

What Should Be Done to Cure the Depression?

Directions: 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 (the value of all good and services in the U.S.) is down, and businesses are going bankrupt in large numbers. You have just been elected president of the United States. What will you do to cure the depression?

Below are 9 proposals about what to do. Read each one and label your top 2 choices and the worst 2 choices. Leave the others blank.

_____ 1. The government should restore the peoples' confidence in the economy by helping businesses. We should tax the rich businessmen less and instead the government should give tax breaks, grants of money, etc. to businessmen. This approach, commonly referred to as **trickle-down economics**, gives businesses and banks help/money which the businessmen will then use to expand their businesses' production, hire more workers, and the economy will get moving again. The govt. should not offer welfare for the poor since this takes money away from helping businesses.

_____ 2. The government must **balance the budget**. What this means is that the government should not spend more money than it makes. If the government brings in \$100,000 in taxes, they should not spend more than \$100,000 on government services and programs. One of the main causes of the Great Depression was people/business/govt. overspending. In this model, government spending would be controlled. Almost all businessmen believe this is a healthy way to run both government and business. This will help model for Americans what it means to be responsible with your spending/saving.

_____ 3. The government must give much more welfare relief to the millions of people who are suffering from the Depression. It is the obligation of the government to protect its poorer citizens from such suffering. The money to pay for welfare should come from higher taxes on rich people. If the poor have more money, they will buy more products and businesses will then be stimulated and able to expand. In this way, the country will get out of the Depression.

_____ 4. To get out of the Depression, the government should **deficit spend**, meaning it should spend much more money than it takes in through taxes. (If the govt. brings in \$50,000 in taxes but it costs \$100,000 to keep all govt. services and programs running, the govt. will continue paying \$100,000 for those programs and will just borrow the difference from banks or other countries.) The idea is that by pumping more money into the economy, the government would stimulate more spending by both consumers and businesses and therefore get the economy moving again. If you give people money, they will go out and spend it, which means businesses do better, hire more people who then go spend their paychecks, and so on. Once the economy is moving again, the government will pay back their debt.

_____ 5. What the country should do is adopt a **Share the Wealth** program. The government should take away all of the wealth of people who have more than \$50,000 and share it with the poor who are suffering. One of the issues which contributed to the economy crashing was that there was too great a gap between the rich and the poor. This measure would help narrow that gap *and* provide for the people who were suffering the most during the Depression. Once the poor have more money, they will go out and spend it, which in turn will stimulate the economy.

_____ 6. The government should expand the military and start a huge arms (weapons) build-up. All the people will then be employed either building weapons or in the military. This will give people the jobs they so desperately need AND people will feel like they are contributing to the strength of the nation. This would hopefully help rebuild some of the morale and national pride that was lost when the economy failed. Businessmen and the government would be cooperating to get the country out of the Depression. This model would encourage people to think about what is good for our nation, and not themselves.

_____ 7. The workers must take over all the businesses in the country (**socialism.**) Workers would no longer be mistreated by the businessmen and would truly be free to determine their own fate. Part of the reason the Depression happened is because wealthy businesses were greedy, misrepresented themselves to consumers, and generally engaged in corrupt business practices. This model would take power from these businessmen *and* get the country out of the Depression while also avoiding future depressions.

_____ 8. The government should do away with private ownership of business and take all businesses over for the people (**communism.**) The govt. would control and operate businesses rather than private citizens. This would allow the govt. to look out for all people and ensure that no one person or business was stronger or wealthier than the other. Part of the reason the Depression happened is because wealthy businesses were greedy, misrepresented themselves to consumers, and generally engaged in corrupt business practices. This model would take power from these businessmen *and* get the country out of the Depression while also avoiding future depressions.

_____ 9. Private charities should help the poor survive. These charities should be funded by donations of wealthy individuals or businesses. The government really has no legitimate role in helping the poor. People need to learn the value of hard work. Government welfare causes people to lose incentive to work, which destroys the moral fiber/values of the country. We are a nation which was founded on the American work ethic – that if you work hard, you will get ahead. If the government begins giving handouts to the needy, this ethic is destroyed.