

## [Borrowing a Page From FDR's Playbook, But Do We Want Obama Playing This Game?](#)

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For those that regard Franklin D. Roosevelt and the New Deal as the nation's savior during the Great Depression, the fact that Obama is employing many of the same strategies and "solutions" used by FDR may be a signal of comfort during the unrest of financial crisis. However, those that study history have good reason to be less than optimistic.

No doubt FDR inherited a broken economy. By the time FDR took office in March of 1933, nearly 3 in 10 workers were unemployed. Similar to Obama, FDR was faced with the challenge of dealing with a battered economy, damaged by past administrations. The Federal Reserve's expansion of cheap credit under the Coolidge administration (1923-1929) created an artificial boom leading to an inevitable market correction. Hoover, who – in reality - was nowhere near the free-market idealist portrayed by US 'history' books, turned a recession into a depression with unprecedented interventionist policy.

When prices fell in 1929, Hoover artificially propped up wages causing massive unemployment. He destroyed prospects of international trade by enacting protective tariffs. He ran ["deficits with record spending on public works, the first federal welfare program, and the first large-scale federal farm program. The results were budget deficits and 25 percent unemployment"](#).

Hoover turned a recession into a depression. But, FDR took the depression and made it GREAT. The result was a decade and a half of economic misery leaving a wake of entitlement programs that have lead our nation down the path of bankruptcy.

["President Roosevelt became Hoover on steroids"](#).

The only things the New Deal succeeded in doing – prolonging economic recovery and growing the power of government. **Somebody please tell me, why do we continue to teach our children that the New Deal ended the Great Depression?**

According to economist [Robert Murphy](#), the [unemployment rate was still 19% in 1938](#) and it didn't drop below 10% until 1941. Other nations such as Canada recovered much faster than the US and didn't experience nearly the same level of economic pain.

In 1939, according to then US Treasury Secretary, Henry Morgenthau, Jr., on FDR's New Deal policies:

- *"We have tried spending money. We are spending more than we have ever spent before and it does not work... I say after eight years of this Administration we have just as much unemployment as when we started. ... And an enormous debt to boot."*

The parallels between Obama and FDR outlined by Burton W. Folsom Jr. in [Comparing the Great Depression to the Great Recession](#) are startling. There is no doubt Obama inherited a mess caused by ruinous interventionist policy from previous administrations. The Bush administration must be recognized as the antithesis of free-market; a few examples include artificial expansions of the money supply, massive stimulus programs, radical increases in public debt, and politically motivated bailouts. As far as the economy is concerned, **Obama is Bush on steroids.**

FDR used the mentality of ["take a method and try it: If it fails, admit it frankly and try another. But above all, try something"](#) to push through government programs and force the creation of industry cartels during the Great Depression. Obama uses this same strategy today to grow the government to satisfy his own agenda.

If our government is in the business of *just trying something*, I say we try eliminating the engine that causes these avoidable depressions in the first place – the Federal Reserve. I propose that we admit that government intervention always fails. The asset bubble that resulted in a crash in 1929 was caused by the Federal Reserve.

The asset bubble that resulted in a crash in 2007-2009 was caused by the Federal Reserve.

I say the government should step aside and let the free market repair the economic damage created by government meddling in the first place.

As economist [Murray Rothbard noted](#):

- *“If Coolidge made 1929 inevitable, it was President Hoover who prolonged and deepened the depression, transforming it from a typically sharp but swiftly-disappearing depression into a lingering and near-fatal malady... **Roosevelt only advanced, to a greater degree, what Hoover had pioneered...**The Coolidge crisis had become the unprecedentedly prolonged Hoover-Roosevelt depression.”*

The current administration, taking a play-call directly from the failed policy of FDR, is on track to ensure we make the Great Recession a long, extended period of economic misery. I'm just not sure America can afford to play this game again.

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