

## THE MODERN ERA OF THE 1920S

*My candle burns at both ends;  
It will not last the night;  
But ah, my foes, and oh, my friends—  
It gives a lovely light!*

Edna St. Vincent Millay, "First Fig," 1920

**T**he armistice ending World War I was two years in the past in November 1920 when the American people—women as well as men—went to the polls to cast their votes for president. Their choice was between two men from Ohio: Governor James Cox, a Democrat who urged the adoption of the League of Nations, and Senator Warren G. Harding, a Republican who was unclear about where he stood on every issue. The only memorable phrase in Harding's campaign was his assertion that the American people wanted a "return to normalcy." Harding apparently was right, because he was elected by a landslide. It was a sign that the idealism and activism that had characterized the prewar years of the Progressive era were over.

### **Republican Control**

Through the 1920s, three Republican presidents would control the executive branch. Congress too was solidly Republican through a decade in which U.S. business boomed, while farmers and unions struggled.

### ***Business Doctrine***

The great leader of the progressive wing of the Republican party, Theodore Roosevelt, died in 1919. This loss, combined with public disillusionment over the war, allowed the return of the old-guard (conservative) Republicans. Unlike the Republicans of the Gilded Age, however, Republican leadership in the 1920s did not preach laissez-faire economics but rather accepted the idea of limited government regulation as an aid to stabilizing business. The regulatory commissions established in the Progressive era were now administered by appointees who were more sympathetic to business than to the general public. The prevailing idea of the Republican party was that the nation would benefit if business and the pursuit of profits took the lead in developing the economy.

## ***The Presidency of Warren Harding***

Harding had been a newspaper publisher in Ohio before entering politics. He was handsome and well-liked among the Republican political cronies with whom he regularly played poker. His abilities as a leader, however, were less than presidential. When the Republican national convention of 1920 deadlocked, the party bosses decided “in a smoke-filled room” to deliver the nomination to Harding as a compromise choice.

**A Few Good Choices** Harding recognized his limitations and hoped to make up for them by appointing able men to his cabinet. He appointed the former presidential candidate and Supreme Court justice Charles Evans Hughes to be secretary of state; the greatly admired former mining engineer and Food Administration leader Herbert Hoover to be secretary of commerce; and the Pittsburgh industrialist and millionaire Andrew Mellon to be secretary of the treasury. When the Chief Justice’s seat on the Supreme Court became vacant, Harding filled it by appointing former President William Howard Taft.

**Domestic Policy** Harding did little more than sign into law the measures adopted by the Republican Congress. He approved (1) a reduction in the income tax, (2) an increase in tariff rates under the Fordney-McCumber Tariff Act of 1922, and (3) establishment of the Bureau of the Budget, with procedures for all government expenditures to be placed in a single budget for Congress to review and vote on.

Harding did surprise many people, particularly his conservative allies, by pardoning and releasing from federal prison Socialist leader Eugene Debs. Debs had been convicted of violating the Espionage Act during World War I. Though in prison, Debs received 920,000 votes in the 1920 presidential election. Harding’s decision to pardon Debs was prompted by the president’s generous spirit.

**Scandals and Death** Curiously, Harding’s postwar presidency was marked by scandals and corruption similar to those that had occurred under an earlier postwar president, Ulysses S. Grant. Having appointed some excellent officials, Harding also selected a number of incompetent and dishonest men to fill important positions, including Secretary of the Interior Albert B. Fall and Attorney General Harry M. Daugherty. In 1924, Congress discovered that Fall had accepted bribes for granting oil leases near Teapot Dome, Wyoming. Daugherty also took bribes for agreeing not to prosecute certain criminal suspects.

However, in August 1923, shortly before these scandals were uncovered publicly, Harding died suddenly while traveling in the West. He was never implicated in any of the scandals.

## ***The Presidency of Calvin Coolidge***

Harding’s vice president and successor, Calvin Coolidge, had won popularity in 1919 as the Massachusetts governor who broke the Boston police strike. He was a man of few words who richly deserved the nickname “Silent Cal.” Coolidge once explained why silence was good politics. “If you don’t say anything,” he said, “you won’t be called on to repeat it.” Also unanswerable was the president’s sage comment: “When more and more people are thrown out of work, unemployment

results.” Coolidge summarized both his presidency and his era in the phrase: “The business of America is business.”

**The Election of 1924** After less than a year in office, Coolidge was the overwhelming choice of the Republican party as their presidential nominee in 1924. The Democrats nominated a conservative lawyer from West Virginia, John W. Davis, and tried to make an issue of the Teapot Dome scandal. Unhappy with conservative dominance of both parties, liberals formed a new Progressive party led by its presidential candidate, Robert La Follette of Wisconsin. Coolidge won the election easily, but the Progressive ticket did extremely well for a third party in a conservative era. La Follette received nearly 5 million votes, chiefly from discontented farmers and laborers.

**Vetoes and Inaction** Coolidge believed in limited government that stood aside while business conducted its own affairs. Little was accomplished in the White House except keeping a close watch on the budget. Cutting spending to the bone, Coolidge vetoed even the acts of the Republican majority in Congress. He would not allow bonuses for World War I veterans and vetoed a bill (the McNary-Haugen Bill of 1928) to help farmers as crop prices fell.

### ***Hoover, Smith, and the Election of 1928***

Coolidge declined to run for the presidency a second time. The Republicans therefore turned to an able leader with a spotless reputation, self-made millionaire and Secretary of Commerce Herbert Hoover. Hoover had served three presidents (Wilson, Harding, and Coolidge) in administrative roles but had never before campaigned for elective office. Nevertheless, in 1928, he was made the Republican nominee for president.

Hoover’s Democratic opponent was the governor of New York, Alfred E. Smith. As a Roman Catholic and an opponent of Prohibition, Smith appealed to many immigrant voters in the cities. Many Protestants, however, were openly prejudiced against Smith.

Republicans boasted of “Coolidge Prosperity,” which Hoover promised to extend. He even suggested (ironically, as it proved) that poverty would soon be ended altogether. Hoover won in a landslide and even took a large number of the electoral votes in the South. In several southern states—including Texas, Florida, and Virginia—the taste of prosperity and general dislike for Smith’s religion outweighed the voters’ usual allegiance to the Democratic party.

## **Mixed Economic Development**

Politics took a backseat in the 1920s, as Americans adapted to economic growth and social change. The decade began with a brief postwar recession (1921), included a lengthy period of business prosperity (1922–1928), and ended in economic disaster (October 1929) with the nation’s worst stock market crash. During the boom years, unemployment was usually below 4 percent. The standard of living for most Americans improved significantly. Indoor plumbing and central heating became commonplace. By 1930, two-thirds of all homes had electricity. Real income for both the middle class and the working class increased substantially.

The prosperity, however, was far from universal. In fact, during the 1920s as many as 40 percent of U.S. families in both rural and urban areas had incomes in the poverty range—they struggled to live on less than \$1,500 a year. Farmers in particular did not share in the booming economy.

### ***Causes of Business Prosperity***

The business boom—led by a spectacular rise of 64 percent in manufacturing output between 1919 and 1929—resulted from several factors.

**Increased Productivity** Companies made greater use of research, expanding their use of Frederick W. Taylor's time-and-motion studies and principles of scientific management. The manufacturing process was made more efficient by the adoption of improved methods of mass production. In 1914, Henry Ford had perfected a system for manufacturing automobiles by means of an assembly line. Instead of losing time moving around a factory as in the past, Ford's workers remained at one place all day and performed the same simple operation over and over again at rapid speed. In the 1920s, most major industries adopted the assembly line and realized major gains in worker productivity.

**Energy Technologies** Another cause of economic growth was the increased use of oil and electricity, although coal was still used for the railroads and to heat most homes. Increasingly, oil was used to power factories and to provide gasoline for the rapidly increasing numbers of automobiles. By 1930, oil would account for 23 percent of U.S. energy (up from a mere 3 percent in 1900). Electric motors in factories and new appliances at home increased electrical generation over 300 percent during the decade.

**Government Policy** Government at all levels in the 1920s favored the growth of big business by offering corporate tax cuts and doing almost nothing to enforce the antitrust laws of the Progressive era. Large tax cuts for higher-income Americans also contributed to the imbalance in incomes and increased speculation in markets. The Federal Reserve contributed to the overheated economic boom first through low interest rates and relaxed regulation of banks and then by tightening the money supply at the wrong time.

### ***Consumer Economy***

Electricity in their homes enabled millions of Americans to purchase the new consumer appliances of the decade—refrigerators, vacuum cleaners, and washing machines. Automobiles became more affordable and sold by the millions, making the horse-and-buggy era a thing of the past. Advertising expanded as businesses found that consumers' demand for new products could be manipulated by appealing to their desires for status and popularity. Stores increased sales of the new appliances and automobiles by allowing customers to buy on credit. Later, as consumers faced more "easy monthly payments" than they could afford, they curtailed buying, contributing to the collapse of the economic boom. Chain stores, such as Woolworth's and the A & P, proliferated. Their greater variety of products were attractively displayed and often priced lower than the neighborhood stores, which they threatened to displace.

**Impact of the Automobile** More than anything else, the automobile changed society. By 1929, a total of 26.5 million automobiles were registered, compared to 1.2 million in 1913. The enormous increase in automobile sales meant that, by the end of the decade, there was an average of nearly one car per American family. In economic terms, the production of automobiles replaced the railroad industry as the key promoter of economic growth. Other industries—steel, glass, rubber, gasoline, and highway construction—now depended on automobile sales. In social terms, the automobile affected all that Americans did: shopping, traveling for pleasure, commuting to work, even dating. Of course, there were new problems as well: traffic jams in the cities, injuries and deaths on roads and highways.

### ***Farm Problems***

Farmers did not share in the Coolidge prosperity. Their best years had been 1916–1918, when crop prices had been kept artificially high by (1) wartime demand in Europe and (2) the U.S. government's wartime policy of guaranteeing a minimum price for wheat and corn. When the war ended, so did farm prosperity. Farmers who had borrowed heavily to expand during the war were now left with a heavy burden of debt. New technologies (chemical fertilizers, gasoline tractors) helped farmers increase their production in the 1920s, but did not solve their problems. In fact, productivity only served to increase their debts, as growing surpluses produced falling prices.

### ***Labor Problems***

Wages rose during the 1920s, but the union movement went backward. Membership in unions declined 20 percent, partly because most companies insisted on an *open shop* (keeping jobs open to nonunion workers). Some companies also began to practice welfare capitalism—voluntarily offering their employees improved benefits and higher wages in order to reduce their interest in organizing unions. In the South, companies used police, state militia, and local mobs to violently resist efforts to unionize the textile industry.

In an era that so strongly favored business, union efforts at strikes usually failed. The United Mine Workers, led by John L. Lewis, suffered setbacks in a series of violent and ultimately unsuccessful strikes in Pennsylvania, West Virginia, and Kentucky. Conservative courts routinely issued injunctions against strikes and nullified labor laws aimed at protecting workers' welfare.

### **A New Culture**

The Census of 1920 reported that, for the first time, more than half of the American population lived in urban areas. The culture of the cities was based on popular tastes, morals, and habits of mass consumption that were increasingly at odds with the strict religious and moral codes of rural America. Moralists of the 1920s blamed the automobile, "a bordello on wheels," for the breakdown of morals, especially among the young, but soon the music, dances, movies and fashions were added to the list.

## ***The Jazz Age***

High school and college youth expressed their rebellion against their elders' culture by dancing to jazz music. Brought north by African American musicians, jazz became a symbol of the "new" and "modern" culture of the cities. The proliferation of phonographs and radios made this new style of music available to a huge (and chiefly youthful) public.

**Entertainment** Newspapers had once been the only medium of mass communication and entertainment. In the 1920s, a new medium—the radio—suddenly appeared. The first commercial radio station went on the air in 1920 and broadcast music to just a few thousand listeners. By 1930 there were over 800 stations broadcasting to 10 million radios—about a third of all U.S. homes. The organization of the National Broadcasting Company (NBC) in 1924 and the Columbia Broadcasting System (CBS) in 1927 provided networks of radio stations that enabled people from coast to coast to listen to the same programs: news broadcasts, sporting events, soap operas, quiz shows, and comedies.

The movie industry centered in Hollywood, California, became big business in the 1920s. Going to the movies became a national habit in cities, suburbs, and small towns. Sexy and glamorous movie stars such as Greta Garbo and Rudolf Valentino were idolized by millions. Elaborate movie theater "palaces" were built for the general public. With the introduction of talking (sound) pictures in 1927, the movie industry reached new heights. By 1929, over 80 million tickets to the latest Hollywood movies were sold each week.

**Popular Heroes** In an earlier era, politicians such as William Jennings Bryan, Theodore Roosevelt, and Woodrow Wilson had been popularly viewed as heroic figures. In the new age of radio and movies, Americans radically shifted their viewpoint and adopted as role models the larger-than-life personalities celebrated on the sports page and the movie screen. Every sport had its superstars who were nationally known. In the 1920s, people followed the knockouts of heavyweight boxer Jack Dempsey, the swimming records of Gertrude Ederle, the touchdowns scored by Jim Thorpe, the home runs hit by Babe Ruth, and the golf tournaments won by Bobby Jones.

Of all the popular heroes of the decade, the most celebrated was a young aviator who, in 1927, thrilled the nation and the entire world by flying nonstop across the Atlantic from Long Island to Paris. Americans listened to the radio for news of Charles Lindbergh's flight and welcomed his return to the United States with ticker tape parades larger than the welcome given to the returning soldiers of World War I.

## ***Gender Roles, Family, and Education***

The passage of the Nineteenth Amendment did not change either women's lives or U.S. politics as much as had been anticipated. Voting patterns in the election of 1920 showed that women did not vote as a bloc, but adopted the party preferences of their husbands or fathers.

**Women at Home** The traditional separation of labor between men and women continued into the 1920s. Most middle-class women expected to spend

their lives as homemakers and mothers. The introduction into the home of such laborsaving devices as the washing machine and vacuum cleaner eased but did not substantially change the daily routines of the homemaker.

**Women in the Labor Force** Participation of women in the workforce remained about the same as before the war. Employed women usually lived in the cities, were limited to certain categories of jobs as clerks, nurses, teachers, and domestics, and received lower wages than men.

**Revolution in Morals** Probably the most significant change in the lives of young men and women of the 1920s was their revolt against sexual taboos. Some were influenced by the writings of the Austrian psychiatrist Sigmund Freud, who stressed the role of sexual repression in mental illness. Others, who perhaps had never heard of Freud, took to premarital sex as if it were—like radio and jazz music—one of the inventions of the modern age. Movies, novels, automobiles, and new dance steps (the fox-trot and the Charleston) also encouraged greater promiscuity. The use of contraceptives for birth control was still against the law in almost every state. Even so, the work of Margaret Sanger and other advocates of birth control achieved growing acceptance in the twenties.

A special fashion that set young people apart from older generations was the flapper look. Influenced by movie actresses as well as their own desires for independence, young women shocked their elders by wearing dresses hemmed at the knee (instead of the ankle), “bobbing” (cutting short) their hair, smoking cigarettes, and driving cars. High school and college graduates also took office jobs until they married. Then, as married women, they were expected to abandon the flapper look, quit their jobs, and settle down as wives and mothers.

**Divorce** As a result of women’s suffrage, state lawmakers were now forced to listen to feminists, who demanded changes in the divorce laws to permit women to escape abusive and incompatible husbands. Liberalized divorce laws were one reason that one in six marriages ended in divorce by 1930—a dramatic increase over the one-in-eight ratio of 1920.

**Education** Widespread belief in the value of education, together with economic prosperity, stimulated more state governments to enact compulsory school laws. Universal high school education became the new American goal. By the end of the 1920s, the number of high school graduates had doubled to over 25 percent of the school-age young adults.

### ***The Literature of Alienation***

Scorning religion as hypocritical and bitterly condemning the sacrifices of war-time as a fraud perpetrated by money interests were two dominant themes of the leading writers of the postwar decade. This disillusionment caused the writer Gertrude Stein to call these writers a “lost generation.” The novels of F. Scott Fitzgerald, Ernest Hemingway, and Sinclair Lewis, the poems of Ezra Pound and T. S. Eliot, and the plays of Eugene O’Neill expressed disillusionment with the ideals of an earlier time and with the materialism of a business-oriented culture. Fitzgerald and O’Neill took to a life of drinking, while Eliot and Hemingway expressed their unhappiness by moving into exile in Europe.

concentration of talented actors, artists, musicians, and writers. Because of their artistic achievements this period is known as the Harlem Renaissance.

**Poets and Musicians** The leading Harlem poets included Countee Cullen, Langston Hughes, James Weldon Johnson, and Claude McKay. Commenting on the African American heritage, their poems expressed a range of emotions, from bitterness and resentment to joy and hope.

African American jazz musicians such as Duke Ellington and Louis Armstrong were so popular among people of all races that the 1920s is often called the Jazz Age. Other great performers included blues singer Bessie Smith and the multitalented singer and actor Paul Robeson. While these artists sometimes performed before integrated audiences in Harlem, they often found themselves and their audiences segregated in much of the rest of the nation.

**Marcus Garvey** In 1916, the United Negro Improvement Association (UNIA) was brought to Harlem from Jamaica by a charismatic immigrant, Marcus Garvey. Garvey advocated individual and racial pride for African Americans and developed political ideas of black nationalism. Going beyond the efforts of W. E. B. Du Bois, Garvey established an organization for black separatism, economic self-sufficiency, and a back-to-Africa movement. Garvey's sale of stock in the Black Star Steamship line led to federal charges of fraud. In 1925, he was tried, convicted, and jailed. Later, he was deported to Jamaica and his movement collapsed.

W. E. B. Du Bois and other African American leaders disagreed with Garvey's back-to-Africa idea but endorsed his emphasis on racial pride and self-respect. In the 1960s, Garvey's thinking helped to inspire a later generation to embrace the cause of black pride and nationalism.

## Values in Conflict

The dominant social and political issues of the 1920s expressed sharp divisions in U.S. society between the young and the old, between urban modernists and rural fundamentalists, between prohibitionists and antiprohibitionists, and between nativists and the foreign-born.

### **Religion**

Divisions among Protestants reflected the tensions in society between the traditional values of rural areas and the modernizing forces of the cities.

**Modernism** A range of influences, including the changing role of women, the Social Gospel movement, and scientific knowledge, caused large numbers of Protestants to define their faith in new ways. Modernists took a historical and critical view of certain passages in the Bible and believed they could accept Darwin's theory of evolution without abandoning their religious faith.

**Fundamentalism** Protestant preachers in rural areas condemned the modernists and taught that every word in the Bible must be accepted as literally true. A key point in fundamentalist doctrine was that creationism (the idea that God had created the universe in seven days, as stated in the Book of Genesis) explained the origin of all life. Fundamentalists blamed the liberal views of modernists for causing a decline in morals.



**Revivalists on the Radio** Ever since the Great Awakening of the early 1700s, religious revivals swept through America periodically. Revivalists of the 1920s preached a fundamentalist message but did so for the first time making full use of the new tool of mass communication, the radio. The leading radio evangelists were Billy Sunday, who drew large crowds as he attacked drinking, gambling, and dancing; and Aimee Semple McPherson, who condemned the twin evils of communism and jazz music from her pulpit in Los Angeles.

### ***Fundamentalism and the Scopes Trial***

More than any other single event, a much-publicized trial in Tennessee focused the debate between religious fundamentalists in the rural South and modernists of the northern cities. Tennessee, like several other southern states, outlawed the teaching of Darwin's theory of evolution in public schools. To challenge the constitutionality of these laws, the American Civil Liberties Union persuaded a Tennessee biology teacher, John Scopes, to teach the theory of evolution to his high school class. For doing so, Scopes was arrested and tried in 1925.

**The Trial** The entire nation followed the Scopes trial both in newspapers and by radio. Defending Scopes was the famous lawyer Clarence Darrow. Representing the fundamentalists was three-time Democratic candidate for president William Jennings Bryan, who testified as an expert on the Bible.

**Aftermath** As expected, Scopes was convicted, but the conviction was later overturned on a technicality. Laws banning the teaching of evolution remained on the books for years, although they were rarely enforced. The northern press asserted that Darrow and the modernists had thoroughly discredited fundamentalism. However, to this day, questions about the relationship between religion and the public schools remain controversial and unresolved.

### ***Prohibition***

Another controversy that helped define the 1920s concerned people's conflicting attitudes toward the 18th Amendment. Wartime concerns to conserve grain and maintain a sober workforce moved Congress to pass this amendment, which strictly prohibited the manufacture and sale of alcoholic beverages, including liquors, wines, and beers. It was ratified in 1919. The adoption of the Prohibition amendment and a federal law enforcing it (the Volstead Act, 1919) were the culmination of many decades of crusading by temperance forces.

**Defying the Law** Prohibition did not stop people from drinking alcohol either in public places or at home. Especially in the cities, it became fashionable to defy the law by going to clubs or bars known as speakeasies, where bootleg (smuggled) liquor was sold. City police and judges were paid to look the other way. Even elected officials such as President Harding served alcoholic drinks to guests. Liquors, beers, and wines were readily available from bootleggers who smuggled them from Canada or made them in their garages or basements.

Rival groups of gangsters, including a Chicago gang headed by Al Capone, fought for control of the lucrative bootlegging trade. Organized crime became

big business. The millions made from the sale of illegal booze allowed the gangs to expand other illegal activities: prostitution, gambling, and narcotics.

**Political Discord and Repeal** Most Republicans publicly supported the “noble experiment” of Prohibition (although in private, many politicians drank). Democrats were divided on the issue, with southerners supporting it and northern city politicians calling for repeal. Supporters of the 18th Amendment pointed to declines in alcoholism and alcohol-related deaths, but as the years passed, they gradually weakened in the face of growing public resentment and clear evidence of increased criminal activity. With the coming of the Great Depression, economic arguments for repeal were added to the others. In 1933, the 21st Amendment repealing the Eighteenth was ratified, and millions celebrated the new year by toasting the end of Prohibition.

### ***Nativism***

The world war had interrupted the flow of immigrants to the United States, but as soon as the war ended, immigration shot upward. Over a million foreigners entered the country between 1919 and 1921. Like the immigrants of the prewar period, the new arrivals were mainly Catholics and Jews from eastern and southern Europe. Once again, nativist prejudices of native-born Protestants were aroused. Workers feared competition for jobs. Isolationists wanted minimal contact with Europe and feared that immigrants might foment revolution. In response to public demands for restrictive legislation, Congress acted quickly.

**Quota Laws** Congress passed two laws that severely limited immigration by setting quotas based on nationality. The first quota act of 1921 limited immigration to 3 percent of the number of foreign-born persons from a given nation counted in the 1910 Census (a maximum of 357,000). To reduce the number of immigrants from southern and eastern Europe, Congress passed a second quota act in 1924 that set quotas of 2 percent based on the Census of 1890 (before the arrival of most of the “new” immigrants). Although there were quotas for all European and Asian nationalities, the law chiefly restricted those groups considered “undesirable” by the nativists. By 1927, the quota for all Asians and eastern and southern Europeans had been limited to 150,000, with all Japanese immigrants barred. With these acts, the traditional United States policy of unlimited immigration ended.

Canadians and Latin Americans were exempt from restrictions. Almost 500,000 Mexicans migrated legally to the Southwest during the 1920s.

**Case of Sacco and Vanzetti** Although liberal American artists and intellectuals were few in number, they loudly protested against racist and nativist prejudices. They rallied to the support of two Italian immigrants, Nicola Sacco and Bartolomeo Vanzetti, who in 1921 had been convicted in a Massachusetts court of committing robbery and murder. Liberals protested that the two men were innocent, and that they had been accused, convicted, and sentenced to die simply because they were poor Italians and anarchists (who were against all government). After six years of appeals and national and international debates over the fairness of their trial, Sacco and Vanzetti were executed in 1927.

## ***Ku Klux Klan***

The most extreme expression of nativism in the 1920s was the resurgence of the Ku Klux Klan. Unlike the original Klan of the 1860s and 1870s, the new Klan founded in 1915 was as strong in the Midwest as in the South. The Klan attracted new members because of the popular silent film, *Birth of a Nation*, which portrayed the KKK during Reconstruction as the heroes, and from the white backlash to the race riots of 1919. The new Klan used modern advertising techniques to grow to 5 million members by 1925. It drew most of its support from lower-middle-class white Protestants in small cities and towns. Northern branches of the KKK directed their hostility not only against blacks but also against Catholics, Jews, foreigners, and suspected Communists.

**Tactics** The Klan employed various methods for terrorizing and intimidating anyone targeted as “un-American.” Dressed in white hoods to disguise their identity, Klan members would burn crosses and apply vigilante justice, punishing their victims with whips, tar and feathers, and even the hangman’s noose. In its heyday in the early 1920s, the Klan developed strong political influence. In Indiana and Texas, its support became crucial for candidates hoping to win election to state and local offices.

**Decline** At first, the majority of native-born white Americans appeared to tolerate the Klan because it vowed to uphold high standards of Christian morality and drive out bootleggers, gamblers, and adulterers. Beginning in 1923, however, investigative reports in the northern press revealed that fraud and corruption in the KKK were rife. In 1925, the leader of Indiana’s Klan, Grand Dragon David Stephenson, was convicted of murder. After that, the Klan’s influence and membership declined rapidly. Nevertheless, it continued to exist and advocate for white supremacy into the 1960s.

## **Foreign Policy: The Fiction of Isolation**

During the 1920s, widespread disillusionment with World War I, Europe’s post-war problems, and communism in the Soviet Union (as Russia was renamed) made Americans fearful of being pulled into another foreign war. But despite the U.S. refusal to join the League of Nations, the makers of U.S. foreign policy did not retreat to the isolationism of the Gilded Age. Instead, they actively pursued arrangements in foreign affairs that would advance American interests while also maintaining world peace.

### ***Disarmament and Peace***

The Republican presidents of the 1920s tried to promote peace and also scale back expenditures on defense by arranging treaties of disarmament. The most successful disarmament conference—and the greatest achievement of Harding’s presidency—was held in Washington, D.C., in 1921.

**Washington Conference (1921)** Secretary of State Charles Evans Hughes initiated talks on naval disarmament, hoping to stabilize the size of the U.S. Navy relative to that of other powers and to resolve conflicts in the Pacific.

Representatives to the Washington Conference came from Belgium, China, France, Great Britain, Italy, Japan, the Netherlands, and Portugal. Three agreements to relieve tensions resulted from the discussions:

**1. Five-Power Treaty** Nations with the five largest navies agreed to maintain the following ratio with respect to their largest warships, or battleships: the United States, 5; Great Britain, 5; Japan, 3; France, 1.67; Italy, 1.67. Britain and the United States also agreed not to fortify their possessions in the Pacific, while no limit was placed on the Japanese.

**2. Four-Power Treaty** The United States, France, Great Britain, and Japan agreed to respect one another's territory in the Pacific.

**3. Nine-Power Treaty** All nine nations represented at the conference agreed to respect the Open Door policy by guaranteeing the territorial integrity of China.

**Kellogg-Briand Pact** American women took the lead in a peace movement committed to outlawing future wars. (For her efforts on behalf of peace, Jane Addams won the Nobel Peace Prize in 1931.) The movement achieved its greatest success in 1928 with the signing of a treaty arranged by U.S. Secretary of State Frank Kellogg and the French foreign minister Aristide Briand. Almost all the nations of the world signed the Kellogg-Briand Pact, which renounced the aggressive use of force to achieve national ends. This international agreement would prove ineffective, however, since it (1) permitted defensive wars and (2) failed to provide for taking action against violators of the agreement.

### ***Business and Diplomacy***

Republican presidents believed that probusiness policies brought prosperity at home and at the same time strengthened U.S. dealings with other nations. Thus, they found it natural to use diplomacy to advance American business interests in Latin America and other regions.

**Latin America** Mexico's constitution of 1917 mandated government ownership of all that nation's mineral and oil resources. U.S. investors in Mexico feared that the government might confiscate their properties. A peaceful resolution protecting their interests was negotiated by Coolidge's ambassador to Mexico, Dwight Morrow, in 1927.

Elsewhere in Latin America, Coolidge kept U.S. troops in Nicaragua and Haiti but withdrew them from the Dominican Republic in 1924. While American military influence declined, American economic impact increased. U.S. investments in Latin America doubled between 1919 and 1929.

**Middle East** The oil reserves in the Middle East were becoming recognized as a major source of potential wealth. British oil companies had a large head start in the region, but Secretary of State Hughes succeeded in winning oil-drilling rights for U.S. companies.

**Tariffs** Passed by Congress in 1922, the Fordney-McCumber Tariff increased the duties on foreign manufactured goods by 25 percent. It was protective of U.S. business interests in the short run but destructive in the long run. Because of it, European nations were slow to recover from the war and had difficulty repaying their war debts to the United States. They responded to the high U.S. tariffs by imposing tariffs of their own on American imports. Ultimately, these obstacles to international trade weakened the world economy and were one reason for the Great Depression of the 1930s.

### ***War Debts and Reparations***

Before World War I, the United States had been a debtor nation, importing more than it exported. It emerged from the war as a creditor nation, having lent more than \$10 billion to the Allies. Harding and Coolidge insisted that Britain and France pay back every penny of their war debts. The British and French objected. They pointed out that they suffered much worse losses than the Americans during the war, that the borrowed money had been spent in the United States, and that high U.S. tariffs made it more difficult to pay the debts. To be sure, the Treaty of Versailles required Germany to pay \$30 billion in reparations to the Allies. But how were Britain and France to collect this money? Germany was bankrupt, had soaring inflation, and was near anarchy.

**Dawes Plan** Charles Dawes, an American banker who would become Coolidge's vice president, negotiated a compromise that was accepted by all sides in 1924. The Dawes Plan established a cycle of payments flowing from the United States to Germany and from Germany to the Allies. U.S. banks would lend Germany huge sums to rebuild its economy and pay reparations to Britain and France. In turn, Britain and France would use the reparations money to pay their war debts to the United States. This cycle helped to ease financial problems on both sides of the Atlantic. After the stock market crash of 1929, however, U.S. bank loans stopped and the prosperity propped up by the Dawes Plan collapsed.

**Legacy** Ultimately, Finland was the only nation to repay its war debts in full. The unpaid debts of the other nations left bad feelings on all sides. Many Europeans resented what they saw as American greed, while Americans saw new reasons to follow an isolationist path in the 1930s.

## HISTORICAL PERSPECTIVES: HOW CONSERVATIVE WERE THE 1920S?

By the 1930s, the 1920s seemed to be a unique decade—a period of social fun and business boom wedged between two calamities, World War I and the Great Depression. In his popular history *Only Yesterday* (1931), Frederick Lewis Allen gave support to the ideas of the leading social critics of the 1920s, H. L. Mencken and Sinclair Lewis. He portrayed the period as one of narrow-minded materialism in which the middle class abandoned Progressive reforms, embraced conservative Republican policies, and either supported or condoned nativism, racism, and fundamentalism. Historian Arthur Schlesinger Jr. generally accepted this view of the twenties, seeing it within the framework of his cyclical view of history. He argued that the politics of the decade represented a conservative reaction to the liberal reforms of the Progressive era.

Revisionist historians of the 1950s questioned whether the 1920s truly broke with the Progressive past. They argued that the period continued earlier protest movements such as Populism. Richard Hofstadter and other “consensus” writers distinguished between two middle classes: a new urban group with modern values and an older middle class with traditional values. William Leuchtenburg in *The Perils of Prosperity* (1958) portrayed the traditionalists as threatened by cultural pluralism and modern ideas.

A third assessment took a more positive view of the traditionalists. Some historians, including Alan Brinkley in the 1980s, argued that people in the “old” middle class, including fundamentalists and nativists, were understandably trying to protect their own economic and social self-interests. At the same time, they were seeking to preserve individual and community freedom in face of the modernist movement toward centralized bureaucratic and national control. This effort to maintain local control and independence from big government is seen as continuing from the 1920s to the present.

Given the extreme and deeply felt differences between the modernists and the traditionalists, some historians have wondered why there was not more conflict in the twenties. One explanation, which has grown from the 1960s to the present, is the importance of the consumer culture. Historians, including Stuart Ewen and Roland Marchand, have in diverse ways shown how the influence of growing materialism and prosperity caused people to accept increased bureaucratic control of their lives. They place varying emphasis on the ways in which material affluence, consumer goods, advertising, and a homogeneous mass culture redefined the social and political values of the United States. Though these historians agree on the importance of consumer culture, they differ greatly on its positive and negative influences. With their emphasis on materialism and consumption, historians have returned to the assessments of Mencken, Lewis, and Allen.

## KEY NAMES, EVENTS, AND TERMS

### 1920s Politics (POL)

Warren Harding  
 Charles Evans Hughes  
 Andrew Mellon  
 Harry Daugherty  
 Albert Fall  
 Teapot Dome  
 Fordney-McCumber  
 Tariff Act  
 Bureau of the Budget  
 Calvin Coolidge  
 Herbert Hoover  
 Alfred E. Smith

### 1920s Economy (WXT)

business prosperity  
 standard of living  
 scientific management  
 Henry Ford  
 assembly line  
 open shop  
 welfare capitalism  
 consumerism  
 electric appliances  
 impact of the  
 automobile

### A Modern Culture (CUL)

jazz age  
 radio, phonographs  
 national networks  
 Hollywood  
 movie stars  
 movie palaces  
 popular heroes  
 role of women  
 Sigmund Freud  
 morals and fashions  
 Margaret Sanger  
 high school education  
 consumer culture  
 Frederick Lewis Allen  
*Only Yesterday*

### Literature and the Arts (CUL)

Gertrude Stein  
 Lost Generation  
 F. Scott Fitzgerald  
 Ernest Hemingway  
 Sinclair Lewis  
 Ezra Pound  
 T. S. Eliot  
 Eugene O'Neill  
 industrial design  
 Art Deco  
 Edward Hopper  
 regional artists  
 Grant Wood  
 George Gershwin

### African American Identity (CUL, ID)

northern migration  
 Harlem Renaissance  
 Countee Cullen  
 Langston Hughes  
 James Weldon Johnson  
 Claude McKay  
 Duke Ellington  
 Louis Armstrong  
 Bessie Smith  
 Paul Robeson  
 Back to Africa  
 movement  
 Marcus Garvey  
 black pride

### Conflict over Religion (CUL)

modernism  
 fundamentalism  
 revivalists: Billy  
 Sunday, Aimee  
 Semple McPherson  
 Scopes trial  
 Clarence Darrow

### Conflict over Prohibition (CUL, POL)

Volstead Act (1919)  
 rural vs. urban  
 organized crime  
 Al Capone  
 21st Amendment

### Conflict over Immigration (CUL, POL, ID)

quota laws of 1921  
 and 1924  
 Sacco and Vanzetti  
 Case  
 Ku Klux Klan  
*Birth of a Nation*  
 blacks, Catholics and  
 Jews  
 foreigners and  
 Communists

### Foreign Policy (WOR)

disarmament  
 Washington Confer-  
 ence (1921)  
 Five-Power Naval  
 treaty  
 Nine-Power China  
 Treaty  
 Kellogg-Briand Treaty  
 (1928)  
 Latin America policy  
 war debts  
 reparations  
 Dawes Plan (1924)

## MULTIPLE-CHOICE QUESTIONS

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Questions 1–3 refer to the excerpt below.

“A widely held view of the Republican administrations of the 1920s is that they represented a return to an older order that had existed before Theodore Roosevelt and Woodrow Wilson became the nation’s chief executives. Harding and Coolidge especially are seen as latter-day McKinleys, political mediocrities who peopled their cabinets with routine, conservative party hacks of the kind almost universal in Washington from the end of the Civil War until the early 20th century. In this view, the 1920s politically were an effort to set back the clock.”

—David A. Shannon, historian, *Between the Wars: America, 1919–1941*, 1965

1. Which of the following most directly supports the argument found in the above excerpt?
  - (A) Appointment of Charles Evans Hughes as Secretary of State
  - (B) Appointment of Harry M. Daugherty as Attorney General
  - (C) Appointment of Herbert Hoover as Secretary of Commerce
  - (D) Selection of Calvin Coolidge for Vice President
2. Which of the following cites an event that mostly clearly challenges the interpretation expressed in the above excerpt?
  - (A) The Washington Conference of 1921
  - (B) The Fordney-McCumber Tariff of 1922
  - (C) The Tea Pot Dome leases
  - (D) The veto of McNary-Hagen bill of 1928
3. The administration of which of the following presidents who served between 1865 and 1900 most closely resembles the corruption of the Harding administration?
  - (A) Andrew Johnson
  - (B) Ulysses S. Grant
  - (C) James Garfield
  - (D) William McKinley



Questions 4–6 refer to the advertisement below.

**Cars on Credit**

NUMBER OF CARS & TRUCKS BOUGHT  
ON CREDIT THROUGH  
GENERAL MOTORS  
ACCEPTANCE CORPORATION  
1919 to 1925

RETAIL	652,831
WHOLESALE	424,977
<b>TOTAL</b>	<b>1,147,808</b>

AMOUNT OF CREDIT GRANTED  
1919 to 1925  
**\$810,000,000**

**GENERAL MOTORS**  
BUICK · CADILLAC · CHEVROLET · OLDSMOBILE · GMC TRUCKS

Source: General Motors, 1925.  
The Granger Collection, NYC

4. Which of the following trends of the 1920s is most clearly portrayed in this advertisement?
- (A) The expansion of auto dealers throughout the country
  - (B) The use of extended payment plans to purchase consumer goods
  - (C) The emergence of General Motors as the largest company
  - (D) The growth of middle-class incomes
5. Many historians criticize the economy that developed during the 1920s. Which of the following statements best supports that point of view?
- (A) Consumerism weakened the moral character of the nation
  - (B) The growth of the auto industry badly hurt the railroads
  - (C) Advertising was based on gaining status and popularity
  - (D) The boom was based on speculation and borrowed money
6. Which of the following groups faced the most difficult economic conditions during the 1920s?
- (A) Non-unionized workers in older industries
  - (B) Assembly line workers in factories
  - (C) Farmers and many rural areas
  - (D) Businesses that did not accept credit cards

**Questions 7–8 refer to the excerpt below.**

The problem of birth control has arisen directly from the efforts of the feminine spirit to free itself from bondage. . . .

The basic freedom of the world is woman's freedom. A free race cannot be born of slave mothers. A woman enchained cannot choose but give a measure of that bondage to her sons and daughters. No woman can call herself free who does not own and control her body. No woman can call herself free until she can choose consciously whether she will or will not be a mother.

—Margaret Sanger, *Woman and the New Race*, 1920

7. Which of the following developments in the 1920s would most directly support the author's sentiments in the excerpt?
  - (A) Liberalized divorce laws
  - (B) Labor-saving household appliances
  - (C) Employment as secretaries, nurses, and teachers
  - (D) New fashions and hair styles
  
8. Which of the following most influenced thinking about sexual behavior during the 1920s?
  - (A) Research of Frederick Taylor
  - (B) Writing of the Lost Generation
  - (C) Advertising of consumer products
  - (D) Popularization of Sigmund Freud

## SHORT-ANSWER QUESTIONS

Briefly answer the questions in complete sentences. A thesis is not required.

### Question 1 is based on the excerpt below.

“Through his artistic efforts the Negro is smashing this immemorial stereotype faster than he has ever done through any other method he has been able to use. . . . He is impressing upon the national mind the conviction that he is an active and important force in American life; that he is a creator as well as a creature; that he has given as well as received; that he is the potential giver of larger and richer contributions. . . .

“I do not think it too much to say that through artistic achievement the Negro has found a means of getting at the very core of the prejudice against him by challenging the Nordic superiority complex. A great deal has been accomplished in this decade of ‘renaissance.’”

—James Weldon Johnson, poet and secretary of the NAACP, *Harper's*, 1928

1. Using the excerpt, answer a, b, and c.
  - a) Briefly explain ONE way the Harlem Renaissance supported the point of view in the excerpt.
  - b) Briefly explain ONE example of an African American artist’s achievement from the era that would support this excerpt.
  - c) Briefly explain what the author most likely meant by “the very core of prejudice” faced by African Americans in the 1920s.

### Question 2. Answer a, b, and c.

- a) Briefly explain ONE example of how religion and science were a source of conflict in American society during the 1920s.
- b) Briefly explain ONE development during the 1920s that changed attitudes toward Prohibition.
- c) Briefly explain ONE important difference in the immigrant legislation of the 1920s in comparison to earlier periods.

### Question 3. Answer a, b, and c.

- a) Briefly explain ONE example of how the media of 1920s contributed to development of a shared national culture.
- b) Briefly explain ONE development that caused the disillusionment among writers of the 1920s.
- c) Briefly explain ONE important artistic response during the 1920s and 1930s to industrial development or urban experience.

**Question 4 is based on the excerpts belows.**

“I couldn’t forgive him or like him, but I saw that what he had done was, to him, entirely justified. It was all very careless and confused. They were careless people, Tom and Daisy—they smashed up things and creatures and then retreated back into their money or their vast carelessness, or whatever it was that keep them together, and let other people clean up the mess they had made.”

—F. Scott Fitzgerald, novelist, *The Great Gatsby*, 1925

“Never was a decade snuffed out so quickly as the 1920’s. The stock market crash was taken as a judgment pronounced on the whole era, and, in the grim days of the depression, the 1920’s were condemned as a time of irresponsibility and immaturity.”

—William E. Leuchtenburg, historian, *The Perils of Prosperity*, 1959

4. Using the excerpts, answer a, b, and c.
  - a) Briefly explain ONE social development in the 1920s that supports the Fitzgerald quote.
  - b) Briefly explain ONE economic development of the 1920s that supports the Leuchtenburg argument.
  - c) Briefly explain ONE argument that supports that the 1920s made a positive contribution to the long-term prosperity of the United States.

**THINK AS A HISTORIAN: ADDING DETAILS FOR CONTEXTUALIZATION**

Adding information about the historical context of an event helps the reader understand its significance. Which THREE of the sentences below best demonstrate the use of contextualization?

1. The corruption in the Harding administration involving Albert Fall and Harry Daugherty was serious.
2. The Kellogg-Briand Treaty expressed a reaction against war that could be seen throughout Europe and eastern Asia.
3. In his novels, F. Scott Fitzgerald reflected the materialism, consumer culture, and fascination with wealth that dominated the 1920s.
4. The Harlem Renaissance was even more impressive because it occurred during a period when the KKK and anti-immigrant feelings were on the increase.
5. Grant Wood appreciated the subtle beauty of Iowa and other rural parts of the United States.

# THE GREAT DEPRESSION AND THE NEW DEAL, 1929–1939

*Once I built a tower, to the sun,  
Brick and rivet and lime,  
Once I built a tower,  
Now it's done,  
Brother, can you spare a dime?*

E. Y. Harburg and Jay Gorney,  
"Brother, Can You Spare a Dime?," 1932

**W**hen the new Democratic president, Franklin D. Roosevelt, said in his 1933 inaugural address, "the only thing we have to fear is fear itself," he struck a note that the millions who listened to him on the radio could well understand. In 1933, after having experienced nearly four years of the worst economic depression in U.S. history, Americans were gripped by fear for their survival.

In the past, overproduction and business failures had periodically caused economic downturns measured in months that would be followed by recovery and eventual prosperity. These depressions and recessions were thought to be nothing more than part of the natural rhythm of the business cycle in a free market economy. However, depressions that included widespread bank failures and the collapse of investment and credit systems often resulted in long-term and deeper depressions extending several years, such as the depressions of 1837, 1873, and 1893.

This depression of the 1930s felt different. It lasted far longer, caused more business failures and unemployment, and affected more people—both middle class and working class—than any preceding period of hard times. This was in fact not just an ordinary depression, but the *Great Depression*. Before it was over, two presidents—Herbert Hoover and Franklin Roosevelt—would devote 12 years to seeking the elusive path toward recovery.

## **Causes and Effects of the Depression, 1929–1933**

What caused the spectacular business boom of the 1920s to collapse dramatically in October 1929?

## **Wall Street Crash**

The ever-rising stock prices had become both a symbol and a source of wealth during the prosperous 1920s. A “boom” was in full force both in the United States and in the world economy in the late 1920s. On the stock exchange on Wall Street in New York City, stock prices had kept going up and up for 18 months from March 1928 to September 1929. On September 3, the Dow Jones Industrial Average of major stocks had reached an all-time high of 381. An average investor who bought \$1,000 worth of such stocks at the time of Hoover’s election (November 1928) would have doubled his or her money in less than a year. Millions of people did invest in the boom market of 1928— and millions lost their money in October 1929, when it collapsed.

**Black Thursday and Black Tuesday** Although stock prices had fluctuated greatly for several weeks preceding the crash, the true panic did not begin until a Thursday in late October. On this Black Thursday—October 24, 1929—there was an unprecedented volume of selling on Wall Street, and stock prices plunged. The next day, hoping to stave off disaster by stabilizing prices, a group of bankers bought millions of dollars of stocks. The strategy worked for only one business day, Friday. The selling frenzy resumed on Monday. On Black Tuesday, October 29, the bottom fell out, as millions of panicky investors ordered their brokers to sell—but almost no buyers could be found.

From that day on, prices on Wall Street kept going down and down. By late November, the Dow Jones index had fallen from its September high of 381 to 198. Three years later, stock prices would finally hit bottom at 41, less than one-ninth of their peak value.

## **Causes of the Crash**

While the collapse of the stock market in 1929 may have triggered economic turmoil, it alone was not responsible for the Great Depression. The depression throughout the nation and the world was the result of a combination of factors, and economists continue to debate their relative importance.

**Uneven Distribution of Income** Wages had risen relatively little compared to the large increases in productivity and corporate profits. Economic success was not shared by all, as the top 5 percent of the richest Americans received over 33 percent of all income. Once demand for their products declined, businesses laid off workers contributing to a downward spiral in demand, and more layoffs.

**Stock Market Speculation** Many people in all economic classes believed that they could get rich by “playing the market.” People were no longer investing their money in order to share in the profits of a company—they were speculating that the price of a stock would go up and that they could sell it for a quick profit. *Buying on margin* allowed people to borrow most of the cost of the stock, making down payments as low as 10 percent. Investors depended on the price of the stock increasing so that they could repay the loan. When stock prices dropped, the market collapsed, and many lost everything they had borrowed and invested.

**Excessive Use of Credit** Low interest rates and a belief of both consumers and business that the economic boom was permanent led to increased borrowing and installment buying. This over-indebtedness would result in defaults on loans and bank failures.

**Overproduction of Consumer Goods** Business growth, aided by increased productivity and use of credit, had produced a volume of goods that workers with stagnant wages could not continue to purchase.

**Weak Farm Economy** The prosperity of the 1920s never reached farmers, who had suffered from overproduction, high debt, and low prices since the end of World War I. As the depression continued through the 1930s, severe weather and a long drought added to farmers' difficulties.

**Government Policies** During the 1920s, the government had complete faith in business and did little to control or regulate it. Congress enacted high tariffs which protected U.S. industries but hurt farmers and international trade.

Some economists have concentrated blame on the Federal Reserve for its tight money policies, as hundreds of banks failed. Instead of trying to stabilize banks, the money supply, and prices, The Federal Reserve tried to preserve the gold standard. Without depositors' insurance, people panicked to get their money out of the banks, which caused more bank failures.

**Global Economic Problems** Nations had become more interdependent because of international banking, manufacturing, and trade. Europe had never recovered from World War I, but the United States failed to recognize Europe's postwar problems (The United States reacted differently after World War II. See Chapter 26). Instead, U.S. insistence on loan repayment in full and high tariff policies weakened Europe and contributed to the worldwide depression.

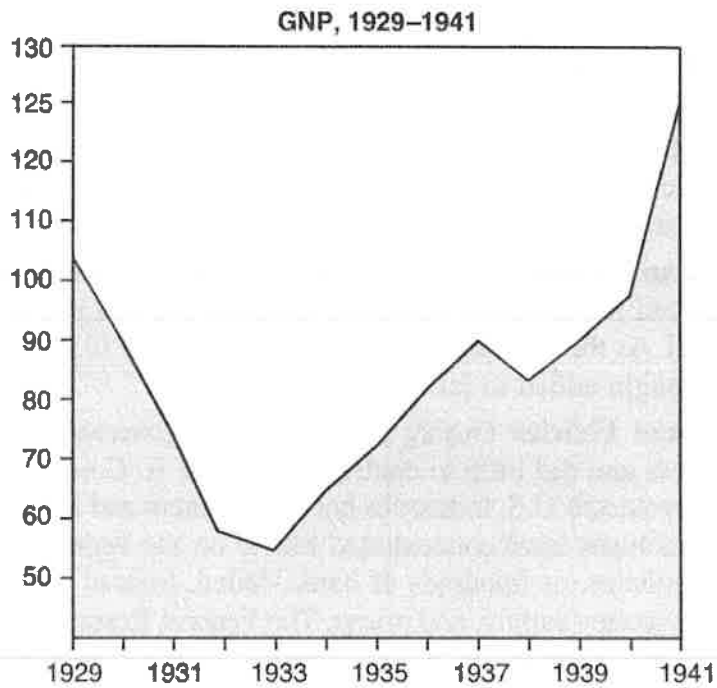
## **Effects**

It is difficult to imagine the pervasive impact of the Great Depression. While in retrospect it can be seen that the economic decline reached bottom in 1932, complete recovery came only with the beginning of another world war, in 1939. The Great Depression's influence on American thinking and policies has even extended beyond the lifetimes of those who experienced it.

Various economic statistics serve as indicators that track the health of a nation's economy. The U.S. Gross National Product—the value of all the goods and services produced by the nation in one year—dropped from \$104 billion to \$56 billion in four years (1929 to 1932), while the nation's income declined by over 50 percent. Some 20 percent of all banks closed, wiping out 10 million savings accounts. As banks failed, the money supply contracted by 30 percent. By 1933, the number of unemployed had reached 13 million people, or 25 percent of the workforce, not including farmers.

The crash ended Republican domination of government. People accepted dramatic changes in policies and the expansion of the federal government.

The social effects of the depression were felt by all classes. Those who had never fully shared in the prosperity of the 1920s, such as farmers and African



Source: U.S. Bureau of the Census. *Historical Statistics of the United States, Colonial Times to 1970*

Americans, had increased difficulties. Poverty and homelessness increased, as did the stress on families, as people searched for work. Mortgage foreclosures and evictions became commonplace. The homeless traveled in box cars and lived in shantytowns, named “Hoovervilles,” in mock honor of their president.



## Hoover's Policies

At the time of the stock market crash, nobody could foresee how long the downward slide would last. President Hoover was wrong—but hardly alone—in thinking that prosperity would soon return. The president believed the nation could get through the difficult times if the people took his advice about exercising voluntary action and restraint. Hoover urged businesses not to cut wages, unions not to strike, and private charities to increase their efforts for the needy and the jobless. Until the summer of 1930, he hesitated to ask Congress for legislative action on the economy, afraid that government assistance to individuals would destroy their self-reliance. Gradually, President Hoover came to recognize the need for more direct government action. However, he took the traditional view that public relief should come from state and local governments, not the federal government.

### *Responding to a Worldwide Depression*

Repercussions from the crash on Wall Street were soon felt in the financial centers of Europe. Through trade and the Dawes Plan for the repayment of war debts, European prosperity was closely tied to that of the United States. Hoover's first major decision concerning the international situation was one of the worst mistakes of his presidency.

**Hawley-Smoot Tariff (1930)** In June 1930, the president signed into law a schedule of tariff rates that was the highest in history. The Hawley-Smoot Tariff passed by the Republican Congress set tax increases ranging from 31 percent to 49 percent on foreign imports. In retaliation for the U.S. tariff, however, European countries enacted higher tariffs of their own against U.S. goods. The effect was to reduce trade for all nations, meaning that both the national and international economies sank further into depression.

**Debt Moratorium** By 1931, conditions became so bad both in Europe and the United States that the Dawes Plan for collecting war debts could no longer continue. Hoover therefore proposed a moratorium (suspension) on the payment of international debts. Britain and Germany readily accepted, but France balked. The international economy suffered from massive loan defaults, and banks on both sides of the Atlantic scrambled to meet the demands of the many depositors withdrawing their money.

### *Domestic Programs: Too Little, Too Late*

By 1931, Hoover was convinced that some federal action was needed to pull the U.S. economy out of its doldrums. He therefore supported and signed into law programs that offered assistance to indebted farmers and struggling businesses.

**Federal Farm Board** The Farm Board was actually created in 1929, before the stock market crash, but its powers were later enlarged to meet the economic crisis. The board was authorized to help farmers stabilize prices by temporarily holding surplus grain and cotton in storage. The program, however, was far too modest to handle the continued overproduction of farm goods.

**Reconstruction Finance Corporation (RFC)** This federally funded, government-owned corporation was created by Congress early in 1932 as a measure for propping up faltering railroads, banks, life insurance companies, and other financial institutions. The president reasoned that emergency loans from the RFC would help to stabilize these key businesses. The benefits would then “trickle down” to smaller businesses and ultimately bring recovery. Democrats scoffed at this measure, saying it would only help the rich.

### ***Despair and Protest***

By 1932, millions of unemployed workers and impoverished farmers were in a state bordering on desperation. Some decided to take direct action to battle the forces that seemed to be crushing them.

**Unrest on the Farms** In many communities, farmers banded together to stop banks from foreclosing on farms and evicting people from their homes. Farmers in the Midwest formed the Farm Holiday Association, which attempted to reverse the drop in prices by stopping the entire crop of grain harvested in 1932 from reaching the market. The effort collapsed after some violence.

**Bonus March** Also in the desperate summer of 1932, a thousand unemployed World War I veterans marched to Washington, D.C., to demand immediate payment of the bonuses promised them at a later date (1945). They were eventually joined by thousands of other veterans who brought their wives and children and camped in improvised shacks near the Capitol. Congress failed to pass the bonus bill they sought. When two veterans were killed in a clash with police, Hoover ordered the army to break up the encampment. General Douglas MacArthur, the army’s chief of staff, used tanks and tear gas to destroy the shantytown and drive the veterans from Washington. The incident caused many Americans to regard Hoover as heartless and uncaring.

### ***The Election of 1932***

The depression’s worst year, 1932, happened to be a presidential election year. The disheartened Republicans renominated Hoover, who warned that a Democratic victory would only result in worse economic problems.

**Democrats** At their convention, the Democrats nominated New York Governor Franklin D. Roosevelt for president and Speaker of the House John Nance Garner of Texas for vice president. As a candidate, Roosevelt pledged a “new deal” for the American people, the repeal of Prohibition, aid for the unemployed, and cuts in government spending.

**Results** In voters’ minds, the only real issue was the depression, and which candidate—Hoover or Roosevelt—could do a better job of ending the hard times. Almost 60 percent of them concluded that it was time for a change. The Roosevelt-Garner ticket carried all but six states, Republican strongholds in the Northeast. Desperate for change, many Socialists deserted their candidate,

Norman Thomas, to support Roosevelt. Not only was the new president a Democrat but both houses of Congress had large Democratic majorities.

**Hoover as “Lame-Duck” President** For the four months between Roosevelt’s election and his inauguration in March 1933, Hoover was still president. However, as a “lame duck,” Hoover was powerless to cope with the depression, which continued to get worse. He offered to work with the president-elect through the long period, but Roosevelt declined, not wanting to be tied to any of the Republican president’s ideas. The Twentieth Amendment (known as the *lame-duck amendment*), passed in February 1933 and ratified by October 1933, shortened the period between presidential election and inauguration. The amendment set the start of each president’s term for January 20.

## **Franklin D. Roosevelt’s New Deal**

The new president was a distant cousin of President Theodore Roosevelt and was married to Theodore’s niece, Eleanor. More than any other president, Franklin Delano Roosevelt—popularly known by his initials, FDR—expanded the size of the federal government, altered its scope of operations, and greatly enlarged presidential powers. He would dominate the nation and the government for an unprecedented stretch of time, 12 years and two months. FDR became one of the most influential world leaders of the 20th century.

### ***FDR: The Man***

Franklin Roosevelt was the only child of a wealthy New York family. He personally admired cousin Theodore and followed in his footsteps as a New York state legislator and then as U.S. assistant secretary of the navy. Unlike Republican Theodore, however, Franklin was a Democrat. In 1920 he was the Democratic nominee for vice president. He and James Cox, the presidential candidate, lost badly in Warren G. Harding’s landslide victory.

**Disability** In the midst of a promising career, Roosevelt was paralyzed by polio in 1921. Although he was wealthy enough to retire, he labored instead to resume his career in politics and eventually regained the full power of his upper body, even though he could never again walk unaided and required the assistance of crutches, braces, and a wheelchair. Roosevelt’s greatest strengths were his warm personality, his gifts as a speaker, and his ability to work with and inspire people. In 1928, campaigning from a car and in a wheelchair, FDR was elected governor of New York. In this office, he instituted a number of welfare and relief programs to help the jobless.

**Eleanor Roosevelt** Roosevelt’s wife, Eleanor, emerged as a leader in her own right. She became the most active first lady in history, writing a newspaper column, giving speeches, and traveling the country. Though their personal relationship was strained, Eleanor and Franklin Roosevelt had a strong mutual respect. She served as the president’s social conscience and influenced him to support minorities and the less fortunate.

## ***New Deal Philosophy***

In his campaign for president in 1932, Roosevelt offered vague promises but no concrete programs. He did not have a detailed plan for ending the depression, but he was committed to action and willing to experiment with political solutions to economic problems.

**The Three R's** In his acceptance speech at the Democratic convention in 1932, Roosevelt had said: "I pledge you, I pledge myself, to a new deal for the American people." He had further promised in his campaign to help the "forgotten man at the bottom of the economic pyramid." During the early years of his presidency, it became clear that his New Deal programs were to serve three R's: *relief* for people out of work, *recovery* for business and the economy as a whole, and *reform* of American economic institutions.

**Brain Trust and Other Advisers** In giving shape to his New Deal, President Roosevelt relied on a group of advisers who had assisted him while he was governor of New York. Louis Howe was to be his chief political adviser. For advice on economic matters, Roosevelt turned to a group of university professors, known as the Brain Trust.

The people that Roosevelt appointed to high administrative positions were the most diverse in U.S. history, with a record number of African Americans, Catholics, Jews, and women. For example, his secretary of labor was Frances Perkins, the first woman ever to serve in a president's cabinet.

## ***The First Hundred Days***

With the nation desperate and close to the brink of panic, the Democratic Congress looked to the new president for leadership, which Roosevelt was eager to provide. Immediately after being sworn into office on March 4, 1933, Roosevelt called Congress into a hundred-day-long special session. During this brief period, Congress passed into law every request of President Roosevelt, enacting more major legislation than any single Congress in history. Most of the new laws and agencies were commonly referred to by their initials: WPA, AAA, CCC, NRA.

**Bank Holiday** In early 1933, banks were failing at a frightening rate, as depositors flocked to withdraw funds. As many banks failed in 1933 (over 5,000) as had failed in all the previous years of the depression. To restore confidence in those banks that were still solvent, the president ordered the banks closed for a bank holiday on March 6, 1933. He went on the radio to explain that the banks would be reopened after allowing enough time for the government to reorganize them on a sound basis.

**Repeal of Prohibition** The new president kept a campaign promise to enact repeal of Prohibition and also raised needed tax money by having Congress pass the Beer-Wine Revenue Act, which legalized the sale of beer and wine. Later in 1933, the ratification of the Twenty-First Amendment repealed the Eighteenth Amendment, bringing Prohibition to an end.

**Fireside Chats** Roosevelt went on the radio on March 12, 1933, to present the first of many fireside chats to the American people. The president assured his listeners that the banks which reopened after the bank holiday were safe. The public responded as hoped, with the money deposited in the reopened banks exceeding the money withdrawn.

**Financial Recovery and Reform Programs** As the financial part of his New Deal, FDR persuaded Congress to enact the following measures:

- The Emergency Banking Relief Act authorized the government to examine the finances of banks closed during the bank holiday and reopen those judged to be sound.
- The Glass-Steagall Act increased regulation of the banks and limited how banks could invest customers' money. The Federal Deposit Insurance Corporation (FDIC) guaranteed individual bank deposits. The gold standard was restricted to international transactions, and the Americans could no longer exchange their dollars for gold.
- The Home Owners Loan Corporation (HOLC) provided refinancing of small homes to prevent foreclosures.
- The Farm Credit Administration provided low-interest farm loans and mortgages to prevent foreclosures on the property of indebted farmers.

**Relief for the Unemployed** A number of programs created during the Hundred Days addressed the needs of the millions of unemployed workers. These plans created jobs with government stimulus dollars to provide both relief and to create more demand for goods and services, which it hoped would create more jobs in the private sector.

- The Federal Emergency Relief Administration (FERA) offered outright grants of federal money to states and local governments that were operating soup kitchens and other forms of relief for the jobless and homeless. The director of FERA was Harry Hopkins, one of the president's closest friends and advisers.
- The Public Works Administration (PWA), directed by Secretary of the Interior Harold Ickes, allotted money to state and local governments for building roads, bridges, dams, and other public works. Such construction projects were a source of thousands of jobs.
- The Civilian Conservation Corps (CCC) employed young men on projects on federal lands and paid their families small monthly sums.

- The Tennessee Valley Authority (TVA) was a huge experiment in regional development and public planning. As a government corporation, it hired thousands of people in one of the nation's poorest regions, the Tennessee Valley, to build dams, operate electric power plants, control flooding and erosion, and manufacture fertilizer. The TVA sold electricity to residents of the region at rates that were well below those previously charged by a private power company.

**Industrial Recovery Program** The key measure in 1933 to combine immediate relief and long-term reform was the National Recovery Administration (NRA). Directed by Hugh Johnson, the NRA was an attempt to guarantee reasonable profits for business and fair wages and hours for labor. With the antitrust laws temporarily suspended, the NRA could help each industry (such as steel, oil, and paper) set codes for wages, hours of work, levels of production, and prices of finished goods. The law creating the NRA also gave workers the right to organize and bargain collectively. The complex program operated with limited success for two years before the Supreme Court declared the NRA unconstitutional (*Schechter v. U.S.*) in 1935.

**Farm Production Control Program** Farmers were offered a program similar in concept to what the NRA did for industry. The Agricultural Adjustment Administration (AAA) encouraged farmers to reduce production (and thereby boost prices) by offering to pay government subsidies for every acre they plowed under. The AAA met the same fate as the NRA. It was declared unconstitutional in a 1935 Supreme Court decision.

### ***Other Programs of the First New Deal***

Congress adjourned briefly after its extraordinary legislative record in the first Hundred Days of the New Deal. Roosevelt, however, was not finished devising new remedies for the nation's ills. In late 1933 and through much of 1934, the Democratic Congress was easily persuaded to enact the following:

- The Civil Works Administration (CWA) was added to the PWA and other programs for creating jobs. This agency hired laborers for temporary construction projects sponsored by the federal government.
- The Securities and Exchange Commission (SEC) was created to regulate the stock market and to place strict limits on the kind of speculative practices that had led to the Wall Street crash in 1929. The SEC also required full audits of and financial disclosure by corporations to protect investors from fraud and insider trading.
- The Federal Housing Administration (FHA) gave both the construction industry and homeowners a boost by insuring bank loans for building new houses and repairing old ones.

- A new law took the United States off the gold standard in an effort to halt deflation (falling prices). The value of the dollar was set at \$35 per ounce of gold, but paper dollars were no longer redeemable in gold.

## The Second New Deal

Roosevelt's first two years in office were largely focused on achieving one of the three R's: recovery. Democratic victories in the congressional elections of 1934 gave the president the popular mandate he needed to seek another round of laws and programs. In the summer of 1935, he launched the second New Deal, which concentrated on the other two R's: relief and reform.

### *Relief Programs*

Harry Hopkins became even more prominent in Roosevelt's administration with the creation in 1935 of a new and larger relief agency.

**Works Progress Administration (WPA)** Much bigger than the relief agencies of the first New Deal, the WPA spent billions of dollars between 1935 and 1940 to provide people with jobs. After its first year of operation under Hopkins, it employed 3.4 million men and women who had formerly been on the relief rolls of state and local governments. It paid them double the relief rate but less than the going wage for regular workers. Most WPA workers were put to work constructing new bridges, roads, airports, and public buildings. Unemployed artists, writers, actors, and photographers were paid by the WPA to paint murals, write histories, and perform in plays.

One part of the WPA, the National Youth Administration (NYA), provided part-time jobs to help young people stay in high school and college or until they could get a job with a private employer.

**Resettlement Administration (RA)** Placed under the direction of one of the Brain Trust, Rexford Tugwell, the Resettlement Administration provided loans to sharecroppers, tenants, and small farmers. It also established federal camps where migrant workers could find decent housing.



Source: Carl Morris, Eugene, Oregon, Post Office, c. 1939, WPA Federal Arts Project. Oregon Scenic County Images

## ***Reforms***

The reform legislation of the second New Deal reflected Roosevelt's belief that industrial workers and farmers needed to receive more government help than members of the business and privileged classes.

**National Labor Relations (Wagner) Act (1935)** This major labor law of 1935 replaced the labor provisions of the National Industrial Recovery Act, after that law was declared unconstitutional. The Wagner Act guaranteed a worker's right to join a union and a union's right to bargain collectively. It also outlawed business practices that were unfair to labor. A new agency, the National Labor Relations Board (NLRB), was empowered to enforce the law and make sure that workers' rights were protected.

**Rural Electrification Administration (REA)** This new agency provided loans for electrical cooperatives to supply power in rural areas.

**Federal Taxes** A revenue act of 1935 significantly increased the tax on incomes of the wealthy few. It also increased the tax on large gifts from parent to child and on capital gains (profits from the sale of stocks or other properties).

## ***The Social Security Act***

The reform that, for generations afterward, would affect the lives of nearly all Americans was the passage in 1935 of the Social Security Act. It created a federal insurance program based upon the automatic collection of payments from employees and employers throughout people's working careers. The Social Security trust fund would then be used to make monthly payments to retired persons over the age of 65. Also receiving benefits under this new law were workers who lost their jobs (unemployment compensation), persons who were blind or otherwise disabled, and dependent children and their mothers.

## ***The Election of 1936***

The economy was improving but still weak and unstable in 1936 when the Democrats nominated Roosevelt for a second term. Because of his New Deal programs and active style of personal leadership, the president was now enormously popular among workers and small farmers. Business, however, generally disliked and even hated him because of his regulatory programs and prounion measures such as the Wagner Act.

**Alf Landon** Challenging Roosevelt was the Republican nominee for president, Alfred (Alf) Landon, the progressive-minded governor of Kansas. Landon criticized the Democrats for spending too much money but in general accepted most of the New Deal legislation.

**Results** Roosevelt swamped Landon, winning every state except Maine and Vermont and more than 60 percent of the popular vote. Behind their president's New Deal, the Democratic party could now count on the votes of a new coalition of popular support. Through the 1930s and into the 1960s, the Democratic



or New Deal coalition would consist of the Solid South, white ethnic groups in the cities, midwestern farmers, and labor unions and liberals. In addition, new support for the Democrats came from African Americans, mainly in northern cities, who left the Republican party of Lincoln because of Roosevelt's New Deal.

## **Opponents of the New Deal**

Opinion polls and election results showed that a large majority of Americans supported Roosevelt. Nevertheless, his New Deal programs were extremely controversial and became the target of vitriolic attacks by liberals, conservatives, and demagogues.

### ***Liberal Critics***

Socialists and extreme liberals in the Democratic party criticized the New Deal (especially the first New Deal of 1933–1934) for doing too much for business and too little for the unemployed and the working poor. They charged that the president failed to address the problems of ethnic minorities, women, and the elderly.

### ***Conservative Critics***

More numerous were those on the right who attacked the New Deal for giving the federal government too much power. These critics charged that relief programs such as the WPA and labor laws such as the Wagner Act bordered on socialism or even communism. Business leaders were alarmed by (1) increased regulations, (2) the second New Deal's prouion stance, and (3) the financing of government programs by means of borrowed money—a practice known as *deficit financing*. Conservative Democrats, including former presidential candidates Alfred E. (Al) Smith and John W. Davis, joined with leading Republicans in 1934 to form an anti-New Deal organization called the American Liberty League. Its avowed purpose was to stop the New Deal from “subverting” the U.S. economic and political system.

### ***Demagogues***

Several critics played upon the American people's desperate need for immediate solutions to their problems. Using the radio to reach a mass audience, they proposed simplistic schemes for ending “evil conspiracies” (Father Coughlin), guaranteeing economic security for the elderly (Dr. Townsend), and redistributing wealth (Huey Long).

**Father Charles E. Coughlin** This Catholic priest attracted a huge popular following in the early 1930s through his weekly radio broadcasts. Father Coughlin founded the National Union for Social Justice, which called for issuing an inflated currency and nationalizing all banks. His attacks on the

New Deal became increasingly anti-Semitic and Fascist until his superiors in the Catholic Church ordered him to stop his broadcasts.

**Dr. Francis E. Townsend** Before the passage of the Social Security Act, a retired physician from Long Beach, California, became an instant hero to millions of senior citizens by proposing a simple plan for guaranteeing a secure income. Dr. Francis E. Townsend proposed that a 2 percent federal sales tax be used to create a special fund, from which every retired person over 60 years old would receive \$200 a month. By spending their money promptly, Townsend argued, recipients would stimulate the economy and soon bring the depression to an end. The popularity of the Townsend Plan persuaded Roosevelt to substitute a more moderate plan of his own, which became the Social Security system.

**Huey Long** From Roosevelt's point of view, the most dangerous of the depression demagogues was the "Kingfish" from Louisiana, Senator Huey Long. Immensely popular in his own state, Long became a prominent national figure by proposing a "Share Our Wealth" program that promised a minimum annual income of \$5,000 for every American family, to be paid for by taxing the wealthy. In 1935, Huey Long challenged Roosevelt's leadership of the Democratic party by announcing his candidacy for president. Both his candidacy and his populist appeal were abruptly ended when he was killed by an assassin.

### ***The Supreme Court***

Of all the challenges to Roosevelt's leadership in his first term in office, the conservative decisions of the U.S. Supreme Court proved the most frustrating. In two cases in 1935, the Supreme Court effectively killed both the NRA for business recovery and the AAA for agricultural recovery by deciding that the laws creating them were unconstitutional. Roosevelt interpreted his landslide reelection in 1936 as a mandate to end the obstacles posed by the Court.

**Court Reorganization Plan** President Roosevelt did not have an opportunity to appoint any Justices to the Supreme Court during his first term. He hoped to remove the Court as an obstacle to the New Deal by proposing a judicial-reorganization bill in 1937. It proposed that the president be authorized to appoint to the Supreme Court an additional justice for each current justice who was older than a certain age (70 ½ years). In effect, the bill would have allowed Roosevelt to add up to six more justices to the Court—all of them presumably of liberal persuasion. Critics called it a "Court-packing" bill.

**Reaction** Republicans and many Democrats were outraged by what they saw as an attempt to tamper with the system of checks and balances. They accused the president of wanting to give himself the powers of a dictator. Roosevelt did not back down—and neither did the congressional opposition. For the first time in Roosevelt's presidency, a major bill that he proposed went down to decisive defeat by a defiant Congress. Even a majority of Democratic senators refused to support him on this controversial measure.

**Aftermath** Ironically, while Roosevelt was fighting to “pack” the Court, the justices were already backing off their former resistance to his program. In 1937, the Supreme Court upheld the constitutionality of several major New Deal laws, including the Wagner (Labor) Act and the Social Security Act. Also, as it happened, several justices retired during Roosevelt’s second term, enabling him to appoint new justices who were more sympathetic to his reforms.

## Rise of Unions

Two New Deal measures—the National Industrial Recovery Act of 1933 and the Wagner Act of 1935—caused a lasting change in labor-management relations by legalizing labor unions. Union membership, which had slumped badly under the hostile policies of the 1920s, shot upward. It went from less than 3 million in the early 1930s to over 10 million (more than one out of four non-farm workers) by 1941.

### *Formation of the C.I.O.*

As unions grew in size, tensions and conflicts between rival unions grew in intensity. The many different unions that made up the American Federation of Labor (A.F. of L.) were dominated by skilled white male workers and were organized according to crafts. A group of unions within the A.F. of L. wanted union membership to be extended to all workers in an industry regardless of their race and sex, including those who were unskilled. In 1935, the industrial unions, as they were called, joined together as the Committee of Industrial Organizations (C.I.O.). Their leader was John L. Lewis, president of the United Mine Workers union. In 1936, the A.F. of L. suspended the C.I.O. unions. Renamed the *Congress* of Industrial Organizations, the C.I.O. broke away from the A.F. of L. and became its chief rival. It concentrated on organizing unskilled workers in the automobile, steel, and southern textile industries.

### *Strikes*

Even though collective bargaining was now protected by federal law, many companies still resisted union demands. Strikes were therefore a frequent occurrence in the depression decade.

**Automobiles** At the huge General Motors plant in Flint, Michigan, in 1937, the workers insisted on their right to join a union by participating in a sit-down strike (literally sitting down at the assembly line and refusing to work). Neither the president nor Michigan’s governor agreed to the company’s request to intervene with troops. Finally, the company yielded to striker demands by recognizing the United Auto Workers union (U.A.W.). Union organizers at the Ford plant in Michigan, however, were beaten and driven away.

**Steel** In the steel industry, the giant U.S. Steel Corporation voluntarily recognized one of the C.I.O. unions, but smaller companies resisted. On Memorial Day, 1937, a demonstration by union picketers at Republic Steel in Chicago ended in four deaths, as the police fired into the crowd. However, eventually almost all the smaller steel companies agreed to deal with the C.I.O. by 1941.

automatically followed FDR, and the 1938 elections brought a reduced Democratic majority in Congress. A coalition of Republicans and conservative Democrats blocked further New Deal reform legislation. Also, beginning in 1938, fears about the aggressive acts of Nazi Germany diverted attention from domestic concerns toward foreign affairs.

## **Life During the Depression**

Millions of people who lived through the Great Depression and hard times of the 1930s never got over it. They developed a “depression mentality”—an attitude of insecurity and economic concern that would always remain, even in times of prosperity.

### **Women**

During the depression, added pressures were placed on the family as unemployed fathers searched for work, and declining incomes presented severe challenges for mothers in the feeding and clothing of their children. To supplement the family income, more women sought work, and their percentage of the total labor force increased. Women were accused of taking jobs from men, even though they did not get the heavy factory jobs that were lost to all, and most men did not seek the types of jobs available to women. Even with Eleanor Roosevelt championing women’s equality, many New Deal programs allowed women to receive lower pay than men.

### **Dust Bowl Farmers**

As if farmers did not already have enough problems, a severe drought in the early 1930s ruined crops in the Great Plains. This region became a *dust bowl*, as poor farming practices coupled with high winds blew away millions of tons of dried topsoil. With their farms turned to dust, and their health often compromised, thousands of “Okies” from Oklahoma and surrounding states migrated westward to California in search of farm or factory work that often could not be found. The novelist John Steinbeck wrote about their hardships in his classic study of economic heartbreak, *The Grapes of Wrath* (1939).

In response to one of the worst ecological disasters in American history, the federal government created the Soil Conservation Service in 1935 to teach and subsidize the plains farmers to rotate crops, terrace fields, use contour plowing, and plant trees to stop soil erosion and conserve water. For those who could stay behind, the region recovered, but environmental issues remained.

### **African Americans**

Racial discrimination continued in the 1930s with devastating effects on African Americans, who were the last hired, first fired. Their unemployment rate was higher than the national average. Black sharecroppers were forced off the land in the South because of cutbacks in farm production. Often, despite their extreme poverty, jobless African Americans were excluded from state and local relief programs. Hard times increased racial tensions, particularly in the South

where lynchings continued. Civil rights leaders could get little support from President Roosevelt, who feared the loss of white southern Democratic votes.

**Improvements** Some New Deal programs, such as the WPA and the CCC did provide low-paying jobs for African Americans, though these jobs were often segregated. Blacks also received moral support from Eleanor Roosevelt and Secretary of the Interior Harold Ickes in a famous incident in 1939. The distinguished African American singer Marian Anderson had been refused the use of Constitution Hall in Washington, D.C., by the all-white Daughters of the American Revolution. Eleanor Roosevelt and Ickes promptly arranged for Anderson to give a special concert at the Lincoln Memorial.

Over one hundred African Americans were appointed to middle-level positions in federal departments by President Roosevelt. One of them, Mary McLeod Bethune, had been a longtime leader of efforts for improving education and economic opportunities for women. Invited to Washington to direct a division of the National Youth Administration, she established the Federal Council on Negro Affairs for the purpose of increasing African American involvement in the New Deal.

**Fair Employment Practices Committee** An executive order in 1941 set up a committee to assist minorities in gaining jobs in defense industries. President Roosevelt took this action only after A. Philip Randolph, head of the Railroad Porters Union, threatened a march on Washington to demand equal job opportunities for African Americans.

### ***American Indians***

John Collier, a long-time advocate of American Indian rights, was appointed commissioner of the Bureau of Indian Affairs in 1933. He established conservation and CCC projects on reservations and gained American Indian involvement in the WPA and other New Deal programs.

**Indian Reorganization (Wheeler-Howard) Act (1934)** Collier won Roosevelt's support for a major change in policy. In 1934, Congress repealed the Dawes Act of 1887, which had encouraged American Indians to be independent farmers, and replaced it with the Indian Reorganization Act. The new measure returned lands to the control of tribes and supported preservation of Indian cultures. Despite this major reform, critics later accused the New Deal of being paternalistic and withholding control from American Indians.

### ***Mexican Americans***

Mexican Americans also suffered from discrimination in the 1930s. In California and the Southwest, they had been a principal source of agricultural labor in the 1920s. However, during the depression, high unemployment and drought in the Plains and the Midwest caused a dramatic growth in white migrant workers who pushed west in search of work. Discrimination in New Deal programs and competition for jobs forced many thousands of Mexican Americans to return to Mexico.

## HISTORICAL PERSPECTIVES: WAS THE NEW DEAL REVOLUTIONARY?

Roosevelt's New Deal was unique. In later decades, there would be nothing quite like it in terms of either the challenges faced or the legislative record achieved. Recognizing its scope, historians have debated whether the New Deal represented a revolutionary break with the past or an evolutionary outgrowth of earlier movements.

The first historical interpretations tended to praise the New Deal as a continuation or revival of the Progressive reform movement. In the late 1950s, Arthur M. Schlesinger Jr. saw the New Deal in terms of his theory of a recurring political cycle from a period of liberal reforms to a period of conservative reaction and back again to reform.

Some liberal historians such as Carl Degler went further and characterized the New Deal as a third American Revolution that went far beyond earlier reforms. They argued that such measures as the NRA, the WPA, and the Social Security Act redefined the role of government in American society. In his *Age of Reform* (1955), Richard Hofstadter agreed that the New Deal had ventured beyond traditional reform movements. It was unique, he said, because it concentrated not on regulating corporate abuses as in the past but on providing social-democratic guarantees for different groups in such forms as Social Security, housing credits, and minimum wage laws.

Revisionists of the 1960s and 1970s viewed the New Deal differently. William E. Leuchtenburg in *Franklin D. Roosevelt and the New Deal* (1963) depicted a "halfway revolution" that helped some (farmers and labor unions), ignored others (African Americans), and implemented changes without being either completely radical or conservative. Leuchtenburg believed Roosevelt did the best he could given both his own personal ideas and the political realities of the time. A highly critical interpretation came from New Left scholars (radical thinkers of the 1970s), who argued that the New Deal was a missed opportunity that did not do enough to meet society's needs. They saw New Deal measures as conservative in purpose, aimed at preserving capitalism from a worker revolution. New Left historians have been criticized for judging the New Deal in terms of the 1970s rather than the 1930s.

In recent years, some historians have questioned whether it is useful to characterize the New Deal as either conservative on the one hand or revolutionary on the other. They see the New Deal as nothing more or less than a pragmatic political response to various groups. In their view, Roosevelt and his political advisers had no central plan but simply responded to the different needs of special interests (farmers, business, labor, and elderly). In defense of Roosevelt, they ask: If the nation in general and the South in particular was essentially conservative, then how far could the New Deal go in improving race relations? If the government bureaucracy was relatively small in the 1930s, how could it be expected to implement massive new programs?

## KEY TERMS BY THEME

### Causes of the Depression (WXT)

stock market crash  
 Black Tuesday  
 Dow Jones index  
 buying on margin  
 uneven income distribution  
 excessive debt  
 overproduction  
 Federal Reserve  
 postwar Europe  
 debts and high tariffs

### Effect of the Depression (WXT)

Gross National Product  
 unemployment  
 bank failures  
 poverty and homeless

### Hoover Administration (POL)

Herbert Hoover  
 self-reliance  
 Hawley-Smoot Tariff (1930)  
 debt moratorium  
 Farm Board  
 Reconstruction Finance Corporation  
 bonus march (1932)  
 Twentieth Amendment ("lame-duck")

### Roosevelt Administration (POL)

Franklin D. Roosevelt  
 Eleanor Roosevelt  
 New Deal  
 relief, recovery, reform  
 Brain Trust  
 Frances Perkins  
 Hundred Days  
 bank holiday  
 repeal of Prohibition  
 fireside chats  
 Federal Deposit Insurance Corporation  
 Public Works Administration  
 Harold Ickes  
 Civilian Conservation Corps  
 Tennessee Valley Authority  
 National Recovery Administration  
*Schechter v. U.S.*  
 Securities and Exchange Commission  
 Federal Housing Administration

### Second New Deal (POL)

Works Progress Administration  
 Harry Hopkins  
 National Labor Relations (Wagner) Act (1935)  
 Social Security Act (1935)

election of 1936  
 New Deal coalition  
 John Maynard Keynes  
 recession of 1937

### New Deal Opponents (POL)

Father Charles Coughlin  
 Francis Townsend  
 Huey Long  
 Supreme Court  
 reorganization plan  
 conservative coalition

### Rise of Unions (WXT)

Congress of Industrial Organizations  
 John L. Lewis  
 sit-down strike  
 Fair Labor Standards Act  
 minimum wage

### Impact on Americans (POE)

depression mentality  
 drought; dust bowl;  
 Okies  
 John Steinbeck, *The Grapes of Wrath*  
 Marian Anderson  
 Mary McLeod Bethune  
 Fair Employment Practices Committee  
 A. Philip Randolph  
 Indian Reorganization (Wheeler-Howard) Act (1934)  
 Mexican deportation

## MULTIPLE-CHOICE QUESTIONS

Questions 1–3 refer to the excerpt below.

“The farmers are being pauperized by the poverty of industrial populations and the industrial populations are being pauperized by the poverty of the farmers. Neither has the money to buy the product of the other, hence we have overproduction and under consumption at the same time and in the same country.

“I have not come here to stir you in a recital of the necessity for relief for our suffering fellow citizens. However, unless something is done for them and done soon, you will have a revolution on hand. . . .

“There is a feeling among the masses that something is radically wrong . . . they say that this government is a conspiracy against the common people to enrich the already rich.”

—Oscar Ameringer, editor of the *Oklahoma Daily Leader*; testimony to the House Committee on Labor, February, 1932

1. Which of the following most directly supports the author’s analysis?
  - (A) Gross national product fell from \$104 billion in 1929 to \$56 billion in 1932
  - (B) Bank assets fell from \$72 billion in 1929 to \$51 billion in 1932
  - (C) Farm income fell from \$11.4 billion in 1929 to \$6.3 billion in 1932
  - (D) Government spending rose from \$3.2 billion in 1929 to \$4.6 billion in 1932
2. Which of the following was most directly related to the phrase in the testimony “the necessity for relief for our suffering fellow citizens”?
  - (A) Twenty percent of the banks were closed
  - (B) The Dawes Plan was suspended
  - (C) The Federal Farm Board was created
  - (D) Twenty-five percent of the workforce was unemployed
3. Which of the following would most likely support a belief that the government was “against the common people”?
  - (A) Creation of the Reconstruction Finance Corporation
  - (B) Treatment of the Bonus Marchers
  - (C) Efforts to stabilize farm prices
  - (D) Passage of the Hawley-Smoot Tariff



**Questions 4–6 refer to the excerpt below.**

“Illumined by the stern-lantern of history, the New Deal can be seen to have left in place a set of institutional arrangement that constituted a more coherent pattern than is dreamt of in many philosophies. That pattern can be summarized in a single word: security—security for vulnerable individuals, to be sure, as Roosevelt famously urged in his campaign for the Social Security Act of 1935, but security for capitalists and consumers, for workers and builders as well. Job-security, life-cycle security, financial security, market security—however it might be defined, achieving security was the leitmotif of virtually everything the New Deal attempted.”

—David M. Kennedy, historian, *Freedom From Fear*, 1999

4. Who among the following individuals or groups would most directly oppose the philosophy of the New Deal as explained in this excerpt?
  - (A) American Liberty League
  - (B) Brain Trust
  - (C) Huey Long
  - (D) Dr. Francis Townsend
  
5. Which of the following most directly addressed “security for capitalists?”
  - (A) Federal Emergency Relief Act
  - (B) National Recovery Administration
  - (C) Social Security Act
  - (D) Security and Exchange Commission
  
6. Which of the following was designed to provide long term “job security” for workers?
  - (A) Civilian Conservation Corps
  - (B) Civil Works Administration
  - (C) National Labor Relations Act
  - (D) Works Progress Administration

**Questions 7–8 refer to the excerpt below.**

“Though Franklin himself never tried to discourage me and was undisturbed by anything I wanted to say or do, other people were frequently less happy about my actions. I knew, for instance, that many of my racial beliefs and activities in the field of social work caused . . . grave concern. They were afraid that I would hurt my husband politically and socially, and I imagine they thought I was doing many things without Franklin’s knowledge and agreement. On occasion they blew up to him and to other people. I knew it at the time, but there was no use in my trying to explain, because our basic values were very different”

—Eleanor Roosevelt, *This I Remember*, 1949

7. Eleanor Roosevelt expressed the most independence from President Franklin Roosevelt and his advisers in her
  - (A) support for socialism
  - (B) support for American Indians
  - (C) opposition to racial discrimination
  - (D) opposition to social work
  
8. The excerpt suggests that Eleanor Roosevelt knew that her positions could most harm her husband’s standing with which of the following groups?
  - (A) The Catholic Church
  - (B) White ethnic groups
  - (C) Wall Street capitalists
  - (D) Southern Democrats

## SHORT-ANSWER QUESTIONS

Briefly answer the questions in complete sentences. A thesis is not required.

**Question 1.** Answer a and b.

- a) Briefly explain a New Deal policy developed to address the Great Depression problems for TWO of the following:
  - banking
  - conservation
  - housing
  - unemployment
- b) Briefly explain the composition of the New Deal political coalition.

**Question 2.** Answer a, b, and c.

- a) Briefly explain the internal migration that resulted from the Dust Bowl.
- b) Briefly explain the impact of the Great Depression on migration of ONE of the following
  - African Americans
  - Mexican Americans
- c) Briefly explain ONE similarity or difference between the Great Depression of 1929 and the Depression of 1893.

**Question 3.** Answer a, b, and c.

- a) Briefly explain ONE cause of the Great Depression that was different from causes of 1893 or 1873 depressions.
- b) Briefly explain ONE example of continuity between the policies of the Progressive era and the New Deal era.
- c) Briefly explain ONE New Deal reform that went beyond the reforms of the Progressive Era.

**Question 4 is based on the excerpts below**

“When the New Deal was over, capitalism remained intact. The rich still controlled the nation’s wealth, as well as its laws, courts, police, newspaper, churches, colleges. Enough help had been given to enough people to make Roosevelt a hero to millions, but the same system that had brought depression and crisis—the system of waste, of inequality, of concern for profit over human need—remained.”

—Howard Zinn, historian, *A People’s History of the United States*, 1999

“Most of Roosevelt’s solutions did little. The public hoopla of ‘job programs’ barely dented unemployment numbers, which still stood at 12.5 percent in 1939, or ten times what they had been under Coolidge. . . . Did FDR do anything right? Yes. By taking the United States off the gold standard, he saved what was left of the banking system. But as they say, even a blind squirrel finds a nut once in a while.”

—Larry Schweikart, historian, *48 Liberal Lies about American History*, 2008

4. Using the excerpts, answer a, b, and c.
- Briefly explain ONE development during the New Deal era not mentioned in the excerpts that supports Zinn’s point of view.
  - Briefly explain ONE development during the New Deal era not mentioned in the excerpts that supports Scheikart’s point of view.
  - Briefly explain ONE additional development that supports the position that the New Deal produced a “limited welfare state.”

**THINK AS A HISTORIAN: USING DOCUMENTS IN ARGUMENTS**

When using information from sources in an essay or document-based question (DBQ), identify the source by the author’s name rather than its document or page number and quote only the key words. Add clarifying information as needed. Which of the following uses information from a source more effectively?

- Eleanor Roosevelt was aware that her advocacy for civil rights caused “grave concern” among her husband’s political advisers.
- In the quotation from Eleanor Roosevelt on page 523, she says that “I knew, for instance, that many of my racial beliefs and activities in the field of social work caused . . . grave concern.”