

Econ 101: The New Deal was a Failure

The Center for Freedom and Prosperity

Key Terms

Keynesian Economics = Government Spending Based Economics
as opposed to

Austrian Economics = Free Market Based Economics

Myths of the New Deal and Great Depression

Persistent myths exist in the history books and in the culture at large about FDR's New Deal and its impact on the Great Depression.

Myth Number 1 - Hoover supported Free Markets.

1. Hoover's policies actually ... decreased increased ... government spending by about 50% in four years.
2. Hoover boosted the top tax rate from 25 % to _____ % !!!
3. He imposed the protectionist Smoot-Hawley _____.
4. He released a torrent of _____ and intervention which prevented the markets from operating.

Practically the whole New Deal was extrapolated from programs started by _____

Myth Number 2 – The New Deal Ended the Depression.

1. FDR's policies doubled government spending between 1932-1940. True False
2. FDR increased the top rate to _____ % !!!
3. He imposed more intervention and regulation.
4. He hindered free markets with price fixing and cartels.

Because of FDR's intervention, the Depression needlessly lasted about an extra _____ years.

According to FDR's Treasury Secretary, did the New Deal policies succeed in helping the economy?

Yes No

Reducing the burden of government promotes _____

Despite Keynesian expectations, what happened to the economy after World War Two as the burden of government shrank? _____

Keynesian economics (based on government spending stimulating economic growth) has proven itself to be a fundamentally _____ mode of analysis.