



## England's Glorious Revolution

England's Glorious Revolution was complex. It involved a struggle for power between a Catholic king and Protestant Parliament, a fight over religious and civil liberties, differences between emerging political parties, and a foreign invasion.

**I**n 1534, King Henry VIII broke away from the Roman Catholic faith and created the Protestant Church of England (also called the Anglican Church). Henry established the Anglican faith as the official religion of England and made himself and future English monarchs head of the church. Henry, rather than the Catholic pope, appointed the country's top religious leaders and decided how people would practice Christianity in the kingdom.

Henry had broken from the Catholic Church after the pope refused to grant him a divorce. Henry did not object much to the Catholic faith itself. Therefore, he continued many Catholic beliefs and practices in the Church of England.

Henry's break with the Catholic Church set off a long period of religious turmoil in England. One of Henry's daughters, Mary, remained a Catholic. When she became queen, she tried to force England to return to Catholicism. Mary ordered hundreds of Protestants burned at the stake as heretics, earning her the name "Bloody Mary."

Elizabeth, another of Henry's daughters, took the throne after Mary's death in 1558. Queen Elizabeth I, a Protestant, restored the Church of England, which then became a powerful force in English society and politics.

By the early 1600s, increasing numbers of English Protestants, known as Puritans, wanted to "purify" or get rid of many lingering elements of Catholic worship in the Church of England. The Puritans wanted a much



*Asked by English nobles to intervene against King James II, William of Orange led a large fleet and invaded England. (Wikipedia)*

simpler form of worship and the right to elect ministers for their own congregation. But when Charles I became king in 1625, he tried to force the Puritans to conform to Anglican worship practices.

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## Revolution and Change

This edition of *Bill of Rights in Action* examines revolution and change. The first article looks at England's Glorious Revolution of 1688, a complex struggle for power that resulted in a new king and queen and the English Bill of Rights. The second article explores the Keynesian Revolution in economics. The last article examines the notable career of William Jennings Bryan, the populist champion.

**World History: England's Glorious Revolution**

**Economics: John Maynard Keynes and the Revolution in Economic Thought**

**U.S. History: William Jennings Bryan, the "Great Commoner"**

Guest writer Lucy Eisenberg, Esq., contributed the article on William Jennings Bryan. Our longtime contributor Carlton Martz wrote the other two articles.

Charles provoked great hostility from Parliament, dominated by Puritans. In 1642, a civil war began between the supporters of Charles, called Cavaliers, and the Puritan supporters of Parliament.

The Puritans, led by Oliver Cromwell, defeated Charles in 1648 and beheaded him. Fighting continued for a few years. The king's son, also named Charles, fled to France when Cromwell finally crushed the remaining Cavalier armies.

The Puritan Parliament abolished the monarchy and established a republic called the Commonwealth. As commander-in-chief, Cromwell reluctantly took on the role of Lord Protector of England.

Cromwell and Parliament set up a new official state Puritan Church to replace the Church of England. But Cromwell also permitted Anglicans and Catholics to practice their faiths.

The Puritan Parliament proved ineffective, and in 1658, Cromwell died. Tired of Puritan rule, the English people wanted a king to lead them again. In 1660, Parliament restored the monarchy with the son of the beheaded king ruling as Charles II.

## Charles II

After Charles II took the throne, a new Parliament met. The Cavaliers, those who had backed Charles I in the Civil War, controlled both the elected House of Commons and the appointed House of Lords. Parliament quickly acted to restore the Church of England and its Anglican worship as the state religion.

The Cavaliers believed that Catholics and Protestant Dissenters like Congregationalists, Baptists, Presbyterians, Puritans, and Quakers wanted to destroy the Church of England. Therefore, Parliament enacted new harsh criminal laws to punish Protestant Dissenters and Catholics for worshipping openly.

Charles II attempted to heal the divisions of the Civil War by adopting a policy of religious tolerance. In 1672 without the consent of Parliament, he issued a Declaration of Indulgence. This suspended all religious criminal laws, issued licenses to Protestant Dissenters to meet publicly, and allowed Catholics to worship in their homes.

His declaration outraged the Cavalier Parliament. It threatened to withhold its consent for the king's requests for money and forced Charles to withdraw his declaration.

The next year, Parliament passed the Test Act. It prevented the king from appointing Protestant Dissenters and Catholics to any government or military post. A second Test Act soon followed, prohibiting Catholics from holding seats in either house of Parliament. These laws tested the religious beliefs of individuals by requiring them to take the sacrament of Holy Communion in an Anglican church.

In 1678, word of a "Popish Plot" to kill the king and massacre Protestants terrified England. The plot turned out to be a fake, but Protestants began to worry about the next person in line to inherit the throne.

Charles had fathered only illegitimate children. If he died without a legitimate heir, his brother, James, would become king. Parliament attempted to pass a law excluding James from inheriting the crown because he had converted to Catholicism.

During the drawn out debate over excluding James, members of Parliament divided into political parties, Tories and Whigs. These were not highly organized parties designed to campaign for the election of political candidates. (Highly organized modern political parties were first created in the United States in the early 1800s.)

Nevertheless, in the late 1600s, the Whigs and Tories were the first parties to rally around sets of principles in a law-making body. Their basic principles were:

### Tories

- The monarch is the supreme power, answerable only to God, and must not be resisted. But the monarch is also bound by the law.
- The monarchy is based on hereditary succession.
- The Church of England is the established state church. No religious toleration for Catholics or Protestant Dissenters should be permitted.

### Whigs

- The monarch shares power with Parliament. Both are answerable to the people and bound by the law.
- The hereditary succession may be overridden for the common good.
- The Church of England retains too many Catholic practices and should be further reformed. Toleration for Protestant Dissenters, but not for Catholics, should be permitted.

The Whigs controlled the elected House of Commons and took the lead in the attempt to exclude James from succeeding his brother as king. The Whigs argued that James would rule as a dictator like France's Catholic King Louis XIV.

The more conservative Tories dominated the House of Lords and objected to overturning England's tradition of a hereditary monarchy. Although they, too, dreaded a Catholic king, the Tories still blocked the exclusion bills proposed by the Whigs. The exclusion attempt finally ended when Charles, who opposed it, refused to call a new Parliament after 1681.



*To this day, historians debate whether English King James II (1633–1701) wanted to just establish religious toleration for Catholics or to turn England into a centralized Catholic state. (Wikimedia Commons)*

## James II and Toleration

In 1685, Charles II died, and his brother became king, reigning as James II. Surprisingly, English Protestants welcomed their new Catholic king. Many sided with the Tories and believed even a Catholic king was better than another civil war over the monarchy.

James assured his subjects that he would “preserve this government both in church and state as it is now by law established.” Catholics made up only about 1 percent of the English population. But James believed that, if instructed properly, Protestants would voluntarily convert to Catholicism as he himself had done.

Shortly after James took the throne, the Duke of Monmouth, one of Charles II’s illegitimate sons, led a rebellion to make himself king. James formed an army and defeated him. Known as the Bloody Assizes, a series of trials followed, and hundreds of rebels were executed.

James violated custom and did not disband his army after the threat passed. Instead, he created a peacetime standing (permanent professional) army organized and trained like that of Louis XIV. James stationed his troops throughout

England, frequently quartering them in private homes and inns. This caused resentment and fears that James would someday use this standing army against his subjects.

Meanwhile, James had formed a council of top government advisers who were nearly all Catholics. James attended Catholic mass in the royal palace. He also encouraged English Catholics to worship openly in public meetings even though this was illegal under the criminal laws passed by Parliament.

In addition, James approved the building of Catholic chapels and schools. He allowed the printing of Catholic Bibles and other religious publications. He welcomed Catholic missionaries from France and other European countries.

While all this was going on, James attempted to persuade Parliament to repeal the criminal laws and Test Acts that discriminated against both Catholics and Protestant Dissenters. Parliament refused and called for the rigorous enforcement of these laws. James then dissolved Parliament and ruled without it.

In 1686, James forged a political alliance with dissenting Protestants such as the Quakers led by William Penn. James promised them religious freedom in exchange for supporting his effort to secure the same for his fellow Catholics.

Acting on his own, James suspended enforcement of the criminal laws banning public worship by Catholics and Protestant Dissenters. He also dispensed with the enforcement of the Test Acts when he appointed Catholics and Dissenters to government and military posts.

His actions enraged Parliament. Whigs and some Tories argued that the king could not lawfully suspend or dispense with laws without Parliament’s consent. James replied that suspending and dispensing with laws were part of the king’s inherited powers. James replaced judges with those friendly to his policies. He won a court decision, taking his side of the controversy.

Next, James set out to pack a new Parliament with Protestant Dissenters and other allies. He sent spies to report on the political views of local officials who usually ran for seats in the House of Commons. If they opposed his policies, he replaced them. He also cracked down on speech, press, and other civil liberties to smother criticism of him and his government. He angered Protestants by ordering them to disarm.

James set up a Commission for Ecclesiastical (religious) Causes to punish Anglican clergy who defied his orders not to preach against Catholicism. He also forced colleges at Oxford to accept Catholic students.

In 1688, seven Church of England bishops sent a petition to James, protesting his order to read one of his declarations on toleration from their pulpits. James had them put on trial for



sedition libel (inciting people to overthrow the government). A jury, however, acquitted the bishops to the cheers of those in the courtroom and throughout the kingdom.

Whigs, Tories, Anglicans, Dissenters, and even some Catholics increasingly grew critical of James. Hearing reports of local disobedience among his subjects and a possible Dutch invasion, James backtracked. Hoping to gain Tory support, he withdrew some of his bitterly opposed acts and summoned a new Parliament.

In June 1688, his wife gave birth to a son. This inflamed fears in England of a continuing succession of Catholic kings.

### William of Orange

Days after the birth of James' son, a small group of Whig and Tory nobles sent a message to Protestant Holland's Prince William of Orange. He was married to James' Protestant daughter, Mary. The nobles asked William to intervene against James, apparently hoping to force him to stop his pro-Catholic and dictatorial rule.

William was putting together a coalition of Protestant and even Catholic countries against Louis XIV, who wanted to dominate all of Europe. William quickly saw the advantage of adding England to his coalition.

On November 5, 1688, William landed in England with more than 20,000 soldiers carried by a fleet larger than the Spanish Armada that had threatened England 100 years before. William's army consisted of Dutch soldiers, English soldiers, and others who had fled to Holland.

James was shocked to learn that his English subjects cheered when William landed. Many waved swords and sticks with oranges stuck on them to show they were with him. Some of James' soldiers deserted and joined William as he led his invading army to London.

Violent uprisings against James and his government took place throughout England, Wales, Scotland, Ireland, and even colonial America. Mobs attacked Catholic chapels, schools, printing shops, and the houses of James' government officials and tax collectors. Mobs also attacked his Protestant Dissenter allies and some of James' quartered troops.

Fearing the fate of his beheaded father, Charles I, James ordered his army disbanded, cancelled his call for a new Parliament, and escaped to France as William neared London. The disorder continued for several months.

James made one last stand. In the spring of 1689, he landed in Ireland with a fleet of ships and soldiers supplied by Louis XIV. His troops joined an army of Irish Catholics that had besieged Protestant colonists and soldiers in Northern Ireland.

William led an army against James and defeated his Catholic force in the summer of 1690. James then returned to France.

### The English Bill of Rights (1689)

*The following excerpt from the English Bill of Rights includes the comprehensive political settlement of the Glorious Revolution.*

1. That the pretended power of suspending the laws or the execution of the laws by regal [the king's] authority without consent of Parliament is illegal;
2. That the pretended power of dispensing with laws or the execution of laws by regal authority . . . is illegal;
3. That the commission for erecting the late Court of Commissioners for Ecclesiastical Causes, and all other commissions and courts of like nature, are illegal and pernicious [destructive];
4. That levying money [taxes] for or to the use of the Crown by pretense of prerogative [king's authority], without grant of Parliament . . . is illegal;
5. That it is the right of the subjects to petition the king, and all commitments [imprisonment] and prosecutions for such petitioning are illegal;
6. That the raising or keeping a standing army within the kingdom in time of peace, unless it be with the consent of Parliament, is against law;
7. That the subjects which are Protestants may have arms for their defense suitable to their conditions and as allowed by law;
8. That elections of members of Parliament ought to be free;
9. That the freedom of speech and debates or proceedings in Parliament ought not to be impeached or questioned in any court or place out of Parliament;
10. That excessive bail ought not to be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted;
11. That jurors ought to be duly impaneled and returned, and jurors which pass upon men in trials for high treason ought to be freeholders [property owners];
12. That all grants and promises of fines and forfeitures of particular persons before conviction are illegal and void;
13. And that for redress of grievances, and for the amending, strengthening and preserving of the laws, Parliaments ought to be held frequently.

## The Settlement and English Bill of Rights

A new Parliament, divided between Whigs and Tories, assembled in January 1689. The two parties debated who should be the new king. The Whigs favored William. Most Tories, objecting to Parliament “electing” a king, wanted James’ Protestant daughter, Mary, as queen. A few Tories argued that James had only “deserted” not “abdicated” the throne, so he should return under certain conditions.

When William landed in England he said he was not interested in the throne. But in early 1689, he issued an ultimatum: Either Parliament proclaim him king or he would take his army back to Holland and leave England undefended and in chaos.

The Whigs and Tories finally settled on a compromise. William and Mary would technically rule as co-monarchs, but William would take charge of the government. In February 1689, Parliament offered William and Mary the crown.

At their crowning, Parliament presented William and Mary with a Declaration of Rights. This condemned the illegal acts of James, placed limits on royal authority, called for “frequent” Parliaments, and listed specific rights of Parliament and the people. Nevertheless, the monarchy kept most of its traditional powers.

Parliament later amended the Declaration to say that anyone who “shall profess the popish religion [Catholicism] or shall marry a papist, shall be excluded and be forever incapable to inherit, possess, or enjoy the crown and government of this realm. . . .” This requirement still exists today.

Parliament passed into law the amended Declaration with the consent of King William III. This document became the English Bill of Rights.

The Whigs, the main supporters of the Glorious Revolution, gained the confidence of William and passed into law the Toleration Act of 1689. This allowed moderate Protestant Dissenters, but not Catholics, to worship publicly in licensed meeting places. The Test Acts, however, still excluded the Dissenters along with Catholics from holding public office.

William did not strongly enforce the laws that continued to discriminate against Protestant Dissenters and Catholics. Many Dissenters evaded the Test Acts by taking Communion in an Anglican Church once a year just to qualify for public office. Catholics worshipped pretty much as they pleased. William also appointed bishops to the Church of England who favored a more open-minded policy toward toleration. But England still had a long way to go to before achieving true religious freedom.

## For Discussion and Writing

1. Which one of the following do you think was the main winner and which was the main loser in the Glorious Revolution? Use evidence from the article to back up your choice.
  - A. Monarchy
  - B. Parliament
  - C. Church of England
  - D. Protestant Dissenters
  - E. Catholics
2. Some historians argue that the Glorious Revolution was not a revolution at all but merely a change of kings brought on by a foreign invasion. Do you agree or disagree with this viewpoint? Why?
3. Which of the English Bill of Rights ended up in the American Bill of Rights more than 100 years later? Which one of these rights do you think is the most important? Why?

## A C T I V I T Y

### What Was James II’s Goal?

Some historians believe James only wanted to end religious discrimination against Catholics so they could worship freely and participate fully in English political affairs. Other historians are convinced James wanted to copy the Catholic regime of Louis XIV in France by embarking on a calculated plan to create a centralized Catholic English state with an all-powerful king.

1. Form half the class into two groups that will debate the two sides to this question: **What was James II’s goal?** Each debate group should look for evidence in the article to back up its side.
2. The remaining half of the students will serve as judges of the debate. They will ask questions during the debate and vote on the winner. After they vote, each judge will write an essay, explaining his or her answer to the debate question.
3. Debate procedure:
  - a. Each debating group will make an opening statement on the evidence that supports its side of the debate.
  - b. Each debating group will then have a chance to question the other side.
  - c. The judges may ask questions at any point during the debate.
  - d. The judges will discuss the debate question, vote on it, and write their individual essays.

# John Maynard Keynes and the Revolution in Economic Thought

British economist John Maynard Keynes believed that classical economic theory did not provide a way to end depressions. He argued that uncertainty caused individuals and businesses to stop spending and investing, and government must step in and spend money to get the economy back on track. His ideas led to a revolution in economic thought.

John Maynard Keynes (pronounced *canes*) was one of the great economic thinkers. Born into an academic family in 1883, his father was a noted philosophy and economics professor at Cambridge University. His mother was a teacher who later served as mayor of Cambridge.

Keynes attended Eton, England's best prep school. After Eton, he went to King's College at Cambridge University. He earned a degree in mathematics, but his curiosity extended to many fields—history, classical literature, the arts, and moral philosophy. He learned economics from Cambridge's leading economist, Alfred Marshall.

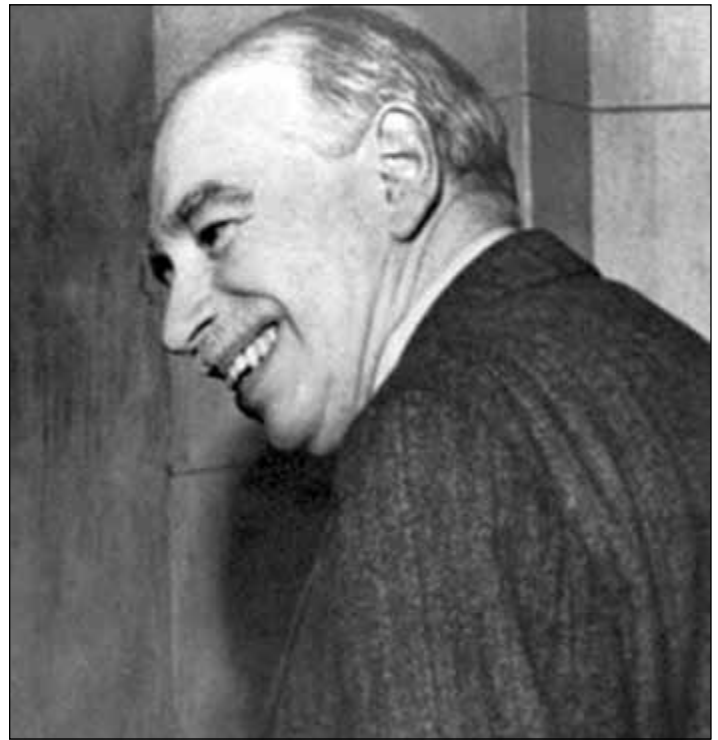
Brilliant, an outstanding student, and intellectually curious, Keynes did not pursue a traditional academic career. He did work as a university lecturer, but he also spent much of his life working in government, writing books and articles (for newspapers, magazines, and academic journals), and working as a financial consultant. Keynes also played the stock market, which he considered a casino. He lost his shirt more than once but ended up with a substantial investment fortune.

In 1906, Keynes got a job in Britain's colonial India Office as a junior clerk. His curiosity propelled him to become an expert in India's finance system.

## Britain's Leading Economist

When World War I broke out in 1914, Keynes joined Britain's Treasury ministry. He specialized in financial relations among the allies. At the Paris Peace Conference after the war, he was in charge of the ministry's position on how much Germany should pay in war reparations—financial compensation to the victors.

Keynes found that allied leaders believed Germany should pay for the “whole costs of the war,” including widows' pensions. Keynes disagreed. He called for reparations that Germany had a reasonable “capacity to pay.” Keynes believed that by financially crippling Germany, all European nations would suffer.



John Maynard Keynes (1883–1946) wrote two highly influential books. One criticized the harsh terms of the treaty ending World War I. The other offered a revolutionary economic theory. (Wikimedia Commons)

In May 1919, the final draft of the Treaty of Versailles shocked Keynes. It demanded the Germans pay billions of dollars over a period of 30 years.

Keynes declared, “The Peace is outrageous and impossible and can bring nothing but misfortune.” He resigned from the Treasury. Returning to Cambridge, he took charge of the finance department at King's College and wrote a book, *The Economic Consequences of Peace*. The book made him famous.

In his book, Keynes attacked the leaders at the Paris Peace Conference. He predicted the harsh treaty would impoverish Germany and would lead to a war of German revenge. He also criticized the leaders for dealing only with political matters like redrawing national borders while ignoring economic cooperation needed to bring permanent peace to Europe. Published in 1919, Keynes' book was an international bestseller.

Keynes lived in Bloomsbury, an area in central London. He was a long-time member of a circle of famous writers, painters, and performing artists. A passionate supporter of the arts, he frequently attended the theater, art galleries, and the ballet. In 1925, he married ballerina Lydia Lopokova.

On their honeymoon to the Soviet Union to visit Lydia's family, Keynes met with communist economic planners to observe Marxist socialism in action. Upon returning to Britain, Keynes wrote an essay attacking the Soviet



system. He called it a system using “the weapons of persecution, destruction, and international strife” along with “an obsolete economics textbook” (Marx’s *Das Kapital*).

In the 1920s, Keynes began to focus on the problem of Britain’s unemployment. It had remained stuck around 10 percent since the end of the war. Like most economists at that time, he believed monetary policy would remedy an economic slump.

This meant that the nation’s central bank, the Bank of England, should lower interest rates and increase the money supply. These monetary measures were supposed to halt falling prices, boost industrial production, and revive hiring.

But Keynes was puzzled when monetary policy did not lift Britain out of its economic rut. In 1924, he explored a radically new way to combat unemployment by hiring the jobless to build roads, bridges, and other government-financed projects.

Keynes also became embroiled in a controversy concerning the gold standard. At this time, most industrial countries tied the value of their paper currency to gold. For example, one French franc might be backed by 1/100th of an ounce of gold in the French treasury. Britain had gone off the gold standard during the war. In 1925, Winston Churchill, Britain’s finance minister, acted against Keynes’ advice and returned the nation to the gold standard. Keynes opposed this move because it limited the paper money supply to the amount of gold in the Bank of England’s vaults. By holding back the money supply, the gold standard helps to control inflation in boom times. But Britain was in a long economic slump.

Thus, the gold standard hobbled monetary policy, which called for an expansion of the money supply to stimulate economic growth. Also, Churchill set the British pound’s value in gold high. This made the nation’s exports too expensive to compete with other countries.

As Keynes predicted, returning to the gold standard worsened Britain’s unemployment. In 1928, he helped draft a Liberal Party election campaign proposal to reduce unemployment by government-funded public-works projects. Then the New York stock market crashed on October 24, 1929.

### **Keynes and the Great Depression**

The stock market crash ended a frenzy of speculation that had driven up stock prices far beyond their real value. The U.S. central bank, the Federal Reserve, had used monetary policy to try to rein in speculation by increasing interest rates. But the Fed’s policy caused a sharp drop in consumer spending for major purchases such as automobiles and houses.

Following the disaster on Wall Street, people began to withdraw their money from the nation’s banks, causing many banks to fail and depositors to lose their money. The Federal Reserve refused to pump more money

into the banking system and even raised interest rates further in 1931. This made it more difficult for individuals and businesses to borrow and spend.

The crash led to the Great Depression. During the 1930s, industrial production in the U.S. dropped by nearly 50 percent. Unemployment reached 25 percent of the labor force. The U.S. offered no unemployment insurance, only bread lines filled with jobless workers and their families.

The Depression quickly spread to Europe and around the world. Relying on monetary solutions, most central banks cut interest rates and increased their money supply. Britain finally abandoned the gold standard in 1931. But the economic damage was too severe. Consumers and businesses, gripped by fear of the future, hoarded cash and stopped spending. Meanwhile, the U.S. and other nations cut their spending and raised taxes to balance their budgets.

As the worldwide depression became more severe, Keynes concluded that the free-market capitalist system had no remedy for a long and deep economic decline. Reducing interest rates and other monetary policy solutions were not enough. Keynes feared that if capitalism did not find a way to address mass unemployment, desperate people might turn to communism or fascism.

Keynes argued that the government must save capitalism. In a 1931 radio broadcast, he revived his earlier backing of public-works projects and called for the major redevelopment of central London. He asserted that the reduction of government relief payments to idle workers and an increase in tax revenue from suppliers of materials would offset the cost of such projects.

In 1932, Keynes began to argue publicly that the solution to mass unemployment depended on more, not less, government spending. This would require the government to borrow money and temporarily run a deficit.

The following year, Keynes wrote a series of newspaper articles explaining the “employment multiplier.” This was a new economic concept that he and one of his students, Richard Kahn, had been developing.

Keynes pointed out that newly employed public project workers and suppliers would have cash to spend again, causing more demand for goods and services from private businesses. With more orders coming in, Keynes predicted, businesses would regain confidence and begin to hire workers. These workers would in turn spend their paychecks, multiplying demand, and so on.

Despite his reputation as Britain’s leading economist, Keynes had little luck convincing the government. The Treasury continued to insist on spending cuts and balanced budgets.

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In December 1933, the *New York Times* published an article by Keynes directed at newly elected President Franklin D. Roosevelt. Keynes advised Roosevelt to focus first on the terrible unemployment problem. Keynes presented his case for the government to borrow and spend large amounts of money on public-works projects. Earlier, Keynes had passed on to FDR an explanation of the “employment multiplier.”

In May 1934, Keynes visited Roosevelt in Washington, but FDR was reluctant to adopt Keynes’ ideas. Nevertheless, Keynes had many meetings with government officials, Wall Street investors, business leaders, and university economists. He tried his best to persuade them to embrace his big idea that explained why severe depressions occurred and how to end them.

### Keynes’ Big Idea

Keynes had been working on the puzzle of persisting unemployment in Britain for over a decade. In 1936, he published *The General Theory of Employment, Interest, and Money*, which revolutionized economics.

In his book, Keynes declared that free-market capitalism had failed to provide a remedy for an economy stuck in a long-lasting depression with mass unemployment. He wrote that relying on traditional monetary solutions like lowering interest rates was not enough. In uncertain times, businesses and individuals shy away from borrowing and lending money.

Keynes argued that uncertainty brought on by a shock to the economy, such as the 1929 Stock Market Crash, cripples “effective demand.” Effective demand is the actual amount of consumer and investor spending in an economy. When effective demand is up, businesses are profitable and employment is high.

When uncertain consumers and investors sharply cut back on their spending, effective demand drops. Businesses lose confidence about future sales and income. To cut costs, they start to lower prices, reduce wages, and lay off workers. Unemployed workers do not have much money to spend, which further reduces spending throughout the economy. Thus, a vicious downward spiral goes into motion, leading to failed businesses and mass unemployment.

Keynes challenged a key free-market principle that saving is always good because it provides the money for investing in businesses. Keynes agreed saving was a good idea during normal economic conditions. But he argued that it hurt the economy in a depression. If people hoard their cash in a depression, he said, they will obviously spend less. This only worsens effective demand and feeds into the downward economic spiral.

Keynes recognized that it makes sense for individuals to hold on to their money in uncertain times, but he pointed out that their reduced spending harms the economy as a

whole. As people spend less, companies sell less and invest less in production. The economy gets worse. Keynes called this the “paradox of thrift.”

When uncertain consumers and investors are not spending in a depression, where should the money come from to pump up effective demand? Keynes answered that government should take on this role.

Keynes pioneered the use of national economic statistics (macroeconomics). He estimated how much a government should spend to increase effective demand and achieve full employment.

Keynes called for governments in a depression to hire jobless workers directly for public works like roads, dams, and schools. He was confident that the “employment multiplier” would then stimulate private business activity and rehiring to end the depression.

The most controversial part of Keynes’ theory concerned how the government would finance its public-works spending. He said that the government would have to borrow the money by selling treasury bonds. It should not attempt to balance its budget but should run a temporary deficit. Raising taxes to pay for the public works would take more money out of people’s hands, he explained, defeating the goal of boosting effective demand.

Keynes concluded that lowering interest rates, expanding the money supply, and other monetary policies could only go so far. Getting an economy out of a deep depression, he argued, required fiscal policy measures such as government borrowing and deficit spending. He also thought tax cuts could help, but he noted that people were likely to save some or all the money they gained rather than spend it.

Keynes recognized that his deficit spending solution to boost effective demand could explode the national debt and cause inflation in the future. But he thought the government could address these problems by increasing taxes once prosperity returned.

Thus, effective demand (sometimes called “aggregate demand”) was at the center of Keynes’ General Theory about the cause of and remedy for severe depressions. This was his big idea.

Traditional economists argued against deficit spending and government intervention in the economy. They pointed out that in the long run the economy would correct itself. Keynes famously replied, “In the long run, we are all dead.” Keynes wanted to relieve the tremendous suffering a depression caused and avoid a possible communist or fascist revolution.

Many younger economists in the world enthusiastically accepted Keynes’ radically new ideas. Older economists tended to defend free-market principles and warn about the dangers of government intervention in the private enterprise system.



## Economic Terms

**central bank** A special bank operated by the government, such as the U.S. Federal Reserve, that sets monetary policy.

**monetary policy** Central bank monetary policy increases or decreases the money supply to try to control inflation and avoid depressions. Central banks set certain interest rates that eventually affect businesses and the consumers by making it more or less expensive to borrow money.

**fiscal policy** The spending, borrowing, and taxing policy adopted by the government.

**effective demand** Keynes' term for actual consumer spending on goods and services plus investor spending on capital goods such as computers for business operations.

Keynes' chief opponent was Friedrich A. Hayek, an Austrian free-market economist and harsh critic of socialism. Hayek rejected Keynes' argument for massive government spending to end a depression. Instead, Hayek called for individuals to save more, directly contradicting Keynes' "paradox of thrift." Saving more, Hayek argued, would enable greater private investment in business.

## Keynes and the New Deal

When Keynes published his book in 1936, the New Deal was operating in the U.S. Numerous government employment programs such as the Works Progress Administration (WPA) hired workers to construct government buildings, roads, and other public projects. The purpose of the WPA and similar New Deal programs was relief for the jobless. The New Dealers did not design these programs to increase effective demand, as Keynes wanted.

Keynes calculated that the U.S. federal government needed to borrow billions of dollars for its employment programs to stabilize effective demand and get the U.S. on the road to recovery. But the New Deal borrowed and spent far less. The government even raised taxes, further crippling consumer and investor demand. By 1936, the unemployment rate was lower but still more than 15 percent.

In 1937, President Roosevelt took a sharp turn and decided to balance the budget. He ended some job program funding, cut other government spending, and raised taxes. In addition, the Federal Reserve reduced the money supply to curb renewed stock market speculation.

These fiscal and monetary policies were the exact opposite of what Keynes advised. As a result, effective demand, in Keynes' view, took another hit in the U.S. Industrial production declined, business investment dropped, consumer spending decreased, and unemployment surged to 20 percent in 1938. Some called this the "Second Depression."

A debate then took place among Roosevelt's economic advisers. One group wanted to spend less and balance the

budget. The other group agreed with Keynes that the government needed to borrow and spend more to strengthen effective demand.

The Keynesians won the debate and deficit spending resumed. By 1940, however, war in Europe and Asia had its own influence on effective demand in the U.S. Factories began to convert to producing weapons. In March 1941, the Lend-Lease Act authorized producing and transporting defense materials to Britain and other countries fighting Germany and Japan.

When the U.S. entered World War II in December 1941, wartime spending grew enormously. Deficit spending soared to \$50 billion per year between 1943 and 1945. This was far above the annual budget deficits in the 1930s. Meanwhile, unemployment shrank to 1 percent.

## The Fate of Keynesian Economics

As the war ended, Keynes took a leading role in negotiating an international agreement to prevent a repetition of the economic decline that followed World War I. In July 1944, 40 nations signed the Bretton Woods Agreement. This agreement, mainly designed by the U.S., established a stable currency exchange system, opened up free trade, and provided loans to poor countries to develop their economies.

In 1945, Keynes negotiated an agreement with the U.S. to settle what Britain owed for the Lend-Lease program and to secure post-war aid. Keynes hoped for a \$6 billion "gift" from the U.S. in recognition of Britain's heroic war effort. He had to settle, however, for a \$3.75 billion loan at 2 percent interest.

Plagued by heart disease, Keynes died in London in 1946 at age 62. He never lived to see the "Keynesian Revolution." For two decades after the war, nearly all economists were Keynesians. Most advocated government deficit spending in bad times and government surpluses in good times.

In the 1970s, a spike in oil prices led to a dangerous combination of high inflation and unemployment. Keynesian economics did not seem to apply to this situation. Milton Friedman, a University of Chicago economist, led a revival of free-market economics. Friedman stressed less government spending, little regulation of private enterprise, and lower taxes.

Free-market capitalism took off in the U.S. after 1980. Free-market economists argued that the private enterprise market system was self-regulating and needed little government oversight. Banks, investment companies, and other financial institutions were de-regulated. Economists increasingly relied on mathematical computer programs to predict investment risk.

Then things fell apart in 2008. Real estate values fell dramatically, spurring huge losses in banking and financial

*(Continued on next page)*

institutions and destabilizing the stock market. Businesses along with state and local governments cut wages and laid off workers. Unemployment grew to more than 10 percent. Millions of homeowners could not afford their mortgage payments, which led to increased foreclosures and further depressed real estate prices. In a recurring cycle, financial institutions, which had invested heavily in mortgages, continued to suffer substantial losses.

Amid this financial uncertainty, people sharply reduced their spending and investing (effective demand). Many hoarded cash in low interest savings accounts and bought gold, further reducing demand. Another Great Depression seemed near.

The Bush and Obama administrations rescued banks, other financial institutions, and auto companies with billions of dollars in loans. Congress passed a \$787 billion government-spending program to stimulate the economy. Keynesian economists said this was too little. Free-market economists said it was too much and would cause further damage by increasing the national debt, inflation, and taxes. By the end of 2009, the prospects for the U.S. economy were at best uncertain.

### For Discussion and Writing

1. What are the similarities and differences between the Great Depression of the 1930s and the crisis that began in 2008 (often referred to as the “Great Recession”)?
2. According to Keynes, what is the “paradox of thrift”? Do you think it is true? Explain.
3. What was Keynes’ “big idea”? Do you think it was the right remedy for ending the Great Depression? Why? Do you think it is the right remedy today for ending the Great Recession? Why?

### For Further Reading

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Skousen, Mark. *The Big Three in Economics: Adam Smith, Karl Marx, and John Maynard Keynes*. Armonk, N.Y.: M.E. Sharpe, 2007.

## A C T I V I T Y

### Jobs, Jobs, Jobs

By the end of 2009, 8 million jobs had been lost in the U.S. Great Recession. Economists predict a slow employment recovery. This has prompted a variety of proposals for creating more jobs. Form small groups to discuss the proposals listed below. Each group should select three proposals, rank them by importance, and then defend the top-ranked one before the rest of the class.

### Proposals to Create More Jobs

1. Grant federal aid to states to prevent layoffs of teachers, police, and other state and local government workers.
2. Grant federal aid to states to fund construction of highways, bridges, and other transportation projects.
3. Grant federal aid to states to make schools, libraries, and other public buildings more energy efficient.
4. Create a direct government employment program to hire jobless workers for public projects as the Work Progress Administration (WPA) did during the Great Depression.
5. Provide a tax credit to companies that hire new workers.
6. Provide a tax credit to those who purchase a newly constructed house.
7. Provide a tax credit to homeowners who install energy saving windows and doors or solar heating.
8. Cut taxes for small, large, or all businesses.
9. Cut taxes for individuals.
10. Cut government spending and reduce the national debt.

Groups may also devise their own proposals.



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# William Jennings Bryan, the 'Great Commoner'

Born in 1860 in a small town in southern Illinois, William Jennings Bryan had a passion for oratory. According to a neighbor, he was giving “little talks” to his friends at age 4. His skill at public speaking and his ability to connect with the “common man” made him one of the most famous, beloved, and influential Americans of his time.

William Jennings Bryan grew up a regular churchgoer and active in the YMCA. After high school and college, he went to law school and graduated in 1883. In a letter to his wife, he said that as a lawyer his aim would be “to mete out justice to every creature, whether he be rich or poor, bond or free.” His great desire, he wrote, “is to honor God and please mankind.”

Bryan and his wife moved to Lincoln, Nebraska, in 1887 and together started a successful law practice. But politics was in his blood, and within a year he was out on the stump, campaigning for a Democrat running for Congress.

Two years later, Bryan decided to run for Congress himself. 1890 was a bad year for Nebraska’s farmers. A terrible drought had destroyed millions of acres of corn, wheat, and oats. Farmers were forced to mortgage their homes, and businesses were going bankrupt. Many joined the Populist Party, rebelling against a “conspiracy” of the monopolies (or “trusts”) on Wall Street. Bryan campaigned as a leader of the prairie insurgents, quoting the Bible and speaking in a language that small farmers and shopkeepers understood. He spent little money (less than \$200), but he won the election, becoming just the second Democratic congressman in Nebraska history. After the victory, a local newspaper predicted that Bryan had the abilities that would make him “a remarkable man in the history of this nation,” a prediction that soon became true.

## A Champion for the Common Man

In 1893—while Bryan was serving in Congress—the country fell into a terrible depression. The Panic of 1893 was the worst of that century. Thousands of businesses closed, and dozens of railroads went bankrupt. Ragged armies of unemployed men staged demonstrations, and union members went on strike. Soup kitchens were set up for the unemployed, but the federal government did almost nothing to help.

Many blamed President Cleveland for their hardship. Cleveland had sent government troops to crush the Pullman railway strike. He did not



*One of the youngest men ever to run for president, Democrat William Jennings Bryan (1860–1925) stands in front of a flag during his first presidential campaign in 1896. (Wikimedia Commons)*

carry through on his campaign promise of reducing the high protective tariffs that raised the cost of materials for farmers and small businesses. And he repealed the Sherman Silver Purchase Act of 1890, which had allowed the Treasury to buy a lot of silver for notes that could be redeemed in silver or gold. Repealing that act was popular with bankers and corporate leaders, who believed that having the dollar tied only to gold would help business. But it infuriated the “free silverites.” They believed that a gold standard hurt the working man and that “free silver” would result in more money in circulation and make it easier for farmers and other debtors to pay off their loans.

Bryan strongly opposed repealing the Silver Purchase Act. On August 16, 1893, he spoke before Congress for three hours, portraying the cause of free silver as a defense of the working man. He insisted that there could be no room for compromise: “Just as long as there are people here who would chain the country to a single gold standard, there is war—eternal war.” He sat down to an explosive ovation. It was the first of many speeches that brought him fame and national attention.

*(Continued on next page)*



## The ‘Cross of Gold’ Speech

During his two terms in Congress, the economy continued to get worse. Bryan worked for more reforms to help farmers, miners, and urban workers whose jobs had been lost. He called for a graduated income tax to bring in revenue, for federal insurance of bank deposits, and for the freedom to form a union and to strike. He was already being hailed as a leader, and in the summer of 1895, he decided to run for president.

It was an ambitious goal for a young man of 35 from Nebraska. Most Americans did not know who he was, and he had no money to finance his campaign. But he possessed a great asset: his extraordinary skill for speaking. For 15 months, he traveled across the country, speaking and entrancing audiences with his looks, his voice, and his message. By July 1896, he stood up in front of the delegates at the Democratic convention and was ready to deliver his message.

“I come,” Bryan said, “to speak to you in defense of a cause as holy as the cause of liberty—the cause of humanity.” He urged his fellow Democrats to stand up for the common man. Our party, he said, should not defer to Wall Street and big business: “The man who is employed for wages is as much a businessman as his employer . . . the merchant at the crossroads store is as much a businessman as the merchant in New York . . . the farmer who toils all days is as much a businessman as the man who goes upon the board of trade and bets upon the price of grain . . . .” After 20 minutes before a rapt audience, Bryan made a final eloquent call for free silver. To those who call for the gold standard, he said, “we will answer their demand . . . by saying to them: You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold.”

There was a moment of silence and then the convention hall erupted. Men and women stood up on their chairs and flung off their hats. Others had tears streaming down their cheeks. The crowd cheered for more than half an hour. And the next day, Bryan won the presidential nomination.

During the next three months (from August to November), Bryan set out across the country by train. He traveled 18,000 miles and spoke to more than 5 million people along the way. His Republican rival, William McKinley, sat on his porch in Ohio throughout the campaign. McKinley’s campaign manager, Mark Hanna, raised more than \$3.5 million from wealthy Wall Street bankers and spread the word that electing Bryan would bring business down. Hanna’s message to workers was that electing McKinley would bring them “a full dinner pail.” While Bryan tried to win over urban workers, factory owners told their workers to stay home and not to vote. On Election Day, Bryan narrowly lost, and the



Bryan (left) served as President Woodrow Wilson’s first secretary of state. He resigned in 1915 after he failed to persuade Wilson to keep working toward peace with Germany. (Library of Congress)

Republican Party was back in power. But by now, Bryan was perhaps the best known man in America.

## The Prince of Peace

Bryan ran for president two more times—in 1900 and 1908. He was defeated both times, and yet his fame did not diminish. He was, and continued to be, a political player who held strong views on many issues and significantly influenced the Democratic Party.

After 1896, Bryan continued to tour the country. He gave up practicing law but made a comfortable living with fees he earned delivering lectures (often \$250 per speech). During the summers, he would lecture throughout the country, and huge crowds would come to hear him speak. He toured the world in 1905–06, visiting 18 countries. In 1900, he also began publishing a weekly magazine—the *Commoner* (based on his nickname, the “Great Commoner”). It soon had a circulation of 145,000 readers.

Between the lecture circuit and the *Commoner*, Bryan made his views widely known. He continued to argue for a progressive income tax, for regulating railroads, for women’s suffrage, and for strengthening antitrust laws. After 1900, he became a strong champion of anti-imperialism and stopping American expansion in Cuba, the Philippines, and Haiti. He also began arguing for outlawing the sale of alcohol. All his speeches contained a strong religious message—a message of the need for a moral awakening, of the need for a conscience to stand

against corruption in politics and commerce, and of the need to banish war and tyranny from the earth.

Bryan was able to argue convincingly for peace in his lectures and writings, but he did not fare so well on the political stage. In 1913, newly elected President Woodrow Wilson asked Bryan to serve as secretary of state. Bryan came to office with a plan that he believed would end all wars: to have every nation agree to sign a bilateral treaty with the United States in which each side would agree to submit any dispute to a panel for investigation and defer conflict for a year. Wilson agreed with the plan, and that summer, 30 nations signed the treaties, including all the major European nations except Germany and Austria-Hungary.

Bryan's passion and commitment to preventing war was not successful and in fact damaged his political career and reputation. After World War I began in 1914, Bryan urged America to remain neutral. But Germany's tactics of submarine warfare undermined Bryan's policy. In May 1915, a German U-boat in the Atlantic torpedoed a British passenger ship, the *Lusitania*, killing 128 American passengers. Bryan tried in vain to persuade President Wilson to continue to work toward peace with Germany. When Wilson disagreed, Bryan resigned.

### Teaching Evolution in Tennessee

After resigning in 1915, Bryan continued to oppose the United States' entering the war and to promote policies that would help working-class voters. His main concern was to reverse the erosion of religious faith and bring society closer to God. He believed that "morality is dependent on religion" and that religion "is not only the most practical thing in the world but the most essential." For at least nine months of each year, Bryan traveled on the lecture circuit, preaching to thousands of devoted admirers.

Many of Bryan's lectures concerned what he saw as a serious threat to morality—Darwin's theory of evolution. Bryan believed that if students were taught Darwin's theory, which he interpreted to mean that only the strongest and fittest survive, then students would have little reason to care for the weak and helpless. With other anti-Darwinists, Bryan went to many state capitols to make the case for anti-evolution laws. In 1924, he gave a speech in the state capitol of Tennessee against teaching evolution. Most people, he had concluded, "do not believe in the ape theory." Anti-evolution laws were the correct solution because "those who pay the taxes have a right to determine what is taught; the hand that writes the paycheck rules the school."

A year later, on March 23, 1925, Tennessee passed a law that banned teaching any theory that "denies the story of the Divine Creation of man as taught in the Bible, and to teach instead that man has descended from a lower order

of animals." The American Civil Liberties Union started looking to test the law in court. Business leaders in Dayton thought a trial could bring the town publicity. It was arranged for a case to be filed in Dayton, charging a young teacher named John Scopes with violating the law by using a textbook that discussed human evolution.

The prosecutors asked Bryan if he would join their team, and he readily agreed. Bryan saw the case as a "battle royal" in defense of the faith and morality. On the other side, Scopes was defended by the American Civil Liberties Union, which was determined to fight for freedom of speech. "We shall take the Scopes case to the United States Supreme Court if necessary," said the founder of the ACLU, "to establish that a teacher may tell the truth without being thrown in jail." Clarence Darrow, one of the most famous trial lawyers in the country, volunteered to represent Scopes.

With two celebrity lawyers facing off, the Scopes trial became a huge public spectacle. More than 100 journalists flooded into Dayton for the "monkey trial," and a policeman cruised town with a sign "Monkeyville Police" on his motorcycle. Spectators crowded the courtroom as the lawyers argued over whether scientific evidence could be introduced to show that Darwin's theory was factually correct. The judge ruled that scientific evidence was irrelevant because the law clearly banned any teaching about human evolution, whether or not it conflicted with the Bible and whether or not it was scientifically correct.

The only issue that remained was whether Scopes had violated the law. But Darrow was determined to show that science did not conflict with religion and that the Bible could not be interpreted literally. On the last day of trial, he called Bryan to the stand as an expert on the Bible. Bryan made a terrible mistake and agreed to testify. He did not do well on the stand. Darrow posed numerous questions about events recounted in the Book of Genesis: Did Jonah live inside a whale for three days? How could Joshua lengthen the day by making the sun stand still? Bryan had no good answers to the questions, and the questioning grew nasty. When lawyers tried to stop the questioning Bryan, shouted: "I am simply trying to protect the word of God against the greatest atheist or agnostic in the United States."

"I object to your statement," Darrow shouted back. "I am examining your fool ideas that no intelligent Christian in the world believes."

The next day, the defense conceded that it had nothing more to offer in Scopes' defense, and the jury, after nine minutes, returned a verdict of guilty. The prosecution had won, but Bryan was widely ridiculed in the national press. Five days later he died in his sleep. He never had a chance to deliver the closing argument he had prepared in defense

(Continued on next page)

of religion and the Christian faith, a speech that argued eloquently that while science is a “magnificent force . . . it is not a teacher of morals.” The speech, never heard, was one more statement from a man who throughout his life had undertaken to spread the moral code of the Christian faith in which he fervently believed.

### Bryan, the Freelance Politician

In 1931, William Gibbs McAdoo, who had served with Bryan in Wilson’s Cabinet, wrote that William Jennings Bryan had “more to do with the shaping of the public policies of the last 40 years than any other American citizen.” Bryan had led the campaign for three constitutional amendments: for the income tax (16th Amendment), the popular election of U.S. senators (17th Amendment), and for Prohibition (18th Amendment). He campaigned for many other causes ultimately embraced by the country, including the right of women to vote, the right of workers to join unions and to strike, and the strengthening of antitrust laws. He also campaigned for issues still being discussed today, including having the federal government stop the influence of big business on politics by financing all “legitimate” campaign expenses.

Bryan’s accomplishments are quite extraordinary, given that he came from a small rural state that rarely voted for Democrats and lost each of his three runs for president. He was, in the words of a biographer, a “freelance” politician, who was free to say what he believed in and never compromised his beliefs. As Bryan often said of himself, “I kept the faith.”

### For Discussion and Writing

1. Bryan had many nicknames: the “Great Commoner,” the “Silver Knight of the West,” the “Boy Orator of the Platte,” the “Peerless Leader of the Democratic Party,” and the “Fundamentalist Pope” (the last nickname was an insult given by journalist H.L. Mencken). Why do you think was he called each of these names?
2. In 1896, the Populist Party, which represented the interests of farmers and laborers, backed Bryan, the Democratic candidate. Why do you think it backed Bryan? How did McKinley appeal to these voters?
3. What were Bryan’s political views? What U.S. politicians today do you think hold similar views? How are they similar? Different?

## A C T I V I T Y

### Nicknames

William Jennings Bryan had many nicknames. In this activity, groups will create nicknames for famous figures that lived during Bryan’s lifetime.

1. Divide into small groups.
2. Each group should do the following:
  - a. Select seven figures from the list below.
  - b. Research each figure in your history text.
  - c. Create a clever nickname that captures what each person is famous for. (Do not use an actual nickname.)
  - d. Be prepared to report to the class on your nicknames and why they suit the people.

### Famous Figures

Jane Addams	Alfred Thayer Mahan
Susan B. Anthony	Dwight Moody
Alexander Graham Bell	J. Pierpont Morgan
Joseph Cannon	Samuel Morse
Andrew Carnegie	Carry A. Nation
Carrie Chapman Catt	Frederick Law Olmsted
Eugene V. Debs	Alice Paul
George Dewey	Joseph Pulitzer
John Dewey	Jeannette Rankin
W.E.B. Du Bois	Jacob Riis
Thomas A. Edison	John D. Rockefeller
Samuel Gompers	Upton Sinclair
Benjamin Harrison	Lincoln Steffens
John Hay	William Graham Sumner
William Randolph Hearst	Billy Sunday
Charles Evans Hughes	William Howard Taft
Hiram Johnson	Ida Tarbell
Robert La Follette	Booker T. Washington
Henry Cabot Lodge	James B. Weaver



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## STANDARDS ADDRESSED

### Glorious Revolution

**National High School World History Standard 27: Understands how European society experienced political, economic, and cultural transformations in an age of global intercommunication between 1450 and 1750.** (9) Understands the complaints, goals, and issues of the Cavaliers and Roundheads in the English Civil War. (10) Understands factors that influenced the economic and political development of . . . England . . . (e.g., . . . factors that led England to develop a Parliamentary government . . .).

**California History Social Science Standard 10.2: Students compare and contrast the Glorious Revolution of England, the American Revolution, and the French Revolution and their enduring effects worldwide on the political expectations for self-government and individual liberty.** (2) List the principles of the Magna Carta, the English Bill of Rights (1689), the American Declaration of Independence (1776), the French Declaration of the Rights of Man and the Citizen (1789), and the U.S. Bill of Rights (1791).

**California History Social Science Standard 7.11: Students analyze political and economic change in the sixteenth, seventeenth, and eighteenth centuries (the Age of Exploration, the Enlightenment, and the Age of Reason).** (6) Discuss how the principles in the Magna Carta were embodied in such documents as the English Bill of Rights and the American Declaration of Independence.

**California History Social Science Standard 8.2: Students analyze the political principles underlying the U.S. Constitution and compare the enumerated and implied powers of the federal government.** (1) Discuss the significance of the Magna Carta, the English Bill of Rights, and the Mayflower Compact.

### Keynes

**National High School Economics Standard 6: Understands the roles government plays in the United States economy.** (4) Understands that government can use subsidies to help correct for insufficient output, use taxes to help correct for excessive output, or can regulate output directly to correct for over- or under-production or consumption of a product.

**National High School Economics Standard 8: Understands basic concepts of United States fiscal policy and monetary policy.** (1) Knows that fiscal policy involves the use of national government spending and taxation programs to affect the level of economic activity in order to promote price stability, maximum employment, and reasonable economic growth. (2) Understands the concepts of balanced budget, budget deficit, and budget surplus.

**National High School World History Standard 39: Understands the causes and global consequences of World War I.**

**National High School World History Standard 41. Understands the causes and global consequences of World War II.** (6) Understands the argument that the severity of the Treaty of Versailles caused unavoidable revolt against the nations that imposed it.

**California History Social Science Standard 12e.3: Students analyze the influence of the federal government on the American economy.** (3) Describe the aims of government fiscal policies (taxation, borrowing, spending) and their influence on production, employment, and price levels.

**California History Social Science Standard 10.6: Students analyze the effects of the First World War.** (1) Analyze the aims and negotiating roles of world leaders, the terms and influence of the Treaty of Versailles and Woodrow Wilson's Fourteen Points . . .

**California History Social Science Standard 11.6: Students analyze the different explanations for the Great Depression and how the New Deal fundamentally changed the role of the federal government.** (1) Describe the monetary issues of the late nineteenth and early twentieth centuries that gave rise to the establishment of the Federal Reserve and the weaknesses in key sectors of the economy in the late 1920s. (2) Understand the explanations of the principal causes of the Great Depression and the steps taken by the Federal Reserve, Congress, and Presidents Herbert Hoover and Franklin Delano Roosevelt to combat the economic crisis.

### William Jennings Bryan

**National High School U.S. History Standard 18: Understands the rise of the American labor movement and how political issues reflected social and economic changes.** (3) Understands the appeal of various political parties and the positions they took . . . (5) Understands the issues and results of the 1896

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Backhouse, Roger E. and Bateman, Bradley W. eds. *The Cambridge Companion to Keynes*. Cambridge: Cambridge U. Press, 2006. • Ebenstein, Lanny. "The Anti-Keynes: Friedrich Hayek Sheds Light on Our Economic Troubles." *National Review*. 23 Feb. 2009. • *Encyclopaedia Britannica* articles titled "F.A. Hayek," "Great Depression—Economic History," and "John Maynard Keynes." URL: [www.britannica.com](http://www.britannica.com) • *Fared Zakaria GPS*. 18 Oct. 2009. CNN. Panel discussion on U.S. economy with Robert Skidelsky. • Hiltzik, Michael. "Keynesian Remedies to Free Market Weak Spots." *L.A. Times*. 23 Nov. 2009. • Jeffries, John W. "Keynesianism." *Encyclopedia of American History: The Great Depression and World War II, 1929 to 1945*. Facts on File. 2003. • "The Job Summit" [editorial]. *N.Y. Times*. 2 Dec. 2009. • "John Maynard Keynes." *Encyclopedia of World Biography*. 2nd ed. Gale Research, 1998. • Jones, John Philip. *Keynes's Vision: Why the Great Depression Did Not Return*. London: Routledge, 2008. • Krugman, Paul. "How Did Economists Get It So Wrong?" *N.Y. Times Magazine*. 2 Sept. 2009. • Shlaes, Amity. "Deal or No Deal?" *Time*. 6 July 2009. • Skidelsky, Robert. *John Maynard Keynes, 1883–1946: Economist, Philosopher, Statesman*. New York: Penguin Books, 2003. • \_\_\_\_\_. *Keynes*. Oxford: Oxford U. Press, 1996. • \_\_\_\_\_. *Keynes: The Return of the Master*. New York: Public Affairs, 2009. • Skousen, Mark. *The Big Three in Economics: Adam Smith, Karl Marx, and John Maynard Keynes*. Armonk, N.Y.: M.E. Sharpe, 2007. • Stephey, M.J. "Bretton Woods System." *Time*. 21 Oct. 2008.

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election (e.g., . . . the Populist decision to endorse the Democratic nominee, William Jennings Bryan's "Cross of Gold" speech and how it affected the outcome of the election, arguments and strategies used by William McKinley and Mark Hanna, . . . the major components of the "full dinner pail").

**California History Social Science Standard 11.2: Students analyze the relationship among the rise of industrialization, large-scale rural-to-urban migration, and massive immigration from Southern and Eastern Europe.** (8) Examine the effect of political programs and activities of Populists.

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