extend the Great Depression?

1. The New Deal made matters...  better  worse  no change
2. FDR believed he could use \_\_\_\_\_ to artificially raise prices and wages.

He believed:

3. Higher prices would raise \_\_\_\_\_
4. Higher wages would raise \_\_\_\_\_
5. Higher profits for business mean more money to hire new \_\_\_\_\_
6. Higher wages lead to more spending by \_\_\_\_\_ on consumer goods.

But FDR missed:

*Artificially raising wages also raises labor costs.*

7. And when labor costs go up, business hires ....  more  fewer ..... workers.  
*And the prices of products increase because business has to pay its workers more.  
 Simultaneously, sales go down because fewer people are working and able to buy products.*
8. So artificially raising prices reduces \_\_\_\_\_ for products.  
*With reduced demand, fewer products are made.  
 The price goes up even more for the products they do make.  
 Because of higher prices, people buy even less and thus demand is reduced more and the cycle continues.  
 Business has to let some workers go because they can't afford them.*

9. How did Roosevelt react to his plans at first?  
 favorably – Government was offering to guarantee their profits, so why would they object!  
 unfavorably – They trusted the free market and fought to avoid government interference and planning.

10. The NIRA created \_\_\_\_\_ with some conditions.

11. Favored industries were required to meet what two conditions?  
 1 – Immediately raise \_\_\_\_\_ significantly  
 2 – Bargain collectively with \_\_\_\_\_

12. For what reason did the Supreme Court declare the NIRA to be unconstitutional?  
 \_\_\_\_\_

13. How did the government respond to the Supreme Court's ruling? \_\_\_\_\_

14. As a result of the Wagner Act, wages and prices ....  increased  decreased ...by 20% between 1933-1939.

15. Economic research shows that the natural economic forces of the free market would have restored the economy by what year? \_\_\_\_\_

16. Did FDR himself acknowledge that his policies had failed? \_\_\_\_\_

