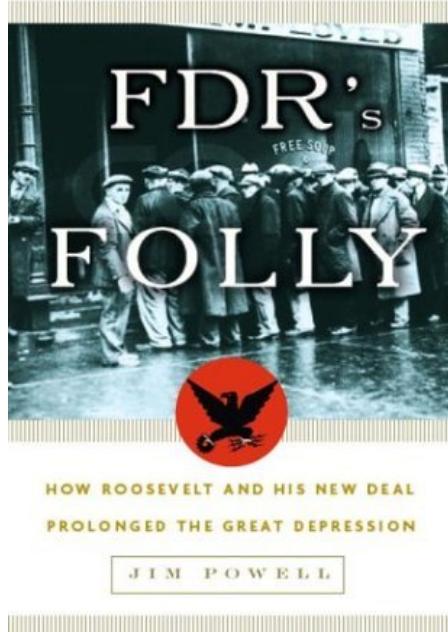


"[FDR's Folly] is very readable, factual, and insightful--and is endorsed by two Nobel Prize-winning economists."—THOMAS SOWELL, NATIONALLY SYNDICATED COLUMNIST



## **FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression**

*Jim Powell*

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# FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression

*Jim Powell*

## FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression Jim Powell

“Admirers of FDR credit his New Deal with restoring the American economy after the disastrous contraction of 1929—33. Truth to tell—as Powell demonstrates without a shadow of a doubt—the New Deal hampered recovery from the contraction, prolonged and added to unemployment, and set the stage for ever more intrusive and costly government. Powell’s analysis is thoroughly documented, relying on an impressive variety of popular and academic literature both contemporary and historical.”

—**Milton Friedman**, Nobel Laureate, Hoover Institution

“There is a critical and often forgotten difference between disaster and tragedy. Disasters happen to us all, no matter what we do. Tragedies are brought upon ourselves by hubris. The Depression of the 1930s would have been a brief disaster if it hadn’t been for the national tragedy of the New Deal. Jim Powell has proven this.”

—**P.J. O’Rourke**, author of *Parliament of Whores* and *Eat the Rich*

“The material laid out in this book desperately needs to be available to a much wider audience than the ranks of professional economists and economic historians, if policy confusion similar to the New Deal is to be avoided in the future.”

—**James M. Buchanan**, Nobel Laureate, George Mason University

“I found Jim Powell’s book fascinating. I think he has written an important story, one that definitely needs telling.”

—**Thomas Fleming**, author of *The New Dealers’ War*

“Jim Powell is one tough-minded historian, willing to let the chips fall where they may. That’s a rare quality these days, hence more valuable than ever. He lets the history do the talking.”

—**David Landes**, Professor of History Emeritus, Harvard University

“Jim Powell draws together voluminous economic research on the effects of all of Roosevelt’s major policies. Along the way, Powell gives fascinating thumbnail sketches of the major players. The result is a devastating indictment, compellingly told. Those who think that government intervention helped get the U.S. economy out of the depression should read this book.”

—**David R. Henderson**, editor of *The Fortune Encyclopedia of Economics* and author of *The Joy of Freedom*

The Great Depression and the New Deal. For generations, the collective American consciousness has believed that the former ruined the country and the latter saved it. Endless praise has been heaped upon President Franklin Delano Roosevelt for masterfully reining in the Depression’s destructive effects and propping up the

country on his New Deal platform. In fact, FDR has achieved mythical status in American history and is considered to be, along with Washington, Jefferson, and Lincoln, one of the greatest presidents of all time. But would the Great Depression have been so catastrophic had the New Deal never been implemented?

In **FDR’s Folly**, historian Jim Powell argues that it was in fact the New Deal itself, with its shortsighted

programs, that deepened the Great Depression, swelled the federal government, and prevented the country from turning around quickly. You'll discover in alarming detail how FDR's federal programs hurt America more than helped it, with effects we still feel today, including:

- How Social Security actually increased unemployment
- How higher taxes undermined good businesses
- How new labor laws threw people out of work
- And much more

This groundbreaking book pulls back the shroud of awe and the cloak of time enveloping FDR to prove convincingly how flawed his economic policies actually were, despite his good intentions and the astounding intellect of his circle of advisers. In today's turbulent domestic and global environment, eerily similar to that of the 1930s, it's more important than ever before to uncover and understand the truth of our history, lest we be doomed to repeat it.

*From the Hardcover edition.*

### **FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression Details**

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# **From Reader Review FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression for online ebook**

## **Alan Marchant says**

### **The Raw Deal**

If recent events hadn't made the New Deal such a deadly serious topic, I would have suggested that Jim Powell's book should have been titled "the FDR Follies." The book addresses the depressingly perverse effects of Roosevelt's policies with understated good humor. But with the current government doing its best to resurrect every wrong-headed appeal of the New Deal, one can only hope that people will give the most serious attention to the economic history of the Great Depression.

*FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression* has been derided as revisionist history. It is not. In fact, Powell's generation grew up with no serious history of the Great Depression. We were presented only with the most callow hagiography of Roosevelt and his cronies.

Powell's book is essentially free of invective and personal judgement. The book simply describes the planning, implementation, and outcomes of the major New Deal economic policies. It is left to the reader to conclude that FDR's administration was well-meaning, but tripped up by the same arrogant mindset that infected Roosevelt's European contemporaries.

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## **E.LB says**

Great book! Other Book To Read if you enjoy this one.

“The Forgotten Man,” by Amity Shlaes

“9 Presidents Who Screwed Up America and 4 Who tried to save her,” by Brion McClanahan

“Theodore and Woodrow: How Two American Presidents Destroyed Constitutional Freedom,” by Andrew P. Napolitano

“Basic American Government,” by Clarence B. Carson, a great book for homeschoolers

“Woodrow Wilson And The Roots of Modern Liberalism,” by Ronald J. Pestritto

“A Republic Not An Empire,” by Patrick J. Buchanan

“The Great Betrayal,” by Patrick Buchanan

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## **Lindsey Sparks says**

I hated FDR and thought he was our worst president before reading this book. Now I want to give a copy of this to every progressive I know. I appreciated that this was basically an economics book, not a history book. I knew a lot of the info going in but I still learned quite a bit, especially about US economic policies under FDR hurt Europe and therefore may have helped exacerbate some of the issues that led to WWII.

It blows my mind that citizens let FDR steal gold from all citizens and outlaw the private ownership of it. I was proud to learn my industry fought against Social Security, with many insurance execs and actuaries testifying about the flaws in the system and how it would not be sustainable. I was horrified to read a quote from FDR saying no one should make more than \$25,000 and that he wanted a 100% tax on income over that

amount (equivalent to \$260,000 in 2003). I was surprised to read about how many of his policies hurt black people the most, including a lot of the labor laws and even social security. According to the 2003 numbers, most black men pay \$13,400 more in to social security than they will receive and most of that is transferred to white women who typically receive more in Social Security than they paid in to it (primarily due to the longer lifespans of white women). And while he wasn't the first to impose payroll taxes, he did make them more permanent. He is also responsible for a great deal of business regulations that hindered growth and still have impacts today. Too bad the polio didn't take him out before he ever got in to politics.

There was something about the writing style that bugged me a bit. The first chapter seemed like it should have been an appendix as it provided brief bios of cabinet members, court justices, etc. and just seems like an odd way to start the book. I liked the rest of the organization, where each chapter asked and answered a question.

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### **Rod says**

(Virtually) everything you've been told about FDR and the New Deal by the media and mainstream historians isn't true. Read this book for the actual story about how Roosevelt and the New Deal prolonged the Depression by nearly a decade and may have contributed to the rise of fascism abroad (and, to some degree, in the US).

A might-have-been: The US experienced a depression in 1920, but the government kept its hands off the financial controls and the economy soon recovered. The Depression that started in 1929 became "Great" under Roosevelt, and his wrong-headed attempts to control the economy (e.g., forcing wages higher while unemployment was 12-20%) greatly prolonged the crisis. Imagine if the government had allowed the private sector (with an assist from the Fed's management of monetary policy) to generate the number of jobs normally associated with a recovery. The US would have been a prosperous, fully employed country by the mid-30's, and an example to others overseas. National Socialism and Communism both would have had much less appeal, Franco and Mussolini less popular, etc. Perhaps no WWII at all!

This may be a little farfetched, but actions have consequences....

Must reading.

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### **Craig says**

This book is a powerful indictment of the numerous failed policies of Franklin D. Roosevelt and his administration during the great economic depression of the 1930s. While many historians credit FDR for pulling the country through the depression, in fact his policies prolonged and exacerbated it. No other American economic downturn ever lasted more than 2 or 3 years. FDR's policies elongated the downturn for 9 years, and the country has never fully recovered from many of his ill-conceived, freedom-destroying programs. He surrounded himself with elitist lawyers and thinkers who had never run a business or hired an employee. Yet, they promulgated economic and regulatory laws and policies which devastated the country. FDR's presidential term was marked by a monumental intrusion upon time-honored individual and economic freedoms cherished from the inception of the Republic. His devastating programs included big and centralized government, increased regulation of business and the economy, increased taxes, implementation of social security (which, interestingly, penalizes low wage earners (especially blacks) and favors the rich),

imposing wage and price controls, tampering with the US Supreme Court and its decisions, and numerous other measures. He, more than any other American president to his day, introduced the era of ever encroaching federal government and control over all phases of American life. Apparently, America has not learned from its lessons. FDR was elected in 1932. 76 years later (in 2008), the American people elected another yokel (Barak Obama) of the same ilk, who is propelling the country along the same path as did FDR by promoting ever increasing governmental intrusion on the American people. After 3 1/2 years of Obama's presidency, the recession continues unabated with no hope in sight. Hopefully, the American people will not give him another 4 years (as they did FDR) to work his destruction on this great country. This book is a must read and it should be read before the 2012 presidential election.

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### **Rob says**

A good alternative (free market) perspective on the New Deal. The arrogance of FDR and his advisors is incredible. It is really scary how close we came to sliding into something close to Soviet communism.

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### **Kimberly says**

Ok, so this happened to be part of the reading for my econ class, but it might have been a book I would have picked up and read regardless. I've never really had any formed opinion about FDR and the new deal, but most high school history books are in favor of everything he did. This book is AMAZING in that it breaks down every single policy and mistake that he and his administration did which ultimately prolonged the Great Depression. Powell is very vocal and VERY biased against FDR (obvi) but he does have a lot of good points.

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### **Elyse says**

I'm giving this book 5 stars because even though some parts were eyes-glazed-over boring (especially the chapter on labor unions) the information is breath-taking. Powell's lessons about unintended consequences and the dangers of government restrictions on economic liberties are powerful. And his more subtle lesson about the importance of judging policy outcomes and not intentions is ever more crucial.

Each chapter title is a question, such as "Why did the Supreme Court strike down early New Deal laws?" which is then answered. When new players are introduced, a biographical paragraph or two is included to give background and feeling. I liked that, but the first chapter which consisted only of profiles, was pretty mind-numbing. Still, it's nice to know the information is there if I'd ever like to refer to it.

Read it if you want to stay up nights being furious and wondering what crack-pot experiments the anointed (hat tip Sowell) will think up next.

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## **Teechbiz says**

This book is like a college course except for the fact the professor doesn't worship at the altar of FDR. You will be amazed to learn of the practices and laws designed to keep us deeply entrenched in a depression in which millions went to bed without food while farmers were forced BY LAW to destroy food. So much more. You will never look at FDR the same way again.

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## **Charles Blumberg says**

Chronicles the failures of FDR's progressive economic policies and how it extended the length of the Great Depression. Including

- 1) 90% of bank failures were in small rural areas that lobbied the gov't for unit banking laws that didn't allow multiple branches to open (to prevent large city banks from competing). Because the small rural banks were diversified they failed when the local economy failed.
- 2) Outlawed and confiscated private ownership of gold. This resulted in devaluing the dollar and caused agriculture prices to rise.
- 3) High taxes on corporate profits discouraged savings essential for investment resulting in net private investment falling \$3.1B in the 1930s at the time that investment was needed to create jobs.
- 4) Securities and Exchange Act made it more difficult and costly for employee to raise capital.
- 5) National Industry Recovery Act set high minimum wages and limited output and fixed prices.
- 6) In attempt to increase agriculture and meat prices up, gov't paid to plow farmland and destroy animals. This only benefited the large commercial farms. It actually drove up the price of manufactured goods hurting everyone and foreclosures on farms increased.
- 7) The creation of Social Security made it more expensive for employers to hire people and prolonged high unemployment

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## **Jim Swike says**

This book is best for Economists, I was expecting something different. Maybe you will feel differently. Enjoy!

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## **Andy Crooks says**

What a great read. Stumbled on this in the library and could not put it down. Confirmed so many things that I have believed for decades. A must read for any public policy wonk.

Thank you Mr Powell, I suspect that you are the first of many to reconsider public policy during this period.

At least I sure hope so.

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### **Andy says**

Seemed an appropriate book to read with everyone comparing the President Elect to FDR. Does a fabulous job of explaining exactly what the title says: FDR didn't fix the Great Depression, he caused the uncertainty, fear, and financial disasters that turned a major downturn into the Great Depression. Powell explains in great detail (too much, that's why I rated 4 stars - TOO DRY) how the chaotic, disorganized, and people (not policy) driven decision style of FDR, and his authoritarian style and proclivities completely shut down the economic engine of the U.S.

Highly recommended as Obama and his brain trust seek to do some of the same things that FDR's administration did (that didn't work) and Pres Bush's administration did (that didn't work).

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### **David says**

Reading this book will expose you to many little known facts about FDR's handling of the economy during the Great Depression. It may even change your opinion of him, as well it should. Facts presented make a case that if FDR had done nothing, the GD would have ended much sooner. It's as if he wanted to be seen as doing something regardless of the true impact and the public generally found him likable. But several of his proposals were shot down by the Supreme Court until he looked into how he could stack the court in his favor by adding judges. A lot of his tactics borderline illegal if not actually across the line. The recent Obama presidency calls to mind many of these same tactics. Yet somehow FDR remains to this day in many people's minds a sort of savior for America from the ravages of the Great Depression. This book as well as *The Forgotten Man* by Amity Shlaes May start to correct that. Excellent book and hard to put down. Final chapter presents a great summary of major points!

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### **Kim Scripture says**

As it happens, I agree with Mr. Powell's overall premise that FDR's policies did indeed prolong the Great Depression and has had far reaching negative economic consequences. However, I find his review lacks perspective and ignores important influences of the era.

For example, Mr. Powell views the socialist undertones of the FDR era through the 20/20 lense of hindsight. Those wacky FDR folks should have known better. Socialism became such a strong political force throughout the world because it was claiming to respond to the burdens and injustices faced by the poor and powerless. Of course we know today it is a seriously flawed philosophy that spawned dictators, evil doings, and economic chaos but at the time, it had ideological components that offered possible relief to millions of people.

Which leads to his union bashing. He is absolutely correct in his condemnation of the violence and tactics of union activity. But again, he fails to put these events fully in perspective. To read him, employers were innocent, benificant bystanders being picked on by those nasty union people. As if. Unions were a socialistic response to the exploitation of many employers lest we forget child labor, the extremely dangerous working conditions of the day, the low pay and long hours. Employers often employed dirty and violent tactics of

their own. It was, in fact, a war and both sides have culpability. Yes, there was some bad judgment shown by the FDR administration in how it treated employers and unions. However, Mr. Powell's argument to this effect lacks teeth needlessly because of his failure to address both sides of the labor issue. He also fails to provide an alternative scenario as to how some much needed labor reform would have happened otherwise.

I was also highly amused at his brief anecdote regarding the clash between Robert Moses and FDR. Robert Moses was equal to and possibly surpassed FDR in his desire for power and control. He was a manipulative, power hungry man who destroyed people and entire communities to get what he wanted in the name of progress for New York City. But to read Powell, you would think he was a sweet innocent beaurocrat that FDR tried to crush simply out of personal dislike. True, they hated each other but there was much more to the story than that.

I could go on...others have ripped apart his statistics and challenged his presentation of "facts". I am not so smart in those areas to do that. Suffice it to say that the book is an interesting read if you are looking for a purely economical perspective on FDR that ignores the social and societal contexts of the problems and proposed solutions.

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