

## LESSON 15      What Should Be Done to Cure the Depression?

It is 1933 and the United States is in the worst depression in its history. Unemployment is at an unbelievable 25% (8% unemployment is considered high), the Gross National Product is down, and businesses are going bankrupt in large numbers. You have just been elected president of the country. What will you do to cure the depression?



Below are ten proposals about what to do. Label your top choices 1, 2, 3 and the worst ideas 8, 9, 10. Leave the others blank

- \_\_\_\_\_ 1. Government should plan our economy. With central planning by the government, the economy could grow without having periodic business depressions. Public goals, such as more economic equality, should, if necessary, be forced on businessmen.
- \_\_\_\_\_ 2. The government will restore public confidence in the economy by helping business. We should tax the rich businessmen less and the government should give subsidies (help such as tax breaks, research, grants of money etc. which saves businesses money) to businessmen. The businessmen will use this help to expand production; they will hire more workers, and the economy will get moving again. There should be a minimum of welfare for the poor as this drains off money from businesses.
- \_\_\_\_\_ 3. The government should get the businesses together and set up a planning agency (run by the government) to help businesses get going again. Within the agency, businesses would set up their own guidelines and regulations. For example, they could charge higher prices and they could cooperate rather than compete. The government would watch over the agency, but the businessmen would run the agency. Businessmen know best how to get business going again.
- \_\_\_\_\_ 4. The government must balance the budget. In this way government spending will be controlled. Almost all businessmen believe this is a healthy way to run both government and business. Thus, their confidence will be restored in the economy, they will expand production, and the economy will get moving again.
- \_\_\_\_\_ 5. The government must give much more welfare relief to the millions of people who are suffering from the Depression. It is the obligation of government to protect its poorer citizens from such suffering. The money to pay for welfare should come from heavier taxes on rich people. If the poor have more money, they will buy more products and business will be able to expand. In this way the country will get out of the Depression.

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- \_\_\_\_\_ 6. To get out of the Depression, the government should deficit spend—that is, it should spend much more money than it takes in through taxes. By pumping more money into the economy, the government would stimulate more spending by both consumers and business and get the economy moving again.
- \_\_\_\_\_ 7. What the country should do is adopt a “share the wealth” program. The government should confiscate (take away) all the wealth of people who have more than \$50,000 and share it with the poor who are suffering.
- \_\_\_\_\_ 8. The government should expand the military and start a huge arms build up. All the people will then be employed. People will feel they are contributing to the strength of the nation, and businessmen and government would be cooperating to get the country out of the Depression. People should be made to think of what is good for our nation, and not themselves.
- \_\_\_\_\_ 9. The workers must take over all the industries in the country. The government, controlled by the common people, should abolish (do away with) private ownership of businesses and take them over for the people. Workers would no longer be exploited by the businessmen and would be truly free. Only in this way can the country get out of the Depression and avoid future depressions.
- \_\_\_\_\_ 10. Private charities should help the poor to survive. The government really has no legitimate role in aiding the poor. Government welfare causes people to lose incentive to work—it destroys the moral fiber of the country.

## The Political Spectrum

What does it mean when a person says that Senator Smith is a liberal, or that Congressman Jones is a conservative? The terms “liberal” and “conservative” are very complex, and different people give them different meanings. The characteristics which follow will help you better understand the way people commonly use these terms today regarding domestic issues (not foreign policy).

<b>Liberals tend to:</b>	<b>Conservatives tend to :</b>
Turn to the government to solve economic problems.	Turn to business and the market to solve economic problems.
Favor government regulation of business.	Oppose government regulation of business.
Favor more equality over more freedom.	Favor more freedom over more equality.
Oppose larger defense budgets.	Support larger defense budgets.
Favor more government spending to solve economic problems.	Oppose more government spending.
Favor higher taxes on rich people.	Oppose higher taxes on rich people.
Favor political and economic change.	Oppose political and economic change.

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The terms “liberal” and “conservative” can be put onto something called a political spectrum.



“Radicals” (sometimes referred to as the left wing) tend to favor even more government intervention, more equality, and more extreme change than liberals. “Moderates” are between liberals and conservatives. “Reactionaries” (sometimes referred to as the right wing or radical right) tend not only to oppose change but also to want to go back to earlier times.



Go back and label each of the ten proposals in this lesson with the letter corresponding to its position on the political spectrum. That is, if you feel a proposal is radical, you would put an “A” on the line next to the proposal, and so on.

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