

Decision Making in U.S. History

The Depression & World War II

By Kevin O'Reilly

Christine Sowder, Editor
Kerry Gordonson, Editor
Dr. Aaron Willis, Project Coordinator
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Social Studies School Service
10200 Jefferson Blvd., P.O. Box 802
Culver City, CA 90232
<http://socialstudies.com>
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(310) 839-2436
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Fax: (800) 944-5432
Fax: (310) 839-2249

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ABOUT THE AUTHOR

Kevin O'Reilly is History Department Chair at Hamilton-Wenham Regional High School, where he has taught for 29 years. He was National Council for the Social Studies/*Time* Magazine Secondary Teacher of the Year, Kidger Award Recipient, Richard Farrell National Teacher of the Year, NASDAQ/National Council on Economic Education National Grand Prize Winner, and American Historical Association Beveridge Teaching Prize Winner. He has authored six other books, over 30 articles in professional journals, a history videotape, and two internet-based simulations. He has conducted more than 100 professional workshops on critical thinking and decision making in history.

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This book is dedicated to my lovable Sean.

TABLE OF CONTENTS

| | |
|--|-------------|
| HOW TO USE THIS BOOK | vii |
| INTRODUCTION..... | viii |
| Overview | ix |
| Decision Making | x |
| Evaluation Tips for Student Handout 5 | xvii |
| Sources | xix |
| Student Handout 1: Guide to Thoughtful Decision Making | xxii |
| Student Handout 2: P-A-G-E Analysis for Decision Making | xxiv |
| Student Handout 3: P-A-G-E Explanations and Examples | xxv |
| Student Handout 4: Decision-Making Log..... | xxx |
| Student Handout 5: Evaluating Decision Making | xxxi |
| THE DEPRESSION & WWII, 1928–1945 INTRODUCTION | 1 |
| LESSON 1: The Federal Reserve, 1928–1932 | |
| Teacher Pages..... | 2–8 |
| Student Handout 1 | 9 |
| Student Handout 2 | 12 |
| LESSON 2: The Election of 1932 | |
| Teacher Pages..... | 14–19 |
| Student Handout 1 | 20 |
| Student Handout 2 | 23 |
| Student Handout 3 | 25 |
| LESSON 3: The New Deal—Recovery | |
| Teacher Pages..... | 28–35 |
| Student Handout 1 | 36 |
| Student Handout 2 | 38 |
| Student Handout 3 | 41 |
| Student Handout 4 | 45 |
| Student Handout 5 | 46 |
| Student Handout 6 | 47 |
| Student Handout 7 | 49 |
| Student Handout 8 | 51 |
| LESSON 4: The New Deal—Relief | |
| Teacher Pages..... | 54–60 |
| Student Handout 1 | 61 |
| Student Handout 2 | 62 |
| Student Handout 3 | 65 |
| Student Handout 4 | 68 |
| Student Handout 5 | 69 |
| Student Handout 6 | 70 |
| Student Handout 7 | 71 |

LESSON 5: The New Deal—Reform

| | |
|-------------------------|-------|
| Teacher Pages..... | 73–78 |
| Student Handout 1 | 79 |
| Student Handout 2 | 81 |
| Student Handout 3 | 84 |
| Student Handout 4 | 86 |
| Student Handout 5 | 88 |
| Student Handout 6 | 89 |

LESSON 6: Under the Cloud of War

| | |
|-------------------------|-------|
| Teacher Pages..... | 90–97 |
| Student Handout 1 | 98 |
| Student Handout 2 | 105 |
| Student Handout 3 | 110 |
| Student Handout 4 | 111 |
| Student Handout 5 | 112 |

LESSON 7: Veterans’ Benefits

| | |
|-------------------------|---------|
| Teacher Pages..... | 113–117 |
| Student Handout 1 | 118 |
| Student Handout 2 | 120 |
| Student Handout 3 | 121 |

LESSON 8: The Atomic Bomb

| | |
|--------------------------|---------|
| Teacher Pages..... | 123–130 |
| Student Handout 1 | 131 |
| Student Handout 2 | 136 |
| Student Handout 3 | 138 |
| Student Handout 4 | 139 |
| Student Handout 5 | 142 |
| Student Handout 6 | 143 |
| Student Handout 7 | 146 |
| Student Handout 8 | 148 |
| Student Handout 9 | 150 |
| Student Handout 10 | 152 |
| Student Handout 11 | 154 |

HOW TO USE THIS BOOK

Think of this book, and the other books in this series, not as a text, but as a menu. As a teacher, you select lessons from the menu. It was never intended that you would have everything on the menu—that would be overeating. [Take a look at the table of contents.] When choosing a lesson, look first at the problems on the student handout(s), and then at the student handout describing these problems’ historical outcomes. If you like what you see, take a look at the lesson plan for ideas on using the handouts. You can teach all of the lessons by giving students a problem handout, having them discuss what they would do, and finally distributing the outcomes handout. You may also consult the “Quick Motivator” section of a lesson plan to use the handouts as a short introduction to class.

On the other hand, you can think of this book as a “how-to” guide for teaching specific decision-making skills while also covering significant events in United States history. The book posits a general guideline of ten distinct skills, organized under the acronym **P-A-G-E** to help students remember these skills. Take a look at the explanation of **P-A-G-E** in the introduction to this book, under the section titled “Guide to Thoughtful Decision Making.” This section explains each of the ten skills and includes examples.

Every lesson in this series analyzes the historical topic in terms of **P-A-G-E**. Each lesson targets specific skills, letting the content and the actual decision in history determine the skills emphasized in the lesson. Take a look at the skills grid for each lesson on page 1 of this book. Handouts are frequently used to focus students on using specific skills. For example, many lessons include a list of questions designed to provoke more questions from students, as well as to give them ideas of the types of questions to ask. Other lessons give students a list of assumptions and ask which they assumed in making their decisions. The other skills have similar handouts.

Whether you try the problem-discussion-outcome approach or concentrate more on specific decision-making skills, I hope these books will help make you a more effective teacher and help your students learn United States history in a way that will help prepare them to make more thoughtful decisions as citizens.

Kevin O'Reilly

INTRODUCTION

RATIONALE: Hindsight versus Foresight

When we study history, it is all too easy to sit in judgment of those who came before us. We read it after the fact; we see it in hindsight. Given the benefit of such 20/20 hindsight, some historical figures seem to have been very misguided or downright silly in their decisions. Why didn't they anticipate the consequences of their choices? How could they have been so shortsighted? Sports enthusiasts call this sort of analysis "Monday morning quarterbacking."

However, it's not so easy to laugh at the follies of past decision makers if we are confronted with decisions in history before we learn the actual results. In such a situation, we find ourselves making some of the same mistakes that historical characters made, and we sometimes commit new errors they did not make. This method of studying history, which we might call "foresight history", is far more challenging—and engaging—than the traditional retroactive method to which we are inured.

In short, when we learn history by hindsight we risk becoming more arrogant and complacent. If, on the other hand, we learn history by *foresight*, by casting ourselves in the role of those historical figures and making decisions as they did—without knowing the outcome—we can learn humility and gain a great deal of empathy for them. Students in my classes constantly exclaim, "This is hard!" as opposed to, "This is boring!"

Foresight history also helps students improve key decision-making skills they will use again and again as citizens. Schools of law, medicine, business, and nursing, along with the military and many other institutions, use case-study methods, where students are forced to make decisions about a particular case and then analyze their thinking. If each of these varied disciplines values decision making so much, shouldn't we be training all our future citizens how to make good decisions?

History provides many benefits for those who study it. Historical knowledge can be liberating all by itself, letting us draw back the veil of ignorance and see the present with eyes enlightened by the past. The more knowledge of history we possess, the better we understand our societies and ourselves. Study and evaluation of primary sources, discussions of motives, debates about significance, analyzing causes and effects, and many other strategies are vital to history courses. The lessons here on decision making are meant to support and enhance these other methods of studying history, not to replace them with a more "practical" type of history.

OVERVIEW

The lessons in *Decision Making in U. S. History* are to be used independently within a standard U.S. history course in middle school, high school, or college. Each book in this series comprises between eight and thirteen lessons. Each lesson includes the following:

1. Introduction: includes an overview of the topic, content vocabulary, and decision-making skills emphasized in the lesson.
2. Lesson plan: includes suggestions for how to use the handouts, how to focus on decision-making skills, how to connect the decision to the larger historical context, how to use video and other supplementary sources, and how to troubleshoot problems, should any arise.
3. Suggested answers: this section features teacher notes about outcomes (student versions of the outcomes are also provided—see number 6 below), references to historians' interpretations of the topic, decision-making analysis, and suggestions for further research.
4. Sources: includes the specific sources used in the lesson.
5. Problem(s): reproducible handouts used by students to read and analyze the problem.
6. Historical outcome of the problem: what people in history actually did and the consequences thereof.
7. Primary sources and visuals (if any): these are integrated into the lesson itself and are not included merely as window dressing.

Each individual decision-making challenge is referred to as a “problem.” Some lessons have one problem to challenge students, while others contain numerous problems. The handouts for each lesson are reproducible; teachers can also decide to use only selected parts of the handouts, if so desired.

While decision making is the main point of the books, historical content is also very important. These lessons focus on real historical problems that convey powerful lessons about U.S. history. The problems involve important issues relevant both to America's past and its present: taxation, foreign intervention, regulation of businesses and individuals, immigration, welfare, war, and so forth. In addition, not all of the problems come from the perspective of political leaders: many ask students to consider the perspectives of ordinary Americans such as workers, voters, farmers, African Americans, business owners, Native Americans, and women. Including problems from the perspectives of ordinary people prepares students for their roles as citizens in a democracy and encourages empathy for unfamiliar groups.

Most of the problems are brief—some as short as one paragraph—and can be used as class warm-ups lasting no more than ten minutes. Even with the shorter problems, however, the outcomes can often be quite complex, running on for several pages. The problems may appear deceptively simple, but analyzing them can be complicated. You can best judge how much analysis to include for each problem, and for how long to run each problem and discussion.

On the other hand, some problems are more complicated. These problems deal with crucial turning points in the nation's history. Students will almost certainly need more background information before making decisions, and analysis of these problems could take several class periods. These more involved problems could form the organization for an entire unit of study. For example, in my classes the problem on the New Deal provides me with the bulk of the time and activities on my unit concerning the New Deal. Students learn about the basic New Deal programs, including their advantages and disadvantages, while simultaneously working to improve their decision-making skills.

DECISION MAKING

What is Decision Making?

As explained in Student Handout 1, decision making involves making a choice when there is no clearly correct answer. Students can derive important lessons about decision making from encountering "messy" problems like these. Even where outcomes do not show a particular choice to be clearly right or wrong, students will still be surprised by some aspects of the outcomes and thereby gain insight into decision making.

Decision Making as Experience

As argued in Student Handout 1, the most powerful way to teach good decision making is through experience. People learn to make good decisions just by making decisions, period. Bad decisions are more instructive, perhaps, in making us more skeptical decision makers, but that isn't stressed in Student Handout 1. Examples from the teaching profession illustrate this negative-reinforcement aspect of decision making. Teachers who just put students into groups without giving specific directions quickly learn not to do it again. Lessons that don't work well are dropped or modified the next time around. Good teaching is basically good decision making, and good decision making is shaped rapidly by previous decisions.

Ordinary people, including students, have an optimistic tendency simply to assume their decisions will result in positive outcomes, rather than making an estimate of the probabilities of certain outcomes. Decision-making experts, on the other hand, have a much more realistic view of these probabilities, due in part to their greater experience with the types of problem with which they often deal. Experience teaches us to be more realistic about outcomes.

Just encountering the problems and outcomes in these books, therefore, can help students improve their decision-making skills in general.

Targeting Decision-Making Skills

As mentioned in Student Handout 1, these books go beyond just decision-making problems and their outcomes. They also provide teachers with a decision-making model and strategies for teaching the skills involved in decision making. Students learn a simple model that provides basic guidelines for making decisions. This model goes by the acronym **P-A-G-E** (as explained below and in Student Handouts 2 and 3), and it gives support and guidance for student decisions, allows for communication built around specific skills and a common vocabulary, and provides specific criteria for teachers to evaluate student progress on those skills.

It's crucial for the teacher to act as a coach and guide students as they encounter the decision-making problems, in what Reuven Feuerstein refers to as "mediated learning." The teacher's guidance and questions can help students make sense of what they are thinking when they make decisions about historical situations.

The debate among researchers about the relative power of experience versus instruction on decision making is not crucial to these books. Rather, the problems and lessons in these books allow teachers to combine experience and instruction in the form of mediated learning (coaching).

Repetition in Order to Master Skills

These books are based on the hypothesis that several repetitions of decision-making problems and outcomes help improve decision making. That is, a person who has tried 50 problems will most likely have improved his/her decision-making skills more than a person who has tried only ten problems, simply because he or she has had more experience making decisions. There are many problems included in these books, and teachers are encouraged to use them regularly (once or twice per week, perhaps) as warm-ups to start classes or units. It isn't expected, however, that teachers will necessarily use all the problems.

Having experience with a large number of problems also provides students with more historical analogies upon which they can draw. It is striking how often decision makers base their thinking on an analogy (usually a recent one) in looking for ideas to help decide a problem. Having a broader range of analogies allows students to be more skeptical of any analogy suggested, since students are more likely to think of different analogies than the ones offered.

Though many experiences with decision making will help, it is essential that teachers coach students (mediated learning) and have time to reflect on their thinking during decision-making problems. Metacognition (thinking about our own thinking) is vital for improving thinking skills, according to numerous writers. Teachers should therefore allow "postmortem" time after each experience for students to reflect on their thinking, either verbally or in writing (see the section on evaluation for ideas). Teachers are also encouraged to use some of the lessons for lengthier (1–3 class periods), more in-depth

analysis of student thinking and the historical topics involved; perhaps two or three lessons could be used for in-depth analysis per semester.

Individual Choice Versus Historical Context

Research indicates that students generally view the role of individual choices as critical to historical events (for example, viewing Rosa Parks as an important catalyst for the civil rights movement), while professional historians stress the importance of underlying forces (for example, African Americans fighting in World War II, the Cold War, etc. as important causes of the civil rights movement). Students often miss the significance of these underlying forces and do not always recognize the extent to which historical context has constrained the actions of people in the past.

By focusing on decisions by individuals and by groups, the books in this series may seem to perpetuate an overemphasis on the individual vs. historical forces. However, the lessons in these books help students see more historical context, not less. In order to make good decisions, students need to learn a great deal of historical context. All lessons in this book require students to ask questions about context. Each lesson includes a short outcome and a question about why students think that option was tried (e.g., “The Congress rejected the 1790 petition to end slavery. Why do you think it was rejected? Which historical forces at the time led to this outcome?”). Each problem also asks students to think about the historical forces that made it difficult for the individual to make a good decision. In addition, many problems include multiple points of view, which enrich student understanding of context. Finally, students discuss the ways in which the actual historic decision was similar to or different from the decision they made; this emphasizes the role of context in shaping individual choices.

STRATEGIES

The basic format of the lessons, as explained in the overview, is problem, decision, outcome, discussion. However, many of the subskills of decision making are difficult for students to master. In order to assist students, many lessons put these subskills in a sort of multiple-choice format. For example, to improve the “asking for more information” skill, some lessons include a list of questions from which students can select the ones they wish to ask. To improve “identifying underlying problems,” some lessons list possible underlying problems. To improve “considering other points of view,” some lessons include handouts that put students into different roles (for example, not just looking at labor strike problems from the point of view of the workers, but from the point of view of the owners as well).

GOALS

The books in this series have four main goals:

1. Make history more interesting:

Simply giving students the problems, having them make decisions, and then telling them what the people involved actually did will keep student interest high. It's exciting to make decisions before you know what the historical figures actually did. It's dynamic, open-ended learning. Students enjoy comparing their decisions to those of their classmates and to the decisions actually made by the historical figures. Even if you decide to use the lessons without giving instruction on how to perform the skills involved in decision making, students will still enjoy learning history this way.

This increased interest should also lead to increased reading comprehension. After all, when students read their texts they will actively search for what actually happened and will want to compare it with what they chose.

2. Improve decision making through experience:

The primary way people learn to make better decisions is through the process of making decisions, both good and bad. Students therefore become more sophisticated decision makers with every choice they make. By giving students many chances to make decisions where they can learn from mistakes and surprises, we can speed up the process of making them savvy decision makers. For example, students who decide to have a foreign government overthrown and see many negative consequences will think twice before trying that again, and will be skeptical of such a plan if proposed in the present day. Experience itself becomes the teacher.

3. More complex ethical thinking:

Ethical questions will arise regularly, and by discussing their positions students will develop more complex ethical arguments and understandings. Please note, however, that these lessons are not aimed primarily at ethical reasoning. Teachers who want to focus primarily on this should consult *Reasoning with Democratic Values* (2 volumes; by Alan Lockwood and David Harris, New York: Teacher's College Press, 1985).

4. Improve the use of decision-making skills and reflection on those skills:

As much as students can improve their decision making through experience, they will develop it that much more if they learn specific subskills, which can then become guidelines for thinking through decision-making problems more carefully. The instruction in these books is based on the skills of the **P-A-G-E** model. The specific elements of **P-A-G-E** are described in the section "Guide to Better Decision Making," and the strategies for teaching those skills are explained below in the section "Teaching Specific Decision-Making Skills."

One of the teaching strategies emphasizes journal writing, in which students reflect on the problems they encounter, including how they could improve their own decision making. If teachers can get them to reflect on how to improve upon decisions they've just made, students will learn to be more reflective in general.

Ideally, we want to train future citizens to approach decision-making problems by asking insightful questions, carefully probing for underlying problems, seeing a problem from a variety of perspectives, setting clear and realistic goals, and imagining consequences.

EXPLANATION OF P-A-G-E FOR TEACHERS

(See Student Handouts 1–3)

Good decision making involves a number of subskills. The more students can use the subskills, the more complex their thinking will be when they make decisions. In order to help students recall the subskills involved in decision making, these books offer a simple acronym—**P-A-G-E**. The acronym is only meant to help students recollect the subskills rather than provide an actual formula for making decisions; decision-making problems are too complex and varied for step-by-step formulas. For instance, in one problem, students will need to focus on envisioning unintended consequences, while in another, historical context will be more important. Research indicates that expert decision makers don't follow step-by-step models. The **P-A-G-E** acronym consists of guidelines only, not specific steps or points that must be followed.

PROBLEM

Student Handout 3, “P-A-G-E Explanations and Examples,” discusses the specific parts of **P-A-G-E**. The first section focuses on analyzing the problem, explaining what some experts call “framing.” Framing seems to have a variety of meanings for different people. The handout emphasizes finding the underlying problem in an attempt to keep things simple for students. It also asks, “What’s really going on here?” in order to help students uncover underlying problems.

According to Gary Klein, experts (people with a great deal of experience in a particular field, such as nursing, firefighting, or chess) “recognize” particular problems as being of one type or another. Once they make this recognition (i.e., once they frame it or represent it a particular way), experts can make very quick and successful decisions—that’s why they’re experts! In making these recognitions, experts draw upon analogies they’ve learned through experience. Thus, the section of the handout that discusses framing is related to the section on analogies. Experiments with expert chess players have shown that recognition is extremely important. When pieces were placed on a board in completely random fashion, experts could remember the placement no better than novices. But when the pieces were arranged in a way similar to placements in a game, experts could remember the placements with a single glance and project ahead several possible moves.

How students see or frame a problem depends partly on how the problem is worded. To help students become more aware of wording, some problems are phrased in two

different ways: for example, half the class could get the problem worded using positive language, while the other half gets it worded with negative language. After students make their decisions, the class can discuss the effects of different wording on their decisions. Was it a big factor?

Political Scientist James Voss believes that the way people perceive problems in foreign policy acts as a key variable in the decisions they make. He believes that problem representation (which is similar to framing) constrains what we do thereafter. For example, if we see a problem as a case of communist aggression, we will make different choices than if we see it as a typical boundary dispute between neighboring countries. Questions included with some problems help students become more attuned to problem representation.

The section on assumptions is greatly simplified compared to the literature on assumptions, which delineates several different types of assumptions (presuppositions, working assumptions, etc.). The primary method used in these books to teach students to recognize their own assumptions is by asking them to identify which of a specific menu of assumptions they made. When they see a list of possible assumptions, they can better recognize which ones they've made. This strategy seems more effective than having students read a lengthy explanation on types of assumptions.

ASK FOR INFORMATION

Asking questions is crucial in good decision making. The more people know about background sources and context, the better they will understand the real problem.

The “Guide to Thoughtful Decision Making” also emphasizes asking questions about analogies (“How is the historical case different from this decision-making problem?”), but you should also encourage students to think of historical analogies in the first place. Students will often think about a problem in terms of a personal analogy: for example, “I don’t like it when people criticize me, so it’s wrong for a country to make a harsh speech against another country.” Probing for personal or historical analogies, teachers should ask students where they got their ideas about what is really going on in a problem.

GOALS

The section on goals includes setting clear, realistic goals and generating numerous options for accomplishing those goals. Questions about ethicality have also been included in this section, since ethics are related to setting goals.

EFFECTS

The section on effects/consequences includes both long-term, unintended consequences and short-term possibilities of what could go wrong. Gary Kline argues that the ability to run mental simulations—that is, to envision what could go wrong and to imagine positive and negative consequences—is a vital skill in decision making. Every decision-making problem in this series emphasizes unintended consequences and things that could go wrong.

EVALUATING STUDENTS

There are numerous ways to evaluate student progress in both content and decision-making skills. Here are a few examples:

- Quiz students on the vocabulary included in the relevant lesson(s)
- Have each student keep a decision-making log, as outlined in Student Handout 3. It's a good idea to copy the handout onto colored paper: you can then tell students after analyzing the outcome of a problem to turn to their green (for example) decision-making log sheet and record their thoughts. The right column requires students to reflect on their thinking.
- Have students keep a journal in which they comment on:
 - the decision actually made in history
 - what the actual decision makers did well or poorly
 - historical constraints on the decision makers
 - what the outcome of the decision reveals about that time period
 - the decision made by the student and what he/she did well or poorly
 - the “lessons” of this decision-making problem
- Have students write a “history” of an event after the class has participated in a decision-making problem on that event and has discussed the outcome. I've required students to include at least two elements of **P-A-G-E** in their historical analysis.
- As a test question, have students make a decision about a problem you haven't used in class. Give them the problem and instruct them to make a decision and explain their thinking according to **P-A-G-E**. You have criteria in the suggested answers for grading their work.

EVALUATION TIPS FOR STUDENT HANDOUT 5

Have students complete Student Handout 5, in which they must evaluate a sample historical decision. Here are some criteria to consider while grading student responses to the thinking of Franklin Roosevelt on wage and price controls during World War II. Students need only address four criteria, and they only need to suggest ideas for each one. For example, I give full credit to students who suggest any possible underlying problem or ask any reasonable question.

- **Underlying problem:** FDR understood that the shortage of goods during the war had caused the inflation and price increases.
- **Point of view:** Did FDR look at the problem from the points of view of business, labor, and consumers? Price limits will hurt business, and wage limits will hurt workers. How will each react to these effects? Did he consider the point of view of the seller who may reject the price limit and turn to the black market?
- **Ask about context:** Students should ask at least one question: Is this action constitutional? Have presidents set up agencies to control wages and prices in the past? What happened when they did?
- **Ask about analogies:** Is the analogy to World War I a strong one? Both wars greatly affected the economy, so World War I should provide valuable lessons about inflation. Have there been analogous situations regarding wage and price controls? Other countries had tried wage and price controls, and in every case black markets sprang up. Black-market prices skyrocketed while official prices remained low.
- **Goal:** If the main goal is to keep prices stable, FDR's actions are reasonable. However, if the main goal is to better allocate scarce resources, price and wage controls are probably not as effective since controls generally distort markets.
- **Options:** Should FDR have considered other options besides wage and price controls? For example, he could have—and did—implement rationing to limit demand.
- **Play out the option:** FDR should have considered the short-term effects. Black markets developed for products in high demand, but the fact that “official” prices would not go up for goods in high demand meant that companies had trouble determining which goods they needed to produce more of. This made the allocation of resources less efficient.
- **Unintended consequences:** FDR should have considered possible long-term consequences of wage and price controls, such as the following:
 1. If owners need certain kinds of workers but can't afford high wages these workers command, they have to offer non-wage incentives such as health insurance. Employee health insurance completely changed the health-care system in the U.S. Many other developed countries instituted government-provided health insurance, but in the U.S., health insurance became an employer-based system.

2. Having an agency responsible for controlling prices and wages extends the reach of government and creates a larger bureaucracy. After the war and the immediate crisis have passed, it may be difficult to dismantle this bureaucracy.
3. After the crisis passes, it may be difficult to remove wage and price controls. Consumers benefit from price controls, so they may vote against anyone who advocates removing such limits. What will that do to the economy? If price controls do end, will inflation return?

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GUIDE TO THOUGHTFUL DECISION MAKING

Student Handout 1

WELCOME TO “FORESIGHT” HISTORY!

The problems in the *Decision Making in U. S. History* series will challenge you to make choices about events in United States history before you know what actually happened in those events. This is learning history in a foresighted way—first you decide, then you find out what really happened—rather than as hindsight history, where you just find out what happened. You will get at least two benefits from this method of learning history: First, you will improve your decision-making skills. Someday, when you avoid buying a “lemon” used car that would have wasted thousands of dollars, you can thank your history teacher for helping you build up your decision-making skills. Second, it’s fun to learn history as though it’s a cliffhanger mystery, where you’re eager to find out if your decision worked or ended in disaster. But don’t forget to concentrate on the actual historical decision that was made and how it turned out. You can learn a lot about your own decision making through these problems, but you’re mainly in class to learn history and to understand what really happened, not what could have happened.

WHAT IS DECISION MAKING?

You’ve learned about problem solving in other courses such as math and science, and you’ve encountered problem solving when you’ve tried to build something or fix something. Decision making resembles problem solving in some ways (for example, it involves defining a problem and thinking of alternatives), but it’s different from problem solving in that there is no one right answer. The lessons in this book involve “messy” problems: even long after the event, people often disagree about what the best decision was or should have been.

DECISION MAKING AS EXPERIENCE

Experience teaches you how to make good decisions. Every decision that you make—whether good or bad—better equips you to make good decisions in the future. For example, you would probably feel safer being treated by a doctor who had a lot of experience than by a brand new doctor. The historical problems your teacher gives you will provide you with experience in making decisions in general, and will help you become a better decision maker in your role as a citizen. You won’t just have learned about history, you will have experienced it! For some of these lessons, you will feel that you made good decisions; for others, you may feel that you’ve made errors in judgment. As you go along, try to reflect on your experiences as well as on your thinking about decision making.

P-A-G-E GUIDE TO DECISION MAKING

While experience is the most important way to learn to make better decisions, it's also helpful to learn some basic decision-making skills so that you know what areas to target in order to improve your overall decision making. Handout 2 contains an acronym, **P-A-G-E**, that provides you with guidelines for making better decisions. These aren't rules you have to follow; they are just meant as helpful tips you can use to improve your thinking about decision making.

Handout 3 explains and gives examples for each part of the **P-A-G-E** guide to decision making. Keep it in your notebook for reference as you make decisions about situations in U.S. history. Every single **P-A-G-E** guideline will not necessarily apply to each decision-making problem you encounter. You (with the assistance of your teacher) will have to determine which guidelines will work best with which problems.

P-A-G-E ANALYSIS FOR DECISION MAKING

Student Handout 2

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|---------------------------------|
| DECISION-MAKING ANALYSIS |
|---------------------------------|

P=Problem:

- Identify any **underlying problem**: What's really going on here?
- Consider **other points of view**: How do others see this situation?
- What are my **assumptions**? **Emotions**?

A=Ask for information (about):

- **Historical context**: What is the history and context of this issue?
- **Reliability of sources**: Does my information come from experts on this topic? Do the sources have a reason to lie? Is the information supported by evidence?
- **Historical analogies**: What has been done in the past about situations like this? In what ways do these other situations differ from this situation?

G=Goals:

- What are my main **goals**? Are they **realistic**?
- Generate **options** to help achieve these goals. Are they **ethical**?

E=Effects:

- Predict **unintended consequences**. What are some long-term effects?
- **Play out the options**. What could go wrong?

P-A-G-E EXPLANATIONS AND EXAMPLES

Student Handout 3

PROBLEM

Underlying problem:

Sometimes a decision-making situation will seem very difficult until you recognize that an underlying problem exists. For example, suppose two people come in for marriage counseling because they have been arguing a lot about money. The counselor is going to look for an underlying problem (such as unfulfilled needs) that might have led to spending more money. A student doing poorly in school might turn things around by discovering she needs glasses—the underlying problem. Please remember that you should not just repeat or rephrase the problem: instead, you need to look for what's behind it, for what's causing it. Underlying problems are not openly given as part of the decision-making situation—you have to figure them out on your own.

Another way to think of this skill is “the ability to see what is really going on.” Some people call this “framing” the problem: in other words, by putting a “frame” around the heart of the problem and excluding unimportant parts, you discover what's really important. You need to call on your own personal experiences in order to see what's really significant. In history, you do this by making analogies. In a sense, you need to say, “The problem we are facing now is like a problem people faced before [this is an analogy], so I'd better do *this*.” The way you see (or frame, or represent) a problem influences the decision you eventually make.

Example:

Bob's grades have been much lower for the last three months in history class. He says he's bored in class, and that he'll improve his grades when he really needs to.

List at least two possible underlying problems for Bob's lower grades. What's really causing his problems?

Other points of view:

Other people are always involved in decisions in history. We need to consider their points of view as we make decisions about history, just as we need to consider other points of view in our own lives today.

Example:

My brother Mark is angry with me for borrowing his car three times. But he's wrong to be angry. I needed to get to work each time I borrowed the car.

Rewrite this problem from Mark's point of view.

What are my assumptions? Emotions?

Sometimes after we make a decision, we realize that we had made an assumption that we didn't even know we were making until it was too late.

Emotions are part of being human, so they represent a legitimate part of the decision-making process. We do, however, need to be aware of our emotions during the decision-making process. Emotions, especially frustration and anger, can sometimes lead us to make irrational choices. People frequently become frustrated and say, "I've had enough of this situation. Let's just do something!" But they often come to regret the rushed choices they made under such circumstances. They would have benefited from saying to themselves, "Okay. I'm getting frustrated, but I still need to take the time necessary to make a good decision."

Studies have shown that when people feel pessimistic or are in a bad mood, they exaggerate the possible negative consequences of decisions; similarly, when they feel optimistic or are in a good mood, they overestimate positive consequences.

Emotions and gut feelings are unavoidable and natural, but thinking the situation through is crucial to making good decisions. We wouldn't want the President to decide about nuclear missiles in Cuba based solely on his gut feeling—we'd want him to gather information, consider several options, predict the possible consequences for millions of people, and so forth. As decision makers, we need to account for the role of emotion and gut feelings in our decisions and be aware of them as we choose.

Example for assumptions:

Player to teammate: "We'll have no trouble beating Central. After all, Central lost to Suburban, and we beat Suburban the first game of the year."

What is this player assuming?

Example for emotions:

Suppose you have two children and are trying to decide whether to buy life insurance. An insurance ad shows a boy who can't go to college because his father died and had no life insurance.

To what emotion does the ad appeal?

| |
|------------|
| ASK |
|------------|

Ask about historical context (history of the issue; context in the world):

Asking questions about both the historical background and the present context of a problem are both essential for getting the information necessary to make a good decision. If you don't know the background, you will have difficulty deciding on the best solution. Every problem has a backstory, and we need to find out what that story is. The key is to ask questions that will help you obtain the necessary information.

Example:

You are 17 years old, and you have been thinking about buying a car. You work part time after school, about ten hours per week. Your parents have told you that you'll have to pay for the car yourself. You go to a used car dealership and the salesman shows you a used car that costs \$2000.

What questions should you ask before you buy it?

Ask about reliability of sources:

Information is crucial to making good decisions, but we need know what the sources of our information are and consider the reliability of those sources. Basing a decision on bad information from questionable sources is a recipe for disaster. You can evaluate sources by asking if the person giving the information has a reason to lie, if the person is a primary source, if other sources support this information, if the person is an expert on the topic, what the person's bias is on the topic, or if the person has been reliable in the past.

You should always be probing for disagreements among sources. Be wary if no disagreements seem to exist. It might mean your advisers are engaging in "groupthink," where they all get pulled to the same option without thoroughly thinking through other options or considering what could go wrong. Always try to find people who disagree with a proposed option. If you can't find one, ask tough questions yourself.

Example:

The car salesman says this used car is in perfect condition.

How reliable is the salesman? What reasons might you have to distrust him?

Ask about historical analogies:

It's natural to compare the problems we encounter to other, similar situations that have occurred in the past. In fact, one reason we study history in the first place is to build a deeper understanding of our world today through learning about historical events/analogies. You should try to think of analogies to the problems you encounter. As mentioned above in the section on underlying problems, you derive your understanding of what is important in a problem (framing) from analogies. (Example: "This problem is

like that situation George Washington was in at Trenton during the American Revolution.”) The more you draw on your knowledge of history, the more likely you are to fully understand a decision-making problem.

However, analogies are tricky because important differences often exist between the problems we encounter now and the historical cases we use to guide our decisions. We should always evaluate analogies by asking, “How do the two cases differ? In what ways are they similar? Are they similar enough to justify the conclusion?” We should also consider whether other, more appropriate analogies exist that could provide us with better guidance.

Example:

Suppose you drove in a race at a parking lot near a mall a month ago. You raced your five-year old Toyota Corolla, and your time was 36.8 seconds. Margaret told you that she drove in a race last Sunday and her time was 28.2 seconds. She says this proves she is a better race driver than you are.

What are two questions you could ask to determine whether Margaret is really a better driver?

GOALS

What are my main goals? Are they realistic?

We can’t make good decisions if we are unclear about our goals. Once we establish goals, we can more easily set priorities and use them as a basis for choosing between options.

However, establishing goals isn’t enough. The goals we set need to be realistic. Some decisions in history have been catastrophic because the decision makers didn’t notice that they had unrealistic goals. It didn’t matter how carefully they exercised their other decision-making skills—because their goals were unrealistic, they would never achieve them.

Example:

You’re out of school and need a job, since you live on your own and have expenses (rent, car payments, food, heat, insurance, etc.). You’ve got two offers. The first one is close to where you live and pays a lot more money, but it’s doing work you wouldn’t like. The second job is farther away and pays less money (but enough to cover your expenses), but it’s doing something that you really like.

What do you do? After you decide, list your goals and ask how realistic they are.

Generate options to help achieve my goals. Are they ethical?

After you've made a decision, you don't want to be stuck thinking, "Oh, I wish I'd thought of that option before I decided!" At the same time, though, you don't want to become paralyzed trying to think of every possible option, no matter how remote. Nevertheless, important decisions should spur us to take the time to consider a number of options. We should also consider whether the options we come up with are ethical.

Example:

You are 25 years old, single, work full-time ten miles from where you live, and drive your compact car to work. In recent months, gas prices have risen to very high levels. Your main goal at this point is to save money.

What options do you have for coping with these price increases?

EFFECTS

Predict unintended consequences:

Most of the time, predicting unintended consequences will be more important than any other thinking you do about a problem. For some problems, it may be enough just to see the situation from other points of view or to ask questions about background or context. However, considering consequences will do more to help you avoid that awful feeling you get when you've made a bad decision.

Example:

Suppose you are 35 years old and have a son and a daughter, ages five and two. The company you work for is asking you to move to a different state. You can refuse and take a pay cut.

If you make the move, what unintended consequences might it have on you and your family in ten years? Guess at what the effects of the move might be.

Play out the option. What could go wrong?

Here, you need to think about short-term effects, as opposed to predicting unintended consequences, which focuses more on long-term effects. For example, say you're playing the role of president and decide to get a law passed to help solve a problem. You have to take into account the fact that Congress has the constitutional power to pass laws, and thus to get your law enacted you need to convince Congress to approve it. By noticing that the approval of Congress is vital to the success or failure of your decision, you've identified something that could go wrong, and need to plan accordingly (overcoming opposition by talking to individual members of Congress, thinking of another option as backup, etc.).

Example:

Suppose you are 30 years old and working at a job you like pretty well. You get an offer to work at a job for higher pay that is further away.

If you take the job, what might happen? List two or more things that could go wrong.

Student Handout 4

What I learned about P.A.G.E. from this topic (2 examples)

EVALUATING DECISION MAKING

Student Handout 5

The U.S. has entered World War II, an action that has transformed the American economy. Suddenly, the U.S. faces a shortage of goods. Huge amounts of goods are being diverted to supply the military, and many workers have left their jobs to fight the war. The shortage of goods has caused prices increase rapidly, resulting in inflation. President Franklin Roosevelt realizes that prices skyrocketed in World War I to the point where many Americans couldn't afford the things they needed, and he doesn't want that to happen again. He has decided to set up a government agency called the Office of Price Administration. The OPA will set price and wage controls for industries in which prices have increased, meaning that the agency will determine the exactly how much prices and wages can go up. Owners and labor unions may appeal the price and wage limits, but the judgments of the agency are final.

Evaluate FDR's thinking according to P-A-G-E.

P:

A:

G:

E:

THE DEPRESSION & WORLD WAR II, 1928–1945

Introduction

OVERVIEW

This volume on the Depression and World War II consists of eight lessons: five focused on the Depression or New Deal, and three on World War II. As in the other volumes, no effort is made to cover all the major topics in this time period. Rather, lessons were chosen around interesting decision-making problems.

SKILLS GRID FOR THIS VOLUME

X = part of lesson

E = emphasized in the lesson

| Skill | Lesson | | | | | | | |
|-------------------------|--------|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Underlying problem | | | X | X | | E | | |
| Point of view | | | X | X | | X | | E |
| Assumptions/emotions | | | | | | | | X |
| Ask—context | X | | X | X | | | | X |
| Ask—sources | | | | | | X | | X |
| Ask—analogies | | | X | X | | | | X |
| Goals? Realistic? | | E | | X | X | E | | X |
| Options. Ethical? | | | X | X | | | | X |
| Unintended consequences | | | E | E | E | | E | X |
| Play out option | E | | X | X | | X | | |

LESSON 1: THE FEDERAL RESERVE, 1928–1932

Teacher Page

OVERVIEW

This lesson on the causes of the Great Depression focuses on the actions of the Fed. Economic historians continue to debate the relative importance of such factors as overproduction, unequal distribution of wealth, and disruptions in international trade. Recent research suggests that the policies of the Federal Reserve Bank contributed heavily to the Depression; this topic is also an ideal subject for this type of exercise because it asks students to examine specific actions taken by an organization with the power to influence the severity of the Depression.

VOCABULARY

- The “Fed”—Nickname for the Board of Governors of the Federal Reserve System, the central banking system in the United States; sets monetary policy for the nation
- Interest rates—What banks charge for loans and what they pay to depositors
- GDP (gross domestic product)—The measure of all goods and services an economy produces in a year
- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- Recession—A downturn in the economy; milder than a depression
- Gold standard—Monetary system in which currency in circulation can be redeemed for an equivalent amount of gold
- Money—Currency (dollar bills and coins), plus checking accounts
- Bank run—When most or all depositors lose confidence in their bank at the same time and rush to withdraw their deposits (also called a “run on a bank”)

DECISION-MAKING SKILLS EMPHASIZED

- Ask about historical context
- Play out options

LESSON PLAN

A. IN-DEPTH LESSON (two 40-minute class periods)

Procedure:

Distribute Handout 1 and have students read it silently and decide what they will do for Problem 1. Next, divide students into groups and have them discuss their choices. Give time for students to ask questions. Bring the class back together and have each group report on its decisions and explain. After all the groups have reported, read the outcome for Problem 1 from Handout 2. Repeat the process for Problems 2 and 3. After completing all three problems, distribute Handout 2 so that students will have a written record of what actually happened.

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know what really happened. Which decision-making skills were particularly important in making choices about these issues? Which of the letters of **P-A-G-E** applied especially to this problem? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Did certain historical factors cause the Great Depression, or did it occur more because of individual choices made by the chairman of the Federal Reserve Bank? After completing the lesson, students may think the actions of the Federal Reserve Bank were a central cause of the Depression. However, they should also consider that the gold standard put a great deal of pressure on the Fed to stop the outflow of gold. They should also think about other factors such as stock market speculation, overproduction, and unequal distribution of wealth.

Connecting to Today:

Ask students under what circumstances the Fed should raise or lower interest rates today. If lower interest rates bring economic growth, why does the Fed ever raise them? Students should understand that low interest rates can result in inflation, and rising inflation can also have negative consequences for the economy.

Troubleshooting:

Ask students if they think more businesses and consumers will borrow money if interest rates go down. (Chances are they will.) When more businesses and consumers borrow in

order to make purchases, will this result in more or less business activity? (More.) How will more business activity affect the economy? (It will increase economic growth) You could take some time to demonstrate how loans create a larger money supply (most economics textbooks include good explanations of the money supply, loans, and interest rates), but this lesson focuses primarily on the level of borrowing.

| |
|--|
| B. QUICK MOTIVATOR (20–40 minutes): |
|--|

Assign Handout 1 as homework. In class, have students pair up and discuss their choices for three minutes or so. Ask for a show of hands for each choice in Problem 1 and briefly discuss students' reasoning. Repeat this process for Problems 2 and 3. Distribute Handout 2 and for homework have students comment on what they learned from these outcomes.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handout 2)

This lesson has a simplified explanation for motives for raising interest rates. More complicated concepts such as discount rates, reserve requirements, and open market operations are more appropriate for an economics class; such issues aren't critically important to making decisions in this lesson.

Researchers have estimated that from 1929 to 1933 the economy dropped anywhere from 27% to 36%. The numbers vary mainly because different researchers use different measures, such as GDP, real GDP, GNP, and national income. I felt 30% was the most accurate because it uses real GDP, accounting for price declines in this period. The important point for students to remember is that the economy contracted by a huge amount, close to one-third.

Estimates of the unemployment rate also vary. Most researchers put the peak unemployment at just under 25%; I used 25% for simplicity. Again, students should realize that about one out of every four workers was unemployed.

DECISION-MAKING ANALYSIS:

P = Problem

- Identify any underlying problem.
- Consider other points of view.
- What are my assumptions? Emotions?

A = Ask

- * - **Historical context (history of this issue; context in the world)**
- Reliability of sources
- Historical analogies

G = Goal

- What are my main goals? Are they realistic?
- Generate options to help achieve these goals. Are they ethical?

E = Effects

- Predict unintended consequences
- * - **Play out the options. What could go wrong?**

* Denotes topics emphasized in this lesson

- **Ask about context:** Students should ask about past economic decisions. Have higher interest rates slowed the economy in the past? (Yes.) Are many stock

investors going to sell (and thereby drive down stock prices) if interest rates rise? (Yes, although no one knows how significant this effect would be.)

- **Play out the option:** Students need to think about the short-term negative effects of raising interest rates (less borrowing, and therefore less economic growth) and of the short-term negative effects of not lending to weak banks (more bank failures).

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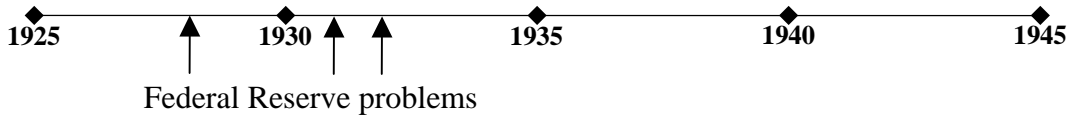
LESSON 1: THE FEDERAL RESERVE, 1928–1932

Vocabulary

- The “Fed”—Nickname for the Board of Governors of the Federal Reserve System, the central banking system in the United States; sets monetary policy for the nation
- Interest rates—What banks charge for loans and what they pay to depositors
- GDP (gross domestic product)—The measure of all goods and services an economy produces in a year
- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- Recession—A downturn in the economy; milder than a depression
- Gold standard—Monetary system in which currency in circulation can be redeemed for an equivalent amount of gold
- Money—Currency (dollar bills and coins), plus checking accounts
- Bank run—When most or all depositors lose confidence in their bank at the same time and rush to withdraw their deposits (also called a “run on a bank”)

LESSON 1: THE FEDERAL RESERVE, 1928–1932

Student Handout 1



PROBLEM 1—INTEREST RATES IN 1928

You are the chairman of the Federal Reserve System (popularly known as “the Fed”) in 1928. It is your job to maintain the health and stability of the U.S. banking system by regulating banking institutions and setting monetary policy (such as interest rates). The 1920s have witnessed a rapidly expanding economy, but signs of trouble have cropped up. The nation’s wealth is concentrated in the hands of a very small percentage of people. Also, most Americans have no savings at all and buy goods on credit. Due to new technologies and increased efficiency, farms and industries produce more goods than ever before, but because most people can’t afford them, demand has decreased. This in turn has led to a decline in prices, which will hurt businesses.



The Federal Reserve Building in Washington D.C.

There is also a great deal of speculation in the stock market. Following the “get rich quick” mentality of the 1920s, people have borrowed money in order to buy overvalued stocks. Increasing interest rates will make it harder for banks to loan money for this type of speculation. This in turn should slow down the huge increases in stock prices, but it may also hurt investments and slow economic growth.

Another problem is that the U.S. currency operates on the gold standard, which means that the money in circulation can be redeemed for an equivalent amount of gold. However, economic instability worldwide has caused foreigners to buy gold, thus decreasing the U.S. supply. Raising interest rates will make American investments more attractive to foreigners; some will invest in American businesses rather than buy gold. Higher interest rates will therefore help stop the flow of gold out of the U.S.

Will you raise interest rates to slow stock speculation and stop the loss of gold? Explain your choice.

PROBLEM 2—INTEREST RATES IN 1931

You are the chairman of the Federal Reserve System in October 1931. The stock market has crashed and the economy has started to plummet into a depression. Unemployment has increased to about 10% of the workforce, businesses are declaring bankruptcy in alarming numbers, and the size of the economy (as measured by GDP) has decreased. Prices have also declined further as demand for products has dropped: average Americans have lost their jobs and no longer have the money to buy goods, and even the wealthy are nervous and have stopped buying luxury items.

You have also taken note of ominous events in Britain, which is experiencing a similar economic downturn. Investors there have decided that the British currency, the pound, is too unstable, so they have exchanged their pounds for gold. This has depleted the gold reserves of the Bank of London, so Britain has gone off the gold standard (meaning that Britain no longer backs its currency with gold).

Now, many U.S. investors have begun exchanging their dollars for gold. The gold supply is shrinking fast, which may force the U.S. to abandon the gold standard—something it's reluctant to do. The gold standard has traditionally been used to inspire confidence in the economy because it reassures people that the government won't begin printing large sums of money and devalue the currency. People want to know their money is backed by something solid. Increasing interest rates may offer a way to save the gold standard: Higher interest rates will encourage investors to keep their dollars since they can gain a higher rate of return on them, rather than cashing them in for gold.

Meanwhile, prices have dropped rapidly—about 10% this year. Declining prices make people reluctant to take out loans because the amount of the loan stays fixed while the amount of money earned from business or work will keep dropping—even for the same number of goods sold or the same amount of work. Declining prices make loans a bad risk.

As chairman of the Fed, you could take several actions regarding interest rates and the money supply. Remember that the money supply consists of both currency (dollar bills) and checking accounts. Each of the proposals below is followed by an argument made by a proponent of that proposal. Keep in mind that you can't implement all the proposals, since they contradict each other. Consider the arguments carefully and decide which you will choose:

- A. Increase interest rates and shrink the money supply a little. This should prevent inflation and stop the loss of gold. If you keep the value of the dollar strong, investors will probably have more confidence that inflation will not erode their profits. That should then motivate them to start investing more, which will expand the economy.
- B. Keep interest rates and the money supply at current levels. This will keep the amount of borrowing stable and the value of the dollar steady.

- C. Decrease interest rates and expand the supply of money a little. Lower interest rates should lead to more business borrowing and investment as well as more consumer borrowing, which will help the economy expand. Increasing the money supply should stop prices from dropping, which will motivate more people to take out loans, which will help the economy expand.

Which will you do? Increase, maintain, or lower interest rates? Explain your choice.

PROBLEM 3—LOANS TO WEAK BANKS IN 1932

Thousands of banks have gone out of business due to “bank runs,” which occur when depositors lose confidence in their bank and all rush to withdraw their money at the same time. Since the bank only has a fraction of the deposits on reserve at any one time, it quickly runs out of cash and is unable to give depositors their money. The bank is then forced to close. Depositors lose their savings, and people lose faith in the banking system and choose to keep their money out of banks. For this reason, over one-third of banks nationwide have gone out of business. Most are small banks; banks in rural areas have been hit especially hard.



A crowd of depositors gathers outside a bank

As chairman of the Fed, you need to decide if you will help weak banks by lending them money to survive bank runs. If you choose to help the weak banks, you risk losing the money you lend to them if the banks don't recover, which in turn would weaken the Federal Reserve System itself. However, one of the main purposes of the Federal Reserve System is to preserve the stability of the banking system.

Will you lend money to banks in order to keep them in business? Explain your choice.

LESSON 1: THE FEDERAL RESERVE, 1928–1932

Student Handout 2

OUTCOMES

PROBLEM 1—INTEREST RATES IN 1928

The Fed decided to raise interest rates from the spring of 1928 to October 1929 to slow speculation in the stock market and stop the flow of gold out of the country. Unfortunately, the decision led to a recession, which began in August 1929. According to most economists, high interest rates (which reduce loans and investments), combined with the decline in the economy, helped lead to the stock market crash in October 1929. This decision to raise interest rates thus contributed to the Great Depression.

PROBLEM 2—INTEREST RATES IN 1931

The Fed again increased interest rates, primarily to prevent the loss of gold. In retrospect, economists believe that this was the worst thing it could have done. The high interest rates slowed business investments, making the depression much worse. The decline in prices had already made businesses less likely to take out loans, since they would be unable to earn sufficient profits to pay them back. The increase in interest rates meant that even fewer businesses were willing to take out loans in order to expand or even just to stay in business. Consumers also stopped taking out loans to buy goods. The unemployment rate eventually reached 25%, and the economy contracted by an astounding 30% from 1929 to 1933.

In order to appreciate the severity of this decline in the economy, think of it this way: In a normal year, the economy grows by about 2%–4%. Growth is necessary because the population usually increases as well, and it needs more goods, services, and jobs just to keep up. Even a modest decline in the economy (say, 2%) is alarming and almost certainly causes unemployment to rise. Thus, if a 2% decline represents cause for concern, a 36% decline over a period of only three years was catastrophic. Most economists agree that the Fed’s 1931 decision to raise interest rates significantly contributed to causing the Depression; some believe it was the most important cause.

PROBLEM 3—LOANS TO WEAK BANKS IN 1932

The Fed did not loan money to banks, deciding to ignore the problem of bank failures. This decision further weakened confidence in the banking system, and by March 1933 half of all banks in the U.S. had failed. This resulted in fewer loans and fewer investments, along with a contraction both of the money supply (because bank deposits, which are a form of money, were lost) and of the economy (by 30%). At the time, policymakers believed that the economy was going through a normal cycle of change and

that the market would eventually correct itself. According to this theory, the government needed to let businesses (including banks) too weak to survive go out of business. Also, since many of the banks affected were small and not members of the Federal Reserve System, their plight didn't concern the Fed. The heads of the Fed failed to anticipate the effects of a widespread loss of faith in the banking system. Many Americans preferred to keep their money under their mattresses or in coffee cans buried in the backyard, rather than in banks, which further crippled banking and investments and took even more money out of circulation.

Economic historians have debated the possible causes of the Depression since the 1930s, and put forth many theories. Many people subscribe to the common misperception that the stock market crash of 1929 caused the Depression: experts now believe that the crash was merely a symptom of the greater problem. Most economic historians now consider the shortsighted policies of the Fed to be a significant cause of the Depression.

LESSON 2: THE ELECTION OF 1932

Teacher Page

OVERVIEW

The 1932 election took place in the context of the Great Depression. The traditional *laissez-faire* policies of the early 20th century now seemed dangerously ineffective, and Americans were ready for the federal government to take a more active role.

VOCABULARY

- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- Tariff—Tax on imports
- Gold standard—Monetary system in which currency in circulation can be redeemed for an equivalent amount of gold
- Franklin D. Roosevelt—Democratic candidate in the 1932 election
- Herbert Hoover—Republican candidate in the 1932 election
- Commonwealth Club speech—Given by FDR in his 1932 campaign; he argued that government should take a more active role in improving the economy

DECISION-MAKING SKILLS EMPHASIZED

- Reflect on goals

LESSON PLAN

A. IN-DEPTH LESSON (30 minutes)

Procedure:

Give students Handout 1 and ask them to vote for a candidate and to predict who won the actual election. After the discussion, tell them who the candidates were and that Franklin Roosevelt (Candidate B) won, as noted on Handout 2. Knowing what they now know about FDR, how do students think he will handle the Depression? Was there anything in the description of Hoover that helped students understand why he responded to the Depression in the way he did? For example, he believed in government–business cooperation and in volunteerism. This made him less likely to support measures such as a federal government program to feed the poor because he believed such things should be done on a voluntary basis.

Integrate the primary source by giving students Handout 3 before you distribute Handout 2 (which gives the outcome) and having them answer the questions. The first question will cause students to review the candidates' positions on issues, since they have to guess who delivered the speech (Franklin Roosevelt). The second question asks them to express their own opinions about FDR's speech, and the third reinforces the historical context by asking how well the speech fits the time period.

Reflecting on Decision Making:

Ask students what they learned from this lesson. Then ask what decision-making skills were particularly important in deciding for whom to vote. Which of the letters of **P-A-G-E** applied especially to this problem? (See the "Decision-Making Analysis" section below for ideas.) You might want to ask students directly if they voted primarily on character, decision-making skills, or the candidates' positions on important issues. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students what the election shows about the United States in 1932. Students should note that the Depression stood foremost in the minds of most Americans as they voted and that it focused voters' attention on issues of recovery and relief. Why did students vote differently or the same as voters in 1932?

Connecting to Today:

What factors should people consider most important when voting in presidential elections: character, skills, or issues? What does the 1932 election show about how to pick candidates in general?

Troubleshooting:

Some students may need to review the particulars of a depression (what causes it and possibilities for reversing it) and the effects of a tariff.

| |
|--|
| B. QUICK MOTIVATOR (10 minutes) |
|--|

Distribute Handout 1 and have students decide on their candidate as homework. In class, ask them to vote on their candidates and predict the results. Give them Handout 2, which lists the results. Keep the discussion short by focusing just on whether students voted more on personal characteristics or on issues.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handout 2)

Hoover was not a strict believer in *laissez-faire* policies. For example, faced with a collapsing economy, he established the Reconstruction Finance Corporation, which provided loans for mortgages, relief, and many other purposes. However, he did believe strongly in volunteerism: he thought that things such as government–business cooperation and care of the poor should occur on a local and voluntary basis—not by federal government mandate.

DECISION-MAKING ANALYSIS:

P = Problem

- Identify any underlying problem
- Consider other points of view
- What are my assumptions? Emotions?

A = Ask for information (about)

- Historical context (history of this issue; context in the world)
- Reliability of sources
- Historical analogies

G = Goals

- * - **What are my main goals? Are they realistic?**
- Generate options to help achieve these goals. Are they ethical?

E = Effects

- Predict unintended consequences
- Play out the options. What could go wrong?

* Denotes topics emphasized in this lesson

- **Reflect on your goals:** Is the primary goal to elect someone with strong character, good decision-making skills, or the right positions in important issues? Which of these is most important? The candidates differed significantly on issues, character, and temperament.

Further Research:

The platforms of the Republican and Democratic Parties are laid out at the American Presidency Project, available at <http://www.presidency.ucsb.edu/platforms.php>.

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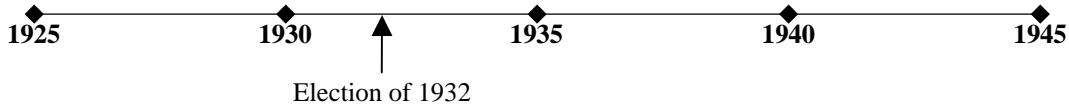
LESSON 2: THE ELECTION OF 1932

Vocabulary

- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- Tariff—Tax on imports
- Gold standard—Monetary system in which currency in circulation can be redeemed for an equivalent amount of gold
- Franklin D. Roosevelt—Democratic candidate in the 1932 election
- Herbert Hoover—Republican candidate in the 1932 election
- Commonwealth Club speech—Given by FDR in his 1932 campaign arguing that government should take a more active role in improving the economy

LESSON 2: THE ELECTION OF 1932

Student Handout 1



You are a voter in the presidential election of 1932. The United States has fallen into a severe economic depression. In just a few short years, unemployment has risen to over 25%, banks are failing all over the country, and thousands of businesses are going bankrupt.

Read the information on the two candidates and decide whom you will vote for. Who do you predict will win the election? Why?

CANDIDATE A

Positions on Issues:

This candidate's views on the issues are drawn from his party's platform and from his speeches:

- **Economy:** He firmly believes in "volunteerism," which means he thinks that individual Americans, rather than the federal government, should voluntarily help do things such as feed the poor. However, he has recently made some steps towards greater government involvement by calling for businesses not to lower wages, and he has established a government agency to provide loans to the states and to businesses.
- **Tariff:** He favors continued high tariffs on imports. He says such tariffs will protect American jobs from unfair competition with lower-paid foreign workers.
- **Government:** He has increased spending significantly, including millions for public works for farmers and loans for businesses.
- **Monetary system:** He wants the U.S. to stay on the gold standard in order to preserve the stability of the money system and give people confidence that their money is backed by something solid.
- **Immigration:** He favors further curbs on immigration, saying that the government needs to prevent more immigrants from coming to the U.S. and taking American jobs.
- **Veterans:** He supports the payment of pensions to war veterans. However, when World War I veterans marched on Washington D.C. to request that the government pay them their bonuses early (they were due in 1945), he used troops to drive them out of the city.
- **Taxes:** He supported the low-tax policies of the Republicans in the 1920s and actually cut taxes after the depression began. However, earlier this year, he supported the largest tax increase in U.S. history in order to balance the budget.

- Campaign: He has stated that if Candidate B wins the election, “The grass will grow in the streets of a hundred cities, a thousand towns, the weeds will overrun the fields of a thousand farms,” (i.e., economic ruin would result for cities, towns, and farms).

Personal Characteristics:

Candidate A grew up on a farm in Iowa. Both his parents died when he was young. He fondly recalls swimming and fishing at a nearby pond, and refers to himself as “a boy from a country village, without inheritance or influential friends.” He grew up poor but became wealthy through hard work. He does not drink alcohol. He is a devout Quaker and is married with two sons.

Trained as an engineer, he also became successful in business. During World War I, he gave up his business in order to organize relief efforts (through voluntary contributions) to prevent starvation in Belgium. He became the head of the American Food Administration when the U.S. entered the war, and he organized food relief for millions of starving people in central Europe after the war’s end. He became Secretary of Commerce in the 1920s, promoting close cooperation between government and business, and in 1927 he organized relief for flood victims in Mississippi. He is the current president, running for reelection. He has a very logical mind and has a great deal of experience in public service. He is very serious and feels the Depression poses a grave crisis for the country.

CANDIDATE B

Positions on Issues:

This candidate’s views on the issues are from his party’s platform and from his speeches:

- Economy: He supports a sound currency, a reduction in federal expenditures, and a balanced budget. He also pledges to help those on the bottom of the “economic pyramid.”
- Tariff: He favors a tariff on imports, but not as high as the tariff Candidate A favors. He views the tariff as a means for collecting revenue rather than for protection (i.e., it would earn money for the government but not stop foreign goods from entering the market).
- Banks and stock market: He wants extensive banking and financial reform, including reform of stock exchanges.
- Veterans: He supports the payment of veterans’ pensions.
- Farmers: He favors aid programs for farmers.
- Campaign: He has criticized Candidate A for not taking action to alleviate the effects of the Depression and for not caring about the common citizen. He claims that Candidate A has refused to give relief or government jobs to the unemployed, or wheat to starving people.

Personal Characteristics:

He grew up in a wealthy family in New York and attended Harvard University and Columbia Law School. He has been active in politics for all of his adult life. He served in

the New York Legislature, was appointed Assistant Secretary of the Navy during World War I, and was nominated and ran for vice president in 1920. He has been the governor of New York for the past four years and started a number of state programs to help people through the Depression.

In 1921, at the age of 39, he was stricken with polio and paralyzed from the waist down; however, he tells the American people that he is recovering and maintains an upbeat, optimistic attitude. He once said, "If you had spent two years in bed trying to wiggle your toe, after that anything would seem easy." None of his advisors has ever seen him read a book; he seems to get his vast amount of information just from talking to people. He is friendly and exceedingly confident.

He has campaigned very hard despite his physical disabilities, traveling over 25,000 miles. He is very optimistic about the future of the United States, stating repeatedly that the economy can recover from the Depression.

He is married with five children (one died in childhood). He is an Episcopalian and is quietly religious, though he does not attend church services regularly.

LESSON 2: THE ELECTION OF 1932

Student Handout 2



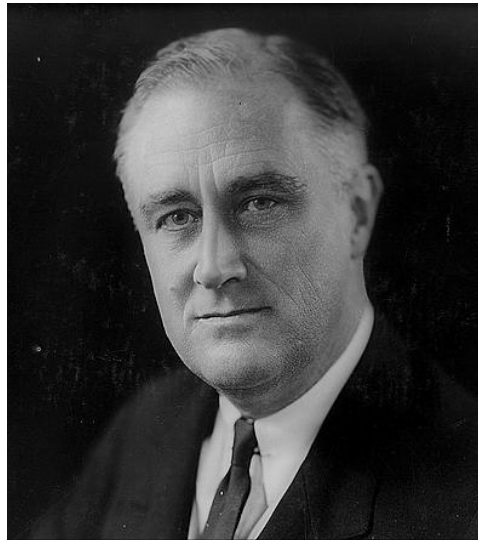
OUTCOME

What Actually Happened:

Candidate B, Democrat Franklin Roosevelt, defeated Candidate A, Republican Herbert Hoover, by a margin of 57% to 40% in the popular vote (472 electoral votes to 59). Most people then and now believe Hoover had no chance of winning reelection. Even Republicans wanted to nominate someone else, but couldn't figure out a way to support another candidate over the incumbent. Four years earlier, voters had identified Hoover



Herbert Hoover



Franklin Roosevelt

and the Republicans with the prosperity of the late 1920s. In 1932, voters now associated Hoover with hard times and ineffective policies. Knowing that voters already disliked Hoover, FDR ran a safe campaign: he talked mostly in generalities, preferring not to stir up controversy by suggesting specific programs or measures.

FDR nevertheless campaigned hard for the presidency. He traveled widely and delivered speeches in an effort to build a base of support for when he took office. He also wanted to demonstrate that his disability would not hold him back. Voters liked his optimism and confidence; they were ready for a new, active president to lead them out of the economic crisis.



FDR campaigning in Indiana

LESSON 2: THE ELECTION OF 1932

Student Handout 3

Primary Source: Commonwealth Club Speech, September 23, 1932 (excerpt)

I count it a privilege to be invited to address the Commonwealth Club....

I want to speak not of politics but of government. I want to speak not of parties, but of universal principles. They are not political, except in that larger sense in which a great American once expressed a definition of politics, that nothing in all of human life is foreign to the science of politics....

The issue of government has always been whether individual men and women will have to serve some system of government of economics, or whether a system of government and economics exists to serve individual men and women....

When we look about us, we are likely to forget how hard people have worked to win the privilege of government. The growth of the national governments of Europe was a struggle for the development of a centralized force in the nation, strong enough to impose peace upon ruling barons....

There came a growing feeling [in Europe] that government was conducted for the benefit of a few who thrived unduly at the expense of all. The people sought a balancing—a limiting force. There came gradually, through town councils, trade guilds, national parliaments, by constitution and by popular participation and control, limitations on arbitrary power.

Another factor that tended to limit the power of those who ruled, was the rise of the ethical conception that a ruler bore a responsibility for the welfare of his subjects.

The American colonies were born in this struggle. The American Revolution was a turning point in it. After the revolution the struggle continued and shaped itself in the public life of the country. There were those who because they had seen the confusion which attended the years of war for American independence surrendered to the belief that popular government was essentially dangerous and essentially unworkable....

You are familiar with the great political duel which followed, and how Hamilton, and his friends, building towards a dominant centralized power were at length defeated in the great election of 1800, by Mr. Jefferson's party. Out of that duel came the two parties, Republican and Democratic, as we know them today.

So began, in American political life, the new day, the day of the individual against the system, the day in which individualism was made the great watchword of American life. The happiest of economic conditions made that day long and splendid. On the Western frontier, land was substantially free. No one, who did not shirk the task of earning a living, was entirely without opportunity to do so. Depressions could, and did, come and go; but they could not alter the fundamental fact that most of the people lived partly by

selling their labor and partly by extracting their livelihood from the soil, so that starvation and dislocation were practically impossible. At the very worst there was always the possibility of climbing into a covered wagon and moving west where the untilled prairies afforded a haven for men to whom the East did not provide a place....

It was the middle of the 19th century that a new force was released and a new dream created. The force was what is called the industrial revolution, the advance of steam and machinery and the rise of the forerunners of the modern industrial plant....

During this period of expansion, there was equal opportunity for all and the business of government was not to interfere but to assist in the development of industry. This was done at the request of businessmen themselves. The tariff was originally imposed for the purpose of “fostering our infant industry,” a phrase I think the older among you will remember as a political issue not so long ago. The railroads were subsidized, sometimes by grants of money, oftener by grants of land; some of the most valuable oil lands in the United States were granted to assist the financing of the railroad which pushed through the Southwest. A nascent merchant marine was assisted by grants of money, or by mail subsidies, so that our steam shipping might ply the seven seas. Some of my friends tell me that they do not want the Government in business. With this I agree; but I wonder whether they realize the implications of the past. For while it has been American doctrine that the government must not go into business in competition with private enterprises, still it has been traditional particularly in Republican administrations for business urgently to ask the government to put at private disposal all kinds of government assistance.

The same man who tells you that he does not want to see the government interfere in business—and he means it, and has plenty of good reasons for saying so—is the first to go to Washington and ask the government for a prohibitory tariff on his product. When things get just bad enough—as they did two years ago—he will go with equal speed to the United States government and ask for a loan; and the Reconstruction Finance Corporation is the outcome of it. Each group has sought protection from the government for its own special interest, without realizing that the function of government must be to favor no small group at the expense of its duty to protect the rights of personal freedom and of private property of all its citizens....

A glance at the situation today only too clearly indicates that equality of opportunity as we have known it no longer exists. Our industrial plant is built; the problem just now is whether under existing conditions it is not overbuilt. Our last frontier has long since been reached, and there is practically no more free land. More than half of our people do not live on the farms or on lands and cannot derive a living by cultivating their own property. There is no safety valve in the form of a Western prairie to which those thrown out of work by the Eastern economic machines can go for a new start. We are not able to invite the immigration from Europe to share our endless plenty. We are now providing a drab living for our own people.

Our system of constantly rising tariffs has at last reacted against us to the point of closing our Canadian frontier on the north, our European markets on the east, many of our Latin

American markets to the south, and a goodly proportion of our Pacific markets on the west, through the retaliatory tariffs of those countries. It has forced many of our great industrial institutions who exported their surplus production to such countries, to establish plants in such countries within the tariff walls. This has resulted in the reduction of the operation of their American plants, and opportunity for employment.

Just as freedom to farm has ceased, so also the opportunity in business has narrowed. It still is true that men can start small enterprises, trusting to native shrewdness and ability to keep abreast of competitors; but area after area has been preempted altogether by the great corporations, and even in the fields which still have no great concerns, the small man starts with a handicap....

Recently a careful study was made of the concentration of business in the United States. It showed that our economic life was dominated by some six hundred odd corporations who controlled two-thirds of American industry. Ten million small business men divided the other third. More striking still, it appeared that if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations, and run by perhaps a hundred men. Put plainly, we are steering a steady course toward economic oligarchy, if we are not there already....

As I see it, the task of government in its relation to business is to assist the development of an economic declaration of rights, an economic constitutional order. This is the common task of statesman and businessman. It is the minimum requirement of a more permanently safe order of things....

This implication is, briefly, that the responsible heads of finance and industry instead of acting each for himself, must work together to achieve the common end... Likewise, should the group [of businessmen] ever use its collective power contrary to public welfare, the government must be swift to enter and protect the public interest....

Faith in America, faith in our tradition of personal responsibility, faith in our institutions, faith in ourselves demands that we recognize the new terms of the old social contract. We shall fulfill them, as we fulfilled the obligation of the apparent Utopia which Jefferson imagined for us in 1776, and which Jefferson, Roosevelt, and Wilson sought to bring to realization. We must do so, lest a rising tide of misery engendered by our common failure, engulf us all. But failure is not an American habit; and in the strength of great hope we must all shoulder our common load.

QUESTIONS FOR ANALYSIS

1. Do you think Candidate A or Candidate B delivered this speech? Explain why.
2. What is your reaction to the speech? Do you agree with the candidate's arguments?
3. Would this speech have swayed you to vote for or against this candidate? Explain why. Do you think it was effective in 1932?

LESSON 3: THE NEW DEAL—RECOVERY

Teacher Page

OVERVIEW

Lessons 3, 4, and 5 focus on the New Deal and are divided into the “three Rs”: recovery, relief, and reform. Recovery, the subject of Lesson 3, was perhaps FDR’s most challenging task. Students may have difficulty understanding the proposals for recovery, but the subject can lead to very thought-provoking discussions.

This lesson does not aim to have students memorize the names and letters of the various New Deal agencies. Instead, it focuses on the underlying rationales for those programs and whether or not they were a good idea.

VOCABULARY

- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- “Hundred Days”—Period from March to June 1933 in which FDR and Congress passed an unusually high number of laws
- New Deal—FDR’s program to fight the Depression
- Hoovervilles—Makeshift towns of homeless people living in cardboard shacks; the name implied that President Hoover was responsible for their troubles
- Bankruptcy—Financial ruin; state in which an individual or business can no longer pay their creditors
- Inflation—Higher prices
- Tariff—A tax on imports
- Deficit spending—Occurs when the government spends more than it takes in through taxes
- Fireside chats—FDR’s radio talks to the American public
- Gold standard—Monetary system in which currency in circulation can be redeemed for an equivalent amount of gold
- National Recovery Administration (NRA)—Government agency that allowed businesses to write “codes of fair competition” that would cut down on destructive competition, and set minimum wages and maximum weekly hours for workers; businesses that did so were exempted from antitrust laws

DECISION-MAKING SKILLS EMPHASIZED

- Identify underlying problem
- Consider other points of view
- Ask about historical context
- Ask about analogies
- Generate options
- Play out options
- Predict unintended consequences

LESSON PLAN

A. IN-DEPTH LESSON (one 40-minute class period)

Procedure:

You will not use all the handouts in this lesson. Handouts 1 and 2 ask the same question, but Handout 2 provides proposals, whereas Handout 1 requires students to generate their own ideas. Handout 6 provides a shortened version of the same question. You could choose which handouts to use based on time constraints, or you could identify certain skills from **P-A-G-E** on which you would most like to focus. Handout 1 requires students to generate options, Handout 4 provides analogies, and Handout 5 asks students to consider other points of view.

Distribute Handout 1; read the background and problem to the whole class or have students read it silently on their own. Make sure students know that a depression is defined as a decline in GDP coupled with an increase in unemployment over 10%; also, make sure students understand the severity of the Great Depression.

Divide students into groups and have them consider the three problems. Students should brainstorm as many options as they can and decide which they will choose. Remind them to keep in mind the elements of **P-A-G-E** when making their decisions. Circulate around the class in case students have questions. Bring the class back together and have groups report their proposals. Write them on the board. At this point, you could distribute Handout 2 (which provides actual proposals) and have students go back to their groups to decide which of the various proposals to support. Bring the class back together to assess the proposals. Have each group report its decisions and have the class vote on each proposal. For each proposal, try to emphasize the part of **P-A-G-E** that especially applies.

When students have decided on all the proposals, distribute Handout 3 (which lists the outcomes) and ask students which outcomes they found most surprising. You can focus on evaluating analogies by using Handout 4, and on considering other points of view by using Handout 5. In addition, you can use the primary source (Handout 8) at this point as an example of a fireside chat. This primary source could also be used in Lesson 5 on Reform, since it focuses on banking.

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know what really happened. Which decision-making skills were particularly important in making decisions about these issues? Which of the letters of **P-A-G-E** applied especially to these problems? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Which were more important for the New Deal programs and their effects—historical forces or individual choices (by FDR)? If FDR made mistakes that actually worsened the Depression, why do most historians consider him one of America’s greatest presidents? You could discuss the overall helpfulness of FDR’s programs, as well as the belief held by many historians that FDR’s political skills, optimism, and reforms likely saved capitalism.

Connecting to Today:

Ask students how the leadership of FDR compares to that of recent presidents or the current president.

Troubleshooting:

This lesson requires a solid understanding of economic concepts. You might want to review these concepts with students before starting the lesson. More information about this can be found in the “Teacher Notes for Expanding Discussion.”

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|---|
| B. QUICK MOTIVATOR (10–20 minutes) |
|---|

Use Handouts 6 and 7, instead of Handouts 1–3. Assign Handout 6 as homework. In class, have students pair up and discuss their choices for ten minutes or so. Ask for a show of hands regarding each proposal from Handout 6 and briefly discuss students reasons for their decisions. Next, distribute Handout 7 and for homework have students comment on what they learned from these outcomes.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handout 3)

Handout 2's section on economic recovery includes some complex economic concepts. In particular, students may have trouble understanding option E under "Economic Recovery," which concerns expanding the money supply. A chapter on money and banking in an economics book would help explain these concepts. The book by Gene Smiley (see "Sources" page) contains a very good explanation of how money worked in 1933–1940. I've simplified the topic a great deal, avoiding details about the gold standard, devaluations, reserve requirements, and the several acts that moved the U.S. off the gold standard. You should have students simply focus on whether to expand the money supply.

Since the U.S. today no longer uses the gold standard, students may find it difficult to understand why the idea of going off it generated so much controversy. At that time, people believed the government might print huge sums of money in times of economic crisis and thus devalue the currency; having money backed by gold gave people confidence in the economy. Also, some people feared that going off the gold standard would signal the end of the international economic system based on gold. If the U.S. went off the gold standard to help its own economy, other countries would also be more likely to pursue policies to help their own economies, possibly to the detriment of the international community.

It might seem easier to skip the monetary policies of the New Deal altogether, since students more easily grasp the concepts behind other New Deal acts. However, most economic historians now believe that expansion of the money supply played a crucial role in sparking recovery from the Depression, just as contraction of the money supply helped cause the Depression. Smiley, for example, describes the expansion of the money supply as "one of the few forces that unambiguously worked to expand economic activity from 1934 to 1940." Disregarding these monetary policies misses out on an essential element of the New Deal.

Also, Handout 2 offers the option of using the American Legion to create a private army. Students probably won't pick this option (none of mine has done so yet), but they should know that several people actually proposed this ominous idea. In our courses, we study the rise of dictators during the 20s and 30s. This option shows students that at least a few people thought the U.S. could have gone the same way. It's important for students to realize that FDR kept the nation on the path of democracy during a great crisis.

DECISION-MAKING ANALYSIS:

P = Problem

- * - **Identify any underlying problem**
- * - **Consider other points of view**
 - What are my assumptions? Emotions?

A = Ask for information (about)

- * - **Historical context (history of this issue; context in the world)**
 - Reliability of sources
- * - **Historical analogies**

G = Goals

- What are my main goals? Are they realistic?
- * - **Generate options to help achieve these goals. Are they ethical?**

E = Effects

- * - **Predict unintended consequences**
- * - **Play out the options. What could go wrong?**

* Denotes topics emphasized in this lesson

- **Underlying problem:** On the surface, it might seem easy to reverse the Depression—just find out what caused it and do the opposite. The problem, of course, was that leaders at the time didn't clearly understand the cause of the Depression, and in fact economists and historians today still argue about what caused the Depression. If the true cause of the Depression was unequal distribution of income, then higher taxes on the rich might have led to recovery. If the stock market crash was responsible, then reforming the stock market would have been the answer. If the main cause of the Depression was monetary (namely, the smaller money supply), then going off the gold standard and lowering interest rates would have led to recovery. (Lesson 1 deals with this subject in greater detail.) If the main cause of the Depression was a drop in demand, then deficit spending would have reversed it. If unequal distribution of wealth was an important cause, then increasing taxes on the rich and increasing aid for the poor would have helped expand the economy. If the stock market was a significant cause, then reforming the stock market might have helped.
- **Other points of view:** Handout 5 asks students to look at government programs from various points of view. Handouts 1–3 show that raising prices would help farmers and investors and that tariffs would bring retaliatory tariffs and cripple trade. Handouts 4–6 show some of the reasons why the NRA was popular with some businesses at first, yet so unpopular with almost everyone by 1935.
- **Ask about context:** Context is very important in understanding these problems. For example, students may ask if the government tried expanding the money supply before. Tell them that the government did try it for three months in 1932 and that evidence shows it helped the economy significantly. Students may

wonder why the government therefore didn't get even more involved and attempt to have a say in planning every aspect of the economy. You could point out that the fear of communism during this period made people wary of proposals like this one.

- **Ask about analogies:** Handout 4 covers various analogies. Remind students to look for similarities and differences between the Depression and the situations cited in the analogies. Here are some suggestions for evaluating the analogies on Handout 4:
 1. Traditional economists believed this, according to Say's Law of Markets. John Maynard Keynes believed countries could stay in depressions for a very long time without requiring deficit spending by the government. The Great Depression was much worse than others, but some argued that the basic premise of business cycles still held true. The merits of this analogy are debatable.
 2. The Soviet economy was much less developed than that of the U.S., and fear of communism made Americans resistant to "Soviet" ideas. This is not a useful analogy.
 3. These other cases occurred during wartime. This is not a useful analogy.
 4. Germany had similar economic problems, but Germany didn't have the same level of democratic traditions that the U.S. did. The usefulness of this analogy is debatable, but the warning against dictatorship is important.
 5. In part, the NRA worked poorly because it wasn't a wartime agency, unlike the War Industries Board. Without the patriotic fervor of war, businesses, consumers, and labor saw less need to break with the American tradition of governmental non-interference in business. On the other hand, the NRA was similar to the War Industries Board in that both government agencies lacked sufficient resources, so businesses took over and used them for their own ends.
 6. Americans had different attitudes about government and business than Italians, Germans, and Japanese did. It is also not clear whether these countries prospered because their governments and businesses cooperated or for some other reason. This is not a useful analogy.
 7. Did the United States prosper because of, or in spite of, antitrust laws? Economists still debate this question, thus the analogy is controversial.
- **Options:** Handout 1 asks students to generate their own options.
- **Play out options:** Playing out options is very important in this lesson. Students should consider that even if a program seems like a good idea in theory, it may not work as well in practice—particularly if the bureaucracy involved is flawed. For example, the NRA didn't have the resources to form or enforce its codes, which were taken over by business associations or became too disorganized.
- **Predict consequences:** Consequences are explained in Handout 3.

Further Research:

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LESSON 3: THE NEW DEAL—RECOVERY

Vocabulary

- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- “Hundred Days”—Period from March to June 1933 in which FDR and Congress passed an unusually high number of laws
- New Deal—FDR’s program to fight the Depression
- Hoovervilles—Makeshift towns of homeless people living in cardboard shacks; the name implied that President Hoover was responsible for their troubles
- Bankruptcy—Financial ruin; state in which an individual or business can no longer pay their creditors
- Inflation—Higher prices
- Tariff—A tax on imports
- Deficit spending—Occurs when the government spends more than it takes in through taxes
- Fireside chats—FDR’s radio talks to the American public
- Gold standard—Monetary system in which currency in circulation can be redeemed for an equivalent amount of gold
- National Recovery Administration (NRA)—Government agency that allowed businesses to write “codes of fair competition” that would cut down on destructive competition, and set minimum wages and maximum weekly hours for workers; businesses that did so were exempted them from antitrust laws

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 1



PROBLEM

You are Democratic President Franklin Roosevelt in early 1933, and you have just won a landslide victory in the 1932 election over Herbert Hoover. The United States is in the worst depression in its history. The economy has declined (as measured by GDP) by 30% in the past four years. Unemployment stands at an unbelievable 25% (5–6% is normal; 8% is considered high), and business bankruptcies have added to the misery.

One of the main problems is a drop in demand for products. Businesses have more products than they can sell, so they have to cut production and fire some of their workers. Unemployed workers don't buy products, which causes demand to drop further.

In addition, prices in general have fallen rapidly. Low prices mean that companies can't earn profits, so they have to fire their employees or go out of business altogether. However, this doesn't just pose a problem for businesses and their employees—it threatens to bring down the entire financial system. Since prices will probably go even lower next year, businesses won't be able to repay their loans, and business owners have become reluctant to borrow money in order to stay afloat or expand. Unemployment has left many people so poor that they can't keep up with their mortgage payments, so the banks have repossessed their homes. However, the drop in overall prices means that many of these homes are now worth less than what the banks loaned people to pay for them; this in turn means that the banks are losing even more money. People have begun to fear that banks will go out of business—taking their customers' savings with them. Many depositors have started rushing to the banks to withdraw their money. Since the banks don't have enough cash to cover all of the deposits, they quickly run out of money and have to close their doors. The whole financial system of investments and borrowing—so necessary for economic activity—seems to be falling apart.

Many Americans blame former President Hoover for their suffering. Homeless people living in shanties on the edges of towns call their makeshift communities "Hoovervilles." Hoover's administration, they say, took little action to end the crisis. Desperate for



A "Hooverville" in the early 1930s

change, voters not only elected you but also elected Democratic majorities to both the House and the Senate, so you will meet with little resistance when you try to implement your plans. Americans are waiting for your programs to help the country recover from the Depression. You need to think about three areas: economic recovery, political action, and industry. Generate a list of at least three options for each area and decide what you will do.

- **Economic recovery:** You need to get the economy growing again. What will work best?
- **Political action:** The country is in a major crisis. People fear that civil unrest will break out. What political action should you take?
- **Industry:** Industry represents a very important part of the economy. How can you use industry to bring about recovery?

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 2



PROBLEM

You are Democratic President Franklin Roosevelt in early 1933, and you have just won a landslide victory in the 1932 election over Herbert Hoover. The United States is in the worst depression in its history. The economy has declined (as measured by GDP) by 30% in the past four years. Unemployment stands at an unbelievable 25% (5–6% is normal; 8% is considered high), and business bankruptcies have added to the misery.

One of the main problems is a drop in demand for products. Businesses have more products than they can sell, so they have to cut production and fire some of their workers. Unemployed workers don't buy products, which causes demand to drop further.

In addition, prices in general have fallen rapidly. Low prices mean that companies can't earn profits, so they have to fire their employees or go out of business altogether. However, this doesn't just pose a problem for businesses and their employees—it threatens to bring down the entire financial system. Since prices will probably go even lower next year, businesses won't be able to repay their loans, and business owners have become reluctant to borrow money in order to stay afloat or expand. Unemployment has left many people so poor that they can't keep up with their mortgage payments, so the banks have repossessed their homes. However, the drop in overall prices means that many of these homes are now worth less than what the banks loaned people to pay for them; this in turn means that the banks are losing even more money. People have begun to fear that banks will go out of business—taking their customers' savings with them. Many depositors have started rushing to the banks to withdraw their money. Since the banks don't have enough cash to cover all of the deposits, they quickly run out of money and have to close their doors. The whole financial system of investments and borrowing—so necessary for economic activity—seems to be falling apart.

Many Americans blame former President Hoover for their suffering. Homeless people living in shanties on the edges of towns call their makeshift communities “Hooverilles.” Hoover's administration, they say, took little action to end



A “Hooverville” in the early 1930s

the crisis. Desperate for change, voters not only elected you but also elected Democratic majorities to both the House and the Senate, so you will meet with little resistance when you try to implement your plans. Americans are waiting for your programs to help the country recover from the Depression. You need to think about three areas: economic recovery, political action, and industry. Generate a list of at least three options for each area and decide what you will do.

Economic recovery: You need to get the economy growing again. Which options will work best?

- A. Balance the budget in order to reassure Americans about the government's stability. With the economy as bad as it is, it would be irresponsible for the government to spend more money than it takes in.
- B. Increase government spending to start programs that will employ people and help businesses. If you keep taxes at the same rates, this will result in a government deficit but will cut unemployment.
- C. Cut taxes so businesses will have more money to invest and consumers will have more money to buy products. This will result in a government deficit unless you also cut spending.
- D. Build a large military (at this time, the U.S. military is small) in order to stimulate war-related industries and provide jobs for many of the unemployed. If you keep taxes at the same rates, this will result in a government deficit.
- E. Lower interest rates so that businesses can borrow money more cheaply, which will increase investments and encourage consumers to borrow more and buy more products. Also, take the U.S. off the gold standard. This will allow you to print more currency (dollars), which will expand the money supply (about half the money supply is currency).
- F. Reform the stock market so that companies must reveal their true value. Investors must have accurate information.
- G. Increase taxes on the rich. Right now, manufacturers produce large amounts of goods; the rich are able to buy these goods, but the vast majority of people are too poor. Increasing taxes on the rich will even things out, and demand will eventually catch up with supply.

Political actions: The U.S. is in an unprecedented crisis. People fear that civil unrest will break out. What political actions will you take?

- A. Send the army to guard key points around the country, such as banks, bridges, government buildings, and schools. Your priority is to prevent violence, and the presence of the army will reassure people.
- B. Organize a private army under your command. Since the actual U.S. army is relatively small right now, you can build up a private army through the American Legion. These ex-soldiers have pledged to serve their country and would be willing to help out in this crisis. You could use the private army to keep order and make sure people obey the laws. For instance, the army could watch over Hoovervilles to make sure these homeless people don't start a revolution.
- C. Pass a law that temporarily gives all powers of the Congress to the president. You will then have the freedom to do whatever is necessary to get the economy

- moving and, if need be, to impose martial law. Presidents receive such powers during wartime, and the Depression poses as big a threat as any war.
- D. Use the relatively new technology of radio to give informal talks in which you inform Americans about what actions you plan to take, and reassure them that things will be getting better. These talks won't sound like formal speeches: you will speak as if you are talking personally to each American listening.
 - E. Halt all immigration. Without immigrants competing for jobs, more Americans will be able to find employment.

Industrial (non-farm) recovery: Industry represents a very important part of the economy. How can you use industry to bring about recovery?

- A. Have the government help businesses coordinate their production and sales in order to limit supply and boost prices. Businesses would be allowed to write codes to prevent unfair competition. In order to enable this, the government would exempt businesses from antitrust laws.
- B. Have the government manage the economy by setting prices and deciding how much to produce and when. If the government can establish a set of national goals (a "mission statement") and get businesses to agree on those goals, then it can help bring about a unified commitment to economic recovery.
- C. Raise tariffs on imports. This will protect American businesses from unfair competition from foreign companies. As companies recover, they will employ more people, thus aiding the overall economic recovery.
- D. Provide government aid only to the most promising businesses. This will spur economic growth by rewarding the best companies.
- E. Help workers by passing a minimum wage and giving them the right to bargain collectively with owners. This will raise wages and increase demand for products.

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 3

OUTCOMES

In a period called the “Hundred Days” (from March through June 1933), President Franklin Roosevelt and Congress passed a remarkable series of laws aimed at ending the Depression. Historians now refer to these laws as the First New Deal. Unfortunately, the country did not recover from the Depression until about 1940, so after the Hundred Days President Roosevelt and Congress continued to implement other measures designed to end the Depression.

- 1. Economic recovery:** In his campaign, FDR promised a balanced budget (option A), but once elected he quickly began to run a deficit. However, the deficit spending wasn’t large enough to bring about recovery. Some of the programs FDR created (option B) stimulated economic growth, but had a small impact on the economy as a whole. Tax cuts (option C) didn’t occur until the late 1930s. Option D (building a large military) didn’t occur until after 1939, when the threat of World War II became imminent. The tax cut and the military buildup led to significant deficit spending, which did end up helping to reduce unemployment. In the 1930s, Germany used a military buildup to reduce unemployment and spur its economy, and it proved effective. As a result, however, Germany became more militaristic as a nation. Many historians now commend FDR for not creating a military state in response to the Depression.

Many economists believe that the Depression was caused by a decline in the money supply, so FDR’s choice to increase the money supply (option E) most likely represented his greatest contribution to economic recovery. Going off the gold standard increased the supply of money, helping to stop the decline in prices. Once prices stabilized and interest rates went down, businesses again could borrow money to expand and hire more workers. Increasing the money supply led to inflation, but the steep decline in prices in preceding years meant that some inflation was helpful: the U.S. did not have to fear the problem of hyperinflation, which had crippled Germany in the 1920s. The government also reformed the stock market (option F) by establishing the Securities and Exchange Commission, which helped investors get more accurate information about companies and regulated brokers. Most historians believe, however, that stock market reform contributed little to the economy’s recovery, since the stock market represented just a small percentage (probably 1–2%) of the whole economy.

The government did not increase taxes on the rich (option G). Today, many economists believe that the gap between the rich and the poor was not a significant cause of the Depression. If so, then FDR probably made the right

choice: such taxes might have further slowed the economy by discouraging the rich from spending and investing.

2. **Political actions:** As frightening as they seem today, A, B, and C were all actual options suggested when FDR took office in March 1933. The crisis seemed so severe that some people felt the president should have dictatorial powers.



FDR giving a “fireside chat”

However, FDR preferred to remain calm and optimistic to reassure Americans, rather than frighten people by using force or assuming the powers of a dictator. FDR communicated both his concrete plans and his optimistic outlook to Americans via a series of radio broadcasts called “fireside chats” (option D).

These talks helped reassure

Americans that the government cared about them and would take action to help. Some countries, such as Germany, went in the opposite direction: citizens were so desperate and frightened that they accepted dictatorships. Many historians consider FDR’s preservation of American democracy during the Depression as one of his greatest legacies.

Option E proved unnecessary: With an unemployment rate of 25%, the United States no longer seemed as attractive to immigrants. High unemployment resulted from the poor economy, not immigration.

3. **Industry (non-farm) recovery:** In line with option A, FDR submitted the National Industry Recovery Act to Congress, which approved it. This act created the National Recovery Administration (NRA). Under the NRA, businesses were exempted from antitrust legislation in order to enable them to cooperate by establishing “codes of fair competition” that would cut down on destructive competition by fixing prices, and set minimum wages and maximum weekly hours for workers. The government pushed hard to get businesses to cooperate with the NRA and to encourage the public to support those businesses that did. The government sponsored parades and marches, and participating businesses displayed the NRA’s Blue Eagle symbol and the slogan “We Do Our Part” in their windows.



In reality, the NRA businesses “did their part” by raising prices, and most historians and economists agree that the NRA actually hurt the economy and slowed recovery. Here are some reasons why:

- The goal of the NRA was to raise prices by limiting production. This went against the immediate goal of increasing jobs.
- Since the government lacked the manpower and information to write the codes regulating businesses, and since it had to offer companies incentives in order to get them cooperate, businesses ended up writing their own codes and thus using the NRA to their own advantage. The companies that sent representatives to the meetings to write the codes had an unfair advantage over any competitors who did not. For example, textile producers in the North wrote codes designed to prevent cheaper Southern textiles from flooding the market and reducing prices. The codes also set a minimum level for wages, so Southern mills couldn’t use cheaper labor to undersell Northern mills. Similarly, Kansas oil producers wrote codes to limit competition from Texas oilmen.
- The codes hurt many small businesses. A single person running a store and working long hours might not be able to comply with the codes. On the other hand, if the codes could be evaded without consequence, then those who broke the rules would have an unfair advantage over those who followed the codes. However, enforcement proved just as problematic. The public naturally sympathized with the small businesses that the government prosecuted. For example, an elderly immigrant tailor was fined \$100 and sentenced to 30 days in jail for the crime of charging 35 cents to press a suit instead of the code minimum of 40 cents.
- By 1935, almost everyone was dissatisfied with the NRA. Businesses felt restricted by the government regulation, consumers disliked the higher prices, and labor did not feel it achieved the rights it had hoped for. The government’s attempt to micromanage elements of industry ran counter to the ideal of a free-market business culture. Even those segments of society helped by the NRA resented the government intrusion. The Supreme Court eventually declared the NRA unconstitutional.

Also through the NRA, the government gave laborers the right to organize into unions and to bargain with owners as a group, and also authorized the creation of a minimum wage. The minimum wage increased the cost of labor, which led to higher unemployment. Overall, the wage section of the NRA (Section 7a) greatly hurt recovery by increasing the cost of labor compared to prices. With higher wage costs, production dropped and unemployment rose.

The government did not manage the economy in the manner described in option B. Instead, it allowed companies to set their own production quotas and maximum prices through the NRA. FDR did not increase tariffs (option C): in fact, in the 1932 election he criticized the tariffs Hoover had set in 1930. Hoover had intended for the tariffs to protect American industry and decrease unemployment by making sure that cheap foreign goods didn’t flood the market. As commonly occurs when one country raises its tariffs, other

nations retaliated by raising their tariffs, which hurt American exports. After the 1930 tariff, American imports and exports fell by half. This reduced level of trade (which some at the time referred to as “beggar thy neighbor”), hurt the economies of all the countries involved. In theory, free trade brings economic growth by allowing each country to specialize in what it does best. Higher tariffs—the opposite of free trade—therefore limit economic growth; this is exactly what happened in the years after the tariff.

FDR and Congress rejected option D. This type of government sponsorship of certain businesses also runs counter to the idea of a free market. Proponents of free-market theory argue that the market better separates efficient and productive businesses from inefficient and unproductive ones than the government ever could, because in the free market, inefficient and unproductive businesses don’t survive. Government subsidies like the ones described in option D could have led businesses to become less competitive, and money to fund the subsidies would have to come from taxes. Also, as in any case where the government gives away money, the potential for corruption exists: government officials might have started granting subsidies to businesses in exchange for bribes.

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 4

ANALOGIES

From this list of historical analogies, pick the two that seem most relevant to the challenges FDR faced. Explain how these analogies help you understand the situation in 1933, and evaluate the analogies. If you see analogies that don't work, explain they don't.

1. **Economic recovery:** In the Depression of 1893 and other depressions, the economy started growing again after a few years. Depressions are part of what economists call the “business cycle”: alternating periods of growth and decline. Instead of taking action, the government could choose to wait for the economy to correct itself naturally.
2. **Economic recovery:** Since the Soviet Union started managing its economy using five-year plans, its economy has grown tremendously, with almost no unemployment. Perhaps such plans would work in the United States as well.
3. **Political actions:** Presidents Lincoln and Wilson assumed powers outside of their official capacity during the crises of the Civil War and World War I, respectively. FDR could take similar powers to guide the U.S. out of the Depression.
4. **Political actions:** During an economic and political crisis in Germany, Adolf Hitler has taken extra powers and has effectively made Germany a dictatorship.
5. **Industry:** During World War I, the government became involved in business by establishing the War Industries Board. Businesses prospered and so did the economy; this kind of government–business cooperation would help the economy recover.
6. **Industry:** Italy and Japan have also used government–business cooperation, and their economies have grown. Germany has started a similar program, and its economy is beginning to grow as well. The non-democratic nature of these countries' governments shouldn't stop the U.S. from considering the strategy.
7. **Industry:** Since the 1870s, the U.S. has used antitrust laws to ensure healthy competition between businesses. These laws have kept businesses from colluding to fix prices. The economy has grown tremendously (despite occasional downturns) since the first pieces of antitrust legislation were passed. Allowing businesses to cooperate now would hurt the economy.

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 5

POINTS OF VIEW

Read each of the points of view below and decide how you would respond to the questions. Afterwards, reflect on how FDR's decision making had to take each of these points of view into account. How would these perspectives affect your decisions as FDR?

Economic recovery: You are a farmer, deeply in debt. The amount you owe hasn't changed, but prices on the goods you produce have been dropping since 1930. As a result, paying off your debt has become more and more difficult every year. How would you feel about a government decision to force prices up?

Economic recovery: You are an investor. Prices on goods have been dropping since 1930, which has made investments worth less every year. On the other hand, you know that people's reluctance to invest only contributes to the crisis. Will you make more investments next year? Would you support a government policy to raise prices?

Economic recovery: You are the leader of a foreign country that trades (both imports and exports) with the U.S. The U.S. has put a tariff on your goods, which reduces your exports to the U.S. and results in higher unemployment in industries that depend on exports. What will you do to help your own businesses and workers?

Industry: You are an oil producer in Kansas who has been drilling for more than 30 years. Your wells cost more to run than the new wells in Texas, because in old wells, the oil lies further from the surface, so it takes extra power to pump it out of the ground. The new wells offer oil at lower prices than you do, and in order to compete you end up having to sell your oil for less than what it costs you to pump it. A new government program, the National Recovery Administration (NRA), will allow oil companies to set a minimum price, preventing Texas wells from charging such low prices. It will also set production limits, which will prevent Texas oil from flooding the market. How do you feel about the NRA? How would you feel about it if you were a Texas oilman?

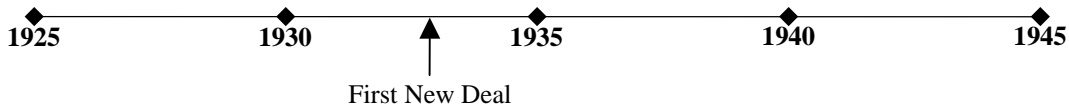
Industry: You are a small grocery store owner in Indiana who is being driven out of business by the large chain stores, such as A & P. These chain stores sell everything for lower prices than you can charge, so even your loyal customers are leaving to shop at the big chains. You believe this is unfair competition. How do you feel about a government program (the NRA) that will allow grocery stores to set a minimum price, preventing chain stores from lowering their prices below your costs?

Industry: You own a grocery store in Pennsylvania with two employees. With so few employees, you obviously couldn't send anyone from your store to the NRA meetings to set up the grocery store codes, so you weren't able to contribute to the codes. Now you have to follow these codes, which require you to fill out forms and do other things that take time and increase your costs. You also have to pay your workers a higher wage. If you don't follow the rules you could be fined or thrown in jail. How do you feel about the NRA?

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 6

SHORT PROBLEMS



You are President Franklin Roosevelt, and you have just taken office in March 1933. The United States is in the worst depression in its history. The economy has declined (as measured by GDP) by 30% in the past four years. Unemployment stands at an unbelievable 25% (5–6% is normal; 8% is considered high), and thousands of businesses have gone bankrupt. Many Americans are homeless and starving. Some people get by selling apples on the street, while others eat out of garbage cans. Public charities and local welfare agencies can't keep up with the growing needs of so many desperately poor people.

The American people are waiting for programs to help the country recover from the Depression. Your advisors have given you a list of different recovery proposals. Decide whether you would support each one (you may choose more than one) and explain why. You can make changes to any of these programs in order to improve them.

Economic recovery: You need to get the economy growing again. Which options will work best?

- Balance the budget in order to reassure Americans about the government's stability. With the economy as bad as it is, it would be irresponsible for the government to spend more money than it takes in.
- Permit the government to run a deficit. You can cut taxes so that people have more money to spend on goods, or you can increase spending on government programs in order to stimulate growth.
- Lower interest rates so that businesses can borrow money more cheaply; this will increase investments, and consumers will be able to borrow more and buy more products.

Political actions: The U.S. is in an unprecedented political crisis. People fear that civil unrest will break out. What political actions will you take?

- Pass a law that temporarily gives all powers of the Congress to the president. You will then have the freedom to do whatever is necessary to get the economy moving and, if need be, to use force to stop civil unrest.
- Reassure the public by giving informal talks on the radio. Tell Americans that the government cares about them and is taking actions that will bring the country out of the Depression.

Industry: How can you use industry to bring about economic recovery?

- Exempt businesses from antitrust laws and create a new government agency to help them coordinate their production and pricing. This will enable them to limit supply and boost prices.
- Have the government manage the economy by setting prices and deciding which goods will be produced and when.
- Raise tariffs on imports in order to protect American businesses.

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 7

SHORT OUTCOMES

In a period called the “Hundred Days” (from March through June 1933), President Franklin Roosevelt and Congress passed a remarkable series of laws aimed at ending the Depression. Historians now refer to these laws as the First New Deal.

Economic recovery: Believing that it was necessary for the government to step in to get the economy moving, FDR allowed the government to run a deficit. He chose not to cut taxes, but instead increased spending by establishing a series of programs aimed at reducing unemployment and helping the economy recover.

Political actions: The crisis of the Depression was so severe that some people felt the President should have the powers of a dictator. However, FDR preferred to remain calm and optimistic rather than assume unprecedented powers. In a series of “fireside chats” broadcast on radio, he reassured Americans that the government was taking action to help them.



FDR giving a “fireside chat”

Industry: In order to fix the problems of industry—particularly falling prices—Congress established the National Recovery Administration (NRA). However, most historians and economists agree that the NRA hurt the country and prevented recovery. Here are the reasons why:

- The idea behind the NRA was to raise prices by limiting production. This went against the immediate goal of increasing jobs.
- Since the government did not have the expertise or information to come up with the codes that regulated businesses, it had to allow the businesses themselves to write them. Companies that sent representatives to the meetings to write the codes gained an unfair advantage over competitors who did not. By 1935, most businesses had become dissatisfied with the NRA.
- The NRA codes hurt many small businesses. A single person running a store and working long hours would not be able to keep up or comply with the codes. For example, an elderly immigrant tailor was fined \$100 and sentenced to 30



days in jail for the crime of charging 35 cents to press a suit instead of the code minimum of 40 cents. Naturally, the public disliked this kind of government regulation.

The government did not manage the economy in the manner described in the second option. Instead, it allowed companies to set their own production quotas and maximum prices through the NRA. Also, FDR did not raise tariffs: Hoover's administration had already raised them in 1930, which made the situation worse because other countries retaliated by raising their own tariffs on American exports.

LESSON 3: THE NEW DEAL—RECOVERY

Student Handout 8

Primary Source: First Fireside Chat, March 12, 1933 (excerpt)

“I want to talk for a few minutes with the people of the United States about banking—with the comparatively few who understand the mechanics of banking but more particularly with the overwhelming majority who use banks for the making of deposits and the drawing of checks. I want to tell you what has been done in the last few days, why it was done, and what the next steps are going to be. I recognize that the many proclamations from State Capitols and from Washington, the legislation, the Treasury regulations, etc., couched for the most part in banking and legal terms should be explained for the benefit of the average citizen. I owe this in particular because of the fortitude and good temper with which everybody has accepted the inconvenience and hardships of the banking holiday. I know that when you understand what we in Washington have been about I shall continue to have your cooperation as fully as I have had your sympathy and help during the past week.

First of all let me state the simple fact that when you deposit money in a bank the bank does not put the money into a safe deposit vault. It invests your money in many different forms of credit-bonds, commercial paper, mortgages and many other kinds of loans. In other words, the bank puts your money to work to keep the wheels of industry and of agriculture turning around. A comparatively small part of the money you put into the bank is kept in currency—an amount which in normal times is wholly sufficient to cover the cash needs of the average citizen. In other words the total amount of all the currency in the country is only a small fraction of the total deposits in all of the banks.

What, then, happened during the last few days of February and the first few days of March? Because of undermined confidence on the part of the public, there was a general rush by a large portion of our population to turn bank deposits into currency or gold—a rush so great that the soundest banks could not get enough currency to meet the demand. The reason for this was that on the spur of the moment it was, of course, impossible to sell perfectly sound assets of a bank and convert them into cash except at panic prices far below their real value.

By the afternoon of March 3 scarcely a bank in the country was open to do business. Proclamations temporarily closing them in whole or in part had been issued by the Governors in almost all the states.

It was then that I issued the proclamation providing for the nation-wide bank holiday, and this was the first step in the Government’s reconstruction of our financial and economic fabric.

The second step was the legislation promptly and patriotically passed by the Congress confirming my proclamation and broadening my powers so that it became possible in view of the requirement of time to extend [sic] the holiday and lift the ban of that holiday

gradually. This law also gave authority to develop a program of rehabilitation of our banking facilities. I want to tell our citizens in every part of the Nation that the national Congress—Republicans and Democrats alike—showed by this action a devotion to public welfare and a realization of the emergency and the necessity for speed that it is difficult to match in our history.

The third stage has been the series of regulations permitting the banks to continue their functions to take care of the distribution of food and household necessities and the payment of payrolls.

This bank holiday while resulting in many cases in great inconvenience is affording us the opportunity to supply the currency necessary to meet the situation. No sound bank is a dollar worse off than it was when it closed its doors last Monday. Neither is any bank which may turn out not to be in a position for immediate opening. The new law allows the twelve Federal Reserve banks to issue additional currency on good assets and thus the banks which reopen will be able to meet every legitimate call. The new currency is being sent out by the Bureau of Engraving and Printing in large volume to every part of the country. It is sound currency because it is backed by actual, good assets.

As a result we start tomorrow, Monday, with the opening of banks in the twelve Federal Reserve bank cities—those banks which on first examination by the Treasury have already been found to be all right. This will be followed on Tuesday by the resumption of all their functions by banks already found to be sound in cities where there are recognized clearing houses. That means about 250 cities of the United States.

On Wednesday and succeeding days banks in smaller places all through the country will resume business, subject, of course, to the Government's physical ability to complete its survey....

...It needs no prophet to tell you that when the people find that they can get their money—that they can get it when they want it for all legitimate purposes—the phantom of fear will soon be laid. People will again be glad to have their money where it will be safely taken care of and where they can use it conveniently at any time. I can assure you that it is safer to keep your money in a reopened bank than under the mattress.

The success of our whole great national program depends, of course, upon the cooperation of the public—on its intelligent support and use of a reliable system.

I hope you can see from this elemental recital of what your government is doing that there is nothing complex, or radical in the process.

We had a bad banking situation. Some of our bankers had shown themselves either incompetent or dishonest in their handling of the people's funds. They had used the money entrusted to them in speculations and unwise loans. This was of course not true in the vast majority of our banks but it was true in enough of them to shock the people for a time into a sense of insecurity and to put them into a frame of mind where they did not differentiate, but seemed to assume that the acts of a comparative few had tainted them

all. It was the Government's job to straighten out this situation and do it as quickly as possible—and the job is being performed....

After all there is an element in the readjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people. Confidence and courage are the essentials of success in carrying out our plan. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite in banishing fear. We have provided the machinery to restore our financial system; it is up to you to support and make it work.

It is your problem no less than it is mine. Together we cannot fail.

QUESTIONS FOR ANALYSIS

1. How well do you think FDR explained the banking situation to the average American?
2. If you were an American citizen listening to this speech in 1933, would this speech have reassured you about the future of the banks and the economy? Why or why not?

LESSON 4: THE NEW DEAL—RELIEF

Teacher Page

OVERVIEW

Lessons 3, 4, and 5 focus on the New Deal and are divided into the “three Rs”: recovery, relief, and reform. Relief, the subject of Lesson 4, can be defined as President Franklin Roosevelt’s short-term efforts to help the American people meet their immediate needs. The problems FDR faced and his solutions to those problems can lead to thought-provoking discussions. These problems offer insight into the government’s role in the economy during the Depression, which gives students an historical perspective on many contemporary debates between conservatives and liberals.

This lesson does not aim to have students memorize the names and letters of the various New Deal agencies. Instead, it focuses on the underlying rationales for those programs and whether or not they were a good idea.

VOCABULARY

- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- “Hundred Days”—Period from March to June 1933 in which FDR and Congress passed an unusually high number of laws
- New Deal—FDR’s program to fight the Depression
- Sharecroppers—People who work someone else’s land and receive a share of the profits when the crops are sold
- Tenant farmers—People who pay rent to farm land owned by someone else
- Productivity—Output per worker per hour
- Public works programs—Programs under which the government pays people to work
- Agricultural Adjustment Act (AAA)—Gave payments to farmers to take some land out of production
- Dumping—Selling goods to other countries for less than the cost of producing them so that they don’t flood the domestic market
- Boondoggling—Meaningless work that doesn’t contribute to society

DECISION-MAKING SKILLS EMPHASIZED

- Identify underlying problem
- Consider other points of view
- Ask about historical context
- Ask about analogies
- Set realistic goals
- Generate options
- Play out options
- Predict unintended consequences

LESSON PLAN

A. IN-DEPTH LESSON (Two 40-minute class periods)

Procedure:

You will not use all the handouts in this lesson. Handouts 1 and 2 ask the same question, but Handout 2 provides proposals, whereas Handout 1 requires students to generate their own ideas. You can just use Handout 2, or you can distribute Handout 2 if students have trouble with Handout 1. Handout 6 provides a shortened version of Handout 2. You could choose which handouts to use based on time constraints, or you could identify certain skills from **P-A-G-E** on which you would most like to focus. Handout 1 requires students to generate options, Handout 4 provides analogies, and Handout 5 asks students to consider other points of view.

Distribute Handout 1 and read the introduction at the top aloud or have students read it silently. Make sure students know that a depression is defined as a decline in GDP coupled with an increase in unemployment above 10%, and make sure students appreciate the severity of the Great Depression.

Divide students into groups and have them decide what they would do for each of the three problems. Students should brainstorm as many options as they can and then decide which options they will choose. Remind them to consider the elements of **P-A-G-E** when making their decisions. Circulate around the class in case students have questions. Bring the class back together and have groups report their proposals. Write the proposals on the board. At this point, you could distribute Handout 2 (which provides proposals) and have students return to their groups and decide on the various proposals. Bring the class back together to assess the proposals. Have each group explain its decisions and have the class vote on each proposal. For each proposal, try to emphasize the part of **P-A-G-E** that especially applies.

When students have decided on all the proposals, distribute Handout 3 (which lists the outcomes) and ask students which outcomes they found most surprising. Time permitting, you can then use Handout 4 to focus on evaluating analogies, and/or pass out Handout 5 in order to encourage students to consider other points of view. Evaluations of the items in these handouts appear in the “Decision-Making Analysis” section for this lesson.

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know what really happened. Which decision-making skills were particularly important in making decisions about these issues? Which letters of **P-A-G-E** applied especially to this problem? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making.

Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Did the New Deal relief programs and their effects result more from historical forces or individual choices by FDR? Some students may argue that historical forces drove the decision to implement relief programs: Many had criticized President Hoover for not taking enough action to help the unemployed, and in large part this issue cost him the election. FDR thus had something of a mandate to do something about unemployment. Other students may argue that FDR's personality was more important: He was an experimenter who wasn't afraid to take risks and implement groundbreaking government programs.

Connecting to Today:

Students may not know that the government still gives subsidies to farmers. Should the government end these subsidies? Do such subsidies provide a necessary service, or should farms have to deal with the same market forces as other industries? You could point out that this question has been a source of controversy as recently as the 1990s, when Congress passed the Freedom to Farm Act in an attempt to cut farm subsidies.

Troubleshooting:

This lesson requires a solid understanding of economic concepts and thinking. You might want to review these concepts with students before starting the lesson.

B. QUICK MOTIVATOR (10–20 minutes)

Use Handouts 6 and 7 instead of Handouts 1–3. Assign Handout 6 as homework. In class, have students pair up and discuss their choices for five minutes or so. Ask for a show of hands for each proposal from Handout 6 and briefly discuss the students' reasoning. Next, distribute Handout 7 and for homework have students comment on what they learned from these outcomes.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handouts 3 and 7)

The proposal in Handout 2 that the government help farmers export their excess crops was an idea debated frequently throughout the 1920s in the form of the McNary-Haugen Bill (which never became law). Many farmers supported this idea, but Congress and FDR instead chose to pass the AAA, which paid farmers to take land out of production. Historian Alonzo Hamby (see “Sources” page) takes a more positive view of the AAA than do many other historians. He believes controlling production was the key to helping farmers, and he feels the AAA succeeded at this goal. The handouts have a simplified description of the subsidies provided by the AAA in order to allow students to focus on whether to grant them.

DECISION-MAKING ANALYSIS:

P = Problem

- * - **Identify any underlying problem**
- * - **Consider other points of view**
 - What are my assumptions? Emotions?

A = Ask for information (about)

- * - **Historical context (history of this issue; context in the world)**
 - Reliability of sources
- * - **Historical analogies**

G = Goals

- * - **What are my main goals? Are they realistic?**
- * - **Generate options to help achieve these goals. Are they ethical?**

E = Effects

- * - **Predict unintended consequences**
- * - **Play out the options. What could go wrong?**

* Denotes topics emphasized in this lesson

- **Underlying problem:** The government recognized that overproduction was the underlying problem for farmers and used the AAA to reduce the number of acres in production. However, whether the AAA’s effectiveness remains debatable. The drought and Dust Bowl conditions in the Great Plains may have done more to limit the production of wheat by wiping out millions of acres of topsoil. The AAA also did not recognize that the problem of overproduction resulted not just from over-farming but also from improved technology (e.g., hybrid seeds, fertilizers, tractors, etc.). The AAA did not include provisions to address these problems.

- **Other points of view:** Handout 5 asks students to consider the ways in which different segments of society would have viewed New Deal relief programs. Views 1 and 2 introduce the perspectives of taxpayers and consumers. Students should especially consider the point of view of taxpayers: while many of the New Deal programs sound helpful, students need to keep in mind that American taxpayers had to fund these programs. Views 3 and 4 help students understand the AAA's negative effects on tenant farmers and sharecroppers. View 5 demonstrates that unlimited public works programs could be detrimental to other companies. View 6 shows why food relief had to be limited.
- **Ask about context:** The underlying problems (above) and Handouts 4 and 5 provide some historical context.
- **Ask about analogies:** Possible analogies appear on Handout 4. Remind students to look for similarities and differences between the analogies. Here are some suggested analyses of the analogies in Handout 4:
 1. Farms in 1933 were larger on average than farms in the late 19th century. Inflation would still have been helpful to farmers at the time, making this an effective analogy.
 2. Government subsidies did not make the 1914 exports profitable—rather, they were profitable because Europeans had a huge demand for food because the war had destroyed many farms and drained off farm labor, and also because armies required supplies. The situation then was actually the opposite of the situation during the Depression: demand exceeded supply instead of supply exceeding demand. This is not a helpful analogy.
 3. Much has changed since the early 19th century. In modern industrial society, many local obligations have shifted to the national level (railroads, etc.). There might be other reasons for making poverty relief a local responsibility, but this analogy does not apply.
 4. It is unclear whether Germany's economy grew despite or because of its workers' compensation laws, or whether the laws had any effect at all. This is a debatable analogy.
- **Goals:** Did students consider their goals when adopting programs and making decisions? For example, if the main goal is to help needy people in the short run, then works programs and the AAA might be beneficial. On the other hand, if the main goal is to recover from the Depression and minimize future government interference in the economy, the AAA might not be ideal.
- **Options:** Using Handout 1 forces students to generate their own options.
- **Play out the options:** Playing out options is very important in this lesson so that students learn that even if the theory behind establishing a particular agency or bureaucracy is solid, the reality might not be as clear cut. For example, the AAA aimed to help farmers, but because payments were made at the local level, officials often ensured that the money went to wealthy people allied with local governments. The very groups that most needed help (such as African American sharecroppers) were the least likely to receive it.
- **Predict consequences:** Consequences are explained in Handout 3.

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LESSON 4: THE NEW DEAL—RELIEF

Vocabulary

- Depression—A decline in GDP coupled with an increase in unemployment over 10%
- “Hundred Days”—Period from March to June 1933 in which FDR and Congress passed an unusually high number of laws
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- Boondoggling—Meaningless work that doesn’t contribute to society

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 1



PROBLEMS

You are President Franklin Roosevelt in March 1933. The United States is in the worst depression in its history. The economy has declined (as measured by GDP) by more than 33% in the past four years. Unemployment stands at an unbelievable 25% (5–6% is normal; 8% is considered high), and thousands of businesses have gone bankrupt.

Many Americans are homeless and starving. Some scrape out a living by selling apples on the street, while others eat out of garbage cans. Public charities and local welfare agencies can't keep up with the growing needs of so many desperately poor people. The city of Philadelphia, with 300,000 unemployed workers, has been forced to eliminate welfare entirely, cutting people off from government help right when they need it most.

The situation in rural areas is no better. Agricultural overproduction has caused prices to drop so low that farmers can't sell their crops for anywhere near their production costs, and thus face heavy losses. Many are going out of business. In a desperate attempt to raise prices by limiting supply, some farmers have even tried to prevent shipments of crops.



Hungry New Yorkers waiting in a bread line

Desperate for change, Americans elected you as well as Democratic majorities to both the House and Senate, so you will meet with little resistance when trying to implement your plans. Americans want you to think about long-term solutions to bring them out of the Depression, but many can't wait for a gradual turnaround in the economy. They want to know what you are going to do to provide immediate relief for the needy. Generate a list of at least three options for each of the two policy areas below. What will you decide for each?

- **Farmers:** What, if anything, should you do to help farmers?
- **Poverty/unemployment:** What, if anything, should you do to help the poor and unemployed?

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 2



PROBLEMS

You are President Franklin Roosevelt in March 1933. The United States is in the worst depression in its history. The economy has declined (as measured by GDP) by more than 33% in the past four years. Unemployment stands at an unbelievable 25% (5–6% is normal; 8% is considered high), and thousands of businesses have gone bankrupt.

Many Americans are homeless and starving. Some scrape out a living by selling apples on the street, while others eat out of garbage cans. Public charities and local welfare agencies can't keep up with the growing needs of so many desperately poor people. The city of Philadelphia, with 300,000 unemployed workers, has been forced to eliminate welfare entirely, cutting people off from government help right when they need it most.

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Desperate for change, Americans elected you as well as Democratic majorities to both the House and Senate, so you will meet with little resistance when trying to implement your plans. Americans want you to think about long-term solutions to bring them out of the Depression, but many can't wait for a gradual turnaround in the economy. They want to know what you are going to do to provide immediate relief for the needy. Generate a list of at least three options for each of the two policy areas below. What will you decide for each?



Hungry New Yorkers waiting in a bread line

1. Farmers:

- A. In an effort to raise prices and keep farms in business, the government could pay farm owners to take land out of production. For example, if a farmer had a 100-acre farm he could produce crops on 50 acres and the

government would pay him not to produce anything on the other 50 acres. The farmer would decide how many acres to take out of production. If he had tenants or sharecroppers on his land, he would pass a portion of the government's payments along to them. Local officials would run the program in each area.

- B. Let farmers produce all they want and encourage exports of excess food. The government could buy the excess food at the market price, then sell it to other countries at much lower prices. Demand exists in other countries for cheaper U.S. food.
- C. Expand the money supply in order to cause inflation. Most farmers have large debts that remain fixed no matter the price of their crops. As prices have dropped, farmers' incomes have dropped; many therefore can't pay off their debts and have gone bankrupt. If prices start to rise because of inflation, farmers will have more income to pay back their debts.
- D. Focus on helping the poorest farmers (sharecroppers, tenant farmers, and farm laborers), since they need your help the most. Reform the farm system so they get a bigger share of farm income.
- E. Use government funding to promote new technologies that will improve the productivity of farms, increasing the output of each acre of farmland.
- F. Take no action and let the market resolve the problem. Farm machinery and improved technology make farms more productive, but demand doesn't exist for an increased supply. There are simply too many farmers, and some of them need to go out of business and into other occupations.
- G. Use government tax money to help farmers by retraining them for non-farming occupations.

2. Poverty/unemployment:

- A. **Public works**—Public works programs will create jobs in construction and other fields. Workers would not only earn income for themselves and their families, they would also provide buildings and services (such as libraries, schools, bridges, national parks, plays, poetry, and artwork) for the areas in which they live. However, some economists complain that public works take a while to get up and running and will be too expensive, given the relatively small number of jobs they will create. The government, they say, will never be able to employ as many people as private industry, so you should focus on promoting private industry instead. They point out that one large private company's decisions in a month may have more of an effect on employment than public works programs would have in a year.
- B. **Welfare**—Have the federal government give money to people without requiring them to work.
- C. **Food relief**—Have the federal government provide food to poor and starving people. The problem at the root of the Depression is overproduction—farms produce too much food, which drives prices down. The government can solve both problems by buying the excess food from the farmers and distributing it to the needy.

- D. **Labor unions**—Grant laborers the right to organize into unions and bargain with owners as a group. Also, establish a minimum wage. These two actions will cause workers' wages to rise. Workers will then be able to purchase goods, and the increased demand will stimulate the economy as a whole.
- E. **Labor hours**—Reduce the number of hours laborers can work to 30 per week, rather than the current standard of 40 hours per week. Workers will make less money (three-quarters of their former pay), but businesses will have to compensate for the reduction in hours by hiring more workers, thus reducing unemployment.
- F. **Unemployment compensation**—Have the government compensate workers for several months if they lose their jobs. This will soften the blow for families when a worker becomes unemployed, and will also allow workers some time to find new jobs.

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 3

OUTCOMES

In a period called the “Hundred Days” (from March through June 1933), President Franklin Roosevelt and Congress passed a remarkable series of laws aimed at ending the Depression. Historians now refer to these laws as the First New Deal.

1. Farmers: President Roosevelt chose option A and approved the Agricultural Adjustment Act (AAA), which attempted to limit production of food by taking land out of production. The AAA did manage to help farmers by raising prices, but it also had several **unintended consequences**:

- Higher prices meant consumers had to pay more for food. They also had to pay higher taxes to fund the aid to farmers. Therefore, the AAA helped farm owners but hurt almost everyone else.
- Many sharecroppers and tenant farmers lost their jobs. This happened because farm owners usually kept the best portions of their land for themselves and rented out the worst portions to poorer farmers. Now that the government was offering subsidies to keep land inactive, farm owners could make more money by taking sharecroppers’ and tenant farmers’ land out of production than they ever could from the regular income from that land.
- To get the price of crops to rise, the government limited supply by destroying crops. Many people felt it was wasteful to destroy food when thousands of Americans were starving.
- As it often does, government aid led to waste and corruption. The bureaucracy created for the AAA was unnecessarily slow and expensive, and many officials gave unfair amounts of aid to their supporters.
- Higher prices for some crops (for example, cotton more than doubled in price) led to even more production. The surplus for these goods—which had been the problem in the first place—ended up increasing.
- By giving farmers an incentive to leave some of their land idle, the AAA improved soil conservation and environmental quality in farming areas.

FDR did not adopt option B. This idea (known as “dumping”) proved unpopular with the public. People resisted the idea that taxpayer money would help foreigners buy food from American farmers at prices lower than Americans themselves paid. The lower prices for foreigners would help keep prices higher for Americans; thus, American consumers would be hit twice (through taxes to pay for the dumping and through higher food prices). Dumping would have also hurt foreign farmers, who couldn’t possibly have competed with American crops sold below cost. Moreover, dumping would have done nothing to stop overproduction, the underlying problem affecting farming. In fact, it would have encouraged more production while draining money from taxpayers.

Inflation (option C) helped farmers in the past (in 1897, and again during World War I), because it increased prices. Helping tenants and sharecroppers (option D) offers a worthy step toward justice—if that was your goal. The Resettlement Administration and loans for tenants to buy their farms did a great deal to help many poverty-stricken farmers. Increasing productivity (option E) is a worthwhile goal in general, but it certainly isn't helpful overproduction is the main problem. Letting the market work to weed out less-productive farmers (option F) seems cruel, but it might have offered the best option in the long run. Once farmers moved to new occupations, they might have been better off than they would have been limping along on an unprofitable farm propped up by government subsidies. The suggestion to use government money to retrain farmers (option G) would have made the transition less cruel. The government would have had to make sure any farmland sold was not bought for farming again.

2. Poverty/unemployment: The government adopted some parts of the first five proposals as part of the New Deal. It did not adopt workers' compensation at this time (option F). As described in option A, it established a number of public works programs, such as the Works Progress Administration (WPA) and the Civilian Conservation Corps (CCC). Some of the positive and negative effects of these programs:

- They achieved their primary goal of creating jobs. People employed under these programs earned money and didn't have to deal with the stigma of accepting welfare from the government. Morale improved immensely among these workers, many of whom were grateful to FDR, and the fact that many of the previously unemployed now had jobs reassured society as a whole and reduced the possibility of civil unrest.
- Service programs like the CCC provided a template for later programs such as VISTA, the Peace Corps, Americorps, and CityYear.
- Many of the projects improved infrastructure (roads, bridges, public buildings, and national parks) throughout the country.
- Critics complained that these programs paid workers to do useless or minimal labor. One popular story told of workers who dug holes while other workers filled them in. In another story, workers made bracelets out of plastic material called "boondoggle." "Boondoggling" then became a term used widely to refer to doing a useless job.
- The money for these programs came from taxpayers. Some economists question whether taxpayers would have used the extra money in different ways to stimulate the economy, such as by purchasing goods.
- Some programs ran inefficiently: too much of their funding went to pay for materials and people to run the agencies, and not enough went to hiring the unemployed. Also, some programs took a long time to get started and thus didn't provide immediate help in reducing unemployment. Neither of these criticisms applied to the CCC, however. The CCC started quickly, employed three million workers, and improved the environment: workers reduced soil erosion and planted an estimated three billion trees. The photograph below shows men at work on CCC projects

FDR did not favor welfare (option B). He referred to it as a “narcotic” that made people dependent on the government and took away their dignity. However, in 1933 the crisis of poverty had become so great that he felt the government had to institute a welfare system. The government passed the Federal Emergency Relief Act (FERA), which funded emergency welfare through the states. This was intended as a temporary measure.



CCC employees working in a national forest

The government did provide food relief (option C), but only to a limited extent. Giving excess food to hungry people sounds logical, and perhaps it would have helped alleviate people’s suffering in 1933. However, this option had the long-term unintended consequence of reducing farm prices further. If the government had given away free food on a large scale, it would have had a lot of trouble distinguishing the truly needy from those who had the ability to buy food for themselves. This could have caused demand for food to drop even more, and prices for farm products would have gone down as well.

Through the National Recovery Administration (NRA), the government gave laborers the right to organize into unions and bargain with owners as a group (option D). It also authorized the establishment of a minimum wage. Unfortunately, both of these actions increased the cost of labor. Cash-strapped businesses couldn’t afford to pay their employees higher wages, and they certainly couldn’t hire new ones. As a result, unemployment rose further and production dropped.

The NRA also cut hours (option E), which reduced unemployment and increased part-time employment. As mentioned above, the government did not adopt unemployment compensation at this time (option F).

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 4

ANALOGIES

From this list of historical analogies, pick the one that seems most relevant to the situation in 1933. Explain how this analogy helps you understand the current situation, and evaluate the analogy. If you see analogies that don't work, explain why they don't.

1. **Farmers:** In 1897, several gold discoveries dramatically increased the supply of gold, which caused inflation. Higher prices resulting from this inflation benefited farmers greatly. Therefore, increasing the money supply now will also help farmers.
2. **Farmers:** During World War I, farmers prospered by exporting great quantities of food to Europeans. The U.S. could use subsidies to increase food exports now.
3. **Poverty/unemployment:** From colonial times up to the Civil War, local communities were responsible for taking care of the poor (that is, poverty relief was not a federal obligation).
4. **Poverty/unemployment:** Germany passed workers' compensation laws in the late 1800s, and its economy has done fairly well ever since. After losing a job, a worker would receive government payments for several weeks to tide him over while he searched for a new job.

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 5

POINT OF VIEW

Read each of the points of view below and decide how you would respond to the questions. Afterwards, reflect on how FDR's decision making took each of these different points of view into account. How would these perspectives affect your decisions as FDR?

In general: You are a taxpayer barely getting by financially. How do you feel about paying taxes to help farmers (through the AAA) and the poor (through welfare and jobs programs)?

In general: You are a worker barely getting by financially. How do you feel about having to pay higher prices for food because of the AAA?

Farmers: You are a cotton farmer in Georgia with a farm of 200 acres. You farm the best land (about 150 acres) and rent the poorer land to tenant farmers. You haven't made any profits for over a year because the price of cotton has sunk too low. Now, the government has set up a program to pay farmers to take some land out of production. You can make money on the land without doing anything. Will you remove land from production? If so, which portion of your land will you take out—the land you farm, or the land you rent?

Farmers: You are an African American tenant farmer in Georgia. The new farm program (the AAA) helps farm owners, almost all of whom are white. What is your opinion of the AAA?

Public works: You own a construction company that builds and repairs bridges and public buildings. Now, the government has decided to employ people to do that work through a program called the WPA. The WPA now performs all of the construction work you would normally perform; since it does so for free, you are losing business. How do you feel about the WPA?

Food relief: You are a worker who makes enough money to pay for food. However, you don't earn very much, and you want to use the little money you do have to heat your home and buy gas for your car so that you can get to work. You find out that the government is giving away free food to the poor at the town hall. Do you go to the town hall to get the food, even though you could technically afford to buy your own? (If you do choose to accept the free food, what might happen to the demand for food sold in grocery stores?)

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 6



SHORT PROBLEMS

You are President Franklin Roosevelt, and you have just taken office in March 1933. The U.S. is in the worst depression in its history. The economy has declined (as measured by GDP) by more than 33% in the past four years. Unemployment stands at an unbelievable 25% (5–6% is normal; 8% is considered high), and thousands of businesses are going bankrupt. Many Americans are starving. Some scrape out a living by selling apples on the street, while others eat out of garbage cans. Public charities and local welfare agencies can't able to keep up with the growing needs of so many desperately poor people. Farmers are also struggling. They have produced too many crops, which has caused agricultural prices to drop so low that many farmers can no longer make a living.

The American people want you to take action immediately to provide relief for the needy. Your advisors have given you a list of proposals. Decide whether you would support each of the proposals and explain why or why not. You can make changes to any of these programs in order to improve them.

1. Farmers:

- A. The government could pay farm owners to take land out of production.
- B. Let farmers produce all they want and encourage exports of the excess food. The government could buy the excess food at market prices, then sell it to other countries at much lower prices.
- C. Let the market take care of the problem. If less demand for food exists and farm machinery can replace farm labor, then some of these farmers need to go into other occupations.

2. Poverty/unemployment:

- A. Public works—Creating jobs will provide a source of income for many workers and their families. Also, workers would help improve the areas in which they live by building libraries, schools, bridges, and national parks.
- B. Welfare—Have the federal government give money to people without requiring them to work.
- C. Labor—Give laborers the right to organize into unions and to negotiate with owners as a group. Also, establish a minimum wage.

LESSON 4: THE NEW DEAL—RELIEF

Student Handout 7

SHORT OUTCOMES

In a period called the “Hundred Days” (from March through June 1933), President Franklin Roosevelt and Congress passed a remarkable series of laws aimed at ending the Depression. Historians now refer to these laws as the First New Deal.

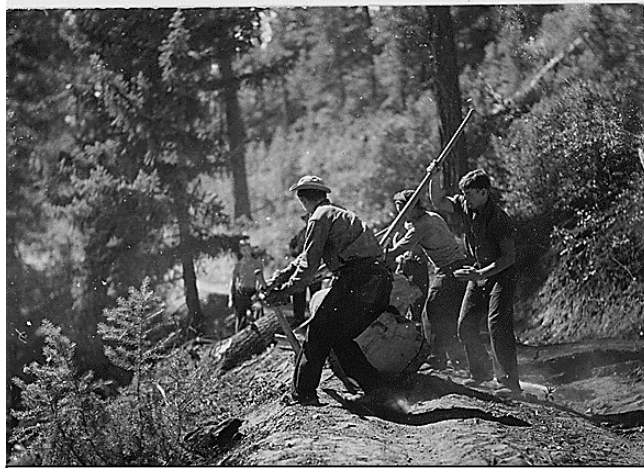
Farmers: President Roosevelt chose option A and supported the Agricultural Adjustment Act (AAA), which limited the production of food by taking land out of production. The AAA did help farmers by raising prices, but it had several **unintended consequences**:

- Consumers had to pay more for food and also had to pay more in taxes to fund the aid to farmers. Thus, the AAA helped farm owners but hurt almost everyone else.
- To get agricultural prices to rise, the government had to destroy a portion the crops produced. Many people felt it was wasteful to destroy food when people were starving.
- Higher prices for some crops (for example, cotton more than doubled in price) led to even more production. The surplus for these goods—which had been the problem in the first place—ended up increasing.
- The AAA improved soil conservation and environmental quality.

FDR did not choose option B, which would have used taxpayer money to help foreigners buy food from American farmers at a lower price than Americans themselves paid for that food. This proposal would have encouraged more production (making the problem worse), and taxpayers disliked the idea.

The idea that the market should drive out less-productive farmers (option C) may seem cruel, and little doubt exists that farmers benefited from government subsidies in the short term. However, many economists believe that option C would have been the best choice for the long term. Some farmers would have had to abandon their farms, but they would have entered other industries. Instead, AAA subsidies allowed many unprofitable farms to keep going.

Poverty/Unemployment: As described in option A, the government established many public works programs, including the Works Progress Administration (WPA) and the



CCC employees working in a national forest

Civilian Conservation Corps (CCC). The programs had both positive and negative effects:

- They created jobs and provided income, and people didn't have to face the stigma of accepting welfare from the government.
- The programs improved infrastructure (roads, public buildings, national parks) throughout the country.
- Service programs like the CCC provided a template for later programs such as VISTA, the Peace Corps, Americorps, and CityYear.
- Critics complained that these programs paid workers to do useless or minimal labor. One popular story told of workers who dug holes while other workers filled them in.

FDR did not favor welfare (option B). He referred to it as a “narcotic” that made people dependent on the government and took away their dignity. However, in 1933 the crisis of poverty had become so great that he felt the government had to institute a welfare system. The government passed the Federal Emergency Relief Act (FERA), which funded emergency welfare through the states. This was intended as a temporary measure.

Through the National Recovery Administration (NRA), the government gave laborers the right to organize into unions and bargain with owners as a group (option C). It also authorized the establishment of a minimum wage. Unfortunately, both of these actions increased the cost of labor. Cash-strapped businesses couldn't afford to keep paying their employees higher wages, and they certainly couldn't hire new ones. As a result, unemployment rose further, and production dropped.

LESSON 5: THE NEW DEAL—REFORM

Teacher Page

OVERVIEW

Lessons 3, 4, and 5 focus on the New Deal and are divided into the “three Rs”: recovery, relief, and reform. Lesson 5 focuses on reforms made to the American sociopolitical and economic systems in the 1930s to ensure that future economic downturns would not recreate the devastating effects of the Depression. While Social Security was arguably the most important reform because it fundamentally changed the relationship between the government and the individual, the New Deal also significantly changed labor and banking.

VOCABULARY

- Huey Long—Louisiana senator who pushed for a “share the wealth” program in which rich people would be taxed heavily to help the poor
- Townsend Plan—Elderly people would receive \$200 per month on the condition that they spend the money within the month
- Workers’ compensation—Workers receive benefits if they get injured on the job
- Unemployment compensation—Workers receive benefits if they get laid off
- Reserve requirement—The percentage of each deposit that banks have to keep on hand
- Federal Deposit Insurance Corporation (FDIC)—Insures deposits in banks so that people don’t have to worry about losing their money if their bank closes
- Wagner Act—Also known as the National Labor Relations Act; gave labor the right to organize into unions and negotiate with management as a group

DECISION-MAKING SKILLS EMPHASIZED

- Set realistic goals
- Predict unintended consequences

LESSON PLAN

A. IN-DEPTH LESSON (one 40-minute class period)

Procedure:

There are two ways to teach this lesson. Handout 1 poses decision-making problems for three different areas of reform: Social Security, labor, and banks. Handout 2 provides an in-depth examination of Social Security and its long-term effects. You should decide beforehand which approach you want to use.

Distribute Handout 1 or 2 and have students read it silently and decide what they will do. Next, divide students into groups and have them discuss their choices. Give time for students to ask questions. Bring the class back together. Have each group report on its decisions and explain. After groups have reported, distribute Handout 3 (if you used Handout 1) or Handout 4 (if you used Handout 2) with the outcomes, or tell the class what actually happened. In addition, you could use the primary source from Lesson 3 (Handout 8, the fireside chat excerpt) for this lesson, since it focuses on banking.

OPTIONAL: You can extend the lesson by having students tackle the problem on Handout 5, which discusses the crisis that arose in 1983 over financing Social Security (Handout 6 provides the outcome).

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know the outcomes. Which decision-making skills were particularly important in making choices about these issues? Which of the letters of **P-A-G-E** applied especially to this problem? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Did the passage of the Social Security Act result more from historical factors or the actions of one person or group? Did banking and labor reforms occur because of historical forces or because of the choices of one person or group? Students who argue for historical forces might say that the Depression pushed the public to call for reforms. For example, the popularity of the Townsend Plan demonstrated that the public wanted a retirement system. Students who argue for the actions of one person or group might say that FDR’s leadership guided the legislation through Congress.

Connecting to Today:

Talk with students about the current problems regarding Social Security and the controversy surrounding it. Due to the impending retirement of large numbers of workers from the “baby boomer” generation, the program is projected to run out of money in a few decades. Ask them if the roots of this problem can be seen in the origins of Social Security. What should today’s leaders do about Social Security?

Troubleshooting:

Some students may have difficulty understanding how retirees receive Social Security benefits. Tell them that retirees get set, monthly benefits until they die, which do not necessarily correspond to the amount of money they paid in to Social Security. You can illustrate this with the following example: Charlie paid into Social Security from age 18 to 65. He collected for six months and then died. He paid in about \$40,000 and collected about \$2000. Meanwhile, Jasper worked under the Social Security system for ten years, paying in about \$25,000. He is currently in his 80s, having collected as much as \$200,000 in the 20 or so years he’s been eligible. Critics consider Social Security a transfer of money from those who tend to die young (males, African Americans, etc.) to those who live longer (women, whites).

B. QUICK MOTIVATOR LESSON (10–20 minutes)

Assign Handout 1 as homework. In class, have students pair up and discuss their choices for three minutes or so. Ask for a show of hands for each choice in Problem 1 and briefly discuss students’ reasoning. Repeat this process for Problems 2 and 3. Distribute Handout 3 and for homework have students comment on what they learned from these outcomes.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handouts 3 and 4)

Because of the continued controversy surrounding Social Security, analysis of it and its origins is a partisan issue. Knowing the historical context of why the Social Security Act was passed and reading about its short-term and long-term effects will encourage students to make their own judgments about the value and future of the Social Security program.

DECISION-MAKING ANALYSIS:

P = Problem

- Identify any underlying problem
- Consider other points of view
- What are my assumptions? Emotions?

A = Ask for information (about)

- Historical context (history of this issue; context in the world)
- Reliability of sources
- Historical analogies

G = Goals

- * - **What are my main goals? Are they realistic?**
- Generate options to help achieve these goals. Are they ethical?

E = Effects

- * - **Predict unintended consequences**
- Play out the options. What could go wrong?

* Denotes topics emphasized in this lesson

- **Goals:** When examining the problems, students should keep their goals in mind. Is their goal to prevent starvation among the elderly, or do they want to make sure the elderly live comfortably? Do they want the government to control banks or just make them more stable and efficient?
- **Predict consequences:** Looking at Social Security from today's perspective, it becomes clear that the most important skill for leaders as they deliberated Social Security was the ability to predict consequences.

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LESSON 5: THE NEW DEAL—REFORM

Vocabulary

- Huey Long—Louisiana senator who pushed for a “share the wealth” program in which rich people would be taxed heavily to help the poor
- Townsend Plan—Elderly people would receive \$200 per month on the condition that they spend the money within the month
- Workers’ compensation—Workers receive benefits if they get injured on the job
- Unemployment compensation—Workers receive benefits if they get laid off
- Reserve requirement—The percentage of each deposit that banks have to keep on hand
- Federal Deposit Insurance Corporation (FDIC)—Insures deposits in banks so that people don’t have to worry about losing their money if their bank closes
- Wagner Act—Also known as the National Labor Relations Act; gave labor the right to organize into unions and negotiate with management as a group

LESSON 5: THE NEW DEAL—REFORM

Student Handout 1



PROBLEMS

You are President Franklin Roosevelt during the Great Depression. Many retirees and other people who can't work have lost their life savings, and they have no way of earning any more money. Unemployment and low wages have hurt those who can work. People have lost confidence in their banks and have withdrawn their deposits; many banks in turn have had to close because they didn't have enough money on reserve to cover all deposits. Americans have lost faith in the economy, but you believe that the government has the ability to change the economic system to make it fairer and more secure. Read each of the following proposals and evaluate them. Will you support them? Why or why not?

Retirement: The government would take 1% from each employer and 1% from each worker and save it for that worker's retirement. This would only apply up to a maximum yearly wage (up to \$3000); people who make more than the maximum wouldn't pay any extra, but also wouldn't receive any extra money when they retire. Retirement payments would be based on how much a worker pays into the plan. For example, someone who pays a total of \$2000 over the years would receive \$20 per month, while someone paying a total of \$4000 would receive a little less than \$40 per month; the maximum payout would be \$85 per month. The program wouldn't apply to farm workers, domestic workers, and workers in businesses with fewer than 10 employees because it would be difficult to find and keep track of such workers. They could be added to the program later. The program also wouldn't cover government workers because they already have retirement programs. Also, the federal government will give money (about one-third of the cost of the payments) to states to help widows with dependent children. This help for widowed mothers will only last until the economy recovers.

Will you agree to this proposal?

Labor rights: Government would guarantee labor the right to organize and bargain collectively (as groups) with management. The government would also set up a labor-relations board to resolve conflicts in a way deemed fair to both sides.

Will you agree to this proposal?

Banks: Choose as many of these proposals as you'd like to adopt:

- A. Increase the reserve requirement for banks. Banks would have to keep a larger percentage of deposits on reserve in the bank rather than loan it out. This will ensure that banks have money on hand to survive bank runs by skittish customers.
- B. Have the government insure bank deposits. That way, if people lose their deposits due to a run on the bank or its bankruptcy, the government would pay them insurance equal to the amount of their deposit up to \$2500. With deposits insured, people would have no reason to rush to the bank all at once to withdraw their money.
- C. Declare a bank holiday. Close all the banks and don't reopen them until the government says they are stable. Customers will then feel confident that they can deposit their money back into banks, and the faith in the system will be restored.
- D. Have the government take over the banks. Private banking has resulted in the loss of the savings of hundreds of thousands of hard-working Americans. The government needs to take over and straighten things out.

LESSON 5: THE NEW DEAL—REFORM

Student Handout 2



PROBLEMS

You are a member of the Social Security Commission in 1935. The U.S. is in the midst of the worst economic depression in its history. The unemployment rate stands at a staggering 25% (normal is 5–6%). Many retirees have been hit especially hard: they lost their life savings when the banks collapsed and they have no way of earning new income. You know that other industrialized countries have had social security systems in place for decades. For example, in Germany the government uses taxes to pay for workers' compensation (payment in case of injuries), unemployment compensation, help for widows and the disabled, and retirement aid.

Given the dire economic conditions in the U.S., it's not surprising that many people want radical solutions. Senator Huey Long has proposed that all Americans be guaranteed a minimum income, which he would pay for by greatly raising taxes on rich people. Dr. Francis Townsend has proposed a retirement program in which every elderly person would receive a generous \$200 per month, under the condition that they spend this within the month. This would reduce poverty among the elderly and also boost the economy by forcing people to spend the money quickly. Townsend's idea has become extremely popular, and "Townsend clubs" have sprung up all over the country.



Huey Long

President Franklin Roosevelt enjoys a great deal of popularity as well: Americans elected him because he promised to bring change, and he has taken action with the New Deal. The 1934 elections brought a big Democratic majority to Congress, reaffirming the public's support for changes Democrats have made. FDR set up the Social Security Commission in order to make thoughtful recommendations for social changes that will work in the long-term interest of the country. He looks forward to your recommendations.



Dr. Francis
Townsend

Retirement: Should the government provide a program of social insurance or a welfare program? Social insurance means that people would pay into the program and receive benefits later as a result of their payments. For example, a worker would pay into the retirement system for 20 years. After his retirement, he would collect a monthly paycheck

from the government until his death. In a welfare system, all elderly people would collect a monthly paycheck from the government from general tax revenue. They would not get the money because they paid into the program, but because the government would support all elderly citizens. Choose one:

- ☐ A. Social insurance—people get benefits if they pay into the program
- ☐ B. Welfare—all elderly get benefits whether they paid into the program or not
- ☐ C. Neither—the government shouldn't provide a retirement system

At what level will you set benefits? Choose one:

- ☐ A. Minimal—enough to avoid starvation or death
- ☐ B. Moderate—enough to avoid poverty
- ☐ C. Generous—enough to live comfortably, as Townsend's plan advocates

How will the government pay for this retirement system? You may pick more than one:

- ☐ A. Out of general tax revenue from income taxes
- ☐ B. Out of payments by workers
- ☐ C. Out of payments by employers
- ☐ D. Out of a sales tax established for this purpose

If you establish a system paid for by workers, you will have to decide how to start payments. Workers will pay into the system, but what about people who are elderly now? Where will the initial financing for the retirement system come from? Choose one:

- ☐ A. The government will borrow money initially to pay for the first retirees. Money paid in by workers will then finance the system, with today's workers paying for today's retirees. When these workers retire, younger workers will in turn pay for them.
- ☐ B. Workers will start paying into the system immediately, but no one will be able to collect retirement benefits for five years. That way, the system will build up a trust fund that will always serve as a cushion to prevent it from running out of money. After five years, workers will pay for retirees (as in choice A).
- ☐ C. The government should just draw money from general tax revenues as needed to pay retirees.

Workers' compensation and unemployment compensation: Workers' compensation pays someone injured on the job who can no longer work. Unemployment compensation pays laid-off workers for a predetermined period of time (up to three months, for example) to help them while they look for new jobs. Right now, individual states decide for themselves whether to institute workers' compensation and unemployment compensation. In many states, employers don't have to provide any sort of compensation at all.

Which of the following will you recommend?

- ☐ A. Set up a national system of workers' and unemployment compensation funded by tax money from the federal government. Every worker would then be covered in case of injury or job loss.

- ___ B. Encourage states to set up their own compensation systems by using a “tax offset” system. Employers would pay a 5% tax to the federal government to fund compensation. However, employers could avoid the tax by joining a compensation system in their own state.
- ___ C. Require businesses to buy compensation insurance. Have the insurance set up according to “experience ratings.” This means that businesses that have fewer workers laid off or injured would pay lower rates. Businesses would thus have an incentive to keep workers employed in tough times and to keep workplaces safe in order to lower insurance rates.
- ___ D. Leave the situation as it is now. The question of compensation should be between workers and business owners. The government has no right to interfere, and many businesses will resent government intrusion into their practices.

Aid to dependent people: The problem of poverty is caused by more than just the high unemployment rate: illness and disability can make people unable to earn a living, or workers can die and leave their families without any means of financial support.

Most states (but not all) have programs for widows and dependent children, but many don’t adequately fund these programs, leaving families to fend for themselves. The head of the Children’s Bureau, a federal government agency, recently told Congress the sad story of a widow and her three children: The bank foreclosed on the widow’s mortgage and gave her just \$500 for her house. She moved the children to a basement apartment and set up a candy and cigar store in the front room. Despite her best efforts to make a living, however, she never made enough to adequately feed and clothe her children. The head of the Children’s Bureau argued that even a modest level of aid would make all the difference for such widows and their families.

Those who support federal aid to widows say it’s cheaper and more effective than paying to put children in institutions, and that it’s a pro-family policy. What should the federal government do about widows and their families, as well as blind or disabled people?

- ___ A. Provide aid to widows and their families, as well as to the blind and disabled. This aid would be temporary (i.e., until the Depression ends).
- ___ B. Provide aid to widows and their families (as well as to the blind and disabled) as a permanent program.
- ___ C. Provide aid to all single mothers of dependent children, whether unmarried, divorced, or widowed. Also, give aid for the blind and disabled.
- ___ D. Don’t provide any federal aid—this is a state responsibility.

LESSON 5: THE NEW DEAL—REFORM

Student Handout 3

OUTCOMES

Retirement (Social Security): The government passed the Social Security Act in 1935. On the positive side, the act provided for Americans' retirement and gave important help to widows and their children.

However, it also resulted in numerous **unintended consequences:**

- After the government started charging Social Security taxes in 1937, the economy experienced another downturn. This may have occurred in part because Social Security actually took money out of circulation by charging a payroll tax. Workers had less money to spend, which didn't help the economy. Also, until 1939 the government took in more money than it paid out for benefits: after 1939, it had to remove money from the economy in order to save for the day when more people retired. However, that simply meant less spending, a lower GDP, and higher unemployment.
- Since employers paid 1% of each worker's salary, the cost of employing each worker rose, and as a result unemployment rose. Evidence shows that industries covered by Social Security had higher unemployment rates than those that weren't.
- Aid to widows eventually expanded to include all low-income single or divorced mothers with dependent children under a program called the AFDC (Aid to Families with Dependent Children), commonly known as "welfare." The idea of welfare has always provoked controversy (especially from the 1960s through the 1990s). Critics have charged that taxpayers in essence were funding people to stay home and avoid work. They felt welfare made people lazy, dependent on the government, and more likely to have children out of wedlock. Defenders argued that a civilized society should take care of its poorest citizens—especially the children of the poor, who are innocent victims of their parents' fortunes and decisions. The example of welfare demonstrates one problem with starting any government program: it can prove difficult to end that program, even if it is no longer as necessary as it once was. The recipients of government aid obviously



- have a vested interest in keeping the program going, and the program might also expand to other groups wanting access to the same type of aid. If people have become accustomed to the idea of widows receiving aid, it becomes difficult for leaders to determine when they should cut off that aid. They may also seem callous if they deny aid to other groups (such as single mothers).
- Once the Depression ended, inflation began to cause problems with retirement benefits. Even at a low rate of inflation, benefits would become insignificant after many years of retirement because the same amount of money could no longer purchase the same amount of goods. The government responded by instituting cost-of-living adjustments in the 1970s. However, this became very expensive and came close to bankrupting the program. Another problem arose because people began to live much longer, often into their 90s or older (in 2006, there were 25,000 Americans over 100 years old). People who live longer collect benefits for many years, which proves very expensive for Social Security. Today's workers don't pay in enough to compensate for all the retirees. Many fear that the Social Security system will run out of money within decades.

Labor: Congress passed the National Labor Relations Act, popularly known as the “Wagner Act,” which legalized unions and prevented anti-labor practices such as blacklisting. This act increased labor membership and gave labor more power to negotiate favorable contracts for workers. It was hailed as labor’s “Magna Carta” (i.e., as the founding document of the modern labor movement). Many business owners opposed the act, arguing that the government now gave too much preference to workers.

Banks: FDR did not increase the reserve requirement (option A), since this would have had a detrimental effect on the economy. If banks had to keep more money on reserve, they would have had less money available to loan, and fewer loans would result in a smaller economy and a higher unemployment rate. The government did decide to insure bank deposits (option B) through the Federal Deposit Insurance Corporation (FDIC). Once people knew that the government insured their deposits, they felt reassured that they could recover their money even if their bank went out of business. Consequently, fewer bank runs took place, and the entire banking system stabilized. (However, an unintended consequence appeared years later: in the 1980s, some banks started to make risky loans, and many banks went under when the borrowers defaulted on the loans. The FDIC was forced to pay out \$500 million of taxpayer money to depositors in the failed banks in what became referred to as the Savings and Loan scandal.) FDR also declared bank holidays (option C). As with insuring bank deposits, bank holidays increased the public's confidence in the banking system. The government classified banks into three categories of soundness and wouldn't reopen a bank until it achieved the top category. FDR believed in private banks and resisted the idea that the government should take over the banking system (option D). Some other countries had government-run banking systems, but the success of these systems varied widely, and it's difficult to say how such a system would have affected the U.S. economy. However, such extensive government involvement was probably unlikely to have ever happened in the U.S., since it ran counter to longstanding American beliefs in private property and private enterprise.

LESSON 5: THE NEW DEAL—REFORM

Student Handout 4

OUTCOMES

What Actually Happened:

Retirement:

Program: To help retirees, the Commission chose social insurance (option A) rather than welfare (option B). FDR referred to welfare as a “narcotic” to which people would become addicted. Rather than looking for work, people would become accustomed to collecting money from the government. FDR favored a system of social insurance under which workers would pay into a fund. These workers would receive money only if they put money in, so the system wouldn’t have the social stigma that welfare did.

Benefits: The level of benefits was minimal (option A), below the poverty line. FDR stated repeatedly that Social Security retirement benefits were intended to supplement an elderly person’s income, not serve as their entire income. FDR didn’t think the government could afford to make generous payments. He thought that higher payments would either quickly cause the system to run out of money or that the government would be forced to charge workers more, which would hurt both them and the economy. The Townsend Plan, by contrast, proposed generous payments to the elderly without taking into account how to pay for the program in the future. Many experts calculated that the government could only finance the Townsend Plan three months because the benefits the plan promised to the elderly would amount to half the nation’s income.



The amount of monthly payments changed, however. At election times, Congressmen often voted to increase monthly payments in order to get votes from the elderly (who vote in large numbers). Finally, in 1972 Congress voted to tie Social Security payments to inflation: for example, if prices increased by 3% in a year, Social Security payments would also increase by 3%. Such significant increases in payments helped spark a financial crisis in Social Security during the early 1980s. The crisis was averted, but the measures used to fix things caused different problems: for example, the government increased taxes on workers and on employers, which reduced demand and increased unemployment.

Funding: FDR chose to finance the system through options B and C, payments by both workers and employers. FDR believed that workers should contribute to their own retirement, and that employers should also contribute. He did not want to use general tax revenues (option A) to finance the program because changes in the political climate could cause those revenues to fluctuate (e.g., if voters pushed Congress to pass a tax cut) On the

other hand, although workers at different income levels all contributed to the program, poorer workers benefited more than higher-paid workers did because they received more in proportion to the money they paid into the program. In addition, younger workers contributed more to the program than did older workers: a person near retirement in the 1930s contributed much less than a young person just starting to work at that time. Thus, while Social Security was set up as a social insurance system, it had elements of a welfare system in which the wealthy and young gave proportionately more to help the poor and old.

Initial funding: In order to provide the initial financing for the system, the government decided that workers would pay in from the beginning in 1937, but that no one could collect until 1942, when a trust fund would have accumulated (option B). The trust fund turned out to be a bad idea: politicians found this pool of money irresistible and often borrowed from it in order to fund popular programs. In 1939, the Social Security Act was amended to allow people to begin collecting in 1940. The amendment also postponed a scheduled increase in the Social Security tax. Both of these changes were made to prevent the buildup of another large Social Security trust fund, since politicians would be tempted to draw off a large fund for something other than its intended purpose. Later evidence supported this theory: in the 1980s, the trust fund grew again, and subsequent presidents have used it to reduce the apparent size of the deficit while continuing to spend on current programs.

Workers' compensation and unemployment compensation:

As described in option B, the Social Security Act set up a tax-offset system (under which employers could avoid paying a tax to the federal government by joining a state workers' compensation system) in order to encourage states to expand workers' compensation and unemployment compensation. Many states chose the method described in option C, under which employers could save on tax payments by retaining employees during difficult times and by keeping factories safe.

Aid to dependent people:

The Social Security Act provided aid for widows and the disabled (option A). Leaders were influenced by tragic stories of destitute women and children. (Were you influenced by the story of the family in the basement apartment? Should you have been?) The money was intended to serve as temporary aid until the Depression ended, but in retrospect, it was naive to believe that the government would be able to end the program. It's difficult to cut off aid from people who have come to depend on it, and often that aid expands to include other groups. In this case, the program expanded to include single or divorced mothers (option C). The Aid to Families with Dependent Children (AFDC) program proved especially controversial from the 1960s through the 1990s, as the number of people collecting aid more than tripled (from three million in 1960 to 11.3 million in 1975). AFDC also evolved into a racial issue, as many white taxpayers resented what they saw as a disproportionate number of black mothers collecting payments from the government. Conservatives wanted to cut back on payments to these so-called "welfare queens," claiming that they cheated the system. The amount of actual fraud that occurred became an issue of dispute. Liberals wanted more help for welfare recipients (including day care for children) so that mothers could work.

LESSON 5: THE NEW DEAL—REFORM

Student Handout 5

PROBLEM

Update—financing Social Security in 1983:

By 1983, experts projected that the Social Security system would run out of money within a year. The crisis arose in part because of cost-of-living raises, which increased benefits each year by the rate at which inflation rose. These raises began in 1972 to compensate for the fact that retirees now had to pay more for everything, from food to housing. The raises meant that if prices increased by 3% in 1980, Social Security payments also increased 3%. The raises significantly increased the amount of benefits paid to the elderly.

President Ronald Reagan has established a commission to examine the problem. As a member of that commission, what would you recommend?

- ☐ A. Pay the extra money out of the federal government's general revenues.
- ☐ B. Increase the retirement age from 62 to 65 and agree to raise it again at a later date (for example, in 1999) to 67.
- ☐ C. Cut monthly payments to retirees.
- ☐ D. Bring wealthier people into the Social Security system. The money they would pay into the system would increase the amount of money available to pay out.
- ☐ E. Increase Social Security taxes.
- ☐ F. Tax the Social Security monthly benefits of wealthier recipients, and put those taxes back into the system.
- ☐ G. Decrease or stop the cost-of-living raises.

LESSON 5: THE NEW DEAL—REFORM

Student Handout 6

OUTCOME

What Actually Happened:

To solve the problem of the Social Security shortfall, President Reagan formed another commission, which recommended numerous changes to the system. Congress adopted many of these recommendations (options B, D, E, and F): it raised the retirement age, brought wealthier people into the system in order to boost revenue, increased Social Security taxes, and taxed the Social Security payments of wealthier recipients. Leaders did not choose to pay for the shortfall out of general tax revenues (option A) because many people perceived this as a form of welfare rather than a system under which workers got out what they paid in. Most politicians didn't want to cut payments (option C) or slow cost-of-living raises (option G) because they feared that elderly people would vote against such measures. Options D and F, which affected wealthier recipients, wasn't as politically damaging: it didn't affect most voters, and the wealthy didn't offer strong opposition to it. Options B and E were also easier for voters to accept: if workers knew they would receive benefits, they could accept the higher taxes (option E). Increasing the retirement age (option B) only proved unpopular among a small group—those close to retirement who would have to work longer before receiving benefits.

The increase in Social Security taxes on workers and employers probably slowed the economy by decreasing demand, which decreased employment.

LESSON 6: UNDER THE CLOUD OF WAR

Teacher Page

OVERVIEW

The conflicts in Europe and Asia that would become World War II presented a great challenge for President Franklin Roosevelt. The memory of World War I was still fresh in the minds of the American people, and few wanted the U.S. to get involved in another bloody global conflict. As fighting escalated and the danger increased, FDR began to realize that the militaristic, totalitarian regimes of Germany, Italy, and Japan threatened democracies all over the world—including the United States. In this lesson, students will face the same diplomatic problems FDR faced in the years leading up to the war, and they will compare their decisions with his.

VOCABULARY

- Adolf Hitler—Leader of Germany
- Benito Mussolini—Leader of Italy
- Manchuria—Part of China taken over by Japan in the 1930s
- Nye Committee—Congressional committee that concluded the U.S. made a mistake by entering World War I
- Neutrality Acts—Laws to keep the U.S. from getting involved in foreign wars by preventing trade with warring countries
- Ethiopia—African country conquered by Italy
- Rhineland—Demilitarized part of Germany that German troops entered in 1936 in violation of the Treaty of Versailles
- Spanish Civil War—Fighting between the Republican (Loyalist) government and fascist rebels from 1936–1939
- *Panay*—U.S. ship sunk in China’s Yangtze River by Japanese planes in 1937
- Sudetenland—Region of Czechoslovakia taken over by Germany
- Munich—German city where international leaders met in 1938 to discuss Germany’s seizure of Sudetenland
- Appeasement—Britain and France’s decision at the Munich Conference to allow Germany to take over the Sudetenland
- Winston Churchill—British Prime Minister from 1940–1945
- Embargo—To cut off trade with a country
- Axis—Alliance between Germany and Italy, and later Japan
- “Arsenal of Democracy”—Speech in which FDR declared that the U.S. should supply weapons to democratic countries fighting against the Axis powers
- Lend-Lease—Program under which the U.S. would lend weapons to Britain and Russia; the weapons would be given back after the war
- Pearl Harbor—U.S. naval base in Hawaii attacked by Japan in 1941

DECISION-MAKING SKILLS EMPHASIZED

- Identify underlying problems
- Consider other points of view
- Ask about reliability of sources
- Set realistic goals
- Play out options

LESSON PLAN

A. IN-DEPTH LESSON (one 40-minute class period)

Procedure:

Framing the problem is a key decision-making skill in this lesson; consider using Handout 4 in order to focus on this skill.

Distribute Handout 1. Have students decide on their goals and then discuss them in small groups. Next, have them read Decision 1 silently and decide what they will do. Have them discuss their choices in groups. Allow time for students to ask questions. Bring the class back together. Ask each group to report on and explain its decisions. Have the class vote on the various options, then tell them what FDR actually did, but don't distribute Handout 2 (which lists the outcomes) yet. You may want to have students focus on the skill of recognizing the underlying problem by discussing Handout 4. You could also distribute Handout 5 in order to provide students with a timeline. Repeat these steps for Decisions 2–5. After groups have reported, distribute Handout 2 or tell the class what actually happened. Also, distribute Handout 3 so that students will have a chance to look at the events from the Japanese perspective.

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know the outcomes. Which decision-making skills were particularly important in making decisions about these issues? Which of the letters of **P-A-G-E** applied especially to this problem? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making. If you used Handout 4, ask students how important framing the problem was. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Did certain historical factors force FDR to take certain actions and/or to avoid taking other actions, or did FDR personally shape American foreign policy in the years leading up to World War II? Students should understand how public opinion against the war and isolationist measures (such as the Neutrality Acts) limited FDR's options. However, they should also recognize that he did significantly shape the U.S. response to events abroad—imagine how different U.S. foreign policy would have been had an isolationist been president. Also, use Decision 5 and Handout 3 to ask students specifically about the war with Japan. What do they think was the most important cause of the war between the U.S. and Japan: personal decisions by leaders, economics, cultural perceptions, ideology, or domestic politics?

Connecting to Today:

Ask students if they can see any way this lesson on American foreign policy in the years before World War II relates to 21st-century threats to national security from terrorists and other groups. Do students see any lessons that contemporary leaders should keep in mind?

Troubleshooting:

Some students may find it difficult to keep track of the chronology and geography of the escalating conflicts. Use the timeline on Handout 5 for time sequences and the maps to help with location difficulties.

| |
|--|
| B. QUICK MOTIVATOR LESSON (10–20 minutes) |
|--|

Assign Handout 1 as homework, but have students only focus on Decisions 3, 4, and 5. In class, have students pair up and discuss their choices for three minutes or so. Ask for a show of hands for each option in Decision 3 and briefly discuss students' reasoning. Repeat this process for Decisions 4 and 5. Distribute Handout 2 and for homework have students comment on what they learned from these outcomes.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handout 2)

In order to keep this lesson short and easy to understand, many important topics have been simplified or left out. The lesson alludes to the Japanese takeover of Manchuria in 1931 but doesn't deal with it, since this occurred during Hoover's administration. However, feel free to add this as a decision-making problem if you so choose. The lesson also does not deal with the draft. In addition, the U.S. government's response (which many now regard as callous and tragic) to the Holocaust gets discussed only cursorily. This is a good topic for further discussion, however, and many excellent materials exist on this topic.

DECISION-MAKING ANALYSIS:

P = Problem

- * - **Identify any underlying problem**
- * - **Consider other points of view**
 - What are my assumptions? Emotions?

A = Ask for information (about)

- Historical context (history of this issue; context in the world)
- * - **Reliability of sources**
 - Historical analogies

G = Goals

- * - **What are my main goals? Are they realistic?**
 - Generate options to help achieve these goals. Are they ethical?

E = Effects

- Predict unintended consequences
- * - **Play out the options. What could go wrong?**

*Denotes topics emphasized in this lesson

- **Underlying problem (framing):** Handout 4 focuses on this skill. If, as Professor James Voss (see "Sources" in the introduction to this book) argues, decisions in foreign policy get shaped to a great extent by perceptions, then this handout and the discussion it sparks should prove helpful and revealing for both you and your students. There is no right or wrong answer to the question on this handout—all the items are subject to debate. In 1936, FDR felt the underlying problem lay in a combination of options 2 (weakness of democracies) and 6 (Americans didn't recognize the real threat). He thought there was some hope for resolving the crisis peacefully. After the Munich Conference and Hitler's negative reply to his letter,

FDR reframed the problem, emphasizing option 1 (fascists intent on war) along with option 6.

- **Consider other points of view:** Handout 3 focuses on the Japanese point of view after the embargo. However, students should take point of view into account in regard to all the decisions: they should recognize that Axis leaders also had to consider the opinions of their own citizens when making decisions, even if they were dictators. Will the students' actions strengthen the more moderate elements inside the fascist countries? For example, many historians believe that a strong stand against German aggression by the Allies at the Munich Conference could have brought about Hitler's downfall. Some historians believe that the opposite held true for Japan—more negotiations might have strengthened the moderate elements within the country's leadership.
- **Ask about reliability of sources:** FDR eventually concluded that the American ambassador to Britain had not provided accurate reports about Britain's prospects for holding out against Germany. He had based his conclusion on that fact that the British were shooting down more German planes than they were losing. FDR also concluded that the Japanese had lied about their pilots not seeing the American flags on the *Panay*.
- **Setting realistic goals:** Many of the proposals in this lesson are simply not realistic. For example, students should realize that given isolationist sentiment within the U.S., FDR could not really have entered the war any earlier than he did.
- **Play out the options:** When students make decisions on diplomatic matters, they should consider how the fascist countries would respond to those decisions.

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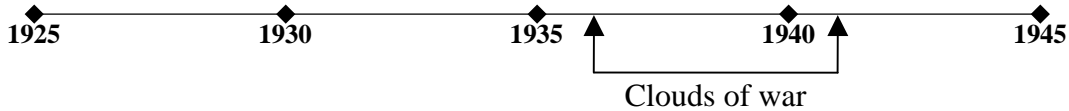
LESSON 6: UNDER THE CLOUD OF WAR

Vocabulary

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- Lend-Lease—Program in which the U.S. would lend weapons to Britain and Russia; the weapons would be given back after the war
- Pearl Harbor—U.S. naval base in Hawaii attacked by Japan in 1941

LESSON 6: UNDER THE CLOUD OF WAR

Student Handout 1



DECISIONS

Context:

You are President Franklin Roosevelt in December 1936. When you were elected in 1932, the U.S. was in the midst of the worst economic depression in its history. Americans faced tremendously high unemployment (about 25%), and hundreds of thousands of people couldn't feed their families. You've focused most of your attention up to this point on bringing back prosperity. Earlier this year, you won reelection in one of the greatest landslides in American history.

Meanwhile, international events have increasingly become matters for concern. In Europe, Adolf Hitler came to power the same year you did. He controls a brutal dictatorship and has built a strong military in defiance of the Treaty of Versailles. Meanwhile, in Asia the militaristic government of Japan has taken over both Manchuria (a part of China) and Korea.

Americans disagree on how the U.S. should respond to these events. A popular isolationist group called the America First Committee would like the U.S. to avoid getting involved in these international conflicts at all costs. In 1935, Senator Gerald Nye led an investigation into the U.S. entry into World War I. The Nye Committee concluded that the U.S. had not really had good reason to enter the war, and had been pushed into the bloody conflict by munitions makers and bankers eager to make profits. After hearing the Nye Report and growing concerned that events in Europe might escalate into another world war, Congress passed several Neutrality Acts in order to prevent the sale of arms to warring nations. Congress believed the acts would prevent the U.S. from getting dragged into another war. The Neutrality Acts received strong public support, so you reluctantly signed them into law.

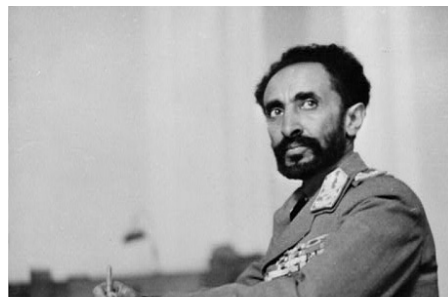


Senator Gerald Nye

Goals in 1936: Before you can make decisions regarding the crisis in Europe and Asia, you must establish your goals. You can list up to three.

DECISION 1—1936

Mounting aggression by both Hitler and Benito Mussolini, Italy's leader, has resulted in a series of troubling events. Last year, the Italians attacked the relatively weak African nation of Ethiopia and at this point have almost completely conquered it. Ethiopian Emperor Haile Selassie has appealed to the League of Nations and the world to put a stop to this outright aggression. Reports suggest that the Italians have used poison gas and bombed Ethiopian civilians.



Ethiopian Emperor Haile Selassie

In March, Germany violated the Treaty of Versailles by sending troops into the Rhineland, an industrial area of Germany. In the summer, a civil war broke out in Spain. Italy and Germany support the fascist rebels against Spain's republican government. Italy and Germany have also formed an alliance, the Rome-Berlin Axis.

Domestically, opinion polls show that two out of three Americans have no opinion about the Spanish Civil War. Two out of three Americans also believe that the U.S. was wrong to get involved in World War I.

As FDR, how will you respond to the situation? Choose as many of the following options as you like.

1. Send messages to the countries involved in the conflict asking them to resolve the situation peacefully. Offer to mediate the conflicts in Spain and Ethiopia.
2. Threaten to send U.S. troops to intervene if Germany and Italy don't end their support of the fascists in Spain and if Italy doesn't withdraw from Ethiopia.
3. Institute a trade embargo with Germany and Italy if they continue to support the fascists in Spain and if Italy doesn't withdraw from Ethiopia. Italy in particular depends heavily on oil, and the U.S. is currently the world's largest producer of oil.
4. Give speeches to make Americans aware of the threat posed by Germany and Italy.
5. Ask Congress to revise the Neutrality Acts so that the U.S. can sell weapons to Britain and France in order to help them fight Germany and Italy.
6. Build up the American military so the U.S. can negotiate from a position of strength in the future.
7. Stay out of this situation—it isn't in America's interest to get involved.



The U.S.S. *Panay*

DECISION 2—1937 & 1938

In 1937, Japan launched a full-scale invasion of China proper, killing hundreds of thousands of civilians. Japanese planes also bombed and sank the U.S.S. *Panay*, an American ship stationed in China to protect American citizens and trade. Three Americans died and 48 were wounded. The Japanese government said its pilots hadn't recognized the *Panay* as an American ship. However, the ship's captain had large American flags (one of which was 26' x 32') spread across its top deck. News footage of the attack (a Universal newsreel cameraman on board filmed it) showed the Japanese planes flying in very low, meaning that they couldn't possibly have missed seeing the flags. You know that the Japanese government is lying, but it did apologize and promise to compensate the U.S. about \$2 million for the deaths and injuries. A Gallup poll shows that 59% of Americans favor supporting China over Japan: American missionaries have traveled to China for decades, and a book about China called *The Good Earth* is very popular. However, a majority also favors U.S. withdrawal from China.

Meanwhile, Germany took control of Austria in 1938. The Germans called it an "annexation" and claimed that Austrians wanted German rule. Since then, numerous reports have come in describing German mistreatment of Austrian Jews.

After touring German airplane factories, famed aviator Charles Lindbergh reported, "German aviation development is without parallel [and]...it is doubtful that any country in Europe will be able to catch up with them in the next few years." U.S. Assistant Secretary of State George Messersmith has also argued that Germany is becoming the dominant power in Europe. If trends continue, Britain and France will be very weak compared to Germany, and all of Europe will be in danger of a German takeover. If this happens, the U.S. would basically have to stand alone against the dictators in Europe.

As FDR, how will you respond to the situation? Choose as many of the following options as you like:

1. Send a message to the countries involved asking them to resolve the situation peacefully.
2. Threaten to send in U.S. troops if Japan doesn't withdraw from China.
3. Institute a trade embargo if Japan doesn't withdraw from China. Japan depends heavily on oil to keep its war machine going, and the U.S. is currently the world's largest oil producer.
4. Give speeches to make Americans aware of the threat posed by Germany, Italy, and Japan.
5. Ask Congress to revise the Neutrality Acts so that the U.S. can sell weapons to Britain and France in order to help them fight Germany and Italy.
6. Build up the American military so the U.S. can negotiate from a position of strength in the future.
7. Stay out of this situation—it isn't in America's interest to get involved.

DECISION 3—1938

Hitler has demanded that Germany take over the Sudetenland, a mountainous area of Czechoslovakia with a large German population. At the Munich Conference, France and Britain decided to follow a strategy of “appeasement” and pressed Czechoslovakia to turn over the land. Hitler has repeatedly increased his demands: for instance, he initially claimed only to want independence for the Sudetenland but later demanded that it be annexed into Germany itself.

Meanwhile, reports indicate Germany is persecuting Jews as a matter of government policy. On *Kristallnacht* (“night of broken glass”) in November 1938, members of the Nazi Party roamed the streets and destroyed thousands of Jewish businesses and synagogues. The German government then charged Jewish communities with the cost of cleaning up the mess. About 2000 people died, thousands more were beaten, and the Nazis forced 30,000 people into concentration camps.



Jewish business damaged during
Kristallnacht
(photo from the
U.S. Holocaust Memorial Museum)

About 90% of Americans favor the British and the French and disapprove of the actions of Germany and Italy. Your diplomats agree that Hitler has caused the crisis. Earlier, during the crisis over the Sudetenland, you decided to send a letter asking all countries to seek a peaceful resolution. Britain and France thanked you for the note and said they hoped for a peaceful settlement. However, Hitler responded with a speech in which he shouted that Germany would attack Czechoslovakia if necessary; his audience could be heard chanting “War! War!” Hitler’s written response also declared that war would result if Germany’s demands weren’t met.

The British and French have given in to Hitler’s demands at Munich and allowed Germany to occupy the Sudetenland without a fight. The Czechs, lacking any allies to back them up, agreed to the plan. While most Americans are anti-fascist, the majority wants peace and approves of the Munich Agreement.

Meanwhile, Republicans have gained seats in Congress, putting you in a weaker position domestically.

As FDR, how will you respond to the situation? Choose as many of the options as you like:

1. Offer to mediate the dispute over the Sudetenland.
2. Declare war on Germany—this aggression must stop.
3. Embargo exports to Germany until German soldiers leave the Sudetenland.
4. Give speeches to make Americans aware of the threat posed by Germany, Italy, and Japan.
5. Ask Congress to revise the Neutrality Acts so that the U.S. can sell weapons to Britain and France in order to help them fight Germany and Italy.

6. Build up the American military so the U.S. can negotiate from a position of strength in the future.
7. Form an alliance with Britain and France against Germany.
8. Stay out of this situation—it isn't in America's interest to get involved.

DECISION 4—1939–1940

The international situation has deteriorated dramatically over the past year and a half. In August 1939, the Soviet Union made a non-aggression pact with Germany. This agreement allowed Germany to attack other countries without worrying about being attacked by the Soviets.

Germany invaded Poland and then conquered Denmark and Norway. Then in 1940, Germany attacked and took over France in less than one month, despite the fact that France had the second-largest army in Europe. In World War I, Germany had tried for four years to take over France and hadn't succeeded—now it has managed to defeat France in less than 30 days. Hitler is reveling in the historic victory, as shown in this photograph:



Hitler in Paris, June 23, 1940

In an effort to cut off all goods and supplies to Britain, Germany has sunk large numbers of ships, including American transports. The British prime minister has asked the U.S. to provide Britain with 50 destroyers. These fast warships will be able to attack German submarines and protect shipping. You can only give these ships to Britain if the U.S. doesn't need them for defense; however, your naval commander has told you that the U.S. does need them—even though they now sit unused at American naval bases. Britain requires huge amounts of other supplies but is running out of money to buy them,

and the Neutrality Acts prevent the U.S. from loaning Britain money. In a 1939 poll, about 66% of respondents favored selling war materials to Britain and France, although fewer Americans favor selling military planes since the U.S. only has about 200 planes in all.



St. Paul's Cathedral as seen through the smoke of an air raid (December 29, 1940)

Germany bombs Britain daily in apparent preparation for a land invasion of the island. The U.S. Ambassador to Britain, Joseph Kennedy, says the British don't have much chance of holding out against the militarily superior Germans; he

thinks Britain should negotiate with Hitler.

Meanwhile, the Japanese continue their aggressive campaign against China. Public opinion polls show a large majority of Americans favor an embargo against Japan. European countries with colonies in the area have asked the U.S. to negotiate with Japan.

As FDR, how will you respond to the situation? Choose as many of the options as you like:

1. Send a message to Hitler asking him to pledge not to attack other countries.
2. Declare war on Germany—this aggression must stop.
3. Embargo exports to Germany and Japan.
4. Give speeches to make Americans aware of the threat posed by Germany, Italy, and Japan.
5. Ask Congress to revise the Neutrality Acts so that the U.S. can sell weapons to Britain and France in order to help them fight Germany and Italy.
6. Build up the American military so the U.S. can protect itself against the German and Japanese threat
7. Form an alliance with Britain against Germany
8. Stay out of this situation—it isn't in America's interest to get involved.

DECISION 5—1941

The Axis powers (Germany, Italy, and Japan) have made gains during 1941. The Germans and Italians have conquered most of Europe, including France, the Low Countries, and all of Eastern Europe. Now, just this month, Germany has invaded the Soviet Union.

The United States is trying to send aid to Britain under the Lend-Lease program, but German submarines have sunk many of the ships transporting this aid. Right now, the Neutrality Acts specifically prohibit U.S. warships from escorting ships into a war zone, such as the one around Britain. Americans are conflicted about what to do: opinion polls show that most Americans support escorting ships to Britain, even though this means engaging German submarines in battle. Americans don't want Britain to lose the war, and without armed escorts to protect much-needed supplies it probably will: the British are losing five ships for each one they construct. However, an even-larger percentage of Americans still state that they want the U.S. to stay out of the war.



A German submarine

You are equally concerned about Japan. The Japanese have steadily conquered one country after another. They currently occupy Korea and Manchuria (a region in northern China). Four years ago, they attacked China itself. Large numbers of Chinese civilians

have been killed as Japan has expanded. The U.S. has been giving some aid to the Chinese to fight Japan. However, the U.S. still sells a much greater quantity of goods to Japan. Newspaper editorials complain that U.S. scrap metal sold to the Japanese has helped Japan conquer China. Polls show that a majority of Americans want to stop the Japanese war machine by instituting an embargo on selling war supplies to Japan.

Nine months ago, Japan joined Germany and Italy in the Axis alliance. Then, last week, after Germany attacked the Soviet Union, Japan took over Indochina (Vietnam, Laos, and Cambodia). These aggressive attacks by the Japanese threaten U.S. territory in the Philippines, as well as the whole balance of power in Asia.

Your advisors suggest the U.S. reduce exports to Japan—especially oil. Cutting off trade with the Japanese will definitely get their attention: they currently get 80% of their oil from the U.S., and since the U.S. produces more than half of the world's oil, they will have difficulty finding another source. On the other hand, one of your advisors theorized that Japan might attack the Dutch East Indies in order to get oil. Therefore, an oil embargo may provoke the Japanese to become even more aggressive, which could force the U.S. to join the war.

As FDR, how will you respond to the situation? Choose as many of the following options as you like.

1. Declare war on Japan—this aggression must stop.
2. Place an embargo on exports of oil and war materials to Japan.
3. Give speeches to make Americans aware of the threat posed by Germany, Italy, and Japan.
4. Negotiate with Japan. Perhaps these problems can be settled peacefully.
5. Build up the American military so that the U.S. will be prepared to fight.
6. Have American warships escort supply ships to Britain.
7. Start giving Lend-Lease aid to Russia as well as Britain so that the Russians can counter Japan's power in Asia.
8. Stay out of this situation—it isn't in America's interest to get involved.

LESSON 6: UNDER THE CLOUD OF WAR

Student Handout 2

OUTCOMES

Goals in 1936: President Franklin Roosevelt had two goals before 1936:

1. Slow down the world's drift toward war
2. Keep the U.S. out of war if one did occur

FDR had deep concerns about Hitler long before Germany attacked other European countries; he privately referred to him as a “madman.” FDR also worried about the isolationist movement in the U.S. He believed the Nye Committee’s report was misleading, and he felt that laws preventing U.S. involvement in the growing crisis could end up posing a real danger to American interests. Nevertheless, he gave in to pressure from Congress and the American public and signed the Neutrality Acts into law.

DECISION 1—1936

FDR considered option 3, a trade embargo of Germany and Italy. This strategy appealed to him because it did not require involving ground troops in the conflict. However, the idea didn’t have much support inside the U.S. or with the European powers. FDR recognized that the high level of isolationist sentiment in the U.S. would mean that few Americans would support the plan, and that European countries still hoped to appease Germany and avoid conflict. He also suggested a disarmament conference, and then an economic conference, but neither idea received much support from other countries. He didn’t even give speeches to make Americans aware of the threat (option 4) because he felt the public steadfastly opposed American involvement. Instead, he chose option 7 and basically stayed out of the conflict. Some historians believe FDR should have done more, especially pushing harder for an embargo. An embargo might have forced Italy to abandon its conquest of Ethiopia; had it backed down, the fascist regimes might not have been so eager to undertake further campaigns of aggression. Also, support for Mussolini might have decreased within Italy. The League of Nations did vote to place an embargo on oil shipments to Italy, but it needed U.S. cooperation to make this work because the U.S. produced more than half the world’s oil. FDR did not agree, since the Neutrality Acts did not cite oil as a good eligible for embargo. He didn’t feel he had the authority or support within the U.S. to change the list and enforce an embargo.



Hitler and Mussolini in Munich in 1940

The U.S. also did not supply weapons to the republican government in Spain, a decision FDR later deemed a mistake. In his opinion, Spain represented the first battleground in the coming world conflict: defeating the fascists there might have deterred them from taking aggressive action later.

Offering to mediate (option 1) was unrealistic, since the fascist regimes were more interested in conquering than negotiating. Threatening to send troops (option 2) or revising the Neutrality Acts (option 5) was unrealistic, given the isolationist mood within the U.S.

DECISION 2—1937 & 1938

FDR gave what became called the “Quarantine Speech” (option 4) in order to make Americans aware of the spread of lawlessness and aggression. He then proposed a naval quarantine of Japan (option 3) but avoided using words like “sanctions” that could have provoked the Japanese. He proposed a conference between small neutral countries and the U.S. to start the quarantine and discuss international arms reduction. (Neville Chamberlain, the Prime Minister of Britain at the time, chose not to take part in the conference.)

FDR also criticized the Neutrality Acts (option 5) and argued that the U.S. should build up its military in order to counter the Axis threat (option 6). He did send a note (option 1) to protest the *Panay* incident, and the dispute was settled when the Japanese acknowledged that they had made a mistake, apologized, and paid compensation to the U.S.

He did not threaten to send troops (option 2), because he felt that there was still a chance to settle some of the issues in Europe and Asia peacefully, and because of the strength of isolationist sentiment within the U.S. He didn’t believe that war was inevitable, although he recognized that the Axis powers posed a threat.

DECISION 3—1938

FDR’s remaining optimism about resolving the conflict peacefully diminished after the Munich Conference. Part of this was an emotional response—the news he received from American diplomats at Munich increasingly disturbed him, especially when they described Hitler’s attitude and willingness to bully other countries. FDR was further shaken by Hitler’s reply to his letter (option 1) asking for peaceful resolution. Hitler’s militant, threatening response convinced FDR that negotiations with Germany would be impossible and that war would inevitably come. FDR and his advisors sometimes described Hitler as “mentally ill” after the Munich Conference. This marked a major change in the way FDR viewed the problem. No longer did the situation involve one country’s mildly aggressive behavior towards its immediate neighbors: instead, FDR viewed it as an unavoidable conflict caused by the actions of one extremely powerful (and possibly mentally ill) man. From this point on, FDR’s primary goal was to help the Allied countries, not to preserve peace.

Many American diplomats believed that Britain and France decided to negotiate with Germany at Munich because they weren't prepared to fight. The Germans possessed such superior air power that the Allies had no choice but to give in to German demands. FDR believed the Germans had about 13,000 planes, compared to fewer than 2000 for the British and French combined. He was so convinced that air power represented the key to German dominance that he focused almost all his efforts on getting airplanes to the British and French (option 5). However, few planes reached either country, and the plan didn't deter the Germans from attacking, because they didn't know about it. FDR also tried to increase defense spending, mainly for airplanes (option 6).

Even though he believed war was inevitable, FDR did not actively try to declare war (option 2), cut trade (option 3), form an alliance (option 7), or even reform the Neutrality Acts (option 5). He was well aware that most Americans still resisted the idea of the U.S. entering another world war. At first, he didn't even give speeches (option 4) about the problem—he told his advisors that people would not believe how dire the threat was. The Nye Report, which claimed that the U.S. had been wrongly dragged into World War I, was still fresh in people's minds. Eventually, FDR felt he had to speak about the situation to Congress and the American people, and he managed to sway public opinion. After the talks, polls showed that 69% of Americans now believed the U.S. should aid Britain and France in a war against Germany.

DECISION 4—1939–1940

The outbreak of war in September 1939 moved the U.S. to increase aid to Britain and France (option 5). In November 1939, Congress revised the Neutrality Acts in order to allow the U.S. to trade weapons to other parts of the British and French empires, which then sent them on to Britain and France. The fall of France shocked the U.S. and the world. The U.S. now truly felt threatened by Germany, since only Britain remained in Europe to oppose the fascist regimes. American aid to Britain subsequently increased. When the Germans attempted to sink ships carrying aid, the U.S. equipped the ships with anti-submarine weapons. Thus, an undeclared naval war between the U.S. and Germany began in the Atlantic. FDR gave the British 50 destroyers in exchange for naval bases in North America; he argued that this deal actually strengthened American defenses and would keep the U.S. out of the war.

This clever argument worked, and a majority of Americans approved of the destroyer deal. Throughout this time, Joseph Kennedy, the U.S. Ambassador to Britain, was sending FDR reports that Britain could not hold out against the Germans. FDR concluded that Kennedy's reports were much too pessimistic. Britain could very likely hold out, he thought: Germany couldn't achieve the air superiority necessary to invade because they had lost more planes during the Battle of Britain than the English had.



Ambassador Joseph
Kennedy

FDR also gave speeches (option 4) to apprise the American public of the threat. He stated that the U.S. had to serve as the “Arsenal of Democracy,” providing weapons so that other democracies could defend themselves. In one speech, he argued that it was delusional for the U.S. to think it could remain isolated in a world in which power was based on military force. Many Americans opposed the increased aid to Britain and France, remembering how U.S. aid to the Allies had represented the first step leading American into World War I. FDR countered by establishing a policy called “Lend-Lease.” Instead of giving the aid to Britain and France, the U.S. would lend weapons to them, which they would eventually give back. FDR sold this to the American public by making a clever (if flawed) analogy: he argued that anyone would lend a garden hose to a neighbor whose house was on fire.

FDR sent a note to Hitler (option 1) asking him to pledge not to attack a list of 34 countries. Hitler instead used the note for propaganda purposes. He asked countries on the list if they felt threatened by Germany and if they had asked FDR to send the note. The countries, fearful of angering Hitler, had to say no to both questions. Hitler then gave a speech in which he mocked FDR and pointed out that the U.S. had expanded in the 19th century without negotiating with the Native Americans whose land it took.

The only other possible action was to embargo exports to Germany and Japan (option 3), and FDR did give the Japanese six months’ notice that the U.S. would declare such an embargo if they didn’t stop their attacks. The other options were still not realistic, because while the American people had grown increasingly concerned about the situation in Europe, they still did not feel the threat warranted U.S. intervention.

DECISION 5—1941

The Neutrality Acts prevented American warships from escorting supply ships into a war zone. To avoid violating the acts, FDR sent warships not to escort, but to “patrol” (option 6). Eventually, one of the ships got involved in a battle with a German submarine. FDR claimed that the submarine attacked the U.S. ship, which was innocently “patrolling.” Having successfully misled the American public, he ordered ships to escort convoys of supply ships. This pitted the U.S. against Germany in an undeclared naval war. The escort strategy proved successful, and the resulting supplies helped Britain survive.

FDR also decided to expand Lend-Lease to include Russia (option 7). He felt that one of the best ways to defeat Hitler was to deplete Germany’s resources by prolonging its war with Russia.



The U.S.S. *Shaw* exploding during the Japanese bombing of Pearl Harbor

The U.S. did cut off war supplies to Japan. The embargo hurt Japan militarily, but it also strengthened militant factions within Japan. The militarists argued that the embargo proved American hostility to legitimate Japanese interests. Therefore, they said, Japan should attack the U.S. and take the oil it needed from places in Asia. This thinking led Japan to make a surprise attack on the U.S. base at Pearl Harbor (Hawaii) in December 1941.

The U.S. also increased defense spending (option 5) by more than 500%. The extra weapons helped the U.S. recover from the losses at Pearl Harbor and eventually win the war.

LESSON 6: UNDER THE CLOUD OF WAR

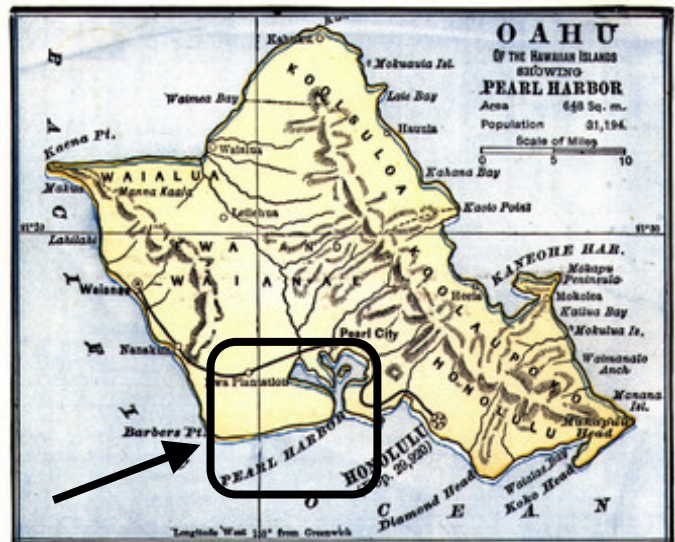
Student Handout 3

POINT OF VIEW

SHOULD JAPAN ATTACK THE U.S. IN 1941?

You are a member of the Japanese Cabinet, a body made up of the top political leaders in the country. Japan has gained control over many areas of Asia, including Korea, Manchuria, and numerous islands. This expansion has brought prosperity to Japan and the prestige that comes with being a world power. Unfortunately, the nation now faces a dilemma: The United States, the world's leading oil producer, has put an embargo on oil sales to your country because of your aggressive expansion. Japan cannot function without the large quantity of oil it gets from the U.S. You could choose to take over Indonesia, another large oil producer; however, such an action will likely provoke the Americans to further retaliate.

The U.S. has the only navy with the ability to oppose Japan in Asia and the Pacific, since the war in Europe has the other major democratic powers occupied. Some of your military advisors argue that a confrontation with the United States is inevitable. They have a plan to mount a sneak attack on the main U.S. naval base in the Pacific, located at Pearl Harbor, Hawaii. Such attacks have worked for Japan before: a sneak attack on the Russian base at Port Arthur began a series of glorious Japanese victories in the Russo-Japanese War of 1904–1905.



Your military advisors think they can achieve complete surprise. For the past year, they have studied shipping routes and have mapped a path over which Japanese planes can fly without alerting any U.S. ships of the impending attack. Also, the Americans believe that because the water is so shallow at Pearl Harbor, torpedoes won't work against the ships moored there. The U.S. doesn't realize that the Japanese military has installed wooden guides on the torpedoes that prevent them from sinking too deeply into the water when dropped. The Americans have no idea how vulnerable their ships are.

A successful attack will leave the U.S. forces in the Pacific crippled or destroyed, which will allow Japan to expand unopposed. The military could then focus its land forces on defeating China and use its naval supremacy to expand throughout the Pacific.

Will you approve the surprise attack on the American naval base at Pearl Harbor?

LESSON 6: UNDER THE CLOUD OF WAR

Student Handout 4

UNDERLYING PROBLEM

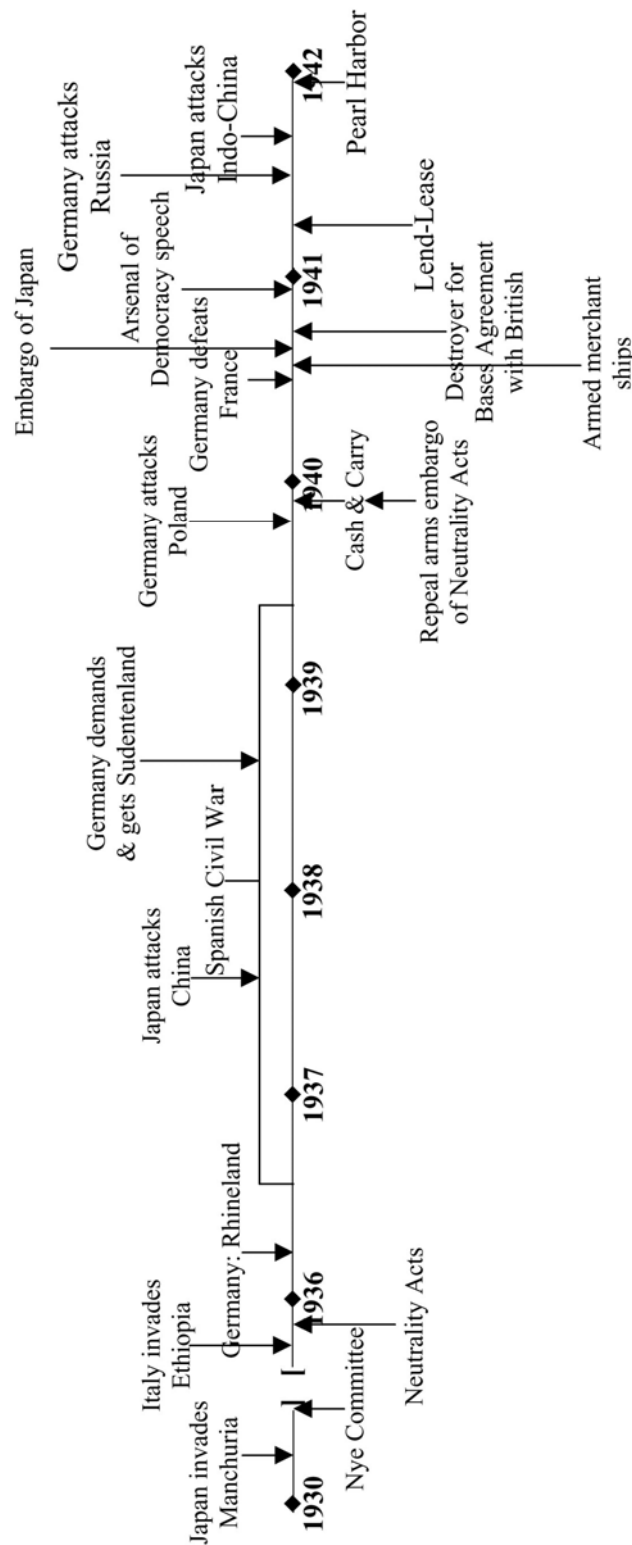
When making decisions on complicated matters, you need to be able to identify the problem at the heart of the issue. In the years leading up to World War II, President Franklin Roosevelt faced a number of very complex issues. It was important for him to define the underlying problem and keep it in mind when making decisions.

Read the following “frames” for the international crisis in Europe and Asia during the late 1930s and early 1940s. Which one best describes the underlying problem?

1. It's really about dictators in Germany, Italy, and Japan. These dictators aren't willing to negotiate—they plan on going to war and conquering as much of the world as possible.
2. It's really about the military weakness of the democracies in Western Europe—particularly Britain and France.
3. It's really about a failure of collective security. The smaller countries can't—or won't—join together to stop the aggressor nations (Germany, Italy, and Japan).
4. It's really about resources—especially oil. There aren't enough resources for all the countries that need them, so the aggressor nations intend to take what they can from weaker countries.
5. It's really about the breakdown of diplomacy. If countries were willing to negotiate, they could solve most—or all—of these problems peacefully.
6. It's really about the American public not recognizing a very real threat to national security. If they could be made to see the threat, the U.S. could step in and take action to stop the crisis.

LESSON 6: UNDER THE CLOUD OF WAR

Student Handout 5



LESSON 7: VETERANS' BENEFITS

Teacher Page

OVERVIEW

The GI Bill was one of the most successful pieces of legislation in U.S. history. From today's perspective, the need for the GI Bill seems obvious, but will students choose it if they aren't familiar with the bill or its outcomes? The name "GI Bill" was deliberately omitted from Handout 1 so that students who have heard of the bill won't be tipped off.

VOCABULARY

- American Legion—A group established after World War I to represent the interests of veterans
- William Randolph Hearst—Newspaper tycoon who supported the GI Bill
- GI Bill—A bill granting veterans benefits after World War II, including education, unemployment payments, and loans

DECISION-MAKING SKILLS EMPHASIZED

- Predict consequences

LESSON PLAN

A. IN-DEPTH LESSON (one 40-minute class period)

Procedure:

Distribute Handout 1; have students read it silently and decide what they will do. Next, divide students into groups and have them discuss their choices. Allow time for students to ask questions. Bring the class back together. Have each group report on its decisions and explain them. After groups have reported, distribute Handout 2 (which lists the outcomes) or tell the class what actually happened.

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know the outcomes. Which decision-making skills were particularly important in making decisions about these issues? Which of the letters of **P-A-G-E** applied especially to this problem? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Did the GI Bill result more from historical factors or the decisions of one person or group? Which historical forces contributed to the creation and passage of the GI Bill?

Connecting to Today:

Ask students what the government should do for veterans today. Should they receive educational and housing benefits? Why or why not?

Troubleshooting:

You might want to go over why loan guarantees for mortgages would make it advantageous for banks to loan to veterans.

B. QUICK MOTIVATOR LESSON (10–20 minutes)

Assign Handout 1 as homework. In class, have students pair up and discuss their choices for three minutes or so. Ask for a show of hands for each choice and briefly discuss students’ reasoning. Distribute Handout 2 and for homework have students comment on what they learned from these outcomes.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handout 2)

Almost all historians regard the GI Bill as beneficial, but there are a few dissenters. DiLorenzo (see “Sources” page) regards the GI Bill as an overpriced middle-class entitlement program. He argues that it compromised the independence of educational institutions by requiring schools to meet government standards in order to indirectly get government aid through veterans.

DECISION-MAKING ANALYSIS:

P = Problem

- Identify any underlying problem
- Consider other points of view
- What are my assumptions? Emotions?

A = Ask for information (about)

- Historical context (history of this issue; context in the world)
- Reliability of sources
- Historical analogies

G = Goals

- What are my main goals? Are they realistic?
- Generate options to help achieve these goals. Are they ethical?

E = Effects

- * - **Predict unintended consequences**
- Play out the options. What could go wrong?

* Denotes topics emphasized in this lesson

- **Predict consequences:** The main **P-A-G-E** skill in this lesson is predicting consequences because the GI Bill had a number of intended and unintended consequences.

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LESSON 7: VETERANS' BENEFITS

Vocabulary

- American Legion—A group established after World War I to represent the interests of veterans
- William Randolph Hearst—Newspaper tycoon who supported the GI Bill
- GI Bill—A bill granting veterans benefits after World War II, including education, unemployment payments, and loans

LESSON 7: VETERANS' BENEFITS

Student Handout 1



PROBLEMS

You are a member of Congress in 1944. Millions of soldiers are currently fighting in World War II. People are beginning to wonder what will happen to these men after the war. After previous wars, the government gave help to disabled veterans but not to the able-bodied, so the issue often became contentious. After the Civil War, controversy arose about the amount of aid given to veterans. After World War I, the government promised that veterans would receive bonuses in 1945. After the Depression hit in 1932, veterans marched to Washington and demanded that the government give them their bonuses early. President Herbert Hoover authorized the military to forcibly remove the “Bonus Army” (as they had become known), which many Americans regarded as a cruel way to treat men who had served their country. The government wants to make sure such events aren’t repeated. You also know that in Germany after World War I, thousands of unemployed, discontented veterans ended up contributing greatly to the rise of Nazism. You worry that if hundreds of thousands of young men return to the U.S. to find no jobs and no benefits, they will become angry and susceptible to similarly militant ideas.



Encampments of “Bonus Army” veterans in Washington D.C. (note the Capitol dome in the background) burned down by U.S. troops

The American Legion has proposed a bill to help veterans by providing four services:

1. Job training
2. Free education
3. Loans for housing
4. Unemployment insurance

Newspaper magnate William Randolph Hearst supports this bill and has placed articles favoring it in his newspapers.

On the other hand, university presidents from Harvard and the University of Chicago oppose the bill, arguing that it will flood campuses with academically underqualified veterans who will lower intellectual standards and ruin the universities. Any widespread

program offering benefits for veterans will cost a great deal of money, and the U.S. is already running a huge debt from the war. Experts estimate that the bill will cost about \$15 billion for all four proposals. In 1943, the government spent a total of \$79 billion and collected just \$25 billion in taxes. You face a dilemma: you worry that the U.S. can't afford the extra expense to help veterans when the war ends, but you also worry that the U.S. can't afford not to help its veterans.

- A. How many of the four proposals will you support? Write yes or no next to each proposal:

Job training: The government will pay for veterans to get job training.

Free education: Veterans who served for 90 days or more will be eligible for one day of free higher education for each day served in the military.

Loans for housing: The government will guarantee housing loans for veterans. This means that if a veteran defaults on his housing loan, the government will pay off the rest of the loan. The bank is guaranteed its money.

Unemployment benefits: Unemployed veterans will get 52 weeks of benefits at \$20 per week. By comparison, the average pay for workers is about \$37 per week and the average cost of living is \$14 per week.

- B. Which parts of the bill do you think will pass? Why? What groups might oppose part(s) or all of it?

LESSON 7: VETERANS' BENEFITS

Student Handout 2

OUTCOMES

In 1944, Congress passed the Servicemen's Readjustment Act, popularly known as the GI Bill. It included all four of the proposals suggested in Handout 1 (education, job training, housing loans, and unemployment benefits) and proved one of the most successful, forward-thinking bills ever passed by Congress. Almost all of the consequences of the bill were positive—many of them unforeseen and unintended.



FDR signs the GI Bill

Effects on education:

- New schools were founded and colleges expanded to meet the demand caused by the high numbers of people now able to afford higher education.
- Colleges, which had previously been mostly reserved for the rich and privileged, became more democratic. Now, ordinary people could afford to go to college.
- Married people went to college in large numbers for the first time.
- The returning soldiers were older on average than typical college students, and more serious. They were more likely to focus on their education than go to parties and join fraternities.
- A very high percentage of veterans majored in engineering and science. With their advanced degrees, many of these veterans went on to make major contributions in these fields. Inventions created by veterans had revolutionary effects on American society and the economy, leading to an increase in GDP.
- Higher education, along with job training, moved many people who would have been laborers into white-collar jobs. Many credit the GI Bill with expanding the middle class.

Effects of housing loans:

- Home ownership increased from 33% to 67%.
- The demand for homes helped spur the creation of many suburbs; over time, the rise of “suburbia” came to have a significant number of positive and negative effects on American politics, culture, and society.

LESSON 7: VETERANS' BENEFITS

Student Handout 3

Primary Source: Servicemen's Readjustment Act of 1944 (excerpt)

TITLE II

Chapter IV—Education of Veterans

Any person who served in the active military or naval forces on or after September 16, 1940, and prior to the termination of hostilities in the present war, shall be entitled to vocational rehabilitation...

Any...eligible person shall be entitled to education or training, or a refresher or retraining course, at an approved educational or training institution, for a period of one year (or the equivalent thereof in continuous part-time study), or for such lesser time as may be required for the course of instruction chosen by him. Upon satisfactory completion of such course of education or training...such person shall be entitled to an additional period or periods of education or training, not to exceed the time such person was in the active service on or before September 16, 1940, and before the termination of the war...but in no event shall the total period of education or training exceed four years....

5. The Administrator (of Veteran's Affairs) shall pay to the educational or training institution, for each person enrolled in full time or part time course of education or training, the customary cost of tuition, and such laboratory, library, health, infirmary, and other similar fees as are customarily charged...

6. While enrolled in and pursuing a course under this part, such person, upon application to the Administrator, shall be paid a subsistence allowance of \$50 per month, if without a dependent or dependents, or \$75 a month, if he has a dependent or dependents....

TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY

Chapter V—General Provisions for Loans

Sec. 500 (a)...Any [eligible] veteran may apply within two years after separation from the military or naval forces, or two years after termination of the war, whichever is the later date, but in no event more than five years after the termination of the war, to the Administrator of Veteran's Affairs for the guaranty by the Administrator of not to exceed 50 per centum of a loan or loans for any of the purposes specified in sections 501, 502, and 503; *Provided*, that the aggregate amount guaranteed shall not exceed \$2,000...

...That loans guaranteed by the Administrator shall bear interest at a rate not exceeding 4 per centum per annum and shall be payable in full in not more than twenty years...

Sec 503. Any application made under this title for the guaranty of a loan to be used in purchasing any business, land, buildings, supplies, equipment, machinery, or tools, to be used by the applicant in pursuing a gainful occupation...

QUESTIONS FOR ANALYSIS

1. How would Chapter IV of the act affect the educational institutions the veterans would attend?
2. The act says that the Veterans Administration will guarantee loans for homes (mortgages) in Sec 500(a). Would bankers be interested in giving loans to veterans in light of the guarantees?
3. Would veterans be likely to borrow money to start new businesses? Would bankers be interested in making these business loans to veterans in light of the guarantees?

LESSON 8: THE ATOMIC BOMB

Teacher Page

OVERVIEW

The question of whether the U.S. was justified in dropping atomic bombs on Hiroshima and Nagasaki remains highly controversial to this day. This lesson asks students to look at the decision from President Truman's perspective, then asks them to look at the same events from the points of view of the Russians and Japanese. Note: The term "Russia" is used in this lesson instead of the technically correct "Soviet Union," since many of the sources on the war (including primary sources) use "Russia."

VOCABULARY

- Pearl Harbor—Naval and air base in Hawaii attacked by the Japanese in 1941
- Operation Olympic—U.S. plan for the invasion of Japan; scheduled for November 1945
- Unconditional surrender—Surrender with no negotiation of terms
- *Ketsugo*—Japanese plan to defend the islands that compose the country
- Potsdam Declaration—U.S. warning to Japan to surrender unconditionally or be destroyed
- Manchuria—Area of China over which Russia and Japan had fought 1904–5. Japan had taken control of it before World War II; Russia wanted to take it back.
- Interim Committee—Set up by President Truman to make recommendations on how the atomic bombs should be used
- Hiroshima—First city hit by an atomic bomb
- Nagasaki—Second city hit by an atomic bomb
- Supreme War Council—The Japanese government's decision-making body on military matters

DECISION-MAKING SKILLS EMPHASIZED

- Recognize other points of view
- Recognize emotions
- Ask questions about context
- Ask about reliability of sources
- Ask about analogies
- Set realistic goals
- Generate options
- Predict unintended consequences

LESSON PLAN

A. IN-DEPTH LESSON (two 40-minute class periods)

Procedure:

This lesson asks students to think about the atomic bomb primarily from the point of view of the United States. The lesson also asks students to consider the decisions of the Russians and Japanese from their perspectives. The lesson is long, but you can shorten it by using the abbreviated versions of Decisions 1 and 2 found on Handouts 7 and 8, as suggested in the “Quick Motivator” section.

For a more in-depth version of the lessons, first distribute Handout 1 on the American decisions. Have students work in groups on Decision 1, and then ask the groups to explain their decisions. At this point, you could have students read Handout 11, which has the text of the Potsdam Declaration. Have students answer the Questions for Analysis to focus on whether the warning is clear to Japan. Do the same for Handout 2 (Decision 2) and Handout 3 (Decision 3). Ask students which of the **P-A-G-E** skills of decision-making were or would have been most helpful.

Next, have students focus on understanding the problem from the perspectives of the Russians and Japanese. Have students work again in groups on the Russian point of view (Handout 4; Decisions 4–6) and Handout 5 (Decision 7), followed by a discussion of the students’ decisions and what actually happened. After that, use Handout 6 (Decision 8) to examine the Japanese perspective. Have students decide, then discuss their decisions and tell them what actually happened (Handout 10). Now that students have seen the issues from the Russian and Japanese points of view, have them revisit the U.S. decision and see if they would change anything. Discuss their answers as a class. The Japanese point of view should be especially significant to the U.S. decisions: were students surprised by anything they read in Handout 6?

Reflecting on Decision Making:

Ask students what they would have done differently, if anything, now that they know the outcomes. Which decision-making skills were particularly important in making decisions about these issues? Which of the letters of **P-A-G-E** applied especially to this problem? (See the “Decision-Making Analysis” section below for ideas.) Ask students what they did well or poorly in terms of the **P-A-G-E** analysis of decision making. Discuss their answers, or have students write their answers in their journals or in their decision-making logs.

Putting the Actual Decisions into Historical Context:

Ask students: Did the decision to drop the atomic bombs on Hiroshima and Nagasaki result primarily because of the decision of one person (President Truman), or did historical forces make this action inevitable?

Connecting to Today:

Ask students if they feel the U.S. should try to prevent other countries from getting atomic bombs, in light of the atomic bombings of Japan in 1945.

Troubleshooting:

Students may become confused on several issues. They may ask why the Japanese would approach the Russians and try to surrender. Tell them that Russia was officially neutral at the time, so the Japanese hoped the Russians would mediate negotiations between the U.S. and Japan. Students may wonder why the U.S. might use the bomb on Japan to scare the Russians. If the Russians knew the U.S. had such a powerful weapon and saw its effects, they would be more likely to compromise with the U.S. in any future conflicts. Also, students may have difficulty understanding that while the Japanese were discussing surrender and looking to Russia to facilitate that surrender, they didn't want to surrender unconditionally (as the U.S. required them to do).

B. QUICK MOTIVATOR (40–50 minutes)

Assign Handout 7 (shorter Decision 1) as homework. In class, have students pair up and discuss their choices for three minutes or so. Ask for a show of hands for each choice and briefly discuss students' reasoning. Repeat this process for Handout 8 (shorter Decision 2) and then Handout 3 (Decision 3). Distribute Handout 9 (outcomes) and for homework have students comment on what they learned from these outcomes. If you want to bring in the Russian and Japanese perspectives, use Handouts 4–6 and Handout 10 (for outcomes). The shorter versions of the problems on Handouts 7 and 8 will shorten the reading for students and speed up the class.

TEACHER NOTES FOR EXPANDING DISCUSSION

(For outcomes for students, see Handouts 9 and 10)

Historian Thomas Frank (see “Sources” page) believes that decision to drop the atomic bombs was the right one, based on the evidence Truman had in 1945. Frank believes that had the war continued even two more weeks, Japanese society would have broken down almost completely. A targeted campaign of bombing railroads (which the U.S. Army Air Force had plans to implement) would have brought trade to a standstill, possibly leading to the widespread starvation of millions of Japanese civilians. The emperor made the right decision to sue for peace, and he sued because of the atomic bombs.

Historian Tsuyoshi Hasegawa (see “Sources”) argues that Truman had an opportunity to end the war by having Russia sign the Potsdam Declaration and by ensuring the retention of the emperor in the declaration (thereby compromising on the principle of unconditional surrender). According to Hasegawa, Truman never considered these options because he believed the atomic bombs would force the Japanese to surrender unconditionally. Hasegawa claims that Truman emphasized getting revenge for Pearl Harbor, mentioning it three times in speeches about the atomic bombs.

Some historians argue that Truman gave the order to drop the bombs on July 25th, the day before he issued the Potsdam Declaration warning Japan to surrender (the bombs would not be dropped for another two weeks). Therefore, they argue, the purpose of the Potsdam Declaration was not really to encourage a Japanese surrender but to provide a rationalization for dropping the bombs. Since this lesson asks students to decide about sending a warning in July (Handout 1) and then asks them to decide on August 3rd whether to give the order to drop the bomb (Handout 2), the lesson does not include this interpretation. Clear evidence exists that Truman made the decision on August 3rd to go forward with the bomb. The question is whether he had made a preliminary decision on July 25th.

DECISION-MAKING ANALYSIS:

P = Problem

- Identify any underlying problem
- * - **Consider other points of view**
- * - **What are my assumptions? Emotions?**

A = Ask for information (about)

- * - **Historical context (history of this issue; context in the world)**
- * - **Reliability of sources**
- * - **Historical analogies**

G = Goals

- * - **What are my main goals? Are they realistic?**
- * - **Generate options to help achieve these goals. Are they ethical?**

E = Effects

- * - **Predict unintended consequences**
- Play out the options. What could go wrong?

* Denotes topics emphasized in this lesson

- **Point of view:** The lesson is organized so that students see the events surrounding the end of the war from the three relevant points of view: American, Russian, and Japanese
- **Emotions:** Ask students if sympathy for the civilians of Hiroshima and Nagasaki affected their decisions. Did they feel sympathy for the American families who would lose sons in a U.S. invasion of Japan? Did they feel the need to seek revenge for the Japanese attack on Pearl Harbor? If they experienced any of these emotions, did this help or hurt the process of decision making?
- **Ask about context:** Students should consider what factors might have prevented the Japanese from accepting unconditional surrender. Possibilities include internal politics, Japanese leaders' fears that they would face war crimes tribunals, and the Japanese cultural resistance to surrender. Also significant were the motives of Russian leaders as the end of the war approached—if their priority was to gain territory and spread communism, it would have prevented them from taking on a peacemaking role.
- **Sources:** The information students receive as President Truman comes from various advisors; some of these advisors might have had personal agendas, so students should question the reliability of these sources. Truman relied most heavily on Secretary of State James Byrnes. Byrnes argued the most forcefully against reassuring the Japanese that they could keep their emperor after surrender, and he was key to the Interim Committee's recommendation to use the atomic bomb on a city. Did students notice how Byrnes often came up at crucial points? Students should ask about Byrnes's reliability—they might note that he had taken

office as Secretary of State just a few months before making these important recommendations.

- **Analogies:** Byrnes compared the situation with Japan to the Munich Conference. He said that if the U.S. conceded that the Japanese could keep their emperor, it would be like the appeasement strategy in which the British and French gave in to German demands for the Sudetenland in 1938. Do students think this analogy works? Students should realize that important differences exist: in 1938, the Germans were strengthening their military in preparation for war, whereas in 1945, the Japanese were almost completely defeated. Another analogy concerns the American strategic bombing (including firebombing) of Japanese cities. Is it ever right to bomb civilians? Is the difference between nuclear bombing and regular strategic bombing enough to weaken the analogy?
- **Goals:** Students should be clear about their goals and keep them in mind as they make decisions. Truman believed that the atomic bomb, though it would kill huge numbers of Japanese civilians, would save the lives of countless American soldiers. Which goal do students have: to preserve the lives of Japanese civilians or the lives of American soldiers, or both? Also, if a major U.S. goal was to prevent casualties of any kind, then students might consider allowing the Japanese to surrender conditionally and keep their emperor. However, if the goal is to thoroughly defeat the Japanese and render them unable to ever again become a threat, insisting on unconditional surrender might work better. Remind students to keep their goals in mind as they make decisions.
- **Ethical?** Many students will struggle with the ethical implications of killing large numbers of civilians. Under what circumstances can a government justify taking civilian lives? Some students may choose a *realpolitik* approach and make decisions based solely on U.S. interests. Others may take a utilitarian approach, evaluating gains versus losses. Still others will emphasize a human rights approach.
- **Predict consequences:** Students should consider both the short-term effects of dropping the bombs (hastening the end of the war; the deaths of hundreds of thousands of civilians) and the long-term effects (the nuclear arms race).

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LESSON 8: THE ATOMIC BOMB

Vocabulary

- Pearl Harbor—Naval and air base in Hawaii attacked by the Japanese in 1941
- Operation Olympic—U.S. plan for the invasion of Japan; scheduled for November 1945
- Unconditional surrender—Surrender with no negotiation of terms
- *Ketsugo*—Japanese plan to defend the islands that compose the country
- Potsdam Declaration—U.S. warning to Japan to surrender unconditionally or be destroyed
- Manchuria—Area of China over which Russia and Japan had fought 1904–5. Japan had taken control of it before World War II; Russia wanted to take it back.
- Interim Committee—Set up by President Truman to make recommendations on how the atomic bombs should be used
- Hiroshima—First city hit by an atomic bomb
- Nagasaki—Second city hit by an atomic bomb
- Supreme War Council—The Japanese government's decision-making body on military matters

LESSON 8: THE ATOMIC BOMB

Student Handout 1

DECISION 1 (U.S.)

JULY 23, 1945

Leader background:

You are President Harry Truman. The war in Europe has ended, but the war with Japan continues. You have been in office for only about three months, so you learned only recently of key information about the war, such as the existence of the atomic bomb program and the ability of the U.S. to intercept secret Japanese messages. James Byrnes, your primary advisor, has been Secretary of State for only 20 days. For the last week, you have been in Potsdam, Germany, negotiating with Russia's Joseph Stalin and Britain's Winston Churchill. The three of you have two significant matters to discuss: what the postwar world will look like, and how to end the war with Japan.



President Truman soon after taking office in 1945

War background:

Japanese conduct has been brutal throughout the war. The Japanese have slaughtered civilians, bombed cities, and tortured prisoners—often working them to death. Some American experts believe the Japanese have caused more deaths during the war than the Nazis: according to one estimate, the Japanese may have killed over 17 million people. Also, the sneak attack on Pearl Harbor by the Japanese killed thousands of Americans and forced the U.S. entry into the war. Many battles against the Japanese have resulted in horrendous casualties on both sides: the Japanese have demonstrated time and time again their willingness to fight to the death. Out of a Japanese force of 22,000 on Iwo Jima, only about 1000 survived. At Okinawa, 100,000 Japanese soldiers died (along with about 150,000 civilians), but only 7000 surrendered; American forces had 12,500 killed and 60,000 wounded. The fanatical devotion of Japanese soldiers foreshadows huge U.S. casualties in a possible invasion of Japan.

Military situation:

The war has drastically weakened Japan, particularly in terms of weapons and supplies. The Japanese navy has essentially been destroyed, and most of their harbors are so riddled with mines that ships cannot pass through to deliver supplies. American bombing has destroyed many cities, railroads, and factories. The Japanese cannot get some of the most basic supplies—such as oil, aluminum, and iron—necessary for a modern economy.

Japanese coal imports stand at only 18% of what they were just a few months ago. Now, American ships have started to bombard Japanese-controlled islands around Japan. The sight of enemy ships sitting off their own shores must be making the Japanese realize that the war is lost.

For many months, the American military has worked on planning an invasion of Kyushu, the southernmost island of Japan. The invasion plan, known as “Operation Olympic,” is scheduled for November 1st. Military leaders are divided on whether to proceed with the invasion. Some advise you instead to blockade the islands and continue bombing until the Japanese surrender. They fear unprecedented American casualties if the U.S. invades: intelligence shows a huge buildup of Japanese forces around the planned site of the invasion, and many think the Japanese have planned a “last stand.”

The U.S. bombs Japanese cities on a regular basis, with attacks hitting almost every major Japanese city. The firebombing of Tokyo in March killed over 100,000 people.

Diplomacy—unconditional surrender:

The U.S. has secretly intercepted messages between Japan and Russia which show that the Japanese want to surrender and have sought Russia’s help in negotiating with the U.S. (Countries at war commonly will ask a neutral country for help to end the fighting.) The Japanese probably hope that by using the Russians as mediators, they can achieve better surrender terms.

Here are some of the messages that have gone back and forth between the Japanese ambassador in Moscow and the Japanese government:

July 11: Togo (Foreign Minister in Tokyo) to Sato (Japanese Ambassador in Moscow):

“We are now secretly giving consideration to termination of the war because of the pressing situation which confronts Japan both at home and abroad. Therefore, when you have your interview with [Soviet Foreign Minister] Molotov...you should...sound him out on the extent to which it is possible to make use of Russia in ending the war...”

July 12: Togo “very urgent” cable to Sato:

“His Majesty the Emperor, mindful of the fact that the present war daily brings greater evil and sacrifice upon the peoples of all the belligerent powers, desires from his heart that it may be quickly terminated. But so long as England and the United States insist upon unconditional surrender, the Japanese Empire has no alternative but to fight on with all its strength for the honor and existence of the Motherland...”

July 14: Sato’s reply to Togo’s cables:

“If the Japanese Empire is really faced with the necessity of terminating the war, we must first of all make up our own minds to terminate the war. Unless we make up our own minds, there is absolutely no point in sounding out the views of the Soviet government.”

July 21: Togo to Sato:

“With regard to unconditional surrender, we are unable to consent to it under any circumstances whatever. Even if the war drags on and it becomes clear that it will take much more bloodshed, the whole country as one man will pit itself against the enemy in accordance with the Imperial Will so long as the enemy demands unconditional surrender. It is in order to avoid such a state of affairs that we are seeking a peace, which is not so-called unconditional surrender, through the good offices of Russia...”

Since 1943, the U.S. has consistently pursued a policy of requiring countries to surrender unconditionally. If the Japanese wanted to surrender unconditionally, they could just send a message to the U.S.—clearly, they want conditions. A few days ago, Assistant Secretary of State Joseph Grew stated:

We have received no peace offer from the Japanese government, either through official or unofficial channels... The nature of the purported “peace feelers” must be clear to everyone. They are the usual moves in the conduct of psychological warfare by a defeated enemy. No thinking American, recalling Pearl Harbor, Wake [Island], Manila, Japanese ruthless aggression elsewhere, will give them credence. Japanese militarism must and will be crushed... The policy of this government has been, is, and will be unconditional surrender.

The Japanese still believe the Russians are neutral, since the two countries signed a neutrality pact in 1941. They don’t realize that the Russians have promised the U.S. that they will attack Japan on August 15th. The Russians don’t seem interested in brokering a peace agreement between Japan and the U.S.; in fact, they have made it difficult for the Japanese to even talk to the Russian diplomats. It looks as if the Russians have an ulterior motive: they want to delay the end of the war so they can attack the Japanese as planned and take over Manchuria, Korea, and other regions in the area.

It’s not clear what surrender conditions the Japanese want, partly because debate about this exists right now within Japan itself. From the messages, the ambassador to Russia appears to want the Japanese to agree to an unconditional surrender. However, the responses make it clear that the Supreme War Council, Japan’s decision-making body, hopes to achieve one last major victory before it begins negotiating seriously with the U.S. The council (which consists of six members, plus the emperor and a diplomatic advisor) is itself split: the three military leaders want to fight to the end, while the three non-military leaders are willing to start negotiations. However, all of them (including the emperor) hope for one more victory. Their military plan, called *Ketsugo*, calls for the Japanese to use every ounce of their remaining strength to defend their islands and inflict such heavy casualties upon the Americans that the U.S. will have to agree to give them better surrender terms in order to end the war.

Stalin has said that he favors Japan’s unconditional surrender; he wants to crush Japan so completely that it will never again be able to rise up militarily. Stalin also expects the

victorious nations to partition and oversee Japan after the war; if Russia joins the war against Japan, this partition would then include a Russian zone of occupation.

Public opinion:

American public opinion favors continually bombing Japan in order to bring about unconditional surrender. An opinion poll last month showed that 90% of Americans want the government to insist on Japan's unconditional surrender—even if it means an island invasion with heavy casualties.

A public opinion poll on May 29th showed that one-third of Americans favor executing the emperor, and almost all other Americans want him removed from power after the war. Some American leaders also favor abolishing the position of emperor. They feel only a democratic government can prevent a resurgence of Japanese militarism.

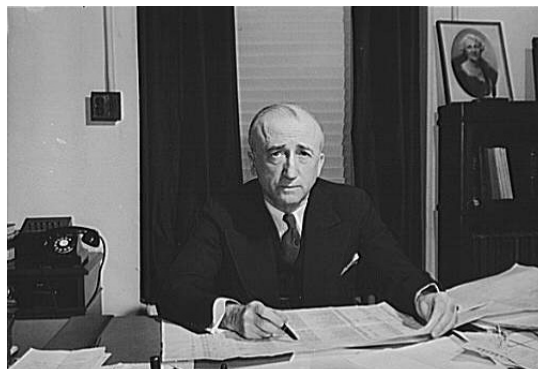
Atomic bomb:

Two days ago, you received a report describing a successful test of an atomic bomb in the New Mexico desert. In about three weeks, the military will have such a bomb ready to drop on Japan; a second bomb will be ready about a week later. A single atomic bomb can destroy a whole city, so its use should shock the Japanese into surrendering. About seven bombs should be ready by November 1st, the date set for the invasion of Japan.

Potsdam Declaration:

Everyone in the government agrees that the U.S. should issue another warning to the Japanese to surrender or be destroyed. The statement would read something like this: "We call on the Japanese government to surrender unconditionally. The alternative is prompt and utter destruction." However, some advisors (including the Joint Chiefs of Staff and the leading expert on Japan, Assistant Secretary of State Grew) want the statement to say that the United States will allow the emperor to remain as Japan's head of state following the war. For some Japanese leaders, this seems to be the only condition necessary for surrender. If the U.S. reassures Japan that the emperor can remain in place after the war, it may strengthen the forces within Japan lobbying for peace and bring about a quick end to the fighting. Former President Hoover, Winston Churchill, and other leaders have asked you to assure the Japanese that the emperor can stay.

Supporters of unconditional surrender disagree. They feel that a conditional surrender would hurt American morale and allow the Japanese to reemerge later to fight another war. Secretary of State Byrnes opposes any change to the unconditional surrender policy. He thinks if the U.S. modifies its demands, Japanese hardliners (those who want to fight to the end) will perceive it as weakness and be emboldened to keep fighting. Byrnes compares the idea of the U.S. allowing Japan to keep its emperor



Secretary of State James F. Byrnes

to the disastrous pre-war policy of appeasement, in which British and French allowed Hitler to annex the Sudetenland in 1938.

| |
|-------------------|
| DECISION 1 |
|-------------------|

Will you issue the warning as it is currently written, or will you modify it so as to reassure the Japanese that the emperor will remain their leader after the war? Will you negotiate at all with the Japanese?

LESSON 8: THE ATOMIC BOMB

Student Handout 2

DECISION 2 (U.S.)

AUGUST 3, 1945

You are President Harry Truman. On July 26th, you issued the Potsdam Declaration, in which the U.S. threatened the Japanese with utter destruction. You did not add an assurance that the Japanese could retain their emperor. Japanese newspapers shrugged off the warning, calling it a “laughable matter.” Prime Minister Suzuki stated, “The government does not regard [the Potsdam Declaration] as a thing of any value; the government will just ignore [*mokusatsu*: “kill with silence”] it. We will press forward resolutely to carry the war to a successful conclusion.”

Now, you have to make a decision about another question: do you use the atomic bomb on a Japanese city, as a demonstration on an uninhabited island, or not at all? All of your top advisors advocate using atomic bombs on military targets, such as factories surrounded by workers’ houses. All such targets are located in cities. Your advisors believe that destroying an entire city with just one bomb will shock the Japanese into a quick surrender. On the other hand, some scientists propose that you invite the Japanese to witness a demonstration of the bomb. The U.S. would drop an atomic bomb on an uninhabited island in order to show its destructive power without inflicting any civilian casualties.

You have set up the Interim Committee to study this question. The committee made its recommendation on June 1st: “Mr. [Secretary of State James] Byrnes recommended and the Committee agreed...the bomb should be used against Japan as soon as possible; that it be used against a war plant surrounded by workers’ homes, and that it be used without prior warning.” However, a panel of scientists advising the Interim Committee reexamined the idea of demonstrating the bomb to the Japanese and reported, “The opinions of our scientific colleagues on the initial use of these weapons are not unanimous...We can propose no technical demonstration likely to bring an end to the war; we see no acceptable alternative to direct military use.”

Now it is early August. The military has intercepted more messages indicating that debate over the question of surrender continues to rage within the Japanese government. The Japanese diplomat in Moscow is still attempting to approach the Russians about discussing surrender. At the same time, the Russian army has made preparations to attack the Japanese in Manchuria. When the Russians attack, the Japanese will likely recognize that the situation has become hopeless and may surrender unconditionally. On the other hand, Stalin’s regime has become a problem in Europe and has forced communism on countries there under its control. If the Russians attack in Asia, they will probably end up controlling part of China, part of Korea, and maybe part of Japan—and will then most

likely force communist governments on those countries. You can avoid this if you find a way to end the war before Russia can attack Japan on August 15th. Secretary of War Henry Stimson has pointed out that “with our new weapon [the atomic bomb] we would not need the assistance of the Russians to conquer Japan.”



Intelligence services report that the Japanese have gathered an even greater force on the island of Kyushu, where the U.S. plans to invade. Japan has almost four times as many soldiers (about 545,000) on Kyushu as it did six months ago, and the Japanese government has called up all civilians on Kyushu from ages 15 to 60 to fight (about 3 million people). U.S. soldiers will have to kill hundreds of thousands of civilians in order to take the island. In addition, the Japanese may have as many as 10,000 planes available for *kamikaze* (suicide) attacks in the area. Some military leaders now predict 175,000 Americans

casualties if the U.S. invades Kyushu. Admiral Nimitz and other senior staff officers in the Joint Chiefs of Staff feel an invasion of Kyushu would be unwise.

You have two other military strategies available: blockades and bombings. A blockade already in place has become extremely effective: Japan desperately needs supplies, but it can import almost nothing. The bombing campaign has further weakened Japan. A few days ago, one air attack completely destroyed the city of Toyama—no buildings in the city remain standing. The U.S. also drops leaflets on cities that are going to be bombed. The leaflets try to influence the Japanese public by telling them that Americans are not fighting the Japanese government—and not Japanese citizens—and by giving reasons for the incipient bombings. You hope that the Japanese will read these leaflets and support the factions in their country that want to put an end to the war.

Meanwhile, a report on the effectiveness of bombing (conventional, not atomic) has suggested a new strategy, which the military plans to implement next week. The U.S. will concentrate all of its bombing on railroads, bridges, and ferries, bringing a halt to all transportation within Japan. This will prevent almost all forms of production, and will effectively make the distribution of food all but impossible. Starvation will become widespread throughout the country, and Japanese society will likely break down.

DECISION 2

Will you use the atomic bomb to end the war? If so, will you order the military to drop the bomb on a Japanese city or to merely conduct a demonstration on an uninhabited island?

LESSON 8: THE ATOMIC BOMB

Student Handout 3

DECISION 3 (U.S.)

AUGUST 8, 1945

You are President Truman. Two days ago, the U.S. dropped an atomic bomb on the city of Hiroshima. The bomb killed as many as 100,000 Japanese—many of whom worked in war industries. So far, the Japanese government has not responded. Meanwhile, the Russians are about to declare war and attack Japanese forces in Manchuria.

The U.S. military plans to drop a second atomic bomb on another Japanese city. You can either allow the bombing to proceed as scheduled, or order a halt to it.



Hiroshima after the bombing

DECISION 3

Will you allow an atomic bomb to be dropped on a second Japanese city?

LESSON 8: THE ATOMIC BOMB

Student Handout 4

DECISIONS 4–6 (RUSSIA)

JULY 25, 1945

Leader background:

You are Joseph Stalin, the leader of Russia. As a dictator, you rule your country with an iron fist. Russia has another decision-making body called the *Politburo*, but you control it as well. You have the other so-called “leaders” in the Russian government firmly under your control: they exist only to confirm the decisions you make.



Joseph Stalin

War background:

When the war broke out in Europe, you tried to prevent Germany and Japan from attacking Russia. You made a non-aggression pact with Germany, which Germany then broke by attacking Russia in 1941. You also signed a neutrality pact with Japan, which allowed you to move Russian troops out of Asia to fight the Germans. In May, Germany surrendered, so Russia is no longer at war with any nation.

Military situation:

The Russian military remains strong. You have millions of soldiers and thousands of tanks and planes at your disposal. You have built up forces around Manchuria and Korea in anticipation of a possible Russian attack on those areas. The famous Japanese Kwantung army defends Manchuria, but the war has depleted its strength immensely, and your soldiers will outnumber Japan's by a ratio of more than three to one. Your soldiers

also have better equipment and higher morale. Your commander reports that his troops will be ready to attack around August 15th.



Meanwhile, Japan continues to fight the United States, China, and Britain. Japan is in desperate shape militarily. U.S. bombers have destroyed most of its cities and placed mines in its harbors, stopping trade. The Japanese have no navy left and can't get the resources they need to keep making weapons or even to keep their

economy going.

Public opinion:

You are a dictator; by definition, you can make decisions on your own without much regard for public opinion. Nevertheless, there are some limits to what you can do. Soldiers, for example, have to believe your policies will benefit Russia, or else they may not fight for you. There is also always a threat, however small, that other government leaders might stage a coup to overthrow you if they deem your decisions too unreasonable.

Diplomacy—unconditional surrender:

The U.S. has insisted that Japan surrender unconditionally. This has extended the war by making it much more difficult for Japan to surrender. In February, you told the Americans you would declare war on and attack the Japanese three months after the end of the war in Europe, which would occur around August 9th. In exchange for entering the war against Japan, the U.S. promised you control of Manchuria, half of Korea, and part of the island of Sakhalin. Therefore, it lies in your interest for the war to continue: if it ends before you attack, you won't be able to claim those lands.



Stalin and Truman at Potsdam

The new American president, Harry Truman, does not seem supportive of your cause. He acted very hostile to your diplomat in Washington at a meeting in April. At the Potsdam Conference, you found him overbearing. He has demanded that you make changes in eastern Europe, even though Russia was promised control of that area at the Yalta Conference last February.

The Japanese have been trying desperately to talk with your diplomats in Moscow and Tokyo. Your diplomat in Tokyo says this indicates the degree of Japan's desperation; you have the power to prolong the war by continuing to delay these talks. The Japanese may suspect that you plan to attack them, since you have already warned them you will not renew the neutrality pact. If Japan finds out about your plan to declare war, it may then choose to surrender immediately to the United States: the Japanese would prefer to submit to the Americans than to you. Such a move would prevent you from attacking and taking over Japanese-controlled land.

Intelligence (information gathering about other countries):

Your intelligence officers in Japan report that the faction advocating peace has grown stronger. The Japanese ambassador to Moscow has indicated that the emperor wants to send a special envoy, which demonstrates that the emperor himself wants to negotiate an end to the war. However, you also know that the military leadership will be hard to convince: three out of six members on the Japan's Supreme War Council want to fight to the bitter end.

Your spies in the United States, David Greenglass and Klaus Fuchs, have sent you information about the atomic bomb project there. The U.S. tested the bomb earlier this month, and will soon have it ready for use against Japan. This is not good news: if the U.S. drops an atomic bomb on a Japanese city, it will likely shock the Japanese into immediate surrender. Again, if Japan falls too quickly you won't be able to declare war and attack Manchuria, Korea, and Sakhalin. You will also lose the opportunity to capture the Kurile Islands or to attack Japan itself and take part in the occupation of Japan. The Americans have no idea that you know about their atomic bomb.

Warning—Potsdam Declaration:

President Truman wants to issue the Japanese a warning before the final assault on Japan (whether that assault takes the form of invasion or an atomic bomb). He wants to issue the warning from Potsdam, Germany, where you are currently meeting with him and British Prime Minister Winston Churchill.

DECISION 4

Should he ask, what advice will you give President Truman about the warning?

- A. Don't compromise on the policy of unconditional surrender.
- B. Tell the Japanese they must surrender, but let them keep their emperor.

DECISION 5

Will you ask to be included in the warning so that it will officially come from the U.S., Britain, and Russia?

DECISION 6

Will you allow a meeting between your diplomats and the Japanese ambassador to hear Japan's proposal for surrender? If so, will you pass along the proposal to the United States?

LESSON 8: THE ATOMIC BOMB

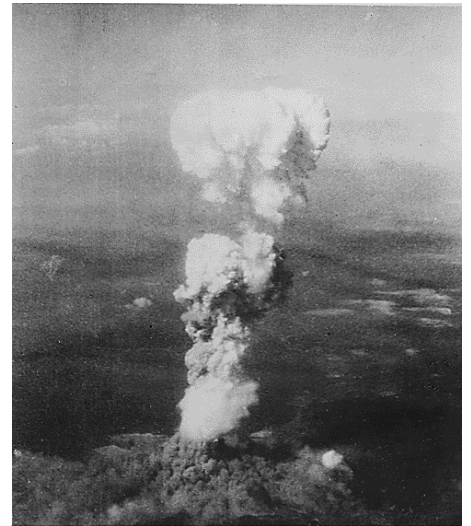
Student Handout 5

DECISION 7 (RUSSIA)

AUGUST 7, 1945

You are Joseph Stalin, the leader of Russia. At the Potsdam Conference, President Truman issued a warning to Japan in which he decided not to include a reassurance that the Japanese emperor could remain in power following the war. The U.S. and Britain both signed the warning, but President Truman did not let Russia sign it as well. You consider this a grave insult.

The Japanese announced that they would ignore the warning. The U.S. then dropped an atomic bomb on Hiroshima, killing about 100,000 people. Your diplomats in Tokyo have reported several meetings of the Supreme War Council. The Japanese diplomat in Moscow has requested a meeting with your government. Japan may be on the verge of surrender, and may do so before August 15th.



Plume of smoke from the atomic bomb dropped on Hiroshima

DECISION 7

Will you command your forces to attack Manchuria in the next few days, instead of waiting until the original date of August 15th?

LESSON 8: ATOMIC BOMB

Student Handout 6

DECISION 8 (JAPAN)

JULY 26, 1945

Leader background:

You are Emperor Hirohito of Japan. As emperor, you are the living symbol of the nation and the Japanese people revere you as a god. The emperor does not normally get involved with government decisions: the Supreme War Council, made up of six members, makes these decisions. However, the council is divided: three of the members favor negotiating an end to the war, while the other three want to fight to the very end. You may need to step in and make a decision in this time of unprecedented crisis.



Emperor Hirohito

War background:

Japan started the war in the Pacific, and the Japanese attack on Pearl Harbor drew the U.S into the war. However, the Japanese believe that U.S. economic policies (especially the embargos on oil and scrap-metal imports) forced Japan to take aggressive action. Gradually, the Allies gained the upper hand and defeated your European allies, Germany and Italy. Since the end of the war in Europe in May, the United States and Britain have concentrated their forces on defeating Japan, and the war is now going in their favor. Fortunately for you, Japan has a neutrality pact with Russia, so you do not have to fight that country as well.

Military situation:

The Japanese military is in terrible shape. The navy has been decimated, and American planes have bombed most of Japan's major cities. More than 100,000 civilians died in the recent firebombing of Tokyo, and the Japanese military has no effective way to defend against the American bombers. Production has declined greatly, and the disruptions in transportation have made it very difficult for Japan to obtain needed supplies. The Americans have dropped naval mines, effectively closing all of Japan's harbors: it's now almost impossible to move anything into the country, including troops from the mainland.

Last month, your Chief of Staff, General Umezu, reported that the Japanese army in Manchuria is a mere shadow of its former self and also has little ammunition left. A second report in June, delivered by Admiral Hasegawa, raised the possibility that the military would not be able to defend against a U.S. assault on the home islands.

Nevertheless, you hope to defend the home islands and win at least one major victory. If you defeat the invading Americans or at least inflict very high casualties, the U.S. may

have no choice but to grant Japan better terms of surrender. This plan is called *Ketsugo*. Instead of repelling an attack at the beaches, Japan will allow American soldiers to land and then launch an all-out attack to kill as many of the invaders as possible. Your military leaders believe the Americans plan to land on the island of Kyushu, and you now have enough troops stationed there to mount an effective counterattack. Moreover, you have passed a law requiring all civilians aged 15 to 50 to also fight the invaders: your forces now vastly outnumber the Americans. Also, thousands of kamikaze warplanes stand ready to bomb American troop transports. In the hard-fought battle of Okinawa in the spring, U.S. forces eventually won, despite losing around 12,500 soldiers. From this example, you do not know if Japan can prevail over the U.S. in an assault on the islands. However, you are certain that Japan can inflict heavy casualties on the Americans, which will likely cause the U.S. to agree to more favorable terms when you do surrender.

Public opinion:

The military situation is so desperate that many factions within your government have considered the possibility of negotiating an end to the war. One option is to surrender unconditionally to the U.S. However, Japanese culture does not look favorably on surrender: it is considered virtuous to fight to the death. You feel the humiliation of an unconditional surrender would outrage the public. Within the military, some leaders still cling to the hope that Japan can win and thus will never agree to an unconditional surrender. Surrender raises the possibility of civil unrest in Japan: the people (or more likely hard-line factions within the military) might rise up to overthrow the government or to resist the surrender. Government leaders also fear that fanatical nationalist civilians or members of the military may try to assassinate them: several who suggested surrender have already been assassinated. The military leaders on the Supreme War Council who oppose unconditional surrender give two reasons: (1) the fear of what may happen to the government if Japan surrenders, and (2) the hope that Japan can win one more major battle.

Diplomacy—unconditional surrender:

The U.S. has called on Japan to surrender unconditionally—that is, with no negotiations. Doing this would subject Japan to whatever terms the U.S. chooses to impose. These will likely include removing you from power, putting Japanese leaders on trial for war crimes, a foreign occupation of Japan, totally disbanding the Japanese military, and the humiliating requirement that soldiers surrender directly to the U.S. military. Removing you, the emperor, from power would be the most difficult condition for Japanese to accept. The Japanese view the emperor as a god and as the symbol of the nation. In the eyes of many Japanese, the nation would not exist without the emperor.

The U.S. and Britain have issued the Potsdam Declaration, which has reaffirmed their call for Japan to surrender unconditionally. However, the exact wording of the declaration hints at a possible softening of these countries' stance on unconditional surrender.

You hold some hope that Japan can negotiate a peace settlement through Russia (since Russia has a neutrality agreement with Japan), but this hope is fading. The Russian

ambassador informed Japan last April that the Russians would not renew the pact. Therefore, it is not certain that Russia will remain neutral. The Supreme War Council agreed to have the Japanese ambassador to Moscow ask the Russians for help in negotiating with the United States, but he hasn't informed the Russians of any specific conditions. The three military leaders on the council consented to having the ambassador approach Russia, but they warn that they will not accept any surrender terms that include an occupation of Japan, war crimes trials, or dismantling the military.

On the other hand, some Japanese intellectuals have recommended surrendering soon—no matter what the conditions. If this doesn't happen, they warn, Japan will end up like Germany—totally defeated, occupied, divided, and with a government controlled by the enemy. They argue that the greatest chance Japan has of retaining any of its traditions and national pride is to surrender immediately.

Intelligence (information gathering about other countries):

You recently found out that a diplomat traveling on a train through Russia saw thousands of railroad cars filled with soldiers, tanks, planes, and other military equipment moving east toward Manchuria. He believes that Russia intends to attack Japanese troops in Manchuria and Korea, probably by the middle of August.

Your information on the United States is sketchy. Your military advisors believe the U.S. plans to invade Kyushu in the spring of 1946, but this attack could occur as soon as November. The Americans are also working on a new type of bomb, but you have no further information on this. Your advisors read American newspapers and report that the American public seems to want to see Japan entirely crushed. Some newspaper editorials argue that the U.S. should negotiate a peace agreement with Japan, but the American public seems committed to the policy of unconditional surrender.

Both American and Russian leaders are currently meeting in Germany at the Potsdam Conference, so it seems likely that Stalin has told Truman about the Japanese ambassador's request that Russia mediate a peace settlement.

DECISION 8

How will you respond to the Potsdam Declaration warning Japan to surrender?

1. Send a message telling the U.S. that Japan will accept an unconditional surrender.
2. Send a message telling the U.S. that Japan would like to negotiate terms of surrender.
3. Send a message telling the U.S. that Japan will surrender with one condition: that the emperor remains the leader and symbol of Japan.
4. Send a message telling the U.S. that Japan will surrender under four conditions: that the emperor remains the leader and symbol of Japan, that Japanese troops surrender to their own leaders, that Allied forces do not occupy Tokyo, and that no Japanese are prosecuted for war crimes.
5. Ignore the warning and continue to ask the Russians to help negotiate a surrender.
6. Denounce the warning and continue to fight to the bitter end.

LESSON 8: THE ATOMIC BOMB

Student Handout 7

DECISION 1 (U.S.)

JULY 23, 1945

Background:

You are President Harry Truman. You took office just three months ago, so you have only recently learned some key information about the war.

Japanese conduct has been brutal throughout the war. Some American experts believe the Japanese have killed more people than the Nazis have—possibly over 17 million. Also, Japan's sneak attack at Pearl Harbor killed thousands of Americans and provoked the U.S. to enter the war in the first place. Many U.S. battles against Japan have resulted in horrendous casualties on both sides; the Japanese have time and time again demonstrated their willingness to fight to the death.



President Truman soon after taking office in 1945

The war has significantly weakened the Japanese military. Their navy has basically been destroyed, and Japan can't obtain many of the supplies necessary to fight the war and take care of its people. U.S. planes have bombed almost every major city in Japan: over 100,000 people died in the firebombing of Tokyo in March. Your military leaders have a plan to invade Kyushu (the southernmost island of Japan) on November 1st. They predict eventual success—but not without enormous American casualties.

For the last two years, the U.S. has followed a consistent policy of demanding that countries surrender unconditionally. This means that a defeated country cannot put a condition (such as retaining its military) on its surrender and must accept whatever the terms the U.S. requires.

U.S. intelligence officers have secretly intercepted messages between Japan and Russia. These messages indicate that the Japanese have asked the Russians to help negotiate terms of surrender with the U.S. Since the Russians have a neutrality agreement with Japan, the Japanese think Russia may be able to secure them better surrender terms. However, the Japanese do not know that the Russians have secretly promised to the U.S. to attack Japan by August 15th. The Russians are delaying Japanese efforts to negotiate, and seem to want to delay the end of the war so they can attack in August and take over Manchuria, Korea, and other areas under Japanese control.

The Supreme War Council (Japan's decision-making body) apparently hopes for one final substantial victory before starting negotiations. The council seems to think that if Japan can inflict enough damage on the Americans, the U.S. will have to offer Japan better surrender terms.

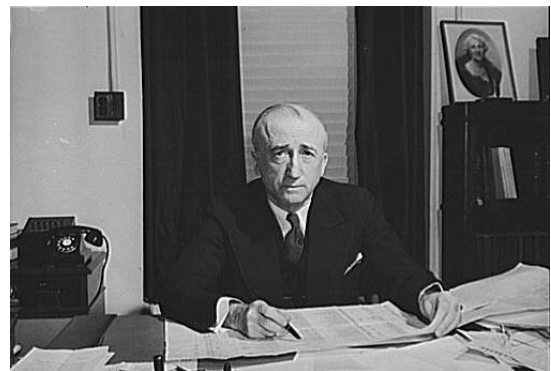
American public opinion favors continually bombing Japan in order to bring about unconditional surrender. An opinion poll last month showed that 90% of Americans want the government to insist on Japan's unconditional surrender—even if it means an island invasion with heavy casualties. A public opinion poll on May 29th showed that one-third of Americans favor executing the emperor, and almost all other Americans want him removed from power after the war.

Two days ago, you received a report of the successful test of an atomic bomb in the New Mexico desert. Scientists tell you that a single atomic bomb can destroy an entire city. Dropping one on a Japanese city should shock Japan into surrendering.

Warning—Potsdam Declaration:

All of your advisors agree that you should issue another warning to the Japanese to surrender or be destroyed. The statement would read something like this: "We call on the Japanese government to surrender unconditionally. The alternative is prompt and utter destruction." However, some advisors (including the Joint Chiefs of Staff and the leading expert on Japan, Assistant Secretary of State Grew) want the statement to say that the United States will allow the emperor to remain as Japan's head of state following the war. For many people in Japan, this seems to be the only condition necessary for surrender and the Joint Chiefs think the U.S. should give it to them. More Japanese will support peace if they know they can keep their emperor, so the war will end sooner, before thousands more American soldiers die.

However, your Secretary of State, James Byrnes, disagrees. Allowing the Japanese emperor to remain would break with the U.S. policy of unconditional surrender. Instead of strengthening peace-seeking elements within Japan, he argues, modifying the U.S. policy of unconditional surrender would have the opposite effect. Hard-liners would perceive this as weakness and be emboldened to keep fighting. He reminds you that before the start of the war in Europe, Britain and France gave in to Hitler and allowed him to take over the Sudetenland. That decision proved disastrous for Europe, and Byrnes tells you that making this concession to the Japanese could be just as disastrous for the U.S.



Secretary of State James F. Byrnes

DECISION 1

Will you issue the warning as is, or will you also reassure the Japanese that the emperor will remain their leader after the war? Will you negotiate at all with the Japanese?

LESSON 8: THE ATOMIC BOMB

Student Handout 8

DECISION 2 (U.S.)

AUGUST 3, 1945

You are President Harry Truman. On July 26th, you issued the Potsdam Declaration, in which the U.S. threatened the Japanese with utter destruction. You did not add an assurance that the Japanese could retain their emperor. Japanese newspapers shrugged off the warning, calling it a “laughable matter.” Prime Minister Suzuki stated, “The government does not regard [the Potsdam Declaration] as a thing of any value; the government will just ignore [*mokusatsu*: “kill with silence”] it. We will press forward resolutely to carry the war to a successful conclusion.”

You now face the question of whether to use the atomic bomb on a Japanese city, as a demonstration on an uninhabited island, or not at all. All of your top advisors recommend that you drop the bomb on a city. Destroying a whole city with just one bomb will shock the Japanese into a quick surrender. On the other hand, some scientists propose that you invite the Japanese leaders to witness a demonstration of the bomb. The U.S. would drop it on an uninhabited island to show its destructive power without inflicting civilian casualties. You set up the Interim Committee to study this debate on how best to use the bomb. The committee recommended in June that you bomb a Japanese city.

Now it is early August. The U.S. has intercepted more messages between Japan and Russia. These messages indicate that the Japanese government is debating surrender and that the Japanese ambassador to Moscow is again trying to approach the Russians about mediating the negotiations. At the same time, the Russian army is preparing to attack the Japanese in Manchuria on August 15th. When the Russians attack, the Japanese will likely realize that their situation is hopeless and surrender unconditionally. However, you have a new concern: Stalin has caused problems in Europe, imposing communism on lands now under Russian control. If the Russians attack in Asia, they will end up controlling parts of China and Korea, and perhaps even part of Japan. This will probably mean that Stalin will then install communist governments in those countries. You could avoid several future problems with Russia if you manage to end the war before the Russians can attack the Japanese on August 15th.

Intelligence services report that the Japanese have gathered an even greater force on the island of Kyushu, where the U.S. plans to invade. Japan has almost four times as many soldiers on Kyushu as it did six months ago, and the Japanese. Some of your advisors predict 175,000 American casualties if the U.S. invades Kyushu.

Meanwhile, a report on the effectiveness of bombing (conventional, not atomic) has suggested a new strategy, which the military plans to implement next week. The U.S. will

concentrate all of its bombing on railroads, bridges, and ferries, bringing a halt to all transportation within Japan. This will prevent almost all forms of production, and will effectively make the distribution of food all but impossible. Starvation will become widespread throughout the country, and Japanese society will likely break down.

DECISION 2

Will you use the atomic bomb to end the war? If so, will you order the military to drop the bomb on a Japanese city or to merely conduct a demonstration on an uninhabited island?

LESSON 8: THE ATOMIC BOMB

Student Handout 9

OUTCOMES (U.S.)

Decision 1:

President Truman decided not to include an assurance that emperor could remain as the leader of Japan. Secretary of State Byrnes, who compared allowing the emperor to remain to Britain and France's unsuccessful appeasement strategy for dealing with Hitler, served as Truman's main advisor during the Potsdam Conference.

Decision 2:

Truman decided to take the advice of the Interim Committee and ordered the use of the atomic bomb against a military target, defined as a factory surrounded by workers' houses. U.S. planes dropped the bomb on the city of Hiroshima on August 6th, killing about 100,000 people.

Decision 3:

Truman did not interfere with plans for the second bombing, which went ahead as scheduled. U.S. planes dropped the bomb on Nagasaki on August 9th.

After the second bombing, President Truman ordered the military not to use atomic bombs without his specific authorization. Secretary of Commerce Henry Wallace recorded in his diary that "[Truman] said the thought of wiping out another 100,000 people was too horrible. He didn't like the idea of killing... 'all these kids.'"



"Fat Man" atomic bomb similar to the one dropped on Nagasaki

Fighting ended on August 14th, and on September 2nd the U.S. accepted the formal surrender of Japan.

Historical perspectives on Truman's decision:

Truman's decision to drop the atomic bombs on Hiroshima and Nagasaki remains controversial. Some historians believe that he could have avoided dropping the bombs simply by modifying the terms of surrender to assure Japan that the U.S. would not remove the emperor. Some also say that the Truman's goal was not to force the Japanese to surrender, but to prevent the Russians from entering the war and gaining territory in Asia. The decision to drop the bombs came a time when the U.S. and Russia stood at odds over postwar Europe, so Truman probably wanted to do what he could to avoid

similar conflicts in Asia. He later stated, "I was not willing to let Russia reap the fruits of a long and bitter and gallant effort in which she had had no part." Some of these same historians believe that by dropping the bombs, the U.S. was trying to intimidate Russia as well as force Japan to surrender. They also claim that it was immoral to kill huge numbers of civilians in Japan merely to stop Russia from expanding into Manchuria and Korea.

Other historians believe that Truman made the right choice. They argue that the Japanese would not have accepted an unconditional surrender before Hiroshima. Even after Nagasaki and the Russian entry into the war, the Supreme War Council remained divided. Some of its members wanted the U.S. to guarantee four conditions before Japan would surrender, not just the one condition of retaining the emperor. These historians argue that fault for the atomic bombings lies not with Truman, but with Japanese leadership for starting the war with the U.S. and then refusing to surrender after receiving fair warning.



Destruction in Nagasaki after the atomic bombing

The United States could not keep Russia out of Manchuria, Korea, Sakhalin Island, or the Kurile Islands. After the U.S. dropped the atomic bomb on Hiroshima, Stalin ordered an expedited attack on the Japanese and moved troops into these areas. On the other hand, Truman did manage to exclude Russia from acting as an occupying power in Japan, which proved an important achievement for the U.S.

LESSON 8: THE ATOMIC BOMB

Student Handout 10

OUTCOMES (RUSSIA & JAPAN)

RUSSIA:

Joseph Stalin accomplished his goals for the end of the war, except for occupying part of Japan. He delayed the end of the war until Russia could attack Japan and capture Manchuria, northern Korea, and Sakhalin Island. He also ordered Russian soldiers to keep attacking the Japanese on the Kurile Islands; the attacks continued until the official Japanese surrender on September 2nd.

Decision 4:

Stalin advised President Truman to stick to a policy of unconditional surrender, since that demand was likely to delay the end of the war. President Truman did so, which allowed Russia to declare war and claim lands in Asia.

Decision 5:

Stalin wanted Russia to join in the Potsdam Declaration, but Truman excluded him. Since Russia was not at war with Japan, Truman did not find it necessary to include Russia in the declaration. However, the exclusion of Russia had an adverse effect: Japanese leaders noticed that Russia had not taken part in the declaration and concluded that they might be able to persuade the Russians to help Japan negotiate with the U.S. Thus, the Japanese continued to put their efforts into negotiating with Russia rather than approaching the U.S. with a peace offer. Russia continued to delay the Japan's overtures because Stalin wanted to extend the war. Therefore, Truman's decision to exclude Russia from the Potsdam Declaration might have prolonged the war.

Decision 6:

Stalin did not allow the Japanese to submit specific surrender proposals that he would then pass on to the U.S. His goal was not to promote peace but to delay the end of the war so that he could capture territory in Asia.

Decision 7:

Stalin did order the attack on Manchuria to begin earlier, on August 8th, in order to declare war before the Japanese surrendered. In fact, the Russians kept fighting and taking more territory until September 2nd, the day Japan officially surrendered on the deck of the U.S.S. *Missouri*.

JAPAN:

Japanese leaders repeatedly sought Russian help in starting negotiations to end the war. The military hard-liners wanted to surrender only if the U.S. agreed to several conditions, which were aimed at preserving some kind of military power following the surrender. They hoped that the *Ketsugo* strategy would bring Japan one final victory, after which the U.S. would offer better peace terms. These leaders may have considered the situation analogous to the Battle of Tsushima in the Russo-Japanese War 40 years earlier (1905). The decisive Japanese victory in that battle helped Japan achieve better terms in the subsequent peace treaty. However, in the Russo-Japanese War Japan had won all the major battles and could thus negotiate from a position of strength, whereas at the end of World War II Japan lay very close to total defeat.

Decision 8:

Emperor Hirohito and the Supreme War Council chose to ignore the Potsdam Declaration and continued attempts to negotiate with Russia (option 5). It proved to be a huge mistake: As discussed above, the Russians wanted the war to continue, not to help to end it. Thus, to the Americans it looked as though the Japanese had chosen to ignore the demand for surrender, which in turn meant that the atomic bombing of a Japanese city would go ahead as scheduled.

Some members of the Supreme War Council felt that merely ignoring the Potsdam Declaration was too timid. They wanted the Japanese government to denounce the declaration and pledge that the country would fight to the end (option 6). Other members of the council wanted Japan to accept surrender under the one condition the emperor could remain in power (option 3). The council was deadlocked.

After the Russian attack against Japanese forces in Manchuria (August 8th) and the atomic bombing of Nagasaki (August 9th), the Supreme War Council moved closer to surrender, yet remained deadlocked. The members of the council who advocated peace called upon the emperor to intervene, asking him to overrule the military leaders on the council so that Japan could negotiate with the U.S. The military leaders claimed that the Japanese people would never accept the humiliation of surrender, and that surrender would result in civil unrest. However, the emperor also knew that his people were suffering and that Japan faced civil unrest as well as a total breakdown of the country if the war continued. Thus, he intervened and ordered the surrender, which many historians claim was the right choice: just a few more weeks of blockades and bombings might have caused Japanese society to break down completely.

When the emperor announced on the radio the decision to surrender, the Japanese people were amazed—they had never before heard the emperor's voice. Some of the most militant factions within Japan stuck with their pledge to never accept surrender. Some army officers attempted (unsuccessfully) to overthrow the government, and two of Japan's top leaders committed *seppuku* (ritual suicide).

LESSON 8: THE ATOMIC BOMB

Student Handout 11

Primary Source: Potsdam Declaration, July 26, 1945

(1) We—the President of the United States, the President of the National Government of the Republic of China, and the Prime Minister of Great Britain—representing the hundreds of millions of our countrymen, have conferred and agree that Japan shall be given an opportunity to end this war.

(2) The prodigious land, sea and air forces of the United States, the British Empire and of China, many times reinforced by their armies and air fleets from the west, are poised to strike the final blows upon Japan. This military power is sustained and inspired by the determination of all the Allied Nations to prosecute the war against Japan until she ceases to resist.

(3) The result of the futile and senseless German resistance to the might of the aroused free peoples of the world stands forth in awful clarity as an example to the people of Japan. The might that now converges on Japan is immeasurably greater than that which, when applied to the resisting Nazis, necessarily laid waste to the lands, the industry and the method of life of the whole German people. The full application of our military power, backed by our resolve, will mean the inevitable and complete destruction of the Japanese armed forces and just as inevitably the utter devastation of the Japanese homeland.

(4) The time has come for Japan to decide whether she will continue to be controlled by those self-willed militaristic advisors whose unintelligent calculations have brought the Empire of Japan to the threshold of annihilation, or whether she will follow the path of reason.

(5) Following are our terms. We will not deviate from them. There are no alternatives. We shall brook no delay.

(6) There must be eliminated for all time the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.

(7) Until such a new order is established and until there is convincing proof that Japan's war-making power is destroyed, points in Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth.

(8) The terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.

(9) The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.

(10) We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners. The Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech, of religion, and of thought, as well as respect for the fundamental human rights shall be established.

(11) Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war. To this end, access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted.

(12) The occupying forces of the Allies shall be withdrawn from Japan as soon as these objectives have been accomplished and there has been established in accordance with the freely expressed will of the Japanese people a peacefully inclined and responsible government.

(13) We call upon the government of Japan to proclaim now the unconditional surrender of all Japanese armed forces, and to provide proper and adequate assurances of their good faith in such action. The alternative for Japan is prompt and utter destruction.

QUESTIONS FOR ANALYSIS

1. If you were a Japanese leader, would you be inclined to surrender based on the tone and content of the Potsdam Declaration?
2. Is the warning clear that the Allies will attack Japan with a nuclear weapon if its leaders do not surrender.