

The USA c. 1920-55: Boom, Bust and Recovery Activities

In preparation for A-Level History you need to complete the following:

1. Read the *Boom and Bust Summary which begins on page 7*. This will give you a basic understanding of the period of American history you will be studying in Year 12.
2. Use the prior reading and internet research to define the key words and terms below.

Key word/term	Definition
Gross National Product (GNP)	
Inflation	
Real wages	
Laissez-faire	
National prohibition	
Share	
Wall Street	
Communist	
Bull market	
Federal Reserve Board	
Supremacists	
Bolshevik Revolution	
FBI	
Attorney General	
Pan-Africanism	
Voluntarism	
Old South	
Lynching	

Moratorium	
Sharecropper	
Dust bowl	
Recession	
National infrastructure	
Jim Crow Law	
Ghetto	
War bonds	
Cold War	
GI	
Red Scare	
Witch hunt	
Poverty line	

3. Use the events below to create a chronological timeline of some of the key events of the course. Use prior reading or internet research to record a few facts about each event. Colour-code the events according to social, political & economic.

1933 CREATION OF TENNESSEE VALLEY AUTHORITY (TVA)	1919 VOLSTEAD ACT (INTRODUCING PROHIBITION)	1929 WALL STREET CRASH	1933 FIRST NEW DEAL BEGINS	1948 US ARMED FORCES DESEGREGATED
1920-22 BRIEF POST-WAR ECONOMIC RECESSION	1945 FDR DIES IN OFFICE HAVING WON 4 ELECTIONS	1950 MCCARTHY LAUNCHES ANTI-COMMUNIST ATTACKS ON US GOVERNMENT	1927 JAZZ SINGER IS THE WORLD'S FIRST TALKING MOVIE	1930 HAWLEY-SMOOT TARIFF

1932 FDR WINS PRESIDENTIAL ELECTION FOR DEMOCRATS	1927 SACCO AND VANZETTI EXECUTED	1955 'ROCK AROUND THE CLOCK' NO. 1 IN USA AND UK	1919 VOTES FOR WOMEN	1920 FIRST COMMERCIAL RADIO STATION (KDKA)
1920 REPUBLICANS WIN PRESIDENTIAL ELECTION	1935 SECOND NEW DEAL (WAGNER ACT, REVENUE ACT AND SOCIAL SECURITY ACT)	1923-29 REAL WAGES ROSE BY 13%	1941 USA ENTERS WW2	1933 EMERGENCY BANKING ACT
1922 KKK BEGIN WINNING ELECTIVE OFFICES ACROSS THE USA	1935 HUEY LONG ASSASSINATED	1954 BROWN V BOARD OF EDUCATION	1921 FEDERAL HIGHWAYS ACT	1955 MONTGOMERY BUS BOYCOTT
1943 RACE RIOTS IN DETROIT AND LA	1921 EMERGENCY IMMIGRATION ACT	1952 EISENHOWER WINS PRESIDENTIAL ELECTION FOR REPUBLICANS	1929 ST VALENTINE'S DAY MASSACRE	1942 FAIR EMPLOYMENT PRACTICES COMMISSION

4. Using the profile card on the next page complete a biography for each of the following individuals. You will need to use the internet in order to complete the research. Complete profile cards of the following people:

- Woodrow Wilson
- Warren G. Harding
- Calvin Coolidge
- Herbert Hoover
- Franklin D. Roosevelt
- Harry S. Truman
- Dwight D. Eisenhower
- Henry Ford
- Al Capone
- David Curtis Stephenson
- Eleanor Roosevelt
- Elvis Presley
- Father Charles Coughlin
- Huey Long
- Joseph McCarthy
- W.E.B. Dubois
- Rosa Parks

<p style="text-align: center;"><u>Profile Card</u></p> <p style="text-align: center;"><i>Picture</i></p>	Name:
	Political party (if any):
	Background:
Key facts:	
Overall significance to change in the USA in the period 1920-55:	

5. Watch videos 3, 4, 5, 7 and 8 from the *ABC Complete Series* on YouTube using the following link: <https://m.youtube.com/playlist?list=PL3H6z037pboHR-knzU-dc9XecG8UKrZs0>.

For each video, complete a side of Cornell notes (a blank copy of which is on a following page). The videos are:

- 1920-29, Boom to Bust
- 1929-36, Stormy Weather
- 1936-41, Over the Edge
- 1941-45, Homefront
- 1946-52, Best Years

The key to Cornell notes is to summarise and distil the information down. You may wish to make notes separately during the video and then note down the most important parts in the correct format afterwards.

NAME OF VIDEO:

**KEY
WORDS:**

BULLET POINT NOTES OF SPECIFICS:

3 SENTENCE SUMMARY:

USA: Boom, Bust and Recovery 1920-1955

The following information will help you to complete the tasks:

Background:

US Imperialism and World War One: Many twentieth-century American foreign policy issues have their origins in America's emergence as a world power at the end of the nineteenth century. America's eventual intervention (involvement) in WWI ensured its role as a world power for the remainder of the twentieth century. The growing role of the United States in international trade displayed the American urge to build, innovate, and explore new markets. In short, American businessmen believed they could make huge profits and bring the nation economic prosperity through international trade.

Isolationism: Washington's Farewell Address (1796) set precedent for the United States to pursue a policy of isolationism. Isolationism was the policy of avoiding involvement in world affairs. Although in the Monroe Doctrine (1823) the United States had declared itself the protector of the entire western hemisphere, isolationism continued to form the basis of American foreign policy throughout most of the nineteenth century.

Imperialism: However, as the United States industrialized during the second half of the 1800s, businessmen and politicians increasingly looked longingly towards foreign markets as a potential source of American corporate profits. The desire to gain this untapped wealth led the United States to expand its influence in the world during the late nineteenth century. Some historians have called this period the age of American imperialism, because during this period the United States gained control over Hawaii, the Philippines, Puerto Rico, and the Virgin Islands. **Imperialism** is the act of one nation gaining political or economic control over other countries.

United States Foreign and Domestic Policy:

President Woodrow Wilson won the election of 1916 with the campaign slogan "He kept us out of war".

The decision to enter the war resulted from continuing German submarine warfare against American merchant shipping and American cultural and historical ties to Great Britain.

By 1917, Wilson asked Congress to join the war in Europe. Most Americans did not support U.S. involvement in the war initially. Nevertheless, US troops embarked for France, 1917.

In 1918 President Wilson issued the **Fourteen Points**. The Fourteen Points were Wilson's statement of plans for peace after World War I, including plans to eliminate the causes of war. The key ideas of the Fourteen Points included the principles of:

1. **National self-determination** - each national group should be in charge of its own destiny. For example, Polish people should live under a Polish government, if that was what they wanted. ,
2. **Freedom of the seas** - all nations' ships would be able to sail in international waters without threat of attack by another country's ships.
3. **A League of Nations** - an organization of nations established at the end of World War I to maintain world stability and peace (the USA in the end did not join this).

Kellogg-Briand Pact – 1928

- Idealistic Americans urged nations to forswear war as an instrument of national policy.
- US Sec. of State Kellogg reluctantly supports after nearly 2 Million US signatures
- Signed by 62 nations pledging not to use war as an instrument of national policy.
- Americans believed that this would prevent war.
- Huge loop-hole.

Was Imperialism a good thing for America?

"The history of American imperialism is hardly one of unadorned good doing; there have been plenty of shameful episodes, such as the mistreatment of the Indians. But, on the whole, U.S. imperialism has been the greatest force for good in the world during the past century. It has defeated the monstrous evils of communism and Nazism and lesser evils such as the Taliban and Serbian ethnic cleansing. Along the way, it has helped spread liberal institutions to countries as diverse as South Korea and Panama."

Max Boot, 'American Imperialism? No Need to Run Away from Label', *USA Today*, May 6, 2003.

Essentially America wanted to maintain its IMAGE!

The Modern View

Modern historians deny that America rejected the Treaty because of isolationism. They point out that Americans were NOT isolationist - opinion polls at the time showed that more than 80% of Americans supported the idea of a league of nations. Only a dozen Senators were out-and-out isolationists like Senator Borah. Lodge was NOT an isolationist. He believed in a league of nations and he wanted to build up an overseas US empire. What he and the Republicans wanted were 14 changes in the Treaty (the '14 reservations'). Many Democrats could have accepted the 14 changes.

So why then did the Treaty fail - simply, say modern historians, because of Wilson's stupidity. He WOULD not compromise. He would not accept ANY change. And in the end - rather than accept the 14 Reservations - Wilson's 23 supporters voted AGAINST the Treaty and destroyed it!

How Did the American Government encourage Isolationism?

The new government of Warren Harding brought in two developments which are often attributed to 'isolationism' (although they had other causes). The first was to increase tariffs on foreign imports to protect American industry. The second was to restrict immigration.

The Fordney-McCumber Act, 1922

Wilson believed in low tariffs. He had reduced tariffs in 1913, and refused to increase them. Demand was growing, however, for higher tariffs. As soon as he became President, Warren Harding passed an Emergency Tariff (May 1921) to increase duties on food imports, and in 1922 Congress passed the **Fordney-McCumber Tariff**. This had two principles:

1. **'Scientific tariff'**: this linked tariffs to the wages in the country of export. If wages in, say Italy, were very low, then Italian goods were given a proportionately higher tariff. This negated the effect of lower wages in competitor countries.
2. **'American Selling Price'**: this linked tariffs to the price of American goods, not to the cost of production. A German company might be able to produce, say, a certain chemical for \$60, but if the selling price in America was \$80, and the US tariff was 50%, the tariff would be \$40. This meant that foreign imports were ALWAYS more expensive than American-produced goods, however cheaply they had been made.

The Fordney-McCumber Act established the highest tariffs in history, with some duties up to 400% and an average of 40%. In the long-run, the Fordney-McCumber Act damaged the American economy, because other countries retaliated by putting up their duties and stopping American exports. However, for the moment, America was a huge new country, and there was plenty of demand at home.

Immigration Quotas:

ALL Americans were immigrant families, of course, but until 1890 most immigrants were 'WASPs' (white Anglo-Saxon Protestants) from the wealthier countries of Europe such as Britain, Germany and Sweden. After 1890, more immigrants started arriving from Eastern Europe and Asia. Demand was growing, however, to slow down immigration, and there followed a number of laws to restrict immigration:

1. **1917: Immigration Law**: This required all immigrants to prove they could read English, banned all immigration from Asia, and charged an immigration fee of \$8.
2. **1921: Emergency Quota Act**: This stated that the number of immigrants from 'the eastern hemisphere' could not be more than 3% of the number already in America in 1910. It set the maximum number of immigrants in any year at 357,000.
3. **1924: Reed-Johnson Act**
Maximum number of immigrants in any year at 154,000. Quotas from eastern hemisphere reduced to 2% of those already in America in 1890; the South and the East of Europe were thus only allowed to send 20,000 immigrants per year, and non-Europeans only 4,000. At the same time measures were taken to 'Americanize' immigrants.
 - The Federal Bureau of Naturalization organised naturalization proceedings, and patriotic 'Americanization Day' rallies and Fourth of July celebrations.
 - The Federal Bureau of Education organised courses on politics and democracy to prepare immigrants for the 'citizenship exam'.
 - The courts clamped down harshly on political crimes by immigrants. (The case you MUST know about is the trial of Sacco and Vanzetti - two immigrants from Italy who were anarchists - who

in 1920 were found guilty of armed robbery and murder (and executed in 1927), even though the defence produced 107 witnesses that they were elsewhere at the time, and in 1925 the actual murderer came forward and gave himself up ... the jury did not believe the defence witnesses because they were all Italian immigrants).

1. Not all this was racism and prejudice - many social workers saw it as a way to help immigrants out of the terrible poverty many of them lived in.

Woodrow Wilson (1913-1921) – Democrat

Democrats believe in government intervention and centralised power. They prefer federal legislation to local ones. They recognise that the economy is too complex for individuals to navigate on their own; therefore government should guide business decisions. They also implement taxes to enable government intervention.

Decision to remain neutral- 12 million Europeans living in the US- some of whom were German
US trade would benefit from selling to all belligerent nations

Wilson remained neutral during election to win support; however there were signs America would become involved because of the **preparedness policy, 1915**. This suggested that America should prepare for war and establish an army of 25000 in case of a crisis. The **Council of Defence** was established in 1916 to advise the president how to prepare for potential war. 5 months after the election, the US entered the war, fighting for the allies.

Why the US joined the war on the side of the allies?

- 1) More support for the allies because of traditional ties, many rich and influential Americans were pro-British, and they shared a common language
- 2) The US traded more with allies than Germany, particularly since the allies blocked German ports. In 1914 US exported \$40 million munitions to Britain; by 1916 they exported \$1290 million. If they joined Germany- they would lose this trade and profit
- 3) US invested more in the allies- they loaned Britain \$2.3 bn and only \$27 mn to Germany, therefore they had more to lose if the allies lost.
- 4) Germany winning would threaten the US policy of liberal democracy, Wilson wanted peace after war, but Germany would start more wars to invade and take over land, therefore the allies needed to win to establish peace. In 1917, Russia withdrew and this was looking unlikely.
- 5) German submarines operating in the Atlantic practice unrestricted submarine warfare, and sank the Lusitania in 1915 killing 128 American civilians. After promising not to sink any more US boats, Germany broke their promise and resumed their policy of unrestricted submarine warfare, causing Wilson to break off diplomatic ties with Germany in 1917.
- 6) The Zimmerman telegram was intercepted, proving that Germany disliked the US as they encouraged Mexico to overthrow US, and offered them support in doing so if they became allies. This caused the US to declare war on Germany.

Effects of the war on the economy:

- Brought the US out of their mild depression in 1916
- During war period the value of American trade increased from \$2bn to \$10bn
- US gave \$4bn worth of loans each day- and the war meant countries like Britain were spending \$10 million a day on US goods- this caused their companies to boom and turned

the country from a debtor to creditor nation, however they did accumulate their own debts as a result of the war

- New York replaced London as the world's financial capital
- The US government taxed its people to fund the war through the 1916 and 1918 **Revenue Acts** – at their highest the lowest earners were taxed 6% and the highest were taxed 77% compared to being only taxed 7% in 1913. Overall, 33% of the war was funded through taxation
- Liberty Bonds sold to public allowed them to support the war and redeem their purchase at a later date with added interest. This helped to raise \$21bn.
- Industrial production increased by 39%, and farmers profited massively as they exported 300% more to allied countries and prices doubled. Overall, unemployment dropped and 1.3 million found work as a result of war.

Effects of the war on society:

- Selective service saw 3 million men called to fight, overall 112500 soldiers were killed
- In 1918 Wilson was granted almost dictatorial powers to control the nation
- Government intervention increased, for example the War industries board- this was the first time that government actively intervened in economics and businesses
- Government intervention is shown as their spending increased by 10%
- Railroad Administration even brought rail lines under federal control
- The **1918 Sedition act** made protesting against the US illegal- sentenced 1500
- The **1917 Espionage act** limited freedom of speech by making it illegal to show or encourage disloyalty or obstruct military recruitment. Eugene Debs given 10 year jail sentence for 'anti war' speech
- Closed shop- forced workers to be a union member to improve wage/working conditions, otherwise they could not work. People believed this violated freedom of choice

Immigration: Patriotism became prejudice and Germans or those with German sounding names faced abuse. Even 'Sauerkraut' was renamed liberty cabbage. America became very intolerant, and this is said to have led to the development of the 1920's red scare and anti immigration policies. Harding brought in the emergency quota act in 1921, restricting emigration from each nationality to 3% of national census (only 357000 immigrants) Coolidge brought in the 1924 Quota act, reducing the number to 2% of the 1890 census (only allowing 164000 immigrants)

Prohibition: There had previously been a very powerful temperance movement known as the anti saloon league which was heavily supported by Protestants and women. It claimed that alcohol led to violence, and saloon bars encouraged men not to spend time with their family and spend all the money. They grew in power during war as they claimed banning alcohol would help the war effort and improve worker efficiency and reliability. The grain used for alcohol could be more effectively used to increase food supply. Also, the movement was helped by the fact many breweries were owned by German Americans who were disliked, and therefore Americans wanted to avoid them and put them out of business. In 1918, the Prohibition act banned the sale and manufacture of alcoholic drinks for the duration of the war. Congress also passed the 18th amendment in 1917 to make the ban permanent. The 1919 Volstead act made the sale, transportation and commercial manufacturing of any alcoholic beverage over 0.5% illegal from 1920.

Women's rights: In 1920, the 20th amendment gave women the right to vote in federal elections as people now appreciated their contribution to the war effort. However, 15 states had already allowed women to vote since the 1860s. Alice Paul led suffragette movement-hunger strikes, protests, traffic disruption.

After the war Americans wanted tax cuts, minimal government intervention and for the US to cease involvement in European affairs. The democrat's proposal of the league of nations involved more relations with Europe, they had also been the ones who increased intervention and taxes, therefore Harding's 'return to normalcy' was a popular choice, winning the election by 7 million votes.

Prohibition:

The Introduction of Prohibition:

In 1919 - as the result of a long and powerful campaign - the 18th Amendment to the Constitution made the manufacture, transport or sale of alcoholic drinks illegal. The Volstead Act, passed at the same time, declared any drink more than 5% proof 'alcoholic'. The Volstead Act clarified the new rules surrounding prohibition. President Wilson vetoed the Volstead Act on constitutional grounds. His veto was overridden by Congress.

What was the background to Prohibition:

It was declared the Second Great Awakening which sought to remake society in God's image. This sentiment extended to civic life with the formation of thousands of Temperance societies across the USA. Lyman Beecher was a famous social activist of the day who was particularly concerned about the negative impact of alcohol on society. In an 1850 engraving, "The Drunkard's Home," a cowering family in a squalid home is subjected to the whims of a brutal patriarch. By contrast a similar 1850 engraving, "The Temperance Home," depicts a scene of domestic harmony, order, affection, and material comfort.

The Women's Christian Temperance Union

The WCTU was set up to fight for prohibition and progressive reform. Frances Willard was the national president of the union from 1879 to 1898. Focused on suffrage, the 8-hour work day, prison reform and the Social Gospel.

The Anti-Saloon League

The Anti-Saloon League (est. 1893) focused only on the legal prohibition of alcoholic beverages. It developed modern lobbying techniques and printed anti-drinking brochures, it appealed to church members for support and lobbied both lawmakers and businessmen.

Carrie Nation – the Saloon Smasher

She was a member of the Women's Christian Temperance Union known for bursting into barrooms, wielding a hatchet or hammer, and smashing the saloon. Between 1900 and 1910, Nation was arrested some thirty times for her aggressive tactics.

A Noble Experiment

The sale, transport, and consumption of intoxicating beverages became illegal. Many law-abiding Americans defied the regulations. The black market for alcohol was a boon for organized crime.

What were the effects of Prohibition?

1. **Speakeasies:** Secret saloon bars opened up in cellars and back rooms. They had names like the 'Dizzy Club' and drinkers had to give a password or knock at the door in code to be let in. Speakeasies sold 'bootleg' alcohol, smuggled into America from abroad. Before Prohibition there were 15,000 bars in New York.
2. **Moonshine:** A spirit made secretly in home made stills. Several hundred people a year died from this during the 1920s. In 1929 it is estimated that 700 million gallons of beer were produced in American homes.
3. **Smuggling:** Smugglers called 'Bootleggers' made thousands of dollars bringing in illegal alcohol to America. America has thousands of miles of frontiers so it proved easy. Famous smugglers like William McCoy made fortunes by bringing alcohol from the West Indies and Canada.
4. **Organised crime:** The enormous profits to be made attracted gangsters who started to take control of many cities. They bribed the police, judges and politicians. They controlled the speakeasies and the distilleries, and ruthlessly exterminated their rivals. Al Capone was a famous example - By 1927 he was earning some \$60 million a year from bootlegging. His gang was like a private army. He had 700 men under his control. He was responsible for over 500 murders. On 14th February 1929, Capone's men dressed as police officers murdered 7 members of a rival gang. This became known as the 'Valentine's Day Massacre.'

21st Amendment

It declared that Prohibition was unenforceable and that many deaths occurred from bootleg liquor. Political corruption increased. Smuggling grew out of control. During the Depression the potential jobs and tax revenue from the legalization of liquor increasingly attractive to struggling Americans.

Was Prohibition a Failure?

- **Drinking continued:** impossible to enforce (not enough police - only 4000 agents, many of whom were sacked for taking bribes).
- **Available:** the liquor trade just 'went underground'. speakeasies (illegal bars), moonshine (illegally-made alcohol), bootlegging (smuggling alcohol to sell). It is sometimes asserted that there were more speakeasies than there had been saloons (not true, but there were 200,000 speakeasies in 1933).
- **Made** criminals of ordinary people

- **Adverse effects:** moonshine was poor quality and sometimes killed people. 'Jackass brandy' caused internal bleeding, 'Soda Pop Moon' contained poisonous alcohol.
- **Gangsterism flourished running the illegal trade:** It became hugely profitable, and led to a growth of violence, protection rackets etc. associated with the illegal trade (see 'Organised Crime' below). The general flouting brought the rule of law in general into disrepute as police 'turned a blind eye'. Corruption grew.
- **End:** in 1933 the 21st Amendment abolished Prohibition (= 'proved' that it failed).

Was Prohibition a Success?

- **Alcohol destroyed:** in 1929, 50 million litres of illegal alcohol were discovered and destroyed.
- **Legacy:** the actual consumption of alcohol fell, not just during prohibition, but for many years after - did not reach pre-1914 levels until 1971.
- **Eliot Ness and the Untouchables:** became famous as examples of the high standards police SHOULD achieve.

American Society in the Jazz Age:

On the positive side, there were exciting developments in entertainment and women's lives. On the negative side, there was racism, prohibition, and organised crime.

Entertainment

If the term 'Roaring Twenties' applies to anything, it applies to entertainment, in which area there were many exciting developments:

- **Films:** movie actors such as Charlie Chaplin, Rudolf Valentino and Mary Pickford became 'stars'. In 1927, *The Jazz Singer* starring Al Jolson, was the first 'talkie'. A well-known early two-colour film was *The Toll of the Sea* (1922) and two-colour films were common by the end of the 1920s; after 1932, films were produced in three-colour technicolour. Mickey Mouse was created by Walt Disney in 1928 (who released *Snow White* in colour in 1937). By 1930, 100 million Americans went to the movies every week. Companies like United Artists and MGM produced hundreds of films a year. Films taught people new fashions (e.g. smoking) and new ways to behave - many girls wanted to be like 'It' girl, Clara Bow.
- **Jazz:** Jazz was first played in New Orleans by black musicians such as Louis Armstrong and Jelly Roll Morton. After 1917, racist violence forced many of them to leave New Orleans, so they went north to play in the night clubs of towns like Chicago and New York. The invention of radio and the phonograph (record player) made it available in people's homes. The first jazz record was made in 1917 by the Dixieland Jazz Band. They were called 'race records', because they were recorded by black musicians. Because it was often played in speakeasies, by black musicians, it was seen as wild and exciting - which soon made it very popular. Jazz music contributed to many of the social developments of the age - baggy trousers and short skirts, wild dancing such as the Black Bottom, and a new kind of convention-free poetry called 'jazz poetry' (poets such as TS Eliot and ee cummings). It was part of the Harlem Renaissance, and the growth of black pride.

- **Dances:** The Charleston was a fast dance developed in Black communities which was adopted by flappers, who danced it alone to challenge the 'drys' who wouldn't go out to clubs. (Both Joan Crawford and Ginger Rodgers began their movie careers by winning Charleston competitions.) The 'Black Bottom Stomp' was first recorded by Jelly Roll Morton and named after Black Bottom - a Black neighbourhood in Detroit. After 1926 it became the most popular dance. The dances scandalised many Americans, who thought they were immoral.
- **Women:** Many women had taken over jobs traditionally reserved for men (such as manufacturing), and 1920-29 the number of working women increased by 25%; many went to be teachers and secretaries. **Most working women were in low-paid jobs, and they were paid less than men for the same job. 10 million women were working in 1930 ... but this was still only a quarter of the females age 15 and over; the rest worked for free in the home and on the farm.** In 1920 the 19th Amendment gave women the vote. The former suffrage campaigners formed themselves into the Woman's Joint Congressional Committee, which lobbied successfully for a Maternity and Infancy Protection Act (1921), equal nationality rights for married women (1922), and the Child Labor Amendment (1925). **Apart from exceptions such as Florence Kelley and Alice Paul, few suffrage campaigners went into politics; they gave up politics and returned to being housewives. Women campaigned in vain after 1920 for an Equal Rights Act.** Flappers: dumped the old restrictive fashions, corsets etc. in favour of short skirts, short hair, and the flat-chested 'garconne' look. Many of them wore men's clothing. They smoked, drank, used make-up, played tennis, and danced wildly in jazz clubs. Some were openly lesbian, others were sexually active. **The flappers scandalised many Americans - the Anti-Flirt Association tried to persuade young Americans to behaved decently. Most girls, especially in rural America, still behaved 'decently', got married and had babies.**

Corruption Scandals under Harding:

- Corruption was not new to this period...
- President Warren Harding was linked to some dubious characters.
- Charles R. Forbes – he was a friend of Harding from before Harding's presidency. He had military experience up to rank of Lieutenant Colonel (WW1). Worked in construction following WW1; became Vice-President of a construction company in Washington. Appointed to the Bureau of War Risk Insurance by Harding in April 1921. Congress passed a bill in August 1921 establishing the Veterans Bureau.

The Veterans Bureau (now the Department of Veteran Affairs)

- Designed to offer veterans medical assistance and support in finding employment. Initially split into 14 regional offices across the US. Charles Forbes was appointed as the first Director of the Bureau. Harding is said to have confronted Forbes about alleged corruption within the Veterans Bureau. Forbes left the country for Europe and resigned whilst there (15th February 1923). A Congressional investigation began on the 2nd March 1923, soon after Forbes' resignation. This was followed by the suicide of Charles F. Cramer, General Counsel of the Veteran's Bureau. Charges faced by Forbes included: bribery in the selection of hospital sites, kickbacks for contracts, bootlegging of federally held liquor stocks, improper disposal of reputedly surplus medical supplies and personal improprieties on official travel. Forbes was convicted of conspiracy to defraud the US Government, sentenced to two years imprisonment and a fine of \$10,000. Following his release from prison, Forbes wrote an article for the *New York World* in which he attempted to clear Harding's name.
- **Albert B Fall – The Teapot Scandal**

In 1921, Secretary of the Interior, Albert Fall, transferred control of valuable naval oil reserves at Teapot Dome, WY & Elk Hills, CA to the Interior Department. He then leased oil drilling rights to Edward Doheney and Harry Sinclair, receiving a bribe of about \$400,000. The scandal became public in 1923; the three men were indicted in 1924; the case was not resolved until 1929. Harry M Daugherty and Jess Smith He was appointed Attorney General by Harding in 1921 but resigned in 1924 due to investigations about a bootlegging kickback scheme by chief aid Jess Smith. Jess Smith was the aid to Attorney General Daugherty. He was accused of a bootlegging kickback scheme. He committed suicide after allegedly destroying incriminating evidence.

The Coolidge presidency and the business boom:

President Harding died in August, 1923, before the full scope of these scandals had come to light. His administration was the most scandal-ridden since President Grant. Calvin Coolidge became President.

Calvin Coolidge:

Coolidge embodied Yankee Puritanism in 1924. Rep. nominate Coolidge to be elected in his own right, and he campaigns on the basis of the status quo. Democrats were hopelessly divided Nominate **John W. Davis**, a wealthy corporation lawyer who didn't excite anyone. 102 ballots **La Follette** runs as third-party Progressive candidate. Coolidge wins nearly 2-1 over Davis. He was not a dynamic leader. His five years were relatively uneventful as he wasn't forced to grapple with any serious crisis. Coolidge helped to save the Republican Party.

Business Boom under Coolidge

Between 1922 and 1929 the annual Gross National Product of the USA increased by 40%. The average income per head increased by 27%. Highlights of the boom included:

- **Consumer boom** – growth of personal possessions (c.f. Woolworths, hire purchase, commercial travellers).
- **Innovation in production methods**, especially in the motor industry (by 1925 Ford were producing a car every 10 seconds); this pushed down prices and made goods more accessible for ordinary people (the 'Tin Lizzie' cost \$850 in 1910, only \$295 in 1920).
- **Synthetics** – the invention of bakelite (the first plastic), cellophane and nylon - and chemicals.
- **Upsurge in car ownership** – esp. the Ford Model T; 15 million had been produced by 1927, and the number of Americans owning cars rose from 8 to 23 million.
- **Consumer durables/electrical goods** – fridges, washing machines, dishwashers, vacuum cleaners, record players.
- **Communications revolution** – number of telephone doubled/ number of radios increased from 60,000 to 10 million.
- **Entertainment industry** – Hollywood, Charlie Chaplin, the 'talkies' and cinemas, jazz clubs and speakeasies.
- **Stock market** – Wall Street boomed (a 'bull' market) with many people buying shares to make a profit. Many new businesses were 'floated' on the stock market.
- **Skyscrapers, highways and urban development.**

Poverty and Depression

Not everyone shared in the prosperity, however, and there were glaring weaknesses in the American economy in the 1920s. However, there is plenty of evidence that all was not well with the American economy in the 1920s, and in 1928 the 'boom' began to slow down. Particular problems included:

- **Farming** - machinery and overproduction led to rapidly falling prices (wheat prices fell from \$1.83 a bushel in 1920 to 38 cents in 1929). In 1929 average income in of farmers was only 40% of the national average, and many farmers could not afford their mortgage; in 1924, 600,000 farmers went bankrupt. Note also that rural areas did not have electricity, so most country-dwellers were excluded from the consumer boom.
- **Low wage earners** - e.g. unskilled and casual workers, or the 2 million who were unemployed - could not share in the prosperity. There were inequalities of wealth; the top 5% earned 33% of the income, while 60% of Americans earned less than \$2000, and that 40% were below the poverty line (esp farmers/ Black Americans/ immigrants).
- **Old Industries** - overproduction of coal (which was being replaced by oil and gas) led to mine closure and falling wages. In 1929 a coal miners wage was barely a third of the national average income. There were also problems in the textiles industry.
- **Poor Black Americans** - 1 million black farm workers lost their jobs in the 1920s. Black workers in the towns in the north were the lowest paid; the only work was low-paying, menial jobs. New York's black Harlem district was segregated and overcrowded, with 250,000 people crammed into an area 50 blocks long and 8 blocks wide. Many people slept in shifts, going to bed when others went to work. 'Rent parties' were common on Saturday nights, to raise money to pay the landlord on Sunday.
- **Cartels, trusts and monopolies** - 'fixed the market' and tried to keep prices high and wages low.
- **Unemployment** – new technology was throwing more and more people out of work; the number of unemployed stood at 2 million throughout 1920s.
- **Trade problems** - high tariffs were causing other countries to retaliate, as well as reducing the purchasing power of those countries, which made it hard for American companies to export their products abroad. Farmers, who relied on exporting wheat, were especially hard-hit by this.
- **Stock Exchange** – the biggest problem; Wall Street was 'over-heating'. People were buying shares in imaginary companies. Many bought shares 'at the margin' (a person could get a loan of 90% to buy shares) expecting to make enough profit to repay the loan when the shares were resold - brokers' loans trebled 1926-9. All this threatened disaster if share prices ever *stopped* rising.

Frustrated Farmers

Farmers were particularly hit hard after the war. Prices plummet. In 1920s one-in-four farms goes bankrupt. Great depression starts in farm economy long before it hits the rest of the economy.

Debt Problem:

The biggest foreign policy issue in second Coolidge term was foreign debt owed to the US. America had gone from a debtor nation before the war to a creditor nation after the war. The dollar was beginning to supplant the Pound Sterling. America had loaned 10 Billion dollars to Allies during and after the War, and American investors had loaned an equal amount to Europe in the 1920s. The US wants this money back, but Allies are having a hard time repaying.

Europe asks for a Break

The Allies argue that US should write off their war expenses. They argued that the Allies had sacrificed millions of lives while USA sat on the sidelines. Allies can't get repaid for lost lives and manpower. The US tariffs made it very hard to earn the money necessary to repay the debt. The money Allies had borrowed had been spent in US, helping to refuel the US economy – it was still needed. Coolidge would not budge on the war expenses even though Germany was on its knees and the Allies were demanding that debts and reparations be drastically scaled down or canceled. This refusal to aid Europe contributed to the US's isolationism.

1928 Election:

Coolidge decides not to run for a second term as president. Instead Herbert Hoover becomes the front runner for the Republican Party. Democrats, still quite divided, nominate liberal New York Governor **Al Smith**. Seemingly odd choice and many dry, rural, fundamentalist democrats choked on his candidacy. Alternatively Hoover is American success story who is against foreign entanglements and believed in isolationism. He had never run for or held office before. He was used to the business model uncomfortable asking for votes. He was described as having a shy and standoffish personality, great integrity and personal honor; great humanitarian administering US foreign aid, very efficient and very bright. He runs as a business candidate with a progressive instinct. Hoover and Smith try to keep the campaign clean, but minions take it into the sewer. The phrases included "Rum, Romanism and Ruin." Hoover wins in a landslide, and Smith can't even hold all of the solid democratic South. He was also a very solid Republican majority in Congress.

President Hoover's First Move:

For the most part at the start of Hoover's presidency the US economy was roaring, but Farmers and non-union wage earners were not getting their share of the prosperity. Hoover did not believe in direct aid and wanted private sector response to the problem. Hoover passes the Agricultural Marketing Act which sets up a Federal Farm Board which failed and farmers turned to the tariff to cure their ills. This led to the Hawley-Smoot Tariff of 1930 which was probably one of the worst pieces of legislation in US history:

- Biggest tariff in US peacetime history.
- Raised tariff from 38.5 to nearly 60%.
- Foreign nations outraged.
- Seemed to be a declaration of economic warfare.
- Helped push the world toward depression.
- Played into the hands of rising Nazism in Germany.

1929 Wall Street Crash:

Companies sell shares as a way of raising money, and they attract buyers by giving them a share (hence the name) of the profit at the end of each year (this is called the 'dividend'). In America in 1929 about 1.5 million people owned shares. If a firm is doing well, the value of its shares rise, and people can sell them for more than they bought them. When there is a 'bull' market (when share

prices are generally rising) people buy shares solely hoping to make a profit. These people are called 'speculators' and in 1929 about 600,000 of the 1.5 million shareholders were active speculators. A 'bear market' is one where prices are falling. Speculators fuel a bull market by gambling on future price rises, but they can turn a bear market into a crash by desperately trying to get rid of their shares before they fall any further.

Why was there a Great Crash in 1929?

Historians are fairly much agreed why the Wall Street Crash of 1929 happened.

1. **Wall Street over-heated.** 1924-29 the value of shares rose 5 times. Share prices rose way beyond what the firms they were shares were worth; only speculation kept up the over-inflated prices.
2. **Speculation.** Many people became speculators - 600,000 by 1929. Many people were buying shares 'on the margin' (borrowing 90% of the share value to buy the shares, hoping to pay back the loan with the profit they made on the sale). American speculators borrowed \$9bn for speculating in 1929. Some firms which were not sound investments floated shares (e.g. one was set up to develop a South American mine which did not exist), but people still bought them, because they expected to make a profit in the bull market.
3. **Corruption** - the Senate Committee set up to investigate the Great Crash found that there was a corruption and 'insider-trading' between the banks and the brokers.
4. **Panic.** There were losses of confidence in March and September (when the economist Roger Babson forecast a crash), but the banks papered over the cracks by mass-buying of shares to help the market. On Thursday 24th October 1929, nearly 13 million shares were sold in a panic, and prices crashed. The banks tried to shore up the market again, but on Monday there were heavy selling; the banks realised it was hopeless and stopped buying shares. Speculators panicked at the thought of being stuck with huge loans and worthless shares. On Tuesday 29th October the market slumped again, when 16 million shares were sold.

Poor banking system (no security or regulation)- small banks- giving loans when they do not have money- go bust and cannot be bailed out. In 1920s- over 30000 banks in the USA. Federal Reserve Board- sold government securities to the market (hoped people would invest in these, not as high payouts as businesses, but less risk). However, bought these from banks allowing them more money to loan to people to gamble on the stock market. Also, kept interest rates low- encouraging people to take out loans and speculate on the market. They raised interest rates from 3.5% to 5% in 1928 (too late to make a difference).

International debt- Britain and France owed money to the US- weakening their purchasing power and restricting their ability to buy consumer goods. Germany also had to pay reparations an loan money of the US. Hoover blamed this rather than himself. However the Fordney McCumber tariff 1922- restricted international trade and even Britain who believed in free trade had to implement tariffs in response. In 1929 trade was worth \$36bn and by 1932 it well to \$12bn. (the Hawley Smoot tariff further increased trade restrictions in 1930.

Problems with the economy (making the depression more likely)

Market unstable, had been dips in March, June, December 1928 and March 1929. Rodger Babson predicted crash but was ignored. Experts had poor understanding of the economic system- knowledge outdated.

Depressed agriculture- due to overproduction, limited international

Herbert Hoover (1929-1933) – Republican

Very determined to stick to his principles of 'rugged individualism' and 'voluntarism'. He would never shift from his fundamental beliefs. Ignored warnings about the economy- tried to make few

interventions during the depression- some argue this was too little too late whereas his right wing critics believed he intervened too much and should have left the market to correct itself. He was blamed by many for the depression- although it was Coolidge who allowed the inbuilt weaknesses of the economy to thrive. Lack of intervention gave impression he did not care- actual fact he cut his officials salaries by 20% to help provide for recovery measures.

Weaknesses in the economy- throughout the 1920s. Always unstable- on shaky foundations- collapse was inevitable- just needed a trigger.

Lost confidence- British financial giant Clarence Hatry collapsed- this shows the enterprises financed by debt were vulnerable. US investors began to worry about the businesses they have brought stock from. Rumours began to spread the successful rich stock market investors like Joseph Kennedy had began to sell their stock- other inexperienced people followed- fearing the price would drop- so the price dropped further- and this began a vicious cycle of panic selling. Banks began to demand the money they had lent out back- people speculating/buying with credit cannot repay debt- banks cannot reclaim money and collapse.

The Wall Street crash wouldn't have caused the depression alone; it was already coming because of the underlying issues with the economy. The Crash was an effect- not cause of the coming depression. However, the crash was important in worsening the depression.

Problems caused- 13 million shares changed hands – normally around 3 million. 14 billion dollars were wiped off share values- the market shrunk 50% in six weeks. Share prices fell- e.g. Woolworths share price went from 100.37 to 52.25 in the two months after the crash- panic selling. Thousands of people became bankrupt, individuals and businesses lost millions. The president of Union Cigar jumped off a hotel roof to his death after shares in his company fell from \$113 to \$4 in a single day. World trade fell by 70% and unemployment increased from 1.5 million in 1929 to 12 million in 1932 as companies were forced to make cutbacks- this led to a further decline in consumers which inexplicably made the depression worse. 1/3 of the workforce was unemployed; in 1932 the national wage was only 40% of the 1929 figure.

African Americans and women were main victims of unemployment, more likely to be laid off from unskilled jobs- to allow white men jobs. In 1931 the number of African Americans out of work was 4 to 6 X higher than whites. Major impact in northern states- in southern states the commentator of Georgia reported that 'most blacks didn't know the depression had come, they had always been poor'.

Growth rate went from 6.7% in 1929 to -14.7% in 1932.

GNP decline \$60bn in this period.

Credit vanished- 10000 bank closures- farmers couldn't pay back loans so banks took over their land- which was often bankrupt and unsellable. Banks closed- and farmers had no land. People lost confidence in banks and rushed to withdraw all their money.

In society- marriages decreased, suicide rates increased.

Unemployment relief varied greatly- no federal level help (too much belief that the individual should find work and money themselves) only 11 states offered \$200000 help, aiding only 1000 people.

Ten states- removed right to vote to dissuade people from applying. Only 25% of those who were entitled to aid received it- had to sell all possessions- become destitute and single/childless people were unlikely to receive anything. Relief bodies were running out of money, state governments received less tax because employment was increasing. Charities could only provide 6% of necessarily relief, state couldn't help and federal didn't. (In 1932 Hoover set aside funds)

As a result by, 1932 2 million Hoboes lived in shanty towns which were nicknamed Hooverville's. 28% receiving no income not including 11 million farmers in acute poverty- many of population starving.

People going hungry- when wheat was rotting in fields of Montana and in Oregon sheep were slaughtered and left for buzzards to eat (lack of intervention)

Agriculture Marketing act, 1929- Established a federal farm board with funds of \$500 million to create a farmers marketing co-operative. These would be given the task of buying, storing and disposing of surplus. Not able to restrict production though. Huge surpluses in 1931-1932 saw prices fall and corporations were paying above market value for produce (some saw this as a waste of tax payer money) e.g. in 1931 they paid 82cents a bushel when it cost 40. However, it was aimed to help farmers, in actual fact it encouraged them to produce more rather than less.

This policy failed because it paid farmers artificially high prices, which could not be sustained.

Treated agriculture as a domestic situation and didn't take into account foreign influences

Also refused to subsidies farmers as it contradict 'voluntarism' and 'rugged individualism'

Hawley Smoot tariff 1930- Highest in American history, charging 40% on agricultural and industrial products. Europeans raised their tariffs in response- made exports and farmers situation worse.

As international trade declined and America withdrew its money from Germany- this led to them repudiating their war debts. Hoover feared this would cause war between France and Germany and issued a **Moratorium, 1931**- postponing debt repayments for 18months. This was too late to stop the collapse of the European countries; it was passed during his lame duck presidency- Hoover encouraged Roosevelt to continue the policy- but he signed the **Johnson Act,1932**- refusal to sell securities to any countries who refused to pay debts. Trade was already damaged, but it did make other countries resent the US more. Finland was the only country to pay their debt repayments.

Encouraged **voluntarism** – businesses maintain wages and employment rates but as the depression worsened they physically couldn't do this. An example would be when bankers set up the National Credit Corporation, 1931 and financial institutions donated \$500 million to its fund. However, only ever spend \$10 million- bankers too ingrained in their ways to invest in failing banks- individuals financial concerns always put before others= voluntarism failed.

In 1932- Hoover established \$500 million for unemployment relief. However, wouldn't give directly to people- contradicted his ideals and made people dependent on handouts- distributed to agencies- under control of Presidents Emergency Committee for Employment. – Uneven distribution and not enough to deal with scale of issue. So rigid in his beliefs- even during 1930-31 drought in southern states he would bit give direct relief, eventually gave \$47million but it was offered as loans that needed to be repaid.

Federal Home Loan Bank Act, 1932- help loan associations provide mortgages to people- however maximum loan was only 50% of properties value- (largely ineffective)

Reconstruction financed Corporation- lend \$2bn to rescue banks, insurance companies, railroads and construction companies in distress. 90% of these loans went to small and medium sized banks. However critics argue not number of loans, but size of loans- biggest banks given most. Government argued they were biggest employers so it made sense to help them and tackle employment. Hoover also allowed the RFC to give \$1.5billion to bankrupt states to fiancé public work schemes (where

Roosevelt got new deal ideas from)

Hoover was seen as aloof but he did care and tried to implement policies. He rigidly stuck to his beliefs, but gave up his own money to help (maybe not being cruel- he genuinely believed it was for the best). He seemed distant when people were starving and said they didn't work hard enough alienating people. The 'us' and 'them' divide was worsened by the treatment of bonus army.

Did set up veteran's administration, providing \$675million on veterans' disabilities- still only remembered for Bonus Army. Veterans to be paid in 1945- because of depression- wanted pay early- by 1932 20000 camped out in protest. Feeling sorry for them, Hoover insisted he could not help them get their pay early but offered to pay \$100000 for their transport home. When they refused to leave, tanks and tear gas set on veterans. Hoover was blamed, despite it being General McArthur's idea.

Franklin Roosevelt (1933-1945) – Democrat

In the 1932 election- Hoover was too busy fighting the depression to campaign effectively and his reputation had been diminished by the events. The extreme rights lacked support- only 700 KKK members by now. Communists didn't do well in elections- they wasted a lot of efforts sniping at the socialists – who also did poorly as they were weakened by the Red Scare. Roosevelt was the promising candidate- offering a 'new deal'.

100 days – power to do what he wants and bypass congress- emergency legislation many known as the 'alphabet agencies'. He used media effectively, and transformed two press conferences a week into 'cosy chats; he knew members of the press by name and invited questions unlike predecessors who only accepted questions written in advance. Was friendly and open, identified with the public rather than Hoover's 'us' and 'them'. Fireside chats are an example of this- spoke directly about his ideas and policies on radio.

in 1933- He ends prohibition (21st amendment)

1933 Emergency Banking Act- closed all banks for 4 days. Made the **Reconstruction Finance Corporation (RFC)** buy up bank debts so they were financially sound before reopening. They also limited the number of banks that were allowed to reopen- restoring confidence in the banking system- brought under control of the Treasury.

Glass Steagall Banking Act – ordinary high street banks were no longer allowed to be involved in investment that fuels speculation. Bank officials could not take out personal loans from their own banks. Buying and selling government securities become centralised. Also established the **Federal Deposit Insurance Act**- individual bank deposits insured against bank failure.

Economy Act- made it clear Roosevelt intended to keep the Federal Budget under control. Cut salaries of government workers and veteran's pensions- saved \$500 million a year

Truth-in-securities act – forced brokers to offer clients realistic information about the securities they were selling.

US abandon the Gold Standard

Civilian Conservation Corps (CCC)- young men between the age of 17-24 were recruited to work and get involved in a range of projects like- building roads, working in soil conservation and taking part in irrigation and flood defence schemes. By 1935, half a million men enrolled in 2000 camps- they were paid \$30 a month- \$25 of which was sent home. However, jobs only lasted 6 months. Gave young men a sense of purpose- made them work hard for their relief.

Federal Emergency Relief Administration (FERA)- allocated \$500 million to provide help for the unemployed. Half given as direct aid, half given to help projects particularly in the construction industry. Central government realised they should take responsibility for social welfare. Opposition from some who claimed it was just giving handout- creating lazy generation. Camp for unemployed women in Maine.

Civil Works Administration (CWA)- set up to create jobs over the winter period. Initial budget of \$400million but surpassed this. It was spending \$200 million a month. Was successful in creating jobs however some say these were just 'boondoggling' and that the agencies lacked structure and consistence. Roosevelt felt that the vast expenditure on this scheme may prohibit real recovery- so it disbanded March 1934.

National Industry Recovery Act (NIRA) was set up and established two major schemes- very different- shows the lack of coherence.

- **National Recovery Administration (NRA)** Main focus was to restore purchasing power and avoid excessive competition.- some felt this undercut American ideas. They set up 541 codes to regulate prices, improve working conditions and minimum wages- this excluded agricultural workers and domestic servants. (Farmers, ethnic minorities and women lack benefits as usual) Tried to please too many people, too many policies- some helped workers/some industries- contradicted each other. Muddled, a rush- damaged industrial growth- struck down in 1935. Banned yellow dog clause.

- **Public Works Administration (PWA)**- to provide funding for public works schemes to stimulate social and economic recovery. Funds of \$3.3bn to improve road buildings, hospitals, dams and schools- infrastructure is improved and puts money in workers pockets. Funded 34000 major construction schemes- putting tens of thousands of people in work.

Agricultural Adjustment Act (AAA)- wanted to tackle the key issue of overproduction. Farmers were subsidised to cut production to increase prices and raise income. Farmers owning their own land were paid to stop producing certain crops. A subordinate agency- The Commodity Credit Agency made loans to farmers who stored their surplus, they only had to repay when prices reached a specified level. It only employed less than 3000 people at its height, however was successful in pushing up prices but it is argued the AAA helped large scale corporations and not the poorest, sharecroppers and migrants. Therefore as the majority of rural workers suffered more, the only impact was unemployed industrial workers had to pay more for food which they could not afford and starved. While people were starving, the AAA stored food- or destroyed it. In California peaches were left to rot and 6 million pigs were slaughtered. Many believed agriculture was handled the wrong way- should have focused on increasing demand rather than restricting production. In actual fact, to feed the population adequately production would need to increase.

Tennessee Valley Authority (TVA)- only based around South-east of the US but provided jobs constructing 20 dams which improved flood controls, irrigation and provided cheap electricity. In 1932- only 2% had access to electricity- by 1945 this increased to 75% and average incomes increased by 200% in the area in this time period.

Farm Credit Act- loan funds made available and \$100 million was designated to re-finance mortgages and stop more farmers losing their land.

Home Owners Refinancing Corporation (HORC) - offered lower interest rates over an extended borrowing period

1934 Federal Housing Administration- government backed insurance on long term mortgages- this helped families afford their homes and boosted the construction industry. However, some argue housing schemes only benefited white Americans and not low income, unemployed people.

Farm Mortgaging Refinancing Act- farmers were helped with their debts by rescheduling repayments and avoiding foreclosures.

Indian Reorganisation Act- encouraged native culture allowed natives to take part in schemes- however still remained poorest in society

1935- Second New Deal (pg 115)

Emergency relief appropriation act-

Tried to alleviate unemployment and established the **Works Progress Administration (WPA)** Harry Hopkins ran it (leader of the CWA) he was allocated a budget of \$4bn and spend \$11bn on war relief employing 8 million people. In 7 years they built 2500 hospitals, 6000 schools and 570000 miles of road. 2 million people were employed by the scheme; however this was only a third of those who needed work. Wages were low (\$52 a month which is higher than other relief schemes but lower than industrial rates) - limiting purchasing power. It was only a relief scheme- not long term employment. However, had a Negro division, more accepting than other schemes.

National Youth Administration- set up to encourage education and provide part time jobs for students so they could complete their studies.

1935: Also established the **Resettlement agency**- aim to relocate the poor in garden cities. However, only 3 established- which fell short of expectations and only 4441 families were resettled.

Rural Electrification Act- aimed to provide electric power throughout the country. Low interest loans given to rural communities to fund the coming of electricity to poorer areas. Electricity access in farming families increased from 20% in 1922 to 90% in 1949.

Social Conservation act- (basically AAA under new name after It was declared unconstitutional) allowed government to continue subsidising farmers.

Social Security Act- to provide pensions and unemployment benefits. Funded by contributions by employers and employees. Scheme did not extend to farmers or domestic servants.

Public Utility Holding Company Act- abolished pyramid structures- got rid of companies more than twice removed from operating company- allowing more profit for providers rather than the company that contributed very little. Getting rid of capitalist exploitation.

Wagner Act- Labour relations- guaranteed workers rights to collective bargaining through unions of their own choice. First act to give unions rights in law.

Wealth Tax Act-implemented to help pay for the New Deal reforms. Raised maximum tax for earners over \$50000 to 75%- only raised \$250 million

Roosevelt wins second election, 1936

Bankhead Jones Farm Tenant Act- help tenants acquire low interest loans and restock their farms. Tried to readdress ill effects of first AAA. Set up 30 camps for displaced families. Established a farm security administration. By 1947- 40000 farmers brought farms and 900000 families borrowed \$800 million to rehabilitate their farms.

Second Agricultural Adjustment Act (AAA)- established quotas for 5 staple crops- those who kept to quota received subsidies. Fairer to small scale farmers than the first AAA

Fair Labour Standards Act- minimum wages 25c an hour and maximum 44 hours of work a week- wages of 300000 people immediately increased and hours of 1.3 million reduced- farmers and domestic servants once again exempt- poorest remain poor

NEW DEAL IMPACT ON WORKERS-

Through the National Industrial Recovery Act of 1933 the National Recovery Administration (NRA) came into being. The NRA attempted to revive industry by raising wages, reducing work hours and reining in unbridled competition. Portions of the NRA were ruled unconstitutional by the Supreme Court in 1935; but the WPA was allowed to continue. **The Fair Labour Standards Act of 1938** promulgated a 44-hour workweek with time-and-a-half for overtime and established a minimum wage of 25 cents an hour. In addition, the bill made child labour under the age of 16 illegal. Employees were guaranteed the right to negotiate with employers through unions of their choosing by the **Wagner Act of 1935**, and it established a Labour Relations Board as a forum for dispute resolution. Workers had much better rights than before. Closed shop- ww1 forced to be in a union/ yellow dog contract 1920s banned employees. Now has a choice- significant impact on workers' rights.

NEW DEAL IMPACT ON WOMEN:

Domestic servants were a very major job for women. Domestic servants were **excluded from many new deal policies like the NRA and social security act**. **CCC was also exclusive for men**. Other work schemes may not actively ban women- but sought to find men work over women. It was assumed that the husband was the "breadwinner" (the provider) and if they had jobs, whole families would benefit. Before the bust- it was rare for both husband and wives to have jobs- so with relief it was also rare for both men and women to get relief jobs from schemes. It soon became clear that the government needed to help women as well. **FERA employed women** to work on projects run by states with federal funds. The first New Deal program to directly assist women was the **Works Progress Administration (WPA)**, 1935. It hired single women, widows, or women with disabled or absent husbands. While men were given unskilled manual labour jobs, usually on construction projects, women were assigned mostly to sewing projects. They made clothing and bedding to be given away to charities and hospitals. Women also were hired for the WPA's school lunch program. Both men and women were hired for the arts programs (such as music, theatre and writing).

NEW DEAL IMPACT ON AFRICAN AMERICANS:

NRA and the Social Security act discriminated against black people. Most unions also excluded blacks from joining. Many leading New Dealers, including Eleanor Roosevelt worked to ensure blacks

received at least 10% of welfare assistance payment. The WPA, NYA, and CCC relief programs allocated 10% of their budgets to blacks (who comprised about 10% of the total population and 20% of the poor). They operated separate all-black units with the same pay and conditions as white units (equal rights but still segregated). African Americans also had to deal with racism, discrimination, and segregation. There was no attempt whatsoever to end segregation, or to increase black rights in the South. However, Roosevelt appointed an unprecedented number of blacks to second-level positions in his administration; these appointees were collectively called the Black Cabinet. (Still labeled, segregated, lower- but a start)

IMPACT OF NEW DEAL ON FARMERS

Excluded from social security schemes and the NRA- despite usually being the poorest in society. However, there have been many measures to target agriculture through schemes such as the TVA/AAA. Much needed reform in these areas. Although schemes have flaws they were still trying to alleviate the suffering. Farmers still suffered until the war economy boosted production again (some argue the only thing that could have helped agriculture was war.) New deal did try and address problems. Although it was war that recovered it- new deal brought in reforms to ensure stability for the future.

The Three Rs and Their Legacy-

Although the New Deal sometimes comes across as a cohesive package, much of the individual legislation passed during the First Hundred Days was unplanned. So many different groups to please such as big business and organized labour, were hounding the government for change that Roosevelt and Congress often felt they were being pulled in opposite directions.

Nevertheless, the New Deal policies did much to get Americans back on their feet. They not only provided **relief**, **recovery**, and **reform** but also drastically changed the federal government's role in politics and society. Roosevelt's successful application of Keynes's economic theories transformed the Democrats into social welfare advocates. Even decades after the Great Depression, Democratic politicians continued fighting for more government intervention in the economy, redistribution of wealth, and aid for the neediest.

Relief

Much of the legislation that the Hundred Days Congress drafted doled out immediate relief for the American people that President Hoover and the Republicans had failed to provide. The Federal Emergency Relief Administration's relief assistance, for example, provided millions of Americans with enough money to make ends meet. The Civil Works Administration put the unemployed to work, and the Agricultural Adjustment Administration, the Tennessee Valley Authority, the National Recovery Administration, and the Public Works Administration kept millions of others alive as well. Americans were so relieved by the federal government's quick action that many became die-hard Democrats and Roosevelt fans. The president's optimism and can-do attitude, combined with the success of his immediate relief programs, made him almost politically untouchable during his first term.

Recovery

Many of the same programs designed to provide immediate relief were also geared toward long-term economic recovery. The Civilian Conservation Corps and the Public Works Administration put

millions of men to work not only to keep them employed but also to improve the national **infrastructure**. When the United States finally emerged from the Great Depression during World War II, it had hundreds of new roads and public buildings, widespread electrical power, and replenished resources for industry. ((Could be used to prove significance of New Deal of WW2))

Reform

The third goal of the New Deal policies was to reform the banking and financial sector of the economy to curb bad lending practices, poor trading techniques, and corruption. The president's decision to take the country off the gold standard boosted people's confidence in the U.S. dollar. The **Federal Deposit Insurance Corporation**, created under the **Glass-Steagall Act**, eliminated untrustworthy banks that had plagued the country for more than a century. Once Americans became confident that their funds would be safe, the number of bank deposits surged. Likewise, the **Securities and Exchange Commission in 1934**, which weeded out bad investment habits, gave Americans more confidence in the stock market. (Making changes to prevent future collapses).

Reason for second new deal- threat from the left. Needed slightly left policies to attract voters who would potentially vote for people like Huey Long.

Opposition to the new deal:

Threats from the left:

A journalist hired by the Federal government to investigate social conditions in Pennsylvania reported in 1933 that 'vast numbers of workers were right on the edge and it wouldn't take much to make communist out of them'.

In Ohio- strike at Electric Auto Lite turned into a riot- national guard called out- 2 strikers killed, San Francisco- July 1934 – general strike led to widespread violent clashes

Strikes indicated potential growing influences of political extremists from the left- 30000 members of the communist party by 1934

American Communist party polled record votes of 102000- still low in comparison to 22.8 million for Roosevelt and 884000 for socialist leader Norman Thomas (1932). Still a fear that communism was growing and that the failure of the New Deal could increase their support.

Growing radicalism: Not political parties that gained mass support- maverick individuals

Detroit- radio priest Father Coughlin- very influential- originally supported Roosevelt but became increasingly critical by 1934. Didn't think he tackled banking issue (saw it as major causes of depression). Many Jews were prominent bankers so there were also hints at anti Semitic messages in his sermons. Founded the National Union for Social Justice to promote the careers of political candidates who would attack Wall Street and campaign for the redistribution of wealth. In 1936 he attacked Roosevelt describing him as 'Franklin Double Crossing Roosevelt' and 'anti god'; he also implied his assassination would be justified. He was reluctantly forced to apologise

California- Upton Sinclair stood in 1934 as a democrat for the position of Governor- developed EPIC programme (End Poverty in California). He demanded a radical distribution of wealth and state ownership of economic activities. Sinclair lost to a republican but still polled 870000 votes proving how popular his radical solutions were becoming.

Dr Francis Townsend's policy of old age pension schemes were very radical and also proved popular. Only 28 states had pensions ranging from \$8-\$30 a month.

Townsend proposed that in 1933 all persons over the age of 60 should be given \$200 a month on the condition that they spent it- enriching a poverty stricken group whilst putting money into the economy- stimulating businesses and jobs. The money would be found by adding a 2% sales tax. Throughout 1934- Townsend clubs were founded and by 1935 there were half a million members throughout the country. However, miscalculation and guess work meant that actually massive taxation would be necessary to fund the project- but the popular response shows Americans leaning towards radical solutions.

Louisiana- Huey Long campaigned for Roosevelt and the New Deal in 1932 but changed his views, establishing a 'Share our Wealth Society'. It promised every family a homestead allowance of \$5000 and an income of \$2500. It would pay for this by taxing the rich and confiscating wealth over \$5 million. By 1935- became a national challenger of Roosevelt- 2000 clubs and estimated 8 million members.

He would have been unlikely to overthrow Roosevelt as democratic candidate- but as a third party candidate could claim 12% of the votes- denying Democratic victory over Republicans. However, Long was assassinated.

IMPACT- Only individuals e.g. Long's influence reliant on him

Second New Deal- more socialist e.g. Wealth Tax Act/Social Security Act/Wagner Act – countered and undermined threat. If second new deal hadn't happened- could have had more support.

Threat from the Right:

Ultra conservative- believed Roosevelt's extension of Federal intervention undermined traditional American virtues. American liberty league set up to 'foster the right to work, earn, save and acquire property' funded by big businesses such as Du Pont. Keenest opponents were those most threatened by new government intervention and the rise of unions for semi skilled workers. Massive lobbying campaign to the Public utility holding company- achieved some success as Roosevelt forced to compromise and tone down his policies to meet the demands of giant holding companies. Opposition to wealth tax led to proposed figures being cut from 79% to 75% and inheritance tax was dropped. National labour relations act (Wagner act) – bitterly opposed and Roosevelt was called by the very rich 'a traitor to his class'.

Was it successful-

Perhaps if Huey Long wasn't assassinated because he could have stood for election in 1936 attracting radical votes- perhaps allowing moderate republican Alfred Landon the majority. However, his death meant this did not happen and Roosevelt won election with 60% of the popular vote- won election in every state except Vermont and Maine. The republicans were also crushed in elections to Senate and the House of Representatives. The democrats dominated congress with 77 to 19 republicans in the Senate and 328 to 107 in the House.

Supreme Court threat- All but one had been appointed by republican presidents and their average age was 71. One was sympathetic towards Roosevelt, 2 were sometimes but the other 4 were very conservative and became known as the 'Four horsemen of the apocalypse'. They opposed the New Deal and its entire works. In 1935- 8 to 1 declared the NIRA unconstitutional as it prohibited

interstate shipments of petrol and claimed the president could not authorise this. They also banned the NRA- claiming congress had given Roosevelt too much power. By 1936- by 6 to 3 they banned the AAA as they claimed the federal government infringed on the legitimate powers of individual states. Also invalidated a New York state law which established a minimum wage. Roosevelt was furious.

In 1937 Roosevelt tried to shift the balance of power with the supreme court- proposed he should nominate 6 more people for every one currently in the supreme court who was over 70 years old- justification was he needed to increase efficiency. However, Supreme Court argued having 6 more people to consult with would slow process down. Roosevelt failed to consult many people even his deputy, angering many people.

On surface- Roosevelt one battle- pillars of New Deal remained intact and the Supreme Court accepted the enhanced role of the federal government. However, Roosevelt lost support and his control in congress- which was the alliance that had allowed him to push forward his new deal policies. After this, anti-lynching bills and 7 more TVAs were rejected by congress. Republicans gained 8 new seats in congress and doubled their representation in the House.

Downturn in economy also undermined his prestige- 1936 'Roosevelt depression'.

Foreign policy 1920-41

1939- War between Britain, France and Germany- when first declared Roosevelt said he would not get involved – The Gallup poll showed that 94% of Americans agreed. Strong feeling the US cleared up Europe's mess in the First World War and should not get involved again.

USA pursued policy of isolationism between wars- stayed clear of foreign entanglement. E.g. **rejecting League of Nations**. However, the US was far too powerful and influential to remain isolated. They were largest exporter of goods and owned \$12bn of war debts after WW1. Also, in order to allow isolated the US often had to intervene.

1920s: On the surface the 1920 foreign policy appeared isolationist- however this could not always be maintained. Sometimes have to get involved to protect their own interests not because they had any desire to intervene. 1917- Wilson 14 points went to Paris Peace Conference to try and get them adopted as the basis for peace. Nationwide campaign for League of Nations- however his health deteriorated and opposition grew. Peace treaties accepted but US refused to join League of Nations.

Open Door Policy- stimulates trade and export technologies. However, due to the First World War destruction and debts- many countries too poor.

Repayment of war loans- conferences and discussions must be held- intervention
Conferences- **discuss disarmament treaties** and discussions/policies to prevent future wars– intervention.

1921 Washington disarmament conference- President Harding left foreign affairs to Secretary of State Charles Hughes. US really pushed for disarmament. Delegates from the US, UK, France, Japan and Italy met in Washington to discuss the balance of power in East Asia. Concerned Japan was becoming too powerful and China too weak. US had colonies in the Philippines that needed to be protected **(had to intervene despite wanting to isolate themselves)**

UK, USA, France, Japan- signed **Four Power Treaty** agreeing to respect each other's interests in the Pacific

Agreements were signed on naval disarmament- reduce amount of battleships.
However- no penalty for defaulters – no alliance or moral obligation

1924- American troops withdrawn from **Dominican Republic and Nicaragua.**

Also withdrew from **Latin America-** (volume of trade between Latin/North America reached \$3.2 billion by 1929)

China: Japan learned that the USA would not intervene in China's civil war (isolationist) Japan saw this as American weakness.

Kellogg- Briand pact, 1924: USA wanted to maintain peace- many conferences held and competitions for peace plans throughout the decade e.g. Roosevelt offered \$100 000 prize. 1928- Signed this pact which renounced war as a way of settling international grievances.

(Wanting to isolate- have to intervene to do this)

ROOSEVELT'S FOREIGN POLICY- 1933-1939 - A lot of intervention to benefit trade- primary focus economics.

No intention of getting involved in European affairs- primary concern to sort out the depression.

Did intervene when it suited US- encouraged **good neighbour policies** (decreased chance of war- isolating themselves from countries and conflict) Withdrew from Haiti - 1933 US agreed at the Montevideo Conference that no country had the right to intervene in other countries.

Neutrality:

1931 Stimson tried to introduce an arms embargo – prohibit the movement of weapons.
US believed that arms manufacturers had tricked the USA into entering WW1- to make money selling their products.

Believed involvement in war should be avoided- led to the **Neutrality Acts**

1935 Neutrality Act- forbade the sale of munitions to all belligerent nations.

1936 Neutrality Act- banned all loans to belligerent nations

3rd extension- extended bans to those countries in civil war

4th extension- forbade US citizens to travel on ships of belligerent nations. Sale of all goods- on cash and carry basis.

1937- Full scale war between Japan and China although neither side made full declaration of war- because of this neutrality acts were not initiated. US sold arms to China on which they were dependent. China leader Chiang Kai Shek opposed Japanese and Communist- US liked him- saw as promising future-peaceful China (less) wars. **ANOTHER example of intervening to help isolate.**

Rearmament- Very weak military because of cut backs during depression. When European war began US arms manufacturers began e.g. selling aero-engines to France. December 1938 Roosevelt began to rearm the USA- allocated \$500 million for military spending.

New deal programmes ended like the WPA and CCC.

Then USA abandoned neutrality acts and became the 'great arsenal of democracy' – produced weapons for the war.

Why did the USA go to war?

Americans sympathized with the allied cause because they disliked the aggression of Nazi Germany and felt if they conquered Europe they would threaten the US next. Also a lot of Jewish in America-disliked Hitler.

France defeated- Britain struggling financially. Roosevelt realized they would have to physically intervene to prevent Britain losing.

Get US public onside:

Media gave 5X more time to interventionist programmes than isolationist ones e.g. March of the Time. Movies also portrayed Nazis as villains. Newspapers fuelled fear of the Nazis- saying they had developed long range aircrafts and bombs that could kill everyone in Manhattan.

Opposition from America first campaign

Lend Lease- introduced 1941. Britain loaned then means to keep on fighting. Extended to the USSR- intervened a little to prevent major intervention (loans Britain supplies so they don't have to go to war)

Atlantic Charter- Talks with Roosevelt and Churchill discussed what world would look like after the final destruction of Nazi tyranny- with international peace, national self determination and freedom of the seas.

Undeclared naval war- American navy was fighting undeclared war against Germany in the Atlantic. 1941 USA occupied Greenland and Iceland to prevent it becoming a U-boat base.

In 1941 Gallup poll showed only 19% of Americans felt intervention had gone too far.

Japanese caused full scale involvement with their attack on **Pearl Harbor**.

Japan and US relationship deteriorated after the Japanese invaded China in 1937. USA sent weapons to China and stopped exporting to Japan- also stopped exporting oil and iron. After the **Rome-Berlin-Tokyo** axis was signed- US banned sales of all machine tools to Japan.

USA demanded Japan withdraw from China and not invade Dutch and French colonies in SW Asia. Japan did not respond because the USA offered them nothing.

Japan set up the **Greater East Asia Co-Prosperity sphere-** allowing economic exploitation of all the countries under their control. US embargo on oil on which Japan was wholly dependent.

Japan promised to halt any further expansion if US cut off aid to China and lifted the economic blockade on Japan. US did not respond.

December 1941 attack on Pearl Harbor- destroyed 180 American aircrafts and killed 2400 servicemen. In response USA declared war on Japan- because of alliances, Germany and Italy declared war on the US.

Impact of war on the economy:

Similar number production of tanks (Germany and US) all German factories working flat out, whereas 2/3s of US plants were idling- massive potential. Threat of war stimulated economy again

(new deal did not get these factories up and running) 51 new synthetic rubber plants by 1944 Henry ford producing 10 bombers a day. US producing 16 major naval vessels to every 1 build by Japan. US built 20000 more tanks than Japan- 1944
1941- unemployment 14% and then 1943 unemployment only 2%
GNP \$91bn to \$214bn
Industrial production doubled/17 million jobs created/wages increased by 50%
War powers act- granted Roosevelt unprecedented authority to lead to nation into war.
Coordinated the government, economy and military- all under one building (Pentagon)
Office of Price administration- managed wartime economy and increased government role in society. Rationed things like petrol, sugar, butter, meat and cheese.
Office of production management- became **War Production Board**- allocated materials, limited civilian goods.
By 1941 military budgets were four times those of 1940.
\$90 billion spent on war- produced a war economy
Income tax- richest taxed 94%

Society : Richest saw a decline of income because of taxation- however poorest 1/5 saw earnings rise by 68%.
Living standards increased with wages.
Life expectancy increased 3 years and 5 years for black Americans.

EFFECTS OF WAR ON AFRICAN AMERICANS:

The wartime FEPC (**Fair employment practices commission**) executive orders that forbade job discrimination against African Americans, women, and ethnic groups was a major breakthrough that brought better jobs and pay to millions of minority Americans. Still a lot of discrimination and segregation but improving. Regiments in army segregated.

In 1939 black Americans in industrial jobs only earned 40% of what white workers earned by 1945 this increased to 60%.

Executive order 8802- government condemned racism- racism still occurs e.g. riots in Detroit where 29 blacks were killed

National Association for the Advancement of colored people

Congress of racial equality

Planned marches and promoted Roosevelt to order Executive Order 8802.

RURAL BOOM- Farms incomes quadrupled.

IMPACT OF WAR ON WOMEN- the number of women in work increased by 50%. 12 million moved from low paid to high paid jobs. War Labour Board encouraged equal pay- however this was rarely achieved.

Did this actually improve women's rights? Only given jobs because they were required to work and keep industry going. Not equal access- still forced to do all domestic chores/child raising. Double the amount of work. Restoration of pre war practices act meant many women lost their jobs when men returned from war.

IMPACT OF WAR ON WORKERS- Unions realized they had more strength working together. Federal government encouraged employees to recognize unions. Even Ford motors who had formally attacked unionists. Very few strikes except 1943 coal strike. Employers introduced paid holidays, health insurance and better pensions.

Post war prosperity: Only 7% of the world's population but produces half the world's manufactured goods, accounted for 60% of world's oil and 57% of steel. Slump in 1950s unemployment rose to 4%. Still poverty in society- 20% lived below poverty line/40% no toilets. However could be argued even the Americas poorest still rich in comparison to most of the world.

Car production increased from 69000 sold in 1945 to 7.9 million in 1955.

Boost in technology e.g. Polaroid camera, frozen foods and freezers.

Boost in consumption in 1952 Americans spend \$255 million on chewing gum

Baby boom- increased by 73 million babies from 1946-1964

1950s: Red scare- again like in 20s. Typical of post war era?

1940- campaign against Hollywood directors suspected of making communist films

1940- 11 members of the communist party arrested as they were seen as a threat to government
Taft Harley act, 1946 - curbed powers of unions. Forced leaders to swear they weren't communist

1947- Executive Order 9835- established loyalty boards- very anti red. Between 1947-51 3000 government officials forced to resign

1947- Truman doctrine- offered money to countries who rejected communism e.g. Greece

Marshall aid- \$13bn package given to 16 European countries to help deal with the effects of war

1949- Russia tested its first atomic bomb- only 4 year after the USA

1949- China became communist

1949- Creation of the China lobby (group who wanted action against China)

1950- South Korea was invaded by the communist North

1950- Joe McCarthy

unpopular- using 'red scare' to make country feel they need him to protect them- so he is elected.

Made a speech there were 54 Communist spies in the state department

1951- Rosenberg's arrested and executed for selling nuclear secrets to the USSR- mass suspicion/fear/paranoia

1953- McCarthy given control of the Senate committee on Government operations and investigations to find communist spies

1954- McCarthy leveled charges of communism at US army general

1954- House Committee of Un-American activities- produced a list of 350 who could never work in Hollywood again. (set up before McCarthy)

Freedom- Life Magazine pressure to conform to nuclear family ideals. TV shows like 'father knows best'. Biggest restrictions for white Americans- used to being free able to do as they please to being under constant suspicion.

Increased pre-marital sex and extra marital affairs- changes in fashion. Elvis – sexual and ethnic sounding music.