

## **There were three major types of responses to the crisis situation:**

- 1) Government interference of the "**New Deal**" type" (also supported by the **Labour Party** in Britain). This approach was based on **Keynesian economics**, or "priming the pump" — the governments dumped a huge amount of money into the faltering economy to try to restore economic confidence, by hiring loads of people themselves if necessary, and through social services and welfare-type safety nets to keep citizens from growing too poor and desperate. This approach was not really tried in the U.S. until Franklin Delano Roosevelt was elected President and instituted the "New Deal." 3 GOALS:
  - Programs to put people back to work so that they could resume spending money as consumers and reinvigorate the economy.
  - Programs to guarantee financial institutions such as banks and savings and loan institutions, so that people would resume investing.
  - Psychological: to keep the country's morale from plummeting and making its citizens vulnerable to the preaching of communists and other radicals.

***The U.S.'s "New Deal" was a moderate alternative to socialism or Marxism, but didn't really resolve the Depression or unemployment; which weren't resolved until WW II.***

### **2) Communism:**

- Communist propaganda during the Depression depicted a peaceful, progressive society which had escaped the Depression. It presented a compelling picture to the outside world.
- The Great Depression also looked to many like the fulfillment of Marx's predictions about the eventual worldwide fall of capitalism, and the hardships connected with the Depression helped sour many on private enterprise. There were Marxist movements within most of the major European nations, some of which almost succeeded.
- The threat of Communist insurrection also gave power both to FDR and the British Labour Party, and to the Fascists — both were claiming to be alternative answers to the Depression, which could stave off the communist threat.

### **3) Fascism:**

- Claimed to be in opposition to communism, but in reality it shared many of the same practical features, though the philosophies behind the two were totally different. Fascism put the state as a whole above everything, and saw the natural business of a country as conquering.
- **Benito Mussolini** of Italy (early 1920s) & **Adolph Hitler** in Germany (1933) → Both leaders came to power through more-or-less legal means (albeit with some extra-legal bullying and stuffing of ballots)