

## The changing of the American capitalism In the new deal era 1933 - 1939; from Laissez Faire to Welfare State

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### Abstrak

#### *<i><b>ABSTRACT</b></i>*

The intent of this thesis is to explain "The Changing of the American Capitalism in the New Deal Era 1933-1939". As we know, after the Great Crash of Stock Market in October 1929, there were many changes in all facets of American life. This thesis focuses on the changes in 1930s, which were indicated that the New Deal's policies aimed at restoring the damaged economy but at the same time, introduced some significant modification.

There are two books, which explore key facets of this topic, *The Big Change* by Frederick Lewis Allen and *American and Free Enterprises* by Henry C. Dethloff. Allen's book talked about the transformation in America from 1900-1950. He looks at the political, social and economic powers which changed the American standard of living and America's way of thinking. Dethloff's book discusses the evolution of American capitalism, based on a historical economic approach. Dethloff examines capitalism in America from the colonial era up to the present days. Both of these authors accept the idea that there were notable alterations in the American "system" in the 1930s.

The distinction between these books and my thesis reveals the character of the American capitalism by analyzing Roosevelt's New Deal policies as a response to the Great Depression, and by assessing the "system" impacts of those policies. William E. Luchtenburg, in his book *Roosevelt and The New Deal*, contends that Roosevelt's deed changed American life. This thesis elaborates this theme by assessing the social, political, and economic perspectives on changing American values during this era.

In order to analyze the changing of American capitalism in the New Deal era, this thesis shows the dialogue between the government, the elite and the people. The government and the elite processed the New Deal policies, which, in turn, altered the American capitalism, and the people as the object and the impact of the policies.

Library research has been conducted in order to examine relevant resources for this study. Textbooks, statistical data, especially in economics, politics, social field and monographs on the New Deal have been taken as main guide. The topic is handled through a qualitative approach, based on economical, political, and social perspectives. An economic perspective is used to explore certain New Deal issues and ideas especially policies related to pump priming, budget spending-budget balancing, gold standardization, banking and monetary, production resources and their impacts.

A political perspective is used to assess the government's interference in range of matters. Also the relation

among groups, such as the lefts, the conservatives, is examined. It is also important to see how Roosevelt could gain support for his brand of government interference without seeming to destroy capitalism itself.

The social perspective describes the overall social impact of New Deal programs and look at how the New Deal generated support from laborers, farmers, blacks and other disadvantageous groups.

In addition, this thesis discusses the changing of American values in Capitalism term, based on American thought perspectives. These perspectives lead us to look how far the New Deal policies prompted change in American capitalism during this era.

This thesis examines the aims of the first New Deal policies and their impact in American social life. It discusses six kinds of New Deal policy areas, including agriculture, banking and monetary policy, social relief and security, labor relation, unemployment, capital and industrial regulations. The discussion specifies policies and programs, which provides the main characters of the first New Deal policies.

Then it handles the aims of the Second New Deal policies and their impact in American social life. It draws upon the same six major areas of policies and programs and also looks at the differences and the programs. It also looks at the differences and consistencies in the objectives of both sets of New Deal policies.