

Example of critical thinking on history

[Business](#), [Management](#)



Intentions (Thinking) Over Impacts (Results): A Critical Analysis of New Deal Liberalism through the Themes of Crisis Control, Community Construction and Creating Confidence

Often when we pause to reflect on history, in remembering what occurred, we tend to focus primarily on the impact and results of initiatives which were implemented. At the same, however, we forget or are unaware of the original thinking or purpose behind those same initiatives, policies, programs, and movements, etc.

New Deal Liberalism - Roosevelt administration – represents just such a space in time.

New Deal is credited for facilitating the development of several programs. For example, social security; agriculture; industrialization; and, growth in union membership. Banking and opportunities for America to re-evaluate its treatment of African Americans, Native Americans, and women.

The goal of this critical analysis is to discuss New Deal public works programs and liberal public policies. First, I will focus on the “ Keynesian management of the economy” (Smith, 3). Second, on the Public Works Administration (PWA) & the Works Progress Administration (WPA) (Smith, 2). Third, on the desire of Americans living in the New Deal era for the government “ to solve the crisis of the Great Depression” (Smith, 3).

I will argue my position through three themes: Crisis Control, Community Construction, and Creating Confidence.

Firstly, Crisis Control: the intention of the New Deal administration to become proactive in the management of the American economy. Community Construction: the intention of the New Deal administration to become central

to reviving the industrialization and innovation boom last experienced during the Roaring Twenties. Creating Confidence: the intention the New Deal administration through crisis control and community construction to create an impression amongst the American people that social and economic ailments which caused the Great Depression had been identified, and fixed or eradicated.

Crisis Control

The intention of the New Deal / Roosevelt administration was to become proactive in the management of the American economy. In Building New Deal Liberalism, author John Smith, writes about the New Deal public policy: “ This revolution helped justify the new role of the state in American life, legitimizing – intellectually what has come to be known as Keynesian management of the economy.”

Economic policies preceding Keynesian economics, established the idea that products were produced for one of two reasons: to be consumed or to be sold. As long as items were produced there would always be demand. The Great Depression put the ideas to the ultimate test and they failed.

Keynesian economics identified serious faults in previous economic planning. Keynes identified that despite making a lot of something, it does not necessarily mean there will be demand. Especially during times of depression/recession. Keynes argued that unemployment, interest rates and the movement of money are key factors to determining supply and demand. As well, the overall success of one’s economy. Keynes also said, during the boom you encourage your citizens to save, but during the bust you encourage them to spend. This method, he argued, would help balance the

economy over time. It would also lower the chances of future depressions and recessions.

The Great Depression gave New Deal policy makers the platform they needed to abandon old policies. Policies which probably caused the Great Depression. Through this platform, they implemented new economic policies with greater probability of success. I believe it was the intent of New Deal economists to demonstrate to Americans the government was listening and would ensure an economic depression never occurred again.

Community Construction

The New Deal administration intended to present a proactive stance in developing the American economy by ways of its public infrastructure. On “ average, between 1933 and 1939 over two-thirds of federal emergency spending went toward funding public works programs” (Smith, 1). Two very important programs were created through New Deal. First, Public Works Administration (PWA) an “ mainly applied to heavy construction and large-scale building” (Smith, 2). Second, Work Progress Administration (WPA) consisted of “ lighter construction work and avoided private constructing” (Smith, 2).

Prior to the Great Depression, the focus was on the private sector. This was followed by a belief that the private sector drove the economy not the public sector. However, Keynes stated that the economy required an equilibrium between the private and public sectors. Both would have to work in tandem to see a truly sustainable economic growth.

Also, there was an overwhelming investment in private wealth and companies. Some argue this helped created the conditions for the Great

Depression. Mainly because there were barely any checks and balances. Also, little access by the public and/or public entities to keep tabs on the private sector and protect the average and unsophisticated investors and consumers.

This environment gave the New Deal administration an opportunity to create that equilibrium, discussed above. The American economy stopped waiting and relying solely on the private sector to drive job creation. For example, public sector programs such as the WPA, “ primarily intended as a vast relief effort for employing the unskilled built an impressive range of projects, including over 480 airports, 78, 000 bridges, and nearly 40, 000 public buildings” (Smith, 2).

The intention of New Deal was not to re-invent the wheel. The private sector created quite a fantastic foundation for public infrastructure. The failure was not in the existence of the infrastructure itself, but how it was managed, affecting its overall quality. By “ sponsoring this infrastructure, New Dealers remade the built environment that managed the movement of people, goods, electricity, water and waste” (Smith, 3).

My position is the Roosevelt administration (New Dealers) sought to take back control of the economy from the private sector. These politicians, policy makers and economists realized previous policies had given to big business, what was actually the job of the public sector and thus the government of the United States. That is: the responsibility to run the country.

Creating Confidence

The New Deal administration abandoned developed sounder, more sustainable economic plans by implementing Keynesian economics. The

federal and state governments collectively applied a greater proactive approach to job creation and developing public infrastructure. As well, they redefined the utility of pre-existing public and economic infrastructure. This was meant to inform Americans that their government took full responsibility for financial crash. Also, the administration would put in place checks and balances or security nets, designed to prevent a similar occurrence in the future.

“ The economic upheavals of the twentieth century, however, brought into focus an increasing need for more public investment” (Smith, 3). By investing in the public sector, the New Deal helped create a well-needed social and economic safety. This type of economic protection was absence before the Great Depression.

I believe New Dealers concluded that there needed to be a separation between government and business. That government could not depend on the private sector to single-handedly grow the economy. As well, while the private sector generated profit, they come and go. However, the public sector has a significantly lower chance of collapsing, possessing greater stability. Hence, the investment in public works. Theories suggest that when governments invest in public infrastructure, it fosters a need for innovation. It also encourage more investment, attracts private business, and overall creates a more sustainable and responsible private sector.

In conclusion, I will reiterate my opening remarks of this paper: It is important when analyzing history that we consider the end product with the original plan. Why? Because it is imperative for several reasons. The most important of which are: one, we will understand what went wrong in the

development; and two, what went wrong with the execution. From there we will be able to ask ourselves how and why did we deviate from the plan, and how and what we need to get back on track.

Works Cited

Smith, John S. Building New Deal Liberalism: The Political Economy of Public Works, 1933-1956. Cambridge: Cambridge University Press, 2009. Google Books. Web. 7 Nov 2014. <http://books.google.com>.